

**City of Midland, Michigan**  
**Comprehensive Annual Financial Report**  
**with Supplemental Information**  
**For the Fiscal Year Ended**  
**June 30, 2011**

Prepared by the Finance Department

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City Hall ♦ 333 West Ellsworth Street ♦ Midland, Michigan 48640-5132 ♦ 989.837.3300 ♦ 989.835.2717 Fax ♦ [www.midland-mi.org](http://www.midland-mi.org)

December 21, 2011

Honorable Mayor and City Council Members:

In compliance with state law, this report was prepared in accordance with generally accepted accounting principles (GAAP) and regulations set forth by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and its Committee on Government Accounting and Auditing, the Treasurer of the State of Michigan, the City Charter, and the Government Finance Officers Association. Pursuant to these requirements, City staff hereby submits this Comprehensive Annual Financial Report (CAFR) of the City of Midland for the fiscal year ended June 30, 2011. The report represents a comprehensive and detailed picture of our financial transactions during the fiscal year and the financial condition of the various funds as of fiscal year end.

This report consists of management's representations concerning the finances of the City of Midland. Therefore, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the

City of Midland's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management, Discussion, and Analysis letter (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Midland's MD&A can be found immediately following the independent auditor's report.

## **INDEPENDENT AUDIT**

The City Charter and State law require an annual audit of the financial records and transactions of the City by a firm of independent licensed certified public accountants. This requirement has been complied with and the City has received an "unqualified opinion" from Yeo & Yeo, PC, Certified Public Accountants. An unqualified opinion is the best opinion that an organization can receive on its financial statements. It

indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects. The independent auditor's report is located at the front of the financial sections of this report.

In addition, during the year an audit was performed in accordance the requirements of the *Single Audit Act Amendments of 1996 (P.L. 104-456)*. The auditor's reports related to the single audit are issued under separate cover.

## **PROFILE OF THE CITY**

The City of Midland was incorporated in 1887. Located near the center of the eastern portion of Michigan's Lower Peninsula, approximately 120 miles northwest of Detroit, the City currently occupies a land area of 35.6 square miles and, according to the 2010 Census, serves a population of 41,863. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered to extend its corporate limits by annexation, which occurs periodically in accordance with state statute and the terms of urban cooperation agreements between the City and its surrounding townships.

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

departments and all other City employees. The City Attorney oversees all legal matters of the City, including review of contracts and legal documents. An organization chart is included to better illustrate the City's governmental structure.

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

## **BUDGET CONTROLS**

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

Expenditures in excess of departmental appropriations are a violation of state law. Amounts not spent by the end of the fiscal year lapse, and require City Council approval to re-appropriate into the next year.

## **GENERAL FUND**

The General Fund receives all City of Midland revenue that is not designated for special uses by statutes or the City Charter and accounts for most services provided to residents. The following is provided to give the financial statement reader a more detailed analysis of the activity within the General Fund.

Revenues and Other Financing Sources	Amount	Percent of Total	Increase (Decrease) from June 30, 2010
Taxes	\$ 28,271,231	77.22	\$ (377,892)
Licenses and permits	645,529	1.76	241,283
Federal grants	173,429	0.47	81,521
State revenue sharing	2,946,517	8.05	(5,267)
Other state grants	32,665	0.09	(873)
Local contributions	620,710	1.70	230,428
Charges for services	2,297,251	6.28	(78,473)
Use and admission charges	256,399	0.70	53,640
Interest income	49,917	0.14	(26,716)
Rental income	114,182	0.31	1,639
Other revenue	1,015,452	2.77	175,059
Transfer from other funds	185,025	0.51	63,756
<b>Total</b>	<b>\$ 36,608,307</b>	<b>100.00</b>	<b>\$ 358,105</b>

Overall, total General Fund revenues increased by 1% from the prior year. This modest increase was due to the increase in construction activity and the related permits, as well as some significant local contributions for improvements to parks and recreational facilities.

Expenditures and Other Financing Sources	Amount	Percent of Total	Increase (Decrease) from June 30, 2010
General government	\$ 5,984,755	16.30	\$ (174,229)
Public safety	15,779,974	42.99	912,296
Public works	2,826,647	7.70	(242,291)
Sanitation	2,491,420	6.79	10,630
Parks and recreation	4,262,675	11.61	290,827
Airport	326,472	0.89	41,139
Property tax appeals	315,612	0.86	120,449
Capital improvement	1,078,151	2.94	894,236
Transfer to other funds	3,640,157	9.92	(749,816)
<b>Total</b>	<b>\$ 36,705,863</b>	<b>100.00</b>	<b>\$ 1,103,241</b>

Total General Fund expenditures increased by 3%. Much of this increase came from the significant amount of donated capital projects for 2011. Also, tax appeal defense costs increased as the City worked towards a resolution on the Midland Cogeneration Venture 2010 and 2011 tax appeal, as well as handled the increased load of tax appeals. Parks and recreation costs increased due to OPEB funding obligations related to the City's golf course.

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The Special Revenue Funds of the City include:

Major Street Fund – Gas and weight tax revenues received in this fund from the State of Michigan are used for repair,



maintenance, snow and ice removal, and construction of all streets classified as “major” within the City. Trunkline maintenance costs are also included in this fund. Gas and weight taxes generated \$2,589,796 compared to \$2,486,696 last fiscal year. The City also receives from Midland County an allocation of a 1-mill county-wide road millage that is to be used for both major and local streets. That revenue was \$2,117,699 compared to \$2,072,970 last fiscal year. Total revenue was \$5,247,668, compared to \$4,938,702 last fiscal year. Total expenditures increased by \$660,992 from the prior year. More funds were transferred to the Local Street Fund for construction projects, Major Street Fund construction activity was greater, and it was a heavier winter snow season.

Local Street Fund – Gas and weight tax revenues, as well as a transfer from the Major Street fund finance activities all streets classified as “local” within the City. Gas and weight taxes generated \$697,617 compared to \$723,567 last fiscal year. Total revenue increased by 3% due to an increase in the amount transferred from the Major Street Fund. Total expenditures decreased by \$714,360 due to decreased activity in construction projects.

Storm Water Management Fund – Roadside drainage activities are funded by transfers in from the Major Street Fund and Local Street Fund. In addition, a transfer from the General Fund finances the remaining activities of this fund. This transfer was \$280,000 for both years as the fund utilized its fund balance to finance operations. This was a planned utilization of the accumulated fund balance.

Dial-A-Ride Fund – Operating and capital grants from federal and state transportation agencies provide much of the financing for this fund. Those two sources provided \$974,332

compared to \$1,140,063 last fiscal year. The decrease is due to capital grants for the purchase of buses received in the previous fiscal year. An amount sufficient to balance the fund’s annual operations is transferred from the General Fund. That transfer was \$530,559 compared to \$614,092 last fiscal year.

Grace A. Dow Memorial Library Fund – The major source of revenue to this fund is a 1-mill property tax levy which generated \$2,212,239 in the current fiscal year, compared to \$2,236,479 last fiscal year. Neighboring townships submit payments to afford their residents access to library services. The General Fund transfers an annual amount sufficient to balance that year’s operations. In 2011 this transfer was \$706,308 compared to \$725,032 last fiscal year. Total expenditures for the fund decreased 3% from last year.

Downtown Development Authority – The primary source of revenue to the Downtown Development Authority (DDA) Fund is property taxes. This comes in the form of a tax increment finance (TIF) plan and a separate 2-mill tax levy on properties located within the Downtown District. For the current year, these two revenue sources were \$447,755 and \$18,963, respectively. Expenditures decreased by \$47,719 or 13% from prior fiscal year.

Community Development Block Grant Fund – Each year the City is awarded a federal grant from the Department of Housing and Urban Development. Expenditures are paid for by the grant on a reimbursement basis after program income is spent down. In 2011 both revenue and expenditures for this program decreased from 2010 levels.

Midland Community Television Fund – The primary revenue source for this fund is a franchise fee paid by customers of the

area cable television service providers. That provided \$649,306 for the year, up from \$593,957 from the prior fiscal year. Total expenditures for the fund were \$5,477, or 1% greater than the prior fiscal year.

Special Activities Fund – The City receives funds that are earmarked to benefit City programs, but are not appropriate for other Special Revenue Funds, or are not typically items budgeted for in the General Fund. Total revenues trailed total expenditures by \$16,720 for the current year.

Midland Housing Fund – The City uses this fund to finance projects related to providing affordable housing, including construction, or acquisition and rehabilitation costs. Mortgage assistance is also available. During the current year, the Fund sold three parcels of land for development that the City had previously purchased and removed dilapidated structures.

## **ENTERPRISE OPERATIONS**

The City operates nine separate enterprise operations.

Water Fund – Operating revenues totaled \$9.9 million, resulting in an increase of 3.8% from last year. The increase is mainly due to a 3% rate increase implemented July 1, 2010. Operating expenses totaled \$9.4 million, versus \$9.2 million last fiscal year. Net assets increased by \$2 million, compared to an increase of \$1.9 million last fiscal year.

Wastewater Fund - Operating revenues totaled \$5.6 million, resulting in an increase of 4.8% from last year. Operating expenses totaled \$5.3 million, a 2.4% decrease from last fiscal year. Net assets increased by \$688,406, compared to an increase of \$676,083 last fiscal year.

Sanitary Landfill Fund - Operating revenues totaled \$3.9 million, resulting in a increase of 14.5% over last year. Operating expenses totaled \$2.9 million, a 1.5% increase from last fiscal year. Operating revenue fluctuates each year depending upon the amount of demolition materials and contaminated soils that are brought to the site. Net assets increased by \$1,101,098, compared to an increase of \$727,725 last fiscal year.

Civic Arena fund – Operating revenues totaled \$1.1 million, about \$16,000 less than last year. Operating expenses were \$1.3 million, about \$54,000 less than last year. Recreational type enterprise funds are struggling during the current depressed economic conditions. Expenditures were reduced to offset the lagging revenue. Net assets decreased by \$179,201, compared to a decrease of \$269,423 during the prior year.

Currie Municipal Golf Course Fund – Operating revenues decreased by \$157,823 caused by an extend spring flood which caused the course to close during much of the spring golf season. Operating expenses also decreased by \$432,100, partly due to the course closure, but also due to some structural changes and cost containment measures implemented during the year. The operating loss of \$419,615 is better than \$693,892 of the prior year, but is still problematic and typical of the economic challenges that golf courses throughout the State and industry currently face. An estate contributed \$681,666 to the course to be used for capital expenditures. These funds will be targeted at opportunities to improve cost efficiencies and increase revenues. For the year, net assets increased by \$432,569; however, were it not for this contribution, net assets would have decreased by \$249,097.

Washington Woods Fund – One of two City-owned apartment facilities that provides housing to senior citizens. Operating expenses increased by 4% from the prior year, while operating revenues increased by less than 1%. Net assets decreased by \$83,059 to leave a year-end balance of \$4,802,540.

Riverside Place Fund – The other City-owned apartment facility that provides housing to senior citizens. Operating revenue increased by 3% while operating expenses increased by 4%. Net assets decreased by \$156,403 to leave a year-end balance of \$9,443.869.

Parking Fund – Operating revenues decreased 2% from the previous year. Operating expenditures decreased 5%.

## **INTERNAL SERVICE FUNDS**

The City operates nine Internal Service Funds, which are single funds that provide goods and services to the other funds of the City on a cost reimbursement basis. The combined year-end net asset total for all Internal Service Funds was \$25.3 million, about \$700,000 more than the previous fiscal year. The increase is mainly due to favorable claims experience in both the Property and Liability Insurance Fund, and the Health Insurance Fund. Brief explanations of the funds follow.

The *Information Services* and *Geographic Information System Funds* provide and maintain the technical support and tools used by other City operations. Departments are charged a user fee for their utilization of these resources.

The *Municipal Service Center* and *Municipal Service Annex Funds* operate facilities that house operations or materials

from other City operations. Departments are charged rental fees based upon its proportionate usage of each facility.

The *Equipment Revolving Fund* maintains the City's fleet of vehicles and major equipment items. Departments are charged rental fees that are intended to cover the cost of insuring and maintaining each item, but also its eventual replacement.

The *Property and Liability Insurance* and *Health Insurance Funds* provide the funding mechanism for most property and liability insurance costs, as well as health care for current and retired City employees and eligible dependents.

The *Special Assessment Revolving Loan Fund* provides interim financing on special assessment projects for the property owner's portion of the cost. As the properties owners pay their assessments, those funds, which include principal and interest, are returned to this fund to be used for future projects.

The *Renewable Energy Fund* was created to account for the activities related to the City's gas-to-energy project. Gases from the City's landfill will be captured and converted to electric energy, which will be sold to outside entities. Savings created by this operation will be rebated back to other City funds.

## **FIDUCIARY FUNDS**

Fiduciary funds are established to account for assets held by the City in a trustee capacity or as an agent for individuals, private organization, or other governmental units.

The City maintains one trust fund, the Police and Fire Pension Fund, to account for the operations of the defined benefit pension plan for all eligible police and fire employees. As of December 31, 2010 (the latest actuarial valuation), the actuarially determined liability of \$68.5 million was 76.3% funded.

The City maintains four agency funds used primarily to account for taxes collected on behalf of other governmental units, for the City's centralized payroll, and certain activities associated improving and promoting Midland's Downtown area.

**CASH MANAGEMENT POLICIES AND PRACTICES**

The City's investments are managed by the City Treasurer, as authorized by the City's formal investment policy and Michigan Public Act 20 of 1943, as amended. The City's Police and Fire Pension Trust Fund investments are managed by the Police and Fire Pension Board.

**TAX RATE LIMITATIONS**

The City Charter provides tax limitations for general operations. In addition, pursuant to state law, the City may levy taxes in excess of the Charter limitation for refuse collection and disposal, and police and fire pension requirements. If approved by City voters, the City may also levy additional millage as needed to service voter approved debt.

<u>Purpose</u>	<u>Authority</u>	<u>Rate per \$1,000 of Taxable Value</u>
General Operating	City Charter	\$ 18.00 *
Refuse collection & disposal	Act 298, P.A. of Michigan as amended	\$ 3.00
Police & fire pension	Act 345, P.A. of Michigan, as amended	As required by pension
Debt service	Article IX, Section, Michigan Constitution	As required by debt

*\*Rate reduced to 17.87 mills by the Headlee Amendment of the Michigan Constitution*

The City's millage rate for the current fiscal year was 13.94 mills, consisting of 13.67 mills for operations, and .27 mills for additional voter approved debt. The total millage rate was held unchanged from the previous fiscal year.

**RISK MANAGEMENT**

The City participates in a public entity risk pool with other Michigan units of government, the Michigan Municipal League Liability and Property Pool for its general liability and property coverage. For employee injury claims, the City also participates in a public entity risk pool with other Michigan units of government, the Michigan Municipal Workers Compensation Pool.

## **ECONOMIC CONDITION AND OUTLOOK**

The economic environment of the City has traditionally remained steady, despite the many financial challenges that the State of Michigan and neighboring communities face. The City is recognized as a community that offers its residents many economic, cultural, recreational, and educational benefits. While these favorable attributes are still part of what make Midland a special place to live, the City has had to make significant staffing reductions in the recent years to offset shrinking revenues.

The City's tax base is approximately 41% residential and 59% commercial, industrial and utility. The three largest industrial/utility taxpayers, The Dow Chemical Company, Dow Corning Corporation, and Midland Cogeneration Venture (MCV) account for 40% of the City's total taxable value. The City's Commercial base continues to grow with new restaurant, hotel, and retail developments planned. In addition, The Dow Chemical Company brought three joint ventures to the City that will continue to provide jobs to the area. Other significant contributors to the City's tax base or employment include small-to-medium sized manufacturing companies, retail and service establishments, a regional health care facility, state and local educational institutions, financial institutions, and local government. The City's jobless rate has improved from 7.5% for 2010 to 6.6% for the current year, and it still compares favorably to the state's average rate of 11.0%, as well as with the national average of 9.3%.

It is the City's practice to plan capital projects on a multi-year basis, in accordance with the City's Master Plan. Typically this allows the City to look ahead and budget for the financing of

these projects through existing sources of revenue, including contributions from the community and area foundations.

During the 2010-11 fiscal year the City completed the renewable energy project that converts gases from the City's landfill into electricity. The \$11.7 million project includes \$1.7 million of local financing, and a \$10 million State Revolving Fund loan, of which 40% of principal has been forgivable.

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Midland for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the 22nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, which satisfies both GAAP and applicable legal requirements.

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

## **ACKNOWLEDGEMENTS**

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

appreciation for the contributions made in the preparation of this report.

In closing, the preparation of this document and the accomplishments reported therein would not have been possible without the leadership and support of the Midland City Council.

Respectfully submitted,



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Jon Lynch  
City Manager



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David A. Keenan  
Assistant City Manager  
for Fiscal Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Midland  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



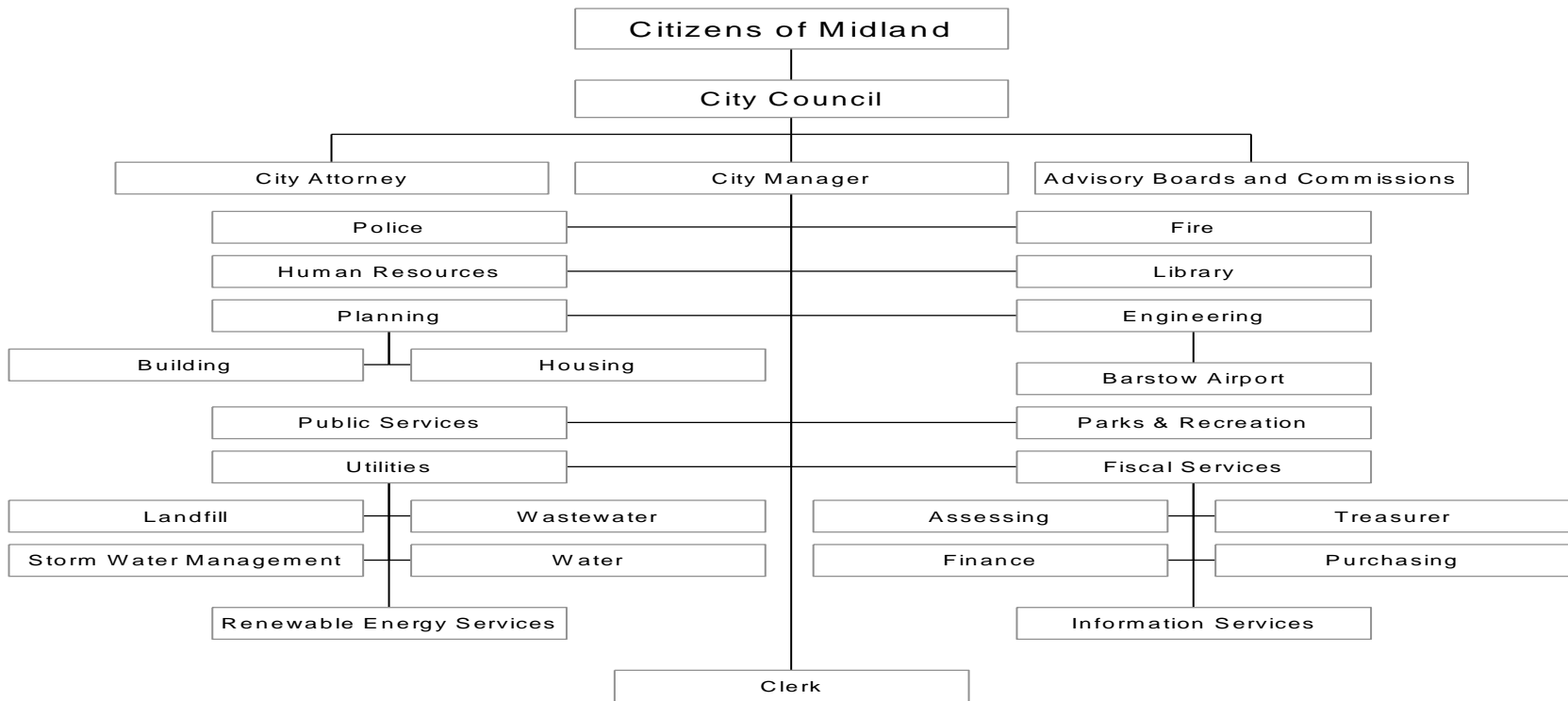
*Linda C. Danison*

President

*Jeffrey R. Enow*

Executive Director

# City of Midland, Michigan Organizational Chart





**City of Midland, Michigan**  
**List of Principal Officials**  
**June 30, 2011**

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**City Council**

Ward I	Thomas Adams
Mayor - Ward II	Maureen Donker
Ward III	J. Dee Brooks
Ward IV	Diane Brown
Ward V	Marty Wazbinski

**Administrative Staff**

City Manager	Jon J. Lynch
City Attorney	James O. Branson, III
Assistant City Manager	Jack E. Duso
Assistant City Manager/Human Resources	Paula J. Whittington
City Assessor	Reid A. Duford
City Clerk / Community Relations & D.D.A. Director	Selina M. Tisdale
City Controller	Margaret A. Maday
City Engineer	Brian P. McManus
City Treasurer	Dana C. Strayer
Chief Building Inspector	John E. Wegner
Fiscal Services Director	David A. Keenan
Fire Chief	Leonardo Garcia
Information Services Manager	Tadd H. Underhill
Library Director	Melissa J. Barnard
Police Chief	Gerald J. Ladwig
Public Services Director	Karen A. Murphy
Purchasing Agent	Michael L. Meyer
Utilities Director	Noel D. Bush



3023 Davenport  
Saginaw, MI 48602  
Phone (989) 793-9830 / (800) 968-0010  
Fax (989) 793-0186

## Independent Auditors' Report

To the Honorable Mayor and City Council  
City of Midland, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midland, Michigan as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Midland, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Midland, Michigan as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, City of Midland, Michigan adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, during the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011 on our consideration of the City of Midland, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Midland, Michigan's financial statements as a whole. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, City of Midland, Michigan's financial statements for the year ended June 30, 2010, which are not presented with the accompanying financial statements. In our report dated June 8, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Midland's financial statements as a whole. The 2010 information in the comparative statements is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2010 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2010 information in the comparative statements is fairly stated in all material respects in relation to the financial statements from which they have been derived.

*Yeo & Yeo, P.C.*

December 21, 2011  
Saginaw, Michigan

**City of Midland, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2011**

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This section of the City of Midland's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended June 30, 2011. Please read it in conjunction with the transmittal letter, which was provided earlier in this report, and the financial statements which begin on page 3 -1 of this report.

### **FINANCIAL HIGHLIGHTS**

- The City's combined total net assets are reported as \$224.1 million for the fiscal year ended June 30, 2011, compared to \$217.2 last fiscal year.
- In the City's governmental activities, revenues generated \$46.4 million while expenses totaled \$43.4 million.
- In the City's business-type activities, revenues generated \$28.5 million while expenses totaled \$24.5 million.
- The total cost of all of the City's programs, including governmental activities and business-type activities was \$66.9 million, up \$2.6 million from last fiscal year. The increase is caused mainly by prior year internal service fund allocations that include \$4 million in grant revenue, and expense reductions to offset declining taxable values.
- Total net assets increased by \$7 million.

### **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 required

supplementary information and other supplementary information in addition to the basic financial statements themselves.

### **Government-wide financial statements**

The government-wide statements are designed to provide readers with a broad overview of the City's finances, as a whole, in a manner similar to a private sector business. The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The *statement of activities* presents all of the City's revenues and expenses, and is reported based on when the underlying event giving rise to the revenue or expense occurs, regardless of when cash is received or paid.

The government-wide statements of the City of Midland are divided into two categories:

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

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

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over

**City of Midland, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2011**

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resources that have been segregated for specific activities or objectives.

The City of Midland has three types of funds:

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

The governmental funds focus on a short-term view, rather than the long-term focus of the government-wide statements, so additional information is provided after each of the governmental fund statements that explain the relationship or differences between the fund and government-wide statements.

The City maintains 13 individual governmental funds. Separate information is presented for the General Fund and the Major Street Fund, both of which are considered to be "major" funds. Data from the other 11 governmental funds, considered to be "nonmajor" funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

- Enterprise funds and business-type funds are the same, but the fund statements provide more detail and additional information such as cash flows.
- Internal service funds are used to report activities that provide supplies and services to the City's other programs. Examples of internal service funds include the Equipment Revolving Fund and the Information Services Fund.

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

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

### **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 concerning the City. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise

**City of Midland, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2011**

funds and internal services funds are presented immediately following the required supplementary information.

**THE CITY OF MIDLAND AS A WHOLE**

The City's total combined net assets for the fiscal year ended June 30, 2011 is \$224.1 million, made up of \$131.8 million in business-type activities, and \$92.3 million in governmental activities.

Combined unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, is \$27.3 million. Business-type activities unrestricted total is \$31.1 million, while governmental activities is an unrestricted deficit of \$3.8 million. The governmental activity deficit is due to remaining outstanding bonds from the 2008 settling of a multi-year tax appeal with the City's then largest tax payer, Midland Cogeneration Venture (MCV). The City issued nearly \$18 million in judgment bonds to be repaid by future limited tax proceeds. Last year the deficit was \$6.2 million, so while progress is being made, it may take a few more years to eliminate the unrestricted net asset deficit. See Note 8 in the Notes to Financial Statements for more detail on the judgment bonds.

The following table shows comparisons of total assets, total liabilities, and total net assets (in millions) in a condensed format as of June 30, 2011 and 2010.

**City of Midland Net Assets**  
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 29.6	\$ 29.2	\$ 38.9	\$ 38.4	\$ 68.5	\$ 67.6
Capital assets	94.0	88.6	116.9	116.0	210.9	204.6
Total assets	<u>123.6</u>	<u>117.8</u>	<u>155.8</u>	<u>154.4</u>	<u>279.4</u>	<u>272.2</u>
Current liabilities	6.5	8.4	4.3	5.8	10.8	14.2
Long-term liabilities	24.8	20.1	19.7	20.7	44.5	40.8
Total liabilities	<u>31.3</u>	<u>28.5</u>	<u>24.0</u>	<u>26.5</u>	<u>55.3</u>	<u>55.0</u>
Net assets:						
Invested in capital assets, net of related debt	87.7	88.0	100.6	98.0	188.3	186.0
Restricted	8.4	7.5	0.1	0.1	8.5	7.6
Unrestricted	(3.8)	(6.2)	31.1	29.8	27.3	23.6
Total net assets	<u>\$ 92.3</u>	<u>\$ 89.3</u>	<u>\$ 131.8</u>	<u>\$ 127.9</u>	<u>\$ 224.1</u>	<u>\$ 217.2</u>

The City's combined total net assets increased by \$6.9 million during the current fiscal year. Governmental activities increased by \$3 million while business-type activities increased by \$3.9 million.

**Governmental Activities**

The City's total governmental revenue is reported at \$46.4 million, a decrease of \$.8 million from the prior year. Property taxes collections decreased slightly due to a small reduction in taxable value coupled with no increase in the millage rate. Road construction projects funded by Federal and State grants were less than prior year.

Total expenses, including transfers, decreased by \$1.9 million due to ongoing budget reductions implemented to help offset the effects of declining revenues.

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**June 30, 2011**

**Business-type Activities**

Net assets for business-type activities increased by \$4 million during the year ended June 30, 2011, compared to a \$6.9 million increase last year.

Total revenue, including transfers, increased by \$1 million.

The following table shows the comparison of the change in net assets (in millions) in a condensed format as of June 30, 2011 and 2010.

	City of Midland Change in Net Assets (in millions of dollars)					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenue</b>						
Program Revenue:						
Charges for services	\$ 3.4	\$ 3.0	\$ 26.1	\$ 24.9	\$ 29.5	\$ 27.9
Operating grants and contributions	4.8	4.8	0.1	-	4.9	4.8
Capital grants and contributions	0.7	1.4	0.8	0.5	1.5	1.9
General Revenue:						
Property taxes	33.7	34.0	-	-	33.7	34.0
Intergovernmental	2.9	2.9	-	-	2.9	2.9
Investment earnings	0.1	0.1	0.2	0.2	0.3	0.3
Other revenue (expense)	0.8	1.0	0.3	0.3	1.1	1.3
<b>Total revenue</b>	<b>46.4</b>	<b>47.2</b>	<b>27.5</b>	<b>25.9</b>	<b>73.9</b>	<b>73.1</b>
<b>Program Expenses</b>						
General government	4.0	4.1	-	-	4.0	4.1
Public safety	15.3	14.8	-	-	15.3	14.8
Public works	9.7	9.6	-	-	9.7	9.6
Sanitation	2.5	2.4	-	-	2.5	2.4
Community development	0.6	1.1	-	-	0.6	1.1
Parks and recreation	4.5	4.1	-	-	4.5	4.1
Library and community television	2.7	4.5	-	-	2.7	4.5
Airport	0.4	0.5	-	-	0.4	0.5
Transportation	1.7	1.7	-	-	1.7	1.7
Other	1.0	0.9	-	-	1.0	0.9
Water	-	-	9.3	7.5	9.3	7.5
Wastewater	-	-	5.8	4.7	5.8	4.7
Landfill	-	-	2.9	1.4	2.9	1.4
Civic Arena	-	-	1.5	1.6	1.5	1.6
Senior housing	-	-	3.5	3.5	3.5	3.5
Golf course	-	-	1.3	1.7	1.3	1.7
Parking system	-	-	0.2	0.2	0.2	0.2
<b>Total expenses</b>	<b>42.4</b>	<b>43.7</b>	<b>24.5</b>	<b>20.6</b>	<b>66.9</b>	<b>64.3</b>
Increase in net assets before transfers	4.0	3.5	3.0	5.3	7.0	8.8
Transfers	(1.0)	(1.7)	1.0	1.6	-	(0.1)
<b>Change in net assets</b>	<b>3.0</b>	<b>1.8</b>	<b>4.0</b>	<b>6.9</b>	<b>7.0</b>	<b>8.7</b>
Net assets - beginning	89.3	87.4	127.8	120.9	217.1	208.3
<b>Net assets - ending</b>	<b>\$ 92.3</b>	<b>\$ 89.2</b>	<b>\$ 131.8</b>	<b>\$ 127.8</b>	<b>\$ 224.1</b>	<b>\$ 217.0</b>

**THE CITY OF MIDLAND'S FUNDS**

Analysis of the City of Midland's major funds begins on page 3-4, following the government-wide financial statements. The fund

**City of Midland, Michigan**  
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financial statements provide detailed information about the most significant funds, not the City as a whole. Funds are created to help manage money for specific purposes, as well as show accountability for certain activities, such as specific property tax millages and restricted receipts from Federal and State sources.

The General Fund pays for most of the City's governmental services. The single largest government service provided is *Public safety* at \$15.8 million. The general operating millage of the City supports these services. The City budgeted to utilize a portion of fund balance during 2010-11 in order to avoid raising the millage. As a result, fund balance in the General Fund decreased by \$.1 million. The fund balance of the Major Street Fund increased by \$.4 million to a balance of \$3.2 million. Greater-than-expected Gas & Weight tax receipts coupled with delays in construction project provided the small increase to fund balance.

#### **General Fund Budgetary Highlights**

Over the course of the year, the City amended the budget to take into account events during the year. The adopted budget provided for a net increase in fund balance of \$.5 million, while the final budget provided for a net decrease of \$2 million, for a net reduction of \$2.5 million. When the budget was originally adopted it was expected that MCV would pay an additional \$2.5 million in taxes, which the City would hold in reserve until the appeal was settled. When MCV short paid their taxes by \$2.5 million, the City amended the budget to reduce property tax revenue and eliminate the reserve.

At year-end, actual revenue was within 1% of budget, being slightly over by \$370,219. Actual expenditures were \$1.5 million less than budget. About \$.7 million is delayed expenditures that will be encumbered into 2011-12, while the balance is due to additional savings realized during the year from cost controls.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

At June 30, 2011, the City of Midland had \$211 million invested in a broad range of capital assets including land, buildings, police and fire equipment, water and sewer lines, roads, sidewalks, and other infrastructure, net of debt. Last year this total was \$205 million. Additional information about the City's capital assets is presented in Note 1 and Note 5 of the Notes to Financial Statements.

At June 30, 2011, the City of Midland's total bonded indebtedness was \$37.1 million, all backed by the full faith and credit of the government. Additional information about the City's indebtedness is presented in Note 1 and Note 8 of the Notes to Financial Statements.

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

#### **CURRENT ECONOMIC EVENTS**

While the City was able to balance the budget in 2010-11 without a millage increase, it required a .85 mill increase for 2011-12 to raise the total millage to 14.79 mills. While there are many new large commercial and industrial construction developments within the City, many are receiving significant tax incentives which greatly reduce the amount of revenue the City receives. However, these developments do provide jobs which are helping to rejuvenate the housing market and stabilize residential property values within the City.

The City has a large industrial tax base and receives a significant amount of personal property tax. The State has openly discussed its intent to eliminate all or a portion of personal property tax. There are many unknowns concerning the magnitude and timing of the actions to be taken, and whether there will be any replacement revenue



**City of Midland, Michigan**  
**Management's Discussion and Analysis**  
**June 30, 2011**

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offered. This continues to be a significant budgetary concern for the City.

The City will continue to budget conservatively to provide the services that the Midland Community expects as economically as possible.

**REQUESTS FOR INFORMATION**

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

**City of Midland, Michigan**  
**Statement of Net Assets**  
**June 30, 2011**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 29,371,310	\$ 12,819,635	\$ 42,190,945
Investments	-	279,720	279,720
Receivables			
Taxes	497,775	-	497,775
Trust deeds	1,323,491	-	1,323,491
Special assessments	663,320	16,076	679,396
Accounts and contracts	745,120	3,323,886	4,069,006
Accrued interest	3,444	1,329	4,773
Due from other units of government	3,496,924	-	3,496,924
Internal balances	(8,850,027)	8,850,027	-
Inventories	1,144,711	610,996	1,755,707
Prepaid items	554,502	-	554,502
Restricted assets			
Cash and investments	-	3,233,092	3,233,092
Assets held for resale	225,000	-	225,000
Capital assets not being depreciated	8,652,278	3,698,442	12,350,720
Capital assets, net of accumulated depreciation	85,370,534	113,176,207	198,546,741
Other assets			
Investment in joint venture	322,256	9,764,816	10,087,072
Unamortized bond issuance costs	123,991	42,393	166,384
Total assets	<u>123,644,629</u>	<u>155,816,619</u>	<u>279,461,248</u>

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Statement of Net Assets**  
**June 30, 2011**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Accounts payable	\$ 3,808,422	\$ 2,691,254	\$ 6,499,676
Accrued and other liabilities	1,025,337	40,010	1,065,347
Due to other units of government	1,015	387,479	388,494
Deposits	56,678	59,744	116,422
Unearned revenue	1,648,891	-	1,648,891
Payable from restricted assets			
Accrued interest	-	78,368	78,368
Current portion of noncurrent liabilities	-	985,000	985,000
Guarantee deposits	-	62,945	62,945
Noncurrent liabilities			
Due within one year	2,966,275	616,391	3,582,666
Due in more than one year	21,850,803	19,104,242	40,955,045
	<u>31,357,421</u>	<u>24,025,433</u>	<u>55,382,854</u>
Total liabilities			
<b>Net Assets</b>			
Invested in capital assets, net of related debt	87,613,288	100,609,436	188,222,724
Restricted (expendable) for:			
Cemetery activities	1,858,404	-	1,858,404
Highway and streets	5,777,576	-	5,777,576
Federal expenditures	124,581	-	124,581
Downtown Development Authority	699,155	-	699,155
Emergency repair	-	25,000	25,000
Unrestricted	<u>(3,785,796)</u>	<u>31,156,750</u>	<u>27,370,954</u>
	<u>\$ 92,287,208</u>	<u>\$ 131,791,186</u>	<u>\$ 224,078,394</u>
Total net assets			

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 3,738,504	\$ -	\$ -	\$ -	\$ (3,738,504)	\$ -	\$ (3,738,504)
Public safety	15,305,454	56,364	210,703	-	(15,038,387)	-	(15,038,387)
Public works	8,258,151	1,196,193	3,411,330	126,284	(3,524,344)	-	(3,524,344)
Sanitation	2,475,323	35,935	-	-	(2,439,388)	-	(2,439,388)
Community and economic development	578,321	3,725	138,369	-	(436,227)	-	(436,227)
Parks and recreation	4,466,591	347,276	66,975	596,721	(3,455,619)	-	(3,455,619)
Library and community television	4,414,619	1,337,765	85,255	-	(2,991,599)	-	(2,991,599)
Airport	378,055	248,531	-	-	(129,524)	-	(129,524)
Transportation	1,738,124	129,788	928,915	4,071	(675,350)	-	(675,350)
Property tax appeals	315,612	-	-	-	(315,612)	-	(315,612)
Interest on long-term debt	668,251	-	-	-	(668,251)	-	(668,251)
Total governmental activities	<u>42,337,005</u>	<u>3,355,577</u>	<u>4,841,547</u>	<u>727,076</u>	<u>(33,412,805)</u>	<u>-</u>	<u>(33,412,805)</u>
Business-type activities							
Water	9,307,872	10,659,721	-	672,000	-	2,023,849	2,023,849
Wastewater	5,830,538	5,513,312	-	89,000	-	(228,226)	(228,226)
Sanitary Landfill	2,867,692	3,878,876	-	-	-	1,011,184	1,011,184
Civic Arena	1,496,424	1,063,748	29,493	22,703	-	(380,480)	(380,480)
Senior Housing	3,556,062	3,332,211	2,718	-	-	(221,133)	(221,133)
Currie Municipal Golf Course	1,305,617	1,588,106	-	-	-	282,489	282,489
Parking	188,663	97,216	-	-	-	(91,447)	(91,447)
Total business-type activities	<u>24,552,868</u>	<u>26,133,190</u>	<u>32,211</u>	<u>783,703</u>	<u>-</u>	<u>2,396,236</u>	<u>2,396,236</u>
Total primary government	<u>\$ 66,889,873</u>	<u>\$ 29,488,767</u>	<u>\$ 4,873,758</u>	<u>\$ 1,510,779</u>	<u>(33,412,805)</u>	<u>2,396,236</u>	<u>(31,016,569)</u>
General revenues							
Property taxes, levied for general purposes					28,271,231	-	28,271,231
Property taxes, levied for library					2,212,239	-	2,212,239
Property taxes, levied for Downtown Development Authority					466,718	-	466,718
Property taxes, levied for debt service					599,308	-	599,308
Other tax related revenue					2,117,699	-	2,117,699
State shared revenue, unrestricted					2,918,791	-	2,918,791
Unrestricted investment earnings					72,980	199,625	272,605
Gain on sale of capital assets					12,416	1,014	13,430
Miscellaneous					765,507	315,089	1,080,596
Transfers					(1,038,466)	1,038,466	-
Total general revenues and transfers					<u>36,398,423</u>	<u>1,554,194</u>	<u>37,952,617</u>
Change in net assets					<u>2,985,618</u>	<u>3,950,430</u>	<u>6,936,048</u>
Net assets - beginning of year					<u>89,301,590</u>	<u>127,840,756</u>	<u>217,142,346</u>
Net assets - end of year					<u>\$ 92,287,208</u>	<u>\$ 131,791,186</u>	<u>\$ 224,078,394</u>

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2011**

	<u>General</u>	<u>Major Street Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and investments	\$ 6,490,847	\$ 1,707,963	\$ 5,853,344	\$ 14,052,154
Receivables - net of allowances for uncollectibles:				
Taxes	460,111	-	37,664	497,775
Trust deeds	50,576	-	1,272,915	1,323,491
Special assessments	-	3,648	-	3,648
Accounts and contracts	232,355	5,605	487,200	725,160
Accrued interest	1,055	281	790	2,126
Due from other units of government	958,901	1,687,540	621,747	3,268,188
Due from other funds	-	-	135,251	135,251
Inventories	83,171	-	319,266	402,437
Prepaid items	2,970	-	-	2,970
Assets held for resale	-	225,000	-	225,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ 8,279,986	\$ 3,630,037	\$ 8,728,177	\$ 20,638,200
<b>Liabilities</b>				
Accounts payable	\$ 436,377	\$ 324,744	\$ 492,618	\$ 1,253,739
Accrued and other liabilities	-	-	-	-
Due to other funds	-	-	135,251	135,251
Due to other units of government	1,015	-	-	1,015
Deposits	29,838	-	26,840	56,678
Deferred revenue	522,082	50,551	1,531,442	2,104,075
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	989,312	375,295	2,186,151	3,550,758

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2011**

	<u>General</u>	<u>Major Street Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances</b>				
Non-spendable				
Inventories	\$ 83,171	\$ -	\$ 319,266	\$ 402,437
Prepaid items	2,970	-	-	2,970
Trust deeds	50,576	-	-	50,576
Assets held for resale	-	225,000	-	225,000
Restricted for				
Special trust activities	-	-	132,674	132,674
Permanent fund - cemetery activities	-	-	1,858,404	1,858,404
Committed				
Future year expenditures	1,202,239	33,725	438,966	1,674,930
Assigned	570,175	1,288,867	992,063	2,851,105
Unassigned	<u>5,381,543</u>	<u>1,707,150</u>	<u>2,800,653</u>	<u>9,889,346</u>
 Total fund balances	 <u>7,290,674</u>	 <u>3,254,742</u>	 <u>6,542,026</u>	 <u>17,087,442</u>
 Total liabilities and fund balances	 <u>\$ 8,279,986</u>	 <u>\$ 3,630,037</u>	 <u>\$ 8,728,177</u>	 <u>\$ 20,638,200</u>

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Assets of Governmental Activities**  
**June 30, 2011**

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<b>Total fund balances for governmental funds</b>	\$ 17,087,442
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	67,387,654
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	8,597,278
Investment in joint ventures are not financial resources and therefore are not reported in the governmental funds	322,256
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	582,388
Other long term assets are not deferred in the governmental funds	84,943
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(103,010)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Bonds payable	(14,895,207)
Capital lease payable	(409,524)
Compensated absences	(3,286,602)
Internal service funds are included as part of governmental activities.	<u>16,919,590</u>
<b>Net assets of governmental activities</b>	<u><u>\$ 92,287,208</u></u>

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	General	Major Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 28,271,231	\$ 2,117,699	\$ 3,278,265	\$ 33,667,195
Licenses and permits	645,529	87,005	94,423	826,957
Federal grants	173,429	-	466,281	639,710
State revenue sharing	2,946,517	-	-	2,946,517
Other state grants	32,665	2,814,775	1,378,260	4,225,700
Local contributions	620,710	22,981	98,586	742,277
Charges for services	2,297,251	138,688	1,467,553	3,903,492
Use and admission charges	256,399	-	-	256,399
Interest income	49,917	6,625	16,438	72,980
Rental income	114,182	-	-	114,182
Other revenue	1,015,452	59,895	109,650	1,184,997
	<u>36,423,282</u>	<u>5,247,668</u>	<u>6,909,456</u>	<u>48,580,406</u>
Total revenues				
<b>Expenditures</b>				
<b>Current</b>				
General government	5,984,755	-	60,932	6,045,687
Public safety	15,779,974	-	-	15,779,974
Public works	2,826,647	1,607,339	1,416,914	5,850,900
Sanitation	2,491,420	-	-	2,491,420
Community and economic development	-	-	579,551	579,551
Parks and recreation	4,262,675	-	-	4,262,675
Library and community television	-	-	4,161,210	4,161,210
Airport	326,472	-	-	326,472
Transportation	-	-	1,629,824	1,629,824
Property tax appeals	315,612	-	-	315,612
Capital outlay	1,078,151	1,446,146	763,542	3,287,839
<b>Debt service</b>				
Principal retirement	-	-	965,000	965,000
Interest and fiscal charges	-	-	652,854	652,854
	<u>33,065,706</u>	<u>3,053,485</u>	<u>10,229,827</u>	<u>46,349,018</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>3,357,576</u>	<u>2,194,183</u>	<u>(3,320,371)</u>	<u>2,231,388</u>

See Accompanying Notes to Financial Statements



**City of Midland, Michigan**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	General	Major Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 12,416	\$ 12,416
Transfers in	185,025	-	5,290,574	5,475,599
Transfers out	<u>(3,640,157)</u>	<u>(1,803,168)</u>	<u>(997,715)</u>	<u>(6,441,040)</u>
 Total other financing sources and uses	 <u>(3,455,132)</u>	 <u>(1,803,168)</u>	 <u>4,305,275</u>	 <u>(953,025)</u>
 Net change in fund balance	 <u>(97,556)</u>	 <u>391,015</u>	 <u>984,904</u>	 <u>1,278,363</u>
 Fund balance - beginning of year	 <u>7,388,230</u>	 <u>2,863,727</u>	 <u>5,557,122</u>	 <u>15,809,079</u>
 Fund balance - end of year	 <u>\$ 7,290,674</u>	 <u>\$ 3,254,742</u>	 <u>\$ 6,542,026</u>	 <u>\$ 17,087,442</u>

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2011**

<b>Net change in fund balances - Total governmental funds</b>	<b>\$ 1,278,363</b>
Total change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(4,425,587)
Capital outlay	4,358,369
Investment in joint ventures are not financial resources and therefore are not shown on the fund - based statements	2,280
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
State shared revenue	(27,726)
Special assessments	45,119
Grants	(41,346)
Expenses are recorded when incurred in the statement of activities	
Accrued interest	5,831
Compensated absences	129,428
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	
Repayments of long-term debt	965,000
Repayments of capital lease	204,573
Amortization of issuance costs, premiums, discounts and similar items	(21,228)
Internal service funds are also included as governmental activities	512,542
<b>Change in net assets of governmental activities</b>	<b>\$ 2,985,618</b>

**City of Midland, Michigan**  
**Proprietary Funds**  
**Statement of Net Assets**  
**June 30, 2011**

	Water	Wastewater	Sanitary Landfill	Civic Arena	Other Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ 3,985,036	\$ 1,033,070	\$ 5,583,702	\$ 900	\$ 2,216,927	\$ 12,819,635	\$ 15,319,156
Investments	-	-	-	-	279,720	279,720	-
Receivables - net of allowances for uncollectibles:							
Special assessments, current	11,969	4,107	-	-	-	16,076	89,954
Accounts and contracts	1,775,592	951,162	542,806	41,251	13,075	3,323,886	19,960
Accrued interest	384	218	521	-	206	1,329	1,318
Due from other units of government	-	-	-	-	-	-	152,083
Due from other funds	-	-	282,649	-	-	282,649	-
Inventories	475,059	-	-	67,573	68,364	610,996	742,274
Prepaid items	-	-	-	-	-	-	551,532
Restricted assets							
Cash and cash equivalents	-	1,063,368	-	-	-	1,063,368	-
<b>Total current assets</b>	<b>6,248,040</b>	<b>3,051,925</b>	<b>6,409,678</b>	<b>109,724</b>	<b>2,578,292</b>	<b>18,397,659</b>	<b>16,876,277</b>
<b>Noncurrent assets</b>							
Restricted assets							
Cash and cash equivalents	62,945	-	2,106,779	-	-	2,169,724	-
Special assessments receivable, deferred	-	-	-	-	-	-	519,167
Advances to other funds	-	-	414,265	-	-	414,265	-
Capital assets not being depreciated	61,398	538,415	1,722,287	-	1,376,342	3,698,442	10,549,119
Capital assets, net of accumulated depreciation	36,675,972	41,019,002	9,440,972	8,361,450	17,678,811	113,176,207	7,488,762
Other assets							
Investment in joint venture	9,764,816	-	-	-	-	9,764,816	-
Unamortized bond issuance	-	42,393	-	-	-	42,393	39,048
<b>Total noncurrent assets</b>	<b>46,565,131</b>	<b>41,599,810</b>	<b>13,684,303</b>	<b>8,361,450</b>	<b>19,055,153</b>	<b>129,265,847</b>	<b>18,596,096</b>
<b>Total assets</b>	<b>52,813,171</b>	<b>44,651,735</b>	<b>20,093,981</b>	<b>8,471,174</b>	<b>21,633,445</b>	<b>147,663,506</b>	<b>35,472,373</b>

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Proprietary Funds**  
**Statement of Net Assets**  
**June 30, 2011**

	Water	Wastewater	Sanitary Landfill	Civic Arena	Other Enterprise Funds	Total	Internal Service Funds
<b>Liabilities</b>							
Current liabilities							
Accounts payable	\$ 605,321	\$ 146,871	\$ 43,624	\$ 603,209	\$ 1,292,229	\$ 2,691,254	\$ 2,554,683
Accrued and other liabilities	-	2	-	33,743	6,265	40,010	2,760
Due to other funds	-	-	-	261,914	-	261,914	20,735
Due to other units of government	387,479	-	-	-	-	387,479	-
Deposits	9,894	-	750	-	49,100	59,744	-
Estimated healthcare claims	-	-	-	-	-	-	922,328
Current portion of noncurrent liabilities	186,080	137,930	45,301	162,508	84,572	616,391	353,415
Payable from restricted assets							
Accrued interest	-	78,368	-	-	-	78,368	-
Current portion of noncurrent liabilities	-	985,000	-	-	-	985,000	-
<b>Total current liabilities</b>	<b>1,188,774</b>	<b>1,348,171</b>	<b>89,675</b>	<b>1,061,374</b>	<b>1,432,166</b>	<b>5,120,160</b>	<b>3,853,921</b>
Noncurrent liabilities							
Payable from restricted assets - guarantee deposits	62,945	-	-	-	-	62,945	-
Advances from other funds	-	-	-	-	-	-	414,265
Long-term debt net of current portion	152,782	10,798,785	101,904	4,512,973	77,798	15,644,242	5,869,570
Accrued landfill closure and postclosure care costs	-	-	3,460,000	-	-	3,460,000	-
<b>Total noncurrent liabilities</b>	<b>215,727</b>	<b>10,798,785</b>	<b>3,561,904</b>	<b>4,512,973</b>	<b>77,798</b>	<b>19,167,187</b>	<b>6,283,835</b>
<b>Total liabilities</b>	<b>1,404,501</b>	<b>12,146,956</b>	<b>3,651,579</b>	<b>5,574,347</b>	<b>1,509,964</b>	<b>24,287,347</b>	<b>10,137,756</b>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	36,923,450	29,773,632	11,163,259	3,693,942	19,055,153	100,609,436	7,543,762
Restricted for:							
Emergency repair	25,000	-	-	-	-	25,000	-
Unrestricted (deficit)	14,460,220	2,731,147	5,279,143	(797,115)	1,068,328	22,741,723	17,790,855
<b>Total net assets</b>	<b>\$ 51,408,670</b>	<b>\$ 32,504,779</b>	<b>\$ 16,442,402</b>	<b>\$ 2,896,827</b>	<b>\$ 20,123,481</b>	<b>123,376,159</b>	<b>\$ 25,334,617</b>
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service funds assets and liabilities are reported with business-type activities						8,415,027	
<b>Net assets of business-type activities</b>						<b>\$ 131,791,186</b>	

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**For the Year Ended June 30, 2011**

	Water	Wastewater	Sanitary Landfill	Civic Arena	Other Enterprise Funds	Total	Internal Service Funds
<b>Operating revenue</b>							
Customer fees	\$ 9,383,395	\$ 5,488,692	\$ -	\$ -	\$ -	\$ 14,872,087	\$ -
Use and admission charges	-	-	3,867,944	1,061,241	990,554	5,919,739	-
Billings to other funds	-	-	-	-	-	-	12,470,777
Rental income	385,872	-	9,010	-	2,517,177	2,912,059	3,877,310
Fines and forfeits	85,678	79,300	1,922	-	-	166,900	-
Sale of meals - revenue	-	-	-	-	532,736	532,736	-
Other revenue	469,159	38,765	48,813	11,891	971,816	1,540,444	811,912
<b>Total operating revenue</b>	<u>10,324,104</u>	<u>5,606,757</u>	<u>3,927,689</u>	<u>1,073,132</u>	<u>5,012,283</u>	<u>25,943,965</u>	<u>17,159,999</u>
<b>Operating expenses</b>							
Operations	3,800,821	1,363,214	2,514,219	958,301	3,692,808	12,329,363	14,991,724
Administration	1,432,850	875,675	-	-	-	2,308,525	-
Maintenance	2,947,291	1,601,426	-	50,978	113,129	4,712,824	-
Other expenses	-	36,228	36,011	2,374	-	74,613	-
Sale of meals - expenses	-	-	-	-	649,444	649,444	-
Depreciation	1,216,956	1,492,478	361,448	272,522	623,809	3,967,213	1,573,795
<b>Total operating expenses</b>	<u>9,397,918</u>	<u>5,369,021</u>	<u>2,911,678</u>	<u>1,284,175</u>	<u>5,079,190</u>	<u>24,041,982</u>	<u>16,565,519</u>
<b>Operating income (loss)</b>	<u>926,186</u>	<u>237,736</u>	<u>1,016,011</u>	<u>(211,043)</u>	<u>(66,907)</u>	<u>1,901,983</u>	<u>594,480</u>
<b>Nonoperating revenue (expenses)</b>							
Interest income	9,523	4,776	84,568	-	113,422	212,289	55,403
Contractual revenues	504,154	-	-	-	-	504,154	-
Gain (loss) on disposition of assets	(9,705)	495	519	-	(7,665)	(16,356)	115,529
Interest expense	-	(462,794)	-	(220,354)	-	(683,148)	-
<b>Total nonoperating revenues (expenses)</b>	<u>503,972</u>	<u>(457,523)</u>	<u>85,087</u>	<u>(220,354)</u>	<u>105,757</u>	<u>16,939</u>	<u>170,932</u>
<b>Income (loss) before contributions and transfers</b>	1,430,158	(219,787)	1,101,098	(431,397)	38,850	1,918,922	765,412

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**For the Year Ended June 30, 2011**

	Water	Wastewater	Sanitary Landfill	Civic Arena	Other Enterprise Funds	Total	Internal Service Funds
Capital contributions	\$ 672,000	\$ 89,000	\$ -	\$ 52,196	\$ -	\$ 813,196	\$ -
Transfers in	-	842,713	-	200,000	117,753	1,160,466	137,000
Transfers out	(88,480)	(23,520)	-	-	(10,000)	(122,000)	(210,025)
Change in net assets	2,013,678	688,406	1,101,098	(179,201)	146,603	3,770,584	692,387
Net assets - beginning of year	49,394,992	31,816,373	15,341,304	3,076,028	19,976,878		24,642,230
Net assets - end of year	\$ 51,408,670	\$ 32,504,779	\$ 16,442,402	\$ 2,896,827	\$ 20,123,481		\$ 25,334,617
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities						179,846	
Change in net assets of business-type activities						\$ 3,950,430	

**City of Midland, Michigan**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2011**

	Water	Wastewater	Sanitary Landfill	Civic Arena	Other Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>							
Receipts from customers	\$ 10,737,936	\$ 5,642,223	\$ 3,670,844	\$ 1,059,990	\$ 5,016,090	\$ 26,127,083	\$ 5,286,664
Receipts from interfund users	-	-	-	-	-	-	20,735
Receipts from other funds	-	-	-	-	-	-	12,469,769
Payments to suppliers	(5,841,943)	(2,061,902)	(2,110,564)	(309,475)	(2,843,441)	(13,167,325)	(3,462,847)
Payments to employees	(3,476,459)	(1,836,022)	(966,135)	(347,739)	(2,109,683)	(8,736,038)	(13,184,196)
Net cash provided (used) by operating activities	<u>1,419,534</u>	<u>1,744,299</u>	<u>594,145</u>	<u>402,776</u>	<u>62,966</u>	<u>4,223,720</u>	<u>1,130,125</u>
<b>Cash flows from noncapital financing activities</b>							
Transfer from other funds	-	842,713	-	200,000	117,753	1,160,466	137,000
Transfers to other funds	(88,480)	(23,520)	-	-	(10,000)	(122,000)	(210,025)
Net cash provided (used) by noncapital financing activities	<u>(88,480)</u>	<u>819,193</u>	<u>-</u>	<u>200,000</u>	<u>107,753</u>	<u>1,038,466</u>	<u>341,240</u>
<b>Cash flows from capital and related financing activities</b>							
Capital contributions	672,000	89,000	-	52,196	-	813,196	-
Advances to/from other funds	-	-	(152,351)	(261,914)	-	(414,265)	-
Purchases/construction of capital assets	(2,328,544)	(735,324)	(1,722,074)	(22,704)	(45,211)	(4,853,857)	(7,129,704)
Principal and interest paid on long-term debt	-	(1,341,086)	-	(370,354)	-	(1,711,440)	-
Contractual revenues	504,154	-	-	-	-	504,154	-
Proceeds from sale of capital assets	2	495	519	-	6,321	7,337	195,358
Net cash used by capital and related financing activities	<u>(1,152,388)</u>	<u>(1,986,915)</u>	<u>(1,873,906)</u>	<u>(602,776)</u>	<u>(38,890)</u>	<u>(5,654,875)</u>	<u>(934,346)</u>
<b>Cash flows from investing activities</b>							
Interest received	<u>9,523</u>	<u>4,776</u>	<u>84,568</u>	<u>-</u>	<u>18,006</u>	<u>116,873</u>	<u>55,403</u>
Net change in cash and cash equivalents	188,189	581,353	(1,195,193)	-	149,835	(275,816)	592,422
Cash and cash equivalents - beginning of year	<u>3,859,792</u>	<u>1,515,085</u>	<u>8,885,674</u>	<u>900</u>	<u>2,067,092</u>	<u>16,328,543</u>	<u>14,726,734</u>
Cash and cash equivalents - end of year	<u>\$ 4,047,981</u>	<u>\$ 2,096,438</u>	<u>\$ 7,690,481</u>	<u>\$ 900</u>	<u>\$ 2,216,927</u>	<u>\$ 16,052,727</u>	<u>\$ 15,319,156</u>

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2011**

	Water	Wastewater	Sanitary Landfill	Civic Arena	Other Enterprise Funds	Total	Internal Service Funds
<b>Cash and equivalents reported on Statement of Net Assets as follows</b>							
Cash and cash equivalents	\$ 3,985,036	\$ 1,033,070	\$ 5,583,702	\$ 900	\$ 2,216,927	\$ 12,819,635	\$ 15,319,156
Cash and cash equivalents	-	1,063,368	-	-	-	1,063,368	-
Cash and cash equivalents - noncurrent	<u>62,945</u>	<u>-</u>	<u>2,106,779</u>	<u>-</u>	<u>-</u>	<u>2,169,724</u>	<u>-</u>
Net cash and equivalents	<u>\$ 4,047,981</u>	<u>\$ 2,096,438</u>	<u>\$ 7,690,481</u>	<u>\$ 900</u>	<u>\$ 2,216,927</u>	<u>\$ 16,052,727</u>	<u>\$ 15,319,156</u>
<b>Noncash investing activities - changes in fair value of investments</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (145,843)</u>	<u>\$ (145,843)</u>	<u>\$ -</u>
<b>Noncash capital financing activities</b>							
Developer contributions	\$ 649,000	\$ 299,000	\$ -	\$ -	\$ -	\$ 948,000	\$ -
Foundation contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,600</u>	<u>13,600</u>	<u>-</u>
	<u>\$ 649,000</u>	<u>\$ 299,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,600</u>	<u>\$ 961,600</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$ 926,186	\$ 237,736	\$ 1,016,011	\$ (211,043)	\$ (66,907)	\$ 1,901,983	\$ 594,480
Adjustments to reconcile operating income to net cash from operating activities							
Depreciation and amortization expense	1,216,956	1,492,478	361,448	272,522	623,809	3,967,213	1,573,795
Gain on investment in joint venture	(501,645)	-	-	-	-	(501,645)	-
Changes in assets and liabilities							
Receivables (net)	413,832	35,466	(236,110)	(13,142)	3,807	203,853	399,312
Due from other units of government	-	-	-	-	-	-	197,122
Due from other funds	-	-	(20,735)	-	-	(20,735)	-
Inventories	90,467	-	-	46,970	11,234	148,671	(92,703)
Prepaid items	-	-	-	-	-	-	(456,040)
Accounts payable	(449,629)	83,530	(674,745)	324,086	(425,622)	(1,142,380)	(1,000,635)
Accrued and other liabilities	(210,328)	(104,911)	(639)	(16,617)	(79,780)	(412,275)	(105,941)
Deposits	(7,323)	-	(1,085)	-	(3,575)	(11,983)	-
Due to other funds	-	-	-	-	-	-	20,735
Due to other units of government	(58,982)	-	-	-	-	(58,982)	-
Accrued landfill closure costs	-	-	150,000	-	-	150,000	-
Net cash provided (used) by operating activities	<u>\$ 1,419,534</u>	<u>\$ 1,744,299</u>	<u>\$ 594,145</u>	<u>\$ 402,776</u>	<u>\$ 62,966</u>	<u>\$ 4,223,720</u>	<u>\$ 1,130,125</u>

See Accompanying Notes to Financial Statements



**City of Midland, Michigan**  
**Fiduciary Funds**  
**Statement of Net Assets**  
**June 30, 2011**

	<u>Police and Fire Retirement Trust Fund</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,024,133	\$ 1,690,357
Investments		
Common stock	27,339,391	-
Preferred stock	788,681	-
Bonds	13,065,618	-
International funds	10,154,863	-
Receivables - net of allowances for uncollectibles:		
Accounts and contracts	-	39,809
Accrued interest and other	82,738	6
Due from other units of government	<u>-</u>	<u>105,364</u>
 Total assets	 <u>53,455,424</u>	 <u>\$ 1,835,536</u>
<b>Liabilities</b>		
Accrued and other liabilities	-	\$ 1,696,108
Due to foundations	-	103,084
Due to other units of government	<u>-</u>	<u>36,344</u>
 Total liabilities	 <u>-</u>	 <u>\$ 1,835,536</u>
<b>Net Assets</b>		
Held in trust for pension benefits and other purposes	<u>\$ 53,455,424</u>	

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Fiduciary Funds**  
**Statement of Changes in Net Assets**  
**For the Year Ended June 30, 2011**

	<u>Police and Fire Retirement Trust Fund</u>
<b>Additions</b>	
Contributions	
Employer	\$ 2,031,049
Plan members	<u>504,318</u>
Total contributions	<u>2,535,367</u>
Investment earnings	
Net loss in fair value of assets	10,487,630
Interest	371,548
Dividends	<u>476,948</u>
Total investment earnings	11,336,126
Less investment expense	<u>(354,262)</u>
Net investment income	<u>10,981,864</u>
Total contributions and investment earnings	13,517,231
<b>Deductions</b>	
Benefits paid	<u>3,896,814</u>
Change in net assets	9,620,417
Net assets - beginning of year	<u>43,835,007</u>
Net assets - end of year	<u>\$ 53,455,424</u>

See Accompanying Notes to Financial Statements

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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

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

**Reporting entity**

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

**Blended Component Unit**

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

**Joint Ventures**

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

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

A summary of the financial information for the year ended June 30, 2011 follows:

Total assets	\$ 36,549,978
Total liabilities	15,555,624
Equity - City of Midland	9,764,816
Equity - City of Saginaw	11,229,538
Total revenues	5,160,570
Total expenses	4,082,032
Net income	1,078,538

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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At June 30, 2011, total outstanding bonded debt of the SMMWSC was \$14,770,000. The City was obligated for \$6,869,767 of this total.

Midland City/County Joint Building Authority – The City’s ownership interest in the Midland City/County Joint Building Authority is accounted for in the governmental activities column of the statement of net assets. The Authority was created as a financing vehicle for the Midland Law Enforcement Center. The Law Enforcement Center is leased from the Joint Building Authority (JBA) by the City of Midland Police Department, the Midland County Sheriff Department, and the Midland County Central Dispatch Authority. The JBA is governed by a three-person board with the City and County each appointing one member and with the third member being mutually appointed. Additional information concerning the Joint Building Authority and its lease with the City is detailed in Note 7 – Leases.

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

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

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City’s water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various

functions concerned. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The Major Street Fund accounts for state shared revenues relating to construction activities, repairs, and maintenance of all

major streets and trunklines.

The government reports the following major proprietary funds:

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

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

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

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

The City reports the following nonmajor governmental funds:

Special Revenue Funds

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

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

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

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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

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

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

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

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

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

#### Debt Service Fund

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

#### Permanent Fund

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

The City reports the following nonmajor proprietary funds:

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

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

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

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

Additionally, The City reports the following internal service funds:

The Information Services Operations and Information Services Computer Rental Funds account for the operations of the City's Information Services Department.

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

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

The Renewable Energy Services Fund was created to account for the activities related to the City's gas-to-energy project. Gases from the City's landfill will be captured and converted to electric

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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energy, which will be sold to outside entities. Savings created by this operation will be rebated back to other City funds based upon their electricity consumption.

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

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

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

The Geographic Information Systems Fund accounts for operations of the City's geographic information systems.

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

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

The Agency Funds account for assets held by the City in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results in operations. The Payroll Fund is used to account for all benefits charged and all deductions withheld during payroll processing until payments are remitted.

The Shopping Area Redevelopment Authority Fund accounts for special assessments charged to property owners within the authority district for promotion of this area. The City acts as an agent for the financial management of this authority. The DDA Façade Improvements Fund accounts for loans to businesses in the Downtown Development Authority business district. The funding for these loans was provided by a grant from the Rollin M. Gerstacker Foundation. The Tax Collection Fund is used to account for taxes collected on behalf of other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the 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 Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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

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

**Assets, liabilities, and net assets or equity**

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

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

Property tax receivables are shown as net of allowance for uncollectible amounts totaling \$2,740,000. The property tax receivable allowance at June 30, 2011 equals 100 percent of outstanding property taxes over two years old, 50 percent of outstanding property taxes two years old, and 10 percent of outstanding property taxes one year old.

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

The 2010 taxable valuation of the government totaled \$2,303,108,341 on which ad valorem taxes consisted of 12.67 mills for the City's operating purposes, 1.0 mills for Library services, and .27 mills for debt levies. This resulted in \$28,839,177 for operating expenses, \$2,302,912 for the Library, and \$621,775 for debt service, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

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

Restricted assets – Certain resources are set aside for debt service on the City's Enterprise Fund revenue bonds are classified as restricted assets on the balance sheet because their use is limited b



**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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applicable bond covenants. Additionally, certain resources set aside for closure and postclosure costs for the enterprise landfill operation are classified as restricted assets because their use is limited by applicable state regulations.

Assets held for resale – include properties acquired with the express intent of resale. Properties are recorded at cost in the governmental funds. At year end, the City’s Major Street fund held property with the intent of selling or exchanging it for road right-of-way property for future street expansion projects. The property was sold in February of 2011.

Capital assets – Capital assets, which include property, plant, equipment, and infrastructure (e.g., road, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

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

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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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.

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

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

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

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

Assigned – amounts intended to be used for specific purposes, as determined by City Council. The City Council has granted the City's Director of Fiscal Services the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

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

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

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

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America (GAAP) 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 these estimates.

#### **Comparative data**

Comparative data is not included in the government's financial statements.

#### **Adoption of New Accounting Standard**

The Government Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which the City adopted effective July 1, 2010. The new standard changes fund balance classifications to depict the relative strength of the spending constraints and clarifies the definitions of various governmental fund types. The standard also includes a new definition of special revenue funds.

#### **NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**State Construction Code Act** – The City oversees building construction, in accordance with the State's Construction Code Act, including inspection on building construction renovation to ensure

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 follows:

Shortfall at July 1, 2010	\$	(528,846)
Current year building permit revenue		547,970
Related expenses:		
Direct costs	\$	428,800
Estimated indirect costs		<u>25,728</u>
Total construction code expenses		<u>454,528</u>
Cumulative shortfall at June 30, 2011	\$	<u><u>(435,404)</u></u>

**Budgetary information**

The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Special Revenue Funds, and Debt Service Funds. All annual appropriations lapse at the end of the fiscal year.

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

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

**Deficit net assets**

The City has accumulated unrestricted net asset deficits in the Currie Municipal Golf Course Fund, Civic Arena Fund, and in the Government-wide statements with Governmental Activities.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

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

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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

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

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

**Custodial Credit Risk of Bank Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$ 31,615,672 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits its funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

Investment	Fair Value	Weighted Average Maturity
Commercial Paper	\$ 10,717,617	0.341
Corporate Bonds	9,364,708	7.927
FHLM	302,546	4.908
FNMA	79,988	2.467
International Bonds	478,654	4.631
Asset & Mortgage Backed Securities	275,841	28.126
Municipal Obligation	788,189	4.378
U.S. Treasury Notes	4,541,761	3.324

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

**City of Midland, Michigan**  
**Notes to Financial Statements**  
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Investment	Fair Value	Rating	Organization
Commercial Paper	6,797,183	A1+	S & P
Commercial Paper	3,920,434	A1	S & P
Corporate bonds	1,465,756	A	S & P
Corporate bonds	1,532,784	A-	S & P
Corporate bonds	848,654	A+	S & P
Corporate bonds	154,274	AA	S & P
Corporate bonds	938,378	AA-	S & P
Corporate bonds	163,109	AA+	S & P
Corporate bonds	315,319	AAA	S & P
Corporate bonds	159,169	B+	S & P
Corporate bonds	83,438	BB	S & P
Corporate bonds	199,369	BB-	S & P
Corporate bonds	404,826	BB+	S & P
Corporate bonds	1,596,145	BBB	S & P
Corporate bonds	964,025	BBB-	S & P
Corporate bonds	539,463	BBB+	S & P
FHLM	302,546	A+	S & P
FNMA	79,988	AA+	S & P
International bonds	153,004	BBB-	S & P
International bonds	325,650	BBB+	S & P
Money market funds	2,307,537	N / A	N / A
Mortgage/asset bkd securities	275,841	N / A	N / A
Municipal obligation	108,687	AA	S & P
Municipal obligation	106,113	AA-	S & P
Municipal obligation	212,284	AA+	S & P
Municipal obligation	154,653	AAA	S & P
Municipal obligation	206,452	N / A	N / A
Mutual funds	2,435,977	N / A	N / A
Pooled funds	274,036	N / A	N / A

**NOTE 4 - RECEIVABLES AND DEFERRED REVENUE**

The only receivables not expected to be collected within one year are as follows:

	Due After One Year
<b>Primary government</b>	
Special assessments	<u>\$ 519,167</u>

The receivables are included in the Special Assessment Revolving Fund.

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>Primary government</b>			
State shared revenue	\$ 445,429	\$ -	\$ 445,429
Special assessments	-	50,551	50,551
Grants	9,755	76,653	86,408
Trust deeds	-	<u>1,521,687</u>	<u>1,521,687</u>
Total deferred revenue for governmental funds	<u>\$ 455,184</u>	<u>\$ 1,648,891</u>	<u>\$ 2,104,075</u>

**City of Midland, Michigan**  
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**NOTE 5 - CAPITAL ASSETS**

Capital assets activity of the City for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance		Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>					<b>Business-type activities</b>				
Capital assets not being depreciated					Capital assets not being depreciated				
Land	\$ 5,388,374	\$ -	\$ -	\$ 5,388,374	Land	\$ 2,655,580	\$ 138,214	\$ -	\$ 2,793,794
Construction in progress	6,940,202	9,838,391	13,514,689	3,263,904	Construction in progress	4,330,031	3,304,560	6,729,943	904,648
<b>Total capital assets not being depreciated</b>	<b>12,328,576</b>	<b>9,838,391</b>	<b>13,514,689</b>	<b>8,652,278</b>	<b>Total capital assets not being depreciated</b>	<b>6,985,611</b>	<b>3,442,774</b>	<b>6,729,943</b>	<b>3,698,442</b>
Capital assets being depreciated					Capital assets being depreciated				
Major and local roads	60,212,833	1,472,225	-	61,685,058	Water and sewer lines	83,876,471	2,482,628	-	86,359,099
Sidewalks	5,302,473	90,322	-	5,392,795	Building and building improvements	79,772,780	2,732,642	-	82,505,422
Buildings	25,330,666	4,249,266	-	29,579,932	Land improvements	6,839,591	1,250,225	-	8,089,816
Land improvements	22,954,724	1,801,281	-	24,756,005	Landfill improvements	12,864,550	-	-	12,864,550
Library circulation materials	4,864,924	277,263	400,321	4,741,866	Equipment	6,557,750	1,476,354	43,743	7,990,361
Equipment	10,020,724	6,333,162	136,575	16,217,311	Vehicles	735,299	192,590	2,400	925,489
Vehicles	16,541,502	940,852	1,329,208	16,153,146	<b>Total capital assets being depreciated</b>	<b>190,646,441</b>	<b>8,134,439</b>	<b>46,143</b>	<b>198,734,737</b>
<b>Total capital assets being depreciated</b>	<b>145,227,846</b>	<b>15,164,371</b>	<b>1,866,104</b>	<b>158,526,113</b>	Less accumulated depreciation for				
Less accumulated depreciation for					Water and sewer lines	31,304,793	1,612,339	-	32,917,132
Major and local roads	27,373,320	2,438,181	-	29,811,501	Building and building improvements	35,619,056	1,534,645	-	37,153,701
Sidewalks	2,442,294	217,784	-	2,660,078	Land improvements	1,669,129	121,878	-	1,791,007
Buildings	11,228,619	634,123	-	11,862,742	Landfill improvements	7,924,028	238,359	-	8,162,387
Land improvements	6,124,932	473,971	-	6,598,903	Equipment	4,540,211	407,336	21,075	4,926,472
Library circulation materials	3,837,477	411,513	400,322	3,848,668	Vehicles	556,551	52,656	1,376	607,831
Equipment	7,888,174	434,653	136,574	8,186,253	<b>Total accumulated depreciation</b>	<b>81,613,768</b>	<b>3,967,213</b>	<b>22,451</b>	<b>85,558,530</b>
Vehicles	10,047,656	1,389,156	1,249,378	10,187,434	Net capital assets being depreciated	109,032,673	4,167,226	23,692	113,176,207
<b>Total accumulated depreciation</b>	<b>68,942,472</b>	<b>5,999,381</b>	<b>1,786,274</b>	<b>73,155,579</b>	Business-type capital assets, net	\$ 116,018,284	\$ 7,610,000	\$ 6,753,635	\$ 116,874,649
<b>Net capital assets being depreciated</b>	<b>76,285,374</b>	<b>9,164,990</b>	<b>79,830</b>	<b>85,370,534</b>					
<b>Governmental activities capital assets, net</b>	<b>\$ 88,613,950</b>	<b>\$ 19,003,381</b>	<b>\$ 13,594,519</b>	<b>\$ 94,022,812</b>					

**City of Midland, Michigan**  
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Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 185,273
Public safety	389,574
Public works	4,193,850
Parks and recreation	448,398
Library	569,932
Airport	65,621
Transportation	128,452
Other functions	<u>18,281</u>
<b>Total governmental activities</b>	<b><u>\$ 5,999,381</u></b>
Business-type activities:	
Civic Arena	\$ 272,522
Landfill	361,448
Real Estate Rental	-
Senior Housing	448,613
Golf course	138,853
Parking system	36,343
Wastewater	1,492,478
Water	<u>1,216,956</u>
<b>Total business-type activities</b>	<b><u>\$ 3,967,213</u></b>

Constructions Commitments – The City has active construction projects as of June 30, 2011. The projects included sidewalk, streets, landfill, renewable energy, wastewater, and water system projects.

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Sidewalk projects	\$ 415,807	\$ 79,558
Street projects	1,553,236	1,498,843
Landfill projects	2,386,378	14,744
Renewable Energy projects	10,494,119	23,517
Municipal Service Center projects	15,982	251
Storm Water projects	-	1,266
Wastewater projects	222,090	223,437
Water projects	<u>2,513,445</u>	<u>8,520</u>
<b>Total</b>	<b><u>\$ 17,601,057</u></b>	<b><u>\$ 1,850,136</u></b>

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS**

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sanitary Landfill	Civic Arena	\$ 261,914
Sanitary Landfill	Renewable Energy	20,735
Community Development Block Grant	Midland Housing	<u>135,251</u>
		<b><u>\$ 417,900</u></b>

The balance owing from the Midland Housing Fund to the Community Development Block Grant (CDBG) Fund represents remaining balances on mortgages subsidized by the CDBG fund. The remaining interfund balance resulted from loans made for working capital purposes.

Advances at year end are as follows:

<u>Advances to other funds</u>	<u>Advances from other funds</u>	
Sanitary Landfill	Renewable Energy Services	<b><u>\$ 414,265</u></b>

**City of Midland, Michigan**  
**Notes to Financial Statements**  
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The details for interfund transfers are as follows:

	Transfers Out										Total
	General	Major Street Fund	Local Street Fund	DDA Fund	Debt Service Fund	Riverside Fund	Wastewater Fund	Water Fund	Equipment Revolving Fund	Special Assessment Revolving Fund	
Transfers in:											
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,025	\$ 80,000	\$ 185,025
Local Street Fund	-	1,725,000	-	-	-	-	-	-	-	-	1,725,000
Storm Water Management Fund	280,000	78,168	110,002	-	-	-	-	-	-	-	468,170
Library	706,308	-	-	-	-	-	-	-	-	-	706,308
Dial-a-Ride Fund	530,559	-	-	-	-	-	-	-	-	-	530,559
Debt Service Fund	1,860,537	-	-	-	-	-	-	-	-	-	1,860,537
Civic Arena Fund	200,000	-	-	-	-	-	-	-	-	-	200,000
Washington Woods Fund	-	-	-	-	-	10,000	-	-	-	-	10,000
Currie Golf Course Fund	62,753	-	-	-	-	-	-	-	-	-	62,753
Parking Fund	-	-	-	45,000	-	-	-	-	-	-	45,000
Wastewater Fund	-	-	-	-	842,713	-	-	-	-	-	842,713
Municipal Service Center Fund	-	-	-	-	-	-	-	25,000	-	-	25,000
Renewable Energy Fund	-	-	-	-	-	-	23,520	88,480	-	-	112,000
<b>Total</b>	<b>\$ 3,640,157</b>	<b>\$ 1,803,168</b>	<b>\$ 110,002</b>	<b>\$ 45,000</b>	<b>\$ 842,713</b>	<b>\$ 10,000</b>	<b>\$ 23,520</b>	<b>\$ 88,480</b>	<b>\$ 130,025</b>	<b>\$ 80,000</b>	<b>\$ 6,773,065</b>

The transfers from the General Fund to the Stormwater Management Fund, Library Fund, Dial-A-Ride Fund, Civic Arena Fund, and Currie Municipal Golf Course Fund represent the use of unrestricted resources to finance these programs, in accordance with the budgetary authorizations. The transfer from the General Fund to the Debt Service Fund is to provide funding for the debt service payments for the 2008 Judgment bonds.

The transfers from the Major Street Fund to the Local Street Fund represent the sharing of gas and weight tax in accordance with Act 51, as well as sharing the 1-mill County Road Millage that is accounted for in the City's Major Street Fund. Both the Major Street Fund and the Local Street Fund transfer funding to the Stormwater Management Fund to offset roadside drainage costs that are accounted for in that fund. The transfer from the Debt Service Fund to the Wastewater Fund is necessary to transfer an additional millage for debt retirement to the Wastewater fund, which is the fund that accounts for the related debt. The transfer from the Downtown Development Authority to the Parking Fund is an annual contribution made by the DDA to help fund parking enforcement and related activities within the downtown district. The transfers from the Equipment Revolving Fund to the General Fund and Municipal Service Center Fund are to distribute property auction proceeds. The transfers from the Water and Wastewater Funds to the Renewable Energy Fund were to provide assistance for start up costs in the Fund's first year of operations. The transfers from the Riverside Place Fund to the Washington Woods Fund, and from the Special Assessment Revolving Loan Fund to the General Fund represent fund transfers in according with budgetary authorization.



**City of Midland, Michigan**  
**Notes to Financial Statements**  
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**NOTE 7 - LEASES**

**Operating Leases**

The City leases its police administration facility and landfill equipment under non-cancelable operating leases. Total costs for such leases were \$ 310,924 for the year ended June 30, 2011. According to the terms of its lease with the Midland City/County Joint Building Authority, the City's obligation for operating leases amounts to 64.8 percent of total operating expenses of police and administration facility.

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

<u>Year ending June 30,</u>	
2012	\$ 325,731
2013	244,050
2014	251,372
2015	258,913
2016	266,680
2017 - 2021	<u>1,458,313</u>
	<u>\$ 2,805,059</u>

**Capital leases**

The City has entered into a lease agreement with the Midland City/County Joint Building Authority as lessee for financing the construction of police administration facilities. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The gross amount of the capital lease, \$2,985,679, has been capitalized as a building. Payments under this lease agreement for the year ended June 30, 2011 totaled \$223,005, including \$18,432 of interest charges.

The future minimum lease obligation and net present value as of June 30, 2011 are as follows:

<u>Year ending June 30,</u>	
2012	\$ 212,621
2013	<u>215,457</u>
Total minimum lease payments	428,078
Less amount representing interest	<u>18,554</u>
Present value of minimum lease payments	<u>\$ 409,524</u>
Buildings	\$ 2,985,679
Less accumulated depreciation	<u>1,044,983</u>
Total	<u>\$ 1,940,696</u>

**City of Midland, Michigan**  
**Notes to Financial Statements**  
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**NOTE 8 - LONG-TERM DEBT**

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>									
Bonds and notes payable									
General obligation bonds									
2008 Judgment Funding Bonds	\$ 17,890,000	Sept. 2023	3.625 - 4.375%	\$1,000,000 - \$1,545,000	\$ 16,030,000	\$ -	\$ 965,000	\$ 15,065,000	\$ 1,000,000
2010 Renewable Energy	6,000,000	October 2030	2.50%	\$235,000 - \$375,000	-	6,000,000	-	6,000,000	235,000
Bond issuance costs					(92,021)	(41,000)	(9,030)	(123,991)	-
Bond discount					(183,943)	-	(14,150)	(169,793)	-
Total bonds payable					<u>15,754,036</u>	<u>5,959,000</u>	<u>941,820</u>	<u>20,771,216</u>	<u>1,235,000</u>
Capital lease					614,097	-	204,573	409,524	200,336
Compensated absences					<u>3,649,089</u>	<u>1,363,092</u>	<u>1,499,834</u>	<u>3,512,347</u>	<u>1,530,939</u>
Total governmental activities					<u>\$ 20,017,222</u>	<u>\$ 7,322,092</u>	<u>\$ 2,646,227</u>	<u>\$ 24,693,087</u>	<u>\$ 2,966,275</u>
<b>Business-type activities</b>									
Bonds and notes payable									
General obligation bonds									
2001 Sewer Construction	\$ 13,600,000	May 2011	4.50%	\$625,000	\$ 625,000	\$ -	\$ 625,000	\$ -	\$ -
2001 Sewer Construction - State Revolving Fund	5,130,000	May 2022	2.50%	\$240,000 - \$304,063	3,239,063	-	235,000	3,004,063	240,000
2004 Civic Arena	6,500,000	May 2030	3.750 - 4.750%	\$160,000 - \$360,000	4,815,000	-	150,000	4,665,000	160,000
2005 Sewer Refunding Bonds	9,480,000	May 2021	3.55 - 4.15%	\$745,000 - \$1,085,000	9,205,000	-	75,000	9,130,000	745,000
Less deferred charge on defeasance					(452,845)	-	(41,167)	(411,678)	-
Bond issuance costs					(46,632)	-	(4,239)	(42,393)	-
Bond discount					(4,714)	-	(4,714)	-	-
Total bonds payable					<u>17,379,872</u>	<u>-</u>	<u>1,034,880</u>	<u>16,344,992</u>	<u>1,145,000</u>
Compensated absences					913,473	395,046	450,272	858,247	456,392
Landfill closure and postclosure					<u>3,310,000</u>	<u>150,000</u>	<u>-</u>	<u>3,460,000</u>	<u>-</u>
Total business-type activities					<u>\$ 21,603,345</u>	<u>\$ 545,046</u>	<u>\$ 1,485,152</u>	<u>\$ 20,663,239</u>	<u>\$ 1,601,392</u>

Compensated absences are normally liquidated by the fund in which the individual employees are budgeted.

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

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

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

On August 9, 2004, the City Council approved the sale of \$6.5 million in limited tax general obligation bonds for the construction of a new civic arena. The final payment will be made in the year 2030. The

total cost of the civic arena project was approximately \$10.3 million, with the balance of the funding coming primarily from area foundations. The project was completed in the fall of 2005.

On September 13, 2005, the City issued \$9,480,000 of General Obligation Unlimited Tax Refund Bonds. The bonds were issued pursuant to resolutions adopted by the City Council on July 11, 2005 and August 22, 2005, and provide for an average interest rate of 3.95 percent. The proceeds of these bonds were used to advance refund \$9,025,000 of outstanding 2001 General Obligation Unlimited Bonds with an average interest rate of 5.07 percent.

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

By statute, the City's general obligation debt is restricted to 10 percent of the equalized value of all property in the City. Certain obligations, such as water revenue refunding bonds, are not subject to this limitation. At June 30, 2011, the City's general obligation debt statutory and legal debt limit amounted to \$256,369,495 and the indebtedness subject to the limitation aggregated \$37,864,063.

**City of Midland, Michigan**  
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Annual debt service requirements to maturity for the above obligations are as follows:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 1,235,000	\$ 763,552	\$ 1,145,000	\$ 635,114
2013	1,280,000	719,134	1,195,000	596,668
2014	1,330,000	675,372	1,260,000	555,702
2015	1,385,000	625,722	1,300,000	511,640
2016	1,435,000	574,084	1,345,000	465,280
2017 - 2021	8,000,000	1,972,962	7,540,000	1,543,420
2022 - 2026	4,610,000	619,892	1,674,063	517,634
2026 - 2030	1,790,000	382,548	1,340,000	162,530
	<u>\$ 21,065,000</u>	<u>\$ 6,333,266</u>	<u>\$ 16,799,063</u>	<u>\$ 4,987,988</u>

**NOTE 9 – LANDFILL CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the City to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,460,000 reported as landfill closure and postclosure care liability at June 30, 2011 represents the cumulative amount reported to date based on the use of 100 percent of the capacity of Area A (32 acres closed in 1993) and cells 1 through 13 (40.2 acres closed in 2005), cell 14 (12.6 acres), 63 percent of the estimated capacity of cell 15, and 11 percent of the estimated capacity of cell 16.

The City will recognize the remaining estimated cost of closure and postclosure care of \$1,243,040 as the remaining capacity of cells 15 and 16 are filled.

These amounts are based on what it would cost to perform all closure and postclosure care in current dollars. The City expects to reach 100 percent capacity in cell 15 during the fiscal year ending June 2017 and in cell 16 during the fiscal year ending June 30, 2023. The actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make contributions to a trust to finance closure and postclosure care. The City is in compliance with these requirements, and June 30, 2011, cash and cash equivalents in the amount of \$2,106,779 were held for these purposes, reported as restricted assets on the balance sheet. The City expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

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

**City of Midland, Michigan**  
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**NOTE 10 - RESTRICTED ASSETS**

**Enterprise Funds** – Cash and cash equivalents are restricted within the Water and Wastewater Funds for future debt service obligations in the amounts of \$62,945 and \$1,063,368, respectively. Within each of these funds, an offsetting liability “payable from restricted assets” designates the separation of these assets from unreserved assets. In addition, the Landfill Fund has \$2,106,779 of restricted assets that are for closure and postclosure costs.

**NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

**Police and Fire Pension System**

**Plan Description** – The Police and Fire Pension System is a single-employer defined benefit pension plan that is administered by the City of Midland Police and Fire Employees Retirement System. This plan covers all police and fire employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2010, the date of the most recent actuarial valuation, membership consisted of 119 retirees and beneficiaries currently receiving benefits, terminated employees entitled to benefits but not yet receiving them, and 90 current active employees. The plan does not issue a separate financial report.

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

increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

**Annual Pension Cost** – For the year ended June 30, 2011, the City’s annual pension cost was \$2,148,396, which was equal to the City’s required and actual contribution. The required employer contributions were determined as part of an actuarial valuation at December 31, 2009, using the entry age actuarial funding method. Significant actuarial assumptions used include (a) a 7 percent investment rate of return, (b) projected salary increases of 4.0 percent per year, compounded annually, (c) additional projected salary increases of up to 5.2 percent per year, attributable to seniority/merits, and (d) no postretirement benefit increases other than 5 percent increases for Police Command members with 25 or more years at 5, 10, 15, and 20 years after retirement. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial accrued liability is being amortized as a level (principal and interest) percentage of payroll on an open basis. The remaining contributions are over 29 years.

**Reserves** – As of June 30, 2011, the plan’s legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 6,067,975
Reserve for employer contributions	5,259,666
Reserve for retired benefit payment	40,396,729

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

Three year trend information:

Year Ended June 30,	Annual Pension Cost APC	Percentage of APC Contribution	Net Pension Obligation
2009	\$ 1,582,608	100	None
2010	1,864,482	100	None
2011	2,148,396	100	None

Schedule of Funding Progress

Actuarial Valuation Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio (Percent)	Covered Payroll	UAAL as a Percent of Covered Payroll
12/31/2008	\$ 53,561,742	\$ 64,141,007	\$ 10,579,265	84%	\$ 6,075,419	174.1%
12/31/2009	52,759,228	67,464,338	14,705,110	78%	6,342,813	231.8%
12/31/2010	52,229,082	68,458,917	16,229,835	76%	6,422,073	252.7%

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

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

Funding policy – The obligation to contribute to and maintain the system for these employees was established primarily by negotiation with the City's collective bargaining units and requires a contribution from employees ranging from 0 percent to 5 percent gross wages. The City's funding policy provides for quarterly employee and employer contributions at actuarially determined rates.

Annual pension costs – For year ended June 30, 2011, the City's annual pension cost of \$3,759,024 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2009, using the entry actual age actuarial funding method. Significant actuarial assumptions used include: 1) an 8% investment rate of return; 2) projected salary increases of 4.5 percent per year, compounded annually; 3) additional projected salary increases of 0 percent to 4.16 percent per year, attributable to seniority/merit, and 4) the assumption that benefits will increase after retirement by 2.5 percent annually, non-compounded. Both 1) and 2) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

Three year trend information:

Year Ended June 30,	Annual Pension Cost APC	Percentage of APC Contribution	Net Pension Obligation
2009	\$ 3,115,524	100	None
2010	3,588,852	100	None
2011	3,759,024	100	None

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

**Schedule of Funding Progress**

Actuarial Valuation	Actuarial	Actuarial Accrued	Unfunded	Funded		UAAAL as a
<u>Valuation Date</u>	<u>Value of Assets</u>	<u>Liabilities (AAL)</u>	(Overfunded)	Ratio	Covered	Percent of
			<u>AAL (UAAL)</u>	(Percent)	<u>Payroll</u>	<u>Payroll</u>
12/31/2008	\$ 80,184,185	\$ 111,557,333	\$ 31,373,148	72%	\$ 11,873,441	264.2%
12/31/2009	79,811,487	114,161,456	34,349,969	70%	11,011,467	311.9%
12/31/2010	80,166,101	117,658,253	37,492,152	68%	10,363,303	361.8%

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

The City of Midland participates in the Municipal Employee's Retirement System of Michigan (MERS) defined contribution plan for all employees hired on or after July 1, 2005, with the exception of police and fire employees. In the defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by City Council resolution, the City contributes 5 percent of the employee's gross earnings in the plan. The employee is fully vested after five years of service or at age 65.

The City's total payroll during the current year was \$23,474,143. The current year contribution was calculated based on covered payroll of \$3,054,068, resulting in an employer contribution of \$152,703. Employee contribution was zero.

**International City/County Management Association (ICMA) – RC 457 – Deferred Compensation Plan**

The City also participates in an ICMA-RC 457 deferred compensation plan for all employees hired on or after July 1, 2005, with the exception of police and fire employees. In the deferred compensation plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Employees are eligible to participate from

the date of employment. As established by City Council resolution, the City will contribute up to 7 percent of the employee's wages with 100 percent matching of the employee wage contributions, in 1 percent increments.

The City's total payroll during the current year was \$23,474,143. The current year contribution was calculated based on covered payroll of \$3,054,068, resulting in an employer contribution of \$150,869 and employee contributions of \$135,983.

**NOTE 12 – POSTEMPLOYMENT BENEFITS**

The City of Midland provides postemployment healthcare coverage under a traditional insured plan to retired employees and their qualified spouses and other dependents, as mandated by collective bargaining agreements. Each agreement contains variations of the following general guidelines. Most employees fall into one of the following general groups:

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

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

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

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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The City funds the retiree health insurance on a “pay as you go” basis. The net cost to the City of providing postemployment health care coverage follows:

<u>Year</u>	<u>Number of Retirees</u>	<u>Amount</u>
2011	355	\$ 4,238,162
2010	347	4,080,428
2009	337	3,724,400

For the fiscal year, the City of Midland transferred \$2,379,651 to Municipal Employee’s Retirement System of Michigan (MERS) Retiree Health Funding Vehicle. MERS acts as a fiduciary, investing and managing funds for the future payment of postemployment healthcare coverage for the City of Midland.

**Health care savings program**

The City of Midland participates in the Municipal Employee’s Retirement System of Michigan (MERS) healthcare savings program for all employees hired on or after July 1, 2005, with the exception of police and fire employees. In the healthcare savings program, benefits depend solely on the amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by City Council resolution, the City contributes 2 percent of the employee’s gross earnings in the program. The employee is fully vested after three years of service. The City’s total payroll during the current year was \$23,474,143. The current year contribution was calculated based on covered payroll of \$3,054,068, resulting in an employer contribution of \$61,082.

**OTHER POSTEMPLOYMENT BENEFITS**

*Plan description.* The City of Midland’s Retiree Healthcare Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the City. The Plan provides 100% of health insurance

benefits to eligible retirees and their dependents. The benefit is provided upon general administrative employees attaining 55 years of age, with 20 years of service to the City, and public safety employees are eligible with 25 years of service regardless of age. The City established a retirement health savings trust to account for the Plan.

*Fund policy.* The contribution requirements of Plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City. For the year ended June 30, 2011, the City contributed \$6,629,537 to the plan which was the Annual Required Contribution (ARC). Beginning with the fiscal year ending June 30, 2009, the City was required to beginning recognizing expenses for OPEB costs in the government-wide and proprietary fund financial statements based on an actuarially determined annual required contribution (ARC).

*Annual OPEB Cost and Net OPEB Obligation.* The City’s other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarially accrued liabilities (or funding excess) over a period not to exceed thirty years.



**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ (6,629,537)
Contributions made to OPEB Trust	<u>6,629,537</u>
Change in net OPEB obligation	-
Net OPEB liability, beginning of year	<u>-</u>
Net OPEB liability, end of year	<u>\$ -</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011 is as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 5,747,843	100%	\$ -

*Funded status and funding progress.* As of June 30, 2010 the date of the most recent actuarial valuation, the Plan was 25.7% funded. The actuarial accrued liability for benefits was \$81,681,092, and the actuarial value of assets was \$21,010,920, resulting in an unfunded actuarial accrued liability (UAAL) of \$60,670,172.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The

schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial methods and assumptions.* Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to the point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2010 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions includes: (a) a rate of return on investments of 8.0%; (b) projected salary increases of 4.5% attributable to inflation; (c) additional projected salary increases ranging from .3% to 8.4%, depending on age, attributable to seniority/merit; and (d) projected healthcare benefit increases of 4.5% to 9%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 28 years the plan is open.

**NOTE 13 - CLAIM, LITIGATION, AND OTHER CONTINGENCIES**

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

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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

**NOTE 14 – ENTERPRISE FUND CONTRACTUAL REVENUE**

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

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

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

	Percentage	
	Dow Chemical Company	Dow Corning Corporation
1998 Saginaw-Midland - Water Revenue Refinancing Bonds	34.00	4.20
2002 Saginaw-Midland - Water Revenue Refinancing Bond	34.00	4.20
2006 Saginaw-Midland - Water Revenue Bonds	34.00	4.20
2009 Saginaw-Midland - Water Revenue Bonds	34.00	4.20

Total payments received under these agreements during the fiscal year were \$444,107, consisting of principal and interest of \$333,880 and \$110,228, respectively. These payments have been recorded as nonoperating revenue in the City's Enterprise Funds. Under the terms of these agreements, no equity accrues to either company.

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

**NOTE 15 – URBAN COOPERATION ACT AGREEMENT**

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

The agreement provides for (1) the orderly and uncontested annexation to the City of certain property then located in the Township; (2) future sharing, through the year 2022, of revenues derived from the City's levy of property taxes on certain property to be

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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

The City's obligation under provision 3 above, shall cease if and when total cumulative payments there under reach \$15,000,000. The amount of revenue sharing due to the Township by the City under this agreement during the year ended June 30, 2011 was \$92,495. The total cumulative payments from the City through June 30, 2010 were \$3,409,815.

**NOTE 16 - RISK MANAGEMENT**

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

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

Beginning July 1, 2007, the City started a self-insurance program for health insurance, which is accounted for in the Health Insurance Fund (Internal Service Fund). An independent administrator (BCBS) processed the daily claims. The City has a \$40,000 stop-loss, per contract. There were no reductions to insurance coverage from the prior year.

The cost for health care is charged out to other City funds through hits payroll system based upon illustrative rates generated by BCBS. These charges, together with employee withholdings, are the source of revenue to the Health Insurance Fund. Settled claims for the past three years, including the current year, as well as the prior two years relating to the commercial health insurance, have not exceeded the amount of insurance coverage.

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

The estimated liability for the past two fiscal years is as follows:

	2011	2010
Unpaid claims - Beginning of year	\$ 935,012	\$ 959,832
Incurred claims, including claims incurred but not reported	7,719,904	7,676,905
Claims paid	(7,732,588)	(7,701,725)
Unpaid claims - End of year	\$ 922,328	\$ 935,012

**NOTE 17 – SUBSEQUENT EVENTS**

In May of 2009 the Midland Cogeneration Venture (MCV), then the City's second largest taxpayer, sold 100% of its interest in the company prompting the related property to be uncapped for valuation purposes in accordance with the General Property Act (PA 206 of 1893). In order to determine the value for this property the City Assessor contracted with an independent appraiser and arrived at a taxable value of approximately \$456 million, an increase of about \$184 million.

MCV subsequently appealed to the Michigan Tax Tribunal to reduce its 2010 taxable value to approximately \$148 million. MCV later added the 2011 valuation to this appeal. During these two years the

**City of Midland, Michigan**  
**Notes to Financial Statements**  
**June 30, 2011**

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City prepared budgets that included no additional revenue due to the uncapping. MCV paid its property taxes for these two years recognizing no tax increase due to the uncapping.

The State of Michigan is also a party to this appeal. All three parties are in the final stages of a comprehensive settlement which is expected to be completed in December 2011. Under the terms of this settlement the taxable values for 2010 and 2011 will be adjusted downward to reflect those values applied by MCV in paying their 2010 and 2011 taxes. As a result, there will be no additional taxes due by MCV, or refunds required by the taxing jurisdictions. For 2011, the final combined taxable values for all properties will be adjusted downward to \$260 million.

**City of Midland, Michigan**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				
Taxes				
Property taxes	\$ 29,649,368	\$ 27,126,042	\$ 27,188,436	\$ 62,394
Other taxes	30,000	33,000	34,145	1,145
Penalties and interest	100,000	109,565	110,480	915
Administration fee	1,021,500	899,870	938,170	38,300
Licenses and permits	235,780	539,900	645,529	105,629
Federal grants	25,000	264,930	173,429	(91,501)
State revenue sharing	2,773,615	2,800,000	2,946,517	146,517
State grants	32,500	32,500	32,665	165
Local contributions	100,000	705,000	620,710	(84,290)
Charges for services	2,273,109	2,269,572	2,297,251	27,679
Use and admission charges	206,950	253,358	256,399	3,041
Interest income	125,000	75,000	49,917	(25,083)
Rental income	113,306	114,706	114,182	(524)
Other revenue	773,487	829,620	1,015,452	185,832
Sale of fixed assets	30,000	-	-	-
<b>Total revenues</b>	<u>37,489,615</u>	<u>36,053,063</u>	<u>36,423,282</u>	<u>370,219</u>

**City of Midland, Michigan**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Expenditures</b>				
General government	\$ 6,426,935	\$ 6,299,683	\$ 5,984,755	\$ (314,928)
Public safety	15,929,355	15,945,701	15,779,974	(165,727)
Public works	2,596,385	2,932,565	2,826,647	(105,918)
Sanitation	2,658,378	2,568,499	2,491,420	(77,079)
Parks and recreation	4,283,995	4,405,274	4,262,675	(142,599)
Airport	303,650	347,236	326,472	(20,764)
Other functions	1,200	-	-	-
Property tax appeals	496,500	448,000	315,612	(132,388)
Capital outlay	127,500	1,402,460	1,078,151	(324,309)
Total expenditures	<u>32,823,898</u>	<u>34,349,418</u>	<u>33,065,706</u>	<u>(1,283,712)</u>
Excess of revenues over expenditures	<u>4,665,717</u>	<u>1,703,645</u>	<u>3,357,576</u>	<u>1,653,931</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	123,000	185,025	185,025	-
Transfers out	(4,252,687)	(3,864,326)	(3,640,157)	224,169
Total other financing sources and uses	<u>(4,129,687)</u>	<u>(3,679,301)</u>	<u>(3,455,132)</u>	<u>224,169</u>
Net change in fund balance	536,030	(1,975,656)	(97,556)	1,878,100
Fund balance - beginning of year	7,388,230	7,388,230	7,388,230	-
Fund balance - end of year	<u>\$ 7,924,260</u>	<u>\$ 5,412,574</u>	<u>\$ 7,290,674</u>	<u>\$ 1,878,100</u>

**City of Midland, Michigan**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Major Street Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				
Taxes	\$ -	\$ 1,943,000	\$ 2,117,699	\$ 174,699
Licenses and permits	88,000	88,000	87,005	(995)
Other state grants	2,396,200	2,574,800	2,814,775	239,975
Local contributions	55,000	55,000	22,981	(32,019)
Charges for services	171,468	151,402	138,688	(12,714)
Interest income	4,888	2,500	6,625	4,125
Other revenue	12,000	-	59,895	59,895
Total revenues	<u>2,727,556</u>	<u>4,814,702</u>	<u>5,247,668</u>	<u>432,966</u>
<b>Expenditures</b>				
Engineering	205,250	171,529	135,370	(36,159)
Right of way inspections	33,655	19,679	14,832	(4,847)
Roadway maintenance	193,606	164,851	163,978	(873)
Guardrail maintenance	9,301	1,225	423	(802)
Sweeping and flushing	158,149	150,506	135,212	(15,294)
Shoulder maintenance	12,677	10,475	10,218	(257)
Roadside drainage	79,349	70,200	75,931	5,731
Curb and gutter maintenance	47,060	54,144	59,280	5,136
Roadside cleanup	20,940	17,879	17,082	(797)
Capital outlay	-	2,796,824	1,446,146	(1,350,678)
Snow and ice control	560,168	519,379	441,618	(77,761)
Stormwater activities credit	(87,025)	(72,150)	(78,168)	(6,018)
Trunkline maintenance	176,468	163,402	135,131	(28,271)
Reserve for contingencies	20,000	10,000	-	(10,000)
Traffic services	461,852	505,328	496,432	(8,896)
Total expenditures	<u>1,891,450</u>	<u>4,583,271</u>	<u>3,053,485</u>	<u>(1,529,786)</u>
Excess of revenues over expenditures	<u>836,106</u>	<u>231,431</u>	<u>2,194,183</u>	<u>1,962,752</u>

**City of Midland, Michigan**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Major Street Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Other Financing Sources (Uses)</b>				
Transfers out	\$ (927,025)	\$ (1,797,150)	\$ (1,803,168)	\$ (6,018)
Net change in fund balance	(90,919)	(1,565,719)	391,015	1,956,734
Fund balance - beginning of year, restated	<u>2,863,727</u>	<u>2,863,727</u>	<u>2,863,727</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,772,808</u>	<u>\$ 1,298,008</u>	<u>3,254,742</u>	<u>\$ 1,956,734</u>



**City of Midland, Michigan**  
**Required Supplemental Information**  
**Retirement Systems Schedule of Funding Progress**  
**Police and Fire Retirement System**

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Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b - a )	Funded Ratio (Percent) ( a / b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll
12/31/00	\$ 58,118,623	\$ 41,657,539	\$ (16,461,084)	139.5	\$ 4,469,249	-
12/31/01	58,752,348	44,458,293	14,294,055	132.2	4,939,281	-
12/31/02	55,073,738	47,343,528	7,730,210	116.3	5,534,596	-
12/31/03	51,008,034	49,478,634	1,529,400	103.1	5,582,280	-
12/31/04	48,603,366	50,436,943	1,833,577	96.4	5,419,813	33.8
12/31/05	50,186,088	54,310,758	4,124,670	92.4	5,665,317	72.8
12/31/06	52,563,758	57,395,444	4,831,686	91.6	5,960,007	81.1
12/31/07	55,699,201	60,025,641	4,326,440	92.8	6,075,182	71.2
12/31/08	53,561,742	64,141,007	10,579,265	83.5	6,075,419	174.1
12/31/09	52,759,228	67,464,338	14,705,110	78.2	6,342,813	232.0
12/31/10	52,229,082	68,458,917	16,229,835	76.3	6,422,073	252.7

**City of Midland, Michigan**  
**Required Supplemental Information**  
**Retirement Systems Schedule of Employer Contributions**  
**Police and Fire Retirement System**

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Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2001	\$ 63,710	\$ 63,710	100.00
2002	-	-	100.00
2003	-	-	100.00
2004	194,061	194,061	100.00
2005	929,589	929,589	100.00
2006	1,290,917	1,290,917	100.00
2007	1,477,650	1,477,650	100.00
2008	1,582,533	1,582,533	100.00
2009	1,582,608	1,582,608	100.00
2010	1,864,482	1,864,482	100.00
2011	2,148,396	2,148,396	100.00

The information presented above was determined as part of the actuarial valuations at the date indicated. Additional information as of December 31, 2010, the latest actuarial valuation, follows:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Amortization period (perpetual)	28 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	4.0%
*Includes inflation at	4.0%
Additional salary increases attributable to seniority/merit	0% to 5.2%

**City of Midland, Michigan**  
**Required Supplemental Information**  
**Schedule of Funding Progress**  
**Other Post Employment Benefits**

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Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AAL (UAAL) ( b - a )	Funded Ratio (Percent) ( a / b )
6/30/08	\$ 17,313,617	\$ 89,750,314	\$ 72,436,697	19.3%
6/30/10	21,010,920	81,681,092	60,670,172	25.7%

Note: Valuation is performed every other year, so the next valuation report will be June 30, 2012.

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

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Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2009	\$ 6,518,128	\$ 6,518,128	100.00
2010	6,518,128	6,518,128	100.00
2011	6,629,537	6,629,537	100.00

The information presented above was determined as part of the actuarial valuations at the date indicated. Additional information as of June 30, 2010, the latest actuarial valuation, follows:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Amortization period (perpetual)	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5%
*Includes inflation at	4.5%
Additional salary increases attributable to seniority/merit	0.3% to 8.4%

**City of Midland, Michigan**  
**Note to Required Supplemental Information**  
**Year Ended June 30, 2011**

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**NOTE – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

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

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

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

The City did not approve budgets for the General Construction Fund and the Cemetery Fund. Accordingly, no budget comparison schedules are provided.

The City did not approve budgets for the Major Street Construction Fund and the Local Street Construction Fund. For the government-wide and fund financial statements, these two funds have been combined with the Major Street Fund and Local Street Fund, respectively. For the budgetary comparison schedules, the activity relating to these construction funds is shown in the reconciliation at the bottom of the budgetary comparison schedule for the Major Street Fund and Local Street Fund.

**City of Midland, Michigan  
Other Supplemental Information  
Nonmajor Governmental Funds  
Fund Descriptions  
Year Ended June 30, 2011**

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**Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

**City of Midland, Michigan  
Other Supplemental Information  
Nonmajor Governmental Funds  
Fund Descriptions  
Year Ended June 30, 2011**

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**Debt Service Fund**

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

**Permanent Fund**

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

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

	Special Revenue Funds									Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Local Street	Stormwater Management	Dial-A-Ride	Grace A. Dow Memorial Library	Downtown Development Authority	Community Development Block Grant	Midland Community Television	Special Activities	Midland Housing	Debt Service	Cemetery	
<b>Assets</b>												
Cash and cash equivalents	\$ 2,451,399	\$ 233,506	\$ (187,784)	\$ 14,207	\$ 700,256	\$ (15,027)	\$ 610,616	\$ 138,395	\$ 58,635	\$ (8,005)	\$ 1,857,146	\$ 5,853,344
Receivables - net of allowances for uncollectibles:												
Taxes	-	-	-	29,687	-	-	-	-	-	7,977	-	37,664
Trust deeds	-	-	-	-	-	1,272,915	-	-	-	-	-	1,272,915
Accounts and contracts	-	2,368	1,370	-	709	-	163,843	19,757	298,103	-	1,050	487,200
Accrued interest and other	126	22	5	33	296	-	55	6	11	28	208	790
Due from other units of government	420,377	-	196,344	-	-	5,026	-	-	-	-	-	621,747
Due from other funds	-	-	-	-	-	135,251	-	-	-	-	-	135,251
Inventories	-	-	-	-	-	-	-	-	319,266	-	-	319,266
<b>Total assets</b>	<b>\$ 2,871,902</b>	<b>\$ 235,896</b>	<b>\$ 9,935</b>	<b>\$ 43,927</b>	<b>\$ 701,261</b>	<b>\$ 1,398,165</b>	<b>\$ 774,514</b>	<b>\$ 158,158</b>	<b>\$ 676,015</b>	<b>\$ -</b>	<b>\$ 1,858,404</b>	<b>\$ 8,728,177</b>
<b>Liabilities</b>												
Accounts payable	\$ 349,068	\$ 2,995	\$ 180	\$ 42,529	\$ 2,106	\$ -	\$ 1,252	\$ 42	\$ 94,446	\$ -	\$ -	\$ 492,618
Due to other funds	-	-	-	-	-	-	-	-	135,251	-	-	135,251
Deposits	-	-	-	1,398	-	-	-	25,442	-	-	-	26,840
Deferred revenue	-	-	9,755	-	-	1,273,584	-	-	248,103	-	-	1,531,442
<b>Total liabilities</b>	<b>349,068</b>	<b>2,995</b>	<b>9,935</b>	<b>43,927</b>	<b>2,106</b>	<b>1,273,584</b>	<b>1,252</b>	<b>25,484</b>	<b>477,800</b>	<b>-</b>	<b>-</b>	<b>2,186,151</b>
<b>Fund Balances</b>												
Non-spendable												
Inventories	-	-	-	-	-	-	-	-	319,266	-	-	319,266
Restricted for												
Special trust activities	-	-	-	-	-	-	-	132,674	-	-	-	132,674
Cemetery operations	-	-	-	-	-	-	-	-	-	-	1,858,404	1,858,404
Committed												
Future year expenditures	354,461	84,505	-	-	-	-	-	-	-	-	-	438,966
Assigned	847,482	96,468	-	-	48,113	-	-	-	-	-	-	992,063
Unassigned	1,320,891	51,928	-	-	651,042	124,581	773,262	-	(121,051)	-	-	2,800,653
<b>Total fund balances</b>	<b>2,522,834</b>	<b>232,901</b>	<b>-</b>	<b>-</b>	<b>699,155</b>	<b>124,581</b>	<b>773,262</b>	<b>132,674</b>	<b>198,215</b>	<b>-</b>	<b>1,858,404</b>	<b>6,542,026</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,871,902</b>	<b>\$ 235,896</b>	<b>\$ 9,935</b>	<b>\$ 43,927</b>	<b>\$ 701,261</b>	<b>\$ 1,398,165</b>	<b>\$ 774,514</b>	<b>\$ 158,158</b>	<b>\$ 676,015</b>	<b>\$ -</b>	<b>\$ 1,858,404</b>	<b>\$ 8,728,177</b>



**City of Midland, Michigan**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2011**

	Special Revenue Funds								Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds	
	Local Street	Stormwater Management	Dial-A-Ride	Grace A. Dow Memorial Library	Downtown Development Authority	Community Development Block Grant	Midland Community Television	Special Activities	Midland Housing	Debt Service		Cemetery
<b>Revenues</b>												
Taxes	\$ -	\$ -	\$ -	\$ 2,212,239	\$ 466,718	\$ -	\$ -	\$ -	\$ -	\$ 599,308	\$ -	\$ 3,278,265
Licenses and permits	71,186	23,237	-	-	-	-	-	-	-	-	-	94,423
Federal grants	-	-	360,409	-	-	105,872	-	-	-	-	-	466,281
Other state grants	722,839	-	613,923	36,889	-	-	-	4,609	-	-	-	1,378,260
Local contributions	-	-	-	42,019	14,000	-	4,065	18,497	-	-	20,005	98,586
Charges for services	-	-	129,788	676,251	-	-	661,514	-	-	-	-	1,467,553
Interest income (loss)	4,040	559	160	2,268	1,751	-	1,354	207	525	722	4,852	16,438
Other revenue	3,870	572	74	5,556	3,792	67,264	-	20,899	7,623	-	-	109,650
<b>Total revenues</b>	<b>801,935</b>	<b>24,368</b>	<b>1,104,354</b>	<b>2,975,222</b>	<b>486,261</b>	<b>173,136</b>	<b>666,933</b>	<b>44,212</b>	<b>8,148</b>	<b>600,030</b>	<b>24,857</b>	<b>6,909,456</b>
<b>Expenditures</b>												
<b>Current</b>												
General government	-	-	-	-	-	-	-	60,932	-	-	-	60,932
Public works	933,231	483,683	-	-	-	-	-	-	-	-	-	1,416,914
Community and economic development	-	-	-	-	330,097	175,284	-	-	74,170	-	-	579,551
Library and community television	-	-	-	3,676,241	-	-	484,969	-	-	-	-	4,161,210
Transportation	-	-	1,629,824	-	-	-	-	-	-	-	-	1,629,824
Capital outlay	745,749	3,414	5,089	9,290	-	-	-	-	-	-	-	763,542
<b>Debt service</b>												
Principal retirement	-	-	-	-	-	-	-	-	-	965,000	-	965,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	652,854	-	652,854
<b>Total expenditures</b>	<b>1,678,980</b>	<b>487,097</b>	<b>1,634,913</b>	<b>3,685,531</b>	<b>330,097</b>	<b>175,284</b>	<b>484,969</b>	<b>60,932</b>	<b>74,170</b>	<b>1,617,854</b>	<b>-</b>	<b>10,229,827</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(877,045)</b>	<b>(462,729)</b>	<b>(530,559)</b>	<b>(710,309)</b>	<b>156,164</b>	<b>(2,148)</b>	<b>181,964</b>	<b>(16,720)</b>	<b>(66,022)</b>	<b>(1,017,824)</b>	<b>24,857</b>	<b>(3,320,371)</b>
<b>Other financing sources (uses)</b>												
Sale of fixed assets	-	-	-	-	-	-	-	-	12,416	-	-	12,416
Transfers in	1,725,000	468,170	530,559	706,308	-	-	-	-	-	1,860,537	-	5,290,574
Transfers out	(110,002)	-	-	-	(45,000)	-	-	-	-	(842,713)	-	(997,715)
<b>Total other financing sources and uses</b>	<b>1,614,998</b>	<b>468,170</b>	<b>530,559</b>	<b>706,308</b>	<b>(45,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,416</b>	<b>1,017,824</b>	<b>-</b>	<b>4,305,275</b>
<b>Net change in fund balance</b>	<b>737,953</b>	<b>5,441</b>	<b>-</b>	<b>(4,001)</b>	<b>111,164</b>	<b>(2,148)</b>	<b>181,964</b>	<b>(16,720)</b>	<b>(53,606)</b>	<b>-</b>	<b>24,857</b>	<b>984,904</b>
<b>Fund balance - beginning of year</b>	<b>1,784,881</b>	<b>227,460</b>	<b>-</b>	<b>4,001</b>	<b>587,991</b>	<b>126,729</b>	<b>591,298</b>	<b>149,394</b>	<b>251,821</b>	<b>-</b>	<b>1,833,547</b>	<b>5,557,122</b>
<b>Fund balance - end of year</b>	<b>\$ 2,522,834</b>	<b>\$ 232,901</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 699,155</b>	<b>\$ 124,581</b>	<b>\$ 773,262</b>	<b>\$ 132,674</b>	<b>\$ 198,215</b>	<b>\$ -</b>	<b>\$ 1,858,404</b>	<b>\$ 6,542,026</b>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule**  
**Local Street Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 72,000	\$ 72,000	\$ 71,186	\$ (814)
Other state grants	670,800	705,000	722,839	17,839
Local contributions	-	1,633	-	(1,633)
Interest income	5,880	1,000	4,040	3,040
Other revenue	-	-	3,870	3,870
	<u>748,680</u>	<u>779,633</u>	<u>801,935</u>	<u>22,302</u>
<b>Expenditures</b>				
Engineering	112,274	84,836	83,162	(1,674)
Right of way inspections	27,401	19,113	13,615	(5,498)
Roadway maintenance	292,041	252,780	135,614	(117,166)
Guardrail maintenance	3,903	984	72	(912)
Sweeping and flushing	225,856	210,380	171,318	(39,062)
Shoulder maintenance	7,682	5,957	2,584	(3,373)
Roadside drainage	148,080	136,680	110,001	(26,679)
Curb and gutter maintenance	164,454	143,780	76,921	(66,859)
Roadside cleanup	11,164	11,235	10,872	(363)
Dust control	22,173	17,723	8,103	(9,620)
Snow and ice control	451,444	473,685	388,141	(85,544)
Stormwater activities credit	(148,140)	(136,680)	(110,003)	26,677
Traffic services	106,686	65,476	42,831	(22,645)
Capital outlay	-	1,838,211	745,749	(1,092,462)
Reserve for contingencies	20,000	10,000	-	(10,000)
	<u>1,445,018</u>	<u>3,134,160</u>	<u>1,678,980</u>	<u>(1,455,180)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(696,338)	(2,354,527)	(877,045)	1,477,482

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule**  
**Local Street Fund**  
**For the Year Ended June 30, 2011**

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	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 1,725,000	\$ 1,725,000	\$ 1,725,000	\$ -
Transfers out	<u>(1,272,140)</u>	<u>(136,680)</u>	<u>(110,002)</u>	<u>26,678</u>
 Total other financing sources and uses	 <u>452,860</u>	 <u>1,588,320</u>	 <u>1,614,998</u>	 <u>26,678</u>
 Net change in fund balance	 (243,478)	 (766,207)	 737,953	 1,504,160
 Fund balance - beginning of year, restated	 <u>1,784,881</u>	 <u>1,784,881</u>	 <u>1,784,881</u>	 <u>-</u>
 Fund balance - end of year	 <u><u>\$ 1,541,403</u></u>	 <u><u>\$ 1,018,674</u></u>	 <u><u>2,522,834</u></u>	 <u><u>\$ 1,504,160</u></u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule**  
**Stormwater Management Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 20,000	\$ 17,210	\$ 23,237	\$ 6,027
Interest income	756	500	559	59
Other revenue	100	575	572	(3)
Total revenues	<u>20,856</u>	<u>18,285</u>	<u>24,368</u>	<u>6,083</u>
<b>Expenditures</b>				
Administration	18,715	18,715	18,715	-
Open drain maintenance	39,697	36,523	38,744	2,221
Storm sewer maintenance	185,051	215,020	183,044	(31,976)
Inspection expenses	36,252	26,516	28,695	2,179
Storm sewer repair	48,021	34,955	26,315	(8,640)
Purchased services	238,165	209,630	188,170	(21,460)
Capital outlay	-	103,434	3,414	(100,020)
Reserve for contingencies	4,000	4,000	-	(4,000)
Total expenditures	<u>569,901</u>	<u>648,793</u>	<u>487,097</u>	<u>(161,696)</u>
Excess (deficiency) of revenues over expenditures	<u>(549,045)</u>	<u>(630,508)</u>	<u>(462,729)</u>	<u>167,779</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	515,165	488,830	468,170	(20,660)
Transfers out	(40,000)	-	-	-
Total other financing sources and uses	<u>475,165</u>	<u>488,830</u>	<u>468,170</u>	<u>(20,660)</u>
Net change in fund balance	(73,880)	(141,678)	5,441	147,119
Fund balance - beginning of year, restated	<u>227,460</u>	<u>227,460</u>	<u>227,460</u>	<u>-</u>
Fund balance - end of year	<u>\$ 153,580</u>	<u>\$ 85,782</u>	<u>\$ 232,901</u>	<u>\$ 147,119</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule**  
**Dial-A-Ride Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				
Federal grants	\$ 286,885	\$ 458,918	\$ 360,409	\$ (98,509)
Other state grants	622,881	585,760	613,923	28,163
Charges for services	135,000	129,000	129,788	788
Interest income	72	50	160	110
Other revenue	-	-	74	74
Total revenues	<u>1,044,838</u>	<u>1,173,728</u>	<u>1,104,354</u>	<u>(69,374)</u>
<b>Expenditures</b>				
Operations	1,416,034	1,333,095	1,296,950	(36,145)
Administration	169,552	121,656	116,603	(5,053)
Dispatching	207,445	197,636	216,271	18,635
Capital outlay	50,300	95,300	5,089	(90,211)
Reserve for contingencies	10,000	10,000	-	(10,000)
Total expenditures	<u>1,853,331</u>	<u>1,757,687</u>	<u>1,634,913</u>	<u>(122,774)</u>
Excess (deficiency) of revenues over expenditures	<u>(808,493)</u>	<u>(583,959)</u>	<u>(530,559)</u>	<u>53,400</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>808,493</u>	<u>583,959</u>	<u>530,559</u>	<u>(53,400)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule**  
**Grace A. Dow Memorial Library Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,340,619	\$ 2,211,608	\$ 2,212,239	\$ 631
Other state grants	20,000	36,887	36,889	2
Local contributions	40,000	45,700	42,019	(3,681)
Charges for services	656,108	646,463	676,251	29,788
Interest income	4,410	3,000	2,268	(732)
Other revenue	2,500	2,500	5,556	3,056
Total revenues	<u>3,063,637</u>	<u>2,946,158</u>	<u>2,975,222</u>	<u>29,064</u>
<b>Expenditures</b>				
Personal services	2,642,024	2,556,996	2,530,717	(26,279)
Supplies	505,360	528,800	521,042	(7,758)
Other changes	677,914	646,633	624,482	(22,151)
Capital outlay	4,000	9,290	9,290	-
Total expenditures	<u>3,829,298</u>	<u>3,741,719</u>	<u>3,685,531</u>	<u>(56,188)</u>
Excess (deficiency) of revenues over expenditures	<u>(765,661)</u>	<u>(795,561)</u>	<u>(710,309)</u>	<u>85,252</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>765,661</u>	<u>801,561</u>	<u>706,308</u>	<u>(95,253)</u>
Net change in fund balance	-	6,000	(4,001)	(10,001)
Fund balance - beginning of year	<u>4,001</u>	<u>4,001</u>	<u>4,001</u>	<u>-</u>
Fund balance - end of year	<u>\$ 4,001</u>	<u>\$ 10,001</u>	<u>\$ -</u>	<u>\$ (10,001)</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule**  
**Downtown Development Authority Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 456,537	\$ 456,205	\$ 466,718	\$ 10,513
Licenses and permits	500	-	-	-
Local contributions	14,000	14,000	14,000	-
Interest income	1,874	1,500	1,751	251
Other revenue	9,000	3,792	3,792	-
Total revenues	<u>481,911</u>	<u>475,497</u>	<u>486,261</u>	<u>10,764</u>
<b>Expenditures</b>				
Personal services	152,147	142,303	136,235	(6,068)
Supplies	2,800	2,940	2,150	(790)
Other changes	204,777	250,082	191,712	(58,370)
Reserve for contingencies	2,000	-	-	-
Total expenditures	<u>361,724</u>	<u>395,325</u>	<u>330,097</u>	<u>(65,228)</u>
Excess of revenues over expenditures	<u>120,187</u>	<u>80,172</u>	<u>156,164</u>	<u>75,992</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(45,000)	(45,000)	(45,000)	-
Net change in fund balance	75,187	35,172	111,164	75,992
Fund balance - beginning of year	<u>587,991</u>	<u>587,991</u>	<u>587,991</u>	<u>-</u>
Fund balance - end of year	<u>\$ 663,178</u>	<u>\$ 623,163</u>	<u>\$ 699,155</u>	<u>\$ 75,992</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule**  
**Community Development Block Grant Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Federal grants	\$ 434,421	\$ 541,776	\$ 105,872	\$ (435,904)
Other revenue	44,000	62,730	67,264	4,534
 Total revenues	 478,421	 604,506	 173,136	 (431,370)
<b>Expenditures</b>				
Administration	40,000	45,116	42,098	(3,018)
Residential home rehabs	179,826	139,560	103,219	(36,341)
Public services project	42,994	42,994	29,967	(13,027)
Affordable housing	12,500	12,500	-	(12,500)
Removal of architectural barriers	3,000	3,000	-	(3,000)
Land acquisition and infrastructure - housing	55,000	-	-	-
Reserve for contingencies	10,000	-	-	-
 Total expenditures	 343,320	 243,170	 175,284	 (67,886)
 Excess (deficiency) of revenues over expenditures	 135,101	 361,336	 (2,148)	 (363,484)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(30,000)	(2,000)	-	2,000
 Net change in fund balance	 105,101	 359,336	 (2,148)	 (361,484)
Fund balance - beginning of year	126,729	126,729	126,729	-
Fund balance - end of year	\$ 231,830	\$ 486,065	\$ 124,581	\$ (361,484)



**City of Midland, Michigan**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule**  
**Midland Community Television Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Local contributions	\$ 5,000	\$ 4,000	\$ 4,065	\$ 65
Charges for services	530,000	632,250	661,514	29,264
Interest income	1,516	1,500	1,354	(146)
<b>Total revenues</b>	<u>536,516</u>	<u>637,750</u>	<u>666,933</u>	<u>29,183</u>
<b>Expenditures</b>				
Personal services	364,868	367,735	358,233	(9,502)
Supplies	9,900	9,525	4,891	(4,634)
Other changes	124,942	123,342	121,845	(1,497)
Reserve for contingencies	10,000	-	-	-
<b>Total expenditures</b>	<u>509,710</u>	<u>500,602</u>	<u>484,969</u>	<u>(15,633)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>26,806</u>	<u>137,148</u>	<u>181,964</u>	<u>44,816</u>
Fund balance - beginning of year	<u>591,298</u>	<u>591,298</u>	<u>591,298</u>	<u>-</u>
Fund balance - end of year	<u>\$ 618,104</u>	<u>\$ 728,446</u>	<u>\$ 773,262</u>	<u>\$ 44,816</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule**  
**Special Activities Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				
Other state grants	\$ 10,000	\$ 9,154	\$ 4,609	\$ (4,545)
Local contributions	18,000	18,575	18,497	(78)
Interest income	347	300	207	(93)
Other revenue	43,100	31,242	20,899	(10,343)
Total revenues	<u>71,447</u>	<u>59,271</u>	<u>44,212</u>	<u>(15,059)</u>
<b>Expenditures</b>				
Supplies	25,000	16,450	30,576	14,126
Other changes	55,070	40,040	30,356	(9,684)
Total expenditures	<u>80,070</u>	<u>56,490</u>	<u>60,932</u>	<u>4,442</u>
Net change in fund balance	(8,623)	2,781	(16,720)	(19,501)
Fund balance - beginning of year	<u>149,394</u>	<u>149,394</u>	<u>149,394</u>	<u>-</u>
Fund balance - end of year	<u>\$ 140,771</u>	<u>\$ 152,175</u>	<u>\$ 132,674</u>	<u>\$ (19,501)</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule**  
**Midland Housing Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Interest income	\$ 1,260	\$ 1,000	\$ 525	\$ (475)
Other revenue	<u>1,000</u>	<u>1,000</u>	<u>7,623</u>	<u>6,623</u>
Total revenues	<u>2,260</u>	<u>2,000</u>	<u>8,148</u>	<u>6,148</u>
<b>Expenditures</b>				
Costs of assets sold	160,000	254,915	71,617	(183,298)
Warranty maintenance	<u>42,000</u>	<u>5,000</u>	<u>2,553</u>	<u>(2,447)</u>
Total expenditures	<u>202,000</u>	<u>259,915</u>	<u>74,170</u>	<u>(185,745)</u>
Excess (deficiency) of revenues over expenditures	<u>(199,740)</u>	<u>(257,915)</u>	<u>(66,022)</u>	<u>191,893</u>
<b>Other Financing Sources (Uses)</b>				
Sale of fixed assets	160,000	254,915	12,416	(242,499)
Transfers in	<u>30,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Total other financing sources and uses	<u>190,000</u>	<u>256,915</u>	<u>12,416</u>	<u>(244,499)</u>
Net change in fund balance	<u>(9,740)</u>	<u>(1,000)</u>	<u>(53,606)</u>	<u>(52,606)</u>
Fund balance - beginning of year	<u>251,821</u>	<u>251,821</u>	<u>251,821</u>	<u>-</u>
Fund balance - end of year	<u>\$ 242,081</u>	<u>\$ 250,821</u>	<u>\$ 198,215</u>	<u>\$ (52,606)</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 651,127	\$ 599,154	\$ 599,308	\$ 154
Interest income	2,000	1,000	722	(278)
Total revenues	<u>653,127</u>	<u>600,154</u>	<u>600,030</u>	<u>(124)</u>
<b>Expenditures</b>				
Principal retirement	965,000	965,000	965,000	-
Interest and fiscal charges	653,194	653,194	652,854	(340)
Total expenditures	<u>1,618,194</u>	<u>1,618,194</u>	<u>1,617,854</u>	<u>(340)</u>
Excess (deficiency) of revenues over expenditures	<u>(965,067)</u>	<u>(1,018,040)</u>	<u>(1,017,824)</u>	<u>216</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,807,780	1,860,753	1,860,537	(216)
Transfers out	(842,713)	(842,713)	(842,713)	-
Total other financing sources and uses	<u>965,067</u>	<u>1,018,040</u>	<u>1,017,824</u>	<u>(216)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Nonmajor Proprietary Funds**  
**Fund Descriptions**  
**Year Ended June 30, 2011**

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**Enterprise Funds**

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

**Washington Woods Fund** - accounts for the operation and maintenance of the City's senior housing rental property.

**Riverside Place Fund** - accounts for the operation and maintenance of the City's senior housing rental property.

**Real Estate Rental Fund** - accounts for the operation and maintenance of the City's miscellaneous rental properties.

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

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

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Net Assets**  
**June 30, 2011**

	Washington Woods	Riverside Place	Currie Municipal Golf Course	Parking	Total Nonmajor Proprietary Funds
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 1,066,265	\$ 1,142,008	\$ 9,098	\$ (444)	\$ 2,216,927
Investments	-	-	279,720	-	279,720
Receivables - net of allowances for uncollectibles:					
Accounts and contracts	1,475	789	-	10,811	13,075
Accrued interest	99	107	-	-	206
Inventories	-	-	68,364	-	68,364
<b>Total current assets</b>	<b>1,067,839</b>	<b>1,142,904</b>	<b>357,182</b>	<b>10,367</b>	<b>2,578,292</b>
<b>Noncurrent assets</b>					
Capital assets, net of accumulated depreciation	3,823,298	7,878,251	4,807,688	1,169,574	17,678,811
Capital assets not being depreciated	13,765	538,000	288,354	536,223	1,376,342
<b>Total noncurrent assets</b>	<b>3,837,063</b>	<b>8,416,251</b>	<b>5,096,042</b>	<b>1,705,797</b>	<b>19,055,153</b>
<b>Total assets</b>	<b>4,904,902</b>	<b>9,559,155</b>	<b>5,453,224</b>	<b>1,716,164</b>	<b>21,633,445</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	21,163	29,206	1,241,709	151	1,292,229
Accrued and other liabilities	-	-	6,265	-	6,265
Deposits	25,575	23,525	-	-	49,100
Current portion of noncurrent liabilities	31,810	27,451	25,311	-	84,572
<b>Total current liabilities</b>	<b>78,548</b>	<b>80,182</b>	<b>1,273,285</b>	<b>151</b>	<b>1,432,166</b>
<b>Noncurrent liabilities</b>					
Long-term debt net of current portion	23,814	35,104	18,880	-	77,798
<b>Total liabilities</b>	<b>102,362</b>	<b>115,286</b>	<b>1,292,165</b>	<b>151</b>	<b>1,509,964</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	3,837,063	8,416,251	5,096,042	1,705,797	19,055,153
Unrestricted (deficit)	965,477	1,027,618	(934,983)	10,216	1,068,328
<b>Total net assets</b>	<b>\$ 4,802,540</b>	<b>\$ 9,443,869</b>	<b>\$ 4,161,059</b>	<b>\$ 1,716,013</b>	<b>\$ 20,123,481</b>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**For the Year Ended June 30, 2011**

	Washington Woods	Riverside Place	Currie Municipal Golf Course	Parking	Total Nonmajor Proprietary Funds
<b>Operating revenue</b>					
Use and admission charges	\$ -	\$ -	\$ 893,338	\$ 97,216	\$ 990,554
Rental income	1,247,485	1,269,692	-	-	2,517,177
Sale of meals - revenue	201,183	331,553	-	-	532,736
Other revenue	147,247	141,724	682,845	-	971,816
	<u>1,595,915</u>	<u>1,742,969</u>	<u>1,576,183</u>	<u>97,216</u>	<u>5,012,283</u>
Total operating revenue					
<b>Operating expenses</b>					
Operations	1,250,650	1,228,582	1,174,266	39,310	3,692,808
Maintenance	-	-	-	113,129	113,129
Sale of meals - expense	254,382	395,062	-	-	649,444
Depreciation	186,623	261,990	138,853	36,343	623,809
	<u>1,691,655</u>	<u>1,885,634</u>	<u>1,313,119</u>	<u>188,782</u>	<u>5,079,190</u>
Total operating expenses					
Operating loss	<u>(95,740)</u>	<u>(142,665)</u>	<u>263,064</u>	<u>(91,566)</u>	<u>(66,907)</u>
<b>Nonoperating revenue (expenses)</b>					
Interest income	2,681	2,903	107,776	62	113,422
Loss on disposition of assets	<u>-</u>	<u>(6,641)</u>	<u>(1,024)</u>	<u>-</u>	<u>(7,665)</u>
	<u>2,681</u>	<u>(3,738)</u>	<u>106,752</u>	<u>62</u>	<u>105,757</u>
Total nonoperating revenues (expenses)					
Income (loss) before contributions and transfers	(93,059)	(146,403)	369,816	(91,504)	38,850

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**For the Year Ended June 30, 2011**

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	<u>Washington Woods</u>	<u>Riverside Place</u>	<u>Currie Municipal Golf Course</u>	<u>Parking</u>	<u>Total Nonmajor Proprietary Funds</u>
Transfers in	\$ 10,000	\$ -	\$ 62,753	\$ 45,000	\$ 117,753
Transfers out	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Total other financing sources and uses	<u>10,000</u>	<u>(10,000)</u>	<u>62,753</u>	<u>45,000</u>	<u>107,753</u>
Change in net assets	(83,059)	(156,403)	432,569	(46,504)	146,603
Net assets - beginning of year	<u>4,885,599</u>	<u>9,600,272</u>	<u>3,728,490</u>	<u>1,762,517</u>	<u>19,976,878</u>
Net assets - end of year	<u>\$ 4,802,540</u>	<u>\$ 9,443,869</u>	<u>\$ 4,161,059</u>	<u>\$ 1,716,013</u>	<u>\$ 20,123,481</u>



**City of Midland, Michigan**  
**Other Supplemental Information**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Cash Flows**  
**Year Ended June 30, 2011**

	Washington Woods	Riverside Place	Currie Municipal Golf Course	Parking	Total Nonmajor Proprietary Funds
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 1,595,743	\$ 1,742,943	\$ 1,576,183	\$ 101,221	\$ 5,016,090
Payments to suppliers	(864,077)	(1,004,588)	(861,165)	(113,611)	(2,843,441)
Payments to employees	(671,494)	(645,884)	(752,738)	(39,567)	(2,109,683)
Net cash provided (used) by operating activities	<u>60,172</u>	<u>92,471</u>	<u>(37,720)</u>	<u>(51,957)</u>	<u>62,966</u>
<b>Cash flows from noncapital financing activities</b>					
Transfer from other funds	10,000	-	62,753	45,000	117,753
Transfers to other funds	-	(10,000)	-	-	(10,000)
Net cash provided (used) by noncapital financing activities	<u>10,000</u>	<u>(10,000)</u>	<u>62,753</u>	<u>45,000</u>	<u>107,753</u>
<b>Cash flows from capital and related financing activities</b>					
Purchases/construction of capital assets	-	(7,870)	(37,341)	-	(45,211)
Proceeds (loss) from sale of capital assets	-	6,321	-	-	6,321
Net cash used by capital and related financing activities	<u>-</u>	<u>(1,549)</u>	<u>(37,341)</u>	<u>-</u>	<u>(38,890)</u>
<b>Cash flows from investing activities</b>					
Interest received	<u>2,681</u>	<u>2,903</u>	<u>12,360</u>	<u>62</u>	<u>18,006</u>
Net change in cash and cash equivalents	72,853	83,825	52	(6,895)	149,835
Cash and cash equivalents - beginning of year	<u>993,412</u>	<u>1,058,183</u>	<u>9,046</u>	<u>6,451</u>	<u>2,067,092</u>
Cash and cash equivalents - end of year	<u>\$ 1,066,265</u>	<u>\$ 1,142,008</u>	<u>\$ 9,098</u>	<u>\$ (444)</u>	<u>\$ 2,216,927</u>
<b>Noncash investing activities - changes in fair value of investments</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (145,843)</u>	<u>\$ -</u>	<u>\$ (145,843)</u>
<b>Noncash capital financing activities - Foundation contributions</b>	<u>\$ 13,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,600</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Cash Flows**  
**Year Ended June 30, 2011**

	Washington Woods	Riverside Place	Currie Municipal Golf Course	Parking	Total Nonmajor Proprietary Funds
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating loss	\$ (95,740)	\$ (142,665)	\$ 263,064	\$ (91,566)	\$ (66,907)
Adjustments to reconcile operating income to net cash from operating activities					
Depreciation and amortization expense	186,623	261,990	138,853	36,343	623,809
Changes in assets and liabilities					
Receivables (net)	(172)	(26)	-	4,005	3,807
Inventories	-	-	11,234	-	11,234
Accounts payable	(4,523)	(7,464)	(413,572)	(63)	(425,622)
Accrued and other liabilities	(22,591)	(19,214)	(37,299)	(676)	(79,780)
Deposits	(3,425)	(150)	-	-	(3,575)
 Net cash provided (used) by operating activities	 <u>\$ 60,172</u>	 <u>\$ 92,471</u>	 <u>\$ (37,720)</u>	 <u>\$ (51,957)</u>	 <u>\$ 62,966</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Fiduciary Funds**  
**Fund Descriptions**  
**Year Ended June 30, 2011**

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**Trust Fund**

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

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

**Agency Funds**

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

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

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

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

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

**Other Supplemental Information**  
**Fiduciary Funds - Pension and Other Employee Benefit Trust Funds**  
**Statement of Plan Net Assets**  
**Year Ended June 30, 2011**

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	Police and Fire Pension
<b>Assets</b>	
Cash and cash equivalents	\$ 2,024,133
Investments	
Common stock	27,339,391
Preferred stock	788,681
Bonds	13,065,618
International funds	10,154,863
Receivables - net of allowances for uncollectibles:	
Accrued interest and other	82,738
 Total assets	 \$ 53,455,424
 <b>Net Assets</b>	
Held in trust for pension benefits and other purposes	\$ 53,455,424

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Fiduciary Funds - Pension and Other Employee Benefit Trust Funds**  
**Statement of Changes in Plan Net Assets**  
**Year Ended June 30, 2011**

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	Police and Fire Pension
<b>Additions</b>	
Contributions	
Employer	\$ 2,031,049
Plan members	504,318
Total contributions	2,535,367
Investment earnings	
Net loss in fair value of assets	10,487,630
Interest	371,548
Dividends	476,948
Total investment earnings	11,336,126
Less investment expense	(354,262)
Net investment income	10,981,864
Total contributions and investment earnings	13,517,231
<b>Deductions</b>	
Benefits paid	3,896,814
Change in net assets	9,620,417
Net assets - beginning of year	43,835,007
Net assets - end of year	\$ 53,455,424

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Agency Funds**  
**Combining Statement of Changes in Plan Net Assets**  
**Year Ended June 30, 2011**

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Payroll Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 72,477	\$ 37,383,090	\$ 35,864,823	\$ 1,590,744
Prepays	<u>65,101</u>	<u>106,333</u>	<u>66,070</u>	<u>105,364</u>
Total assets	<u>\$ 137,578</u>	<u>\$ 37,489,423</u>	<u>\$ 35,930,893</u>	<u>\$ 1,696,108</u>
<b>Liabilities</b>				
Accrued payroll liabilities	<u>\$ 137,578</u>	<u>\$ 41,520,560</u>	<u>\$ 39,962,030</u>	<u>\$ 1,696,108</u>
<b>Shopping Area Redevelopment Authority</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 4,560	\$ 36,704	\$ 42,482	\$ (1,218)
Receivables				
Accounts and contracts	-	826	826	-
Accrued interest and other	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total assets	<u>\$ 4,561</u>	<u>\$ 37,530</u>	<u>\$ 43,309</u>	<u>\$ (1,218)</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 27,381	\$ 27,381	\$ -
Due to other units of government	<u>4,561</u>	<u>(392)</u>	<u>4,561</u>	<u>(1,218)</u>
Total liabilities	<u>\$ 4,561</u>	<u>\$ 26,989</u>	<u>\$ 31,942</u>	<u>\$ (1,218)</u>
<b>DDA Facade Improvement Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 60,399	\$ 12,916	\$ 10,046	\$ 63,269
Receivables				
Accounts and contracts	52,553	-	12,744	39,809
Accrued interest and other	<u>10</u>	<u>6</u>	<u>10</u>	<u>6</u>
Total assets	<u>\$ 112,962</u>	<u>\$ 12,922</u>	<u>\$ 22,800</u>	<u>\$ 103,084</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Agency Funds**  
**Combining Statement of Changes in Plan Net Assets**  
**Year Ended June 30, 2011**

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 9,804	\$ 9,804	\$ -
Due to foundations	112,962	168	10,046	103,084
Total liabilities	<u>\$ 112,962</u>	<u>\$ 9,972</u>	<u>\$ 19,850</u>	<u>\$ 103,084</u>
<b>Tax Collection Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ (6,463)	\$ 60,393,607	\$ 60,349,582	\$ 37,562
Receivables				
Accounts and contracts	6,463	151,502	157,965	-
Total assets	<u>\$ -</u>	<u>\$ 60,545,109</u>	<u>\$ 60,507,547</u>	<u>\$ 37,562</u>
<b>Liabilities</b>				
Due to other units of government	<u>\$ -</u>	<u>\$ 60,545,109</u>	<u>\$ 60,507,547</u>	<u>\$ 37,562</u>
<b>Total All Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 130,973	\$ 97,826,317	\$ 96,266,933	\$ 1,690,357
Accounts and contracts	59,016	152,328	171,535	39,809
Accrued interest and other	11	6	11	6
Prepays	65,101	106,333	66,070	105,364
Total assets	<u>\$ 255,101</u>	<u>\$ 98,084,984</u>	<u>\$ 96,504,549</u>	<u>\$ 1,835,536</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 37,185	\$ 37,185	\$ -
Accrued payroll liabilities	137,578	41,520,560	39,962,030	1,696,108
Due to foundations	112,962	168	10,046	103,084
Due to other units of government	4,561	60,544,717	60,512,108	36,344
Total liabilities	<u>\$ 255,101</u>	<u>\$ 102,102,630</u>	<u>\$ 100,521,369</u>	<u>\$ 1,835,536</u>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Fund Descriptions**  
**Year Ended June 30, 2011**

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**Internal Service Funds**

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

**Information Services Funds** – The Information Services Operations and Information Services Computer Rental Funds account for the operations of the City’s Information Services Department.

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

**Renewable Energy Services Fund** – The fund accounts for the activities related to the City’s gas-to-energy project.

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

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

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

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

**Geographic Information System Fund** – This fund accounts for the operation of the City’s geographic information system.

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



**City of Midland, Michigan**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Net Assets**  
**June 30, 2011**

	Information Services Fund	Equipment Revolving Fund	Municipal Service Center Fund	Renewable Energy Services Fund	Property and Liability Insurance Fund	Health Insurance Fund	Special Assessment Revolving Fund	Geographic Information Systems	Municipal Service Annex Fund	Total
<b>Assets</b>										
Current assets										
Cash and cash equivalents	\$ 905,096	\$ 1,892,742	\$ 868,252	\$ (32,764)	\$ 1,274,063	\$ 7,846,606	\$ 1,765,955	\$ 762,342	\$ 36,864	\$ 15,319,156
Receivables - net of allowances for uncollectibles:										
Special assessments, current	-	-	-	-	-	-	89,954	-	-	89,954
Accounts and contracts	1,142	17,121	-	-	984	713	-	-	-	19,960
Accrued interest	89	210	80	-	-	697	169	70	3	1,318
Due from other units of government	-	-	-	152,083	-	-	-	-	-	152,083
Inventories	-	742,274	-	-	-	-	-	-	-	742,274
Prepaid items	-	-	-	-	-	551,532	-	-	-	551,532
<b>Total current assets</b>	<b>906,327</b>	<b>2,652,347</b>	<b>868,332</b>	<b>119,319</b>	<b>1,275,047</b>	<b>8,399,548</b>	<b>1,856,078</b>	<b>762,412</b>	<b>36,867</b>	<b>16,876,277</b>
Noncurrent assets										
Restricted assets										
Special assessments receivable, deferred	-	-	-	-	-	-	519,167	-	-	519,167
Unamortized bond costs	-	-	-	39,048	-	-	-	-	-	39,048
Capital assets not being depreciated	-	-	55,000	10,494,119	-	-	-	-	-	10,549,119
Capital assets, net of accumulated depreciation	891,372	5,643,296	639,471	-	-	-	-	17,727	296,896	7,488,762
<b>Total noncurrent assets</b>	<b>891,372</b>	<b>5,643,296</b>	<b>694,471</b>	<b>10,533,167</b>	<b>-</b>	<b>-</b>	<b>519,167</b>	<b>17,727</b>	<b>296,896</b>	<b>18,596,096</b>
<b>Total assets</b>	<b>1,797,699</b>	<b>8,295,643</b>	<b>1,562,803</b>	<b>10,652,486</b>	<b>1,275,047</b>	<b>8,399,548</b>	<b>2,375,245</b>	<b>780,139</b>	<b>333,763</b>	<b>35,472,373</b>
<b>Liabilities</b>										
Current liabilities										
Accounts payable	3,252	483	14,383	156,822	-	2,379,651	-	-	92	2,554,683
Accrued and other liabilities	-	-	2,760	-	-	-	-	-	-	2,760
Due to other funds	-	-	-	20,735	-	-	-	-	-	20,735
Current portion of noncurrent liabilities	34,413	78,431	2,105	235,000	-	-	-	3,466	-	353,415
Estimated healthcare claims	-	-	-	-	-	922,328	-	-	-	922,328
<b>Total current liabilities</b>	<b>37,665</b>	<b>78,914</b>	<b>19,248</b>	<b>412,557</b>	<b>-</b>	<b>3,301,979</b>	<b>-</b>	<b>3,466</b>	<b>92</b>	<b>3,853,921</b>
Noncurrent liabilities										
Current liabilities payable from restricted assets										
Advances from other funds	-	-	-	414,265	-	-	-	-	-	414,265
Long-term debt net of current portion	67,517	27,899	-	5,765,000	-	-	-	9,154	-	5,869,570
<b>Total noncurrent liabilities</b>	<b>67,517</b>	<b>27,899</b>	<b>-</b>	<b>6,179,265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,154</b>	<b>-</b>	<b>6,283,835</b>
<b>Total liabilities</b>	<b>105,182</b>	<b>106,813</b>	<b>19,248</b>	<b>6,591,822</b>	<b>-</b>	<b>3,301,979</b>	<b>-</b>	<b>12,620</b>	<b>92</b>	<b>10,137,756</b>
<b>Net Assets</b>										
Invested in capital assets, net of related debt	891,372	5,643,296	694,471	-	-	-	-	17,727	296,896	7,543,762
Unrestricted	801,145	2,545,534	849,084	4,060,664	1,275,047	5,097,569	2,375,245	749,792	36,775	17,790,855
<b>Total net assets</b>	<b>\$ 1,692,517</b>	<b>\$ 8,188,830</b>	<b>\$ 1,543,555</b>	<b>\$ 4,060,664</b>	<b>\$ 1,275,047</b>	<b>\$ 5,097,569</b>	<b>\$ 2,375,245</b>	<b>\$ 767,519</b>	<b>\$ 333,671</b>	<b>\$ 25,334,617</b>

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**June 30, 2011**

	Information Services Fund	Equipment Revolving Fund	Municipal Service Center Fund	Renewable Energy Services Fund	Property and Liability Insurance Fund	Health Insurance Fund	Special Assessment Revolving Fund	Geographic Information Systems	Municipal Service Annex Fund	Total
<b>Operating revenue</b>										
Billings to other funds	\$ 1,069,661	\$ 181,193	\$ -	\$ 70,532	\$ 661,603	\$ 10,172,896	\$ -	\$ 314,892	\$ -	\$ 12,470,777
Rental income	-	3,518,370	335,196	-	-	-	-	-	23,744	3,877,310
Other revenue	-	120,306	-	-	86,563	605,043	-	-	-	811,912
Total operating revenue	1,069,661	3,819,869	335,196	70,532	748,166	10,777,939	-	314,892	23,744	17,159,999
<b>Operating expenses</b>										
Operations	1,077,987	2,448,392	290,641	122,602	574,111	10,202,892	28,692	233,411	12,996	14,991,724
Depreciation	70,294	1,311,211	171,404	-	-	-	-	14,701	6,185	1,573,795
Total operating expenses	1,148,281	3,759,603	462,045	122,602	574,111	10,202,892	28,692	248,112	19,181	16,565,519
Operating income (loss)	(78,620)	60,266	(126,849)	(52,070)	174,055	575,047	(28,692)	66,780	4,563	594,480
<b>Nonoperating revenue (expenses)</b>										
Interest income	2,847	6,205	2,186	154	-	17,926	24,085	1,917	83	55,403
Gain (loss) on disposition of assets	-	115,529	-	-	-	-	-	-	-	115,529
Total nonoperating revenues (expenses)	2,847	121,734	2,186	154	-	17,926	24,085	1,917	83	170,932
Income (loss) before contributions and transfers	(75,773)	182,000	(124,663)	(51,916)	174,055	592,973	(4,607)	68,697	4,646	765,412
Transfers in	-	-	25,000	112,000	-	-	-	-	-	137,000
Transfers out	-	(130,025)	-	-	-	-	(80,000)	-	-	(210,025)
Change in net assets	(75,773)	51,975	(99,663)	60,084	174,055	592,973	(84,607)	68,697	4,646	692,387
Net assets - beginning of year	1,768,290	8,136,855	1,643,218	4,000,580	1,100,992	4,504,596	2,459,852	698,822	329,025	24,642,230
Net assets - end of year	\$ 1,692,517	\$ 8,188,830	\$ 1,543,555	\$ 4,060,664	\$ 1,275,047	\$ 5,097,569	\$ 2,375,245	\$ 767,519	\$ 333,671	\$ 25,334,617

**City of Midland, Michigan**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**June 30, 2011**

	Information Services Fund	Equipment Revolving Fund	Municipal Service Center Fund	Renewable Energy Services Fund	Property and Liability Insurance Fund	Health Insurance Fund	Special Assessment Revolving Fund	Geographic Information Systems	Municipal Service Annex Fund	Total
<b>Cash flows from operating activities</b>										
Receipts from customers	\$ -	\$ 3,621,667	\$ 335,250	\$ 197,106	\$ 87,184	\$ 917,265	\$ 104,404	\$ 43	\$ 23,745	\$ 5,286,664
Receipts from interfund users	-	-	-	20,735	-	-	-	-	-	20,735
Receipts from other funds	1,068,653	181,193	-	70,532	661,603	10,172,896	-	314,892	-	12,469,769
Payments to suppliers	(455,958)	(1,150,398)	(214,233)	(807,057)	(575,166)	(112,354)	(28,692)	(106,856)	(12,133)	(3,462,847)
Payments to employees	(705,761)	(1,489,508)	(80,769)	(122,602)	-	(10,655,998)	-	(128,665)	(893)	(13,184,196)
Net cash provided (used) by operating activities	(93,066)	1,162,954	40,248	(641,286)	173,621	321,809	75,712	79,414	10,719	1,130,125
<b>Cash flows from noncapital financing activities</b>										
Transfer from other funds	-	-	25,000	112,000	-	-	-	-	-	137,000
Transfers to other funds	-	(130,025)	-	-	-	-	(80,000)	-	-	(210,025)
Advances from other funds	-	-	-	414,265	-	-	-	-	-	414,265
Net cash provided (used) by noncapital financing activities	-	(130,025)	25,000	526,265	-	-	(80,000)	-	-	341,240
<b>Cash flows from capital and related financing activities</b>										
Proceeds from capital debt	-	-	-	6,000,000	-	-	-	-	-	6,000,000
Purchases/construction of capital assets	(367,912)	(913,132)	(6,067)	(5,835,694)	-	-	-	(6,899)	-	(7,129,704)
Proceeds from sale of capital assets	-	195,358	-	-	-	-	-	-	-	195,358
Net cash used by capital and related financing activities	(367,912)	(717,774)	(6,067)	164,306	-	-	-	(6,899)	-	(934,346)
<b>Cash flows from investing activities</b>										
Interest received	2,847	6,205	2,186	154	-	17,926	24,085	1,917	83	55,403
Net change in cash and cash equivalents	(458,131)	321,360	61,367	49,439	173,621	339,735	19,797	74,432	10,802	592,422
Cash and cash equivalents - beginning of year	1,363,227	1,571,382	806,885	(82,203)	1,100,442	7,506,871	1,746,158	687,910	26,062	14,726,734
Cash and cash equivalents - end of year	\$ 905,096	\$ 1,892,742	\$ 868,252	\$ (32,764)	\$ 1,274,063	\$ 7,846,606	\$ 1,765,955	\$ 762,342	\$ 36,864	\$ 15,319,156
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>										
Operating income (loss)	\$ (78,620)	\$ 60,266	\$ (126,849)	\$ (52,070)	\$ 174,055	\$ 575,047	\$ (28,692)	\$ 66,780	\$ 4,563	\$ 594,480
Adjustments to reconcile operating income to net cash from operating activities										
Depreciation and amortization expense	70,294	1,311,211	171,404	-	-	-	-	14,701	6,185	1,573,795
Changes in assets and liabilities										
Receivables (net)	(1,008)	(17,009)	54	(16)	621	312,222	104,404	43	1	399,312
Due from other units of government	-	-	-	197,122	-	-	-	-	-	197,122
Inventories	-	(92,703)	-	-	-	-	-	-	-	(92,703)
Prepaid items	-	-	-	1,952	-	(457,992)	-	-	-	(456,040)
Accounts payable	(55,498)	(37,278)	(2,981)	(809,009)	(1,055)	(94,784)	-	-	(30)	(1,000,635)
Accrued and other liabilities	(28,234)	(61,533)	(1,380)	-	-	(12,684)	-	(2,110)	-	(105,941)
Due to other funds	-	-	-	20,735	-	-	-	-	-	20,735
Net cash provided (used) by operating activities	\$ (93,066)	\$ 1,162,954	\$ 40,248	\$ (641,286)	\$ 173,621	\$ 321,809	\$ 75,712	\$ 79,414	\$ 10,719	\$ 1,130,125

## City of Midland, Michigan

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### Statistical Section

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

The statistical section is organized into the following main categories:

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

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

## City of Midland, Michigan

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### **Financial Trends**

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

**City of Midland, Michigan**  
**Net Assets by Component**  
**Last Eight Fiscal Years**

As of June 30,

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental Activities:</b>								
Invested in capital assets, net of related debt	\$ 34,482,454	\$ 42,571,216	\$ 47,046,031	\$ 80,360,355	\$ 82,924,667	\$ 83,247,933	\$87,999,853	\$87,613,288
Restricted	9,585,916	11,839,822	11,499,338	9,511,932	8,055,923	6,714,007	7,550,391	8,459,716
Unrestricted	<u>15,239,997</u>	<u>14,477,245</u>	<u>11,049,423</u>	<u>9,230,043</u>	<u>(2,379,204)</u>	<u>(1) (2,534,773)</u>	<u>(6,248,653)</u>	<u>(3,785,796)</u>
Total net assets	<u>59,308,367</u>	<u>68,888,283</u>	<u>69,594,792</u>	<u>99,102,330</u>	<u>88,601,386</u>	<u>87,427,167</u>	<u>89,301,591</u>	<u>92,287,208</u>
<b>Business Type Activities:</b>								
Invested in capital assets, net of related debt	77,971,667	80,266,457	86,214,413	89,719,884	93,462,299	93,907,450	98,022,672	100,609,436
Restricted	1,219,000	1,219,000	1,219,000	1,219,000	1,244,000	25,000	25,000	25,000
Unrestricted	<u>25,926,545</u>	<u>26,174,456</u>	<u>25,467,911</u>	<u>27,082,975</u>	<u>24,509,727</u>	<u>26,937,227</u>	<u>29,793,084</u>	<u>31,156,750</u>
Total net assets	<u>105,117,212</u>	<u>107,659,913</u>	<u>112,901,324</u>	<u>118,021,859</u>	<u>119,216,026</u>	<u>120,869,677</u>	<u>127,840,756</u>	<u>131,791,186</u>
<b>Primary government in total:</b>								
Invested in capital assets, net of related debt	112,454,121	122,837,673	133,260,444	170,080,239	176,386,966	177,155,383	186,022,525	188,222,724
Restricted	10,804,916	13,058,822	12,718,338	10,730,932	9,299,923	6,739,007	7,575,391	8,484,716
Unrestricted	<u>41,166,542</u>	<u>40,651,701</u>	<u>36,517,334</u>	<u>36,313,018</u>	<u>22,130,523</u>	<u>24,402,454</u>	<u>23,544,431</u>	<u>27,370,954</u>
Total net assets	<u>164,425,579</u>	<u>176,548,196</u>	<u>182,496,116</u>	<u>217,124,189</u>	<u>207,817,412</u>	<u>208,296,844</u>	<u>217,142,347</u>	<u>224,078,394</u>

Note: The City adopted GASB No. 34 during fiscal year 2002-03 and began reporting a government-wide statement of net assets.

Source: City's Comprehensive Annual Financial Report

(1) 2008 was restated to incorporate 2009 prior period adjustment

**City of Midland, Michigan**  
**Changes in Governmental Net Assets**  
**Last Eight Years**  
(Accrual basis of accounting)

	Fiscal Year Ended June 30,							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Expenses</b>								
General government	\$ 3,923,677	\$ 3,062,737	\$ 4,099,371	\$ 4,195,610	\$ 3,758,824	\$ 4,759,051	\$ 4,063,142	\$ 3,738,504
Public safety	9,711,488	10,987,667	11,683,717	13,532,496	13,376,090	14,744,737	14,806,966	15,305,454
Public works	6,905,679	5,075,325	6,475,722	9,917,048	9,247,222	9,996,061	9,632,256	8,258,151
Community and economic development	727,679	403,039	642,882	972,214	955,057	1,076,936	1,070,986	578,321
Sanitation	2,238,911	2,088,026	2,368,344	2,449,784	2,500,382	2,492,893	2,419,772	2,475,323
Parks and recreation	4,021,471	3,893,440	3,545,585	3,828,814	3,092,978	4,275,608	4,063,153	4,466,591
Library and community television	4,395,461	4,407,303	3,818,728	4,389,127	4,363,845	4,603,722	4,515,161	4,414,619
Airport	225,844	196,857	192,581	292,130	324,607	331,866	473,735	378,055
Transportation	1,506,906	1,517,410	1,698,174	1,753,572	1,697,903	1,872,389	1,739,854	1,738,124
Property tax appeals	4,532,256	6,451,758	1,977,046	8,144,802	20,819,386	233,979	195,163	315,612
Other functions	3,876,951	4,589,005	4,447,380	-	-	-	-	-
Interest on long-term debt	28,916	191,568	13,438	8,975	3,025	729,895	702,517	668,251
Total governmental activities	<u>42,095,239</u>	<u>42,864,135</u>	<u>40,962,968</u>	<u>49,484,572</u>	<u>60,139,319</u>	<u>45,117,137</u>	<u>43,682,705</u>	<u>42,337,005</u>
<b>Program revenues:</b>								
Charges for services								
General government	247,868	154,811	625,939	611,934	839,576	322,003	-	-
Public safety	861,223	849,783	877,505	690,268	806,321	1,750	55,158	56,364
Public works	205,493	306,035	288,910	535,549	529,868	1,077,428	721,551	1,196,193
Community and economic development	114,000	30,123	51,212	31,930	28,672	6,375	4,451	3,725
Sanitation	157,230	158,461	171,911	172,649	177,697	-	217,317	35,935
Parks and recreation	769,802	997,876	218,591	219,964	202,302	203,733	293,757	347,276
Library and community television	735,818	616,097	765,295	755,214	722,556	1,313,894	1,347,405	1,337,765
Airport	15,933	75,089	108,675	186,586	242,062	197,614	196,841	248,531
Transportation	119,249	119,672	137,465	139,091	146,384	153,754	135,949	129,788
Property tax appeals	-	-	-	-	-	-	-	-
Other functions	433,453	448,750	-	75,724	38,920	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-
Total charges for services	<u>3,660,069</u>	<u>3,756,697</u>	<u>3,245,503</u>	<u>3,418,909</u>	<u>3,734,358</u>	<u>3,276,551</u>	<u>2,972,429</u>	<u>3,355,577</u>

**City of Midland, Michigan**  
**Changes in Governmental Net Assets**  
**Last Eight Years**  
(Accrual basis of accounting)

	Fiscal Year Ended June 30,							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Operating grants and contributions	5,266,394	5,225,190	5,454,669	5,693,288	5,329,978	4,908,102	4,766,634	4,841,547
Capital grants and contributions	<u>1,574,935</u>	<u>2,593,611</u>	<u>2,034,627</u>	<u>3,591,053</u>	<u>2,317,791</u>	<u>1,183,580</u>	<u>1,388,911</u>	<u>727,076</u>
 Total program revenue	 <u>10,501,398</u>	 <u>11,575,498</u>	 <u>10,734,799</u>	 <u>12,703,250</u>	 <u>11,382,127</u>	 <u>9,368,233</u>	 <u>9,127,974</u>	 <u>8,924,200</u>
 <b>Net (expense) revenue</b>	 <b>(31,593,841)</b>	 <b>(31,288,637)</b>	 <b>(30,228,169)</b>	 <b>(36,781,322)</b>	 <b>(48,757,192)</b>	 <b>(35,748,904)</b>	 <b>(34,554,731)</b>	 <b>(33,412,805)</b>
General revenues:								
Property taxes	29,155,614	36,033,726	26,518,333	32,484,991	32,356,906	28,846,094	31,971,428	31,549,496
Other tax related revenue	1,209,761	1,144,431	1,153,613	1,245,590	1,286,806	2,003,766	2,072,970	2,117,699
Intergovernmental	3,655,371	3,654,624	3,667,075	3,531,736	3,498,861	3,281,751	2,918,791	2,918,791
Unrestricted investment earnings	1,223,337	1,567,420	2,947,591	3,389,149	2,356,183	554,437	106,025	72,980
Miscellaneous revenues	149,312	308,300	45,993	22,435	15,056	815,482	666,042	765,507
Gain on sale of capital assets	-	-	-	-	-	202,090	344,211	12,416
Transfers	(2,117,915)	(1,830,711)	(3,397,927)	(939,940)	(987,631)	(1,128,935)	(1,650,312)	(1,038,466)
Special items - Gain of sale of equity interests	<u>453,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>33,729,093</u>	<u>40,877,790</u>	<u>30,934,678</u>	<u>39,733,961</u>	<u>38,526,181</u>	<u>34,574,685</u>	<u>36,429,155</u>	<u>36,398,423</u>
 <b>Change in net assets</b>	 <b>\$ 2,135,252</b>	 <b>\$ 9,589,153</b>	 <b>\$ 706,509</b>	 <b>\$ 2,952,639</b>	 <b>\$ (10,231,011)</b>	 <b>\$ (1,174,219)</b>	 <b>\$ 1,874,424</b>	 <b>\$ 2,985,618</b>

Note: The City adopted GASB No. 34 during fiscal year 2002-03 and began reporting a government-wide statement of net assets.

Source: City's Comprehensive Annual Financial Report



**City of Midland, Michigan**  
**Changes in Business-type Net assets**  
**Last Eight Fiscal Years**  
(Accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenue								
Wastewater customer fees	3,992,174	4,271,674	4,513,338	4,588,778	4,827,045	5,023,302	5,244,636	5,488,692
Water customer fees	6,850,399	7,220,106	7,391,171	7,568,017	8,271,119	8,241,111	9,041,009	9,383,395
Landfill use and admission charges	3,766,356	3,120,726	3,217,430	5,041,271	3,424,819	3,701,334	3,362,957	3,867,944
Civic Arena use and admission charges	-	-	1,041,763	1,056,417	1,064,509	1,149,686	1,077,498	1,061,241
Other use and admission charges	807,729	843,179	895,375	973,412	1,094,166	1,160,471	1,150,138	990,554
Rentals	2,468,774	2,558,359	2,607,737	2,537,277	2,651,509	2,783,672	2,882,931	2,912,059
Fines and forfeits	118,718	122,155	129,202	155,999	171,250	160,152	141,762	166,900
Other revenue	-	-	-	-	-	296,730	305,571	2,073,180
Total operating revenue	<u>18,004,150</u>	<u>18,136,199</u>	<u>19,796,016</u>	<u>21,921,171</u>	<u>21,504,417</u>	<u>22,516,458</u>	<u>23,206,502</u>	<u>25,943,965</u>
Operating Expenses								
Water	3,406,247	3,480,308	3,192,318	4,006,050	3,662,404	3,720,724	3,750,511	3,800,821
Wastewater	980,128	966,934	1,023,045	1,074,122	1,129,031	1,272,180	1,396,730	1,363,214
Real estate rental	1,941,481	1,997,522	2,041,420	2,191,683	2,228,946	-	-	-
Landfill	1,982,880	2,697,045	1,979,811	2,010,992	2,189,039	2,728,781	2,515,598	2,514,219
Civic Arena	-	-	1,028,812	1,130,306	1,152,330	1,186,663	967,769	958,301
Other operating	952,388	837,210	873,204	994,067	1,362,218	4,114,875	3,978,810	4,342,252
Administration	1,296,355	1,661,561	1,704,422	1,674,995	1,754,302	2,205,837	2,357,378	2,308,525
Maintenance	3,207,459	3,757,473	3,912,321	3,950,384	4,090,615	4,936,116	4,550,779	4,712,824
Other expenses	-	-	-	-	-	27,209	6,380	74,613
Depreciation	<u>3,442,725</u>	<u>3,852,093</u>	<u>3,660,043</u>	<u>4,098,194</u>	<u>4,065,398</u>	<u>3,996,687</u>	<u>4,021,646</u>	<u>3,967,213</u>
Total operating expenses	<u>17,209,663</u>	<u>19,250,146</u>	<u>19,415,396</u>	<u>21,130,793</u>	<u>21,634,283</u>	<u>24,189,072</u>	<u>23,545,601</u>	<u>24,041,982</u>
<b>Operating Income (Loss)</b>	794,487	(1,113,947)	380,620	790,378	(129,866)	(1,672,614)	(339,099)	1,901,983

**City of Midland, Michigan**  
**Changes in Business-type Net assets**  
**Last Eight Fiscal Years**  
(Accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Nonoperating Revenue (Expenses)								
Interest income (losses)	339,423	349,012	646,856	957,061	769,663	215,574	219,266	212,289
Gain from investment in joint venture	121,970	284,786	435,216	-	-	-	-	-
Contractual revenues	1,196,491	1,135,813	1,041,852	1,073,493	1,057,953	1,003,592	847,664	504,154
Gain(loss) on disposition of assets	(2,769)	(52,417)	(44,189)	45,261	41,217	(32,336)	12,195	(16,356)
Sales of meals - revenue	418,638	419,982	415,676	421,969	449,200	497,666	530,282	-
Sales of meals - expenses	(579,520)	(561,079)	(544,872)	(572,855)	(590,941)	(625,606)	(657,883)	-
Contributions	-	-	-	1,859,744	110,058	-	-	-
Other revenue	318,598	697,071	679,281	1,289,869	803,172	641,925	623,984	-
Interest expense	(1,354,083)	(1,180,224)	(1,349,648)	(1,200,867)	(1,059,154)	(881,393)	(776,434)	(683,148)
Other expenses	(518,130)	(634,980)	(944,729)	(976,105)	(1,281,656)	(121,236)	(128,889)	-
Total non-operating revenues (expenses)	(59,382)	457,964	335,443	2,897,570	299,512	698,186	670,185	16,939
<b>Income (Loss) - Before contribution and transfers</b>	735,105	(655,983)	716,063	3,687,948	169,646	(974,428)	331,086	1,918,922
Capital contributions	1,682,025	1,137,555	2,449,257	887,254	392,000	1,426,045	452,000	813,196
Operating transfers in	2,117,915	1,830,711	4,360,745	1,191,640	1,301,390	1,210,497	1,661,116	1,160,466
Operating transfers out	-	-	(1,957,809)	(251,700)	(313,760)	(81,562)	(10,804)	(122,000)
Change in Net Assets	4,535,045	2,312,283	5,568,256	5,515,142	1,549,276	1,580,552	2,433,398	3,770,584
Some amounts reported for business-type activities in the statement of activities are different because of net revenue (expense) of certain internal services is reported with business-type activities.	1,372,850	230,418	108,371	(394,607)	(355,109)	73,099	4,537,681	179,846
<b>Change in net assets of business-type activities</b>	<b>\$ 5,907,895</b>	<b>\$ 2,542,701</b>	<b>\$ 5,676,627</b>	<b>\$ 5,120,535</b>	<b>\$ 1,194,167</b>	<b>\$ 1,653,651</b>	<b>\$6,971,079</b>	<b>\$3,950,430</b>
<b>Total Primary Government Changes in Net Assets</b>	<b>\$ 8,043,147</b>	<b>\$ 12,131,854</b>	<b>\$ 6,383,136</b>	<b>\$ 8,073,174</b>	<b>\$ (9,036,844)</b>	<b>\$ 479,432</b>	<b>\$8,845,503</b>	<b>\$6,936,048</b>

Note:

- a. The City adopted GASB No. 34 during fiscal year 2002-03 and began reporting a government-wide statement of net assets.
- b. During fiscal year 2005-06 the Civic Arena Fund was added as a proprietary fund.

Source: City's Comprehensive Annual Financial Report

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,717
Reserved/restricted	37,272,928	38,033,797	41,711,287	39,525,290	32,321,210	26,171,316	16,395,961	503,605	608,739	-
Committed	-	-	-	-	-	-	-	-	-	1,202,239
Assigned	-	-	-	-	-	-	-	-	-	570,175
Unreserved/unassigned	<u>4,657,134</u>	<u>6,872,226</u>	<u>5,619,677</u>	<u>862,970</u>	<u>5,392,288</u>	<u>7,386,734</u>	<u>8,481,194</u>	<u>5,946,963</u>	<u>6,489,409</u>	<u>5,381,543</u>
Total general fund	41,930,062	44,906,023	47,330,964	40,388,260	37,713,498	33,558,050	24,877,155	6,450,568	7,098,148	7,290,674
All other governmental funds:										
Non-spendable	-	-	-	-	-	-	-	-	-	544,266
Reserved/restricted	10,539,100	9,836,063	6,583,221	6,133,899	6,457,181	5,678,635	4,813,284	2,364,469	3,455,381	1,991,078
Committed	-	-	-	-	-	-	-	-	-	472,691
Assigned	-	-	-	-	-	-	-	-	-	2,280,930
Unreserved/unassigned	<u>2,478,563</u>	<u>2,610,688</u>	<u>9,823,639</u>	<u>10,064,255</u>	<u>9,528,365</u>	<u>7,206,067</u>	<u>6,187,985</u>	<u>5,518,346</u>	<u>5,255,550</u>	<u>4,507,803</u>
<b>Total all governmental funds</b>	<u>\$ 54,947,725</u>	<u>\$ 57,352,774</u>	<u>\$ 63,737,824</u>	<u>\$ 56,586,414</u>	<u>\$ 53,699,044</u>	<u>\$ 46,442,752</u>	<u>\$ 35,878,424</u>	<u>\$ 14,333,383</u>	<u>\$ 15,809,079</u>	<u>\$ 17,087,442</u>

Notes:

- a. The City established a tax appeal reserve within the General Fund during fiscal year 1997-98. See Notes to Financial Statements.
- b. During fiscal year 2001-02 the Storm Water Management Fund was reclassified from an enterprise fund to a special revenue fund. The 2001-02 beginning fund balance has been restated to reflect this change.
- c. The City adopted GASB No. 34 during fiscal year 2002-03. Beginning fund balances were restated to reflect the implementation. Information from prior years has not been restated on this schedule.
- d. During fiscal year 2002-03 the Transportation Fund was reclassified from an proprietary fund to a special revenue fund. The 2002-03 beginning fund balance has been restated to reflect this change.
- e. During fiscal year 2003-04 the Special Assessment Revolving Fund was reclassified as an internal service fund to properly reflect activity. The 2003-04 beginning fund balance has been restated to reflect this change.
- f. 2004-05 beginning fund balance has been restated to reflect prior year adjustment of \$9,228.
- g. The City changed its accounting for trust deeds resulting in a restatement of the beginning fund balance for 2006-07
- h. GASB #54 was adopted in fiscal year 2011..

Source: City's Comprehensive Annual Financial Report

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenue</b>										
Taxes	\$ 28,050,741	\$ 31,421,623	\$ 34,391,476	\$ 27,104,030	\$ 27,008,416	\$ 32,851,962	\$ 32,780,512	\$ 29,856,356	\$ 32,958,572	\$ 32,601,169
Other tax related revenue	1,111,918	1,201,478	1,209,761	1,144,431	1,153,613	1,245,590	1,284,513	993,504	1,085,826	1,066,026
Licenses and permits	505,920	527,862	658,986	650,985	653,100	610,552	723,926	691,818	589,383	826,957
Federal Grants	523,370	513,973	654,038	456,900	1,085,841	952,997	1,091,510	589,931	720,821	639,710
Intergovernmental - other	9,505,270	8,204,655	8,218,218	7,955,247	7,973,317	8,668,945	8,304,033	7,626,527	6,999,278	7,172,217
Charges for services	2,553,474	1,526,453	1,674,908	2,959,423	3,180,973	3,402,244	3,730,365	4,039,431	3,955,473	3,903,492
Use and admission charges	615,346	639,979	769,802	793,634	179,854	190,969	179,457	203,733	202,759	256,399
Interest income	1,790,821	1,090,371	1,223,337	1,531,159	2,794,357	3,314,070	2,167,082	554,437	106,028	72,980
Contributions and other revenues	2,692,831	1,482,955	2,951,076	2,796,229	1,712,922	1,777,651	1,886,786	1,564,536	1,671,296	2,041,456
<b>Total revenue</b>	<b>47,349,691</b>	<b>46,609,349</b>	<b>51,751,602</b>	<b>45,392,038</b>	<b>45,742,393</b>	<b>53,014,980</b>	<b>52,148,184</b>	<b>46,120,273</b>	<b>48,289,436</b>	<b>48,580,406</b>
<b>Expenditures</b>										
Current:										
General government	4,119,864	3,045,366	3,224,627	4,742,397	4,884,935	4,904,021	5,219,281	6,529,289	6,221,120	6,045,687
Public safety	8,450,083	9,027,665	9,534,824	10,794,036	11,563,868	12,072,103	12,667,757	14,768,233	14,867,678	15,779,974
Public works	4,612,907	4,668,967	4,473,457	4,751,201	4,971,656	5,373,310	6,203,605	6,445,296	5,988,481	5,850,900
Community and economic development	140,788	693,194	855,595	532,548	820,803	938,099	911,615	1,075,003	1,077,207	579,551
Sanitation	2,049,099	2,001,410	2,094,872	2,094,429	2,346,672	2,209,944	2,344,715	2,500,680	2,480,790	2,491,420
Parks and recreation	3,341,863	3,403,096	3,595,455	3,726,384	3,322,203	3,419,246	3,471,155	4,115,310	3,971,848	4,262,675
Library and community television	3,204,195	2,711,273	3,386,441	3,541,448	3,630,846	3,767,747	3,901,737	4,358,371	4,270,662	4,161,210
Airport	151,719	160,330	184,629	185,202	176,711	282,341	308,020	295,589	285,333	326,472
Transportation	-	1,224,537	1,321,997	1,427,883	1,598,969	1,651,533	1,676,251	1,730,521	1,693,097	1,629,824
Property tax appeals	5,746,216	5,631,424	4,532,256	6,451,758	1,977,046	10,080,498	13,310,099	36,535,706	195,163	315,612
Other functions	3,365,541	2,989,362	3,874,156	4,108,730	4,470,025	4,877,761	5,056,228	236,363	1,216	-
Capital outlay	2,839,452	8,591,474	4,651,563	14,563,988	5,949,213	7,571,908	6,163,166	4,093,449	3,400,930	3,287,839
Debt service										
Principal retirement	1,241,000	125,000	135,000	135,000	75,000	75,000	100,000	930,000	930,000	965,000
Interest and fiscal charges	633,557	37,005	28,916	191,568	13,438	12,161	4,255	594,207	686,907	652,854
Bond issuance costs	-	-	-	-	-	-	-	106,177	-	-
<b>Total expenditures</b>	<b>39,896,284</b>	<b>44,310,103</b>	<b>41,893,788</b>	<b>57,246,572</b>	<b>45,801,385</b>	<b>57,235,672</b>	<b>61,337,884</b>	<b>84,314,194</b>	<b>46,070,432</b>	<b>46,349,018</b>

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Excess of Revenue Over (Under) Expenditures</b>	7,453,407	2,299,246	9,857,814	(11,854,534)	(58,992)	(4,220,692)	(9,189,700)	(38,193,921)	2,219,004	2,231,388
Sale of fixed assets	-	239,390	240,038	215,411	184,721	82,817	202,853	231,991	373,270	12,416
Issuance of debt	-	-	-	6,435,000	-	-	-	17,890,000	-	-
Bond discount	-	-	-	-	-	-	-	(212,243)	-	-
Operating transfers in	5,731,387	5,653,166	8,845,871	11,328,105	9,465,578	6,928,776	3,990,577	6,250,006	6,112,146	5,475,599
Operating transfers out	(6,219,692)	(7,625,336)	(10,799,360)	(13,266,164)	(12,478,678)	(8,515,227)	(5,568,058)	(7,240,941)	(7,228,724)	(6,441,040)
Total other financing sources (uses)	(488,305)	(1,732,780)	(1,713,451)	4,712,352	(2,828,379)	(1,503,634)	(1,374,628)	16,918,813	(743,308)	(953,025)
<b>Net change in fund balances</b>	6,965,102	566,466	8,144,363	(7,142,182)	(2,887,371)	(5,724,326)	(10,564,328)	(21,275,108)	1,475,696	1,278,363
Fund balances - beginning of year	47,982,623	56,786,308	55,593,461	63,728,596	56,586,415	52,167,078	46,442,752	35,878,424	14,333,383	15,809,079
Prior period adjustment	-	-	-	-	-	-	-	(269,933)	-	-
Fund balances - beginning of year restated	<u>47,982,623</u>	<u>56,786,308</u>	<u>55,593,461</u>	<u>63,728,596</u>	<u>56,586,415</u>	<u>52,167,078</u>	<u>46,442,752</u>	<u>35,608,491</u>	<u>14,333,383</u>	<u>15,809,079</u>
Fund Balances - End of year	<u>\$ 54,947,725</u>	<u>\$ 57,352,774</u>	<u>\$ 63,737,824</u>	<u>\$ 56,586,414</u>	<u>\$ 53,699,044</u>	<u>\$ 46,442,752</u>	<u>\$ 35,878,424</u>	<u>\$ 14,333,383</u>	<u>\$ 15,809,079</u>	<u>\$ 17,087,442</u>
Debt service as a percentage of noncapital expenditures	5.12%	0.46%	0.44%	0.77%	0.22%	0.18%	0.19%	2.03%	3.79%	3.69%

Notes:

- a. During fiscal year 2001-02 the Storm Water Management Fund was reclassified from an enterprise fund to a special revenue fund.  
The 2001-02 beginning fund balance has been restated to reflect this change.
- b. The City adopted GASB No. 34 during fiscal year 2002-03. Beginning fund balances were restated to reflect the implementation.  
Information from prior years has not been restated on this schedule.
- c. During fiscal year 2002-03 the Transportation Fund was reclassified from an proprietary fund to a special revenue fund.  
The 2002-03 beginning fund balance has been restated to reflect this change.
- e. During fiscal year 2003-04 the Special Assessment Revolving Fund was reclassified as an internal service fund to properly reflect activity.  
The 2003-04 beginning fund balance has been restated to reflect this change.
- f. 2004-05 beginning fund balance has been restated to reflect prior year adjustment of \$9,228.
- g. The City changed its accounting for trust deeds resulting in a restatement of the beginning fund balance for 2006-07

Source: City's Comprehensive Annual Financial Report

## City of Midland, Michigan

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### Revenue Capacity

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

**City of Midland, Michigan**  
**Taxable Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Taxable Value by Property Type:

Real property:

Tax Year	Residential	Commercial	Industrial	Personal Property	IFT	Total Taxable	Tax Rate (mills)	Total SEV	Taxable Value as a % of Actual
2001	786,634,000	205,720,100	228,985,300	1,018,557,300	145,765,400	2,385,662,100	12.00	2,437,284,700	97.88
2002	830,571,200	218,878,900	289,531,100	1,217,591,600	151,660,400	2,708,233,200	11.76	2,784,309,000	97.27
2003 *	855,523,000	228,369,000	875,691,600	434,258,000	145,920,900	2,539,762,500	12.90	2,819,138,400	90.09
2004	887,350,600	239,002,200	890,760,000	408,075,800	144,584,000	2,569,772,600	9.87	2,852,786,900	90.08
2005	921,024,100	248,085,800	878,201,900	384,728,900	121,477,400	2,553,518,100	9.79	2,811,712,100	90.82
2006	956,874,300	261,931,600	900,622,800	390,489,900	103,285,200	2,613,203,800	12.10	2,835,912,600	92.15
2007	985,927,900	275,311,300	852,016,300	411,946,800	116,559,600	2,641,761,900	12.24	2,814,224,200	93.87
2008	971,965,400	277,831,600	428,969,200	413,179,000	153,897,600	2,245,842,800	12.99	2,310,292,800	97.21
2009	979,020,097	297,391,800	437,612,915	443,958,900	186,616,300	2,344,600,012	13.94	2,390,601,500	98.08
2010	951,562,970	316,006,033	611,162,938	424,376,400	215,828,097	2,518,936,438	13.94	2,563,694,950	98.25

\* Buildings on leased land were reclassified from personal property to real property

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

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

Source: City Assessing Department

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

Millage Rates - Direct City Taxes								Overlapping Taxes								
Tax Year	General Operating		Total Direct Taxes*		Midland County		Delta College	State Education	Bay/Arenac Intermediate	Midland Intermediate	School: Homestead	School: Non-homestead	School: Commercial	School: Homestead	School: Non-homestead	School: Commercial
	(1)	Debt			Bay County	School District			School District	Midland	Midland	Midland	Bullock Creek	Bullock Creek	Property	Property
2001	11.2500	0.7500	12.0000	(2)	8.2655	10.9480	2.5427	6.0000	4.9594	1.1756	4.2526	18.0000	-	7.0000	24.9208	-
2002	11.0900	0.6700	11.7600	(2)	8.3055	10.9486	2.5427	6.0000	4.9594	1.1756	6.0970	20.0000	-	7.0000	24.9208	-
2003	12.2600	0.6400	12.9000	(2)	8.0255	10.9486	2.5427	5.0000	4.9568	1.1756	5.8585	20.0000	-	7.0000	24.9208	-
2004	9.2300	0.6400	9.8700	(3)	8.1455	11.0326	2.0427	6.0000	4.9458	1.1756	5.7692	20.0000	-	7.0000	24.9208	-
2005	9.1700	0.6200	9.7900		7.8255	10.9338	2.0427	6.0000	4.9425	1.1756	5.5909	20.0000	-	7.0000	24.9208	-
2006	11.8700	0.2300	12.1000		8.0555	9.7100	2.0427	6.0000	4.9233	1.1756	5.3284	20.0000	-	7.0000	25.0000	-
2007	12.0000	0.2400	12.2400		8.5555	10.8096	2.0427	6.0000	4.9233	1.1756	5.2129	20.0000	-	7.0000	25.0000	-
2008	12.7000	0.2900	12.9900		8.7055	10.8138	2.0427	6.0000	4.9233	1.1756	4.2942	20.0000	10.2942	7.0000	25.0000	13.0000
2009	13.6700	0.2700	13.9400		8.8355	10.8138	2.0427	6.0000	4.9233	2.6756	2.7890	18.5000	8.7890	7.0000	25.0000	13.0000
2010	13.6700	0.2700	13.9400		8.8355	10.7138	2.0427	6.0000	4.9233	2.6756	2.7091	18.5000	8.7091	7.0000	25.0000	13.0000

\* includes voter approved debt millage

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

- (1) City Charter authorizes 18 mills, but the State of Michigan Constitution (Headlee Amendment) restricts the maximum millage that may be levied by the City without a vote of our residents to 17.87 mills for General Operating.
- (2) The City of Midland property tax rate was increased in 1997/1998 through 2003/2004 for a special tax appeal millage.
- (3) The City of Midland property tax rate was decreased in 2004/2005 due, in part, to a reduction in the tax appeal millage.
- (4) Public Act 37 of 2007 amended MCL 380.1211 to exempt Commercial Personal Property from up to 12 mills of local school district operating millage.
- (5) Public Act 38 of 2007 amended MCL 211.903, to exempt all property classified as Industrial Personal Property from payment of the State Education Tax (SET).  
Public Act 37 of 2007 amended MCL 380.1211 to exempt Industrial Personal Property from up to 18 mills of school operating millage.

Source: City Assessing Department



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

Tax Year	Overlapping Taxes			Total Tax Rate											
	School: Homestead	School: Non-homestead	School: Commercial Property	Homestead	Non-homestead	Non-homestead Commercial	Non-homestead Industrial	Homestead	Non-homestead	Non-homestead Commercial	Non-homestead Industrial	Homestead	Non-homestead	Non-homestead Commercial	Non-homestead Industrial
	Bay City	Bay City	Bay City	Midland	Midland	Midland	Midland	Creek	Creek	Bullock	Bullock	Bay City	Bay City	Bay City	Bay City
2001	1.2000	19.2000	-	34.2364	47.9838	-	-	36.9838	54.9046	-	-	37.6501	55.6501	-	-
2002	1.2000	19.2000	-	35.8808	49.7838	-	-	36.7838	54.7046	-	-	37.4107	55.4107	-	-
2003	1.1000	19.1000	-	35.5023	49.6438	-	-	36.6438	54.5646	-	-	37.4481	55.4481	-	-
2004	1.1000	19.1000	-	33.0030	47.2338	-	-	34.2338	52.1546	-	-	34.9911	52.9911	-	-
2005	1.1000	19.0640	-	32.4247	46.8338	-	-	33.8338	51.7546	-	-	34.8090	52.7730	-	-
2006	2.3500	20.0247	-	34.7022	49.3738	-	-	36.3738	54.3738	-	-	37.1260	54.8007	-	-
2007	2.3500	20.3500	-	35.2267	50.0138	-	-	37.0138	55.0138	-	-	38.3656	56.3656	-	-
2008	2.3500	20.3500	8.3500 (4)	35.2080	50.9138	41.2080 (4)	29.2080 (5)	37.9138	55.9138	43.9138 (4)	31.9138 (5)	39.1198	57.1198	45.1198 (4)	33.1198 (5)
2009	2.3500	20.3500	8.3500 (4)	36.2828	51.9938	42.2828 (4)	30.2828 (5)	40.4938	58.4938	46.4938 (4)	34.4938 (5)	40.0698	58.0698	46.0698 (4)	34.0698 (5)
2010	2.8000	20.8000	8.8000 (4)	36.2529	52.0439	42.2529 (4)	30.2529 (5)	40.5438	58.5438	46.5438 (4)	34.5438 (5)	40.4198	58.4198	46.4198 (4)	34.4198 (5)

\* includes voter approved debt millage

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

- (1) City Charter authorizes 18 mills, but the State of Michigan Constitution (Headlee Amendment) restricts the maximum millage that may be levied by the City without a vote of our residents to 17.87 mills for General Operating.
- (2) The City of Midland property tax rate was increased in 1997/1998 through 2003/2004 for a special tax appeal millage.
- (3) The City of Midland property tax rate was decreased in 2004/2005 due, in part, to a reduction in the tax appeal millage.
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Public Act 37 of 2007 amended MCL 380.1211 to exempt Industrial Personal Property from up to 18 mills of school operating millage.

Source: City Assessing Department

**City of Midland, Michigan**  
**Principal Property Tax Payers**

Taxpayer	2011 Taxable Value	Percentage of total	2002 Taxable Value	Percentage of total	2002 rank
1 Midland Congeneration Venture	\$ 421,784,400	17.85	\$ 760,033,400	29.73	1
2 Dow Chemical/Dow Agrosiences	356,441,411	15.09	441,266,700	17.26	2
3 Dow Corning	132,412,333	5.60	196,123,600	7.67	3
4 Consumers Power Company	21,306,778	0.90	28,031,000	1.10	4
5 Midland Mall LLC	16,951,927	0.72	13,727,800	0.54	5
6 Cabot Corporation	11,149,700	0.47	6,354,200	-	-
7 World Color LLC	10,481,917	0.44	-	-	-
8 Midland Country Club	9,688,600	0.41	6,413,600	-	-
9 H-Hotel	8,936,107	0.38	-	-	-
10 Hotel Holdings Cinema	7,967,900	0.34	-	-	-
Total	<u>\$ 997,121,073</u>	<u>42.20%</u>	<u>\$ 1,451,950,300</u>	<u>53.06%</u>	

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

Source: City's Assessing Department

**City of Midland, Michigan**  
**Property Tax Levies and Collections**

Fiscal Year Ended June 30	Taxes Levied for Fiscal Year (Original Levy)	Adjustments *	Total Adjusted Levy	Collected within the Fiscal Year of the Levy	Percentage of Original Levy Collected	Collections in Subsequent Years	Total Collections to Date	Percentage of Total Collections to Adjusted Tax Levy
2002	27,793,182	(4,026,602)	(1) 23,766,580	27,567,733	99.189	(3,810,086)	23,757,647	99.962
2003	28,804,136	(4,723,742)	(1) 24,080,394	28,488,644	98.905	(4,408,250)	24,080,394	100.000
2004	31,708,040	(5,215,751)	(1) 26,492,289	31,470,866	99.252	(4,981,316)	26,489,550	99.990
2005	24,169,118	(2,504,215)	(1) 21,664,903	23,967,130	99.164	(2,302,233)	21,664,897	100.000
2006	24,355,843	(3,900,688)	(1) 20,455,155	24,337,402	99.924	(3,884,951)	20,452,451	99.987
2007	29,962,104	(4,654,988)	(1) 25,307,116	29,948,998	99.956	(4,644,811)	25,304,187	99.988
2008	25,949,887	9,610	25,959,497	25,939,185	99.959	17,696	25,956,881	99.990
2009	27,669,516	(5,655)	27,663,861	27,660,042	99.966	2,207	27,662,249	99.994
2010	30,629,774	(6,167)	30,623,607	30,623,319	99.979	(687)	30,622,632	99.997
2011	32,973,831	-	32,973,831	30,314,659	91.936	-	30,314,659	91.936

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

(1) Adjustments related to the MCV tax appeal settlement. For more information see Noted to Financial Statements.

Source: City Treasurer's Office

## City of Midland, Michigan

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### **Debt Capacity**

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

**City of Midland, Michigan**  
**Ratios of Outstanding Debt**

	2001	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>										
General obligation bonds	\$ 735,000	\$ 520,000	\$ 385,000	\$ 6,750,000 (1)	\$ 175,000	\$ 100,000	\$ -	\$ 16,960,000	\$ 16,030,000	\$ 21,065,000
Capital leases	<u>1,849,806</u>	<u>1,807,537</u>	<u>1,651,488</u>	<u>1,498,454</u>	<u>1,330,510</u>	<u>1,164,223</u>	<u>983,651</u>	<u>782,160</u>	<u>614,097</u>	<u>409,524</u>
Total governmental activities	2,584,806	2,327,537	2,036,488	8,248,454	1,505,510	1,264,223	983,651	17,742,160	16,644,097	21,474,524
<b>Business Type Activities</b>										
General obligation bonds	19,465,000	20,838,961	19,465,886	17,709,063	21,811,547	20,627,714	19,363,882	18,919,063	17,884,063	16,799,063
Revenue bonds	<u>11,085,000</u>	<u>8,500,000</u>	<u>7,110,000</u>	<u>5,775,000</u>	<u>4,620,000</u>	<u>3,465,000</u>	<u>2,310,000</u>	<u>1,155,000</u>	-	-
Total business-type activities	30,550,000	29,338,961	26,575,886	23,484,063	26,431,547	24,092,714	21,673,882	20,074,063	17,884,063	16,799,063
Total debt of the government	<u>\$ 33,134,806</u>	<u>\$ 31,666,498</u>	<u>\$ 28,612,374</u>	<u>\$ 31,732,517</u>	<u>\$ 27,937,057</u>	<u>\$ 25,356,937</u>	<u>\$ 22,657,533</u>	<u>\$ 37,816,223</u>	<u>\$ 34,528,160</u>	<u>\$ 38,273,587</u>
Total population (2)	41,685	41,935	42,092	42,175	42,175	41,551	41,054	40,917	40,807	41,863
Total debt per capita	\$ 795	\$ 755	\$ 680	\$ 752	\$ 662	\$ 610	\$ 552	\$ 924	\$ 846	\$ 914
Total per capita personal income (3)		\$ 26,818	\$ 26,818	\$ 26,818	\$ 26,818	\$ 26,818	\$ 26,818	\$ 26,818	\$ 29,946	\$ 30,803
Total debt per capita personal income		\$ 1,181	\$ 1,067	\$ 1,183	\$ 1,042	\$ 946	\$ 845	\$ 1,410	\$ 1,153	\$ 1,243
Total taxable value	\$2,161,530,000	\$2,556,572,800	\$2,389,338,500	\$2,425,188,600	\$2,432,040,700	2,509,918,600	2,525,202,300	2,091,945,200	2,157,983,712	2,303,108,341
Ratio of total debt to taxable value	1.53%	1.24%	1.20%	1.31%	1.15%	1.01%	0.90%	1.81%	1.60%	1.66%

(1) Includes civic arena bonds of \$6,500,000 that were classified as governmental in 2005, but were reclassified as business-type in 2005-06

(2) Estimates provided by City Planning Department

(3) U.S. Bureau of the Census

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

**City of Midland, Michigan**  
**Ratios of General Bonded Debt Outstanding**

Fiscal Year	General Bonded Debt	Total General Bonded Debt Outstanding	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt Per Capita	Per Capita Personal Income	% of Personal Income
2002	645,000	645,000	2,239,896,700	0.029	41,810 (2)	15.43	26,818 (3)	0.06%
2003	520,000	520,000	2,556,572,800	0.020	41,935 (2)	12.40	26,818 (3)	0.05%
2004	385,000	385,000	2,389,338,500	0.016	42,092 (2)	9.15	26,818 (3)	0.03%
2005	6,750,000 (1)	6,750,000	2,425,188,600	0.278	42,175 (2)	160.05	26,818 (3)	0.60%
2006	175,000	175,000	2,432,040,700	0.007	42,175 (2)	4.15	26,818 (3)	0.02%
2007	100,000	100,000	2,509,918,600	0.004	41,551 (2)	2.41	26,818 (3)	0.01%
2008	-	-	2,525,202,300	0.000	41,054 (2)	-	26,818 (3)	- %
2009	16,960,000	16,960,000	2,091,945,200	0.811	40,917 (2)	414.50	26,818 (3)	1.55%
2010	16,030,000	16,030,000	2,157,983,712	0.743	40,807 (2)	392.82	29,946 (3)	1.31%
2011	21,065,000	21,065,000	2,303,108,341	0.915	41,863 (2)	503.19	30,803 (3)	1.63%

(1) Includes civic arena bonds of \$6,500,000 that were classified as governmental in 2004-05, but were reclassified as business-type in 2005-06.

(2) Estimates provided by City Planning Department

(3) U.S. Bureau of the Census

Source: City's financial records

**City of Midland, Michigan**  
**Direct and Overlapping Debt**

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt*
Direct debt - City of Midland	\$ 37,864,063	100.00	\$ 37,864,063
Overlapping debt:			
Bay City School District	65,930,000	0.33	217,569
Bullock Creek School District	12,995,000	1.04	135,148
Bay County	16,985,154	0.20	33,970
Midland County	28,560,765	64.81	18,510,232
Bay-Arenac Intermediate School District	<u>3,550,000</u>	0.17	<u>6,035</u>
Total overlapping debt	<u>128,020,919</u>		<u>18,902,954</u>
Total	<u>\$ 165,884,982</u>		<u>\$ 56,767,017</u>

\* Overlapping debt is calculated as the issuer's proportionate share of the debt of other local governmental units that overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is generally apportioned based upon relative Assessed property values.

--- Source <http://emma.msrb.org/educationcenter/Glossary.aspx>

**City of Midland, Michigan**  
**Legal Debt Margin**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 223,989,670	\$ 255,657,280	\$ 238,933,850	\$ 242,518,860	\$ 281,171,210	283,591,260	281,422,420	231,029,280	239,060,150	256,369,495
Total net debt applicable to limit	<u>12,857,968</u>	<u>13,688,377</u>	<u>12,514,532</u>	<u>17,600,438</u>	<u>22,604,063</u>	<u>20,727,714</u>	<u>19,363,882</u>	<u>35,879,063</u>	<u>37,864,063</u>	<u>37,864,063</u>
Legal debt margin	<u>\$ 211,131,702</u>	<u>\$ 241,968,903</u>	<u>\$ 226,419,318</u>	<u>\$ 224,918,422</u>	<u>\$ 258,567,147</u>	<u>\$ 262,863,546</u>	<u>\$ 262,058,538</u>	<u>\$ 195,150,217</u>	<u>\$ 201,196,087</u>	<u>\$ 218,505,432</u>
Total net debt applicable to the limit as a percentage of debt limit	5.74%	5.35%	5.24%	7.26%	8.04%	7.31%	6.88%	15.53%	15.84%	14.77%

**Legal Debt Margin Calculation for Fiscal Year 2011**

Debt Limit:	
2009 State equalized valuation	\$ 2,563,694,950
Debt limit (10% of State equalized \ x	<u>10.00%</u>
 Total debt limit	 256,369,495
Debt Applicable to Debt Limit:	
Total bonded debt	37,864,063
Less: deductions allowed by law:	
Revenue bonds	<u>-</u>
 Total amount of debt applical	 <u>37,864,063</u>
 Legal Debt Margin	 <u>\$ 218,505,432</u>

**Limitations on Borrowing**

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

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

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



**City of Midland, Michigan**  
**Pledged-Revenue Coverage**

Water Revenue Bonds

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenues	Debt service			Coverage
				Principal	Interest	Total	
2002	9,587,590	6,108,391	3,479,199	1,260,000	534,970	1,794,970	1.94
2003	9,732,581	5,924,678	3,807,903	1,325,000	475,294	1,800,294	2.12
2004	9,801,295	6,266,043	3,535,252	1,390,000	428,090	1,818,090	1.94
2005	10,307,652	7,165,252	3,142,400	1,335,000	328,336	1,663,336	1.89
2006	10,044,232	7,154,593	2,889,639	1,155,000	295,680	1,450,680	1.99
2007	10,479,515	7,786,003	2,693,512	1,155,000	237,930	1,392,930	1.93
2008	10,818,541	7,747,720	3,070,821	1,155,000	180,180	1,335,180	2.30
2009	10,975,338	8,078,020	2,897,318	1,155,000	121,275	1,276,275	2.27
2010	11,216,050	8,017,287	3,198,763	-	-	-	0.00
2011	11,499,995	8,180,881	3,319,114	-	-	-	0.00

## City of Midland, Michigan

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### **Demographic and Economic Information**

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

**City of Midland, Michigan**  
**Demographic and Economic Statistics**

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Fiscal year	Population	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age (2)	Unemployment rate (4)	
2002	41,810 (1)	(3)	26,818	36.2	4.1	
2003	41,935 (1)	(3)	26,818	36.2	4.8	
2004	42,092 (1)	(3)	26,818	36.2	4.8	
2005	42,175 (1)	(3)	26,818	36.2	4.4	
2006	42,175 (1)	(3)	26,818	36.2	4.2	
2007	41,551 (1)	(3)	26,818	36.2	4.5	
2008	41,054 (1)	(3)	26,818	36.2	5.1	
2009	40,917 (1)	(3)	26,818	36.2	8.5	
2010	40,807 (1)	25,723	(2)	29,946	36.5	7.5
2011	41,863 (1)	26,776	(2)	30,803	36.8	6.6

(1) Estimates provided by City Planning Department

(2) U.S. Bureau of the Census

(3) Information not available

(4) Michigan Department of Labor and Economic Growth

**City of Midland, Michigan**  
**Principal Employers**

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Taxpayer	2011 Employees (2)	Percentage of Total	2002 Employees	Percentage of Total	2001 Rank
1 Dow Chemical Company	5,300	23.00	(1)	(1)	(1)
2 MidMichigan Medical Center	3,200	13.89	(1)	(1)	(1)
3 Dow Corning Corporation	1,350	5.86	(1)	(1)	(1)
4 Midland Public Schools	1,100	4.77	(1)	(1)	(1)
5 Chemical Bank & Trust Company	460	2.00	(1)	(1)	(1)
6 City of Midland	460	2.00	(1)	(1)	(1)
7 Northwood University	340	1.48	(1)	(1)	(1)
8 County of Midland	330	1.43	(1)	(1)	(1)
9 Quebcor World Pendell Inc	325	1.41	(1)	(1)	(1)
10 Meijer	320	1.39	(1)	(1)	(1)

(1) Information not available

(2) Source: Midland Tomorrow, July 2010

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
City Manager	5	5	5	4	4	4	4	4	4	3
City Clerk (1)	9	9	9	4	4	4	4	4	4	4
City Treasurer	-	-	-	6	6	6	6	6	4	4
Assessing	6	6	6	6	5	5	5	5	5	4
City Attorney	3	3	3	3	3	3	3	3	3	3
Finance	7	7	7	7	7	8	8	8	8	8
Human Resources/Risk Management	5	5	5	5	5	5	5	4	4	4
Purchasing	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police	50	52	52	52	51	51	51	51	51	50
Fire	46	46	46	46	46	46	46	46	46	46
Building inspection	8	8	8	7	7	7	7	7	6	6
Planning	6	6	6	6	6	6	6	6	4	4
Public works:										
Engineering	15	15	15	15	15	15	15	15	14	12
Public Works	45	46	45	44	44	44	44	43	39	38
Parks and recreation	35	36	36	33	33	34	34	34	29	25
Grace A. Dow Library	23	23	23	23	23	23	23	21	20	19
Downtown Development Authority	-	-	-	1	1	1	1	1	1	-
Dial-A-Ride	7	7	7	7	7	7	6	6	6	6
Civic Arena	-	-	-	-	-	-	-	-	2	2
Landfill	8	8	8	8	8	8	8	9	9	9
Senior Housing										
Washington Woods	8	8	8	8	8	7	7	7	6	6
Riverside Place	6	6	6	6	6	6	6	6	6	6
Currie Municipal Golf Course	-	-	-	-	-	-	1	3	4	7
Wastewater	22	22	22	22	22	22	22	22	20	20
Water	36	36	36	36	36	36	36	36	35	34
Midland Community Television	4	4	4	4	4	4	3	3	3	3
Equipment Revolving	15	15	15	15	15	15	15	15	15	15
Municipal Service Center	-	-	-	1	1	-	1	1	1	1
Information Services - Operations	8	7	7	7	7	7	6	6	6	6
Geographic Information Systems	-	-	-	-	2	2	2	2	2	1
<b>Total</b>	<b>378</b>	<b>381</b>	<b>380</b>	<b>377</b>	<b>377</b>	<b>377</b>	<b>376</b>	<b>375</b>	<b>358</b>	<b>347</b>

Source: City of Midland Annual Budget  
(1) City Clerk and City Treasurer were combined until 2004-05

## City of Midland, Michigan

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### **Operating Information**

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

**City of Midland, Michigan**  
**Operating Indicators**  
**Last Ten Fiscal Years**

Function/ Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Building permits issued	3,513	3,427	3,244	3,341	3,127	2,798	3,021	2,601	3,023	3,789
Building inspections conducted	4,831	4,309	4,409	6,314	5,642	6,156	6,226	4,989	7,211	5,959
Public safety										
Police										
Physical arrests	1,237	1,261	1,522	1,477	1,406	1,256	1,274	999	1,069	1,425
Traffic violations	8,473	8,994	7,989	6,598	7,719	6,013	5,856	6,224	4,679	4,009
Investigations/complaints	15,245	15,557	15,049	15,243	15,554	15,749	15,851	14,523	13,883	13,833
Fire										
Fire runs	97	83	81	96	92	83	104	68	109	82
Rescue/medical	2,456	2,422	2,432	2,570	2,683	2,944	3,080	3,080	3,018	2,999
Hazardous	360	365	397	315	577	406	347	389	322	458
All other calls	628	663	820	870	930	930	963	977	1,002	1,165
Public works										
Street maintenance (millions of dollars)	\$ 2.50	\$ 2.20	\$ 1.79	\$ 1.85	\$ 2.13	\$ 2.23	\$ 2.50	\$ 2.54	\$ 1.73	\$ 1.93
Sidewalk maintenance (thousands of dollars)	\$ 460.00	\$ 309.00	\$ 346.82	\$ 346.34	\$ 362.82	\$ 372.61	\$ 436.98	\$ 405.91	\$ 364.99	\$ 218.50
Refuse collected (compacted cubic yards)	53,320	54,690	62,190	62,994	64,316	58,840	54,331	54,956	52,364	49,482
Brush and heavy item (cubic yards)	50,715	56,230	67,975	57,605	70,946	66,766	64,229	61,456	51,306	52,073
Fall leaf collection (cubic yards)	61,060	67,685	63,496	70,160	67,872	60,224	63,744	66,096	71,880	61,684
Parks and recreation										
Softball teams supported	385	340	333	334	334	327	311	282	263	260
Picnic reservations (sheltered and open area)	896	931	997	700	758	622	488	595	603	621
Library										
Volumes in collection	266,501	272,145	269,182	275,089	282,281	280,100	275,085	271,152	262,065	257,203
Circulation (books borrowed)	846,511	865,806	825,496	822,203	796,540	810,133	833,798	856,376	860,380	846,487
Airport (take-offs and landings)	17,375	14,717	13,415	14,699	10,847	9,245	9,161	9,336	9,083	9,424
Landfill										
Vehicle traffic	31,981	28,840	36,499	35,730	35,907	41,192	35,393	33,839	31,235	31,947
Tons per day	468	419	513	466	467	635	506	628	483	699
Senior housing apartment complexes										
Washington Woods										
Occupancy	100%	100%	100%	100%	99%	100%	99%	99.5%	99.0%	96.0%
Percent turnover	23%	21%	22%	17%	23%	24%	19%	15%	15%	24%
Average age of residents	83	83	83	85	85	83	83	80	83	81
Riverside Place										
Occupancy	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percent turnover	20%	24%	24%	23%	25%	32%	35%	23%	21%	25%
Average age of residents	84	84	85	86	85	86	86	86	87	87

**City of Midland, Michigan**  
**Operating Indicators**  
**Last Ten Fiscal Years**

Function/ Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public transportation (passengers served)	147,475	146,404	144,992	154,553	161,497	153,670	155,216	147,093	129,491	126,846
Sewer										
Average daily sewage treatment (MGD)	7.81	5.24	7.44	6.46	7.22	8.05	6.96	8.40	6.58	7.23
Annual sewage treatment (MG)	2,850.70	1,912.60	2,715.60	2,375.90	2,635.30	2,937.85	2,541.55	3,066.66	2,393.76	2,640.53
Water										
Finished water pumped (MG)										
Domestic	3,372.26	3,401.72	3,358.12	3,503.34	3,501.33	3,520.67	3,591.76	3,381.69	3,375.07	3,445.52
Industrial	4,928.16	4,935.65	4,569.25	4,566.05	4,320.86	4,175.89	4,117.73	3,584.78	3,561.20	3,695.13
Total	8,300.42	8,337.37	7,927.37	8,069.39	7,822.19	7,696.56	7,709.49	6,966.47	6,936.27	7,140.65

NA - Information not available

MG - Million gallons

MGD - Million gallons/day

Sources: City records, city departments, department annual reports, and city website - [www.midland-mi.org](http://www.midland-mi.org)



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

Function/ Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	14	14	14	15	13	13
Detective vehicles	4	4	4	4	4	4	4	4	4	4
SWAT van	1	1	1	1	1	1	1	1	1	1
Administrative and warrant officer vehicle	4	4	4	4	4	4	3	3	4	2
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire response vehicles	6	6	6	6	6	6	6	6	6	6
Emergency response vehicles	1	1	1	1	1	1	1	1	1	1
Public works										
Major streets (miles)	78	78	78	78	78	78	78	77	77	82
Local streets (miles)	148	152	152	152	154	154	155	156	156	151
State highways (miles)	16	16	16	16	16	16	16	16	16	16
Sidewalks (miles)	346	346	347	351	352	353	353	354	355	355
Traffic signals (city owned)	72	72	72	72	73	72	72	72	72	74
Refuse collection trucks	13	13	13	13	13	13	13	13	13	13
Parks and recreation										
Acreage	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Regional park and recreation areas	6	6	6	8	8	8	8	8	8	8
Community parks	8	8	8	7	7	7	7	7	7	7
Block and district parks	61	61	61	55	55	55	55	55	55	55
Golf courses										
9-hole municipal par-3	1	1	1	1	1	1	1	1	1	1
18-hole municipal	2	2	2	2	2	2	2	2	2	2
27-hole municipal (a)	-	-	-	-	-	-	-	-	-	-
Golf course clubhouse	1	2	2	2	2	2	2	2	2	2
Ice arena (b)	1	1	1	1	1	1	1	1	1	1
Swimming pool	1	1	1	1	1	1	1	1	1	1
Skateboard park	1	1	1	1	1	1	1	1	1	1
Spray ground facilities	1	1	1	2	2	2	2	2	2	2
Library branches	1	1	1	1	1	1	1	1	1	1
Airport										
Runways	2	2	2	2	2	2	2	2	2	2
Terminal building (c)	1	1	1	1	1	1	1	1	1	1
City-owned hangars (leased)	14	14	14	14	14	14	14	14	14	14

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

Function/ Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public transportation-Dial-A-Ride busses	14	14	14	14	14	15	14	14	14	14
Landfill										
Current airspace (compacted cubic yards) (d)(g)(h)	231,191	40,410	1,496,495	1,158,830	1,126,046	905,764	2,556,451	2,304,084	2,347,971	2,205,036
Total future airspace (compacted cubic yards) (e)	9,569,273	9,378,492	9,262,950	8,925,285	8,965,124	8,740,847	6,889,689	6,889,689	6,889,689	6,889,689
Senior housing apartment complexes										
Washington Woods (units)	214	214	214	214	214	214	214	214	214	214
Riverside Place (units)	150	150	150	150	150	150	150	150	150	150
Sewer										
Sanitary sewers (miles)	189	191	194	195	195	196	196	196	197	197
Storm sewers (miles)	166	167	168	170	171	172	173	174	174	174
Treatment capacity (million gallons/day)	18	18	18	18	18	18	18	18	18	18
Water (f)										
Water mains (miles)	306	306	306	306	308	330	333	359	360	384
Fire hydrants	2,350	2,558	2,558	2,701	2,758	2,928	2,979	3,193	3,205	3,240
Storage capacity (million gallons)	14.41	14.41	14.41	14.41	14.41	13.75	13.75	13.75	13.75	13.75
Treatment plant capacity (million gallons/day)										
Potable water	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8	28.8
Industrial grade water	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Total	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0

NA - Information not available

(a) In FY01/02 an additional 9-holes were added to the 27-hole course to create two 18-hole courses.

(b) A new 3-sheet arena on Fast Ice Drive opened in September 2005 replacing the old 2-sheet arena on East Collins.

(c) In FY05/06 a new 2,100 sq ft terminal building opened replacing a 1,200 sq ft terminal built in 1950.

(d) Current airspace = remaining airspace in currently constructed cells.

(e) Total future airspace = remaining airspace in currently constructed cells as well as cells to be constructed in the future.

(f) Raw water is pumped from Lake Huron by the Saginaw-Midland Municipal Water Supply Corporation, a facility owned jointly by the two cities.

The raw water is then pumped to the two communities for treatment at their individual treatment plants.

(g) FY07/08 Cell 16 added, roughly 1.8 million yards of additional airspace

(h) 2010 airspace remaining value is higher than 2009 for two reasons:

1. 2010 had an actual survey completed, while 2009 was a calculated estimate.

2. A minor modification to Cell 16 design increased the available airspace by 56,947 compacted cubic yards.

Sources: City records, city departments, department annual reports, and city website - [www.midland-mi.org](http://www.midland-mi.org)