

# CITY OF HOWELL, MICHIGAN



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended  
June 30, 2018

Prepared by:

Finance Department

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# CITY OF HOWELL, MICHIGAN

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## INTRODUCTORY SECTION

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October 15, 2018

To the Honorable Mayor, Members of the City Council and Citizens of the City of Howell:

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2018.

Management assumes full responsibility for the completeness and reliability of all of the information contained in this report, based on a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Rehmann Robson, a firm of licensed certified public accountants, has issued an unmodified opinion on the City of Howell's financial statements for the year ended June 30, 2018. The independent auditors' report is presented at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

#### Profile of the Government

As the county seat, the City of Howell is centrally located within Livingston County. It was platted in 1835 and later incorporated in 1863. The City of Howell is the most populated city in the county. The City currently has a land area of approximately 4.9 square miles and a population of 9,489 based on the 2010 census. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The government also has the power by state statute to extend its corporate limits by annexation, which is done periodically, when deemed appropriate by the City Council.

The City has operated under the council-manager form of government since 1955. All powers of the City shall be vested in and all matters of policy of the City shall be exercised and determined by a Council of seven members composed of the Mayor and six Council members. The Council shall hold at least two regular meetings per month. The Council is the City's legislative and policymaking body. Council is responsible for adopting the annual budget, contracts, laws, ordinances and resolutions; approving purchases; and granting permits and license terms. Council members are elected at large to four year, staggered terms; elections are held in November of odd years. City Council serves as the direct citizen's link to City Hall. City Council appoints the City Manager, Clerk, Treasurer, Attorney and Assessor. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for supervising the day-to-day operations of the government, and for appointing the heads of the government's departments.

The City provides a full range of services, including: police; the construction and maintenance of highways, streets and other infrastructure; sanitary sewage treatment and disposal; water treatment and distribution; economic development; recreational activities; and cultural events. The City is also financially accountable for certain legally separate entities, which are reported separately within the City's financial statements. Additional information on each of these legally separate entities can be found in the notes to the basic financial statements.

The City Council is required to adopt a final budget by the third Monday in May for the ensuing fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function and department. Department heads may transfer resources within a department as they see fit. Transfers between departments, however, require approval of the governing council.

### Factors Affecting Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment within which the City operates as described below:

#### *Local economy*

Many municipalities in Michigan are struggling to address the fundamental flaws in the existing local government financing system. The combined effects of Proposal A and the Headlee Amendment caps a city's ability to generate revenue at the rate of inflation, while the costs of providing services continues to increase faster than inflation. As taxable values recover, these factors will impede growth in property tax revenues. The state and federal government also limit a city's ability to raise non-tax revenue.

In 2014 Michigan voters approved reallocating the State's Use Tax to fund personal property tax reform. Under the new system the City's commercial and industrial personal property tax base will essentially be capped at 2013 levels. The State will reimburse local municipalities the lost personal property revenues based on use tax collections. Fortunately for fiscal 2017/2018, use tax collections were higher than expected and the City realized additional reimbursements of \$442,000. The State indicates that this additional revenue may not be available in the future and local units should assume that their future commercial/industrial reimbursement will equal their fiscal 2014 revenue.

The City's tax base excluding personal property, grew by 4.5%. The City's State Equalized Value (SEV) for real property increased by 7.5% and overall (real and personal) grew by 6.5%. While this is encouraging, based on the effects of the Headlee Amendment, this increase will result in reducing the City's operating millage. The rollback reduced the operating millage for 2017/2018 to 15.5636 from the prior years maximum of 15.8135.

#### *Major initiatives*

The City was awarded a SAW (Stormwater Asset Management and Wastewater) grant. The grant program will reimburse the City 90% of the eligible costs up to the first \$1,111,111. The grant will be expended over three years and will cover design projects, improvements to our GIS system and development of an Asset Management Plan (AMP). The grant will be expended within our sewer, major street and local street funds.

The City will be going before the voters this November to request a Headlee Override of our millage rate. The override will enable the City to raise its millage rate by 4.5 mills to the authorized 20 mill limitation for five years. As mentioned earlier, even with increased growth, the City is required to reduce its millage rate. The 2018/2019 rollback will result in reduced property tax revenue of \$132,981. Projections indicate that the average residential property owner would pay approximately \$305 per year in increased taxes.

The City has identified \$16.8 million in road projects over the next ten years. The majority of the increased tax revenue would be dedicated to updating infrastructure throughout the City.

*Long-term financial planning*

Continued economic development looks challenging and the City is preparing for structural changes that will be required. The City Council is committed to strategies designed to ensure the long-term financial health of the City. One of the ways to accomplish this is to develop an ongoing financial forecasting model. Since 2006 the City has maintained a five-year financial forecast model that is continuously refined to address changes and trends identified. By seeing what potential outcomes are available, the City can position itself to more adequately deal with its future.

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Howell for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the eleventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

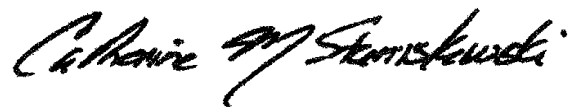
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Howell's finances.

Respectfully submitted,



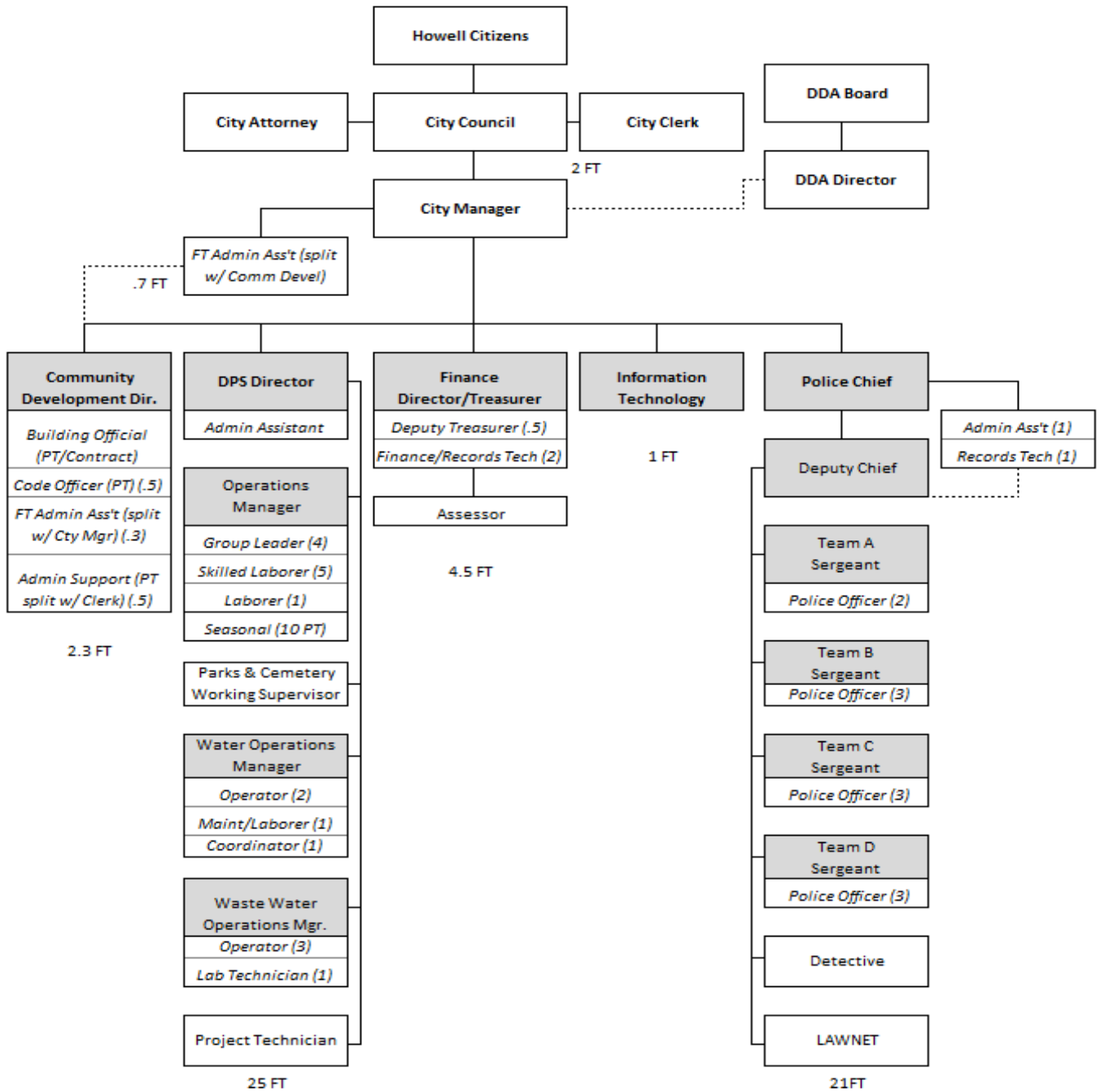
Reid S. Charles II  
City Manager



Catherine M. Stanislawski  
Treasurer / Finance Director

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# CITY OF HOWELL ORGANIZATIONAL CHART



**CITY OF HOWELL, MICHIGAN**

**ELECTED AND APPOINTED OFFICIALS**

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

**Elected Officials**

Nick Proctor	Mayor
Steven L. Manor	Mayor Pro Tem
Robert Ellis	Councilmember
Jan Lobur	Councilmember
Michael Mulvahill	Councilmember
Scott Niblock	Councilmember
Andrew Yost	Councilmember

**Appointed Officials**

Reid S. Charles II	City Manager
Jane Cartwright	City Clerk
Catherine M Stanislowski	Finance Director/Treasurer
Dennis Perkins	City Attorney



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Howell  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

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## FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

October 15, 2018

The Honorable Mayor and  
Members of the City Council  
City of Howell  
Livingston County, Michigan

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the *City of Howell, Michigan* (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Independent Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Howell, Michigan, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Implementation of GASB Statement No. 75*

As described in Note 22, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. Accordingly, beginning net position of the governmental activities, the business-type activities and the enterprise funds were restated. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, and the introductory section and statistical tables, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

*Rehmann Johnson LLC*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# CITY OF HOWELL, MICHIGAN

## Management's Discussion and Analysis

As management of the *City of Howell, Michigan*, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

· Total net position	\$25,761,179
· Change in total net position	(282,785)
· Fund balances, governmental funds	3,320,717
· Change in fund balances, governmental funds	(230,772)
· Unassigned fund balance, general fund	2,271,324
· Change in fund balance, general fund	(17,191)
· Installment debt outstanding	16,506,465
· Change in installment debt	(1,171,448)

### Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate entities for which the City is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The City of Howell Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

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

# CITY OF HOWELL, MICHIGAN

## Management's Discussion and Analysis

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

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

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the North Parking Lots Construction capital projects fund, which are considered major governmental funds of the City. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

*Proprietary Funds.* The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewage disposal and water operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its public works services, general maintenance equipment, retiree health care, and self-insurance program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water supply and sewage disposal operations, both of which are considered to be major funds of the City.

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

*Notes to the Financial Statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Other Information.* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the MERS pension and other postemployment benefits plans immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

# CITY OF HOWELL, MICHIGAN

## Management's Discussion and Analysis

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Howell, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25,761,179 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (137.6 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is -41.6 percent or a deficit of \$10,722,972.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 6,763,058	\$ 6,777,643	\$ 5,802,089	\$ 5,600,041	\$ 12,565,147	\$ 12,377,684
Capital assets, net	17,429,645	18,571,480	34,368,606	34,618,715	51,798,251	53,190,195
Total assets	<u>24,192,703</u>	<u>25,349,123</u>	<u>40,170,695</u>	<u>40,218,756</u>	<u>64,363,398</u>	<u>65,567,879</u>
Total deferred outflows of resources	<u>364,685</u>	<u>981,978</u>	<u>116,811</u>	<u>328,389</u>	<u>481,496</u>	<u>1,310,367</u>
Long-term debt	9,436,763	10,116,027	7,630,876	8,135,659	17,067,639	18,251,686
Other liabilities	15,854,299	12,194,708	4,831,108	4,310,846	20,685,407	16,505,554
Total liabilities	<u>25,291,062</u>	<u>22,310,735</u>	<u>12,461,984</u>	<u>12,446,505</u>	<u>37,753,046</u>	<u>34,757,240</u>
Total deferred inflows of resources	<u>1,011,869</u>	<u>445,468</u>	<u>318,800</u>	<u>144,319</u>	<u>1,330,669</u>	<u>589,787</u>
Net position:						
Net investment in capital assets	8,637,086	9,199,989	26,814,557	26,554,666	35,451,643	35,754,655
Restricted	762,535	960,773	269,973	269,569	1,032,508	1,230,342
Unrestricted (deficit)	<u>(11,145,164)</u>	<u>(6,585,864)</u>	<u>422,192</u>	<u>1,132,086</u>	<u>(10,722,972)</u>	<u>(5,453,778)</u>
Total net position	<u>\$ (1,745,543)</u>	<u>\$ 3,574,898</u>	<u>\$27,506,722</u>	<u>\$27,956,321</u>	<u>\$25,761,179</u>	<u>\$31,531,219</u>

Except for the unrestricted net position deficit in governmental activities, the City reports positive balances in all other categories of net position. The net position deficit is a direct result of the net pension liability from the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015 and the other postemployment benefit liability from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year.



# CITY OF HOWELL, MICHIGAN

## Management's Discussion and Analysis

The government's net position decreased by \$282,785 compared to \$1,571,481 in the prior year. The City realized a decrease of \$325,461 from the prior fiscal year in its other postemployment benefits liability growth. The City also received an additional distribution from the State for personal property tax exemptions of \$442,000 which was \$150,000 more than the prior year. A large corporate taxpayer contributed \$100,000 for future improvements in one of the City's parks. Tax revenues did increase but only by 2% which generated \$107,158. The sewer activity was the recipient of a grant of \$143,251 for an asset management program.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Program revenues</b>						
Charges for services	\$ 1,186,767	\$ 976,725	\$ 4,775,974	\$ 4,481,737	\$ 5,962,741	\$ 5,458,462
Operating grants	1,100,614	1,046,055	62,488	74,688	1,163,102	1,120,743
Capital grants	-	-	397,122	190,009	397,122	190,009
<b>General revenues</b>						
Property taxes	4,990,391	4,883,233	-	-	4,990,391	4,883,233
Grants and contributions not restricted to specific programs	2,413,684	1,419,234	-	-	2,413,684	1,419,234
Other	15,607	6,008	13,465	5,812	29,072	11,820
<b>Total revenues</b>	<b>9,707,063</b>	<b>8,331,255</b>	<b>5,249,049</b>	<b>4,752,246</b>	<b>14,956,112</b>	<b>13,083,501</b>
<b>Expenses</b>						
General government	2,152,939	2,036,511	-	-	2,152,939	2,036,511
Public safety	2,751,779	2,556,741	-	-	2,751,779	2,556,741
Public works	4,358,449	3,717,543	-	-	4,358,449	3,717,543
Community / economic development	369,136	728,250	-	-	369,136	728,250
Parks and recreation	497,166	485,770	-	-	497,166	485,770
Interest on long-term debt	340,137	315,211	-	-	340,137	315,211
Water supply	-	-	2,112,558	2,234,532	2,112,558	2,234,532
Sewage disposal	-	-	2,656,733	2,580,424	2,656,733	2,580,424
<b>Total expenses</b>	<b>10,469,606</b>	<b>9,840,026</b>	<b>4,769,291</b>	<b>4,814,956</b>	<b>15,238,897</b>	<b>14,654,982</b>
Change in net position, before transfers	(762,543)	(1,508,771)	479,758	(62,710)	(282,785)	(1,571,481)
Transfers	34,757	48,384	(34,757)	(48,384)	-	-
Change in net position	(727,786)	(1,460,387)	445,001	(111,094)	(282,785)	(1,571,481)
<b>Net position:</b>						
Beginning of year	3,574,898	5,035,285	27,956,321	28,067,415	31,531,219	33,102,700
Restatement for implementation of GASB 75	(4,592,655)	-	(894,600)	-	(5,487,255)	-
<b>End of year</b>	<b>\$ (1,745,543)</b>	<b>\$ 3,574,898</b>	<b>\$27,506,722</b>	<b>\$27,956,321</b>	<b>\$25,761,179</b>	<b>\$31,531,219</b>

# CITY OF HOWELL, MICHIGAN

## Management's Discussion and Analysis

**Governmental Activities.** Governmental activities decreased the City's net position by \$727,786 in the current fiscal year; by comparison, in the prior year governmental activities net position decreased by \$1,460,387, a change of \$732,601. Key elements of this decrease include:

- Additional distributions from the State for our major and local streets of \$203,023.
- Additional building permit fees of \$127,989.
- Increased reimbursement from the State for personal property exemptions of \$150,000.

Additionally, the grants and contributions revenues and public works expenses increased due to a new grant for downtown business improvements and additional funding from the State for road construction projects.

**Business-type Activities.** Business-type activities increased the City's net position by \$445,001 as compared to a decrease of \$111,094 in the prior fiscal year. The City instituted a water and sewer rate increase of 4.9% in August 2017 which resulted in additional revenues of \$263,422. Due to increased development, the systems realized additional capital charges of \$97,350. Expenses over both systems remained fairly stable.

### Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,320,717, a decrease of \$230,772 from the prior year. Of the total fund balance, approximately 66.8% (or \$2,219,898) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is divided into categories based on the relative strength of the constraints that control how amounts can be spent. Nonspendable fund balance of \$261,620 consists of prepaid items. Restricted fund balance of \$815,693 consists of items that can only be spent for specific purposes based on external resource providers or legislation. Funds in this category include the major and local street funds and capital project funds financed by bond proceeds. Committed fund balance of \$23,506 consists of funds that can only be used for specific purposes based on formal action by the City Council. Funds classified as committed include program reserves and various construction project funds.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,271,324 while total fund balance was \$2,532,944. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 30.8% of total general fund expenditures and transfers out.

The fund balance of the City's general fund decreased by \$17,191. As stated earlier, the City received an additional reimbursement from the State of \$442,000 for exempted personal property taxes and had an increase in general operating expenditures in the current year. The Cemetery fund also contributed \$59,024 towards the construction of the City's new columbarium.

The north parking lots construction fund consists of the reconstruction of the City's parking lot #4, attached alley and burying all overhead utilities. In May 2016, Council decided to also improve the City's parking lot #2. It was decided to combine both bond transactions into a single issuance. A portion of the construction was completed in the prior fiscal year with the bond issuance in February 2017. At the end of the current fiscal year, the fund balance of the north parking lots construction fund was \$53,158 which is fully restricted for capital projects.

# CITY OF HOWELL, MICHIGAN

## Management's Discussion and Analysis

*Proprietary Funds.* The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail.

Unrestricted net position of the water supply and sewage disposal funds at the end of the year amounted to \$84,870 and \$284,344, respectively. The water supply fund had an increase in total net position for the year of \$284,899 and the sewage disposal fund had an increase of \$147,571.

The water supply fund instituted a rate increase averaging 4.9% in the water fund effective August 2017. Other postemployment costs decreased by \$53,423 and the automatic read system costs decreased by \$22,822.

The sewage disposal fund also instituted a 4.9% rate increase during the fiscal year. Other postemployment benefit costs decreased by \$41,203. The system did realize increased sludge hauling costs of \$28,717.

Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

Differences between the original and final amended budgets for expenditures were spread across various functions/departments.

For fiscal 2018, the final budgetary estimate for the net change in fund balance was a decrease of \$81,457, the actual decrease was \$17,191 (or a difference of \$64,266). The most significant variances resulted from:

- Reduced professional fees of \$22,732.
- Reduced transfer to the local street fund due to the deferral of street rehabilitation costs of \$37,499.

### Capital Asset and Debt Administration

*Capital Assets.* The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounted to \$51,798,251 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The net decrease in the City's investment in capital assets, after depreciation, for the current fiscal year was 2.62% (a 6.1% decrease for governmental activities and a 0.7% decrease for business-type activities).

# CITY OF HOWELL, MICHIGAN

## Management's Discussion and Analysis

Major capital asset events during the current fiscal year included the following:

- Construction of a new columbarium at the Lakeview Cemetery of \$62,793.
- Generator and switch gear replacement at the sewer plant of \$500,376.
- Remodeling of the Public Services building of \$249,701.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,802,824	\$ 1,802,824	\$ 430,064	\$ 430,064	\$ 2,232,888	\$ 2,232,888
Construction in progress	-	-	57,880	167,261	57,880	167,261
Buildings and improvements	2,388,027	2,295,579	19,332,416	19,849,938	21,720,443	22,145,517
Land improvements	1,610,061	1,757,273	-	-	1,610,061	1,757,273
Machinery and equipment	692,664	666,751	343,919	61,353	1,036,583	728,104
Infrastructure	10,936,069	12,049,053	14,204,327	14,110,099	25,140,396	26,159,152
<b>Total capital assets, net</b>	<b>\$ 17,429,645</b>	<b>\$ 18,571,480</b>	<b>\$ 34,368,606</b>	<b>\$ 34,618,715</b>	<b>\$ 51,798,251</b>	<b>\$ 53,190,195</b>

Additional information on the City's capital assets can be found in Note 9 (Capital Assets).

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$16,506,465. Of this amount, \$8,952,416 is comprised of debt backed by the full faith and credit of the government.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 8,952,416	\$ 9,613,864	\$ -	\$ -	\$ 8,952,416	\$ 9,613,864
Revenue bonds	-	-	7,554,049	8,064,049	7,554,049	8,064,049
	<b>\$ 8,952,416</b>	<b>\$ 9,613,864</b>	<b>\$ 7,554,049</b>	<b>\$ 8,064,049</b>	<b>\$ 16,506,465</b>	<b>\$ 17,677,913</b>

The City's rating from Standard and Poor's was "AA-" for the current fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City is \$37.7 million, which significantly exceeds the City's outstanding general obligation debt of \$8,952,416.

Additional information on the City's long-term debt can be found in Note 10 (Long-term Debt).

### Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the City's budget for the 2018-19 fiscal year:

- The City will be going before the voters in November 2018 to request a Headlee override of its existing millage rate. Passage of the ballot proposal will return the City to its authorized rate of 20 mills.
- Based on the outcome of the ballot proposal, the City will review all aspects of the organization to determine if additional efficiencies can be obtained. Allocations of resources to infrastructure needs will also be evaluated.
- The City will be sensitive to factors that may influence revenue projections, such as the reallocation of future personal property tax exemption reimbursements among all municipalities.

During the current fiscal year, unassigned fund balance in the general fund decreased by \$17,009 to \$2,271,324. The City has budgeted a decrease in the general fund unassigned fund balance in the amount of \$242,007 for the 2018-19 fiscal year.

## CITY OF HOWELL, MICHIGAN

### ■ Management's Discussion and Analysis

#### Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Howell, 611 East Grand River Avenue, Howell, Michigan, 48843.

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**BASIC FINANCIAL STATEMENTS**

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CITY OF HOWELL, MICHIGAN

Statement of Net Position

June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 3,684,062	\$ 3,911,817	\$ 7,595,879	\$ 85,369
Receivables	462,224	612,857	1,075,081	1,000
Internal balances	(831,136)	831,136	-	-
Inventory, prepaid items and other assets	2,281,890	160,574	2,442,464	-
Investment in joint venture	1,166,018	-	1,166,018	-
Restricted cash and cash equivalents	-	285,705	285,705	-
Capital assets not being depreciated	1,802,824	487,944	2,290,768	152,884
Capital assets being depreciated, net	15,626,821	33,880,662	49,507,483	337,564
<b>Total assets</b>	<b>24,192,703</b>	<b>40,170,695</b>	<b>64,363,398</b>	<b>576,817</b>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	339,480	116,811	456,291	-
Deferred charge on refunding	25,205	-	25,205	28,569
<b>Total deferred outflows of resources</b>	<b>364,685</b>	<b>116,811</b>	<b>481,496</b>	<b>28,569</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	855,079	316,526	1,171,605	28,560
Due to other government	-	-	-	680
Long-term debt:				
Due within one year	936,686	593,754	1,530,440	81,221
Due in more than one year	8,500,077	7,037,122	15,537,199	974,395
Other noncurrent liabilities:				
Net pension liability	7,016,639	2,414,328	9,430,967	-
Total other postemployment benefit liability	7,982,581	2,100,254	10,082,835	-
<b>Total liabilities</b>	<b>25,291,062</b>	<b>12,461,984</b>	<b>37,753,046</b>	<b>1,084,856</b>
<b>Deferred inflows of resources</b>				
Deferred pension amounts	671,157	230,937	902,094	-
Deferred other postemployment benefit amounts	333,946	87,863	421,809	-
Delinquent personal property taxes	6,766	-	6,766	-
<b>Total deferred inflows of resources</b>	<b>1,011,869</b>	<b>318,800</b>	<b>1,330,669</b>	<b>-</b>
<b>Net position</b>				
Net investment in capital assets	8,637,086	26,814,557	35,451,643	(529,133)
Restricted for:				
Debt service	-	269,973	269,973	-
Capital projects	128,063	-	128,063	-
Highways and streets	166,668	-	166,668	-
Public safety	5,624	-	5,624	-
Cemetery	462,180	-	462,180	-
Unrestricted (deficit)	(11,145,164)	422,192	(10,722,972)	49,663
<b>Total net position (deficit)</b>	<b>\$ (1,745,543)</b>	<b>\$ 27,506,722</b>	<b>\$ 25,761,179</b>	<b>\$ (479,470)</b>

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

CITY OF HOWELL, MICHIGAN

Statement of Activities  
For the Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 2,152,939	\$ 1,002,090	\$ 17,599	\$ -	\$ (1,133,250)
Public safety	2,751,779	2,666	7,501	-	(2,741,612)
Public works	4,358,449	139,150	1,075,514	-	(3,143,785)
Community / economic development	369,136	-	-	-	(369,136)
Parks and recreation	497,166	42,861	-	-	(454,305)
Interest on long-term debt	340,137	-	-	-	(340,137)
Total governmental activities	<u>10,469,606</u>	<u>1,186,767</u>	<u>1,100,614</u>	<u>-</u>	<u>(8,182,225)</u>
Business-type activities:					
Water supply	2,112,558	2,255,610	31,843	129,000	303,895
Sewage disposal	2,656,733	2,520,364	30,645	268,122	162,398
Total business-type activities	<u>4,769,291</u>	<u>4,775,974</u>	<u>62,488</u>	<u>397,122</u>	<u>466,293</u>
Total primary government	<u>\$ 15,238,897</u>	<u>\$ 5,962,741</u>	<u>\$ 1,163,102</u>	<u>\$ 397,122</u>	<u>\$ (7,715,932)</u>
Component unit					
Downtown development authority	<u>\$ 391,245</u>	<u>\$ -</u>	<u>\$ 57,699</u>	<u>\$ -</u>	<u>\$ (333,546)</u>

continued...

CITY OF HOWELL, MICHIGAN

Statement of Activities  
For the Year Ended June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expense)	\$ (8,182,225)	\$ 466,293	\$ (7,715,932)	\$ (333,546)
General revenues:				
Property taxes	4,990,391	-	4,990,391	380,624
Grants and contributions not restricted to specific programs	2,413,684	-	2,413,684	-
Unrestricted investment earnings	15,607	13,465	29,072	-
Transfers - internal activities	34,757	(34,757)	-	-
Total general revenues and transfers	7,454,439	(21,292)	7,433,147	380,624
Change in net position	(727,786)	445,001	(282,785)	47,078
Net position (deficit), beginning of year, as restated	(1,017,757)	27,061,721	26,043,964	(526,548)
Net position (deficit), end of year	\$ (1,745,543)	\$ 27,506,722	\$ 25,761,179	\$ (479,470)

concluded.

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

# CITY OF HOWELL, MICHIGAN

## Balance Sheet

Governmental Funds

June 30, 2018

	General	North Parking Lots Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,610,388	\$ 59,532	\$ 1,033,969	\$ 2,703,889
Accounts receivable	56,486	-	25,597	82,083
Taxes receivable	6,275	-	-	6,275
Due from other funds	912,793	-	303,269	1,216,062
Due from other governments	226,634	-	145,580	372,214
Prepaid items	261,620	-	-	261,620
<b>Total assets</b>	<b>\$ 3,074,196</b>	<b>\$ 59,532</b>	<b>\$ 1,508,415</b>	<b>\$ 4,642,143</b>
<b>Liabilities</b>				
Accounts payable	\$ 188,203	\$ 6,374	\$ 79,735	\$ 274,312
Accrued liabilities	279,470	-	5,069	284,539
Due to other funds	67,304	-	688,996	756,300
<b>Total liabilities</b>	<b>534,977</b>	<b>6,374</b>	<b>773,800</b>	<b>1,315,151</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - delinquent property taxes	6,275	-	-	6,275
<b>Fund balances</b>				
Nonspendable for prepaid items	261,620	-	-	261,620
Restricted for:				
Highways and streets	-	-	166,668	166,668
Public safety	-	-	5,624	5,624
Capital projects	-	53,158	128,063	181,221
Cemetery	-	-	462,180	462,180
Committed for capital projects	-	-	23,506	23,506
Unassigned (deficit)	2,271,324	-	(51,426)	2,219,898
<b>Total fund balances</b>	<b>2,532,944</b>	<b>53,158</b>	<b>734,615</b>	<b>3,320,717</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,074,196</b>	<b>\$ 59,532</b>	<b>\$ 1,508,415</b>	<b>\$ 4,642,143</b>

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

# CITY OF HOWELL, MICHIGAN

## Reconciliation

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2018

Fund balances - total governmental funds \$ 3,320,717

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 funds.

Capital assets not being depreciated	1,802,824
Capital assets being depreciated, net	15,626,821
Less internal service funds capital assets, net	(987,504)

Equity interest in joint ventures are not financial resources and therefore are not reported in the funds.

Equity in joint venture	1,166,018
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Internal service funds are used by management to charge equipment usage and other services to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Net position of governmental internal service funds	2,197,776
Portion of internal service funds accumulated operating income attributed to business-type activities	(52,978)

Gains and losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized in the governmental activities.

Deferred charge on refunding	25,205
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds and notes payable and unamortized premium	(8,870,922)
Accrued interest on bonds payable	(138,185)
Compensated absences	(170,472)

Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability	(7,016,639)
Deferred outflow related to the net pension liability	339,480
Deferred inflow related to the net pension liability	(671,157)
Total other postemployment benefit liability	(7,982,581)
Deferred inflow related to the total other postemployment benefit liability	(333,946)

Net position of governmental activities \$ (1,745,543)

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

# CITY OF HOWELL, MICHIGAN

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

	General	North Parking Lots Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 4,623,268	\$ -	\$ 367,123	\$ 4,990,391
Licenses and permits	482,959	-	-	482,959
Intergovernmental	1,570,082	-	1,895,055	3,465,137
Charges for services	165,058	-	169,150	334,208
Fines and forfeitures	60,994	-	-	60,994
Investment earnings	7,708	-	2,628	10,336
Other	326,205	-	31,562	357,767
<b>Total revenues</b>	<b>7,236,274</b>	<b>-</b>	<b>2,465,518</b>	<b>9,701,792</b>
<b>Expenditures</b>				
Current expenditures:				
General government	2,038,168	-	3,944	2,042,112
Public safety	2,767,062	-	-	2,767,062
Public works	550,474	51,623	663,916	1,266,013
Highways and streets	-	-	1,251,910	1,251,910
Community / economic development	348,541	-	-	348,541
Parks and recreation	425,721	-	-	425,721
Debt service:				
Principal	-	-	611,448	611,448
Interest and fiscal charges	-	-	349,020	349,020
Capital outlay	-	-	862,183	862,183
<b>Total expenditures</b>	<b>6,129,966</b>	<b>51,623</b>	<b>3,742,421</b>	<b>9,924,010</b>
<b>Revenues over (under) expenditures</b>	<b>1,106,308</b>	<b>(51,623)</b>	<b>(1,276,903)</b>	<b>(222,218)</b>
<b>Other financing sources (uses)</b>				
Transfers in	132,352	-	1,434,969	1,567,321
Transfers out	(1,255,851)	-	(320,024)	(1,575,875)
<b>Total other financing sources (uses)</b>	<b>(1,123,499)</b>	<b>-</b>	<b>1,114,945</b>	<b>(8,554)</b>
<b>Net change in fund balances</b>	<b>(17,191)</b>	<b>(51,623)</b>	<b>(161,958)</b>	<b>(230,772)</b>
Fund balances, beginning of year	2,550,135	104,781	896,573	3,551,489
<b>Fund balances, end of year</b>	<b>\$ 2,532,944</b>	<b>53,158</b>	<b>\$ 734,615</b>	<b>\$ 3,320,717</b>

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

# CITY OF HOWELL, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$ (230,772)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased	501,112
Depreciation expense	(1,753,981)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in equity interest of joint venture	107,631
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Amortization of bond issuance premium	21,208
Principal payments on long-term debt	611,448

Internal service funds are used by management to charge the costs of equipment usage and other services to individual governmental and enterprise funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Net operating income from internal service funds	50,983
Net operating gain attributable to business-type activities	(12,531)
Interest revenue from governmental internal service funds	5,271
Interest expense from governmental internal service funds	(13,281)
Transfers received in governmental internal service funds	63,281
Transfers disbursed from governmental internal service funds	(19,970)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest payable on bonds	956
Change in net pension liability and related deferred amounts	86,862
Change in total other postemployment benefit liability and related deferred amounts	(153,210)
Change in accrual for compensated absences	7,207

Change in net position of governmental activities \$ (727,786)

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

# CITY OF HOWELL, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 4,630,497	\$ 4,630,497	\$ 4,623,268	\$ (7,229)
Licenses and permits	267,250	479,250	482,959	3,709
Intergovernmental	1,140,379	1,595,379	1,570,082	(25,297)
Charges for services	146,338	146,338	165,058	18,720
Fines and forfeitures	62,000	62,000	60,994	(1,006)
Investment earnings	3,300	3,300	7,708	4,408
Other	256,503	317,503	326,205	8,702
<b>Total revenues</b>	<b>6,506,267</b>	<b>7,234,267</b>	<b>7,236,274</b>	<b>2,007</b>
<b>Expenditures</b>				
<b>General government:</b>				
Council	33,043	33,043	31,068	(1,975)
Manager	184,577	190,577	189,730	(847)
Attorney	71,500	190,500	167,768	(22,732)
Finance	380,513	389,513	383,255	(6,258)
City hall	250,748	291,748	294,173	2,425
Clerk	129,133	134,133	134,231	98
Information technology	216,599	264,599	264,285	(314)
Cemetery - Lakeview	288,147	297,147	289,338	(7,809)
Howell memorial	33,123	34,123	31,613	(2,510)
Board of review	3,850	4,850	3,945	(905)
Cable commission	400	800	766	(34)
Elections	13,395	20,395	18,062	(2,333)
Personnel	23,275	24,275	23,613	(662)
Forestry	92,978	100,978	98,706	(2,272)
Parking lot maintenance	38,105	48,105	45,306	(2,799)
Tax tribunal refunds	32,200	37,200	62,309	25,109
<b>Total general government</b>	<b>1,791,586</b>	<b>2,061,986</b>	<b>2,038,168</b>	<b>(23,818)</b>
<b>Public safety:</b>				
Police	2,620,742	2,609,742	2,606,991	(2,751)
Fire	7,200	50,200	50,186	(14)
Building inspection	68,905	99,905	109,885	9,980
<b>Total public safety</b>	<b>2,696,847</b>	<b>2,759,847</b>	<b>2,767,062</b>	<b>7,215</b>

continued...



# CITY OF HOWELL, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Public works:				
Street lighting	\$ 357,113	\$ 345,113	\$ 342,610	\$ (2,503)
Sidewalk maintenance	56,146	118,146	117,455	(691)
Drain assessment	30,000	30,000	28,908	(1,092)
Landfill recovery	15,000	20,000	18,601	(1,399)
Engineering	43,014	43,014	42,900	(114)
Total public works	<u>501,273</u>	<u>556,273</u>	<u>550,474</u>	<u>(5,799)</u>
Community development:				
Community development	216,537	221,537	225,478	3,941
Community action	121,131	124,131	123,063	(1,068)
Total community development	<u>337,668</u>	<u>345,668</u>	<u>348,541</u>	<u>2,873</u>
Culture and recreation - parks	<u>430,572</u>	<u>437,572</u>	<u>425,721</u>	<u>(11,851)</u>
Total expenditures	<u>5,757,946</u>	<u>6,161,346</u>	<u>6,129,966</u>	<u>(31,380)</u>
Revenue over expenditures	<u>748,321</u>	<u>1,072,921</u>	<u>1,106,308</u>	<u>33,387</u>
Other financing sources (uses)				
Transfers in	137,727	142,727	132,352	(10,375)
Transfers out	(1,327,005)	(1,297,105)	(1,255,851)	(41,254)
Total other financing uses	<u>(1,189,278)</u>	<u>(1,154,378)</u>	<u>(1,123,499)</u>	<u>(30,879)</u>
Net change in fund balance	(440,957)	(81,457)	(17,191)	64,266
Fund balance, beginning of year	<u>2,550,135</u>	<u>2,550,135</u>	<u>2,550,135</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,109,178</u>	<u>\$ 2,468,678</u>	<u>\$ 2,532,944</u>	<u>\$ 64,266</u>

concluded.

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

CITY OF HOWELL, MICHIGAN

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

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Supply System	Sewage Disposal System	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,581,830	\$ 2,329,987	\$ 3,911,817	\$ 865,975
Cash on deposit with agent	-	-	-	114,198
Accounts receivable	289,716	301,992	591,708	-
Due from other funds	396,191	390,576	786,767	591,615
Due from other governments	-	21,149	21,149	1,161
Land held for resale	-	-	-	2,020,270
Inventory	160,574	-	160,574	-
<b>Total current assets</b>	<b>2,428,311</b>	<b>3,043,704</b>	<b>5,472,015</b>	<b>3,593,219</b>
Noncurrent assets:				
Restricted cash and cash equivalents:				
Customer deposits	15,732	-	15,732	-
Bond reserves	-	269,973	269,973	-
Capital assets, net	17,066,315	17,302,291	34,368,606	987,504
<b>Total noncurrent assets</b>	<b>17,082,047</b>	<b>17,572,264</b>	<b>34,654,311</b>	<b>987,504</b>
<b>Total assets</b>	<b>19,510,358</b>	<b>20,615,968</b>	<b>40,126,326</b>	<b>4,580,723</b>
Deferred outflows of resources				
Deferred pension amounts	59,318	57,493	116,811	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	102,317	114,030	216,347	146,100
Accrued payroll	10,263	10,861	21,124	6,110
Accrued interest payable	31,525	34,480	66,005	5,833
Due to other funds	3,850	4,759	8,609	1,829,535
Customer deposits	13,050	-	13,050	-
Compensated absences, current portion	37,584	36,170	73,754	43,554
Bonds and notes payable, current portion	335,000	185,000	520,000	50,000
<b>Total current liabilities</b>	<b>533,589</b>	<b>385,300</b>	<b>918,889</b>	<b>2,081,132</b>
Noncurrent liabilities:				
Compensated absences, net of current portion	1,566	1,507	3,073	1,815
Bonds and notes payable, net of current portion	4,709,049	2,325,000	7,034,049	300,000
Net pension liability	1,226,026	1,188,302	2,414,328	-
Total other postemployment benefit liability	839,900	1,260,354	2,100,254	-
<b>Total noncurrent liabilities</b>	<b>6,776,541</b>	<b>4,775,163</b>	<b>11,551,704</b>	<b>301,815</b>
<b>Total liabilities</b>	<b>7,310,130</b>	<b>5,160,463</b>	<b>12,470,593</b>	<b>2,382,947</b>
Deferred inflows of resources				
Deferred pension amounts	117,273	113,664	230,937	-
Deferred other postemployment benefit amounts	35,137	52,726	87,863	-
<b>Total deferred inflows of resources</b>	<b>152,410</b>	<b>166,390</b>	<b>318,800</b>	<b>-</b>
<b>Net position</b>				
Net investment in capital assets	12,022,266	14,792,291	26,814,557	987,504
Restricted for debt service	-	269,973	269,973	-
Unrestricted	84,870	284,344	369,214	1,210,272
<b>Total net position</b>	<b>\$ 12,107,136</b>	<b>\$ 15,346,608</b>	<b>27,453,744</b>	<b>\$ 2,197,776</b>
Cumulative portion of internal service funds net operating income attributed to business-type activities			52,978	
Net position reported in business-type activities			<u>\$ 27,506,722</u>	

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

CITY OF HOWELL, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Supply System	Sewage Disposal System	Total	Internal Service Funds
Operating revenues				
Charges for services	\$ 2,255,610	\$ 2,520,364	\$ 4,775,974	\$ 934,898
Other	31,843	30,645	62,488	73,743
<b>Total operating revenues</b>	<b>2,287,453</b>	<b>2,551,009</b>	<b>4,838,462</b>	<b>1,008,641</b>
Operating expenses				
Personnel services	830,750	879,139	1,709,889	370,480
Materials and supplies	126,882	125,852	252,734	133,323
Contractual	138,077	378,190	516,267	25,213
Insurance	18,372	24,496	42,868	36,740
Maintenance	114,874	239,399	354,273	45,730
Other expense	256,820	244,237	501,057	61,299
Depreciation	500,307	686,260	1,186,567	284,873
<b>Total operating expenses</b>	<b>1,986,082</b>	<b>2,577,573</b>	<b>4,563,655</b>	<b>957,658</b>
Operating income (loss)	301,371	(26,564)	274,807	50,983
Nonoperating revenues (expenses)				
Investment earnings	2,596	10,869	13,465	5,271
Interest expense	(132,289)	(85,878)	(218,167)	(13,281)
<b>Total nonoperating expenses</b>	<b>(129,693)</b>	<b>(75,009)</b>	<b>(204,702)</b>	<b>(8,010)</b>
Income (loss) before contributions and transfers	171,678	(101,573)	70,105	42,973
Capital contributions	129,000	268,122	397,122	-
Transfers in	-	-	-	63,281
Transfers out	(15,779)	(18,978)	(34,757)	(19,970)
Change in net position	284,899	147,571	432,470	86,284
Net position, beginning of year, as restated	11,822,237	15,199,037		2,111,492
<b>Net position, end of year</b>	<b>\$ 12,107,136</b>	<b>\$ 15,346,608</b>		<b>\$ 2,197,776</b>
Net operating income from internal service funds attributed to business-type activities			12,531	
Change in net position of business-type activities			\$ 445,001	

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

CITY OF HOWELL, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Supply System	Sewage Disposal System	Total	Internal Service Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 2,271,081	\$ 2,491,641	\$ 4,762,722	\$ -
Receipts from interfund services	-	-	-	913,393
Reinsurance recoveries	-	-	-	22,152
Payments to suppliers/claimants	(511,408)	(919,685)	(1,431,093)	(174,145)
Payments to employees	(845,674)	(886,713)	(1,732,387)	(357,455)
Payments for interfund services	(106,744)	(125,933)	(232,677)	-
Net cash provided by operating activities	<u>807,255</u>	<u>559,310</u>	<u>1,366,565</u>	<u>403,945</u>
Cash flows from noncapital financing activities				
Transfers in	-	-	-	63,281
Transfers out	(15,779)	(18,978)	(34,757)	(19,970)
Principal paid on notes payable	-	-	-	(50,000)
Interest paid on notes payable	-	-	-	(13,281)
Net cash used in noncapital financing activities	<u>(15,779)</u>	<u>(18,978)</u>	<u>(34,757)</u>	<u>(19,970)</u>
Cash flows from capital and related financing activities				
Principal paid on bonds payable	(330,000)	(180,000)	(510,000)	-
Interest paid on bonds payable	(134,351)	(88,191)	(222,542)	-
Purchase of capital assets	(171,025)	(765,433)	(936,458)	(395,907)
Contributions received for tap fees and other	129,000	268,122	397,122	-
Net cash used in capital and related financing activities	<u>(506,376)</u>	<u>(765,502)</u>	<u>(1,271,878)</u>	<u>(395,907)</u>
Cash flows from investing activities				
Interest received on investments	2,596	10,869	13,465	5,271
Net change in cash and cash equivalents	<u>287,696</u>	<u>(214,301)</u>	<u>73,395</u>	<u>(6,661)</u>
Cash and cash equivalents, beginning of year	<u>1,309,866</u>	<u>2,814,261</u>	<u>4,124,127</u>	<u>986,834</u>
Cash and cash equivalents, end of year	<u>\$ 1,597,562</u>	<u>\$ 2,599,960</u>	<u>\$ 4,197,522</u>	<u>\$ 980,173</u>
Reconciliation to statement of net position				
Cash and cash equivalents	\$ 1,581,830	\$ 2,329,987	\$ 3,911,817	\$ 865,975
Cash on deposit with agent	-	-	-	114,198
Restricted cash and cash equivalents	15,732	269,973	285,705	-
	<u>\$ 1,597,562</u>	<u>\$ 2,599,960</u>	<u>\$ 4,197,522</u>	<u>\$ 980,173</u>

continued...

CITY OF HOWELL, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water Supply System	Sewage Disposal System	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 301,371	\$ (26,564)	\$ 274,807	\$ 50,983
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	500,307	686,260	1,186,567	284,873
Changes in assets and liabilities:				
Accounts receivable	(3,791)	(27,539)	(31,330)	-
Due from other funds	(12,431)	(14,692)	(27,123)	(184,620)
Due from other governments	-	(641)	(641)	399
Inventory	(40,219)	-	(40,219)	-
Accounts payable and accrued liabilities	61,285	(57,634)	3,651	94,075
Accrued payroll and compensated absences	(23)	7,512	7,489	13,025
Due to other funds	(313)	(16,496)	(16,809)	145,210
Customer deposits	(150)	-	(150)	-
Net pension liability and other related amounts	(14,901)	(15,086)	(29,987)	-
Total other postemployment benefit liability and other related amounts	16,120	24,190	40,310	-
Net cash provided by operating activities	<u>\$ 807,255</u>	<u>\$ 559,310</u>	<u>\$ 1,366,565</u>	<u>\$ 403,945</u>

concluded.

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

# CITY OF HOWELL, MICHIGAN

## Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

June 30, 2018

	Tax Revolving Agency Fund
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 77,311</u>
<b>Liabilities</b>	
Undistributed receipts	<u>\$ 77,311</u>

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

## NOTES TO FINANCIAL STATEMENTS

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Howell, Michigan is a municipal corporation governed by a seven-member council and administered by an appointed City Manager. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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 City's accounting policies are described below.

#### Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the City is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and, as such, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government. The blended and discretely presented component units have June 30 year ends.

#### *Blended Component Unit*

The Building Authority is governed by a three-member board appointed by the City Council. Its sole function is to oversee the financing and construction, if any, of the City's public buildings; therefore, it is reported as if it were part of the primary government. For the year ended June 30, 2018, the Building Authority had no financial activity. The Building Authority does not issue separate financial statements.

#### *Discretely Presented Component Units*

The following component units are reported within the component units column in the statement of net position:

The Downtown Development Authority (DDA) was established for the purpose of revitalizing the downtown business district. The nine members of the DDA's governing board are appointed by the City's Mayor with the approval of the City Council. The DDA is also fiscally dependent upon the government because the government's council approves the DDA's budget and any debt issuances. The DDA does not issue separate financial statements; accordingly, DDA fund financial statements are included herein as supplementary information.

The Tax Increment Financing Authority (TIFA) was established for the purpose of funding the infrastructure of the City's industrial park as an incentive to bring manufacturers into the City. The TIFA's governing body, which consists of nine individuals, is appointed by the City's Mayor with the approval of the City Council, and the City would be financially responsible for any debt of the TIFA. There has been no activity for the TIFA. For the year ended June 30, 2018, the TIFA had no financial activity.

The Economic Development Corporation (EDC) was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City. The EDC's governing body, which consists of nine individuals, is appointed by the City's Mayor with the approval of the City Council. The City is obligated to finance deficits or provide support to the EDC if needed. There has been no activity for the EDC. For the year ended June 30, 2018, the EDC had no financial activity.



## CITY OF HOWELL, MICHIGAN

### Notes to Financial Statements

The Local Development Financing Authority (LDFA) was established pursuant to P.A. 281 of 1986 to prevent conditions of unemployment, promote economic growth, and authorize the acquisition and disposal of interests in real and personal property. The LDFA's governing body, which consists of 10 individuals, is appointed by the City Council. In addition, the LDFA's annual budget is subject to review and approval by the City Council. There has been no activity for the LDFA. For the year ended June 30, 2018, the LDFA had no financial activity.

The Brownfield Redevelopment Authority (BRA) was created to facilitate the implementation of plans relating to the identification and treatment of environmentally distressed areas to promote revitalization within the brownfield redevelopment zone. The BRA governing body, which consists of seven members, is appointed by the City Council; its budgets are subject to approval by the City Council. There has been no activity for the BRA. For the year ended June 30, 2018, the BRA had no financial activity.

#### *Government-wide and Fund Financial Statements*

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

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

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

#### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

Property taxes, franchise taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund and it accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *North Parking Lots Construction capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The City reports the following major proprietary funds:

The *water supply system enterprise fund* accounts for the activities of the water distribution and treatment system, which are financed primarily by user charges.

The *sewage disposal system enterprise fund* accounts for the activities of the sewage disposal and treatment system, which are also financed by user charges.

Additionally, the City reports the following fund types:

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Internal service funds* account for the equipment pool, public services, retiree health care and insurance activity of the City provided to other departments and funds on a cost reimbursement basis.

The *agency fund* accounts for undistributed tax collections.

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

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

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

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

Restricted net position includes assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

#### *Deposits and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

The retiree health care internal service fund is authorized by the State to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations; however, no such investments are currently held.

Investments are reported at fair value.

#### *Receivables and Payables*

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

#### *Inventory, Prepaid Items and Other Assets*

Inventory in the proprietary funds is stated at the lower of cost or market. Cost is determined by the first-in, first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

#### *Restricted Assets*

Assets which are restricted for specified uses by bond debt requirements, grant provisions or other external requirements are classified as restricted assets. Liabilities payable from such restricted assets are separately classified.

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

The enterprise fund revenue bond covenants require amounts to be set aside for a bond reserve that are shown as restricted assets on the statement of net position.

### *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement, if any, are reported at estimated acquisition cost rather than fair value. In accordance with the provisions of GASB Statement No. 34, the government has only capitalized infrastructure assets acquired or constructed since 1980.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No interest expense was incurred during the current fiscal year.

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

	Years
Infrastructure	10-25
Land improvements	10-25
Water and sewer systems	40-50
Buildings and improvements	5-30
Vehicles	3-5
Office furnishings and other equipment	3-7

### *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows for the charge on refunding. This amount represents the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The government also reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.

### *Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused paid time off (PTO). A liability for PTO is accrued when incurred in the government-wide and proprietary fund financial statements, whereas it is reported in governmental funds only if it has matured, for example, as a result of employee resignations or retirements.

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

### *Long-term Obligations*

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

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

### *Deferred Inflows of Resources*

In addition to liabilities, the statement of net position and the fund financial statements include a separate section for deferred inflows of resources, which represents revenues that apply to future periods. The City reports deferred inflows for amounts related to its net pension liability and total other postemployment liability (due to benefit changes, differences between expected and actual experience, changes in actuarial assumptions or differences between expected and actual investment returns) and, in the governmental funds, unavailable revenues for delinquent personal property taxes.

### *Fund Balances*

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City currently has no assigned fund balance as the City Council has not yet given authority for the making of such assignments; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund. When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

### *Pensions and Other Postemployment Benefits*

For purposes of measuring the net pension liability and total other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plans and additions to/deductions from the plans fiduciary net position have been determined on the same basis as they are reported by the plan. 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 HOWELL, MICHIGAN

## Notes to Financial Statements

### *Use of Estimates*

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

## 2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year end. Charter provisions require department head budget submissions to the City Manager by the second Monday in February, City Manager submission of the budget to Council by the second Monday in April, and City Council adoption of the budget by the third Monday in May.

The budget document is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department; transfers of appropriations between departments require the approval of the governing council.

The legal level of budgetary control is the department level for the general fund and fund level for the special revenue funds. Certain supplemental budgetary appropriations were made during the year, which were not considered material.

## 3. EXCESS OF EXPENDITURES OVER BUDGET

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. For the year ended June 30, 2018, the government incurred no expenditures in excess of the amounts appropriated at the legal level of budgetary control except as follows:

	Final Budget	Actual	Over Budget
General fund			
General government:			
City hall	\$ 291,748	\$ 294,173	\$ 2,425
Clerk	134,133	134,231	98
Tax tribunal refunds	37,200	62,309	25,109
Public safety - building inspection	99,905	109,885	9,980
Community development	221,537	225,478	3,941

## 4. DEFICIT FUND EQUITY

At June 30, 2018, the DDA had a net position deficit of \$479,470; however, at the fund level it had a surplus fund balance of \$71,825 and no fund deficit. Additionally, the McPherson Park Grant capital projects fund had a fund balance deficit of \$51,426. The deficit is a result of a grant that was received by the City from the State to repair a street that included a railroad crossing. The owners of the railroad crossing (CSX) required the City to upfront the costs of the repair at a very conservative estimate. The project was completed in July 2018 substantially below the cost estimate. The deficit will be eliminated when the overpayment is refunded to the City in the fall of 2018.

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

### 5. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposits and investments as of June 30, 2018:

	Primary Government	Component Units	Totals
<b>Statement of net position</b>			
Cash and cash equivalents	\$ 7,595,879	\$ 85,369	\$ 7,681,248
Restricted cash and cash equivalents	285,705	-	285,705
<b>Statement of fiduciary assets and liabilities</b>			
Cash and cash equivalents	77,311	-	77,311
<b>Total</b>	<u>\$ 7,958,895</u>	<u>\$ 85,369</u>	<u>\$ 8,044,264</u>
<b>Deposits and investments</b>			
Bank deposits			\$ 7,396,706
Investments			532,785
Cash on deposit with agent			114,198
Cash on hand			575
<b>Total</b>			<u>\$ 8,044,264</u>

*Custodial Credit Risk - Deposits.* Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of June 30, 2018, \$4,923,997 of the City’s total bank balance of \$7,521,646 (total book balance was \$7,396,706) was exposed to custodial credit risk as it was uninsured and uncollateralized.

In accordance with the City’s investment policy and State law, all deposits are uncollateralized and held in the City’s name. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the City believes it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

*Custodial Credit Risk - Investments.* The City’s investments of \$532,785 as of June 30, 2018 consisted of amounts held in a Securities and Exchange Commission registered external local government investment pool (\$280,121) and in money market accounts (\$252,664). Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government’s name. In accordance with the City’s investment policy, all investments are held in the name of the City and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no policy regarding credit risk. As of June 30, 2018, the City’s investment in the external local government investment pool was rated AAAM by Standard & Poors (S&P). Ratings are not required for money market accounts.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s investment policy requires diversification by security type and institution, but does not place a fixed percentage limit for any one issuer. At June 30, 2018, the City had no concentration of credit risk.

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

*Interest Rate Risk.* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2018, the average maturity of the underlying investments in the external local government investment pool was less than 60 days.

*Fair Value.* The City categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted at prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets or liabilities in active markets; and Level 3 inputs are unobservable in the market and are the least reliable. All of the City's investments were level 2 as of June 30, 2018.

### 6. RECEIVABLES

Receivables in the governmental activities are 80.8% due from other governments, 1.4% taxes, and 17.8% accounts receivables. Business-type activities receivables are 96.5% due from customers and 3.5% due from other governments.

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables in the governmental activities (including accounts payable and accrued liabilities) are 49.2% vendors and other liabilities, 34.0% payroll-related and 16.8% accrued interest. Business-type activities payables are 68.4% vendors, 6.6% payroll-related, 20.9% accrued interest and 4.1% deposits.

### 8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2018, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 912,793	\$ 67,304
Nonmajor governmental funds	303,269	688,996
Water supply enterprise fund	396,191	3,850
Sewage disposal enterprise fund	390,576	4,759
Internal service funds	591,615	1,829,535
	<u>\$ 2,594,444</u>	<u>\$ 2,594,444</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between funds are made.



# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

For the year ended June 30, 2018, interfund transfers are summarized as follows:

Transfers Out	Transfers In			
	General Fund	NMGF	ISF	Total
General fund	\$ -	\$ 1,192,570	\$ 63,281	\$ 1,255,851
Nonmajor governmental funds	77,625	242,399	-	320,024
Water supply enterprise fund	15,779	-	-	15,779
Sewage disposal enterprise fund	18,978	-	-	18,978
Internal service funds	19,970	-	-	19,970
	<u>\$ 132,352</u>	<u>\$ 1,434,969</u>	<u>\$ 63,281</u>	<u>\$ 1,630,602</u>

NMGF = nonmajor governmental funds      ISF = internal service funds

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

## 9. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated -					
Land	\$ 1,802,824	\$ -	\$ -	\$ -	\$ 1,802,824
Capital assets being depreciated:					
Buildings and improvements	6,813,922	261,244	-	-	7,075,166
Land improvements	3,767,069	-	-	-	3,767,069
Machinery and equipment	4,481,575	407,163	(256,192)	-	4,632,546
Infrastructure	32,527,557	228,612	-	-	32,756,169
Total capital assets being depreciated	47,590,123	897,019	(256,192)	-	48,230,950
Less accumulated depreciation for:					
Buildings and improvements	(4,518,343)	(168,796)	-	-	(4,687,139)
Land improvements	(2,009,796)	(147,212)	-	-	(2,157,008)
Machinery and equipment	(3,814,824)	(381,250)	256,192	-	(3,939,882)
Infrastructure	(20,478,504)	(1,341,596)	-	-	(21,820,100)
Total accumulated depreciation	(30,821,467)	(2,038,854)	256,192	-	(32,604,129)
Total capital assets being depreciated, net	16,768,656	(1,141,835)	-	-	15,626,821
Governmental activities capital assets, net	<u>\$ 18,571,480</u>	<u>\$ (1,141,835)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,429,645</u>

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 430,064	\$ -	\$ -	\$ -	\$ 430,064
Construction in progress	167,261	-	-	(109,381)	57,880
<b>Total capital assets not being depreciated</b>	<b>597,325</b>	<b>-</b>	<b>-</b>	<b>(109,381)</b>	<b>487,944</b>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	26,774,093	129,284	-	109,381	27,012,758
Machinery and equipment	1,463,672	578,563	(36,959)	-	2,005,276
Infrastructure	27,012,772	228,611	-	-	27,241,383
<b>Total capital assets being depreciated</b>	<b>55,250,537</b>	<b>936,458</b>	<b>(36,959)</b>	<b>109,381</b>	<b>56,259,417</b>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(6,924,155)	(756,187)	-	-	(7,680,342)
Machinery and equipment	(1,402,319)	(295,997)	36,959	-	(1,661,357)
Infrastructure	(12,902,673)	(134,383)	-	-	(13,037,056)
<b>Total accumulated depreciation</b>	<b>(21,229,147)</b>	<b>(1,186,567)</b>	<b>36,959</b>	<b>-</b>	<b>(22,378,755)</b>
<b>Total capital assets being depreciated, net</b>	<b>34,021,390</b>	<b>(250,109)</b>	<b>-</b>	<b>109,381</b>	<b>33,880,662</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 34,618,715</b>	<b>\$ (250,109)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,368,606</b>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Depreciation of governmental activities by function</b>	
General government	\$ 216,839
Public safety	78,851
Public works, including depreciation of general infrastructure assets	1,341,836
Community and economic development	23,655
Parks and recreation	92,800
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	284,873
<b>Total depreciation expense - governmental activities</b>	<b>\$ 2,038,854</b>

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

Depreciation of business-type activities by function	
Water supply	\$ 500,307
Sewage disposal	<u>686,260</u>
 Total depreciation expense - business-type activities	 <u>\$ 1,186,567</u>

Capital assets activity for the DDA component unit for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated - Land	\$ 152,884	\$ -	\$ -	\$ 152,884
Capital assets being depreciated:				
Buildings and improvements	257,549	11,815	-	269,364
Land and improvements	212,998	-	-	212,998
Equipment	25,787	1,362	-	27,149
Total capital assets being depreciated	<u>496,334</u>	<u>13,177</u>	<u>-</u>	<u>509,511</u>
Less accumulated depreciation for:				
Buildings and improvements	(29,627)	(10,522)	-	(40,149)
Land and improvements	(102,092)	(10,273)	-	(112,365)
Equipment	(17,503)	(1,930)	-	(19,433)
Total accumulated depreciation	<u>(149,222)</u>	<u>(22,725)</u>	<u>-</u>	<u>(171,947)</u>
Total capital assets being depreciated, net	<u>347,112</u>	<u>(9,548)</u>	<u>-</u>	<u>337,564</u>
Total capital assets, net	<u>\$ 499,996</u>	<u>\$ (9,548)</u>	<u>\$ -</u>	<u>\$ 490,448</u>

## 10. LONG-TERM DEBT

*General obligation bonds and notes.* The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for governmental activities and component units. The original amount of general obligation bonds and notes issued in prior years for the governmental activities items listed below was \$11,720,000.

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. These bonds and notes are issued as 10 to 20-year serial bonds/notes with varying amounts of principal maturing each year. General obligation bonds and notes currently outstanding are as follows:

Purpose	Interest Rates	Amount
<b>Governmental activities</b>		
2005 capital improvement	3.75%-4.05%	\$ 295,000
2009 capital improvement	5.25%-7.19%	3,380,000
2012 capital improvement	2.0%-3.0%	950,000
2013 land held for resale (notes)	2.5%	350,000
2015 capital improvement and refunding	2.0%-4.0%	1,878,252
2015 city hall building	2.0%-4.0%	199,164
2017 capital improvement	2.0%-4.0%	<u>1,900,000</u>
		<u>\$ 8,952,416</u>
<b>Component unit - DDA</b>		
2015 capital and refunding	4.05%-6.85%	<u>\$ 967,584</u>

The 2009 capital improvement bonds are Build America Bonds that provide for 35 percent federal subsidy. Since the interest is paid to the City on a semi-annual basis corresponding with the interest payment dates to the bondholders, the interest requirements for these bonds in the accompanying schedule of maturities is shown at the gross amount. The remaining federal subsidy totals \$543,972 through the fiscal year ended June 30, 2030.

Annual debt service requirements to maturity for general obligation bonds and notes (without regard to the aforementioned interest subsidy) are as follows:

Year ending June 30,	Governmental Activities		Component Units	
	Principal	Interest	Principal	Interest
2019	\$ 708,271	\$ 418,765	\$ 66,730	\$ 34,604
2020	751,682	389,063	68,319	32,912
2021	615,093	357,176	69,908	30,839
2022	633,504	329,807	71,496	28,718
2023	675,326	299,313	74,674	26,152
2024-2028	3,387,376	1,002,850	422,622	82,428
2029-2033	1,661,164	228,293	193,835	7,817
2034-2037	520,000	43,000	-	-
	<u>\$ 8,952,416</u>	<u>\$ 3,068,267</u>	<u>\$ 967,584</u>	<u>\$ 243,470</u>

*Revenue bonds.* The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The original amount of revenue bonds issued in prior years for the issues listed below was \$14,450,469.

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

Revenue bonds outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
2009 sewage disposal system	6.5%-7.19%	\$ 1,315,000
2009 water supply system	2.5%	1,966,707
2010 water supply system	2.5%	1,997,976
2011 water supply system	2.5%	1,079,366
2016 sewage disposal system	2.0%-4.0%	<u>1,195,000</u>
		<u>\$ 7,554,049</u>

The 2009 sewage disposal system revenue bonds are Build America Bonds that provide for a 35 percent federal subsidy on the total interest requirements. Since the interest is paid to the City on a semi-annual basis corresponding with the interest payment dates to the bondholders, the interest requirements for this bond in the accompanying schedule of maturities is shown at the gross amount. The remaining federal subsidy totals \$193,168 through the fiscal year ended June 30, 2030.

The above 2009 water supply system revenue bonds were approved under the American Recovery and Reinvestment Act of 2009 for forgiveness of principal and interest up to a total of \$4,024,200, of which \$2,118,000 may be principal. Accordingly, forgiven principal of \$2,118,000 has been applied to produce the net principal due as of June 30, 2018 of \$1,966,707. The above 2011 water supply system revenue bonds were approved for forgiveness of principal up to a total of \$1,062,000. Accordingly, forgiven principal of \$1,062,000 has been applied to produce the net principal due as of June 30, 2018 of \$1,079,366.

Revenue bond debt service requirements to maturity (without regard to the principal and interest subsidies identified above) are as follows:

Year ending June 30,	Principal	Interest
2019	\$ 520,000	\$ 236,971
2020	550,000	220,463
2021	555,000	202,951
2022	575,000	184,804
2023	595,000	165,970
2024-2028	3,160,000	525,634
2029-2032	<u>1,599,049</u>	<u>71,353</u>
	<u>\$ 7,554,049</u>	<u>\$ 1,608,146</u>

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

*Changes in long-term debt.* Long-term debt activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Primary government</b>					
<b>Governmental activities</b>					
General obligation bonds and notes	\$ 9,613,864	\$ -	\$ (661,448)	\$ 8,952,416	\$ 708,271
Unamortized premium	289,714	-	(21,208)	268,506	21,208
Compensated absences	212,449	280,703	(277,311)	215,841	207,207
	<u>\$ 10,116,027</u>	<u>\$ 280,703</u>	<u>\$ (959,967)</u>	<u>\$ 9,436,763</u>	<u>\$ 936,686</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 8,064,049	\$ -	\$ (510,000)	\$ 7,554,049	\$ 520,000
Compensated absences	71,610	90,984	(85,767)	76,827	73,754
	<u>\$ 8,135,659</u>	<u>\$ 90,984</u>	<u>\$ (595,767)</u>	<u>\$ 7,630,876</u>	<u>\$ 593,754</u>
<b>Component unit - DDA</b>					
General obligation bonds	\$ 1,031,136	\$ -	\$ (63,552)	\$ 967,584	\$ 66,730
Unamortized premium	87,890	-	(7,324)	80,566	7,324
Compensated absences	5,876	5,876	(4,286)	7,466	7,167
	<u>\$ 1,124,902</u>	<u>\$ 5,876</u>	<u>\$ (75,162)</u>	<u>\$ 1,055,616</u>	<u>\$ 81,221</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

### 11. SEGMENT INFORMATION - ENTERPRISE FUND

The government issued revenue bonds to finance certain improvements to its water supply and sewage disposal systems. Because the water and sewer funds are individual major funds that account entirely for the government's water distribution and sewage treatment activities, segment disclosures herein are not required.

### 12. RESTRICTED ASSETS

Restricted assets of \$15,732 for customer deposits are reported in the water fund and \$269,973 for bond reserves is reported in the sewage disposal system enterprise fund.

### 13. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Michigan Municipal Risk Management Authority (MMRMA, a risk pool) for claims relating to general and auto liability, auto physical damage, and property loss claims and the Michigan Municipal League Workers' Compensation Fund for workers' compensation.

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

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

The MMRMA risk pool program operates as a claims servicing entity for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, which is used to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

The City estimates the liability for claims relating to general and auto liability, auto physical damage, and property loss claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2018	2017
Estimated liability, beginning of year	\$ 37,687	\$ 29,779
Estimated claims incurred, including changes in estimates	(1,971)	34,276
Claim payments	<u>(13,152)</u>	<u>(26,368)</u>
Estimated liability, end of year	<u>\$ 22,564</u>	<u>\$ 37,687</u>

The full amount of the above estimated liability is expected to be paid within one year and, accordingly, classified as a current liability.

## 14. PROPERTY TAXES

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

Assessed values as established annually by the government, and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. The taxable value of real and personal property in the City totaled \$300,915,146 (not including properties with a taxable value of \$7,173,984 subject to Industrial Facilities Tax exemption or \$597,859 subject to the Obsolete Property Rehabilitation exemption). The government’s general operating tax rate for fiscal year 2017-18 was 15.5636 mills plus an additional 1.2 mills for rubbish.

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

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

### 15. DEFINED BENEFIT PENSION PLAN - AGENT MULTIPLE-EMPLOYER PLAN

*General Information About the 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. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

*Benefits Provided.* Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a three year period) and multipliers ranging from 2.0% to 2.5%. Participants are considered to be fully vested in the plan after ten years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service. Member contributions range from 3.68% to 5.00%.

*Employees Covered by Benefit Terms.* At December 31, 2017, the date of the latest actuarial valuation, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	21
Active employees	<u>52</u>
<b>Total membership</b>	<b><u><u>132</u></u></b>

*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 16.02% to 33.11% of annual payroll.

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

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

Although no explicit price inflation assumption is used in the valuation, the long-term annual rate of price inflation implicit in the 3.75% base wage inflation is 2.50%.

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



# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.88%
Global fixed income	20.00%	2.18%	0.44%
Real assets	12.50%	4.23%	0.52%
Diversifying strategies	10.00%	6.56%	0.66%
	<u>100.00%</u>		<u>4.50%</u>
Inflation			3.25%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>8.00%</u></u>

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2017 was 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

### Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	\$ 24,376,021	\$ 13,663,084	\$ 10,712,937
Changes for the year:			
Service cost	405,728	-	405,728
Interest	1,914,783	-	1,914,783
Changes in benefits	(1,592)	-	(1,592)
Differences between expected and actual experience	(496,191)	-	(496,191)
Employer contributions	-	1,170,847	(1,170,847)
Employee contributions	-	159,546	(159,546)
Net investment income	-	1,802,793	(1,802,793)
Benefit payments, including refunds of employee contributions	(1,288,203)	(1,288,203)	-
Administrative expense	-	(28,511)	28,511
Other changes	(325)	(302)	(23)
Net changes	<u>534,200</u>	<u>1,816,170</u>	<u>(1,281,970)</u>
Balances at December 31, 2017	<u>\$ 24,910,221</u>	<u>\$ 15,479,254</u>	<u>\$ 9,430,967</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the City, calculated using the discount rate of 8.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's net pension liability	\$ 12,129,133	\$ 9,430,967	\$ 7,138,688

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

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

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

For the year ended June 30, 2018, the City recognized pension expense of \$1,072,053. The City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 612,667	\$ (612,667)
Net difference between projected and actual earnings on pension plan investments	-	289,427	(289,427)
	-	902,094	(902,094)
Contributions subsequent to the measurement date	456,291	-	456,291
<b>Total</b>	<b>\$ 456,291</b>	<b>\$ 902,094</b>	<b>\$ (445,803)</b>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2019. Amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2019	\$ (384,368)
2020	(148,858)
2021	(227,030)
2022	(141,838)
<b>Total</b>	<b>\$ (902,094)</b>

*Payable to the Pension Plan.* At year-end, the City reported a payable of \$86,401 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

For the governmental activities, the net pension liability is generally liquidated by the general fund.

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

### 16. OTHER POSTEMPLOYMENT BENEFITS

#### *General Information About the Plan*

*Plan Administration.* The City administers a single-employer defined benefit healthcare plan (OPEB Plan) that is used to provide postemployment benefits other than pensions (OPEB) to all employees with a minimum of 15 years of service. For those employees with 20 or more years of service, the City pays the full cost of the benefits; for those with 15 to 19 years of service, the City pays at a level varying between 75% and 95%. Effective January 1, 2011, all new hires will participate in a retiree health care savings plan that will be funded during active employment through employer and employee contributions. Employees hired after January 1, 2004 were given the option to irrevocably waive participation in the traditional retiree health care program and enroll in the retiree health care savings account. Assets in these individual retiree health care savings accounts are not included in the financial statements of the City's postemployment health care plan.

*Plan Membership.* At June 30, 2018, OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	26
Active plan members	<u>35</u>
Total membership	<u><u>61</u></u>

*Benefits Provided.* The City provides medical, pharmacy, dental, and vision for eligible retirees hired prior to January 1, 2010, and their spouse. Costs for dental, vision and spouse coverage are paid for by the retiree. Pre-Medicare benefits are provided through fully-insured plans administered by Priority Health and Blue Cross Blue Shield. Medicare Supplemental benefits are provided through fully-insured arrangements administered by Blue Cross Blue Shield of Michigan. The City Council has the authority to establish or amend benefit terms, to determine the types of benefits provided through the OPEB Plan, and to determine the classes of plan members covered.

*Contributions.* The City has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City's general fund. Plan participants are not required to contribute to the plan. For the year ended June 30, 2018, the City did not make any contributions to advance-fund the plan.

*Investment Policy.* Plan investments, if any, are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments for which market quotations are not readily available are valued at their fair values as determined by the portfolio manager under the direction of the City. The City had no plan investments for the year ending June 30, 2018.

*Discount Rate.* The discount rate used to measure the total OPEB liability was 3.45%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be exhausted in the year 2018. Therefore, the discount rate represents the single equivalent rate resulting from discounting at the long-term expected rate of return on OPEB Plan investments until 2018, and discounting with the 20-year AA municipal index bond rate of 3.45% thereafter. This projection is done on a closed group basis, per GASB requirements.

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 (rolled forward to June 30, 2018), using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

*Inflation* – 2.5%

*Salary increases* – 3.0%

*Investment rate of return* – N/A

*Healthcare cost trend rates* – Initial trend of 9.0%, gradually decreasing to 4.5%

*Retirement age for active employees* – Age-based or Service-based table of rates that are specific to the type of eligibility condition.

*Mortality* – Mortality rates used were based on the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%. For Disabled members, the disabled version of these tables are assumed.

Assumption changes for the current year include a decrease in the discount rate, an update to the per-capita costs, and an adjustment to the healthcare cost trend rates.

### *Total OPEB Liability of the City*

The City is not prefunding the plan and the total pension liability at June 30, 2018 was \$10,082,835.

### *Changes in Total OPEB Liability*

The components of the change in the total OPEB liability are summarized as follows:

	Total OPEB Liability
Balances at June 30, 2017	<u>\$ 10,311,124</u>
Changes for the year:	
Service cost	220,435
Interest	356,982
Changes in assumptions	(617,999)
Employer contributions	-
Benefit payments, including refunds of employee contributions	(148,075)
Administrative expense	(39,632)
Net changes	<u>(228,289)</u>
Balances at June 30, 2018	<u>\$ 10,082,835</u>

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the City, calculated using the discount rate of 3.45%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.45%) or 1% higher (4.45%) than the current rate:

1% Decrease (2.45%)	Current Discount Rate (3.45%)	1% Increase (4.45%)
\$ 12,118,921	\$ 10,082,835	\$ 8,494,927

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rate of 9.00% (decreasing 0.50% per year to an ultimate rate of 4.50%), as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (8.00% trending to 3.50%) or 1% higher (10.00% trending to 5.50%) than the current rate:

1% Decrease (8.00% trending to 3.50%)	Current Healthcare Trend Rate (9.00% trending to 4.50%)	1% Increase (10.00% trending to 5.50%)
\$ 8,473,196	\$ 10,082,835	\$ 12,136,988

### *OPEB Expense and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2018, the City recognized OPEB expense of \$341,595. The City reported deferred inflows of resources related to OPEB from the following sources:

Changes in assumptions	<u>\$ 421,809</u>
------------------------	-------------------

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

Year Ended June 30,	Amount
2019	\$ 196,190
2020	196,190
2021	<u>29,429</u>
Total	<u>\$ 421,809</u>

*Payable to the OPEB Plan.* At June 30, 2018, the City had no amounts payable for contributions to the OPEB plan.

For the governmental activities, the total OPEB liability is generally liquidated by the general fund.

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

### 17. DEFINED CONTRIBUTION PENSION PLAN

The DDA provides pension benefits to its director through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by negotiation, the DDA contributes 10 percent of the director’s gross earnings. In accordance with these requirements, the DDA contributed \$6,111 during the current year, and no contributions were made by the director. The plan is administered by the International City Manager’s Association.

### 18. TAX ABATEMENTS

The City received reduced property tax revenues during 2018 as a result of industrial facilities tax exemptions (IFT’s) agreements.

The IFT’s were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT’s provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements amounted to \$55,826 in reduced City operating tax revenues and \$4,304 in reduced rubbish tax revenues for 2018.

### 19. NET INVESTMENT IN CAPITAL ASSETS

Following is a summary of net investment in capital assets, as presented in the government-wide statement of net position:

	Governmental Activities	Business-type Activities
Capital assets, net	\$ 17,429,645	\$ 34,368,606
Add: deferred charge on refunding	25,205	-
Less: capital-related bonds	(8,870,922)	(7,554,049)
Add: unexpended bond funds	53,158	-
<b>Total net investment in capital assets</b>	<b>\$ 8,637,086</b>	<b>\$ 26,814,557</b>

### 20. CONTINGENCIES

The City has been served in civil and administrative actions brought against it seeking damages from matters within the geographical limits of and/or activities of the City of Howell, Michigan. In the opinion of the administration and its legal counsel, any potential settlement of these actions should have no material effect upon the financial position of the City.

# CITY OF HOWELL, MICHIGAN

## Notes to Financial Statements

### 21. JOINT VENTURES

The City is a member of the Howell Area Fire Authority, which was jointly incorporated by the City and the townships of Cohoctah, Marion, Oceola and Howell for the purpose of providing fire protection and other emergency health and safety services for the citizens of the member governments. The City appoints a member to the joint venture's governing board which then approves the annual budget. The City's equity interest in the joint venture at June 30, 2018 was \$1,166,018, which is recorded in the governmental activities column in the statement of net position. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Complete financial statements for the Authority can be obtained from the administrative offices at 1211 W. Grand River, Howell, Michigan.

The City is a member of the Howell Area Parks and Recreation Authority, which was jointly incorporated by the City and the townships of Genoa, Marion and Oceola for the purpose of providing recreational opportunities for the citizens of the member governments. The Authority started operations on July 1, 2008. The City appoints a member to the Authority Board which approves the annual budget. The City currently leases one building to the Authority for a one-year term at the cost of one dollar. The City also provides accounting, human resource and computer administration to the Authority for an annual fee of \$10,000. The Authority is a joint venture with no equity interest; accordingly, no amounts are reported in the accompanying financial statements for the City's participation in the Authority. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Complete financial statements for the Authority can be obtained from the administrative offices at 925 W. Grand River, Howell, Michigan.

### 22. RESTATEMENT

The City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. As a result of this change, beginning net position of governmental activities, the water supply system enterprise fund and the sewage disposal enterprise fund were decreased by \$4,592,655, \$213,990, and \$680,610, respectively. The net decrease in beginning net position of business-type activities was \$894,600.





## REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF HOWELL, MICHIGAN

## Required Supplementary Information MERS Agent Multiple-Employer Defined Benefit Pension Plan

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

	Year Ended June 30,			
	2015	2016	2017	2018
<b>Total pension liability</b>				
Service cost	\$ 390,189	\$ 384,678	\$ 401,604	\$ 405,728
Interest	1,730,194	1,751,021	1,866,729	1,914,783
Changes in benefit terms	-	(6,845)	(3,871)	(1,592)
Differences between expected and actual experience	-	(600,841)	(394,986)	(496,191)
Changes of assumptions	-	1,086,469	-	-
Benefit payments, including refunds of employee contributions	(1,192,654)	(1,208,466)	(1,254,143)	(1,288,203)
Other changes	(2,702)	55,017	-	(325)
<b>Net change in total pension liability</b>	<u>925,027</u>	<u>1,461,033</u>	<u>615,333</u>	<u>534,200</u>
Total pension liability, beginning of year	<u>21,374,628</u>	<u>22,299,655</u>	<u>23,760,688</u>	<u>24,376,021</u>
<b>Total pension liability, end of year</b>	<u>22,299,655</u>	<u>23,760,688</u>	<u>24,376,021</u>	<u>24,910,221</u>
<b>Plan fiduciary net position</b>				
Employer contributions	744,132	885,379	834,713	1,170,847
Employee contributions	138,313	254,426	145,801	159,546
Net investment income (loss)	777,297	(194,660)	1,417,631	1,802,793
Benefit payments, including refunds of employee contributions	(1,192,654)	(1,208,466)	(1,254,143)	(1,288,203)
Administrative expense	(28,529)	(28,103)	(27,684)	(28,511)
Other	(2,702)	-	-	(302)
<b>Net change in plan fiduciary net position</b>	<u>435,857</u>	<u>(291,424)</u>	<u>1,116,318</u>	<u>1,816,170</u>
Plan fiduciary net position, beginning of year	<u>12,402,333</u>	<u>12,838,190</u>	<u>12,546,766</u>	<u>13,663,084</u>
<b>Plan fiduciary net position, end of year</b>	<u>12,838,190</u>	<u>12,546,766</u>	<u>13,663,084</u>	<u>15,479,254</u>
<b>City's net pension liability</b>	<u>\$ 9,461,465</u>	<u>\$ 11,213,922</u>	<u>\$ 10,712,937</u>	<u>\$ 9,430,967</u>
Plan fiduciary net position as a percentage of total pension liability	57.6%	52.8%	56.1%	62.1%
Covered payroll	\$ 3,131,126	\$ 3,133,849	\$ 3,208,559	\$ 3,284,840
City's net pension liability as a percentage of covered payroll	302.2%	357.8%	333.9%	287.1%

**Notes:**

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Assumption changes for 2016 include a decrease in the price inflation, decrease in expected return on investments, decrease in the discount rate and a decrease in the wage inflation.

# CITY OF HOWELL, MICHIGAN

## Required Supplementary Information MERS Agent Multiple-Employer Defined Benefit Pension Plan

### Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2015	\$ 776,046	\$ 776,046	\$ -	\$ 3,071,971	25.3%
2016	792,636	792,636	-	3,329,391	23.8%
2017	843,252	843,252	-	3,131,282	26.3%
2018	1,209,180	1,209,180	-	3,507,986	34.5%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

#### Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of December 31, which is 18 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 normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	28 years
Asset valuation method	Open; 5-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.
Mortality	Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

# CITY OF HOWELL, MICHIGAN

## Required Supplementary Information Other Postemployment Benefits Plan

### Schedule of Changes in Total Other Postemployment Benefit (OPEB) Liability and Related Ratios

	Year Ended June 30, 2018
Total OPEB liability	
Service cost	\$ 220,435
Interest on total OPEB liability	356,982
Changes in assumptions	(617,999)
Benefit payments	(148,075)
Administrative expense	(39,632)
Net change in total OPEB liability	<u>(228,289)</u>
Total OPEB liability, beginning of year	<u>10,311,124</u>
Total OPEB liability, end of year	<u>\$ 10,082,835</u>
Covered-employee payroll	\$ 2,329,490
Total OPEB liability as a percentage of covered-employee payroll	432.83%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Changes in assumptions: This change is the result of a decrease in the discount rate, an update to the per-capita costs, and an adjustment to the healthcare cost trend rates.

CITY OF HOWELL, MICHIGAN

**Required Supplementary Information**  
Other Postemployment Benefits Plan

Schedule of Contributions

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered- employee Payroll	Actual Contribution as Percentage of Covered- employee Payroll
2018	\$ 148,075	\$ 148,075	\$ -	\$ 2,329,490	6.36%

Notes:

GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The plan has no assets and is not being prefunded therefore the schedule of investment returns is not applicable.

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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

# CITY OF HOWELL, MICHIGAN

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Totals
<b>Assets</b>				
Cash and cash equivalents	\$ 797,134	\$ -	\$ 236,835	\$ 1,033,969
Accounts receivable	22,606	-	2,991	25,597
Due from other funds	301,383	-	1,886	303,269
Due from other governments	145,580	-	-	145,580
<b>Total assets</b>	<b>\$ 1,266,703</b>	<b>\$ -</b>	<b>\$ 241,712</b>	<b>\$ 1,508,415</b>
<b>Liabilities</b>				
Accounts payable	\$ 45,624	\$ -	\$ 34,111	\$ 79,735
Accrued liabilities	5,069	-	-	5,069
Due to other funds	581,538	-	107,458	688,996
<b>Total liabilities</b>	<b>632,231</b>	<b>-</b>	<b>141,569</b>	<b>773,800</b>
<b>Fund balances</b>				
Restricted	634,472	-	128,063	762,535
Committed	-	-	23,506	23,506
Unassigned (deficit)	-	-	(51,426)	(51,426)
<b>Total fund balances</b>	<b>634,472</b>	<b>-</b>	<b>100,143</b>	<b>734,615</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,266,703</b>	<b>\$ -</b>	<b>\$ 241,712</b>	<b>\$ 1,508,415</b>



# CITY OF HOWELL, MICHIGAN

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

	Special Revenue	Debt Service	Capital Projects	Totals
<b>Revenues</b>				
Property taxes	\$ 367,123	\$ -	\$ -	\$ 367,123
Intergovernmental	1,046,901	-	848,154	1,895,055
Charges for services	169,150	-	-	169,150
Investment earnings	1,756	-	872	2,628
Other	31,562	-	-	31,562
<b>Total revenues</b>	<b>1,616,492</b>	<b>-</b>	<b>849,026</b>	<b>2,465,518</b>
<b>Expenditures</b>				
Current expenditures:				
General government	3,944	-	-	3,944
Public works	663,916	-	-	663,916
Highways and streets	1,251,910	-	-	1,251,910
Debt service:				
Principal	-	611,448	-	611,448
Interest and fiscal charges	-	349,020	-	349,020
Capital outlay	-	-	862,183	862,183
<b>Total expenditures</b>	<b>1,919,770</b>	<b>960,468</b>	<b>862,183</b>	<b>3,742,421</b>
Revenues under expenditures	(303,278)	(960,468)	(13,157)	(1,276,903)
<b>Other financing sources (uses)</b>				
Transfers in	474,501	960,468	-	1,434,969
Transfers out	(320,024)	-	-	(320,024)
<b>Total other financing sources</b>	<b>154,477</b>	<b>960,468</b>	<b>-</b>	<b>1,114,945</b>
<b>Net change in fund balances</b>	<b>(148,801)</b>	<b>-</b>	<b>(13,157)</b>	<b>(161,958)</b>
Fund balances, beginning of year	783,273	-	113,300	896,573
<b>Fund balances, end of year</b>	<b>\$ 634,472</b>	<b>\$ -</b>	<b>\$ 100,143</b>	<b>\$ 734,615</b>

# CITY OF HOWELL, MICHIGAN

## Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2018

	Major Street	Local Street	Rubbish & Garbage
<b>Assets</b>			
Cash and cash equivalents	\$ 152,169	\$ 329,619	\$ 20,983
Accounts receivable	-	-	22,606
Due from other funds	-	66	51,054
Due from other governments	106,183	39,397	-
<b>Total assets</b>	<b>\$ 258,352</b>	<b>\$ 369,082</b>	<b>\$ 94,643</b>
<b>Liabilities</b>			
Accounts payable	\$ 21,118	\$ 22,340	\$ 2,166
Accrued liabilities	1,886	1,958	1,225
Due to other funds	68,680	344,784	91,252
<b>Total liabilities</b>	<b>91,684</b>	<b>369,082</b>	<b>94,643</b>
<b>Fund balances - restricted</b>	<b>166,668</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 258,352</b>	<b>\$ 369,082</b>	<b>\$ 94,643</b>



Drug Law Enforcement	Police Training	Cemetery	Total
\$ 7,361	\$ -	\$ 287,002	\$ 797,134
-	-	-	22,606
-	263	250,000	301,383
-	-	-	145,580
<u>\$ 7,361</u>	<u>\$ 263</u>	<u>\$ 537,002</u>	<u>\$ 1,266,703</u>
\$ -	\$ -	\$ -	\$ 45,624
-	-	-	5,069
2,000	-	74,822	581,538
<u>2,000</u>	<u>-</u>	<u>74,822</u>	<u>632,231</u>
5,361	263	462,180	634,472
<u>\$ 7,361</u>	<u>\$ 263</u>	<u>\$ 537,002</u>	<u>\$ 1,266,703</u>

# CITY OF HOWELL, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2018

	Major Street	Local Street	Rubbish & Garbage
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ 367,123
Intergovernmental	721,658	254,661	67,633
Charges for services	-	-	139,150
Investment earnings	456	90	-
Other	153	30,813	596
<b>Total revenues</b>	<b>722,267</b>	<b>285,564</b>	<b>574,502</b>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	-
Public works	-	-	663,916
Highways and streets	581,259	670,651	-
<b>Total expenditures</b>	<b>581,259</b>	<b>670,651</b>	<b>663,916</b>
<b>Revenues over (under) expenditures</b>	<b>141,008</b>	<b>(385,087)</b>	<b>(89,414)</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	385,087	89,414
Transfers out	(261,000)	-	-
<b>Total other financing sources (uses)</b>	<b>(261,000)</b>	<b>385,087</b>	<b>89,414</b>
<b>Net change in fund balances</b>	<b>(119,992)</b>	<b>-</b>	<b>-</b>
<b>Fund balances, beginning of year</b>	<b>286,660</b>	<b>-</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 166,668</b>	<b>\$ -</b>	<b>\$ -</b>



Drug Law Enforcement	Police Training	Cemetery	Total
\$ -	\$ -	\$ -	\$ 367,123
-	2,949	-	1,046,901
-	-	30,000	169,150
36	-	1,174	1,756
-	-	-	31,562
<u>36</u>	<u>2,949</u>	<u>31,174</u>	<u>1,616,492</u>
-	3,944	-	3,944
-	-	-	663,916
-	-	-	1,251,910
<u>-</u>	<u>3,944</u>	<u>-</u>	<u>1,919,770</u>
<u>36</u>	<u>(995)</u>	<u>31,174</u>	<u>(303,278)</u>
-	-	-	474,501
-	-	(59,024)	(320,024)
<u>-</u>	<u>-</u>	<u>(59,024)</u>	<u>154,477</u>
36	(995)	(27,850)	(148,801)
<u>5,325</u>	<u>1,258</u>	<u>490,030</u>	<u>783,273</u>
<u>\$ 5,361</u>	<u>\$ 263</u>	<u>\$ 462,180</u>	<u>\$ 634,472</u>

# CITY OF HOWELL, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2018

	Major Street Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	705,081	721,658	16,577
Charges for services	-	-	-
Investment earnings	250	456	206
Other	-	153	153
<b>Total revenues</b>	<u>705,331</u>	<u>722,267</u>	<u>16,936</u>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Highways and streets	597,223	581,259	(15,964)
<b>Total expenditures</b>	<u>597,223</u>	<u>581,259</u>	<u>(15,964)</u>
<b>Revenues over (under) expenditures</b>	<u>108,108</u>	<u>141,008</u>	<u>32,900</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(261,000)	(261,000)	-
<b>Total other financing sources (uses)</b>	<u>(261,000)</u>	<u>(261,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(152,892)</u>	<u>(119,992)</u>	<u>32,900</u>
<b>Fund balances, beginning of year</b>	<u>286,660</u>	<u>286,660</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 133,768</u>	<u>\$ 166,668</u>	<u>\$ 32,900</u>

Local Street Fund			Rubbish & Garbage		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ 367,290	\$ 367,123	\$ (167)
249,569	254,661	5,092	66,000	67,633	1,633
-	-	-	141,700	139,150	(2,550)
150	90	(60)	-	-	-
31,000	30,813	(187)	-	596	596
<u>280,719</u>	<u>285,564</u>	<u>4,845</u>	<u>574,990</u>	<u>574,502</u>	<u>(488)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	667,209	663,916	(3,293)
703,305	670,651	(32,654)	-	-	-
<u>703,305</u>	<u>670,651</u>	<u>(32,654)</u>	<u>667,209</u>	<u>663,916</u>	<u>(3,293)</u>
<u>(422,586)</u>	<u>(385,087)</u>	<u>37,499</u>	<u>(92,219)</u>	<u>(89,414)</u>	<u>2,805</u>
422,586	385,087	(37,499)	92,219	89,414	(2,805)
-	-	-	-	-	-
<u>422,586</u>	<u>385,087</u>	<u>(37,499)</u>	<u>92,219</u>	<u>89,414</u>	<u>(2,805)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

continued...

# CITY OF HOWELL, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2018

	Drug Law Enforcement Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	-	36	36
Other	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>36</u>	<u>36</u>
<b>Expenditures</b>			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Highways and streets	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>		<u>36</u>	<u>36</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	36	36
Fund balances, beginning of year	<u>5,325</u>	<u>5,325</u>	-
<b>Fund balances, end of year</b>	<u>\$ 5,325</u>	<u>\$ 5,361</u>	<u>\$ 36</u>



Police Training			Cemetery		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,000	2,949	(51)	-	-	-
-	-	-	22,000	30,000	8,000
-	-	-	-	1,174	1,174
-	-	-	-	-	-
<u>3,000</u>	<u>2,949</u>	<u>(51)</u>	<u>22,000</u>	<u>31,174</u>	<u>9,174</u>
4,000	3,944	(56)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,000</u>	<u>3,944</u>	<u>(56)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,000)</u>	<u>(995)</u>	<u>5</u>	<u>22,000</u>	<u>31,174</u>	<u>9,174</u>
-	-	-	-	-	-
-	-	-	(68,000)	(59,024)	8,976
-	-	-	(68,000)	(59,024)	8,976
(1,000)	(995)	5	(46,000)	(27,850)	18,150
<u>1,258</u>	<u>1,258</u>	<u>-</u>	<u>490,030</u>	<u>490,030</u>	<u>-</u>
<u>\$ 258</u>	<u>\$ 263</u>	<u>\$ 5</u>	<u>\$ 444,030</u>	<u>\$ 462,180</u>	<u>\$ 18,150</u>

concluded.

# CITY OF HOWELL, MICHIGAN

## Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2018

	City Hall	Loop Road & D-19 Project	Road Program Debt	City Hall Debt
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



North Parking Lots & Alley Debt	Total
---------------------------------------	-------

<u>\$ -</u>	<u>\$ -</u>
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<u>\$ -</u>	<u>\$ -</u>
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# CITY OF HOWELL, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds  
For the Year Ended June 30, 2018

	City Hall	Loop Road & D-19 Project	Road Program Debt	City Hall Debt
<b>Expenditures</b>				
Debt service:				
Principal	\$ 140,000	\$ 63,000	\$ 320,366	\$ 13,082
Interest and fiscal charges	17,735	48,600	210,603	7,391
<b>Total expenditures</b>	<b>157,735</b>	<b>111,600</b>	<b>530,969</b>	<b>20,473</b>
<b>Other financing sources</b>				
Transfers in	157,735	111,600	530,969	20,473
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



North Parking Lots & Alley Debt	Total
---------------------------------------	-------

\$ 75,000	\$ 611,448
64,691	349,020
<hr/>	<hr/>
139,691	960,468
<hr/>	<hr/>
139,691	960,468
<hr/>	<hr/>
-	-
<hr/>	<hr/>
-	-
<hr/>	<hr/>
\$ -	\$ -
<hr/> <hr/>	<hr/> <hr/>

# CITY OF HOWELL, MICHIGAN

## Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2018

	M-59 Utilities	Parking Lot	West Sibley Street	City Hall
<b>Assets</b>				
Cash and cash equivalents	\$ 40,626	\$ 5,891	\$ 21,345	\$ -
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 40,626</b>	<b>\$ 5,891</b>	<b>\$ 21,345</b>	<b>\$ -</b>
<b>Liabilities</b>				
Accounts payable	\$ 14,044	\$ -	\$ -	\$ -
Due to other funds	3,076	-	-	-
<b>Total liabilities</b>	<b>17,120</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>				
Restricted	-	5,891	21,345	-
Committed	23,506	-	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>23,506</b>	<b>5,891</b>	<b>21,345</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 40,626</b>	<b>\$ 5,891</b>	<b>\$ 21,345</b>	<b>\$ -</b>



McPherson Park Grant	Lucy Rd Construction Admin	Page Field Improvements	Façade CDBG Grant	Total
\$ 52,956	\$ -	\$ 100,827	\$ 15,190	\$ 236,835
-	-	-	2,991	2,991
-	-	-	1,886	1,886
<u>\$ 52,956</u>	<u>\$ -</u>	<u>\$ 100,827</u>	<u>\$ 20,067</u>	<u>\$ 241,712</u>
\$ -	\$ -	\$ -	\$ 20,067	\$ 34,111
104,382	-	-	-	107,458
<u>104,382</u>	<u>-</u>	<u>-</u>	<u>20,067</u>	<u>141,569</u>
-	-	100,827	-	128,063
-	-	-	-	23,506
(51,426)	-	-	-	(51,426)
<u>(51,426)</u>	<u>-</u>	<u>100,827</u>	<u>-</u>	<u>100,143</u>
<u>\$ 52,956</u>	<u>\$ -</u>	<u>\$ 100,827</u>	<u>\$ 20,067</u>	<u>\$ 241,712</u>

# CITY OF HOWELL, MICHIGAN

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended June 30, 2018

	M-59 Utilities	Parking Lot	West Sibley Street	City Hall
<b>Revenues</b>				
Investment earnings	\$ 45	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Capital outlay	<u>17,120</u>	<u>-</u>	<u>-</u>	<u>37,012</u>
<b>Net change in fund balances</b>	(17,075)	-	-	(37,012)
Fund balances, beginning of year	<u>40,581</u>	<u>5,891</u>	<u>21,345</u>	<u>37,012</u>
Fund balances (deficits), end of year	<u>\$ 23,506</u>	<u>\$ 5,891</u>	<u>\$ 21,345</u>	<u>\$ -</u>





McPherson Park Grant	Lucy Rd Construction Admin	Page Field Improvements	Façade CDBG Grant	Total
\$ -	\$ -	\$ 827	\$ -	\$ 872
-	374,414	100,000	373,740	848,154
-	374,414	100,827	373,740	849,026
59,897	374,414	-	373,740	862,183
(59,897)	-	100,827	-	(13,157)
8,471	-	-	-	113,300
<u>\$ (51,426)</u>	<u>\$ -</u>	<u>\$ 100,827</u>	<u>\$ -</u>	<u>\$ 100,143</u>

CITY OF HOWELL, MICHIGAN

**Combining Statement of Net Position**

Internal Service Funds  
June 30, 2018

	Equipment Pool	Department of Public Services	Self Insurance	Retiree Health Care	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 701,458	\$ 10,050	\$ 18,059	\$ 136,408	\$ 865,975
Cash on deposit with agent	-	-	114,198	-	114,198
Due from other funds	176,368	402,470	12,777	-	591,615
Due from other governments	680	481	-	-	1,161
Land held for resale	2,020,270	-	-	-	2,020,270
Total current assets	2,898,776	413,001	145,034	136,408	3,593,219
Noncurrent assets -					
Capital assets, net	725,611	261,893	-	-	987,504
Total assets	3,624,387	674,894	145,034	136,408	4,580,723
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued liabilities	93,828	29,708	22,564	-	146,100
Accrued payroll	2,111	3,999	-	-	6,110
Accrued interest payable	5,833	-	-	-	5,833
Due to other funds	1,569,029	147,065	113,441	-	1,829,535
Compensated absences, current	3,326	40,228	-	-	43,554
Notes payable, current	50,000	-	-	-	50,000
Total current liabilities	1,724,127	221,000	136,005	-	2,081,132
Noncurrent liabilities:					
Compensated absences, net of current	139	1,676	-	-	1,815
Notes payable, net of current	300,000	-	-	-	300,000
Total noncurrent liabilities	300,139	1,676	-	-	301,815
Total liabilities	2,024,266	222,676	136,005	-	2,382,947
<b>Net position</b>					
Investment in capital assets	725,611	261,893	-	-	987,504
Unrestricted	874,510	190,325	9,029	136,408	1,210,272
Total net position	\$ 1,600,121	\$ 452,218	\$ 9,029	\$ 136,408	\$ 2,197,776

CITY OF HOWELL, MICHIGAN

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**

Internal Service Funds

For the Year Ended June 30, 2018

	Equipment Pool	Department of Public Services	Self Insurance	Retiree Health Care	Total
Operating revenues					
Charges for services	\$ 580,802	\$ 354,096	\$ -	\$ -	\$ 934,898
Other	50,512	23,231	-	-	73,743
<b>Total operating revenues</b>	<b>631,314</b>	<b>377,327</b>	<b>-</b>	<b>-</b>	<b>1,008,641</b>
Operating expenses					
Personnel services	142,661	227,819	-	-	370,480
Materials and supplies	108,049	25,274	-	-	133,323
Contractual	-	25,213	-	-	25,213
Insurance	28,575	8,165	-	-	36,740
Maintenance	40,729	5,001	-	-	45,730
Other expense	15,011	46,288	-	-	61,299
Depreciation	265,892	18,981	-	-	284,873
<b>Total operating expenses</b>	<b>600,917</b>	<b>356,741</b>	<b>-</b>	<b>-</b>	<b>957,658</b>
<b>Operating income</b>	<b>30,397</b>	<b>20,586</b>	<b>-</b>	<b>-</b>	<b>50,983</b>
Nonoperating revenues (expenses)					
Investment earnings	534	-	2,711	2,026	5,271
Interest expense	(13,281)	-	-	-	(13,281)
<b>Total nonoperating revenues (expenses)</b>	<b>(12,747)</b>	<b>-</b>	<b>2,711</b>	<b>2,026</b>	<b>(8,010)</b>
Income before transfers	17,650	20,586	2,711	2,026	42,973
Transfers in	63,281	-	-	-	63,281
Transfers out	(14,970)	(5,000)	-	-	(19,970)
Change in net position	65,961	15,586	2,711	2,026	86,284
Net position, beginning of year	1,534,160	436,632	6,318	134,382	2,111,492
<b>Net position, end of year</b>	<b>\$ 1,600,121</b>	<b>\$ 452,218</b>	<b>\$ 9,029</b>	<b>\$ 136,408</b>	<b>\$ 2,197,776</b>

CITY OF HOWELL, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2018

	Equipment Pool	Department of Public Services	Self Insurance	Retiree Health Care	Total
<b>Cash flows from operating activities</b>					
Receipts from interfund services	\$ 491,832	\$ 421,561	\$ -	\$ -	\$ 913,393
Reinsurance recoveries	-	-	22,152	-	22,152
Payments to suppliers/claimants	(87,536)	(86,609)	-	-	(174,145)
Payments to employees	(141,311)	(216,144)	-	-	(357,455)
<b>Net cash provided by operating activities</b>	<b>262,985</b>	<b>118,808</b>	<b>22,152</b>	<b>-</b>	<b>403,945</b>
<b>Cash flows from noncapital financing activities</b>					
Transfers in	63,281	-	-	-	63,281
Transfers out	(14,970)	(5,000)	-	-	(19,970)
Principal paid on debt / notes payable	(50,000)	-	-	-	(50,000)
Interest paid on debt / notes payable	(13,281)	-	-	-	(13,281)
<b>Net cash used by noncapital activities</b>	<b>(14,970)</b>	<b>(5,000)</b>	<b>-</b>	<b>-</b>	<b>(19,970)</b>
<b>Cash flows from capital and related financing activities</b>					
Purchase of capital assets	(281,751)	(114,156)	-	-	(395,907)
<b>Cash flows from investing activities</b>					
Interest received on investments	534	-	2,711	2,026	5,271
<b>Net change in cash and cash equivalents</b>	<b>(33,202)</b>	<b>(348)</b>	<b>24,863</b>	<b>2,026</b>	<b>(6,661)</b>
Cash and cash equivalents, beginning of year	734,660	10,398	107,394	134,382	986,834
<b>Cash and cash equivalents, end of year</b>	<b>\$ 701,458</b>	<b>\$ 10,050</b>	<b>\$ 132,257</b>	<b>\$ 136,408</b>	<b>\$ 980,173</b>
<b>Reconciliation to statement of net position</b>					
Cash and cash equivalents	\$ 701,458	\$ 10,050	\$ 18,059	\$ 136,408	\$ 865,975
Cash on deposit with agent	-	-	114,198	-	114,198
	<b>\$ 701,458</b>	<b>\$ 10,050</b>	<b>\$ 132,257</b>	<b>\$ 136,408</b>	<b>\$ 980,173</b>
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income	\$ 30,397	\$ 20,586	\$ -	\$ -	\$ 50,983
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>					
Depreciation	265,892	18,981	-	-	284,873
<b>Changes in assets and liabilities:</b>					
Due from other funds	(139,482)	(48,812)	3,674	-	(184,620)
Due from other governments	264	135	-	-	399
Accounts payable and accrued liabilities	86,001	23,197	(15,123)	-	94,075
Accrued payroll/compensated absences	1,350	11,675	-	-	13,025
Due to other funds	18,563	93,046	33,601	-	145,210
<b>Net cash provided by operating activities</b>	<b>\$ 262,985</b>	<b>\$ 118,808</b>	<b>\$ 22,152</b>	<b>\$ -</b>	<b>\$ 403,945</b>

CITY OF HOWELL, MICHIGAN

**Statement of Changes in Assets and Liabilities**

Tax Revolving Agency Fund  
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Assets</b>				
Cash and cash equivalents	\$ 79,329	\$ 14,362,179	\$ 14,364,197	\$ 77,311
<b>Liabilities</b>				
Undistributed receipts	\$ 79,329	\$ 14,362,179	\$ 14,364,197	\$ 77,311

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## COMPONENT UNITS

# CITY OF HOWELL, MICHIGAN

## Statement of Net Position and Governmental Fund Balance Sheet

Downtown Development Authority Component Unit

June 30, 2018

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 85,369	\$ -	\$ 85,369
Accounts receivable	1,000	-	1,000
Capital assets not being depreciated	-	152,884	152,884
Capital assets being depreciated, net	-	337,564	337,564
<b>Total assets</b>	<b>\$ 86,369</b>	<b>490,448</b>	<b>576,817</b>
<b>Deferred outflows of resources</b>			
Deferred charge on refunding	-	28,569	28,569
<b>Liabilities</b>			
Accounts payable	\$ 11,639	-	11,639
Accrued liabilities	2,225	-	2,225
Accrued interest payable	-	14,696	14,696
Due to other government	680	-	680
Long-term liabilities:			
Due within one year	-	81,221	81,221
Due in more than one year	-	974,395	974,395
<b>Total liabilities</b>	<b>14,544</b>	<b>1,070,312</b>	<b>1,084,856</b>
<b>Fund balance</b>			
Unassigned	71,825	(71,825)	-
<b>Total liabilities and fund balance</b>	<b>\$ 86,369</b>	<b>998,487</b>	<b>1,084,856</b>
<b>Net position (deficit)</b>			
Net investment in capital assets		(529,133)	(529,133)
Unrestricted		49,663	49,663
<b>Total net position (deficit)</b>		<b>\$ (479,470)</b>	<b>\$ (479,470)</b>



# CITY OF HOWELL, MICHIGAN

## Reconciliation

Fund Balances of Governmental Funds  
To Net Position of Governmental Activities  
Downtown Development Authority Component Unit  
June 30, 2018

Fund balances - total governmental funds	\$	71,825
Amounts reported for <i>governmental activities</i> 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 funds.		
Capital assets		662,395
Accumulated depreciation		(171,947)
Gains and losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized on the statement of net position.		
Deferred outflows of resources		28,569
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable		(1,048,150)
Accrued interest on bonds payable		(14,696)
Compensated absences		(7,466)
Net position (deficit) of governmental activities	\$	<u>(479,470)</u>

# CITY OF HOWELL, MICHIGAN

## Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance Downtown Development Authority Component Unit For the Year Ended June 30, 2018

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Property taxes	\$ 380,624	\$ -	\$ 380,624
Intergovernmental	20,560	-	20,560
Other	37,139	-	37,139
<b>Total revenues</b>	<u>438,323</u>	<u>-</u>	<u>438,323</u>
<b>Expenditures/expenses</b>			
Community development	349,323	11,139	360,462
Debt service:			
Principal	63,552	(63,552)	-
Interest and fiscal charges	36,257	(5,474)	30,783
<b>Total expenditures/expenses</b>	<u>449,132</u>	<u>(57,887)</u>	<u>391,245</u>
<b>Net change in fund balance / net position</b>	(10,809)	57,887	47,078
<b>Fund balance/net position (deficit)</b>			
Beginning of year	<u>82,634</u>	<u>(609,182)</u>	<u>(526,548)</u>
End of year	<u>\$ 71,825</u>	<u>\$ (551,295)</u>	<u>\$ (479,470)</u>

# CITY OF HOWELL, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
 To Change in Net Position of Governmental Activities  
 Downtown Development Authority Component Unit  
 For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$ (10,809)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased	13,176
Depreciation expense	(22,725)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Principal payments on long-term debt	63,552
--------------------------------------	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest payable on bonds	5,474
Change in accrual for compensated absences	(1,590)

Change in net position of governmental activities	<u>\$ 47,078</u>
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# CITY OF HOWELL, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Downtown Development Authority Component Unit For the Year Ended June 30, 2018

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ 377,910	\$ 380,624	\$ 2,714
Intergovernmental	20,000	20,560	560
Other	35,950	37,139	1,189
Total revenues	<u>433,860</u>	<u>438,323</u>	<u>4,463</u>
Expenditures			
Community development	379,209	349,323	(29,886)
Debt service:			
Principal	63,552	63,552	-
Interest and fiscal charges	36,257	36,257	-
Total expenditures	<u>479,018</u>	<u>449,132</u>	<u>(29,886)</u>
Net change in fund balance	(45,158)	(10,809)	34,349
Fund balance, beginning of year	<u>82,634</u>	<u>82,634</u>	<u>-</u>
Fund balance, end of year	<u>\$ 37,476</u>	<u>\$ 71,825</u>	<u>\$ 34,349</u>

## STATISTICAL SECTION

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# CITY OF HOWELL, MICHIGAN

## Statistical Section Table of Contents

This part of the City of Howell's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	104
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	117
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	122
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	128
Operating Information	These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	130

Sources: Unless otherwise noted, the information in these schedules are derived from the annual financial reports for the applicable year.

# CITY OF HOWELL, MICHIGAN

## Net Position by Component (Accrual Basis of Accounting) Last Ten Fiscal Years

	2009	2010	2011	2012
<b>Governmental activities</b>				
Net investment in capital assets	\$ 14,736,270	\$ 16,120,437	\$ 15,421,349	\$ 14,861,310
Restricted	1,895,830	3,352,216	1,782,242	1,012,501
Unrestricted (deficit)	4,282,769	2,518,566	3,046,106	2,032,588
<b>Total net position</b>	<b>\$ 20,914,869</b>	<b>\$ 21,991,219</b>	<b>\$ 20,249,697</b>	<b>\$ 17,906,399</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 25,132,696	\$ 24,595,947	\$ 25,541,562	\$ 26,213,305
Restricted	1,876,589	2,029,580	1,335,557	980,356
Unrestricted	1,440,069	3,194,229	2,365,684	2,114,208
<b>Total net position</b>	<b>\$ 28,449,354</b>	<b>\$ 29,819,756</b>	<b>\$ 29,242,803</b>	<b>\$ 29,307,869</b>
<b>Total primary government</b>				
Net investment in capital assets	\$ 39,868,966	\$ 40,716,384	\$ 40,962,911	\$ 41,074,615
Restricted	3,772,419	5,381,796	3,117,799	1,992,857
Unrestricted (deficit)	5,722,838	5,712,795	5,411,790	4,146,796
<b>Total net position</b>	<b>\$ 49,364,223</b>	<b>\$ 51,810,975</b>	<b>\$ 49,492,500</b>	<b>\$ 47,214,268</b>

Source: City of Howell Finance Department



Schedule 1  
Unaudited

2013	2014	2015	2016	2017	2018
\$ 13,237,331	\$ 12,660,050	\$ 11,692,141	\$ 11,080,987	\$ 9,199,989	\$ 8,637,086
1,423,917	732,228	761,583	901,219	960,773	762,535
1,656,464	1,047,312	(5,948,606)	(6,946,921)	(6,585,864)	(11,145,164)
<u>\$ 16,317,712</u>	<u>\$ 14,439,590</u>	<u>\$ 6,505,118</u>	<u>\$ 5,035,285</u>	<u>\$ 3,574,898</u>	<u>\$ (1,745,543)</u>
\$ 27,069,960	\$ 26,715,764	\$ 26,589,753	\$ 26,626,636	\$ 26,554,666	\$ 26,814,557
531,350	531,290	531,597	376,188	269,569	269,973
2,427,094	2,759,478	933,706	1,064,591	1,132,086	422,192
<u>\$ 30,028,404</u>	<u>\$ 30,006,532</u>	<u>\$ 28,055,056</u>	<u>\$ 28,067,415</u>	<u>\$ 27,956,321</u>	<u>\$ 27,506,722</u>
\$ 40,307,291	\$ 39,375,814	\$ 38,281,894	\$ 37,707,623	\$ 35,754,655	\$ 35,451,643
1,955,267	1,263,518	1,293,180	1,277,407	1,230,342	1,032,508
4,083,558	3,806,790	(5,014,900)	(5,882,330)	(5,453,778)	(10,722,972)
<u>\$ 46,346,116</u>	<u>\$ 44,446,122</u>	<u>\$ 34,560,174</u>	<u>\$ 33,102,700</u>	<u>\$ 31,531,219</u>	<u>\$ 25,761,179</u>

# CITY OF HOWELL, MICHIGAN

## Changes in Net Position (Accrual Basis of Accounting) Last Ten Fiscal Years

	2009	2010	2011	2012
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,651,846	\$ 2,288,992	\$ 2,133,361	\$ 2,561,086
Public safety	2,592,062	2,699,110	2,614,223	2,533,668
Public works	2,197,764	2,598,554	3,564,971	3,632,031
Community/economic development	423,422	387,857	432,747	286,858
Parks and recreation	528,976	571,296	435,084	408,244
Interest on long-term debt	84,203	253,864	362,748	310,003
Subtotal governmental activities	<u>8,478,273</u>	<u>8,799,673</u>	<u>9,543,134</u>	<u>9,731,890</u>
Business-type activities:				
Sewage disposal	1,796,658	2,064,000	2,118,061	2,061,234
Water supply	2,074,209	2,075,638	2,102,201	1,988,042
Subtotal business-type activities	<u>3,870,867</u>	<u>4,139,638</u>	<u>4,220,262</u>	<u>4,049,276</u>
<b>Total expenses</b>	<u>12,349,140</u>	<u>12,939,311</u>	<u>13,763,396</u>	<u>13,781,166</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services	842,624	847,849	817,098	827,998
Operating grants and contributions	1,212,613	590,458	617,792	722,569
Capital grants and contributions	200,966	1,658,023	208,899	-
Subtotal governmental activities	<u>2,256,203</u>	<u>3,096,330</u>	<u>1,643,789</u>	<u>1,550,567</u>
Business-type activities:				
Charges for services	3,422,718	3,415,290	3,627,342	3,754,594
Operating grants and contributions	29,956	7,844	14,818	30,780
Capital grants and contributions	11,774	2,124,000	-	328,199
Subtotal business-type activities	<u>3,464,448</u>	<u>5,547,134</u>	<u>3,642,160</u>	<u>4,113,573</u>
<b>Total program revenues</b>	<u>5,720,651</u>	<u>8,643,464</u>	<u>5,285,949</u>	<u>5,664,140</u>
<b>Net (expense)/revenue</b>				
Governmental activities	(6,222,070)	(5,703,343)	(7,899,345)	(8,181,323)
Business-type activities	<u>(406,419)</u>	<u>1,407,496</u>	<u>(578,102)</u>	<u>64,297</u>
<b>Total net expense</b>	<u>(6,628,489)</u>	<u>(4,295,847)</u>	<u>(8,477,447)</u>	<u>(8,117,026)</u>

Schedule 2  
Unaudited

	2013	2014	2015	2016	2017	2018
\$	2,399,804	\$ 1,907,990	\$ 1,877,781	\$ 1,582,196	\$ 2,036,511	\$ 2,152,939
	2,459,367	2,470,080	2,514,675	2,743,172	2,556,741	2,751,779
	3,464,996	3,723,792	3,555,279	3,861,200	3,717,543	4,358,449
	295,499	373,443	382,721	329,158	728,250	369,136
	402,862	438,503	580,215	512,917	485,770	497,166
	336,862	358,732	343,427	348,507	315,211	340,137
	<u>9,359,390</u>	<u>9,272,540</u>	<u>9,254,098</u>	<u>9,377,150</u>	<u>9,840,026</u>	<u>10,469,606</u>
	1,995,759	2,088,090	2,073,260	2,235,477	2,580,424	2,656,733
	1,915,263	2,029,409	2,050,212	2,143,325	2,234,532	2,112,558
	<u>3,911,022</u>	<u>4,117,499</u>	<u>4,123,472</u>	<u>4,378,802</u>	<u>4,814,956</u>	<u>4,769,291</u>
	<u>13,270,412</u>	<u>13,390,039</u>	<u>13,377,570</u>	<u>13,755,952</u>	<u>14,654,982</u>	<u>15,238,897</u>
	939,501	868,844	1,097,401	908,272	976,725	1,186,767
	765,302	752,654	803,038	836,309	1,046,055	1,100,614
	-	-	-	-	-	-
	<u>1,704,803</u>	<u>1,621,498</u>	<u>1,900,439</u>	<u>1,744,581</u>	<u>2,022,780</u>	<u>2,287,381</u>
	3,993,257	4,016,862	4,039,815	4,334,094	4,481,737	4,775,974
	57,197	24,478	36,811	25,404	74,688	62,488
	788,033	84,000	340,680	78,000	190,009	397,122
	<u>4,838,487</u>	<u>4,125,340</u>	<u>4,417,306</u>	<u>4,437,498</u>	<u>4,746,434</u>	<u>5,235,584</u>
	<u>6,543,290</u>	<u>5,746,838</u>	<u>6,317,745</u>	<u>6,182,079</u>	<u>6,769,214</u>	<u>7,522,965</u>
	(7,654,587)	(7,651,042)	(7,353,659)	(7,632,569)	(7,817,246)	(8,182,225)
	927,465	7,841	293,834	58,696	(68,522)	466,293
	<u>(6,727,122)</u>	<u>(7,643,201)</u>	<u>(7,059,825)</u>	<u>(7,573,873)</u>	<u>(7,885,768)</u>	<u>(7,715,932)</u>

continued...

# CITY OF HOWELL, MICHIGAN

## Changes in Net Position (Accrual Basis of Accounting)

Last Ten Fiscal Years

	2009	2010	2011	2012
General revenues				
Governmental activities:				
Property taxes	\$ 5,642,269	\$ 5,928,441	\$ 5,395,808	\$ 5,060,394
State shared revenues	793,744	714,124	713,558	759,484
Unrestricted investment earnings	97,937	33,967	35,573	6,057
Other	10,215	46,342	-	-
Transfers	61,021	56,818	12,884	12,090
Subtotal governmental activities	<u>6,605,186</u>	<u>6,779,692</u>	<u>6,157,823</u>	<u>5,838,025</u>
Business-type activities:				
Investment earnings	65,230	19,724	14,033	12,859
Transfers	(61,021)	(56,818)	(12,884)	(12,090)
Subtotal business-type activities	<u>4,209</u>	<u>(37,094)</u>	<u>1,149</u>	<u>769</u>
Total general revenues	<u>6,609,395</u>	<u>6,742,598</u>	<u>6,158,972</u>	<u>5,838,794</u>
Change in net position				
Governmental activities	383,116	1,076,349	(1,741,522)	(2,343,298)
Business-type activities	<u>(402,210)</u>	<u>1,370,402</u>	<u>(576,953)</u>	<u>65,066</u>
Total change in net position	<u>\$ (19,094)</u>	<u>\$ 2,446,751</u>	<u>\$ (2,318,475)</u>	<u>\$ (2,278,232)</u>

Source: City of Howell Finance Department

Schedule 2  
Unaudited

2013	2014	2015	2016	2017	2018
\$ 5,019,889	\$ 4,923,777	\$ 4,957,516	\$ 5,171,117	\$ 4,883,233	\$ 4,990,391
779,985	808,915	824,891	803,319	1,419,234	2,413,684
7,473	4,092	3,009	3,314	6,008	15,607
375,000	-	-	-	-	-
15,890	36,135	44,782	51,720	48,384	34,757
<u>6,198,237</u>	<u>5,772,919</u>	<u>5,830,198</u>	<u>6,029,470</u>	<u>6,356,859</u>	<u>7,454,439</u>
9,008	6,422	4,253	5,383	5,812	13,465
(15,890)	(36,135)	(44,782)	(51,720)	(48,384)	(34,757)
<u>(6,882)</u>	<u>(29,713)</u>	<u>(40,529)</u>	<u>(46,337)</u>	<u>(42,572)</u>	<u>(21,292)</u>
<u>6,191,355</u>	<u>5,743,206</u>	<u>5,789,669</u>	<u>5,983,133</u>	<u>6,314,287</u>	<u>7,433,147</u>
(1,456,350)	(1,878,123)	(1,523,461)	(1,603,099)	(1,460,387)	(727,786)
920,583	(21,872)	253,305	12,359	(111,094)	445,001
<u>\$ (535,767)</u>	<u>\$ (1,899,995)</u>	<u>\$ (1,270,156)</u>	<u>\$ (1,590,740)</u>	<u>\$ (1,571,481)</u>	<u>\$ (282,785)</u>

concluded.

# CITY OF HOWELL, MICHIGAN

## Fund Balances - Governmental Funds (Modified Accrual Basis of Accounting) Last Ten Fiscal Years

	2009	2010	2011	2012
<b>General Fund</b>				
Nonspendable			\$ 100,180	\$ 81,140
Committed			127,287	-
Unassigned			2,521,762	2,294,815
Reserved	\$ 106,696	\$ 93,572	-	-
Unreserved	2,511,128	3,080,470	-	-
<b>Total general fund</b>	<b>\$ 2,617,824</b>	<b>\$ 3,174,042</b>	<b>\$ 2,749,229</b>	<b>\$ 2,375,955</b>
<b>All Other Governmental Funds</b>				
Restricted			\$ 1,226,499	\$ 1,012,501
Committed			556,229	71,384
Unassigned (deficit)			-	(271,586)
Reserved	\$ 456,497	\$ 456,497	-	-
Unreserved, reported in:				
Special revenue funds	391,191	319,117	-	-
Debt service funds	187,054	57,483	-	-
Capital project funds	3,319,513	3,824,959	-	-
Permanent fund - expendable	522,600	524,221	-	-
<b>Total all other governmental funds</b>	<b>\$ 4,876,855</b>	<b>\$ 5,182,277</b>	<b>\$ 1,782,728</b>	<b>\$ 812,299</b>

Note: GASB 54 was adopted beginning with fiscal 2011; prior years were not retroactively restated.

Source: City of Howell Finance Department

Schedule 3  
Unaudited

2013	2014	2015	2016	2017	2018
\$ 177,280	\$ 114,326	\$ 143,465	\$ 264,271	\$ 261,802	\$ 261,620
-	-	-	-	-	-
2,074,633	1,868,337	1,942,280	1,922,104	2,288,333	2,271,324
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,251,913</u>	<u>\$ 1,982,663</u>	<u>\$ 2,085,745</u>	<u>\$ 2,186,375</u>	<u>\$ 2,550,135</u>	<u>\$ 2,532,944</u>
\$ 1,423,917	\$ 732,228	\$ 761,583	\$ 901,219	\$ 960,773	\$ 815,693
46,557	44,435	44,462	40,526	40,581	23,506
-	-	-	(618,890)	-	(51,426)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,470,474</u>	<u>\$ 776,663</u>	<u>\$ 806,045</u>	<u>\$ 322,855</u>	<u>\$ 1,001,354</u>	<u>\$ 787,773</u>

# CITY OF HOWELL, MICHIGAN

## Changes in Fund Balances - Governmental Funds (Modified Accrual Basis of Accounting) Last Ten Fiscal Years

	2009	2010	2011	2012
<b>Revenue</b>				
Property taxes	\$ 5,642,269	\$ 5,928,441	\$ 5,395,808	\$ 5,060,394
Special assessments	85,511	76,911	25,943	26,099
Licenses and permits	176,380	158,208	160,824	183,711
Intergovernmental	2,075,984	2,910,015	1,496,481	1,398,507
Charges for services	294,050	352,291	361,726	326,151
Fines and forfeitures	127,390	95,243	86,476	109,708
Investment earnings	81,986	29,084	34,245	4,141
Other	326,722	277,977	252,794	293,810
<b>Total revenue</b>	<b>8,810,292</b>	<b>9,828,170</b>	<b>7,814,297</b>	<b>7,402,521</b>
<b>Expenditures</b>				
General government	2,326,320	2,069,915	1,880,503	2,262,197
Public safety	2,336,028	2,427,352	2,330,327	2,248,115
Public works	2,047,716	1,088,200	1,244,688	1,308,309
Highways and streets	730,616	727,556	665,158	714,537
Community / economic development	389,155	351,086	396,742	249,016
Parks and recreation	438,036	495,583	362,526	334,271
Capital outlay	1,897,347	3,932,795	3,723,383	911,042
Debt service:				
Principal	510,000	535,000	310,000	453,800
Interest and other charges	168,481	272,998	312,100	306,842
Bond issuance costs	-	-	-	-
<b>Total expenditures</b>	<b>10,843,699</b>	<b>11,900,485</b>	<b>11,225,427</b>	<b>8,788,129</b>
<b>Revenues over (under) expenditures</b>	<b>(2,033,407)</b>	<b>(2,072,315)</b>	<b>(3,411,130)</b>	<b>(1,385,608)</b>
<b>Other financing sources (uses)</b>				
Transfers in	3,782,886	1,518,363	2,703,289	1,767,754
Transfers out	(3,693,957)	(1,434,408)	(2,660,024)	(1,725,849)
Issuance of bonds	4,880,000	2,850,000	-	-
Issuance of refunding bonds	-	-	-	-
Payment to refunding escrow agent	-	-	-	-
Premium on bonds	-	-	-	-
Sale of capital assets	33,000	-	-	-
<b>Total other financing sources</b>	<b>5,001,929</b>	<b>2,933,955</b>	<b>43,265</b>	<b>41,905</b>
<b>Net change in fund balances</b>	<b>\$ 2,968,522</b>	<b>\$ 861,640</b>	<b>\$ (3,367,865)</b>	<b>\$ (1,343,703)</b>
<b>Debt services as a percentage of noncapital expenditures</b>	<b>9.18%</b>	<b>11.08%</b>	<b>8.16%</b>	<b>9.45%</b>

Source: City of Howell Finance Department



Schedule 4  
Unaudited

	2013	2014	2015	2016	2017	2018
\$	5,019,889	\$ 4,923,777	\$ 4,957,516	\$ 5,171,117	\$ 4,883,233	\$ 4,990,391
	25,866	-	-	-	-	-
	290,910	235,897	506,167	291,334	322,942	482,959
	1,384,825	1,484,362	1,515,530	1,559,716	2,384,634	3,465,137
	325,029	333,551	327,731	315,458	349,851	334,208
	59,523	54,113	56,274	63,526	60,278	60,994
	2,477	1,131	1,837	2,320	3,371	10,336
	424,423	322,490	319,628	317,866	324,309	357,767
	<u>7,532,942</u>	<u>7,355,321</u>	<u>7,684,683</u>	<u>7,721,337</u>	<u>8,328,618</u>	<u>9,701,792</u>
	2,146,987	1,809,505	1,651,278	1,732,325	1,776,377	2,042,112
	2,162,348	2,293,745	2,297,880	2,399,166	2,440,522	2,767,062
	1,253,256	1,312,768	1,202,777	1,828,454	2,396,390	1,266,013
	607,168	932,770	730,661	769,617	939,503	1,251,910
	260,295	340,153	345,139	285,307	304,830	348,541
	337,829	357,674	476,728	430,562	393,680	425,721
	1,032,407	495,970	70,209	130,472	253,528	862,183
	463,800	472,100	482,100	500,400	518,036	611,448
	330,309	357,834	333,523	351,588	301,926	349,020
	31,126	-	-	-	63,120	-
	<u>8,625,525</u>	<u>8,372,519</u>	<u>7,590,295</u>	<u>8,427,891</u>	<u>9,387,912</u>	<u>9,924,010</u>
	<u>(1,092,583)</u>	<u>(1,017,198)</u>	<u>94,388</u>	<u>(706,554)</u>	<u>(1,059,294)</u>	<u>(222,218)</u>
	1,577,612	1,303,423	1,273,067	1,264,786	1,230,431	1,567,321
	(1,548,720)	(1,249,286)	(1,234,990)	(1,214,531)	(1,213,237)	(1,575,875)
	1,200,000	-	-	225,000	1,975,000	-
	-	-	-	2,121,900	-	-
	-	-	-	(2,272,207)	-	-
	22,824	-	-	199,045	109,359	-
	375,000	-	-	-	-	-
	<u>1,626,716</u>	<u>54,137</u>	<u>38,077</u>	<u>323,993</u>	<u>2,101,553</u>	<u>(8,554)</u>
\$	<u>534,133</u>	<u>(963,061)</u>	<u>132,465</u>	<u>(382,561)</u>	<u>1,042,259</u>	<u>(230,772)</u>
	<u>10.23%</u>	<u>10.97%</u>	<u>10.86%</u>	<u>11.23%</u>	<u>11.10%</u>	<u>10.19%</u>

# CITY OF HOWELL, MICHIGAN

## Changes in Fund Balances - General Fund (Modified Accrual Basis of Accounting) Last Ten Fiscal Years

	2009	2010	2011	2012
<b>Revenue</b>				
Property taxes	\$ 5,642,269	\$ 5,928,441	\$ 5,395,808	\$ 5,060,394
Licenses and permits	176,380	158,208	160,824	183,711
Intergovernmental	815,507	750,782	759,760	798,024
Charges for services	139,323	191,573	194,920	170,090
Fines and forfeitures	110,974	95,243	78,161	89,401
Investment earnings	56,132	13,518	25,805	144
Other	283,895	245,910	223,501	247,938
<b>Total revenue</b>	<u>7,224,480</u>	<u>7,383,675</u>	<u>6,838,779</u>	<u>6,549,702</u>
<b>Expenditures</b>				
General government	1,932,070	1,859,549	1,876,193	2,261,137
Public safety	2,336,028	2,427,352	2,329,827	2,247,615
Public works	454,435	450,401	603,971	585,479
Community / economic development	378,455	351,086	396,742	249,016
Parks and recreation	430,675	495,583	362,526	334,271
<b>Total expenditures</b>	<u>5,531,663</u>	<u>5,583,971</u>	<u>5,569,259</u>	<u>5,677,518</u>
<b>Revenues over expenditures</b>	<u>1,692,817</u>	<u>1,799,704</u>	<u>1,269,520</u>	<u>872,184</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,197,927	89,886	253,469	218,854
Transfers out	(2,096,443)	(1,333,372)	(2,045,006)	(1,464,312)
Sale of capital assets	-	-	-	-
<b>Total other financing uses</b>	<u>(898,516)</u>	<u>(1,243,486)</u>	<u>(1,791,537)</u>	<u>(1,245,458)</u>
<b>Net change in fund balance</b>	<u>\$ 794,301</u>	<u>\$ 556,218</u>	<u>\$ (522,017)</u>	<u>\$ (373,274)</u>

Source: City of Howell Finance Department

Schedule 5  
Unaudited

	2013	2014	2015	2016	2017	2018
\$	4,630,077	\$ 4,543,403	\$ 4,602,829	\$ 4,802,570	\$ 4,529,732	\$ 4,623,268
	290,910	235,897	506,167	291,334	322,942	482,959
	800,914	855,444	864,997	836,952	1,423,591	1,570,082
	163,703	164,827	164,235	160,529	186,549	165,058
	59,277	54,113	56,274	63,526	60,278	60,994
	295	480	1,425	1,699	2,814	7,708
	356,397	277,903	273,831	275,127	293,391	326,205
	<u>6,301,573</u>	<u>6,132,067</u>	<u>6,469,758</u>	<u>6,431,737</u>	<u>6,819,297</u>	<u>7,236,274</u>
	2,142,057	1,806,040	1,646,357	1,729,326	1,774,387	2,038,168
	2,161,848	2,292,745	2,297,378	2,398,644	2,440,522	2,767,062
	540,153	586,094	515,104	563,069	455,482	550,474
	260,295	340,153	345,139	285,307	304,830	348,541
	337,829	357,674	476,728	430,562	393,680	425,721
	<u>5,442,182</u>	<u>5,382,706</u>	<u>5,280,706</u>	<u>5,406,908</u>	<u>5,368,901</u>	<u>6,129,966</u>
	<u>859,391</u>	<u>749,361</u>	<u>1,189,052</u>	<u>1,024,829</u>	<u>1,450,396</u>	<u>1,106,308</u>
	72,871	112,406	94,695	165,812	101,601	132,352
	(1,431,304)	(1,131,017)	(1,180,665)	(1,090,011)	(1,188,237)	(1,255,851)
	375,000	-	-	-	-	-
	<u>(983,433)</u>	<u>(1,018,611)</u>	<u>(1,085,970)</u>	<u>(924,199)</u>	<u>(1,086,636)</u>	<u>(1,123,499)</u>
\$	<u>(124,042)</u>	<u>(269,250)</u>	<u>103,082</u>	<u>100,630</u>	<u>363,760</u>	<u>(17,191)</u>

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**Taxable and Estimated Actual Value of Property**  
 Last Ten Fiscal Years

As of Dec. 31,	FYE June 30,	Real Property (1)		Personal Property (1)		Total		(2) Total Direct Tax Rate
		Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	
2016	2018	\$ 282,644,408	\$ 720,728,424	\$ 26,042,581	\$ 52,085,162	\$ 308,686,989	\$ 772,813,586	16.7636
2015	2017	270,522,049	670,404,200	27,795,900	55,591,800	298,317,949	725,996,000	17.0135
2014	2016	262,889,931	610,421,100	48,244,300	96,488,600	311,134,231	706,909,700	17.1443
2013	2015	256,145,203	565,138,200	43,500,200	87,000,400	299,645,403	652,138,600	17.1443
2012	2014	251,464,646	540,130,678	44,958,900	89,917,800	296,423,546	630,048,478	17.2443
2011	2013	253,657,028	538,622,774	48,666,800	97,333,600	302,323,828	635,956,374	17.2443
2010	2012	283,336,944	604,625,400	48,981,300	97,962,600	332,318,244	702,588,000	15.9443
2009	2011	309,029,771	684,617,000	47,003,900	94,007,800	356,033,671	778,624,800	15.9443
2008	2010	343,756,084	806,555,950	53,998,600	107,997,200	397,754,684	914,553,150	15.9443
2007	2009	350,371,706	838,471,000	55,877,578	111,755,156	406,249,284	950,226,156	14.9443

(1) Includes properties subject to Industrial Facility Tax exemptions and Obsolete Property Rehabilitation exemptions.

(2) Per \$1,000 of taxable value.

Source: City of Howell Finance Department

# CITY OF HOWELL, MICHIGAN

## Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Fiscal Year Ended June 30,	City	Rubbish	Total Direct Rate	Howell Public Schools	State Education Tax	Livingston Educational Service Agency
2018	15.56360	1.20000	16.76360	24.40000	6.00000	3.33510
2017	15.81350	1.20000	17.01350	24.40000	6.00000	3.35850
2016	15.94430	1.20000	17.14430	24.40000	6.00000	2.33340
2015	15.94430	1.20000	17.14430	25.06000	6.00000	2.33610
2014	15.94430	1.30000	17.24430	25.70000	6.00000	2.33610
2013	15.94430	1.30000	17.24430	25.39000	6.00000	2.33610
2012	15.94430	-	15.94430	25.57000	6.00000	2.33610
2011	15.94430	-	15.94430	24.56000	6.00000	2.33610
2010	15.94430	-	15.94430	24.56000	6.00000	2.33610
2009	14.94430	-	14.94430	24.56000	6.00000	2.33610

Note: The total direct rate for the City of Howell includes the rates per the above City and Rubbish columns.

Source: Livingston County

Schedule 7  
Unaudited

County	Howell Carnegie District Library	Howell Area Fire Authority	Total Homestead	Total Non-Homestead
3.97760	1.07240	1.48170	39.03040	57.03040
4.00680	1.08460	1.48240	39.34580	57.34580
3.95350	1.09200	1.49740	38.42060	56.42060
3.95430	1.09200	1.50000	39.08670	57.08670
3.95430	1.09200	1.50000	39.82670	57.82670
3.95430	0.69200	1.50000	39.11670	57.11670
3.95430	0.69200	1.10000	37.59670	55.59670
3.94880	0.69200	1.10000	36.58120	54.58120
3.94880	0.69200	1.10000	36.58120	54.58120
3.88420	0.69200	1.10000	35.51660	53.51660

**Principal Property Taxpayers**  
 Current Year and Nine Years Ago

Taxpayer	2018			2009		
	(1) Taxable Valuation	Rank	% of Total City Taxable Value	(1) Taxable Valuation	Rank	% of Total City Taxable Value
Thai Summit America Corp	\$ 13,735,423	1	4.45%	\$ 32,611,135	1	8.00%
MIMG CIX Burwick Farms LLC	9,106,600	2	2.95%	8,492,500	4	2.08%
Pepsi Bottling Group LLC	7,974,145	3	2.58%	10,730,200	3	2.63%
Citizens Insurance Co.	6,672,175	4	2.16%	16,709,302	2	4.10%
DTE Electric Company	4,849,401	5	1.57%	7,006,000	5	1.72%
Howell Acquisition Group LLC	4,387,411	6	1.42%			
Centurion Medical Prod. Corp.	4,375,806	7	1.42%			
Crossroads Town Station LLC	3,669,162	8	1.19%			
CPI Apartment Fund 16 LLC	3,307,228	9	1.07%			
Yorkshire Apartments	3,278,436	10	1.06%	4,091,303	9	1.00%
Key Plastics LLC				6,950,250	6	1.70%
Alpha Technology Corp.				5,842,408	7	1.43%
International Paper Co.				5,704,424	8	1.40%
Chem-Trend Limited				3,709,749	10	0.91%
	<u>\$ 61,355,787</u>		<u>19.88%</u>	<u>\$ 101,847,271</u>		<u>24.97%</u>

(1) Includes Ad Valorem and Industrial Facilities Tax properties.

Source: City of Howell Finance Department



**Property Tax Levies and Collections**  
Last Ten Fiscal Years

(1) Fiscal Year Ended June 30,	(2) Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		(3) Delinquent Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2009	\$ 5,954,039	\$ 5,641,107	94.74%	\$ 310,316	\$ 5,951,423	99.96%
2010	6,200,928	5,879,220	94.81%	317,562	6,196,782	99.93%
2011	5,602,970	5,277,146	94.18%	323,854	5,601,000	99.96%
2012	5,266,805	4,988,017	94.71%	277,564	5,265,581	99.98%
2013	5,180,062	4,927,894	95.13%	246,553	5,174,447	99.89%
2014	5,078,096	4,837,644	95.26%	218,921	5,056,565	99.58%
2015	5,093,240	4,885,948	95.93%	206,499	5,092,447	99.98%
2016	5,286,725	5,109,949	96.66%	170,237	5,280,186	99.88%
2017	5,017,578	4,864,892	96.88%	151,451	5,017,578	99.97%
2018	5,109,368	4,977,263	97.41%	112,337	5,089,600	99.61%

(1) Property taxes are levied July 1 of the current fiscal year based on taxable property values as of the preceding December 31. Unpaid property taxes become delinquent as of August 1 of the current fiscal year. The City's delinquent real property taxes are purchased by Livingston County.

Uncollected personal property taxes must be collected by the City Treasurer.

(2) Includes Industrial Facility Tax and the rubbish tax for 2013-2018.

(3) Includes settlement payment from Livingston County Treasurer's department for purchase of delinquent real property tax roll.

Source: City of Howell Finance Department

## CITY OF HOWELL, MICHIGAN

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years

	2009	2010	2011	2012
<b>Governmental activities</b>				
General obligation bonds and notes	\$ 6,475,000	\$ 8,980,000	\$ 8,720,000	\$ 8,316,200
Special assessment bonds	345,000	155,000	105,000	55,000
<b>Total governmental activities</b>	<b>6,820,000</b>	<b>9,135,000</b>	<b>8,825,000</b>	<b>8,371,200</b>
<b>Business-type activities</b>				
Revenue bonds	3,260,847	7,678,234	9,417,636	9,718,680
<b>Total outstanding debt</b>	<b>\$ 10,080,847</b>	<b>\$ 16,813,234</b>	<b>\$ 18,242,636</b>	<b>\$ 18,089,880</b>
Total taxable value	\$ 406,249,284	\$ 397,754,684	\$ 356,033,671	\$ 332,318,244
Ratio of total debt to taxable value	2.48%	4.23%	5.12%	5.44%
Total population	10,012	9,719	9,251	9,489
Total debt per capita	\$ 1,007	\$ 1,730	\$ 1,972	\$ 1,906
% of personal income	2.71%	4.66%	5.06%	4.95%
Personal income (in thousands)	\$ 372,529	\$ 361,150	\$ 360,459	\$ 365,208

Source: City of Howell Finance Department

Details regarding the City's debt can be found in the notes to the financial statements.

Schedule 10  
Unaudited

2013	2014	2015	2016	2017	2018	
\$ 9,128,702	\$ 9,155,080	\$ 8,646,458	\$ 8,408,463	\$ 9,903,578	\$ 9,220,922	
-	-	-	-	-	-	
9,128,702	9,155,080	8,646,458	8,408,463	9,903,578	9,220,922	
9,640,786	9,500,362	9,117,452	8,619,049	8,064,049	7,554,049	
<u>\$ 18,769,488</u>	<u>\$ 18,655,442</u>	<u>\$ 17,763,910</u>	<u>\$ 17,027,512</u>	<u>\$ 17,967,627</u>	<u>\$ 16,774,971</u>	
\$ 302,323,828	\$ 296,423,546	\$ 299,645,403	\$311,134,231	\$298,317,949	\$ 308,686,989	
6.21%	6.29%	5.93%	5.47%	6.02%	5.43%	
9,527	9,881	10,202	9,938	9,969	9,420	
\$ 1,970	\$ 1,888	\$ 1,741	\$ 1,713	\$ 1,802	\$ 1,781	
4.67%	4.39%	3.89%	3.66%	3.63%	3.44%	
\$ 401,929	\$ 425,035	\$ 457,050	\$ 465,387	\$ 494,542	\$ 487,221	

**Ratios of Net General Bonded Debt Outstanding**  
Last Ten Fiscal Years

Year	Net General Bonded Debt Outstanding			% of Total Personal Income	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds/Notes	Amounts Available in Debt Service Funds	Total			
2018	\$ 9,220,922	\$ -	\$ 9,220,922	1.89%	2.99%	\$ 978.87
2017	9,903,578	-	9,903,578	2.00%	3.32%	993.44
2016	8,408,463	-	8,408,463	1.81%	2.70%	846.09
2015	8,628,200	-	8,628,200	1.89%	2.77%	845.74
2014	9,155,080	-	9,155,080	2.15%	3.06%	937.25
2013	9,128,702	-	9,128,702	2.27%	3.08%	923.86
2012	8,316,200	(53,781)	8,262,419	2.26%	2.73%	867.26
2011	8,720,000	(31,081)	8,688,919	2.41%	2.61%	915.68
2010	8,980,000	(57,483)	8,922,517	2.47%	2.51%	964.49
2009	6,475,000	(187,054)	6,287,946	1.69%	1.58%	646.97

Source: City of Howell Finance Department

Details regarding the City's debt can be found in the notes to the financial statements.

**Computation of Net Direct and Overlapping Debt**  
As of June 30, 2018

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
<b>Direct debt</b>			
General obligation bonds	\$ 9,220,922	\$ -	\$ 9,220,922
Revenue bonds	7,554,049	7,554,049	-
<b>Net direct debt</b>	<u>\$ 16,774,971</u>	<u>\$ 7,554,049</u>	<u>9,220,922</u>
<b>Overlapping debt (1)</b>			
Howell School District (12.86%)			13,253,516
Livingston County (3.56%)			771,488
Livingston Intermediate School District (4.04%)			102,212
Howell Carnegie District Library (12.92%)			336,566
<b>Net overlapping debt</b>			<u>14,463,782</u>
<b>Net direct and overlapping debt</b>			<u>\$ 23,684,704</u>

Source: Municipal Advisory Council of Michigan

(1) The percentage of overlapping debt applicable is estimated using taxable assessed values. Applicable percentages were estimated by dividing the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

**Legal Debt Margin**  
Last Ten Fiscal Years

Legal debt margin calculation for fiscal year 2018

Assessed value (excluding IFT values)	<u>\$ 377,000,393</u>
Debt limit (10% of assessed value)	\$ 37,700,039
Less: net debt applicable to limit	<u>(9,220,922)</u>
Legal debt margin	<u>\$ 28,479,117</u>

Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2018	\$ 37,700,039	\$ 9,220,922	\$ 28,479,117	24.46%
2017	35,566,340	9,903,578	25,662,762	27.85%
2016	34,775,205	8,408,463	26,366,742	24.18%
2015	32,056,800	8,628,200	23,428,600	26.92%
2014	31,072,014	9,155,080	21,916,934	29.46%
2013	31,411,839	9,107,400	22,304,439	28.99%
2012	34,731,030	9,825,000	24,906,030	28.29%
2011	38,002,780	10,345,000	27,657,780	27.22%
2010	43,939,468	10,660,000	33,279,468	24.26%
2009	45,921,448	6,755,000	39,166,448	14.71%

Source: City of Howell Finance Department

**Pledged-Revenue Coverage**  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service	Total Debt Service Requirement	(4) Coverage
<b>Water Revenue Bonds (4)</b>					
2018	\$ 2,290,049	\$ 1,485,775	\$ 804,274	\$ 461,101	1.74
2017	2,258,233	1,605,824	652,409	464,351	1.40
2016	2,097,162	1,519,674	577,488	470,604	1.23
2015	1,965,091	1,419,016	546,075	475,811	1.15
2014	1,970,336	1,400,584	569,752	480,003	1.19
2013	2,066,755	1,368,496	698,259	461,238	1.51
2012	1,947,659	1,401,163	546,496	394,634	1.38
2011	1,881,295	1,492,664	388,631	421,177	0.92
2010	1,790,098	1,611,989	178,109	323,513	0.55
2009	1,863,878	1,457,484	406,394	292,701	1.39
<b>Sewer Revenue Bonds (3)</b>					
2018	\$ 2,561,878	\$ 1,891,313	\$ 670,565	\$ 237,095	2.83
2017	2,304,004	1,816,430	487,574	265,527	1.84
2016	2,267,719	1,487,806	779,913	293,586	2.66
2015	2,115,788	1,333,744	782,044	286,905	2.73
2014	2,077,426	1,336,806	740,620	292,238	2.53
2013	1,992,707	1,280,841	711,866	278,541	2.56
2012	1,850,574	1,333,319	517,255	282,756	1.83
2011	1,774,898	1,382,447	392,451	196,158	2.00
2010	1,652,760	1,397,208	255,552	101,796	2.51
2009	1,654,026	1,534,907	119,119	-	n/a
<b>Special Assessment Bonds</b>					
2012	\$ 29,342	\$ -	\$ 29,342	\$ 54,524	0.54
2011	30,763	-	30,763	57,165	0.54
2010	83,721	-	83,721	203,859	0.41
2009	95,127	-	95,127	209,059	0.46
2008	105,859	-	105,859	213,980	0.49

- (1) Includes utility service charges along with investment income.
- (2) Excludes depreciation expense.
- (3) Sewer revenue bonds were issued during 2009; principal and interest was due in subsequent years.
- (4) The coverage ratio for the water revenue bonds for 2010 and 2011 is a combination of the 1998 and 2009 bond issues. The 1998 bond was paid off during the prior fiscal year.

Source: City of Howell Finance Department

**Demographic and Economic Statistics**  
Last Ten Years

Year	Population	(1) Total Personal Income (in thousands)	(2) Per Capita Personal Income	(3) Unemployment Rate
2018	9,420	\$ 487,221	\$ 51,722	3.30%
2017	9,969	494,542	49,608	2.70%
2016	9,938	465,387	46,829	4.60%
2015	10,202	457,050	44,800	5.30%
2014	9,768	425,035	43,513	7.80%
2013	9,881	401,929	40,677	8.30%
2012	9,527	365,208	38,334	8.20%
2011	9,489	360,459	37,987	10.20%
2010	9,251	361,150	39,039	11.80%
2009	9,719	372,529	38,330	13.30%

- (1) Data specific for the City is not available; accordingly, amount shown is calculated based on City population and per capita personal income for Livingston County.
- (2) Data is for Livingston County (data specific for the City not available); data for listed year is from the two years previous (i.e., data shown for 2013 is from 2011).
- (3) Data is for Livingston County (data specific for the City is not readily available); used data from June of each year.

Sources:

Regional Economic Information System, Bureau of Economic Analysis,  
U.S. Department of Commerce



**Principal Employers**  
Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
Thai Summit America Corp *	680	1	7.82%	256	8	4.41%
Citizens Insurance	640	2	7.36%	970	1	16.72%
Livingston Education Service *	577	3	6.63%	479	5	8.26%
St. Joseph Mercy Hospital	570	4	6.55%	888	2	15.31%
Howell Public Schools **	485	5	5.58%	820	3	14.14%
Livingston County	478	6	5.49%	632	4	10.90%
Pepsi Cola Company *	406	7	4.67%	380	6	6.55%
Key Plastics	403	8	4.63%	190	10	3.28%
Centurion Medical	168	9	1.93%			
Chem-Trend	160	10	1.84%			
Tri State Hospital Supply				262	7	4.52%
Alpha Technology				205	9	3.53%
	<u>4,567</u>		<u>52.71%</u>	<u>5,082</u>		<u>87.62%</u>
Estimated total city employment	<u>8,664</u>			<u>5,800</u>		

\* Used prior year numbers, 2018 numbers not available.

\*\* 2017 does not include schools outside city limits.

Source: City of Howell Finance Department and the above listed companies

# CITY OF HOWELL, MICHIGAN

## Full-Time Equivalent Governmental Employees by Function/Program Last Ten Fiscal Years

Function/Program	Full Time Equivalent Employees as of June 30			
	2009	2010	2011	2012
General Government				
City Manager	1.50	1.50	1.50	1.50
Asst City Manager/ Human Resources	1.00	1.00	-	-
City Clerk	1.00	1.00	1.00	1.00
Finance	6.00	5.50	4.50	4.50
Information Technology	1.00	1.00	1.00	1.00
Engineering	1.00	1.00	1.00	1.00
Community Development	3.50	2.50	2.50	2.50
Public Safety (Police)	24.50	23.50	19.50	19.50
Public Works				
Department of Public Works	15.50	15.50	18.25	15.00
Water Treatment Plant	5.00	5.00	5.00	5.00
Waste Water Treatment Plant	5.00	5.00	5.00	5.00
Parks and Cemetery (1)	6.75	6.75	-	-
<b>Total</b>	<b>71.75</b>	<b>69.25</b>	<b>59.25</b>	<b>56.00</b>

(1) Merged with the Department of Public Works during fiscal 2011.

Source: City of Howell Human Resources Department

Schedule 17  
Unaudited

2013	2014	2015	2016	2017	2018
1.50	1.70	1.70	1.70	1.70	1.70
-	-	-	-	-	-
1.00	1.00	1.00	1.00	1.00	1.00
4.50	4.50	4.50	4.50	4.50	4.50
1.00	1.00	1.00	1.00	1.00	1.00
1.00	-	-	-	-	-
2.50	2.30	2.30	2.30	2.30	2.30
20.00	19.00	19.00	19.00	20.00	21.00
14.00	14.00	14.00	14.00	14.00	15.00
5.00	5.00	5.00	5.00	5.00	5.00
5.00	5.00	5.00	5.00	5.00	5.00
-	-	-	-	-	-
<u>55.50</u>	<u>53.50</u>	<u>53.50</u>	<u>53.50</u>	<u>54.50</u>	<u>56.50</u>

# CITY OF HOWELL, MICHIGAN

## Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012
<b>Election Data</b>				
Registered voters	6,618	6,544	6,650	6,642
Voters (at the polls or absentee)	4,367	1,395	2,721	1,176
Percentage voting	65.99%	21.32%	40.92%	17.71%
<b>Police</b>				
Traffic citations	5,052	4,619	3,196	2,409
Parking citations	1,588	982	728	2,025
Arrests	340	392	301	359
Calls for service	11,092	10,052	9,579	9,286

Source: City of Howell

Schedule 18  
Unaudited

2013	2014	2015	2016	2017	2018
6,766	6,815	6,798	6,835	7,058	6,832
4,120	742	2,670	3,434	5,403	667
60.89%	10.89%	39.28%	50.24%	76.55%	9.76%
1,854	1,672	1,533	1,681	1,546	1,309
951	926	1,019	1,328	1,286	1,188
316	316	345	301	281	259
9,838	8,931	10,243	10,793	10,593	10,437

# CITY OF HOWELL, MICHIGAN

## Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012
<b>Police</b>				
Police department building	1	1	1	1
Vehicle patrol units	11	10	10	9
<b>Fire (1)</b>				
Number of stations serving City	2	2	2	1
Fire units serving City:				
Fire engines	7	7	7	6
Ladder trucks	1	1	1	1
Rescue vehicles	2	2	2	2
Brush trucks	4	4	4	4
Boats	3	3	3	3
<b>Public Works</b>				
City streets:				
Miles of major streets	12.18	12.52	12.52	12.52
Miles of local streets	23.32	23.93	24.12	24.12
Sewer:				
Miles of sanitary mains	43.0	43.0	43.0	43.0
Miles of storm sewers	45.6	45.6	45.6	45.6
Treatment capacity	2.45/mg	2.45/mg	2.45/mg	2.45/mg
Water:				
Miles of water mains	58.3	58.3	58.3	58.3
Number of fire hydrants	400	409	409	409
Treatment capacity	3.1/mg	3.1/mg	3.1/mg	3.1/mg
<b>Parks and Recreation</b>				
Parks:				
City	11	11	11	11
Skate	1	1	1	1
Park acreage	42.3	42.3	42.3	42.3
Boat launches	1	1	1	1
Play structures	8	8	8	8
Recreation center	2	2	2	2
Tennis courts	5	5	5	5
Swimming beach area	1	1	1	1
Pavilions	6	6	6	6

(1) The City is a member of the Howell Area Fire Authority along with four surrounding townships; the Authority provides fire protection and emergency services for the City.

Source: City of Howell

Schedule 19  
Unaudited

2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
9	9	9	9	9	9
1	1	1	1	1	1
6	6	6	2	2	2
1	1	1	1	1	1
2	2	2	3	3	5
4	4	4	3	3	2
3	3	3	2	2	2
12.52	12.52	12.52	12.52	12.52	12.52
24.12	24.12	24.12	24.12	24.12	24.12
43.0	43.0	43.0	43.0	43.0	43.0
45.6	45.6	45.6	45.6	45.6	45.6
2.45/mg	2.45/mg	2.45/mg	2.45/mg	2.45/mg	2.45/mg
58.3	58.3	58.3	58.3	58.5	58.5
409	409	409	409	410	449
3.1/mg	3.1/mg	3.1/mg	3.1/mg	3.1/mg	3.1/mg
11	11	11	11	11	11
1	1	1	1	1	1
42.3	42.3	42.3	42.3	42.3	42.3
1	1	1	1	1	1
8	8	8	8	8	8
2	2	2	2	2	2
5	5	5	5	5	5
1	1	1	1	1	1
6	6	6	6	6	6

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