



# City of Petoskey

# Agenda

Public notice is hereby given that the City of Petoskey City Council will meet in regular session, 7:00 P.M., May 3, 2021. This meeting will be conducted by electronic means through a resolution of the Emmet County Board of Commissioners that extended the Declaration of a Local State of Emergency through June 30, 2021 as allowed by Section 10 of the Emergency Management Act in an effort to mitigate the spread of COVID-19 and to promote public health, welfare and safety. This meeting is open to the public to participate remotely.

Join Zoom Meeting: <https://us02web.zoom.us/j/89920117308>

Dial by Phone: 888-788-0099 US Toll-free

Meeting ID: 899 2011 7308

Persons with disabilities who require assistance in order to participate in the electronic public meeting should contact the City Clerk at the earliest opportunity by emailing [aterry@petoskey.us](mailto:aterry@petoskey.us) or by calling 231-347-2500 to request assistance.

According to the Attorney General, interrupting a public meeting in Michigan with hate speech or profanity could result in criminal charges under several State statutes relating to Fraudulent Access to a Computer or Network (MCL 752.797) and/or Malicious Use of Electronics Communication (MCL 750.540).

According to the US Attorney for Eastern Michigan, Federal charges may include disrupting a public meeting, computer intrusion, using a computer to commit a crime, hate crimes, fraud, or transmitting threatening communications.

Public meetings are being monitored and violations of statutes will be prosecuted.

## CITY COUNCIL

May 3, 2021

1. Call to Order - 7:00 P.M. – Virtual meeting from remote locations
2. Recitation - Pledge of Allegiance to the Flag of the United States of America
3. Roll Call
4. Presentation
  - (a) Hear presentation by Ron Marshall regarding energy innovation and Carbon Dividend Act
  - (b) Hear presentation by Yarrow Brown and Steve Schnell from Housing North regarding a potential Petoskey deed restriction program
  - (c) Hear presentation by representatives of Dennis, Gartland & Niergarth, Traverse City, concerning Financial Statements and Report of Independent Certified Public Accountants of the annual audit of the City's fiscal year ended December 31, 2020

5. Consent Agenda – Adoption of a proposed resolution that would confirm approval of the following:
  - (a) April 19, 2021 regular session City Council meeting minutes
  - (b) Acknowledge receipt of a report concerning certain administrative transactions since April 19, 2021
6. Miscellaneous Public Comments
7. City Manager Updates
8. Old Business – Consideration to approve a \$42,400 donation by Ambassador Ronald Weiser for the purchase of equipment to support the Public Safety Department
9. City Council Comments
10. Closed Session – Adoption of a proposed resolution that would authorize to adjourn to a closed session, pursuant to Section 8(c) of the Michigan Open Meetings Act, to consider strategy and negotiations of a collective bargaining agreement
11. Adjournment



# City of Petoskey

## Agenda Memo

**BOARD:** City Council

**MEETING DATE:** May 3, 2021

**PREPARED:** April 29, 2021

**AGENDA SUBJECT:** Presentation from Ron Marshall Regarding Energy Innovation and Carbon Dividend Act

**RECOMMENDATION:** That the City Council hear presentation

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**Summary** Ron Marshall, member of the Citizens Climate Lobby, is asking City Council to support the Energy Innovation and Carbon Dividend Act H.R. 2307. See enclosed summary from Mr. Marshall as well as information on how the program works from <https://energyinnovationact.org>.

**Action** Hear presentation from Mr. Marshall.

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Enclosures

I am a member of Citizens Climate Lobby (CCL) asking for your support of our Energy Innovation and Carbon Dividend Act H.R. 2307. CCL has groups in over 90 percent of our congressional districts throughout the United States, promoting a bipartisan approach to climate change.

There are many tools, from regulation and mandates to market policies, for solving the carbon pollution problem. Our preferred tool is the Energy Innovation and Carbon Dividend Act,) which places a steadily rising fee on carbon pollution and returns that money to local economies as a monthly dividend. Admittedly just reintroduced in the House of Representatives as H.R. 2307, is no magic bullet, but a price on carbon has been heralded by economists and climate scientists alike as an integral component for cost effective climate policy. And the monthly Dividend puts money in the pockets of citizens to offset rising energy costs and stimulate local innovation. This market-based approach has widespread support including the late George Schultz and Charles Krauthammer putting a price on carbon to cover the social cost of burning fossil fuels. The National Chamber of Commerce and American Petroleum Institute also endorse putting a price on carbon

After ignoring climate warnings for over 30 years, we now need to attain zero net carbon emissions by 2050. We are emitting 51 billion tons of carbon emissions each year. Every year that we emit more emissions; we are contributing to higher global temperatures. It like filling a bath tub, no matter how little we add to the tub it still fills up.

We do have the solution to our warming planet that creates jobs, promotes clean and efficient energy and lowers premature deaths. It is a market approach that uses price to influence industries to self-regulate, encourages households to reduce their carbon foot print and increases investment in green energy. Since fees collected are returned to households by an existing government agency, there is no expansion of government. Since the fees are distributed equally regardless of income, the most vulnerable are protected.

Putting a price on carbon can be done quite quickly for example, British Columbia enacted a price on carbon in five months. By enacting a fee for carbon emissions at the point of entry significantly reduces the staff needed to collect the fees resulting in minimal costs and the market will do the rest.

Dividends will be easily distributed, since 90 percent of fees collected can be sent electronically. This bill will bring income and jobs to our community as well as relying on clean energy promotes cleaner air which protects those with respiratory illnesses.

We have a solution all we need are breakthrough in technology to take us to net zero emissions by 2050.

Your support will help make this happen and bring jobs to our community as well as income to every households and protect our fellow residents with respiratory illnesses.

# Energy Innovation AND Carbon Dividend Act

## AMERICA'S CLIMATE SOLUTION

H.R. 2307

A carbon price is the single most powerful tool available to reduce America's carbon pollution. The Energy Innovation Act puts a fee on carbon pollution, creating a level playing field for clean energy. The money collected from fossil fuel companies goes to Americans in the form of a monthly 'carbon cash back' payment so that everyone can afford the transition.



### **Net Zero by 2050**

This policy will reduce America's carbon pollution by 30% in the first 5 years alone, and is the single most powerful tool we have to get us to net zero by 2050.



### **Affordable Clean Energy**

With this policy, the government makes fossil fuels more expensive, and businesses compete to provide clean energy solutions. The resulting innovation will reduce our pollution fast and efficiently, leading to plenty of reliable and affordable clean energy for our modern lives.



### **Saves Lives**

This policy will improve health and save 4.5 million American lives over the next 50 years by reducing pollution Americans breathe. Poor air quality is responsible for the deaths of as many as 1 in 10 Americans today, and sickens thousands more.



### **Puts Money In Your Pocket**

This policy is affordable for ordinary Americans because it puts money in your pocket. The money collected from the fee is given as a monthly dividend, or 'carbon cash back' payment to every American to spend with no restrictions. Most low and middle income Americans will come out financially ahead or break even.

Sources for statistics available at: [energyinnovationact.org/data-sources](https://energyinnovationact.org/data-sources)

## How it Works

- 1 Carbon Fee**  
This policy puts a fee on fossil fuels like coal, oil, and gas. It starts low, and grows over time.
- 2 Carbon Dividend**  
The money collected from the carbon fee is allocated in equal shares every month to the American people to spend as they see fit.
- 3 Border Carbon Adjustment**  
To protect U.S. manufacturers and jobs, imported goods will pay a border carbon adjustment, and goods exported from the United States will receive a refund under this policy.

## See Sponsors List & Learn More

Go to [energyinnovationact.org](https://energyinnovationact.org) to learn more about the Energy Innovation & Carbon Dividend Act.

## Support the Bill

Go to [cclusa.org/energy-innovation-act](https://cclusa.org/energy-innovation-act) to contact your Congressional Representative.

# Energy Innovation AND Carbon Dividend Act

AMERICA'S CLIMATE SOLUTION

H.R. 2307

**Drives down America's carbon pollution to net zero by 2050.**

NET ZERO  
BY 2050



AFFORDABLE  
CLEAN ENERGY



SAVES  
LIVES



PUTS MONEY IN  
YOUR POCKET



**Scientists, economists, and business leaders agree**



Charge a fee on fossil fuels at the source  
(mine, refinery, or first pipeline)



Return 100% of net revenue to households as a dividend



**This benefits people, the economy, and the environment**

## FAMILIES GET PAID

TODAY

\$0

paid to households in carbon dividends



THE FUTURE

**\$2,974**

annual dividend for a family of 4 in year 10



**95%**

of low and middle wealth Americans will come out ahead or essentially break even

The money goes back to households as a monthly carbon dividend.

**You choose how to spend it.**

## JOBS ARE CREATED

TODAY

\$800 billion

in annual costs from environmental and health harms of fossil fuels

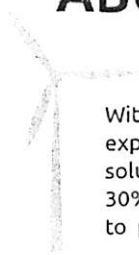
THE FUTURE

Clean energy jobs created in local communities





## ABUNDANT, AFFORDABLE CLEAN ENERGY



With this policy, the government makes fossil fuels more expensive, and businesses compete to provide clean energy solutions. The resulting innovation will reduce our pollution by 30% in the first 5 years, and bring us to net zero by 2050, thanks to plenty of reliable and affordable clean energy.

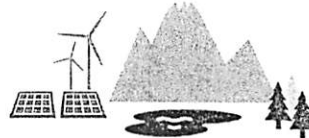
## A HEALTHIER ENVIRONMENT

### TODAY

**350,000** lives lost  
each year due to air pollution

### THE FUTURE

**4.5m** lives saved  
over the next 50 years  
thanks to clean air



**net ZERO**  
by 2050

A carbon fee and dividend  
will create cleaner air and  
a stable climate for you  
and your family.

Sources for statistics available at: <https://energyinnovationact.org/data-sources>

Learn More: [energyinnovationact.org](https://energyinnovationact.org)



# City of Petoskey

## Agenda Memo

**BOARD:** City Council

**MEETING DATE:** May 3, 2021

**PREPARED:** April 28, 2021

**AGENDA SUBJECT:** Housing North Proposal for a Petoskey Deed Restriction Program

**RECOMMENDATION:** That the City Council hear presentation

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**Background** In January, City Council heard a presentation by Emily Meyerson, Housing Ready Program Coordinator, about the housing needs in our area and possible solutions. Since that time, many items have moved forward, including discussion by City Council of the disposal of City-owned surplus property for housing, and discussion at the Planning Commission about possible ordinance amendments that could encourage additional housing construction.

One of the issues we face in our area is the increasing amount of seasonal housing that is being taken out of the inventory for year-round residents. This is a common problem in high-amenity communities and one solution that has been developed in other resort communities is a deed restriction program (e.g., Vail in Deed). Locally, a property in the City of Charlevoix was developed because some additional funds were provided to the owner in exchange for a deed restriction. The restriction requires that the owner – or renter- live at the property for no less than 10 months a year. Enforcement of the deed restriction is then provided by Housing North, through an agreement with the City of Charlevoix as an interested third party in the deed restriction.

**Discussion** Housing North has been exploring how this program could be expanded further in our area. There are two possibilities – that the deed restriction is voluntarily put on a property, or that a deed restriction is purchased. There is currently not a funding mechanism to purchase the deed restrictions, but initial outreach by Ms. Meyerson with realtors and at least one property owner indicated there may be interest in donation of such restrictions.

At the May 3 meeting, Yarrow Brown and Steve Schnell of Housing North, will discuss the Charlevoix program and how it could be implemented in Petoskey. Enclosed are several documents that illustrate how the program works in Charlevoix, as well as documents that could be used to start a program in Petoskey: a draft agreement between the City and Housing North on program administration, a donation deed restriction and a purchase deed restriction.

**Action** A deed restriction program is one more tool the City could use to address the need for year-round housing. City Council should provide direction on whether they are interested in moving forward with such a program and possible agreement with Housing North.

at  
Enclosures



CHARLEVOIX



### **PRIMARY RESIDENCE DEED RESTRICTION PROGRAM**

The City of Charlevoix has been proactively creating more housing opportunities with a focus on year-round housing and workforce housing. The Deed Restriction Program was initiated from discussions with the Charlevoix Housing and Business Park Initiative and the many partners working to address the need for year-round housing. This will ensure that our important workforce can grow and remain in the community. The program will help balance the housing market that is faced with a growing percent of the existing housing stock that are summer homes or vacation rentals. Currently, only 38% of homes in the City are principal residences.

#### **How does it work?**

Cash is available to a current or prospective property owner to voluntarily agree to require the residence to be inhabited only by year-round residents. This is a voluntary program and the cash is negotiated with each property owner and based on an assessment of the property.

For any property owner of an existing home or apartments, the deed restriction program can provide cash in exchange for an agreement to always require the housing unit to be inhabited by year-round residents.

This cash can be used to purchase a property that will participate in this program or do improvements to an existing property. This program can provide much needed cash to do important fix issues and keep people in their homes.

The deed restriction requires all current and future residents to live in the home at least 10 out of 12 months of each year. Once recorded, a deed restriction stays with the title and survives changes in ownership over time. This means the new program will permanently assure long term resident housing.

#### **How is it funded?**

The initial funds that created this program were private donations to a fund administered by the Charlevoix County Community Foundation. The stewardship of this program is managed by Housing North, a regional non-profit. Annual compliance requirements exist and are administered by the Charlevoix County Housing Ready Program Director under Housing North.

#### **How can I find out more?**

Please contact Steve Schnell, Charlevoix County Housing Ready Program Director at [steve@housingnorth.org](mailto:steve@housingnorth.org) and by phone at 231-330-7070. Housing North is proud and excited to be a partner in this groundbreaking program, the first of its kind in Michigan.

Creating pathways and partnerships for housing in Northwest Michigan.



CHARLEVOIX



## PRIMARY RESIDENCE DEED RESTRICTION PROGRAM

### Frequently Asked Questions

The City of Charlevoix has a program that works to preserve the number of homes available to the local workforce and those who want to live in the city year-round. Housing for year-round residents is critical for local economic development and quality of life. It is a relatively simple program that requires homes be lived in by people who will live in the home at least 10 out of 12 months of the year. This home must be the residents' permanent home. There may be questions as to how these deed restrictions handle unique situations. If the following list of frequently asked questions still leave you with questions, please contact Housing North. Steve Schnell, the Charlevoix County Housing Ready Program with Housing North can answer your questions by phone (231-330-7070) or by email at [steve@housingnorth.org](mailto:steve@housingnorth.org).

#### 1. Why should I consider deed restricting my property?

The City of Charlevoix created this voluntary program to incentivize homeowners and landlords to help the City achieve its housing goal of preserving year-round housing. This goal is essential to support our local economy and workforce.

#### 2. What is a deed restriction and what are the specific restrictions that I'd be volunteering for?

The City's goal is to preserve year-round housing for year-round residents. This means there will be more people who will be supporting local businesses all year long and housing available for our workforce. When you deed restrict your property you support this goal. The funds you may receive in exchange for this deed restriction can be used to purchase a home or to do some rehabilitation or additions to your home.

#### 3. How long does this requirement last for my property?

A deed restriction will continue to be in place for all future owners of your property.

#### 4. What happens when I sell my property?

There are no requirements for you to do anything different when you sell your property. A deed restriction is registered with the Charlevoix County Register of Deeds and will show up in a title search for your property. You should inform your realtor and future property owners of this deed restriction.



CHARLEVOIX



**5. Can I rent my property after signing the deed restriction?**

Yes. You can rent your property for year-round occupancy. Your tenants must live in the home at least 10 out of 12 months every year. If the home will be your primary residence, you have the option to rent your home on a short-term basis if you choose to travel for 2 months or less as long as you still meet the requirement that you live in the home 10 months of the year and it remains your primary residence.

**6. What will I have to do to show compliance with the deed restriction?**

At the beginning of every calendar year you will be sent a form to fill out and sign that states you (or your tenants) are in compliance with the deed restriction program. You may be asked to provide various forms of proof of year-round residence. If you rent your home, you will be required to coordinate the collection of the forms from your renter(s) to make this same statement and proof of residence.

**7. What if I must move from the area? Do I have to sell my home?**

You can continue to own the home and rent to others. You must rent to people who meet the requirements of the deed restriction. A temporary vacancy of your home while you search for renters or while you sell your home is acceptable.

**8. Is there money that I can receive for a deed restriction? How does this work?**

Each deed restriction is unique to that home and neighborhood. While we encourage donations, if there is funding available, this will be negotiated on an individual basis. Please call us for more information and to begin the process. See contact information below.

**9. Can I voluntarily put a deed restriction on my land as a donation to the program?**

Yes. You can donate your deed restriction. This is a significant gift to the local community as the local workforce struggles to find housing and local employers and businesses struggle to find employees and year-round customers. Questions about whether this would have a tax benefit for you would best be addressed with your own tax attorney.

**10. What if I my health changes and I must live somewhere else for an unknown period? Or what happens if a similar event happens in my life that temporarily impacts my ability to live in this deed restricted home?**

Temporary changes to your living circumstances can be discussed with Housing North. It is our goal to work with you on accommodating temporary changes and to keep you living in the home year-round for the long term. Temporary arrangements should be



CHARLEVOIX



discussed with the program administrator by emailing [steve@housingnorth.org](mailto:steve@housingnorth.org) or calling 231-330-7070.

#### 11. How do I apply?

Please call our program administrator, Steve Schnell, Charlevoix County Housing Ready Program Director with Housing North, at 231-330-7070 or by email at [steve@housingnorth.org](mailto:steve@housingnorth.org)

#### CONTACT INFORMATION

Contact:	Steve Schnell, Charlevoix County Housing Ready Program Director Housing North
Call:	231-330-7070
Email:	<a href="mailto:steve@housingnorth.org">steve@housingnorth.org</a>

## **DEED RESTRICTION AGREEMENT**

THIS DEED RESTRICTION AGREEMENT (the "Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 2021 (the "Effective Date") by and between Housing North, a Michigan nonprofit with a mailing address of P.O. Box 1434, Traverse City, 49685 (the "Grantee"), and NAME with an address of ADDRESS, ("Owner") (each a "Party" and collectively the "Parties").

WHEREAS, Owner desires to donate certain restrictions on the use of the Property for the benefit of the Grantee by requiring occupancy of the Property according to the occupation obligations as described below. This restriction agreement is given in consideration for a sum less than \$100.00 Dollars. This restriction agreement does not constitute a transfer of ownership under MCL 211.27a(6)(a)-(k).

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

1. Property. The following real property is hereby burdened with the covenants and restrictions specified in this Agreement: ADDRESS as more specifically described in **Exhibit A**.
2. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:
  - a. *Person* means a natural person, and excludes any type of entity.
  - b. *Principal Place of Residence* means the home or place in which one's habitation is fixed and to which one has a present intention of returning after a departure or absence therefrom. To determine a person's Principal Place of Residence, the criteria set forth in M.C.L. 168.11 shall apply.
  - c. *Qualified Household* means one Qualified Resident or a group of persons that contains at least one Qualified Resident. A Qualified Household may have occupants that are not Qualified Residents as long as at least one occupant is a Qualified Resident.
  - d. *Qualified Resident* means a person who occupies the Property as the Owner or tenant with the Property being the Owner's or tenant's primary residence. The Owner or tenant will be considered as occupying the Property as his/her/their primary residence if the Owner is living at the Property for at least ten (10) months out of each calendar year. Housing North may, in its sole discretion, grant a temporary waiver of this occupancy requirement for good cause such as illness, temporary job relocation, military deployment or sabbatical. The Owner or tenant must provide written request for a temporary waiver of the owner occupancy requirement to be a qualified resident at least thirty (30) days prior to such temporary vacancy if reasonably

possible. The Owner's or tenant's failure to comply with the provisions of this paragraph may, following a three (3) month notice to cure, be deemed a breach of this Deed Restriction, allowing Housing North or the City of Petoskey to enforce this agreement.

e. *Managing Entity*: Housing North shall act as the managing entity under this Agreement. As such, Housing North shall be responsible for receiving and maintaining the Annual Verification statements as described below in paragraph 5.

3. Occupancy Restrictions.

a. At least one Qualified Resident shall continuously occupy the Property as his or her principal place of residence.

b. Owner may rent the Property as long as the Property is continuously occupied by a Qualified Household.

c. A Qualified Resident may lease a room or rooms in the Property to one or more persons, provided that the Qualified Resident still occupies the Property as his or her principal place of residence. For purposes of this provision, no lease shall be less than one month.

d. If the Qualified Resident is renting the Property, the initial lease term must be for a minimum of twelve (12) months. After the initial 12 months, a lease agreement may be renewed for a shorter term, but no less than one month.

e. The Property shall be used for residential purposes only. No commercial activity shall occur on or in the Property other than home occupations as may be permitted within the zone district applicable to the Property.

4. Annual Verification. No later than February 1<sup>st</sup> of each year, beginning in the year following this agreement, Owner shall submit a written statement to the Managing Entity including the following information and stating that such information is true and correct to the best of Owner's knowledge and belief:

a. Evidence to establish that the Property was occupied by a Qualified Resident during all of the prior calendar year;

b. If applicable, a copy of the lease form currently used for the Property; and

c. If applicable, a list of tenants who occupied the Property in the prior calendar year and the evidence submitted by each tenant to establish that they were a Qualified Resident, as set forth in the Qualification Guidelines.

5. Subdivision of Property. If the Property is subdivided or more than one dwelling is created or constructed on the Property, the requirements of this Deed Restriction Agreement shall apply to all new parcels created from the division of the Property and/or any dwelling unit constructed on the Property.

6. Breach.

a. It is a breach of this Agreement for Owner to violate any provision of this Agreement, or to

default in payment or other obligations due to be performed under a promissory note secured by a mortgage encumbering the Property. Owner shall notify the Grantee, in writing, of any notification received from any lender of past due payments or defaults in payments or other obligations within 5 days of receipt.

b. If the Grantee has reasonable cause to believe Owner is violating this Agreement, the Grantee or its agent including the Managing Entity may inspect the Property between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, after providing Owner with 24 hours written notice of the time and individual or individual(s) inspecting the Property. This Agreement shall constitute Owner's permission to enter the Property during such times upon such notice.

7. Enforcement. This Deed Restriction Agreement may be enforced by Housing North any agent, successor, or assign. This Agreement may also be enforced by the City of Petoskey, which is an express third-party beneficiary to this Agreement.

8. Delay in Enforcement. A delay in enforcement shall not be construed as a waiver of Grantee's right to enforce the terms of this Deed Restriction. Similarly, a decision not to enforce this Deed Restriction is not a waiver of the rights held by Grantee to pursue remedies in the future.

9. Remedies.

a. The Grantee or City shall have any and all remedies provided by law and in equity for a violation of this Deed Restriction, including without limitation: (i) damages; (ii) specific performance; and (iii) injunctions, including without limitation an injunction requiring eviction of the occupant(s) and an injunction to prohibit the occupancy of the Property in violation of this Deed Restriction. All remedies shall be cumulative.

b. The cost to the Grantee or City of any activity taken in response to any violation of this Deed Restriction, including reasonable attorney fees, shall be paid promptly by Owner.

10. Foreclosure.

a. In the event of a foreclosure, acceptance of a deed-in-lieu of foreclosure, or assignment, this Agreement shall remain in full force and effect.

b. Owner shall give immediate notice to the Grantee: of any notice of foreclosure under the mortgage or any other subordinate security interest in the Property; or when any payment on any indebtedness encumbering the Property is required to avoid foreclosure of the mortgage or other subordinate security interest in the Property.

c. Within 60 days after receipt of any notice described herein, the Grantee may (but shall not be obligated to) proceed to make any payment required to avoid foreclosure. Upon making any such payment, the Grantee may place a lien on the Property in the amount paid to cure the default and avoid foreclosure, including all fees and costs resulting from such foreclosure.

d. The Grantee shall have 30 days after issuance of the public trustee's deed or the acceptance of a deed in lieu of foreclosure by the holder in which to purchase by tendering to the holder, in cash or certified funds, an amount equal to the redemption price which would have been required of the borrower or any person who might be liable upon a deficiency on the last day of the statutory redemption period(s) and any additional

reasonable costs incurred by the holder related to the foreclosure.

11. Miscellaneous.

- a. Modification. This Agreement may only be modified by subsequent written agreement of the Parties.
- b. Integration. This Agreement and any attached exhibits constitute the entire agreement between Owner and the Grantee, superseding all prior oral or written communications.
- c. Runs with the Land. The benefits and obligations of the Parties under this Agreement shall run with the land, and Owner's obligations hereunder shall be binding on any subsequent holder of an ownership interest in the Property.
- d. Severability. If any provision of this Agreement is determined to be void by a court of competent jurisdiction, such determination shall not affect any other provision hereof, and all of the other provisions shall remain in full force and effect.
- e. Governing Law and Venue. This Agreement shall be governed by the laws of the State of Michigan, and any legal action concerning the provisions hereof shall be brought in Charlevoix County, Michigan.
- f. Agreement Binding; Assignment. This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of the Parties.
- g. Third Parties. The City of Petoskey is an express third-party beneficiary to this Agreement. There are no other intended third-party beneficiaries to this Agreement.
- h. No Joint Venture. Notwithstanding any provision hereof, the Grantee shall never be a joint venture in any private entity or activity which participates in this Agreement, and the Grantee shall never be liable or responsible for any debt or obligation of any participant in this Agreement.
- i. Notice. Any notice under this Agreement shall be in writing, and shall be deemed sufficient when directly presented or sent pre-paid, first class United States Mail to the Party at the address set forth on the first page of this Agreement.
- j. Recording. This Agreement shall be recorded with the Charlevoix County Clerk and Recorder.
- k. Savings Clause. If any of the terms, covenants, conditions, restrictions, uses, limitations, obligations or options created by this Agreement are held to be unlawful or void for violation of: the rule against perpetuities or some analogous statutory provision; the rule restricting restraints on alienation; or any other statutory or common law rules imposing like or similar time limits, then such provision shall continue only for the period of the lives of the current duly elected and seated members of the Charlevoix City Council, their now living descendants, if any, and the survivor of them, plus 21 years.

12. Cessation of Existence. If the Grantee ceases to exist, then this Deed Restriction shall become vested in another entity, which shall be the City of Petoskey or another Michigan nonprofit organization, which is

has similar organizational purposes as Grantee, and which agrees to assume Grantee's rights and responsibilities under this Deed Restriction. Owner shall be promptly notified of the name and contact information for the successor entity.

DRAFT

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

**HOUSING NORTH, a Michigan Nonprofit**

\_\_\_\_\_  
Yarrow Brown, Executive Director

STATE OF MICHIGAN } §  
COUNTY OF CHARLEVOIX

The foregoing instrument was subscribed, sworn to and acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 2021, by \_\_\_\_\_.

SIGNATURE: \_\_\_\_\_  
PRINT NAME: \_\_\_\_\_  
Notary Public  
Certified in \_\_\_\_\_ County, Michigan  
Acting in \_\_\_\_\_ County, Michigan  
My commission expires: \_\_\_\_\_

**OWNER**

\_\_\_\_\_  
[ENTITY NAME IF APPLICABLE]

\_\_\_\_\_  
[TYPED NAME]

STATE OF MICHIGAN } §  
COUNTY OF CHARLEVOIX

The foregoing instrument was subscribed, sworn to and acknowledged before me this \_\_\_\_\_ day  
of \_\_\_\_\_, 2021, by \_\_\_\_\_.

SIGNATURE: \_\_\_\_\_  
PRINT NAME: \_\_\_\_\_  
Notary Public  
Certified in \_\_\_\_\_ County, Michigan  
Acting in \_\_\_\_\_ County, Michigan  
My commission expires: \_\_\_\_\_

Drafted by:  
Abbie Hawley  
Olson, Bzdok & Howard  
420 East Front Street  
Traverse City, MI 49686

When recorded return to:  
Yarrow Brown, Housing North  
P.O. Box 506  
Traverse City, Michigan 49685

**EXHIBIT A**  
**LEGAL DESCRIPTION**

Land located in the City of Petoskey, Emmet County, Michigan:

DRAFT

CITY OF PETOSKEY  
AND  
HOUSING NORTH  
HOUSING DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into as of \_\_\_\_\_, 2021 by and between the City of Petoskey, 101 E. Lake Street, Petoskey, MI 49770, hereinafter Petoskey, and Housing North, PO Box 1434, Traverse City, MI 49685.

RECITALS

- A. Petoskey and Housing North desire to work together to improve the neighborhoods and housing stock in the City of Petoskey by jointly participating in the following “Housing Development Activities”:
1. Establishing a Deed Restriction Program using various legal practices including but not limited to Easements and Deed Restrictions.
  2. Applying for and administering private, state, or federal grants for housing.
  3. Participating in other neighborhood development projects that become available from time to time.
- B. Petoskey does currently employ a Emmet County Housing Ready Program Director. Petoskey wishes to partner with Housing North to work with the Emmet County Housing Ready Program Director to carry out Housing Development Activities.
- C. Housing North has agreed to partner on the Housing Development Activities pursuant to the provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements and covenants hereinafter contained, the parties do hereby covenant and agree as follows:

1. Term: Housing North shall perform Housing Development Activities in conjunction with the Emmet County Housing Ready Program Director as an independent contractor from \_\_\_\_\_, 2021 to \_\_\_\_\_, 2022. As part of Housing North’s responsibilities, Housing North, shall hold any Deed Restrictions or easements developed in conjunction with Petoskey in perpetuity. If Housing North ceases to exist it shall transfer the Deed Restrictions to a similarly situated charitable non-profit entity approved by the Petoskey. This Agreement shall automatically renew annually unless Sixty (60) days’ written notice of non-renewal is provided by either party prior to the expiration date of the Agreement.
2. Duties:
  - a. Housing North is responsible for the following duties:

- i. Assist in establishing the Deed Restrictions and easements. This includes but is not limited to educating homeowners about the program, their rights and responsibilities.
  - ii. Hold Deed Restrictions and easements developed in conjunction with the City of Petoskey.
  - iii. Establish a monitoring program for the Housing Development Activities. This includes but is not limited to creating an administrative operating manual and other materials needed for the Housing Development Activities.
  - iv. Monitor and enforce the terms of the deed restrictions.
  - v. Apply for available grants and assist Petoskey with mechanisms to finance housing programs and efforts, including the deed restriction program.
- b. Petoskey is responsible for the following duties:
  - i. Collaborate with Housing North in establishing fund raising strategies that support the costs of monitoring and enforcing any Deed Restrictions and easements.
  - ii. Assist in establishing the Deed Restrictions and easements. This includes but is not limited to negotiating with homeowners on prices for establishing the Deed Restrictions and easements.
  - iii. To the extent that the costs of the program are not covered by grants, donations or other contributions, Petoskey will provide a mutually agreed upon share of the financial support necessary to cover the shortfall.
- 3. Reimbursable Expenses: Petoskey shall reimburse Housing North for all pre-approved expenses made in connection with providing services under this Agreement. Housing North will submit an itemized invoice for all claimed reimbursable expenses.
- 4. Indemnity: Petoskey shall defend and indemnify Housing North for all claims or causes of action made against Housing North arising out of or related to Housing North's duties under this Agreement. This Indemnity provision is expressly limited to an amount not to exceed the Petoskey's policy limits on any applicable insurance policy, and this Indemnity shall not apply to fraudulent conduct, criminal conduct, gross negligence or reckless conduct by Housing North.
- 5. Amendment: This contract may be amended in whole or in part by written agreement signed by both the Petoskey and Housing North.

6. Assignment: Neither party shall assign any of their respective rights or obligations under this contract without previous written acknowledgment and consent of all parties to this contract.
7. Governing Law: This Contract is covered, construed, and enforced in accordance with Michigan law and all claims relating to or arising out of this Contract are governed by Michigan law.
8. Entire Agreement: This Contract is the entire agreement of the parties. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract.
9. Severability: If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.

HOUSING NORTH

CITY OF PETOSKEY

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

## **DEED RESTRICTION AGREEMENT**

THIS DEED RESTRICTION AGREEMENT (the "Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 2021 (the "Effective Date") by and between Housing North, a Michigan nonprofit with a mailing address of P.O. Box 1434, Traverse City, 49685 (the "Grantee"), and NAME with an address of ADDRESS, ("Owner") (each a "Party" and collectively the "Parties").

WHEREAS, in exchange for compensation as set forth in a Real Estate Transfer Tax Valuation Affidavit filed pursuant to MCL 207.504 and MCL 207.525, Owner has agreed to place certain restrictions on the use of the Property for the benefit of the Grantee by requiring occupancy of the Property according to the occupation obligations as described below.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein and as referenced in the Real Estate Transfer Tax Valuation Affidavit, the Parties agree as follows:

1. Property. The following real property is hereby burdened with the covenants and restrictions specified in this Agreement: ADDRESS, as more specifically described in **Exhibit A**.
2. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:
  - a. *Person* means a natural person, and excludes any type of entity.
  - b. *Principal Place of Residence* means the home or place in which one's habitation is fixed and to which one has a present intention of returning after a departure or absence therefrom. To determine a person's Principal Place of Residence, the criteria set forth in M.C.L. 168.11 shall apply.
  - c. *Qualified Household* means one Qualified Resident or a group of persons that contains at least one Qualified Resident. A Qualified Household may have occupants that are not Qualified Residents as long as at least one occupant is a Qualified Resident.
  - d. *Qualified Resident* means a person who occupies the Property as the Owner or tenant with the Property being the Owner's or tenant's primary residence. The Owner or tenant will be considered as occupying the Property as his/her/their primary residence if the Owner is living at the Property for at least ten (10) months out of each calendar year. Housing North may, in its sole discretion, grant a temporary waiver of this occupancy requirement for good cause such as illness, temporary job relocation, military deployment or sabbatical. The Owner or tenant must provide written request for a temporary waiver of the owner occupancy requirement to be a qualified resident at least thirty (30) days prior to such temporary vacancy if reasonably

possible. The Owner's or tenant's failure to comply with the provisions of this paragraph may, following a three (3) month notice to cure, be deemed a breach of this Deed Restriction, allowing Housing North or the City of Petoskey to enforce this agreement.

e. *Managing Entity*: Housing North shall act as the managing entity under this Agreement. As such, Housing North shall be responsible for receiving and maintaining the Annual Verification statements as described below in paragraph 5.

3. Occupancy Restrictions.

a. At least one Qualified Resident shall continuously occupy the Property as his or her principal place of residence.

b. Owner may rent the Property as long as the Property is continuously occupied by a Qualified Household.

c. A Qualified Resident may lease a room or rooms in the Property to one or more persons, provided that the Qualified Resident still occupies the Property as his or her principal place of residence. For purposes of this provision, no lease shall be less than one month.

d. If the Qualified Resident is renting the Property, the initial lease term must be for a minimum of twelve (12) months. After the initial 12 months, a lease agreement may be renewed for a shorter term, but no less than one month.

e. The Property shall be used for residential purposes only. No commercial activity shall occur on or in the Property other than home occupations as may be permitted within the zone district applicable to the Property.

4. Annual Verification. No later than February 1<sup>st</sup> of each year, beginning in the year following this agreement, Owner shall submit a written statement to the Managing Entity including the following information and stating that such information is true and correct to the best of Owner's knowledge and belief:

a. Evidence to establish that the Property was occupied by a Qualified Resident during all of the prior calendar year;

b. If applicable, a copy of the lease form currently used for the Property; and

c. If applicable, a list of tenants who occupied the Property in the prior calendar year and the evidence submitted by each tenant to establish that they were a Qualified Resident, as set forth in the Qualification Guidelines.

5. Subdivision of Property. If the Property is subdivided or more than one dwelling is created or constructed on the Property, the requirements of this Deed Restriction Agreement shall apply to all new parcels created from the division of the Property and/or any dwelling unit constructed on the Property.

6. Breach.

a. It is a breach of this Agreement for Owner to violate any provision of this Agreement, or to

default in payment or other obligations due to be performed under a promissory note secured by a mortgage encumbering the Property. Owner shall notify the Grantee, in writing, of any notification received from any lender of past due payments or defaults in payments or other obligations within 5 days of receipt.

b. If the Grantee has reasonable cause to believe Owner is violating this Agreement, the Grantee or its agent including the Managing Entity may inspect the Property between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, after providing Owner with 24 hours written notice of the time and individual or individual(s) inspecting the Property. This Agreement shall constitute Owner's permission to enter the Property during such times upon such notice.

7. Enforcement. This Deed Restriction Agreement may be enforced by Housing North any agent, successor, or assign. This Agreement may also be enforced by the City of Petoskey, which is an express third-party beneficiary to this Agreement.

8. Delay in Enforcement. A delay in enforcement shall not be construed as a waiver of Grantee's right to enforce the terms of this Deed Restriction. Similarly, a decision not to enforce this Deed Restriction is not a waiver of the rights held by Grantee to pursue remedies in the future.

9. Remedies.

a. The Grantee or City shall have any and all remedies provided by law and in equity for a violation of this Deed Restriction, including without limitation: (i) damages; (ii) specific performance; and (iii) injunctions, including without limitation an injunction requiring eviction of the occupant(s) and an injunction to prohibit the occupancy of the Property in violation of this Deed Restriction. All remedies shall be cumulative.

b. The cost to the Grantee or City of any activity taken in response to any violation of this Deed Restriction, including reasonable attorney fees, shall be paid promptly by Owner.

10. Foreclosure.

a. In the event of a foreclosure, acceptance of a deed-in-lieu of foreclosure, or assignment, this Agreement shall remain in full force and effect.

b. Owner shall give immediate notice to the Grantee: of any notice of foreclosure under the mortgage or any other subordinate security interest in the Property; or when any payment on any indebtedness encumbering the Property is required to avoid foreclosure of the mortgage or other subordinate security interest in the Property.

c. Within 60 days after receipt of any notice described herein, the Grantee may (but shall not be obligated to) proceed to make any payment required to avoid foreclosure. Upon making any such payment, the Grantee may place a lien on the Property in the amount paid to cure the default and avoid foreclosure, including all fees and costs resulting from such foreclosure.

d. The Grantee shall have 30 days after issuance of the public trustee's deed or the acceptance of a deed in lieu of foreclosure by the holder in which to purchase by tendering to the holder, in cash or certified funds, an amount equal to the redemption price which would have been required of the borrower or any person who might be liable upon a deficiency on the last day of the statutory redemption period(s) and any additional

reasonable costs incurred by the holder related to the foreclosure.

11. Miscellaneous.

a. Modification. This Agreement may only be modified by subsequent written agreement of the Parties.

b. Integration. This Agreement and any attached exhibits constitute the entire agreement between Owner and the Grantee, superseding all prior oral or written communications.

c. Runs with the Land. The benefits and obligations of the Parties under this Agreement shall run with the land, and Owner's obligations hereunder shall be binding on any subsequent holder of an ownership interest in the Property.

d. Severability. If any provision of this Agreement is determined to be void by a court of competent jurisdiction, such determination shall not affect any other provision hereof, and all of the other provisions shall remain in full force and effect.

e. Governing Law and Venue. This Agreement shall be governed by the laws of the State of Michigan, and any legal action concerning the provisions hereof shall be brought in Charlevoix County, Michigan.

f. Agreement Binding; Assignment. This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of the Parties.

g. Third Parties. The City of Petoskey is an express third-party beneficiary to this Agreement. There are no other intended third-party beneficiaries to this Agreement.

h. No Joint Venture. Notwithstanding any provision hereof, the Grantee shall never be a joint venture in any private entity or activity which participates in this Agreement, and the Grantee shall never be liable or responsible for any debt or obligation of any participant in this Agreement.

i. Notice. Any notice under this Agreement shall be in writing, and shall be deemed sufficient when directly presented or sent pre-paid, first class United States Mail to the Party at the address set forth on the first page of this Agreement.

j. Recording. This Agreement shall be recorded with the Charlevoix County Clerk and Recorder.

k. Savings Clause. If any of the terms, covenants, conditions, restrictions, uses, limitations, obligations or options created by this Agreement are held to be unlawful or void for violation of: the rule against perpetuities or some analogous statutory provision; the rule restricting restraints on alienation; or any other statutory or common law rules imposing like or similar time limits, then such provision shall continue only for the period of the lives of the current duly elected and seated members of the Charlevoix City Council, their now living descendants, if any, and the survivor of them, plus 21 years.

12. Cessation of Existence. If the Grantee ceases to exist, then this Deed Restriction shall become vested in another entity, which shall be the City of Petoskey or another Michigan nonprofit organization, which is

has similar organizational purposes as Grantee, and which agrees to assume Grantee's rights and responsibilities under this Deed Restriction. Owner shall be promptly notified of the name and contact information for the successor entity.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

**HOUSING NORTH, a Michigan Nonprofit**

\_\_\_\_\_  
Yarrow Brown, Executive Director

STATE OF MICHIGAN        }  
COUNTY OF CHARLEVOIX    } §

The foregoing instrument was subscribed, sworn to and acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 2021, by \_\_\_\_\_.

SIGNATURE: \_\_\_\_\_  
PRINT NAME: \_\_\_\_\_  
Notary Public  
Certified in \_\_\_\_\_ County, Michigan  
Acting in \_\_\_\_\_ County, Michigan  
My commission expires: \_\_\_\_\_

**OWNER**

\_\_\_\_\_ [ENTITY NAME IF APPLICABLE]

\_\_\_\_\_  
\_\_\_\_\_ [TYPED NAME]

STATE OF MICHIGAN        }  
COUNTY OF CHARLEVOIX    } §

The foregoing instrument was subscribed, sworn to and acknowledged before me this \_\_\_\_\_ day  
of \_\_\_\_\_, 2021, by \_\_\_\_\_.

SIGNATURE: \_\_\_\_\_  
PRINT NAME: \_\_\_\_\_  
Notary Public  
Certified in \_\_\_\_\_ County, Michigan  
Acting in \_\_\_\_\_ County, Michigan  
My commission expires: \_\_\_\_\_

Drafted by:  
Abbie Hawley  
Olson, Bzdok & Howard  
420 East Front Street  
Traverse City, MI 49686

When recorded return to:  
Yarrow Brown, Housing North  
P.O. Box 506  
Traverse City, Michigan 49685

**EXHIBIT A**  
**LEGAL DESCRIPTION**

Land located in the City of Petoskey, Emmet County, Michigan:



# City of Petoskey

## Agenda Memo

**BOARD:** City Council

**MEETING DATE:** May 3, 2021

**PREPARED:** April 29, 2021

**AGENDA SUBJECT:** Audit Report Presentation

**RECOMMENDATION:** That the City Council hear this presentation

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Representatives of Dennis, Gartland & Niergarth, Traverse City, will virtually attend the May 3 City Council meeting to provide information and respond to questions about the Financial Statements and Report of Independent Certified Public Accountants (enclosed with agenda materials) of the annual audit for the City's fiscal year ended December 31, 2020.

The 2020 annual audit can be viewed on the City's website using the following link:  
[www.petoskey.us/audit](http://www.petoskey.us/audit)

sb  
Enclosure

**City of Petoskey**

FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2020

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## **Management's Discussion and Analysis**

### **December 31, 2020**

The City of Petoskey's financial statements consists of a series of financial reports. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and presents a longer-term view of the City's finances. Fund financial statements tell how the services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements.

#### **Financial Highlights**

The City's net position increased by \$3,559,477 or 4.2% in 2020 with the increase made up of the following:

- Governmental net position increased by \$1,904,019.
- Business-type net position increased by \$1,249,062.
- Component units net position increased by \$406,396.

Total revenues and transfers for the year are \$29.1 million and are made up of the following:

- Governmental activities \$12.3 million.
- Business-type activities \$14.6 million.
- Component units activities \$2.2 million.

Total expenses for the year are \$25.6 million and are made up of the following:

- Governmental activities \$10.4 million.
- Business-type activities \$13.4 million.
- Component units activities \$1.8 million.

The General Fund on a current financial resources basis experienced a decrease of \$272,684 in fund balance resulting in a total fund balance at year-end of \$5,577,364.

#### **Project Highlights**

The City performed a complete reconstruction of Kalamazoo Avenue that narrowed the travel lane and included new asphalt, curb and gutter, sidewalks, storm water management, underground electric utility installations and replacement of water and sewer mains.

The former Midwest Siding property located on Sheridan Street was purchased as part of a future expansion and renovation to the Department of Public Works facilities that adjoin the property.

As part of a solar demonstration project, solar panels were installed on the roof of City Hall. The project is expected to be complete by spring of 2021 and based on the results will affect future installations on other city owned facilities.

## **Financial Statement Presentation - continued**

### *Overview of Statements*

The financial statements provide two views of the City's financial position. Government-wide statements are the top level which summarizes all City funds into two statements using the full accrual method of accounting. This method of accounting is similar to private sector for profit accounting.

Government-wide statements include the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes: assets, liabilities, deferred outflows and inflows and the resulting difference between the two called net positions. Changes in net position can be reviewed to determine financial strength with increases to net position perceived as a sign of improving condition.

The Statement of Activities presents revenues and expenses (including depreciation) that are the underlying cause of changes in net position. Capital projects are excluded from this statement since they are included in the Statement of Net Position as additions to capital assets.

Fund financial statements under GASB Statement 34 separate funds into major and nonmajor categories. Major funds focus on funds with a large amount of financial activities which results in the inclusion of more detailed information. Governmental Funds for the City of Petoskey include the following major funds:

- General Fund
- Major Street Fund
- Right of Way Fund

Non major funds are smaller funds with less activity and are consolidated into one column in the fund financial statements. Additional and more detailed information on nonmajor funds is presented after the notes to the financial statements.

### *Fund Type Statements*

The City's funds are organized on the basis of individual funds with each fund having a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Funds are classified as governmental, proprietary or fiduciary in nature.

Governmental funds make up the funds included within the governmental activities column of the government-wide statements discussed above except for the internal service fund (Motor Pool) that is included in government-wide statements and is not a governmental fund. Governmental funds utilize a modified accrual basis of accounting that focuses on more available and spendable resources and expenses like debt payments and capital purchases. Long-term debt and depreciation are not recorded under the modified accrual basis of accounting.

This varies from the full accrual basis of accounting used in the government-wide statements that records the purchase of capital items as assets and depreciates them over time and records long-term debt as a liability reducing the principal portion from the liability when paid and only expensing interest. There are also other less significant differences between the two accounting methods.

## **Financial Statement Presentation - continued**

Proprietary funds use the full accrual method of accounting for both government-wide and fund level financial statements. There are two types of proprietary funds: enterprise and internal service funds.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where costs for goods and services provided to the general public are recovered primarily through user charges. The City's enterprise funds include the Electric, Water and Sewer, and Downtown Management Parking Funds, although the Downtown Management Parking Fund is included as a component unit.

Internal service funds are like enterprise funds except that they only provide goods or services to City departments and agencies. The City's internal service fund is the Motor Pool Fund. Internal service funds are consolidated into the governmental activities in the government-wide statements and are presented separately in the fund level statements.

Component units are separate legal entities for which the City has some level of financial accountability and oversight control. Component units are shown in a separate column of the government-wide financial statements. The City's component units include the Tax Increment Finance Authority, Library and Downtown Management Parking Funds. The City also has a fiduciary component unit for the Defined Contribution Pension Trust Fund that is shown as a separate column of the fiduciary financial statements. Separate financial statements for the component units are not required and none are issued.

## Financial Analysis - continued

### Summary of Net Position December 31,

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current and other assets	\$ 11,779,545	\$ 12,020,669	\$ 23,200,751	\$ 22,435,422	\$ 34,980,296	\$ 34,456,091
Capital assets	24,243,870	22,749,003	40,270,288	40,240,886	64,514,158	62,989,889
Total assets	36,023,415	34,769,672	63,471,039	62,676,308	99,494,454	97,445,980
Deferred outflows of resources	622,820	87,341	256,630	106,914	879,450	194,255
Total assets and deferred outflows of resources	36,646,235	34,857,013	63,727,669	62,783,222	100,373,904	97,640,235
<b>Liabilities</b>						
Current liabilities	624,614	356,232	1,708,343	1,315,008	2,332,957	1,671,240
Non-current liabilities	3,340,984	4,157,816	10,222,808	11,052,950	13,563,792	15,210,766
Total liabilities	3,965,598	4,514,048	11,931,151	12,367,958	15,896,749	16,882,006
Deferred inflows of resources	677,919	244,266	201,520	69,328	879,439	313,594
<b>Net position</b>						
Invested in capital assets, net of related debt	23,778,149	21,637,391	29,984,315	29,732,632	53,762,464	51,370,023
Restricted	4,384,868	4,777,503	2,480,642	3,167,779	6,865,510	7,945,282
Unrestricted	3,839,701	3,683,805	19,130,041	17,445,525	22,969,742	21,129,330
Total net position	32,002,718	30,098,699	51,594,998	50,345,936	83,597,716	80,444,635
Total liabilities, deferred inflows of resources and net position	\$ 36,646,235	\$ 34,857,013	\$ 63,727,669	\$ 62,783,222	\$ 100,373,904	\$ 97,640,235

Total net position of the City is \$83,597,716 which includes \$53,762,464 in capital assets net of debt. Capital assets are largely made up of electric, water, sewer and street systems assets.

### *Common Effects to Net Position*

There are a number of transactions in the normal course of business that will affect the comparability of the Summary of Net Position presentation.

## **Financial Analysis - continued**

The net result of business activities for the year will impact (increase/decrease) current assets and/or net position.

Borrowing capital will increase current assets and long-term debt.

Spending of borrowed proceeds on capital projects will reduce current assets and increase capital assets while having no impact on invested in capital assets, net of debt.

Spending non-borrowed current assets on capital projects will reduce current assets and increase capital assets while reducing unrestricted net position and increasing invested in capital assets net of debt.

Increases in the actuarial estimated future pension liability will increase long-term liabilities, and related deferred outflows of resources, and reduce unrestricted net position.

Principal payment on debt will reduce current assets, long-term debt and unrestricted net position while increasing invested in capital assets, net of related debt.

The reduction of capital assets due to annual depreciation will reduce capital assets and invested in capital assets, net of debt.

## Financial Analysis - continued

### Changes in Net Position December 31,

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,055,818	\$ 2,187,606	\$ 16,019,612	\$ 16,266,792	\$ 18,075,430	\$ 18,454,398
Operating grants and contributions	1,122,400	1,355,499	181,835	178,024	1,304,235	1,533,523
Capital grants and contributions	237,614	120,144	121,315	214,803	358,929	334,947
	<u>3,415,832</u>	<u>3,663,249</u>	<u>16,322,762</u>	<u>16,659,619</u>	<u>19,738,594</u>	<u>20,322,868</u>
General revenues:						
Property taxes	5,880,000	5,742,115	-	-	5,880,000	5,742,115
State shared revenue	552,383	555,391	-	-	552,383	555,391
Investment earnings	198,882	206,681	270,920	292,899	469,802	499,580
Unrealized gain (loss) on investments	(1,282)	3,059	44,233	39,244	42,951	42,303
	<u>6,629,983</u>	<u>6,507,246</u>	<u>315,153</u>	<u>332,143</u>	<u>6,945,136</u>	<u>6,839,389</u>
Total revenues	<u>10,045,815</u>	<u>10,170,495</u>	<u>16,637,915</u>	<u>16,991,762</u>	<u>26,683,730</u>	<u>27,162,257</u>
<b>Expenses</b>						
Program expenses						
Legislative	8,469	7,362	-	-	8,469	7,362
General government	1,910,886	1,805,658	-	-	1,910,886	1,805,658
Public safety	2,742,612	3,009,734	-	-	2,742,612	3,009,734
Public works	3,323,289	3,571,968	-	-	3,323,289	3,571,968
Health and social services	-	11,069	-	-	-	11,069
Recreation and cultural	2,053,621	2,097,676	-	-	2,053,621	2,097,676
Other	1,740	1,934	-	-	1,740	1,934
Interest on long-term debt	77,386	82,979	-	-	77,386	82,979
Unallocated depreciation	304,593	292,051	-	-	304,593	292,051
Water and sewer	-	-	4,087,003	4,537,309	4,087,003	4,537,309
Electric	-	-	9,268,350	9,544,377	9,268,350	9,544,377
Total expenses	<u>10,422,596</u>	<u>10,880,431</u>	<u>13,355,353</u>	<u>14,081,686</u>	<u>23,777,949</u>	<u>24,962,117</u>
Changes in net position before transfers	(376,781)	(709,936)	3,282,562	2,910,076	2,905,781	2,200,140
Transfers	<u>2,280,800</u>	<u>1,991,432</u>	<u>(2,033,500)</u>	<u>(1,628,432)</u>	<u>247,300</u>	<u>363,000</u>
Changes in net position	<u>1,904,019</u>	<u>1,281,496</u>	<u>1,249,062</u>	<u>1,281,644</u>	<u>3,153,081</u>	<u>2,563,140</u>
Net position - beginning of year	30,098,699	28,817,203	50,345,936	49,064,292	80,444,635	77,881,495
Net position - end of year	<u>\$ 32,002,718</u>	<u>\$ 30,098,699</u>	<u>\$ 51,594,998</u>	<u>\$ 50,345,936</u>	<u>\$ 83,597,716</u>	<u>\$ 80,444,635</u>

## **Financial Analysis - continued**

Total revenues of \$10,045,815 for governmental activities during 2020 were \$124,680 less than the \$10,170,495 during 2019. The operating grants and contributions in Governmental Activities totaled \$1,122,400 for 2020, a decrease of \$233,099 from 2019's \$1,355,499. Capital grants and contributions increased by \$117,470 over 2019's \$120,144 to \$237,614 in 2020. Property tax totaled \$5,880,000 in 2020, up \$137,885 from 2019's total of \$5,742,115. The remaining change is due to an approximate decrease of \$132,000 in charges for services and a decrease of approximately \$12,000 in investment earnings.

GASB 68 requires employers to report net position benefits as a liability in the Statement of Net Position, which amounts to \$3,577,783 city wide (including Library) at year end 2020. Additional pension information required by GASB 68 may be found in Note M of the financial statements.

Charges for services in Business-type Activities totaled \$16,019,612 in 2020, a decrease of \$247,180 from \$16,266,792 in 2019. Water and Sewer Fund monthly billing charges increased during the year by a total of \$56,443, while the Electric Fund monthly billing charges decreased by \$568,220. Water usage realized a net increase of approximately 2,803 cubic feet in 2020 compared to 2019, while sewer usage realized a net decrease of approximately 34,231 cubic feet. The decrease in monthly billing charges to electric customers results from a decrease in use of 6,079,192 kWhs from the previous year.

Revenues from all sources total \$26,683,730, of which \$10,045,815 is from governmental activities and \$16,637,915 from business-type activities. Total revenues from governmental activities include \$5,880,000 in property taxes accounting for 59% of the funds and \$2,055,818, or 20% from charges for services. Total revenue for business-type activity receives the vast majority of revenues through charges for services totaling \$16,019,612 during 2020.

Expenses under the full accrual basis of accounting for governmental activities totaled \$10,422,596 which includes depreciation on such items as buildings and infrastructure amounting to \$1,790,697. Total expense does not include capital asset items such as street and sidewalk improvements. Public safety accounts for \$2,742,612 or 26% of expenses while public works totals \$3,323,289 or 32%. Expenses for general government were \$1,910,886 or 18% of expenses and for recreation and cultural were \$2,053,621, or 20% of expenses.

Expenses for business-type activities total \$13,355,353 which consists of \$9,268,380 or 69% from the electric system and \$4,087,003 or 31% from the water and sewer systems. Within the electric system \$6,041,822 or 65% of the expense is for purchased power. Total water and sewer system costs of \$4,087,003 are broken down between the two at \$1,633,157 or 40% water and \$2,453,846 or 60% sewer.

## General Fund Budgetary Highlights

Total General Fund revenues of \$6,749,723 were less than total budgeted revenues of \$6,955,200 by \$205,477 or 3%. Actual revenues decreased from 2019 by approximately \$55,000.

Total General Fund expenditures of \$8,459,207 were \$464,593 lower than total budgeted expenditures of \$8,923,800. Total expenditures for 2020 were higher than the 2019 total of \$8,415,064 by \$44,143 or 1%.

## Capital Assets and Debt Administration

### Capital Assets

As of year-end the City of Petoskey had \$64,514,158 invested in capital assets as reflected in the following schedule:

December 31 (net of depreciation),

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land and land rights	\$ 4,070,713	\$ 4,042,213	\$ -	\$ -	\$ 4,070,713	\$ 4,042,213
Land improvements	2,468,827	2,389,519	-	-	2,468,827	2,389,519
Buildings	2,739,088	2,858,042	-	-	2,739,088	2,858,042
Equipment	4,112,661	3,025,013	-	-	4,112,661	3,025,013
Streets and sidewalks	10,852,581	10,434,216	-	-	10,852,581	10,434,216
Electric system	-	-	14,350,422	13,969,946	14,350,422	13,969,946
Water system	-	-	10,655,765	10,771,328	10,655,765	10,771,328
Sewer system	-	-	15,264,101	15,499,612	15,264,101	15,499,612
Total capital assets	<u>\$ 24,243,870</u>	<u>\$ 22,749,003</u>	<u>\$ 40,270,288</u>	<u>\$ 40,240,886</u>	<u>\$ 64,514,158</u>	<u>\$ 62,989,889</u>

## Capital Assets and Debt Administration - continued

Major capital asset additions for 2020 include:

### Governmental Activities

Buildings	\$ 97,925
Infrastructure	1,359,370
Land Improvements	172,981
Equipment	1,751,481

### Business-Type Activities

Electric System Improvement	\$ 850,763
Water System Improvements	589,212
Sewer System Improvements	429,902

## Bond Debt

The City had \$10,108,734 of face value in outstanding bond debt at year-end which is distributed in the following debt schedule:

### Debt Schedule

December 31,

	<u>2020</u>	<u>2019</u>
<b>Governmental Activities</b>		
General obligation bonds:		
Municipal facilities - marina	<u>\$ 443,734</u>	<u>\$ 542,065</u>
<b>Business-Type Activities</b>		
Revenue bonds:		
Sewer system improvements	3,265,000	3,645,000
Water system improvements	4,630,000	4,820,000
Sewer system improvements	<u>1,770,000</u>	<u>1,890,000</u>
Total	<u>9,665,000</u>	<u>10,355,000</u>
<b>Total bond debt</b>	<u><u>\$ 10,108,734</u></u>	<u><u>\$ 10,897,065</u></u>

Principal payments on bonds in the amount of \$98,331 for governmental activities and \$690,000 for business-type activities were made in 2020.

## **Economic Factors**

The City of Petoskey's three largest sources of revenue include property taxes, revenues received from the State of Michigan and utility charges. The economic forecast for the community is dependent on these three revenue sources.

The City's realized an 18% decline in total taxable value from 2010 through 2012 and in 2020 following 8 years the City has seen a 16% increase with 2021 taxable values expected to meet or exceed the previous high 2009 taxable values. The City has not been able to take full advantage of the increases due to the State's low inflation rate multiplier for recent years. The 2020 inflation rate multiplier of 2.4% required a rollback of millage rates as will the 1.4% rate for 2021. Property values are continuing to rise each year in the City as well as the State, which is a positive economic indicator. With growth in property taxes restricted by the State's rate of inflation, these increases in taxable value will still help the City's overall financial condition.

Revenues received from the State, which include revenue sharing and transportation funds, are affected as well by current economic conditions along with allocations to local units established by the legislature. Revenue sharing amounts are dependent on the collection of sales tax, which tend to go down when the economy is slow with the reverse being true when the economy is good. Transportation funds are derived through gas taxes and while they are affected by the economy they are more affected by the price of oil and resulting gas prices that do not always follow certain economic conditions.

For 2020 these sources were affected overall very little by the pandemic. Revenue sharing for 2020 dropped only 1% from 2019 actual amounts and 2020 budgeted amounts. Transportation funds received were 6% less than budgeted amounts and 5% less than 2019 actual amounts. As travel returned to more normal levels gas tax revenues grew and also returned to more normal levels. Revenues for 2021 are now expected to return to previously forecasted increased levels for both revenue sharing and gas tax.

Utility charges for electric, water and sewer services tend to fluctuate based on weather conditions more so than any other factor, but for 2020 the pandemic provided another factor due to restrictions placed on businesses, schools and travel. Early in the year usage increased for residential usage with commercial usage increasing as doors were reopened and northern Michigan was more opened for business than other portions of the state. For 2020 electric usage declined by 6%, while water usage increased by 1% and sewer usage decreased by 7%.

Electric Fund charges for services dropped 5%, which was offset by a corresponding 6% reduction in purchased power expenses resulting in net income of \$104,155 while the budget called for a \$361,500 loss. Water and Sewer Fund revenues increased by 1% as usage was less affected by the pandemic and there was also an increase in rates. There are scheduled utility rate changes for all three utilities for each of the next three years.

## **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions regarding this report or need additional information, contact the Director of Finance at 101 E. Lake Street, Petoskey, MI 49770.

Thomas E. Gartland, Retired  
Brad P. Niergarth, CPA  
James G. Shumate, CPA  
Robert C. Thompson, CPA  
Michael D. Shaw, Retired  
Mary F. Krantz, CPA  
Shelly K. Bedford, CPA  
Heidi M. Wendel, CPA  
Shelly A. Ashmore, CPA  
James M. Taylor, CPA  
Trina B. Edwards, CPA  
John A. Blair, CPA  
James V. Cusenza, CPA  
Laurie A. Bamberg, CPA

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Members of City Council and City Manager  
City of Petoskey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the **City of Petoskey** (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Petoskey as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages *i* through *x*, and the required supplementary information on pages 48 - 53, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information - Combining Financial Statements*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Dennis, Gartland & Niergarth*

Certified Public Accountants  
Traverse City, Michigan

April 29, 2021

**City of Petoskey**  
**STATEMENT OF NET POSITION**  
December 31, 2020

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	TIFA	Library	Downtown Management Parking
<b>ASSETS</b>						
Current assets						
Cash and equivalents	\$ 10,395,947	\$ 8,816,603	\$ 19,212,550	\$ 646,084	\$ 1,054,388	\$ 837,724
Investments	591,603	6,929,989	7,521,592	199,600	-	-
Receivables						
Special assessments	38,067	-	38,067	-	-	-
Accounts receivable	12,366	2,020,038	2,032,404	77,641	546	298
Due from fiduciary funds	344,365	-	344,365	-	43,002	-
Due from other governments	135,515	-	135,515	-	-	-
Inventory	261,682	1,327,238	1,588,920	-	-	-
Total current assets	<u>11,779,545</u>	<u>19,093,868</u>	<u>30,873,413</u>	<u>923,325</u>	<u>1,097,936</u>	<u>838,022</u>
Non-current assets						
Restricted cash and investments						
Customer deposits	-	208,216	208,216	-	-	-
Sewage service covenants	-	770,923	770,923	-	-	-
Revenue bond covenants	-	2,162,201	2,162,201	-	-	-
MPPA energy restrictions	-	505,544	505,544	-	-	-
MPPA working capital advance	-	459,999	459,999	-	-	-
Capital assets	53,042,505	85,136,307	138,178,812	4,387,323	7,354,539	-
Less accumulated depreciation	<u>(28,798,635)</u>	<u>(44,866,019)</u>	<u>(73,664,654)</u>	<u>(2,031,221)</u>	<u>(3,746,600)</u>	<u>-</u>
Total non-current assets	<u>24,243,870</u>	<u>44,377,171</u>	<u>68,621,041</u>	<u>2,356,102</u>	<u>3,607,939</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on debt refunding	1,723	83,536	85,259	7,315	42,593	-
Deferred outflows for pension obligation	<u>621,097</u>	<u>173,094</u>	<u>794,191</u>	<u>-</u>	<u>10,591</u>	<u>-</u>
Total deferred outflows of resources	<u>622,820</u>	<u>256,630</u>	<u>879,450</u>	<u>7,315</u>	<u>53,184</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 36,646,235</u>	<u>\$ 63,727,669</u>	<u>\$100,373,904</u>	<u>\$ 3,286,742</u>	<u>\$ 4,759,059</u>	<u>\$ 838,022</u>

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

# City of Petoskey

## STATEMENT OF NET POSITION- Continued

December 31, 2020

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	TIFA	Library	Downtown Management Parking
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	\$ 214,799	\$ 400,388	\$ 615,187	\$ 1,920	\$ 15,136	\$ 10,164
Accrued expenses	172,866	59,048	231,914	16,466	31,371	6,579
Unearned revenue	130,089	-	130,089	-	-	-
Accrued interest	3,611	-	3,611	-	-	-
Payable from restricted assets						
Current portion of revenue bonds	-	800,000	800,000	-	-	-
Accrued interest	-	158,026	158,026	-	-	-
Land contract payable, current	-	240,834	240,834	-	-	-
Bonds payable, due within one year	103,249	-	103,249	171,752	205,000	-
Total current liabilities	624,614	1,658,296	2,282,910	190,138	251,507	16,743
Noncurrent liabilities						
Payable from restricted assets						
Customer deposits	-	217,116	217,116	-	-	-
Long-term accrued expenses	87,223	-	87,223	-	-	-
Estimated liability for landfill post-closure care costs	85,000	-	85,000	-	-	-
Land contract payable	-	240,833	240,833	-	-	-
Net pension obligation	2,804,566	727,064	3,531,630	-	46,153	-
Bonds payable, net	364,195	9,087,842	9,452,037	1,720,191	1,790,310	-
Total noncurrent liabilities	3,340,984	10,272,855	13,613,839	1,720,191	1,836,463	-
Total liabilities	3,965,598	11,931,151	15,896,749	1,910,329	2,087,970	16,743
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows for pension obligation	677,919	201,520	879,439	-	13,322	-
<b>NET POSITION</b>						
Invested in capital assets, net of debt	23,778,149	29,984,315	53,762,464	471,474	1,655,222	-
Restricted						
Refuse collection	332,244	-	332,244	-	-	-
Marina	847,262	-	847,262	-	-	-
Streets and improvements	3,028,638	-	3,028,638	-	-	-
Downtown programs and services	176,724	-	176,724	-	-	-
Debt service	-	-	-	-	273,000	-
Sewage service covenants	-	770,923	770,923	-	-	-
Revenue bond indentures	-	1,204,175	1,204,175	-	-	-
MPPA energy expenses	-	505,544	505,544	-	-	-
TIFA expenses	-	-	-	904,939	-	-
Library	-	-	-	-	729,545	-
Unrestricted	3,839,701	19,130,041	22,969,742	-	-	821,279
Total net position	32,002,718	51,594,998	83,597,716	1,376,413	2,657,767	821,279
Total liabilities, deferred inflows of resources and net position	\$ 36,646,235	\$ 63,727,669	\$100,373,904	\$3,286,742	\$ 4,759,059	\$ 838,022

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

# City of Petoskey

## STATEMENT OF ACTIVITIES

Year ended December 31, 2020

Functions/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	TIFA	Library	Downtown Management Parking
Primary Government										
Governmental activities										
Legislative	\$ 8,469	\$ -	\$ -	\$ -	\$ (8,469)	\$ -	\$ (8,469)	\$ -	\$ -	\$ -
General government	1,910,886	218,482	-	-	(1,692,404)	-	(1,692,404)	-	-	-
Public safety	2,742,612	16,269	44,882	237,614	(2,443,847)	-	(2,443,847)	-	-	-
Public works	3,323,289	602,839	846,620	-	(1,873,830)	-	(1,873,830)	-	-	-
Recreation and cultural	2,053,621	1,218,228	230,898	-	(604,495)	-	(604,495)	-	-	-
Other	1,740	-	-	-	(1,740)	-	(1,740)	-	-	-
Interest on long-term debt	77,386	-	-	-	(77,386)	-	(77,386)	-	-	-
Unallocated depreciation	304,593	-	-	-	(304,593)	-	(304,593)	-	-	-
Total governmental activities	<u>10,422,596</u>	<u>2,055,818</u>	<u>1,122,400</u>	<u>237,614</u>	<u>(7,006,764)</u>	<u>-</u>	<u>(7,006,764)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities										
Water and sewer	4,087,003	5,895,489	181,835	121,315	-	2,111,636	2,111,636	-	-	-
Electric	<u>9,268,350</u>	<u>10,124,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>855,773</u>	<u>855,773</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>13,355,353</u>	<u>16,019,612</u>	<u>181,835</u>	<u>121,315</u>	<u>-</u>	<u>2,967,409</u>	<u>2,967,409</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 23,777,949</u>	<u>\$ 18,075,430</u>	<u>\$ 1,304,235</u>	<u>\$ 358,929</u>	<u>(7,006,764)</u>	<u>2,967,409</u>	<u>(4,039,355)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units										
TIFA	\$ 123,047	\$ -	\$ -	\$ -	-	-	-	(123,047)	-	-
Library	1,283,769	129,466	507,212	-	-	-	-	-	(647,091)	-
Downtown Management Parking	<u>396,411</u>	<u>559,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,603</u>
Total component units	<u>\$ 1,803,227</u>	<u>\$ 688,480</u>	<u>\$ 507,212</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,047)</u>	<u>(647,091)</u>	<u>162,603</u>
General revenues										
Property taxes					5,880,000	-	5,880,000	396,386	840,508	-
State shared revenue					552,383	-	552,383	-	-	-
Unrestricted interest and investment earnings					198,882	270,920	469,802	12,988	8,903	3,964
Unrealized gain (loss) on investments					(1,282)	44,233	42,951	(1,010)	(508)	-
Transfers					<u>2,280,800</u>	<u>(2,033,500)</u>	<u>247,300</u>	<u>(225,000)</u>	<u>-</u>	<u>(22,300)</u>
Total general revenues and transfers					<u>8,910,783</u>	<u>(1,718,347)</u>	<u>7,192,436</u>	<u>183,364</u>	<u>848,903</u>	<u>(18,336)</u>
<b>Change in net position</b>					<u>1,904,019</u>	<u>1,249,062</u>	<u>3,153,081</u>	<u>60,317</u>	<u>201,812</u>	<u>144,267</u>
<b>Net position, beginning of year</b>					<u>30,098,699</u>	<u>50,345,936</u>	<u>80,444,635</u>	<u>1,316,096</u>	<u>2,455,955</u>	<u>677,012</u>
<b>Net position, end of year</b>					<u>\$ 32,002,718</u>	<u>\$ 51,594,998</u>	<u>\$ 83,597,716</u>	<u>\$ 1,376,413</u>	<u>\$ 2,657,767</u>	<u>\$ 821,279</u>

-7- The accompanying notes are an integral part of these financial statements.

**City of Petoskey**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
December 31, 2020

	General Fund	Major Street Fund	Right-of-Way Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and equivalents	\$ 5,184,003	\$ 872,672	\$ 756,953	\$ 2,235,317	\$ 9,048,945
Investments	591,603	-	-	-	591,603
Receivables					
Special assessments	-	-	-	38,067	38,067
Accounts receivable	7,466	1,369	24	2,129	10,988
Due from other funds	242,494	-	93,401	8,470	344,365
Due from other governments	2,378	102,623	-	30,514	135,515
Inventory	-	-	-	241,805	241,805
Total assets	<u>\$ 6,027,944</u>	<u>\$ 976,664</u>	<u>\$ 850,378</u>	<u>\$ 2,556,302</u>	<u>\$ 10,411,288</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 163,412	\$ 9,958	\$ -	\$ 23,715	\$ 197,085
Accrued expenditures	157,079	5,161	-	9,839	172,079
Unearned revenue	130,089	-	-	-	130,089
Total liabilities	<u>450,580</u>	<u>15,119</u>	<u>-</u>	<u>33,554</u>	<u>499,253</u>
<b>FUND BALANCES</b>					
Non-spendable					
Inventory	-	-	-	241,805	241,805
Restricted	1,179,506	961,545	850,378	1,393,439	4,384,868
Committed	-	-	-	887,504	887,504
Unassigned	4,397,858	-	-	-	4,397,858
Total fund balances	<u>5,577,364</u>	<u>961,545</u>	<u>850,378</u>	<u>2,522,748</u>	<u>9,912,035</u>
Total liabilities and fund balances	<u>\$ 6,027,944</u>	<u>\$ 976,664</u>	<u>\$ 850,378</u>	<u>\$ 2,556,302</u>	<u>\$ 10,411,288</u>

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

## City of Petoskey

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

December 31, 2020

**Total Fund Balance - Governmental Funds** \$ 9,912,035

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

Governmental funds report capital outlays as expenditures. However, in the statement of net position, these assets are capitalized and depreciated over their useful lives.

Governmental capital assets	45,478,329
Accumulated depreciation	(25,110,477)

Governmental funds report interest when due, whereas in the statement of net position, interest is accrued on outstanding bonds. (3,610)

Compensated absences (vacations and sick leave) are not due and payable in the current period and therefore, are not reported in the governmental funds' balance sheets. (87,223)

Long-term liabilities, including net pension obligation and bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Net pension obligation	(2,804,566)
Deferred outflows of resources for net pension obligation	621,097
Deferred inflows of resources for net pension obligation	(677,919)
Governmental bonds payable, net	(465,721)
Landfill post-closure costs	(85,000)

Internal service funds are used to charge costs of certain activities, such as insurance and motor vehicle usage, to various departments within the City. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 5,225,773

**Net Position of Governmental Activities** \$ 32,002,718

# City of Petoskey

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

Year ended December 31, 2020

	General Fund	Major Street Fund	Right-of-Way Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 4,090,816	\$ -	\$ 1,789,184	\$ -	\$ 5,880,000
Special assessments	-	-	-	103,379	103,379
Licenses and permits	102,920	-	-	-	102,920
Federal grants	237,614	-	-	-	237,614
State grants	615,953	619,028	-	227,592	1,462,573
Contributions from local units	212,210	-	-	-	212,210
Charges for services	1,218,228	-	-	-	1,218,228
Fines and forfeits	16,269	-	-	-	16,269
Interest and investment earnings	140,151	13,732	5,423	24,562	183,868
Other	115,562	14,959	-	84,363	214,884
Total revenues	<u>6,749,723</u>	<u>647,719</u>	<u>1,794,607</u>	<u>439,896</u>	<u>9,631,945</u>
<b>EXPENDITURES</b>					
Current					
Legislative	8,469	-	-	-	8,469
General government	1,971,465	-	-	-	1,971,465
Public safety	3,327,292	-	-	-	3,327,292
Public works	642,617	372,044	-	1,066,176	2,080,837
Health and welfare	14,806	-	-	-	14,806
Recreational and cultural	2,087,489	-	-	-	2,087,489
Other	-	-	1,739	-	1,739
Capital outlay	407,069	961,219	-	417,188	1,785,476
Debt service					
Principal	-	-	-	255,000	255,000
Interest and fiscal charges	-	-	-	83,350	83,350
Total expenditures	<u>8,459,207</u>	<u>1,333,263</u>	<u>1,739</u>	<u>1,821,714</u>	<u>11,615,923</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,709,484)</u>	<u>(685,544)</u>	<u>1,792,868</u>	<u>(1,381,818)</u>	<u>(1,983,978)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	2,473,700	200,000	-	1,769,200	4,442,900
Operating transfers out	(1,059,200)	-	(1,605,000)	(458,600)	(3,122,800)
Transfers from component units	22,300	-	-	225,000	247,300
Total other financing sources (uses)	<u>1,436,800</u>	<u>200,000</u>	<u>(1,605,000)</u>	<u>1,535,600</u>	<u>1,567,400</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(272,684)</u>	<u>(485,544)</u>	<u>187,868</u>	<u>153,782</u>	<u>(416,578)</u>
<b>Fund balance, beginning of year</b>	<u>5,850,048</u>	<u>1,447,089</u>	<u>662,510</u>	<u>2,368,966</u>	<u>10,328,613</u>
<b>Fund balance, end of year</b>	<u>\$ 5,577,364</u>	<u>\$ 961,545</u>	<u>\$ 850,378</u>	<u>\$ 2,522,748</u>	<u>\$ 9,912,035</u>

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

## City of Petoskey

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

Year ended December 31, 2020

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (416,578)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

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

Expenditures for capital assets	1,658,773
Current year depreciation	(1,280,424)

Net change in the pension obligation and related deferred outflows and inflows of resources.	859,219
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Bonds proceeds are shown as other financing sources in the funds, but are shown as a long-term liability in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments	98,331
Amortization of bond premium and deferred loss on refunding	5,495

Interest on long-term debt is recognized as an expenditure when it is due in the governmental funds. However, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.	470
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In the statement of activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time paid was less than the amounts earned.	(49,305)
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Internal service funds are used to charge costs of certain activities, such as insurance and motor vehicle usage, to various departments within the City. The net revenue (expense) of the internal service funds is included in governmental activities in the statement of activities.	<u>1,028,038</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 1,904,019</u></u></b>
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# City of Petoskey

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2020

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental
	Electric	Water and		Activities -
	<u>System</u>	<u>Sewer</u>	<u>Totals</u>	<u>Internal</u>
		<u>System</u>		<u>Service Fund</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS</b>				
Current assets				
Cash and equivalents	\$ 5,335,857	\$ 3,480,746	\$ 8,816,603	\$ 1,347,002
Investments	3,322,066	3,607,923	6,929,989	-
Accounts receivable	1,312,710	707,328	2,020,038	1,378
Inventory	<u>1,067,719</u>	<u>259,519</u>	<u>1,327,238</u>	<u>19,877</u>
Total current assets	<u>11,038,352</u>	<u>8,055,516</u>	<u>19,093,868</u>	<u>1,368,257</u>
Noncurrent assets				
Restricted cash and investments				
Customer deposits	158,169	50,047	208,216	-
Sewage service covenants	-	770,923	770,923	-
Revenue bond covenants	-	2,162,201	2,162,201	-
MPPA energy charges	505,544	-	505,544	-
MPPA working capital advance	459,999	-	459,999	-
Capital assets	36,141,185	48,995,122	85,136,307	7,564,176
Less accumulated depreciation	<u>(21,790,763)</u>	<u>(23,075,256)</u>	<u>(44,866,019)</u>	<u>(3,688,158)</u>
Total noncurrent assets	<u>15,474,134</u>	<u>28,903,037</u>	<u>44,377,171</u>	<u>3,876,018</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on debt refunding	-	83,536	83,536	-
Deferred outflows for pension obligation	<u>75,944</u>	<u>97,150</u>	<u>173,094</u>	<u>-</u>
Total deferred outflows of resources	<u>75,944</u>	<u>180,686</u>	<u>256,630</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 26,588,430</u>	<u>\$ 37,139,239</u>	<u>\$ 63,727,669</u>	<u>\$ 5,244,275</u>

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

# City of Petoskey

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS - Continued

December 31, 2020

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	<u>Electric System</u>	<u>Water and Sewer System</u>	<u>Totals</u>	
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 334,390	\$ 65,998	\$ 400,388	\$ 17,715
Accrued expenses	40,594	18,454	59,048	787
Current portion of land contract payable	<u>240,834</u>	<u>-</u>	<u>240,834</u>	<u>-</u>
Total current liabilities	<u>615,818</u>	<u>84,452</u>	<u>700,270</u>	<u>18,502</u>
<b>CURRENT LIABILITIES (payable from restricted assets)</b>				
Current portion of revenue bonds	-	800,000	800,000	-
Accrued interest	<u>-</u>	<u>158,026</u>	<u>158,026</u>	<u>-</u>
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>958,026</u>	<u>958,026</u>	<u>-</u>
<b>NONCURRENT LIABILITIES</b>				
Payable from restricted assets				
Customer deposits	158,169	58,947	217,116	-
Land contract payable (net current portion)	240,833	-	240,833	-
Net pension obligation	246,868	480,196	727,064	-
Revenue bonds (net current portion and unamortized premiums)	<u>-</u>	<u>9,087,842</u>	<u>9,087,842</u>	<u>-</u>
Total noncurrent liabilities	<u>645,870</u>	<u>9,626,985</u>	<u>10,272,855</u>	<u>-</u>
Total liabilities	<u>1,261,688</u>	<u>10,669,463</u>	<u>11,931,151</u>	<u>18,502</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows for pension obligation	<u>92,743</u>	<u>108,777</u>	<u>201,520</u>	<u>-</u>
<b>NET POSITION</b>				
Invested in capital assets, net of debt	13,868,755	16,115,560	29,984,315	-
Restricted for sewage service covenants	-	770,923	770,923	-
Restricted for revenue bond indentures	-	1,204,175	1,204,175	-
Restricted for MPPA energy expenses	505,544	-	505,544	-
Unrestricted	<u>10,859,700</u>	<u>8,270,341</u>	<u>19,130,041</u>	<u>5,225,773</u>
Total net position	<u>25,233,999</u>	<u>26,360,999</u>	<u>51,594,998</u>	<u>5,225,773</u>
Total liabilities, deferred inflows, and net position	<u>\$ 26,588,430</u>	<u>\$ 37,139,239</u>	<u>\$ 63,727,669</u>	<u>\$ 5,244,275</u>

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

# City of Petoskey

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS

Year ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Electric System	Water and Sewer System	Totals	
<b>Operating revenue</b>				
Charges for services	\$ 9,490,360	\$ 5,895,489	\$ 15,385,849	\$ 1,114,639
<b>Operating expenses</b>				
Purchased power	6,041,822	-	6,041,822	-
Personnel services	1,013,553	831,064	1,844,617	23,863
Contractual services	494,392	633,837	1,128,229	304,749
Supplies	7,943	11,697	19,640	90,717
Materials	125,743	304,702	430,445	-
Heat, light and power	948	485,119	486,067	-
Depreciation	1,162,310	1,370,187	2,532,497	510,273
Rent	27,000	65,061	92,061	-
Total operating expenses	8,873,711	3,701,667	12,575,378	929,602
<b>OPERATING INCOME</b>	616,649	2,193,822	2,810,471	185,037
<b>Nonoperating revenues</b>				
Unrestricted interest and investment earnings	157,891	113,029	270,920	15,013
Unrealized gain (loss) from investments	30,091	14,142	44,233	(1,282)
Rent	130,300	-	130,300	-
Sewage service covenant	-	181,835	181,835	-
Construction	333,676	11,715	345,391	-
Miscellaneous	169,787	-	169,787	115,870
Total nonoperating revenues	821,745	320,721	1,142,466	129,601
<b>Nonoperating expenses</b>				
Personnel services	29,150	-	29,150	-
Contractual services	210,760	-	210,760	-
Supplies	15,185	-	15,185	-
Materials	77,698	-	77,698	-
Heat, light and power	29,288	-	29,288	-
Interest	-	381,821	381,821	-
Depreciation	32,558	-	32,558	-
Other expenses	-	3,515	3,515	-
Total nonoperating expenses	394,639	385,336	779,975	-
Net nonoperating revenues (expenses)	427,106	(64,615)	362,491	129,601
<b>INCOME BEFORE OPERATING TRANSFERS</b>	1,043,755	2,129,207	3,172,962	314,638
<b>Other financing uses</b>				
Operating transfers in	100,000	-	100,000	845,000
Operating transfers out	(1,039,600)	(1,093,900)	(2,133,500)	(131,600)
Total transfers	(939,600)	(1,093,900)	(2,033,500)	713,400
<b>Capital contributions</b>	-	109,600	109,600	-
<b>CHANGE IN NET POSITION</b>	104,155	1,144,907	1,249,062	1,028,038
<b>Net position, beginning of year</b>	25,129,844	25,216,092	50,345,936	4,197,735
<b>Net position, end of year</b>	\$ 25,233,999	\$ 26,360,999	\$ 51,594,998	\$ 5,225,773

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

# City of Petoskey

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Electric System	Water and Sewer System	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 9,561,323	\$ 5,892,796	\$ 15,454,119	\$ 1,113,783
Cash payments to suppliers for goods and services	(6,559,674)	(1,462,980)	(8,022,654)	(389,419)
Cash payments to employees for services	(1,136,402)	(956,041)	(2,092,443)	(23,586)
Cash payments to other funds for services	(27,000)	(65,061)	(92,061)	-
Net cash from operating activities	<u>1,838,247</u>	<u>3,408,714</u>	<u>5,246,961</u>	<u>700,778</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Operating transfers in/(out) to other funds	(939,600)	(1,093,900)	(2,033,500)	713,400
Increase/(Decrease) in customer deposits	(8,815)	(1,500)	(10,315)	-
Net cash provided by rental, construction and miscellaneous nonoperating activities	<u>299,305</u>	<u>162,164</u>	<u>461,469</u>	<u>-</u>
Net cash from non-capital and related financing activities	<u>(649,110)</u>	<u>(933,236)</u>	<u>(1,582,346)</u>	<u>713,400</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(850,762)	(1,019,114)	(1,869,876)	(1,751,482)
Proceeds from sale of fixed assets	-	-	-	240,561
Principal paid on revenue bonds and contracts payable	(242,913)	(690,000)	(932,913)	-
Interest paid on revenue bonds and contracts payable	-	(394,613)	(394,613)	-
Capital contributed by customers	<u>-</u>	<u>109,600</u>	<u>109,600</u>	<u>-</u>
Net cash from capital and related financing activities	<u>(1,093,675)</u>	<u>(1,994,127)</u>	<u>(3,087,802)</u>	<u>(1,510,921)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale (purchase) of investments, net	(50,983)	41,155	(9,828)	(1,282)
Interest received	<u>157,891</u>	<u>113,029</u>	<u>270,920</u>	<u>15,013</u>
Net cash from investing activities	<u>106,908</u>	<u>154,184</u>	<u>261,092</u>	<u>13,731</u>
<b>NET CHANGE IN CASH</b>	<u>202,370</u>	<u>635,535</u>	<u>837,905</u>	<u>(83,012)</u>
Cash, beginning of year	<u>5,291,656</u>	<u>4,816,575</u>	<u>10,108,231</u>	<u>1,430,014</u>
Cash, end of year	<u>\$ 5,494,026</u>	<u>\$ 5,452,110</u>	<u>\$ 10,946,136</u>	<u>\$ 1,347,002</u>
Current assets	\$ 5,335,857	\$ 3,480,746	\$ 8,816,603	\$ 1,347,002
Restricted assets	<u>158,169</u>	<u>1,971,364</u>	<u>2,129,533</u>	<u>-</u>
Totals	<u>\$ 5,494,026</u>	<u>\$ 5,452,110</u>	<u>\$ 10,946,136</u>	<u>\$ 1,347,002</u>

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

# City of Petoskey

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS- Continued

Year ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Electric System	Water and Sewer System	Totals	
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 616,649	\$ 2,193,822	\$ 2,810,471	\$ 185,037
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	1,194,868	1,370,187	2,565,055	510,273
(Increase) decrease in accounts receivable	70,963	(2,693)	68,270	(857)
(Increase) decrease in inventory	30,680	(4,251)	26,429	257
Increase in prepaid expenses	(28,244)	-	(28,244)	-
Increase (decrease) in accounts payable	76,181	(23,374)	52,807	5,792
Increase (decrease) in accrued expenses	786	1,701	2,487	276
Increase (decrease) in net pension obligation and related deferred outflows	(123,636)	(126,678)	(250,314)	-
Total adjustments	1,221,598	1,214,892	2,436,490	515,741
Net cash provided by operating activities	\$ 1,838,247	\$ 3,408,714	\$ 5,246,961	\$ 700,778

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

# City of Petoskey

## STATEMENT OF FIDUCIARY NET POSITION

December 31, 2020

	Pension Trust Fund	Custodial Fund
<b>ASSETS</b>		
Cash	\$ -	\$ 1,125,106
Investments	252,299	-
Receivables		
Taxes	-	3,451,980
Total assets	<u>\$ 252,299</u>	<u>\$ 4,577,086</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ 344,365
Due to component unit	-	43,002
Due to other governmental units	-	4,189,719
Total liabilities	-	4,577,086
<b>NET POSITION</b>		
Held in trust for pension benefits and other purposes	<u>252,299</u>	<u>-</u>
Total liabilities and net position	<u>\$ 252,299</u>	<u>\$ 4,577,086</u>

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

# City of Petoskey

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year ended December 31, 2020

	<u>Pension Trust Fund</u>	<u>Custodial Fund</u>
<b>ADDITIONS TO NET POSITION</b>		
Contributions		
Employer	\$ 16,671	\$ -
Net investment earnings		
Interest and unrealized gains (losses)	30,665	-
Property tax collections for other governments	<u>-</u>	<u>25,091,104</u>
Total additions	47,336	25,091,104
<b>DEDUCTIONS FROM NET POSITION</b>		
Distributions/transfers out	<u>-</u>	<u>25,091,104</u>
<b>NET CHANGE IN NET POSITION</b>	47,336	-
Net position, beginning of year	<u>204,963</u>	<u>-</u>
Net position, end of year	<u><u>\$ 252,299</u></u>	<u><u>\$ -</u></u>

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

# City of Petoskey

## NOTES TO FINANCIAL STATEMENTS

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Introduction***

The City of Petoskey (the "City") was incorporated November 4, 1924, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (streets and sanitation), health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

#### ***The Financial Reporting Entity***

The City's financial statements include the accounts of all City operations. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. In accordance with generally accepted accounting principles and Governmental Accounting Standards Board ("GASB") Statement No. 14, as amended, *The Financial Reporting Entity*, the City is financially accountable if it appoints a voting majority of an organization's governing board and (1) it is able to impose its will on the organization and (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the City is required to consider other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

Based on this criteria, the City has identified the following blended and discretely presented component units requiring inclusion in the City's financial statements:

#### **Blended Component Unit**

***City of Petoskey Building Authority*** - The City of Petoskey Building Authority is governed by a three-member board appointed by the City of Petoskey. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to provide financing for the construction of buildings, parking lots, recreational facilities and to acquire the necessary sites for such facilities for the City of Petoskey. Separate financial statements for the Building Authority are not required or issued.

#### **Discretely Presented Component Units**

***Tax Increment Finance Authority ("TIFA")*** - The Tax Increment Finance Authority, which was established pursuant to the provisions of Public Act 450 of 1980, as amended, is governed by an eight-person board appointed by the City Council. The Finance Authority may issue debt subject to limitations set forth in the Act and is funded by a specified annual property tax capture of a portion of all units' levies which may only be used for activities within the tax increment finance district. Separate financial statements for the Tax Increment Finance Authority are not required or issued.

## NOTES TO FINANCIAL STATEMENTS - Continued

***Library*** - The Petoskey District Library, which was established in 2009 pursuant to the provisions of the District Library Establishment Act MCL 397.171 et seq, is governed by a five-person board appointed by the City. The Library may issue debt, but the tax levy is currently subject to approval by the City Council. Separate financial statements for the District Library are not required or issued.

***Downtown Management Board (Downtown Management/Parking)*** - The Downtown Management Board was established in February of 1994 pursuant to the provisions of Public Act 120 of 1961. By a resolution dated February 1, 2000, responsibilities for operating and maintaining the City's downtown area parking system and facilities were transferred to the Downtown Management Board. Separate financial statements for the Downtown Management Board are not required or issued.

### Fiduciary Component Unit

***Pension Trust Fund*** - The City provides pension benefits for management employees as designated by City Council through a defined contribution plan. The City is legally obligated to make contributions to the pension plan.

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

The City of Petoskey's basic financial statements include both government-wide (reporting the City as a whole) and the fund financial statements (reporting the City's major funds). Both the government-wide and the fund financial statements categorize primary government activities as either governmental or business-type. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from legally separate component units for which the primary government is financially accountable.

#### *Government-Wide Financial Statements*

The government-wide financial statements 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 such as overhead costs, has been eliminated from these statements. The government-wide focus is more on operational efficiency, the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Internal service funds are consolidated into the governmental column when presented at the government-wide level. This is because the principal users of the internal service are the City's governmental activities. The net profit/loss in the internal service funds is allocated to the functional activity (public safety, public works, etc.) based upon usage.

In the government-wide statement of net position, both the governmental and business-type activities are presented on a consolidated basis. Due to the full accrual, economic resource basis, all long-term assets and receivables, as well as long-term debt and obligations, are recognized. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

## NOTES TO FINANCIAL STATEMENTS - Continued

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. This statement reduces gross expenses (including depreciation) by related program revenues, which include charges for services, operating grants and capital grants.

The program revenues must be directly associated with the 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 as general revenue.

### *Fund Financial Statements*

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. The focus of the fund financial statements is upon the determination of financial position and changes in financial position (sources, uses and balances of resources).

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The balance sheets; statements of revenues, expenditures/expenses and changes in fund balances/net position; and statements of cash flows (i.e., fund financial statements) for the City's governmental, proprietary and fiduciary funds display information about the major and aggregated non-major funds for the various fund types. Major funds are generally those that represent 10% or more of the respective fund types fixed assets, liabilities, revenues or expenses/expenditures.

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

The financial statements of the City are prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). The City applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements.

Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the full accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## NOTES TO FINANCIAL STATEMENTS - Continued

The governmental funds use a financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the financial resources measurement focus, only current assets and current liabilities are generally included on governmental fund balance sheets. An exception to this general rule is long-term interfund advances payable. The governmental fund operating statements present a summary of sources and uses of available spendable resources. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (generally 60 days). Grants are recognized when grantor eligibility requirements are met. Current expenditures are generally recorded when the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on long-term debt, which is recognized when due and accrued vacation and sick leave, which is recorded when payable from current available financial resources.

The proprietary funds use the accrual basis of accounting and are accounted for on a cost-of-service or "capital maintenance" measurement focus. Under the capital maintenance measurement focus, all assets and liabilities associated with the fund's activities are included on its balance sheet. Under the accrual basis, revenues are recognized when earned and expenses are recognized when they are incurred.

The fiduciary funds are generally maintained on the accrual basis which is consistent with the accounting measurement objectives of the funds.

### ***Fund Types and Major Funds***

#### *Activities in Major Funds*

##### Governmental Funds

**General Fund** - The General Fund is the government's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund. Revenues are primarily derived from property taxes and State shared revenue.

**Major Street Fund** - The Major Street Fund accounts for State gas and weight tax revenues and transfers from the Right-of-Way Fund that are restricted for expenditures related to maintaining and improving the City's major streets.

**Right-of-Way Fund** - The Right-of-Way Fund is used to account for the disposition of tax revenues restricted for right-of-way associated costs. Transfers are made to other funds, primarily street funds, to reimburse their costs.

##### Proprietary (Enterprise) Funds

**Electric Fund** - The Electric Fund is financed and operated in a manner similar to a private enterprise. The intent is that costs (expenses, including depreciation) of providing electricity to the general public are recovered through user charges.

**Water and Sewer Fund** - The Water and Sewer Fund is financed and operated in a manner similar to a private enterprise. The intent is that costs (expenses, including depreciation) of providing water and sewer services to the general public are recovered through user charges.

## NOTES TO FINANCIAL STATEMENTS - Continued

### *Activities in Non-Major Funds*

#### Governmental Funds

**Special Revenue Funds** - These funds are used to account for specific revenue (other than general special assessments, expendable trusts or major capital projects) derived from State and Federal grants, restricted or committed to be used for specific purposes, and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

**Debt Service Funds** - These funds are used to record revenues which are restricted or otherwise provided for the payment of principal and interest on general long-term debt.

#### Proprietary Funds

**Internal Service Fund** - The Motor Vehicle and Equipment fund accounts for the cost of acquiring, maintaining and providing equipment and services for the benefit of other funds, generally on a cost-reimbursement basis.

#### Fiduciary Funds

**Trust and Custodial Funds** - These funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

### ***Budgets and Budgetary Accounting***

Budgets are adopted by the City Council for the primary government's General and Special Revenue Funds. The budget basis of accounting does not differ significantly from the modified accrual basis used to reflect actual revenues and expenditures for these funds. The budget is adopted at the functional level and control is exercised at the fund level.

The City does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year-end.

### ***Cash and Investments***

The City pools financial resources of its various funds to facilitate the management of cash and investments. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in bank certificates of deposit and in various interest-bearing securities.

For the purpose of the statement of cash flows, the City considers all highly liquid investments, including all certificates of deposit and all restricted investments, with a maturity of 90 days or less, to be cash equivalents.

Cash deposits are reported at carrying amounts which reasonably estimates fair value. Short-term investments are reported at cost, which approximates fair value. Other investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value.

## NOTES TO FINANCIAL STATEMENTS - Continued

### ***Property Taxes***

Property taxes are levied and become a lien on property as of July 1 on the State taxable valuation of property in the City as of the preceding December 31. The City bills and collects its own property taxes and also collects taxes for other governmental units. Collection of other governmental units' taxes and remittance of them to the units are accounted for in the Custodial Fund. Property taxes are recognized as revenue in the year for which they are levied.

Taxes receivable are considered to be available to fund current operations, even if collection occurs beyond 60 days, if they are purchased by the Emmet County delinquent tax collection program.

### ***Interfund Transactions and Balances***

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Due to/from other funds are short-term interfund balances that occur in the normal course of operations. Advances to/from other funds are long-term interfund financing arrangements. Outstanding balances on the government-wide statement of net position are captioned "internal balances".

Operating transfers in and out arise in the normal course of operations from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Governmental financing leases entered into between the building authority, as lessor, and the primary government and component units, as lessees, are not given effect in these financial statements. Rather, the bonded indebtedness secured by the leases are reported directly by the primary government activity or component unit lessee responsible for providing the funds to repay debt principal and interest.

### ***Inventories***

Inventory is valued at cost, which approximates market, using the first-in, first-out method. Inventory in the Special Revenue Funds consist of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased. Fund balance has been reserved for inventory in governmental funds.

### ***Capital Assets***

Property, plant and equipment used in proprietary funds are stated in a manner consistent with the presentation in the entity-wide financial statements. Capital assets, which include property, buildings, equipment and infrastructure assets (e.g., roads, 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 recorded by the City when the initial individual costs are equal to or greater than the following amounts:

## NOTES TO FINANCIAL STATEMENTS - Continued

<u>Asset Type</u>	<u>Amount</u>
Land	\$ 1
Equipment	5,000
Buildings	50,000
Infrastructure	100,000

Capital 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.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, buildings and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	20 - 60 years
Building improvements	15 - 30 years
Land improvements	10 - 20 years
Water and sewer lines	50 - 75 years
Streets, curbs and gutters	10 - 30 years
Sidewalks	20 years
Vehicles	3 - 5 years
Furniture and equipment	10 - 20 years
Office equipment	5 - 7 years

### ***Long-Term Obligations***

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are expensed as incurred. Gains or losses on debt refunding are deferred and amortized over the life of the bonds, and shown as deferred outflows or inflows of resources, as applicable, in the government-wide and proprietary fund financial statements.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period in which the bonds were issued. 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 are reported as other financing uses. Issuance costs are reported as debt service expenditures.

### ***Compensated Absences (Personal, Vacation and Sick Time)***

All employees are entitled to 56 hours of personal time starting on December 1. The City reimburses all employees for any unused portion, on an annual basis. Vacation days not used during the year may not be accumulated. Unpaid sick time accrued represents sick time accumulated before December 1, 1990 and payable to eligible employees on termination. Due to contract years differing from the City's fiscal year, unpaid vacation time represents earned but unused vacation time.

## NOTES TO FINANCIAL STATEMENTS - Continued

All vacation, sick pay and other employee benefit amounts accrue when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only when they become current.

### ***Deferred Inflows and Outflows of Resources***

In addition to assets and liabilities, the government-wide and proprietary fund statements of net position and governmental funds balance sheet will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City recognized unavailable receivables not received within 60 days of year-end and unavailable property taxes as deferred inflows of resources in the governmental fund financial statements. Deferred inflows and outflows of resources have been recognized concurrent with the City's pension obligation, and gains and losses on debt refunding.

### ***Fund Equity***

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors or contributors, or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Council through approval of resolutions. Assigned fund balances is a limitation imposed by the Director of Finance as a designee of the Council, or unrestricted and unclassified balances held in governmental funds other than the General Fund. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

### ***Spending Policy***

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use the restricted fund balance first, then the unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

### ***Pension Plan***

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

## NOTES TO FINANCIAL STATEMENTS - Continued

### *Use of Estimates*

The preparation of financial statements, in conformity with generally accepted accounting principles, 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 revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

### *Subsequent Events*

The City has evaluated subsequent events and transactions for potential recognition and disclosure through April 29, 2021, the date the financial statements were available to be issued.

## **NOTE B - BUDGETARY COMPLIANCE**

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended December 31, 2020, the following functions incurred total expenditures in excess of amounts appropriated for expenditures:

<u>Fund</u>	<u>Final Budget</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
Public safety	\$ 3,232,700	\$ 3,327,292	\$ 94,592
Recreation and cultural	2,045,200	2,087,489	42,289

## NOTES TO FINANCIAL STATEMENTS - Continued

### NOTE C - DEPOSITS AND INVESTMENTS

The funds of the City are deposited and invested as permitted under Act 20 P.A. 1943, as amended by Act 196 P.A. 1997. Pension trust funds are invested as permitted under Act 314 P.A. 1965, as amended.

At December 31, 2020, the City's cash and investments include the following:

	Primary Government		Component Unit		Fiduciary Funds	
	Deposits	Investments	Deposits	Investments	Deposits	Investments
Carrying amounts						
Cash and equivalents	\$ 13,567,023	\$ 5,645,527	\$ 2,538,196	\$ -	\$ 1,125,106	\$ -
Restricted cash and cash equivalents	2,129,533	-	-	-	-	-
Restricted investments	-	1,517,351	-	-	-	-
Investments	<u>500,000</u>	<u>7,021,592</u>	<u>-</u>	<u>199,600</u>	<u>-</u>	<u>252,299</u>
	<u>\$ 16,196,556</u>	<u>\$ 14,184,470</u>	<u>\$ 2,538,196</u>	<u>\$ 199,600</u>	<u>\$ 1,125,106</u>	<u>\$ 252,299</u>

#### ***Deposits***

Michigan law permits the City to deposit in the accounts of Federally insured banks, credit unions and savings and loans associations located in Michigan.

#### ***Custodial Credit Risk***

In the event of bank failure, the City's uninsured deposits may not be returned to it. As of December 31, 2020, \$19,287,357 of the City's deposits (including certificates of deposit) were exposed to custodial credit risk because they were uninsured and uncollateralized.

#### ***Investments***

Michigan law permits the City to invest in the following vehicles (except pension trust funds, which have much greater flexibility):

1. Bonds and other obligations of the United States Government.
2. Certificates of deposit, savings, deposit and money market accounts.
3. Certain commercial paper.
4. United States Government repurchase agreements.
5. Banker's acceptance of United States banks.
6. Certain obligations of the State of Michigan or its political subdivisions.
7. Certain mutual funds.
8. Certain investment pools.

Investments are recorded at fair market value and money market funds are recorded at amortized cost.

## NOTES TO FINANCIAL STATEMENTS - Continued

At December 31, 2020, the City's investments consisted of the following:

Investment Type	Fair Market Value	Weighted Average Maturity (Years)	Standard and Poors Bond Ratings
Certificates of Deposit	\$ 3,979,068	6.31	N/A
Federal Home Loan Bank Bonds	591,603	1.91	AA+
Alpena Public School Bonds	255,170	17.34	AA
Bay City Brownfield Redevelopment Authority Bonds	235,575	18.76	AA
Brighton Area School District Bonds	526,355	21.35	N/A
Coldwater Electric Utility Bonds	506,956	19.10	AA
Chippewa Valley Schools Bonds	655,122	0.33	AA
Redford Redevelopment Authority Bonds	568,380	2.71	AA
Wayne State University Bonds	485,317	19.89	A+
City of Wyandotte Bonds	164,535	5.75	AA
Michigan State Finance Authority Bonds	264,919	22.50	AA-
MPPA Investment Pools	274,357	2.50	N/A
MPPA Investment Pools - Treasury Bonds	231,162	2.50	N/A
Money Market Mutual Funds	5,645,551	-	N/A
Stock and Bond Mutual Funds	252,299	-	N/A
Total portfolio	<u>\$ 14,636,369</u>	<u>5.16</u>	

### *Credit Risk and Custodial Credit Risk - Investments*

The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by: limiting investments to the type of securities allowed by law and pre-qualifying the financial institution, broker/dealers, intermediaries and advisors with which the City will do business.

The City's policy does not further limit its investment choices. The certificates of deposit are insured by the FDIC for up to \$250,000 at each bank. The City's investment in money market mutual funds is uncategorized as to credit risk. There is no regulatory oversight of the MPPA Investment Pool and no overall credit quality rating of the pool.

As of December 31, 2020, \$8,990,818 of the City's investments were uninsured and uncollateralized, \$5,645,527 were collateralized by securities held by the pledging financial institutions and \$500,000 was insured by the Securities Investor Protection Corporation.

### *Concentration of Credit Risk*

The City places no limit on the amount it may invest in any one issuer. As of December 31, 2020, the City held no investments not guaranteed by the U.S. Government and not invested in diversified mutual funds or external investment pools that represented more than 5% of the City's investments.

## NOTES TO FINANCIAL STATEMENTS - Continued

### *Interest Rate Risk*

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The City recognized an unrealized gain on investments of \$42,951 for the year ended December 31, 2020.

### **NOTE D - FAIR VALUE OF INVESTMENTS**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of December 31, 2020:

Investments by Fair Value Level	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Debt securities				
Treasury bonds	\$ -	\$ 231,162	\$ -	\$ 231,162
Municipal bonds	-	3,662,329	-	3,662,329
U.S. Government Bonds	-	865,960	-	865,960
Balanced mutual funds	-	252,299	-	252,299
Money market funds	-	5,645,551	-	5,645,551
Total investments by fair market value	<u>\$ -</u>	<u>\$ 10,657,301</u>	<u>\$ -</u>	<u>\$ 10,657,301</u>

The City's investments in certificates of deposit and cash equivalents are not required to be classified by fair value.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis.

There have been no changes in the methodologies used at December 31, 2020.

*U.S. government bonds, treasury bonds, municipal bonds and corporate bonds:* Valued at fair value using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

*Money Market Funds:* Valued at amortized cost which approximates fair value.

## NOTES TO FINANCIAL STATEMENTS - Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### NOTE E - PROPERTY TAXES

The City is permitted by charter to levy taxes, subject to State Headlee and Truth in Taxation provisions, up to \$10 per \$1,000 of taxable valuation for general governmental services and in unlimited amounts for the payment of principal and interest on general obligation long-term debt. The City is also permitted by charter to levy taxes up to \$5 per \$1,000 of taxable valuation for right-of-way related items. The City is permitted by State law to levy up to \$1 per \$1,000 of taxable valuation for the public library and \$2 per \$1,000 of taxable valuation for refuse collection. If approved by a majority of the voters, the City may increase the tax levied by an additional \$1 per \$1,000 of taxable valuation for the public library. The 2020 State taxable valuation of the City of Petoskey totaled \$527,875,306.

The tax rates for the year ended December 31, 2020 were as follows:

<u>Purpose</u>	<u>Rate/Taxable Valuation</u>
General governmental services	7.4837 per \$1,000
Right-of-way	3.8537 per \$1,000
Library	0.4890 per \$1,000
Library (additional, approved by voters)	0.8388 per \$1,000
Refuse collection	0.7377 per \$1,000
Fire equipment	0.9306 per \$1,000

### NOTE F - TAX ABATEMENTS

The City had the following tax abatements for the year ended December 31, 2020:

<u>Type</u>	<u>Tax Abated By</u>	<u>Property Owner</u>	<u>Gross Amount Abated</u>
Payment in Lieu of Taxes			
Public Act 346 of 1966, as amended	City of Petoskey	Petoskey Riverview Ltd Dividend Housing	\$ 29,033
	City of Petoskey	Sheridan Ltd Dividend Housing Assoc.	9,619
	City of Petoskey	Crestview Ltd Dividend Housing Assoc.	9,881
	City of Petoskey	Keystone Management Group	(8,489)
			<u>\$ 40,044</u>

## NOTES TO FINANCIAL STATEMENTS - Continued

### NOTE G - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables within the primary government are as follows for the year ended December 31, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 242,494	\$ -
Right-of-Way Fund	93,401	-
Other Nonmajor Governmental Funds	8,470	-
Fiduciary Funds - Custodial Funds	<u>-</u>	<u>344,365</u>
Total	<u><u>\$ 344,365</u></u>	<u><u>\$ 344,365</u></u>

The amounts of interfund receivables and payables between the primary government and the component units are as follows for the year ended December 31, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Library Component Unit	\$ 43,002	\$ -
Fiduciary Funds - Custodial Funds	<u>-</u>	<u>43,002</u>
Total	<u><u>\$ 43,002</u></u>	<u><u>\$ 43,002</u></u>

The interfund balances are mainly for property taxes, material and inventory usage, building rent and equipment.

### NOTE H - INTERFUND TRANSFERS

Operating transfers within the primary government are as follows for the year ended December 31, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,473,700	\$ 1,059,200
Major Street Fund	200,000	-
Right-of-Way Fund	-	1,605,000
Electric Fund	100,000	1,039,600
Water and Sewer Fund	-	1,093,900
Other Nonmajor Governmental Funds	1,769,200	458,600
Internal Service Fund	<u>845,000</u>	<u>131,600</u>
Total	<u><u>\$ 5,387,900</u></u>	<u><u>\$ 5,387,900</u></u>

## NOTES TO FINANCIAL STATEMENTS - Continued

Operating transfers between the primary government and the component units are as follows for the year ended December 31, 2020:

	<u>Transfers In</u>	<u>Transfers Out</u>
TIFA Component Unit	\$ -	\$ 225,000
Downtown Management Parking Component Unit	-	22,300
General Fund	22,300	-
Other Nonmajor Governmental Funds	<u>225,000</u>	<u>-</u>
Total	<u>\$ 247,300</u>	<u>\$ 247,300</u>

The operating transfers are mainly for right-of-way, debt service and general City operations.

Enterprise fund payments in lieu of taxes, classified as transfers to the General Fund above, were as follows for the year ended December 31, 2020:

Electric Fund	\$ 209,800
Water and Sewer Fund	<u>389,500</u>
	<u>\$ 599,300</u>

### NOTE I - CAPITAL ASSETS

Investment in capital assets changed as follows during the year ended December 31, 2020:

#### Governmental Activities

	<u>Beginning</u>	<u>Capital Acquisitions</u>	<u>Sales and Other Dispositions</u>	<u>Ending</u>
Capital assets not being depreciated				
Land	\$ 4,042,213	\$ 28,500	\$ -	\$ 4,070,713
Capital assets being depreciated				
Land improvements	3,750,997	172,981	-	3,923,978
Buildings	6,491,249	97,925	(11,011)	6,578,163
Equipment	8,024,746	1,751,481	(1,092,276)	8,683,951
Infrastructure	<u>28,426,330</u>	<u>1,359,370</u>	<u>-</u>	<u>29,785,700</u>
Subtotal	<u>46,693,322</u>	<u>3,381,757</u>	<u>(1,103,287)</u>	<u>48,971,792</u>
Less accumulated depreciation				
Land improvements	(1,361,478)	(93,673)	-	(1,455,151)
Buildings	(3,633,207)	(216,879)	11,011	(3,839,075)
Equipment	(4,999,733)	(539,140)	967,583	(4,571,290)
Infrastructure	<u>(17,992,114)</u>	<u>(941,005)</u>	<u>-</u>	<u>(18,933,119)</u>
Subtotal	<u>(27,986,532)</u>	<u>(1,790,697)</u>	<u>978,594</u>	<u>(28,798,635)</u>
Net capital assets being depreciated	<u>18,706,790</u>	<u>1,591,060</u>	<u>(124,693)</u>	<u>20,173,157</u>
Governmental activities net capital assets	<u>\$ 22,749,003</u>	<u>\$ 1,619,560</u>	<u>\$ (124,693)</u>	<u>\$ 24,243,870</u>

NOTES TO FINANCIAL STATEMENTS - Continued

**Business-Type Activities**

	<u>Beginning</u>	<u>Capital Acquisitions</u>	<u>Sales and Other Dispositions</u>	<u>Ending</u>
Capital assets not being depreciated				
Land	\$ 896,856	\$ 724,580	\$ -	\$ 1,621,436
Capital assets being depreciated				
Land improvements	450,670	-	-	450,670
Buildings	27,973,358	-	-	27,973,358
Utility system improvements	52,768,789	1,809,277	-	54,578,066
Equipment	<u>794,700</u>	<u>60,600</u>	<u>(342,523)</u>	<u>512,777</u>
Subtotal	<u>81,987,517</u>	<u>1,869,877</u>	<u>(342,523)</u>	<u>83,514,871</u>
Less accumulated depreciation				
Land improvements	(104,319)	(10,432)	-	(114,751)
Buildings	(13,267,959)	(774,580)	-	(14,042,539)
Utility system improvements	(28,525,031)	(1,766,403)	-	(30,291,434)
Equipment	<u>(746,178)</u>	<u>(13,640)</u>	<u>342,523</u>	<u>(417,295)</u>
Subtotal	<u>(42,643,487)</u>	<u>(2,565,055)</u>	<u>342,523</u>	<u>(44,866,019)</u>
Net capital assets being depreciated	<u>39,344,030</u>	<u>(695,178)</u>	<u>-</u>	<u>38,648,852</u>
Business-type activities net capital assets	<u>\$ 40,240,886</u>	<u>\$ 29,402</u>	<u>\$ -</u>	<u>\$ 40,270,288</u>

Depreciation expense was charged to programs of the primary government as follows for the year ended December 31, 2020:

**Governmental activities**

General government	\$ 3,208
Public safety	177,814
Public works	1,234,664
Recreation and cultural	70,418
Unallocated	<u>304,593</u>
Total governmental activities	<u>\$ 1,790,697</u>

**Business-type activities**

Electric	\$ 1,194,868
Water and sewer	<u>1,370,187</u>
Total business-type activities	<u>\$ 2,565,055</u>

NOTES TO FINANCIAL STATEMENTS - Continued

**Component Units**

	<u>Beginning</u>	<u>Capital Acquisitions</u>	<u>Sales and Other Dispositions</u>	<u>Ending</u>
Capital assets being depreciated				
Land improvements	\$ 3,273,403	\$ 217,689	\$ -	\$ 3,491,092
Buildings	6,416,166	-	-	6,416,166
Equipment	<u>1,931,942</u>	<u>57,242</u>	<u>(154,580)</u>	<u>1,834,604</u>
Subtotal	<u>11,621,511</u>	<u>274,931</u>	<u>(154,580)</u>	<u>11,741,862</u>
Less accumulated depreciation				
Land improvements	(1,302,843)	(162,107)	-	(1,464,950)
Buildings	(2,894,102)	(182,372)	-	(3,076,474)
Equipment	<u>(1,349,122)</u>	<u>(41,855)</u>	<u>154,580</u>	<u>(1,236,397)</u>
Subtotal	<u>(5,546,067)</u>	<u>(386,334)</u>	<u>154,580</u>	<u>(5,777,821)</u>
Component units' net capital assets	<u>\$ 6,075,444</u>	<u>\$ (111,403)</u>	<u>\$ -</u>	<u>\$ 5,964,041</u>

**NOTE J - LONG-TERM DEBT**

The following is a summary of the City's long-term debt transactions for the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>New Debt</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental activities</b>					
General obligation debt	\$ 542,065	\$ -	\$ 98,331	\$ 443,734	\$ 103,249
Compensated absences	<u>37,918</u>	<u>49,305</u>	<u>-</u>	<u>87,223</u>	<u>-</u>
<b>Total governmental activities</b>	<u>\$ 579,983</u>	<u>\$ 49,305</u>	<u>\$ 98,331</u>	<u>\$ 530,957</u>	<u>\$ 103,249</u>
<b>Business-type activities</b>					
Revenue obligation debt	<u>\$ 10,355,000</u>	<u>\$ -</u>	<u>\$ 690,000</u>	<u>\$ 9,665,000</u>	<u>\$ 800,000</u>
<b>COMPONENT UNITS</b>					
General obligation debt	<u>\$ 4,117,935</u>	<u>\$ -</u>	<u>\$ 366,668</u>	<u>\$ 3,751,267</u>	<u>\$ 376,752</u>

## NOTES TO FINANCIAL STATEMENTS - Continued

Bonds payable at December 31, 2020 is composed of the following individual issues:

### **General Obligation (Governmental Activities)**

\$1,000,000, 2010 City of Petoskey Building Authority Improvement bonds; \$750,000 refunded with \$730,323, 2017 City of Petoskey Building Authority Improvement bonds; remaining annual installments of \$103,249 to \$114,315 through April 2024; interest rate of 3.00% to 4.00%. Funds for repayment have been provided by the Marina Bond Debt Fund.	\$ 443,734
Unamortized premium	<u>23,710</u>
Total governmental activities general obligation bonds	<u><u>\$ 467,444</u></u>

### **Deferred Loss on Debt Refunding**

Unaccreted loss on refunding - \$730,323, 2017 Building Authority Improvement Bonds.	<u><u>\$ 1,723</u></u>
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### **Revenue Obligation (Business-type Activities)**

\$6,330,000, 2011 Water and Sewer refunding bonds; remaining annual installments of \$480,000 to \$580,000 through February 2026; interest rate of 4.13% to 5.00%.	\$ 3,265,000
Unamortized premium	124,487
\$2,755,000, 2011 Water and Sewer bonds; remaining annual installments of \$125,000 to \$200,000 through February 2031; interest rate of 4.13% to 5.00%.	1,770,000
Unamortized premium	41,661
\$5,000,000, 2017 Water and Sewer bonds; remaining annual installments of \$195,000 to \$365,000 through December 2037; interest rate of 3.00% to 3.25%.	4,630,000
Unamortized premium	<u>56,694</u>
Total business-type activities revenue obligation debt	<u><u>\$ 9,887,842</u></u>

### **Deferred Loss on Debt Refunding**

Unaccreted loss on refunding - \$6,330,000, 2011 Water and Sewer Refunding Bonds	<u><u>\$ 83,536</u></u>
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# NOTES TO FINANCIAL STATEMENTS - Continued

## General Obligation (Component Unit)

\$2,900,000, 2010 Building Authority TIFA Bear River Valley Improvement bonds; \$2,300,000 refunded with \$2,239,677, 2017 Building Authority TIFA Bear River Valley Improvement bonds; remaining annual installments of \$171,752 to \$230,000 through December 2029; interest rate of 3.00% to 4.00%.	\$ 1,791,267
Unamortized premium	100,676
\$4,300,000, 2003 Building Authority Library Improvement bonds; \$3,425,000 refunded with \$3,520,000, 2012 Building Authority Library Improvement bonds; remaining annual installments of \$205,000 to \$285,000 through October 2028; interest rate of 2.70% to 3.13%.	1,960,000
Unamortized net premium	<u>35,310</u>
Total component unit general obligation bonds	<u><u>\$ 3,887,253</u></u>

## Deferred Loss on Debt Refunding

Unaccreted loss on refunding - \$3,520,000, 2012 Building Authority Library Improvement Bonds	<u><u>\$ 42,593</u></u>
Unaccreted loss on refunding - \$2,239,677, 2017 Building Authority TIFA Bear River Valley Improvement Bonds	<u><u>\$ 7,315</u></u>

The annual requirements to amortize all general and revenue obligation bonds outstanding, as of December 31, 2020, are as follows:

Years Ending	Governmental Activities		Business-type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 103,249	\$ 12,894	\$ 800,000	\$ 361,262	\$ 376,752	\$ 120,749
2022	114,315	9,631	820,000	324,712	410,685	108,937
2023	113,085	6,220	930,000	285,112	451,915	96,673
2024	113,085	2,262	945,000	242,537	451,915	82,856
2025	-	-	960,000	202,606	430,000	68,244
2026-2030	-	-	2,725,000	616,295	1,630,000	119,850
2031-2035	-	-	1,770,000	242,167	-	-
2036-2037	-	-	715,000	23,262	-	-
	<u>\$ 443,734</u>	<u>\$ 31,007</u>	<u>\$ 9,665,000</u>	<u>\$ 2,297,953</u>	<u>\$ 3,751,267</u>	<u>\$ 597,309</u>

NOTES TO FINANCIAL STATEMENTS - Continued

**NOTE K - LAND CONTRACT PAYABLE**

The City entered into a land contract during the year ended December 31, 2020 within the Electric System Fund. The value of land acquired through the contract totals \$724,580. The City paid \$242,913 at initiation of the contract, leaving a total contract payable balance of \$481,667 at December 31, 2020. The balance of the contract will be paid in equal annual installments over the next two fiscal years ended December 31, 2021 and 2022. No interest is charged.

**NOTE L - RESTRICTED FUND BALANCES/RESTRICTED NET POSITION**

Fund balances and net position are classified as follows for the year ended December 31, 2020:

<u>Governmental Funds</u>	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Right-of-Way Fund</u>	<u>Other Non-Major Funds</u>	<u>Governmental Activities</u>
Restricted for:					
Refuse collection	\$ 332,244	\$ -	\$ -	\$ -	\$ 332,244
Marina	847,262	-	-	-	847,262
Streets and improvements	-	961,545	850,378	1,216,715	3,028,638
Downtown programs and services	-	-	-	176,724	176,724
	<u>\$ 1,179,506</u>	<u>\$ 961,545</u>	<u>\$ 850,378</u>	<u>\$ 1,393,439</u>	<u>\$ 4,384,868</u>
<u>Enterprise Funds</u>	<u>Electric System Fund</u>	<u>Water and Sewer System Fund</u>	<u>Business-Type Activities</u>		
Restricted for:					
Sewage service covenants	\$ -	\$ 770,923	\$ 770,923		
Revenue bond indentures	-	1,204,175	1,204,175		
MPPA energy expenses	505,544	-	505,544		
	<u>\$ 505,544</u>	<u>\$ 1,975,098</u>	<u>\$ 2,480,642</u>		
<u>Fiduciary Funds</u>	<u>Employees Retirement Trust Fund</u>				
Restricted for:					
Employee pension benefits	<u>\$ 252,299</u>				

## NOTES TO FINANCIAL STATEMENTS - Continued

### Component Units

Restricted for Tax Increment Finance Authority ("TIFA") - The Tax Increment Finance Authority has \$904,939 restricted for use within the TIFA district.

The Library has \$273,000 restricted for debt service and \$729,545 restricted for Library operations.

### NOTE M - EMPLOYEE RETIREMENT AND BENEFIT SYSTEM

#### *Municipal Employees Retirement Systems*

##### *General Information about the Pension Plan*

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

##### *Benefits Provided*

Benefits provided include plans with multipliers ranging from 2.0% to 2.5%.

Vesting periods range from 6 to 10 years.

Normal retirement age is 60 with early retirement at 55 with 15 years of service, or 50 with 25 years of service.

Final average compensation is calculated based on 3 years. Members contributions range from 0.0% to 4.5%.

##### *Employees Covered by Benefit Terms*

At the December 31, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	81
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>62</u>
Total covered employees	<u><u>153</u></u>

## NOTES TO FINANCIAL STATEMENTS - Continued

### ***Contributions***

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

Employer contributions range from 10.83% to 27.67% based on annual payroll for open divisions.

### ***Defined Contribution Plan***

The City's defined contribution plan provides certain retirement, death, and disability benefits to plan members and beneficiaries. The City's plan covers nonunion employees and Department of Public Works unionized employees. The City participates in the Michigan Municipal Employees' Retirement System ("MERS"), an agent multiple-employer, State-wide public employees' pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that include financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

The City contributes up to 3% and matches up to an additional 2% for a total contribution rate of 5%. Employees have the option to contribute 2% of earnings. The plan currently covers 8 employees. During fiscal year ended December 31, 2020, the employees contributed \$8,360 and the City contributed \$20,898 to the plan.

### ***Net Pension Liability***

The employer's Net Pension Liability was measured as of December 31, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

### ***Actuarial Assumptions***

The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.75% in the long-term, plus a percentage based on an age-related scale to reflect merit, longevity and promotional pay increases.

Investment rate of return: 7.75%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3.0% to 4.0%.

## NOTES TO FINANCIAL STATEMENTS - Continued

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

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2008-2013.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	60.0 %	5.19 %
Global fixed income	20.0 %	0.75 %
Private Investments	20.0 %	1.81 %

### ***Discount Rate***

The discount rate used to measure the total pension liability is 7.60% for 2019. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS - Continued

**Changes in Net Pension Liability - City**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Balances at December 31, 2019</b>	<u>\$28,443,752</u>	<u>\$23,922,371</u>	<u>\$ 4,521,381</u>
<b>Changes for the Year</b>			
Service cost	447,361	-	447,361
Interest on Total Pension Liability	2,107,613	-	2,107,613
Change in benefits	(4,337)	-	(4,337)
Difference between expected and actual experience	307,927	-	307,927
Changes in assumptions	894,972	-	894,972
Employer contributions	-	1,732,500	(1,732,500)
Employee contributions	-	127,246	(127,246)
Net investment income	-	3,073,588	(3,073,588)
Benefit payments, including employee refunds	(1,744,858)	(1,744,858)	-
Administrative expense	-	(48,012)	48,012
Other changes	88,837	(53,198)	142,035
<b>Net changes</b>	<u>2,097,515</u>	<u>3,087,266</u>	<u>(989,751)</u>
<b>Balances as of December 31, 2020</b>	<u><u>\$30,541,267</u></u>	<u><u>\$27,009,637</u></u>	<u><u>\$ 3,531,630</u></u>

**Changes in Net Pension Liability - Library**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Balances at December 31, 2019</b>	<u>\$ 307,639</u>	<u>\$ 258,737</u>	<u>\$ 48,902</u>
<b>Changes for the Year</b>			
Service cost	5,846	-	5,846
Interest on Total Pension Liability	27,544	-	27,544
Change in benefits	(57)	-	(57)
Difference between expected and actual experience	4,024	-	4,024
Changes in assumptions	11,696	-	11,696
Employer contributions	-	22,641	(22,641)
Employee contributions	-	1,663	(1,663)
Net investment income	-	40,167	(40,167)
Benefit payments, including employee refunds	(22,803)	(22,803)	-
Administrative expense	-	(627)	627
Other changes	65,240	53,198	12,042
<b>Net changes</b>	<u>91,490</u>	<u>94,239</u>	<u>(2,749)</u>
<b>Balances as of December 31, 2020</b>	<u><u>\$ 399,129</u></u>	<u><u>\$ 352,976</u></u>	<u><u>\$ 46,153</u></u>

## NOTES TO FINANCIAL STATEMENTS - Continued

### ***Sensitivity of Net Position Liability to Changes in the Discount Rate***

The following presents the Net Pension Liability, calculated using the discount rate of 7.60%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1% point lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
City net pension liability	\$ 6,887,646	\$ 3,531,630	\$ 679,021
Library net pension liability	90,012	46,153	8,874

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

For the year ended December 31, 2020, the City recognized pension expense of \$617,148. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 122,962	\$ -
Differences in assumptions	671,229	-
Excess investment returns	-	879,439
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 794,191</u>	<u>\$ 879,439</u>

For the year ended December 31, 2020, the Library recognized pension expense of \$8,065. The Library reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 1,819	\$ -
Differences in assumptions	8,772	-
Excess (deficit) investment returns	-	13,322
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 10,591</u>	<u>\$ 13,322</u>

## NOTES TO FINANCIAL STATEMENTS - Continued

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

<u>Years Ending</u>	<u>City</u>	<u>Library</u>
2021	\$ 94,239	\$ 1,232
2022	259,356	3,389
2023	(189,042)	(2,471)
2024	<u>(249,801)</u>	<u>(4,881)</u>
Total	<u>\$ (85,248)</u>	<u>\$ (2,731)</u>

### NOTE N - DEFINED CONTRIBUTION RETIREMENT PLAN

The City provides pension benefits for management employees as designated by City Council through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Designated employees are eligible to participate from the date of employment. The City's contributions for each employee (and interest allocated to each employee's account) are fully vested immediately.

The City's contributions were calculated using the eligible base salary amount of \$119,080, as established by City Council and governed by Federal regulations. The City made the required 14.00% contribution for the year, which totaled \$16,671.

At December 31, 2020, the City had \$252,299 within the Employees Retirement Trust Fund.

### NOTE O - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

In complying with the amended Section 457 requirements, these assets are for the exclusive benefit of participants and not subject to the claims of the City's general creditors. As such, they are not included in a custodial fund of the City.

**NOTE P - COMMITMENTS AND CONTINGENCIES**

***Landfill Closure and Post-Closure Care Costs***

An agreement with the State of Michigan requires that the City of Petoskey perform monitoring functions at a former landfill site for 30 years after closure. A liability is being recognized based on the estimated future post-closure costs that will be incurred over the remaining term of the agreement, which runs through August 2022. The estimated total current cost of the landfill post-closure care of \$85,000 is based on the amount that would be paid if the services to monitor the landfill were acquired as of December 31, 2020. However, the actual cost of post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

***Entitlement Commitments***

Between 1979 and 2001, the Michigan Public Power Agency ("MPPA"), of which the City is a member, acquired ownership interests in the Detroit Edison Belle River Unit and other related assets, and the CT Project No. 1. The City's entitlement share of the Belle River Unit and CT Project No. 1 generating capacities are 4,137 (KW) and 4,392 (KW), respectively.

The entitlements specify minimum annual payments on a "take-or-pay" basis for the generation and transmission capabilities of the units as follows:

<u>Years Ending December 31,</u>	<u>CT Project No. 1</u>
2021	\$ 229,654
2022	229,200
2023	229,296
2024	229,415
2025	229,534
2026	<u>229,630</u>
Total	<u>\$ 1,376,729</u>

There is a possibility of refunds or subsidy payments to the City due to past fuel overcharges. However, since the amounts are unknown at this time, there are no provisions made in the financial statements.

The City entered into an agreement with MPPA in August 2011, to purchase up to .8 mega-watt hours of power per hour at prices ranging from \$41 to \$68 per mega-watt hour from 2012 to 2023.

**NOTE Q - RISKS AND CONTINGENCIES**

*Insurance*

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has purchased commercial insurance for general liability and property, and participates in the Michigan Municipal League risk pool for claims relating to employee injuries/workers compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The City purchases commercial health care insurance from Blue Cross/Blue Shield of Michigan for all eligible and participating employees and retirees, and has no risk in excess of policy coverage.

The shared-risk pool in which the City participates operates a common risk-sharing management program for various municipalities throughout the State. Member premiums are used to purchase commercial insurance coverage and to pay member claims in excess of deductible amounts.

*COVID-19*

On March 10, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic. The City believes it understands the risk associated with COVID-19. The City has implemented risk mitigation tactics related to their operations within and outside of the City in response to the risks caused by COVID-19. The extent to which the pandemic impacts operations will depend on future developments, which are highly uncertain at this time, and cannot be predicted.

The City Hall was generally closed to the public after the onset of the pandemic as a result of COVID-19. Where possible, the City conducts meetings virtually to mitigate risks of meeting in person. The City has made various technological improvements to facilitate the remote work and meeting settings.

**NOTE R - SUBSEQUENT EVENTS**

On February 25, 2021, the City refunded its 2011 Water Supply and Sewage Disposal System bonds with principal amount outstanding at closing of \$4,125,000 for a purchase price of \$4,479,410. Purchase price includes an original issue premium of \$385,348 less the underwriter's discount of \$30,938.

**REQUIRED SUPPLEMENTARY INFORMATION**

# City of Petoskey

## BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

Year ended December 31, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual Total
<b>REVENUES</b>					
Taxes	\$ 4,063,200	\$ 4,063,200	\$ 4,090,816	\$ -	\$ 27,616
Licenses and permits	34,700	34,700	102,920	-	68,220
Federal grants	19,600	19,600	237,614	-	218,014
State grants	1,097,500	1,097,500	615,953	-	(481,547)
Contributions from local units	70,000	70,000	212,210	-	142,210
Charges for services	1,422,000	1,422,000	1,218,228	-	(203,772)
Fines and forfeitures	12,300	12,300	16,269	-	3,969
Interest and investment earnings	125,000	125,000	140,151	-	15,151
Other	110,900	110,900	115,562	-	4,662
Total revenues	6,955,200	6,955,200	6,749,723	-	(205,477)
<b>EXPENDITURES</b>					
Legislative, general government, and health and welfare	2,026,200	2,026,200	1,994,740	-	31,460
Public safety	3,232,700	3,232,700	3,327,292	-	(94,592)
Public works	657,800	657,800	642,617	-	15,183
Recreation and cultural	2,045,200	2,045,200	2,087,489	-	(42,289)
Capital outlay	961,900	961,900	407,069	-	554,831
Total expenditures	8,923,800	8,923,800	8,459,207	-	464,593
<b>REVENUES UNDER EXPENDITURES</b>	(1,968,600)	(1,968,600)	(1,709,484)	-	259,116
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	2,473,700	2,473,700	2,473,700	-	-
Operating transfers out	(1,065,000)	(1,065,000)	(1,059,200)	-	5,800
Transfers from component units	22,300	22,300	22,300	-	-
Total other financing sources	1,431,000	1,431,000	1,436,800	-	5,800
<b>NET CHANGE IN FUND BALANCES</b>	(537,600)	(537,600)	(272,684)	-	264,916
<b>Fund balance, beginning of year</b>	5,850,048	5,850,048	5,850,048	-	-
<b>Fund balance, end of year</b>	\$ 5,312,448	\$ 5,312,448	\$ 5,577,364	\$ -	\$ 264,916

# City of Petoskey

## BUDGETARY COMPARISON SCHEDULE FOR THE MAJOR STREET FUND

Year ended December 31, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual Total
<b>REVENUES</b>					
State grants	\$ 695,100	\$ 695,100	\$ 619,028	\$ -	\$ (76,072)
Interest and other	<u>6,500</u>	<u>6,500</u>	<u>28,691</u>	<u>-</u>	<u>22,191</u>
Total revenues	<u>701,600</u>	<u>701,600</u>	<u>647,719</u>	<u>-</u>	<u>(53,881)</u>
<b>EXPENDITURES</b>					
Public works					
Routine maintenance	245,600	245,600	137,978	-	107,622
Winter maintenance	320,200	320,200	212,528	-	107,672
Traffic services	36,300	36,300	21,538	-	14,762
Capital outlay	<u>950,000</u>	<u>950,000</u>	<u>961,219</u>	<u>-</u>	<u>(11,219)</u>
Total expenditures	<u>1,552,100</u>	<u>1,552,100</u>	<u>1,333,263</u>	<u>-</u>	<u>218,837</u>
<b>REVENUES UNDER EXPENDITURES</b>	(850,500)	(850,500)	(685,544)	-	164,956
<b>OTHER FINANCING SOURCES</b>					
Operating transfers in	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(650,500)	(650,500)	(485,544)	-	164,956
<b>Fund balance, beginning of year</b>	<u>1,447,089</u>	<u>1,447,089</u>	<u>1,447,089</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 796,589</u>	<u>\$ 796,589</u>	<u>\$ 961,545</u>	<u>\$ -</u>	<u>\$ 164,956</u>

# City of Petoskey

## BUDGETARY COMPARISON SCHEDULE FOR THE RIGHT-OF-WAY FUND

Year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual (GAAP Basis)</u>	<u>Variances - Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual Total</u>
<b>REVENUES</b>					
Property taxes	\$ 1,792,000	\$ 1,792,000	\$ 1,789,184	\$ -	\$ (2,816)
Interest	<u>6,000</u>	<u>6,000</u>	<u>5,423</u>	<u>-</u>	<u>(577)</u>
Total revenue	1,798,000	1,798,000	1,794,607	-	(3,393)
<b>EXPENDITURES</b>					
Other					
Contracted services	<u>2,000</u>	<u>2,000</u>	<u>1,739</u>	<u>-</u>	<u>261</u>
<b>REVENUES OVER EXPENDITURES</b>	1,796,000	1,796,000	1,792,868	-	(3,132)
<b>OTHER FINANCING USES</b>					
Operating transfers out	<u>(1,605,000)</u>	<u>(1,605,000)</u>	<u>(1,605,000)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	191,000	191,000	187,868	-	(3,132)
<b>Fund balance, beginning of year</b>	<u>662,510</u>	<u>662,510</u>	<u>662,510</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 853,510</u>	<u>\$ 853,510</u>	<u>\$ 850,378</u>	<u>\$ -</u>	<u>\$ (3,132)</u>

# City of Petoskey

## SCHEDULE OF CHANGES IN THE CITY MERS NET PENSION LIABILITY AND RELATED RATIOS

Years ended December 31,

	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service cost	\$ 447,361	\$ 465,716	\$ 467,813	\$ 502,133	\$ 507,633	\$ 482,076
Interest	2,107,613	2,168,265	2,087,596	2,174,753	2,017,084	1,933,518
Changes of benefit terms	(4,337)	-	-	(1,591,126)	(7,593)	-
Difference between expected and actual experience	307,927	(304,611)	177,290	(691,004)	384,444	-
Changes of assumption	894,972	-	-	-	1,314,664	-
Benefit payments including employee refunds	(1,744,858)	(1,707,560)	(1,593,200)	(1,498,913)	(1,365,973)	(1,267,600)
Other	88,837	78,091	65,182	(17,001)	(126,712)	(40,561)
Net Change in Total Pension Liability	2,097,515	699,901	1,204,681	(1,121,158)	2,723,547	1,107,433
Total Pension Liability Beginning	28,443,752	27,743,851	26,539,170	27,660,328	24,936,781	23,829,348
Total Pension Liability Ending	<u>\$30,541,267</u>	<u>\$ 28,443,752</u>	<u>\$27,743,851</u>	<u>\$26,539,170</u>	<u>\$27,660,328</u>	<u>\$24,936,781</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	1,732,500	1,653,453	\$ 1,621,597	\$ 1,686,087	\$ 700,936	\$ 691,061
Contributions - employee	127,246	120,480	118,342	122,283	120,075	121,724
Net investment income	3,073,588	2,877,141	(879,908)	2,566,652	1,971,865	(271,928)
Benefit payments including employee refunds	(1,744,858)	(1,707,560)	(1,593,200)	(1,498,913)	(1,365,973)	(1,267,600)
Administrative expense	(48,012)	(49,509)	(42,942)	(40,507)	(38,931)	(39,863)
Other changes	(53,198)	(14,879)	96,974	15,329	(40,832)	-
Net Change in Plan Fiduciary Net Position	3,087,266	2,879,126	(679,137)	2,850,931	1,347,140	(766,606)
Plan Fiduciary Net Position Beginning	23,922,371	21,043,245	21,722,382	18,871,451	17,524,311	18,290,917
Plan Fiduciary Net Position Ending	<u>\$27,009,637</u>	<u>\$ 23,922,371</u>	<u>\$21,043,245</u>	<u>\$21,722,382</u>	<u>\$18,871,451</u>	<u>\$17,524,311</u>
Employer Net Pension Liability	<u>\$ 3,531,630</u>	<u>\$ 4,521,381</u>	<u>\$ 6,700,606</u>	<u>\$ 4,816,788</u>	<u>\$ 8,788,877</u>	<u>\$ 7,412,470</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88 %	84 %	76 %	82 %	68 %	70 %
Covered Employee Payroll	<u>\$ 3,942,872</u>	<u>\$ 3,938,399</u>	<u>\$ 3,920,256</u>	<u>\$ 3,994,976</u>	<u>\$ 3,978,932</u>	<u>\$ 4,078,153</u>
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	90 %	115 %	171 %	121 %	221 %	182 %

# City of Petoskey

## SCHEDULE OF CHANGES IN THE LIBRARY MERS NET PENSION LIABILITY AND RELATED RATIOS

Years ended December 31,

	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service cost	\$ 5,846	\$ 5,037	\$ 4,725	\$ 7,336	\$ 7,835	\$ 6,300
Interest	27,544	23,451	21,087	31,774	31,133	25,268
Changes of benefit terms	(57)	-	-	(23,247)	(117)	-
Difference between expected and actual experience	4,024	(3,295)	1,791	(10,096)	5,934	-
Changes of assumption	11,696	-	-	-	20,291	-
Benefit payments including employee refunds	(22,803)	(18,469)	(16,093)	(21,900)	(21,083)	(16,566)
Other	65,240	20,674	(119,016)	(23,046)	57,045	(530)
Net Change in Total Pension Liability	91,490	27,398	(107,506)	(39,179)	101,038	14,472
Total Pension Liability Beginning	307,639	280,241	387,747	426,926	325,888	311,416
Total Pension Liability Ending	<u>\$ 399,129</u>	<u>\$ 307,639</u>	<u>\$ 280,241</u>	<u>\$ 387,747</u>	<u>\$ 426,926</u>	<u>\$ 325,888</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	22,641	17,883	\$ 16,380	\$ 24,634	\$ 10,819	\$ 9,031
Contributions - employee	1,663	1,303	1,195	1,787	1,853	1,591
Net investment income	40,167	31,118	(8,888)	37,500	30,435	(3,554)
Benefit payments including employee refunds	(22,803)	(18,469)	(16,093)	(21,900)	(21,083)	(16,566)
Administrative expense	(627)	(535)	(434)	(592)	(601)	(520)
Other changes	53,198	14,879	(96,974)	(15,330)	40,832	-
Net Change in Plan Fiduciary Net Position	94,239	46,179	(104,814)	26,099	62,255	(10,018)
Plan Fiduciary Net Position Beginning	258,737	212,558	317,372	291,273	229,018	239,036
Plan Fiduciary Net Position Ending	<u>\$ 352,976</u>	<u>\$ 258,737</u>	<u>\$ 212,558</u>	<u>\$ 317,372</u>	<u>\$ 291,273</u>	<u>\$ 229,018</u>
Employer Net Pension Liability	<u>\$ 46,153</u>	<u>\$ 48,902</u>	<u>\$ 67,683</u>	<u>\$ 70,375</u>	<u>\$ 135,653</u>	<u>\$ 96,870</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88 %	84 %	76 %	82 %	68 %	70 %
Covered Employee Payroll	<u>\$ 310,529</u>	<u>\$ 295,550</u>	<u>\$ 318,874</u>	<u>\$ 303,359</u>	<u>\$ 280,175</u>	<u>\$ 333,666</u>
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	15 %	17 %	21 %	23 %	48 %	29 %

# City of Petoskey

## SCHEDULE OF MERS EMPLOYER'S CONTRIBUTIONS

Years ended December 31,

	Actuarial Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
City:					
2011	\$ 669,786	\$ 596,110	\$ 73,676	\$ 3,888,000	15 %
2012	650,292	637,286	13,006	4,032,000	16 %
2013	697,426	683,477	13,949	4,408,000	16 %
2014	651,998	638,958	13,040	4,235,000	15 %
2015	691,061	691,061	-	4,075,153	17 %
2016	700,936	700,936	-	3,978,932	18 %
2017	686,087	1,686,087	(1,000,000)	3,994,976	42 %
2018	631,597	1,631,597	(1,000,000)	3,920,256	42 %
2019	653,453	1,653,453	(1,000,000)	3,938,399	42 %
2020	732,500	1,732,500	(1,000,000)	3,942,872	44 %
Library:					
2015	9,031	9,031	-	333,666	3 %
2016	10,819	10,819	-	280,175	4 %
2017	24,634	24,634	-	303,359	8 %
2018	6,380	6,380	-	318,874	2 %
2019	17,883	17,883	-	295,550	6 %
2020	22,642	22,642	-	310,529	7 %

### Notes to Schedule

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	Varies depending on plan adoption
Mortality	50% female/50% male RP-2014 Annuity Mortality Table

## **COMBINING FINANCIAL STATEMENTS**

# City of Petoskey

## COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2020

	Special Revenue Funds				Debt Service Funds			
	Local Street	General Street	Downtown Management	Total Special Revenue	Building Authority Marina Bond Debt	Building Authority Bear River Valley Bond Debt	Total Debt Service	Total Non-Major Funds
<b>ASSETS</b>								
Current assets								
Cash	\$ 778,168	\$1,173,868	\$ 131,781	\$2,083,817	\$ 29,484	\$ 122,016	\$ 151,500	\$ 2,235,317
Receivables								
Special assessments	-	-	38,067	38,067	-	-	-	38,067
Accounts receivable	869	974	-	1,843	159	127	286	2,129
Due from other funds	-	-	8,470	8,470	-	-	-	8,470
Due from other governments	30,514	-	-	30,514	-	-	-	30,514
Inventory, at cost	-	241,805	-	241,805	-	-	-	241,805
Total assets	<u>\$ 809,551</u>	<u>\$1,416,647</u>	<u>\$ 178,318</u>	<u>\$2,404,516</u>	<u>\$ 29,643</u>	<u>\$ 122,143</u>	<u>\$ 151,786</u>	<u>\$ 2,556,302</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 9,187	\$ 12,434	\$ 1,594	\$ 23,215	\$ 250	\$ 250	\$ 500	\$ 23,715
Accrued expenditures	4,766	5,073	-	9,839	-	-	-	9,839
Total liabilities	<u>13,953</u>	<u>17,507</u>	<u>1,594</u>	<u>33,054</u>	<u>250</u>	<u>250</u>	<u>500</u>	<u>33,554</u>
<b>FUND BALANCES</b>								
Non-spendable								
Inventory	-	241,805	-	241,805	-	-	-	241,805
Restricted								
Special revenue	-	-	176,724	176,724	-	-	-	176,724
Streets and improvements	795,598	421,117	-	1,216,715	-	-	-	1,216,715
Committed	-	736,218	-	736,218	29,393	121,893	151,286	887,504
Total fund balances	<u>795,598</u>	<u>1,399,140</u>	<u>176,724</u>	<u>2,371,462</u>	<u>29,393</u>	<u>121,893</u>	<u>151,286</u>	<u>2,522,748</u>
Total liabilities and fund balances	<u>\$ 809,551</u>	<u>\$1,416,647</u>	<u>\$ 178,318</u>	<u>\$2,404,516</u>	<u>\$ 29,643</u>	<u>\$ 122,143</u>	<u>\$ 151,786</u>	<u>\$ 2,556,302</u>

# City of Petoskey

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

Year ended December 31, 2020

	Special Revenue Funds				Debt Service Funds			Total Other Non-Major Funds
	Local Street	General Street	Downtown Management	Total	Building Authority Marina Bond Debt	Building Authority Bear River Valley Bond Debt	Total	
<b>REVENUES</b>								
State grants	\$ 227,592	\$ -	\$ -	\$ 227,592	\$ -	\$ -	\$ -	\$ 227,592
Special assessments	-	-	103,379	103,379	-	-	-	103,379
Interest and investment earnings	8,728	9,918	3,282	21,928	1,399	1,235	2,634	24,562
Other	46,260	482	37,621	84,363	-	-	-	84,363
Total revenues	282,580	10,400	144,282	437,262	1,399	1,235	2,634	439,896
<b>EXPENDITURES</b>								
Current								
Public works	250,340	729,915	85,921	1,066,176	-	-	-	1,066,176
Capital outlay	265,504	148,276	3,408	417,188	-	-	-	417,188
Principal	-	-	-	-	98,331	156,669	255,000	255,000
Interest	-	-	-	-	15,676	67,674	83,350	83,350
Total expenditures	515,844	878,191	89,329	1,483,364	114,007	224,343	338,350	1,821,714
<b>REVENUES UNDER EXPENDITURES</b>	(233,264)	(867,791)	54,953	(1,046,102)	(112,608)	(223,108)	(335,716)	(1,381,818)
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating transfers in	200,000	1,455,000	-	1,655,000	114,200	-	114,200	1,769,200
Operating transfers out	-	(458,600)	-	(458,600)	-	-	-	(458,600)
Transfers from component units	-	-	-	-	-	225,000	225,000	225,000
Total other financing sources	200,000	996,400	-	1,196,400	114,200	225,000	339,200	1,535,600
<b>NET CHANGE IN FUND BALANCE</b>	(33,264)	128,609	54,953	150,298	1,592	1,892	3,484	153,782
<b>Fund balance, beginning of year</b>	828,862	1,270,531	121,771	2,221,164	27,801	120,001	147,802	2,368,966
<b>Fund balance, end of year</b>	<u>\$ 795,598</u>	<u>\$ 1,399,140</u>	<u>\$ 176,724</u>	<u>\$ 2,371,462</u>	<u>\$ 29,393</u>	<u>\$ 121,893</u>	<u>\$ 151,286</u>	<u>\$ 2,522,748</u>

# City of Petoskey

## COMBINING COMPONENT UNIT BALANCE SHEET/STATEMENT OF NET POSITION

December 31, 2020

	Debt Service Funds			Reconciliation of Fund Balance Sheets to Statement of Net Position			
	2017 Marina Bonds	2017 Bear River Valley Bonds	Library Improvement Bonds	Governmental Financing Leases	Governmental Bonds Payable	Accrued Interest	Statement of Net Position
<b>ASSETS</b>							
Current assets							
Cash	\$ 29,484	\$ 122,016	\$ -	\$ -	\$ -	\$ -	\$ 151,500
Accounts receivable	159	127	-	-	-	-	286
Interest receivable	-	-	-	34,443	-	-	34,443
Lease contract receivable, current	-	-	-	480,001	-	-	480,001
Total current assets	29,643	122,143	-	514,444	-	-	666,230
Non-current assets							
Deferred charges - bond premium and discounts	-	-	-	-	(8,078)	-	(8,078)
Lease contract receivable	-	-	-	3,715,000	-	-	3,715,000
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred loss on debt refunding	-	-	-	-	51,631	-	51,631
Total assets and deferred outflows of resources	\$ 29,643	\$ 122,143	\$ -	\$ 4,229,444	\$ 43,553	\$ -	\$ 4,424,783
<b>LIABILITIES AND FUND BALANCES/NET POSITION</b>							
<b>LIABILITIES</b>							
Current liabilities							
Accrued interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,443	\$ 34,443
Accounts payable	250	250	-	-	-	-	500
Bonds payable, current	-	-	-	-	480,001	-	480,001
Total current liabilities	250	250	-	-	480,001	34,443	514,944
Non-current liabilities							
Bonds payable, net	-	-	-	-	3,715,000	-	3,715,000
Total liabilities	250	250	-	-	4,195,001	34,443	4,229,944
<b>FUND BALANCE/NET POSITION</b>							
Committed	29,393	121,893	-	4,229,444	(4,151,448)	(34,443)	194,839
Total liabilities and fund balances	\$ 29,643	\$ 122,143	\$ -	\$ 4,229,444	\$ 43,553	\$ -	\$ 4,424,783

# City of Petoskey

## COMBINING COMPONENT UNIT STATEMENT OF REVENUES AND EXPENDITURES/STATEMENT OF ACTIVITIES

Year ended December 31, 2020

	Debt Service Funds			Reconciliation of Fund Statements of Revenues and Expenditures to the Statement of Activities			
	Marina Bonds	Bear River Valley Bonds	Library Improvement Bonds	Governmental Financing Lease	Debt Service	Interest Expense	Statement of Activities
Program revenues							
Lease income	\$ 114,200	\$ 225,000	\$ 272,194	\$ (834,314)	\$ -	\$ -	\$ (222,920)
Expenditures/expenses							
Debt service	98,331	156,669	210,000	-	(465,000)	-	-
Interest and fees	15,676	67,674	62,194	-	(15,601)	(2,645)	127,298
Total expenditures/expenses	114,007	224,343	272,194	-	(480,601)	(2,645)	127,298
Net revenue	193	657	-	(834,314)	480,601	2,645	(350,218)
General revenues							
Interest and investment earnings	1,399	1,235	-	-	-	-	2,634
Revenues over (under) expenditures/ change in net position	1,592	1,892	-	(834,314)	480,601	2,645	(347,584)
<b>Fund balance/net position, beginning of year</b>	<u>27,801</u>	<u>120,001</u>	<u>-</u>	<u>5,063,758</u>	<u>(4,632,049)</u>	<u>(37,088)</u>	<u>542,423</u>
<b>Fund balance/net position, end of year</b>	<u>\$ 29,393</u>	<u>\$ 121,893</u>	<u>\$ -</u>	<u>\$ 4,229,444</u>	<u>\$ (4,151,448)</u>	<u>\$ (34,443)</u>	<u>\$ 194,839</u>



# City of Petoskey

## Agenda Memo

**BOARD:** City Council

**MEETING DATE:** May 3, 2021

**PREPARED:** April 29, 2021

**AGENDA SUBJECT:** Consent Agenda Resolution

**RECOMMENDATION:** That the City Council approve this proposed resolution

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The City Council will be asked to adopt a resolution that would approve the following consent agenda items:

- (1) Draft minutes of the April 19, 2021 regular session City Council meetings; and
- (2) Acknowledge receipt of a report from the City Manager concerning all checks that have been issued since April 19, 2021 for contract and vendor claims at \$395,004.34, intergovernmental claims at \$0, and the April 15 payroll at \$207,065.59 for a total of \$602,069.93.

sb  
Enclosures



## CITY COUNCIL

April 19, 2021

A regular meeting of the City of Petoskey City Council was held from virtual locations on Monday, April 19, 2021. This meeting was called to order at 7:00 P.M.; then, after a recitation of the Pledge of Allegiance to the Flag of the United States of America, a roll call then determined that the following were

Present: John Murphy, Mayor, Petoskey, Emmet County, MI  
Derek Shiels, City Councilmember, Petoskey, Emmet County, MI  
Brian Wagner, City Councilmember, Tampa, Hillsborough County, FL  
Lindsey Walker, City Councilmember, Petoskey, Emmet County, MI

Absent: Kate Marshall, City Councilmember

Also in attendance were City Manager Rob Straebel, Clerk-Treasurer Alan Terry, City Planner Amy Tweeten, Public Works Director Mike Robbins, Parks and Recreation Director Kendall Klingelsmith and Executive Assistant Sarah Bek.

### **Hear Sexual Assault Awareness Month Proclamation**

Mayor Murphy reviewed that the Women's Resource Center of Northern Michigan requested to declare April 2021 to be Sexual Assault Awareness Month. Mayor Murphy reviewed that the proclamation would recognize April as "Sexual Assault Awareness Month in Petoskey" and emphasize the City's commitment to this important issue. Mayor Murphy then read the following:

WHEREAS, sexual assault affects women, children and men of all racial, cultural and economic backgrounds; and

WHEREAS, in addition to the immediate physical and emotional costs, sexual assault may also have associated consequences of post-traumatic stress disorder, substance abuse, depression, homelessness, eating disorders and suicide; and

WHEREAS, sexual assault can be devastating for not only the survivor, but also for the family and friends of the survivor; and

WHEREAS, no one person, organization, agency or community can eliminate sexual assault on their own, but we can work together to educate our entire population about what can be done to prevent sexual assault, support victims/survivors and their significant others and increase support for agencies providing services to victims/survivors; and

WHEREAS, Sexual Assault Awareness Month provides an excellent opportunity for citizens to learn more about preventing sexual violence before it can start and to show support for the numerous organizations and individuals who provide critical advocacy, services and assistance to sexual assault survivors; and

WHEREAS, the City of Petoskey strongly supports the efforts of national, state, and local partners, and of every citizen, to actively engage in public and private efforts to prevent sexual violence. It's time for all of us to start conversations, take appropriate action and support one another to create a safe and thriving communities:

NOW, THEREFORE BE IT RESOLVED, that I, John Murphy, Mayor of the City of Petoskey, support efforts to eliminate sexual assault and hereby declare April 2021 to be in our city

## **SEXUAL ASSAULT AWARENESS MONTH**

Megan King, Women's Resource Center representative, commented that the organization appreciates the community support on this matter.

### **Consent Agenda - Resolution No. 19519**

Following introduction of the consent agenda for this meeting of April 19, 2021, City Councilmember Walker moved that, seconded by City Councilmember Wagner adoption of the following resolution:

BE IT RESOLVED that the City Council does and hereby confirms that the draft minutes of the March 9, 2021 special session and March 15, 2021 regular session City Council meetings be and are hereby approved; and

BE IT RESOLVED that receipt by the City Council of a report concerning all checks that had been issued since March 15, 2021 for contract and vendor claims at \$963,337.87, intergovernmental claims at \$0, and the March 18 and April 1 payrolls at \$407,653.06, for a total of \$1,370,990.93 be and is hereby acknowledged.

Said resolution was adopted by the following vote:

AYES: Shiels, Wagner, Walker, Murphy (4)

NAYS: None (0)

### **Hear Public Comment**

Mayor Murphy asked for public comments and there were no comments.

### **Hear City Manager Updates**

The City Manager reported that the Planning Commission approved the conceptual design for the North Central Michigan College Ring Road Extension which the road extension must be dedicated as a City street upon completion; that the Planning Commission directed the City Planner to bring forth a college-specific zoning district based upon the College's Master Plan; that the Planning Commission also directed staff to further research options to promote housing in the community and reviewed a list of housing options that will be discussed in the coming months; that the Planning Commission requested a joint session with City Council to discuss the draft Master Plan and reviewed proposed dates and availability; that Yarrow Brown from Housing North will make a presentation at the May 3 City Council meeting regarding options to promote workforce/attainable housing for the "missing middle" demographic; that staff sent out a one-page informational sheet on the Voluntary Green Pricing (VGP) Program in March through utility bills and 26 people enrolled, a 14% increase with a total of 213 participants in the program; that MDOT approved the City's request to lower the speed limit along US-31 from Eppler Road to East Park and staff is working with MDOT to incorporate safety mitigation measures at the Eppler Road intersection; that a Community Funding Appropriation Request for \$4M was submitted to Representative Bergman's Office for federal funding for the Little Traverse Wheelway detour which emphasized the current safety issues on US-31 as well as the economic benefits on both a local and regional level and thanked the community members that submitted letters of support; that staff has been working with a Networks Northwest representative in submitting a preproposal for potential federal funding to develop coastal resiliency projects and nature-based solutions to address erosion issues on Petoskey shorelines; that the Downtown Director and City staff will be meeting with Emmet County representatives this week to further discuss a potential partnership to construct a one-level parking platform on City and County lots at the Lake and Division Streets intersection; that concrete repairs to Pier A and damaged brick work replacement near the Bayfront Park playground were completed; reviewed West Jefferson main sewer line replacement project progress; and according to the health department, Petoskey is in its third wave of COVID cases with most new cases attributed to the B.1.1.7 variant with more younger people contracting the virus and reiterated to the public to take personal responsibility and wear a mask, socially distance and get vaccinated.

City Councilmembers inquired if any of the VGP new enrollees were commercial or all residential and commended staff for taking on some of the Pier A and brickwork replacement to save on total repair costs and stay within budget.

Ms. Bek responded that she would work with the Finance Department to get a breakdown of commercial vs. residential VGP enrollees and report back to City Council.

### **Approve Economic Development Strategic Plan Update – Resolution No. 19520**

The City Planner reviewed that at the March 15 Council meeting, City Council reviewed the priority redevelopment sites and provided staff direction on potential changes; reviewed priority sites to keep 900 Emmet Street (Gruler property), the Darling Lot, 502 Michigan Street (Baptist Church) and remove 200 East Lake Street from the plan; reviewed that additional direction was to add 316/318 East Lake Street and 1420 Standish Avenue (former Michigan Maple Block); that if City Council does not want to further consider a mixed use building on the Darling Lot, it should be removed; that once the changes are finalized, the Master Plan will also need to be updated as it references the priority sites; and reviewed appendices that were included with the updated plan that explained a list of incentive programs available to the City which provided an example of a tax exemption calculation based on current millage rates and a sample policy on how use of tax exemptions/abatements could be evaluated by established criteria.

City Councilmembers discussed proposed list of priority sites; thanked staff for including Appendix C and D; heard from those that urged the rest of City Council to keep the Darling Lot in the plan with a mixed use component; and heard from those that would rather focus on the possible parking platform with the County at the Lake and Division Streets intersection and the Bay/Howard Street project and Saville Lot and look at the Darling Lot again next year during the plan update.

City Councilmember Shiels moved that, seconded by City Councilmember Walker to accept changes and approve update to the Economic Development Strategic Plan.

Said motion was adopted by the following vote:

AYES: Shiels, Wagner, Walker, Murphy (4)

NAYS: None (0)

### **Discuss Surplus City-owned Property**

The City Planner reviewed three parcels that could potentially be used for housing as they are not currently needed for City operations or dedicated parkland; that there could be a fourth parcel that could be disposed of once the new DPW building is constructed; that several years ago a request for proposals (RFP) for the Washington Street lot was put out without success in finding someone willing to build housing; that the requirement for housing and a timeframe should be included if another RFP will be used; that the properties could be sold or donated with restrictions; that if the goal is to have construction within the moderate price range and stay affordable over the longer term, the best route would be to partner with a non-profit organization such as Northern Homes Community Development Corporation or Habitat for Humanity; and reviewed two methods on how to dispose of these properties such as restricting the units for year-round housing or to ensure the units remain in the workforce attainable range (80-120% Area Median Income) or if there is a preference whether the created units are rental vs. ownership properties.

City Councilmembers discussed both methods; heard from those in support of partnering with a nonprofit and using properties for future housing projects; discussed pros and cons to a low sale price; that funds could be used for future housing projects; that properties could be sold for half the price of property value; discussed timeframe and that there is no rush, but more importantly to find some interest; and heard from those in support of putting out an RFP to all interested parties, but if there is no interest, partner with a nonprofit organization.

City Councilmembers concurred to direct staff to prepare an RFP to all interested parties for possible disposal of surplus city-owned property.

### **Discuss Draft 2021 Action Plan**

The City Manager reviewed that staff developed a draft revision to the Action Plan; reviewed each goal and strategy with revisions or additions and any new goals or strategies; and that based on Council comments, staff will revise the plan and place on the City's website for public input.

City Councilmembers concurred to strike Darling Lot language in Goal 4, Strategy 1 to align with earlier discussions as part of the update to the Economic Development Strategic Plan; add North Central Michigan College and Petoskey Chamber of Commerce as responsible partners for Goal 5, Strategy 7; and that Goal 5, Strategy 4 new language regarding solar projects and net metering was written great.

### **Approve Little Traverse Wheelway Schematic Design Proposal – Resolution No. 19521**

The City Manager reviewed that conceptual drawings of the Little Traverse Wheelway detour was recently completed and the development of schematic design drawings is the next phase of design and engineering; that completion of the schematic drawings will better define overall estimated project costs and design specifications allowing Resort Township, Emmet County and the City to pursue grants and fundraising opportunities for future trail construction; that Council was being asked to consider cost sharing with Resort Township and Emmet County; that total costs for schematic design is \$24,500 to be shared three ways for a total of \$8,166 for each entity; that Resort Township approved the agreement on April 13 and Emmet County will consider approval on April 22; and that there is consensus from all three entities that a tunnel underneath the highway near East Park is a critical component of the south-side trail design as well as looking at some form of pedestrian light or signalization at the Jackson Street intersection.

City Councilmembers commented that they would not want to slow down the project if tunnel is too expensive, and to keep moving forward with schematic design and engineering and that there will be concerns and drawbacks from locals if there is no tunnel.

City Councilmember Wagner moved that, seconded by City Councilmember Shiels to approve the schematic design proposal from Beckett and Raeder for \$24,500 shared three-ways contingent upon approval from Emmet County.

Said motion was adopted by the following vote:

AYES: Shiels, Wagner, Walker, Murphy (4)

NAYS: None (0)

### **Discuss Livable Petoskey Master Plan Implementation Table**

The City Planner reviewed that during its review of the master plan, City Council requested an additional implementation table with responsible parties including staff, boards and commissions and other partners; reviewed the draft table; and that it could be added to the document as Appendix G.

City Councilmembers appreciated table and thanked the City Planner for her efforts and inquired if Crooked Tree Arts Council was included in the table.

The City Planner responded that Crooked Tree Arts Council is included in the Arts and Cultural Opportunities section.

City Councilmembers concurred to have the implementation table added to the Livable Petoskey Master Plan.

### **Approve Little Traverse Bay Foundation License Agreement for a Ferry Taxi Service – Resolution No. 19522**

The Parks and Recreation Director reviewed the proposed license agreement which does not include the usage of a slip as the ferry will be moored at Bay Harbor Marina; that the ferry service will be operating off of Pier A similar to last year; that the Little Traverse Bay Ferry Company will be charged an annual \$1,000 service fee which is the same fee that the City of Harbor Springs is charging the company; and an agreement has already been approved by the City of Harbor Springs.

The Mayor commented that the company had a great year in 2020 and they are looking for possible expansion.

City Councilmember Shiels moved that, seconded by City Councilmember Walker to approve the license agreement with Little Traverse Bay Foundation for operation of a ferry taxi service between the City of Petoskey, Bay Harbor and the City of Harbor Springs.

Said motion was adopted by the following vote:

AYES: Shiels, Wagner, Walker, Murphy (4)

NAYS: None (0)

**Approve Off-Premises Tasting Room License for Thunder Bay Winery LLC – Resolution No. 19523**

The City Manager reviewed that Jeremy and Janis Sahr, owners of Thunder Bay Winery LLC, requested approval to operate an Off-Premises Tasting Room to be located at 438 East Mitchell Street; that Public Safety completed a site visit and located no health/safety concerns; that the family-owned and operated business was established in Ossineke, Michigan in 2005 and expanded to Alpena in 2012; and if approved by the Michigan Liquor Control Commission the license will allow for the sale of “full drinks” of the wine produced by Thunder Bay Winery LLC.

Mayor Murphy asked for public comments and heard a comment thanking the City for considering the approval and agreed with nonalcoholic options in the community and heard an inquiry if this business would be within the social district.

The City Manager responded that the applicant was not applying for a social district permit at this time, but that the location would be located within the approved social district boundary.

City Councilmember Shiels moved that, seconded by City Councilmember Wagner to adopt the resolution supplied by the Michigan Liquor Control Commission approving the application for an Off-Premises Tasting Room License for Thunder Bay Winery LLC, 438 East Mitchell Street.

Said resolution was adopted by the following vote:

AYES: Shiels, Wagner, Walker, Murphy (4)

NAYS: None (0)

**Approve Ward and City Convention Locations – Resolution No. 19524**

The City Clerk-Treasurer reviewed that the City is required to conduct annual Ward and City Conventions which are proposed to be scheduled for July 12 and 14 of 2021; that due to the pandemic there continues to be restrictions placed on public gatherings and meetings of 25 people and there will be uncertainty on meeting restrictions for the foreseeable future; that staff proposed to reserve the same locations used last year which would comply with current restrictions; and that locations would be at Petoskey Public Schools cafeterias and gymnasiums for Ward Conventions and the Emmet County Fairgrounds Community Building for the City Convention.

City Councilmember Wagner moved that, seconded by City Councilmember Walker adoption of the following resolution:

WHEREAS, in accordance with provisions of the City Charter, the City Council must establish dates and places for annual Ward Conventions and the annual City Convention:

NOW, THEREFORE, BE IT RESOLVED that the City of Petoskey City Council does and hereby calls the annual 2021 Ward Conventions to be held at 8:00 P.M., Monday, July 12, at the Petoskey Middle School Cafeteria for the First Ward, Ottawa Elementary Gym/Cafeteria for the Second Ward, Lincoln Elementary Gym/Cafeteria for the Third Ward and Sheridan Elementary Cafeteria for the Fourth Ward; and

BE IT FURTHER RESOLVED that the City Council does and hereby calls the annual 2021 City Convention to be conducted at 8:00 P.M., Wednesday, July 14, at the Emmet County Fairgrounds Community Building.

Said resolution was adopted by the following vote:

AYES: Shiels, Wagner, Walker, Murphy (4)

NAYS: None (0)

**Authorize Motor Pool Flusher/Tank Truck Purchase – Resolution No. 19525**

The Public Works Director reviewed that the 2021 Annual Budget and Capital Improvements Plan included \$95,000 for the purchase of a heavy-duty flusher/tank truck, primarily used by the Public Works Department for street flushing operations and watering of tree plantings and landscaping; that the proposed unit would replace an aging model year 2020 which will be retired and sold at auction; that bid packets were made available March 12, 2021; that four bids were publicly opened on March 31, 2021; and that this purchase exceeds the 2021 budget projection of \$95,000 by \$3,529.82, but that overall total expenditures for motor pool purchases in 2021 remain under budget.

City Councilmember Walker moved that, seconded by City Councilmember Shiels to authorize the purchase form Curry Supply Co., Martinsville, PA, a latest production heavy-duty flusher/truck, at a cost not to exceed \$98,529.82.

Said motion was adopted by the following vote:

AYES: Shiels, Wagner, Walker, Murphy (4)

NAYS: None (0)

**Council Comments**

Mayor Murphy asked for Council comments and Councilmember Wagner commented that he is co-chairing Petoskey's 4<sup>th</sup> of July festivities and that fundraising is going well, the website is going live this week and that an alternate date of September 4 is scheduled if July 4 date is canceled due to ongoing pandemic restrictions. Councilmember Shiels commented that Ward 2 residents have contacted him in regards to deer population and that it needs to be controlled and reported that there is an abundance of ticks which is earlier in the season than normal. Mayor Murphy commented that there was a younger, Emmet County woman who died of COVID and encouraged citizens to get vaccinated.

There being no further business to come before the City Council, this April 19, 2021, meeting of the City Council adjourned at 8:50 P.M.

John Murphy, Mayor

Alan Terry, Clerk-Treasurer

GL Period	Check Issue Date	Check Number	Payee	Invoice GL Account	Check Amount
04/21	04/21/2021	92780	AllMax Software Inc.	592-560-802.000	1,000.00
04/21	04/21/2021	92781	Alro Steel Corporation	661-598-932.000	85.89
04/21	04/21/2021	92781	Alro Steel Corporation	101-789-775.000	807.95
04/21	04/21/2021	92782	Amazon Capital Services	101-201-912.000	29.99
04/21	04/21/2021	92782	Amazon Capital Services	101-268-930.000	96.48
04/21	04/21/2021	92782	Amazon Capital Services	661-598-785.000	74.06
04/21	04/21/2021	92782	Amazon Capital Services	582-578-702.000	86.82
04/21	04/21/2021	92783	American Waste	101-773-931.000	146.25
04/21	04/21/2021	92783	American Waste	101-265-802.000	146.25
04/21	04/21/2021	92783	American Waste	101-770-802.000	146.25
04/21	04/21/2021	92783	American Waste	101-754-802.000	146.25
04/21	04/21/2021	92784	Apollo Fire Equipment	661-598-931.000	290.67
04/21	04/21/2021	92785	AT & T MOBILITY	514-587-920.000	395.43
04/21	04/21/2021	92786	AT&T	592-538-850.000	89.60
04/21	04/21/2021	92787	AT&T Long Distance	101-345-850.000	150.18
04/21	04/21/2021	92788	Atchison Paper & Supply	271-790-751.000	134.37
04/21	04/21/2021	92789	Consumers Energy	592-558-920.000	577.26
04/21	04/21/2021	92789	Consumers Energy	592-558-920.000	221.65
04/21	04/21/2021	92789	Consumers Energy	592-558-920.000	68.32
04/21	04/21/2021	92789	Consumers Energy	592-558-920.000	174.74
04/21	04/21/2021	92789	Consumers Energy	592-558-920.000	176.02
04/21	04/21/2021	92789	Consumers Energy	202-475-920.000	97.51
04/21	04/21/2021	92789	Consumers Energy	592-558-920.000	178.16
04/21	04/21/2021	92789	Consumers Energy	592-558-920.000	171.72
04/21	04/21/2021	92789	Consumers Energy	592-558-920.000	76.90
04/21	04/21/2021	92789	Consumers Energy	592-558-920.000	474.00
04/21	04/21/2021	92790	David L Hoffman Landscaping & Nursery	582-586-802.000	1,627.00
04/21	04/21/2021	92790	David L Hoffman Landscaping & Nursery	247-751-802.000	1,402.00
04/21	04/21/2021	92791	Dearborn Life Insurance Co	701-000-230.190	2,031.14
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-172-724.000	19.16
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-201-724.000	44.89
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-208-724.000	19.16
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-215-724.000	21.35
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-265-724.000	4.79
04/21	04/21/2021	92791	Dearborn Life Insurance Co	582-588-724.000	54.13
04/21	04/21/2021	92791	Dearborn Life Insurance Co	592-549-724.000	54.88
04/21	04/21/2021	92791	Dearborn Life Insurance Co	592-560-724.000	20.60
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-770-724.000	35.45
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-773-724.000	5.75
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-789-724.000	10.54
04/21	04/21/2021	92791	Dearborn Life Insurance Co	204-481-724.000	66.24
04/21	04/21/2021	92791	Dearborn Life Insurance Co	271-790-724.000	69.25
04/21	04/21/2021	92791	Dearborn Life Insurance Co	514-587-724.000	23.19
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-268-724.000	11.98
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-345-724.000	524.97
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-400-724.000	11.50
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-441-724.000	32.57
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-754-724.000	5.27
04/21	04/21/2021	92791	Dearborn Life Insurance Co	101-756-724.000	16.29
04/21	04/21/2021	92792	Delta Dental	101-172-724.000	49.97
04/21	04/21/2021	92792	Delta Dental	101-201-724.000	64.97
04/21	04/21/2021	92792	Delta Dental	101-208-724.000	20.56
04/21	04/21/2021	92792	Delta Dental	101-215-724.000	17.66
04/21	04/21/2021	92792	Delta Dental	101-265-724.000	19.79
04/21	04/21/2021	92792	Delta Dental	101-268-724.000	31.78
04/21	04/21/2021	92792	Delta Dental	592-549-724.000	190.03

GL Period	Check Issue Date	Check Number	Payee	Invoice GL Account	Check Amount
04/21	04/21/2021	92792	Delta Dental	592-560-724.000	59.98
04/21	04/21/2021	92792	Delta Dental	701-000-230.110	1,961.37
04/21	04/21/2021	92792	Delta Dental	101-773-724.000	9.97
04/21	04/21/2021	92792	Delta Dental	101-789-724.000	17.96
04/21	04/21/2021	92792	Delta Dental	204-481-724.000	81.71
04/21	04/21/2021	92792	Delta Dental	271-790-724.000	228.94
04/21	04/21/2021	92792	Delta Dental	514-587-724.000	61.79
04/21	04/21/2021	92792	Delta Dental	582-588-724.000	111.69
04/21	04/21/2021	92792	Delta Dental	101-345-724.000	629.08
04/21	04/21/2021	92792	Delta Dental	101-400-724.000	11.92
04/21	04/21/2021	92792	Delta Dental	101-441-724.000	117.37
04/21	04/21/2021	92792	Delta Dental	101-754-724.000	24.88
04/21	04/21/2021	92792	Delta Dental	101-756-724.000	32.82
04/21	04/21/2021	92792	Delta Dental	101-770-724.000	96.04
04/21	04/21/2021	92793	DENNIS GARTLAND & NIERGARTH	101-215-801.000	5,839.24
04/21	04/21/2021	92793	DENNIS GARTLAND & NIERGARTH	204-481-801.000	907.32
04/21	04/21/2021	92793	DENNIS GARTLAND & NIERGARTH	204-481-801.000	301.47
04/21	04/21/2021	92793	DENNIS GARTLAND & NIERGARTH	204-481-801.000	916.39
04/21	04/21/2021	92793	DENNIS GARTLAND & NIERGARTH	271-790-801.000	896.86
04/21	04/21/2021	92793	DENNIS GARTLAND & NIERGARTH	211-441-802.000	939.42
04/21	04/21/2021	92793	DENNIS GARTLAND & NIERGARTH	514-587-801.000	415.87
04/21	04/21/2021	92793	DENNIS GARTLAND & NIERGARTH	582-598-802.000	6,830.39
04/21	04/21/2021	92793	DENNIS GARTLAND & NIERGARTH	592-549-802.000	1,467.41
04/21	04/21/2021	92793	DENNIS GARTLAND & NIERGARTH	592-560-802.000	1,898.01
04/21	04/21/2021	92793	DENNIS GARTLAND & NIERGARTH	661-598-801.000	587.62
04/21	04/21/2021	92794	Derr Oil Co.	661-598-759.000	1,503.49
04/21	04/21/2021	92795	Dunkel Excavating Services Inc.	247-751-802.000	187.50
04/21	04/21/2021	92795	Dunkel Excavating Services Inc.	592-025-343.000	55,025.85
04/21	04/21/2021	92796	Dunn's Business Solutions	204-481-751.000	45.52
04/21	04/21/2021	92796	Dunn's Business Solutions	582-593-751.000	45.52
04/21	04/21/2021	92796	Dunn's Business Solutions	582-588-751.000	45.52
04/21	04/21/2021	92796	Dunn's Business Solutions	592-549-751.000	45.52
04/21	04/21/2021	92796	Dunn's Business Solutions	592-560-751.000	45.52
04/21	04/21/2021	92796	Dunn's Business Solutions	661-598-751.000	45.52
04/21	04/21/2021	92797	EJ USA Inc.	592-010-111.000	124.01
04/21	04/21/2021	92798	Englebrecht, Robert	101-257-802.100	3,750.00
04/21	04/21/2021	92799	Fastenal Company	582-586-775.000	143.68
04/21	04/21/2021	92799	Fastenal Company	204-481-767.000	36.38
04/21	04/21/2021	92799	Fastenal Company	592-556-775.000	30.92
04/21	04/21/2021	92799	Fastenal Company	202-464-775.000	19.50
04/21	04/21/2021	92799	Fastenal Company	203-464-775.000	19.50
04/21	04/21/2021	92800	Gibby's Garage	582-590-802.000	68.00
04/21	04/21/2021	92800	Gibby's Garage	661-598-931.000	272.00
04/21	04/21/2021	92800	Gibby's Garage	661-598-932.000	1,292.00
04/21	04/21/2021	92800	Gibby's Garage	582-593-930.000	170.00
04/21	04/21/2021	92800	Gibby's Garage	582-593-930.000	102.00
04/21	04/21/2021	92800	Gibby's Garage	661-598-931.000	714.00
04/21	04/21/2021	92800	Gibby's Garage	661-598-932.000	544.00
04/21	04/21/2021	92800	Gibby's Garage	582-593-930.000	136.00
04/21	04/21/2021	92800	Gibby's Garage	101-770-802.000	136.00
04/21	04/21/2021	92800	Gibby's Garage	101-789-802.000	204.00
04/21	04/21/2021	92800	Gibby's Garage	661-598-931.000	136.00
04/21	04/21/2021	92800	Gibby's Garage	661-598-932.000	544.00
04/21	04/21/2021	92801	GIVE 'EM A BRAKE SAFETY	592-025-343.000	2,175.00
04/21	04/21/2021	92802	Global Green Lubricants	101-345-775.000	114.33
04/21	04/21/2021	92803	Great Lakes Energy	592-538-920.000	73.14

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04/21	04/21/2021	92803	Great Lakes Energy	592-558-920.000	102.70
04/21	04/21/2021	92803	Great Lakes Energy	101-345-920.100	336.14
04/21	04/21/2021	92803	Great Lakes Energy	592-538-920.000	200.32
04/21	04/21/2021	92803	Great Lakes Energy	592-558-920.000	113.42
04/21	04/21/2021	92804	GRP Engineering Inc.	582-588-802.000	9,141.00
04/21	04/21/2021	92804	GRP Engineering Inc.	582-588-802.000	1,885.00
04/21	04/21/2021	92804	GRP Engineering Inc.	582-588-802.000	4,697.50
04/21	04/21/2021	92804	GRP Engineering Inc.	582-588-802.000	495.00
04/21	04/21/2021	92804	GRP Engineering Inc.	582-588-802.000	4,255.00
04/21	04/21/2021	92805	Hayes Precision Inc.	661-598-931.000	98.13
04/21	04/21/2021	92806	Hubbell Roth & Clark Inc.	592-549-802.000	238.84
04/21	04/21/2021	92806	Hubbell Roth & Clark Inc.	592-560-802.000	836.99
04/21	04/21/2021	92807	HydroCorp	592-545-802.000	1,768.00
04/21	04/21/2021	92808	K & J Septic Service LLC	592-554-802.000	325.00
04/21	04/21/2021	92809	LAKE AREA COLLISION INC.	661-598-932.000	4,661.55
04/21	04/21/2021	92810	Lennemann, Mark	101-000-004.000	125.00
04/21	04/21/2021	92810	Lennemann, Mark	101-000-003.000	350.00
04/21	04/21/2021	92811	Lynn Auto Parts Inc.	661-598-931.000	12.71
04/21	04/21/2021	92811	Lynn Auto Parts Inc.	661-010-111.000	6.77
04/21	04/21/2021	92811	Lynn Auto Parts Inc.	592-556-775.000	55.58
04/21	04/21/2021	92811	Lynn Auto Parts Inc.	661-598-932.000	27.26
04/21	04/21/2021	92811	Lynn Auto Parts Inc.	661-598-932.000	24.40
04/21	04/21/2021	92811	Lynn Auto Parts Inc.	661-598-932.000	11.64
04/21	04/21/2021	92811	Lynn Auto Parts Inc.	661-598-932.000	72.11
04/21	04/21/2021	92811	Lynn Auto Parts Inc.	661-598-932.000	30.06
04/21	04/21/2021	92811	Lynn Auto Parts Inc.	592-556-775.000	55.58
04/21	04/21/2021	92811	Lynn Auto Parts Inc.	661-010-111.000	13.26
04/21	04/21/2021	92811	Lynn Auto Parts Inc.	661-010-111.000	28.96
04/21	04/21/2021	92812	Management & Behavior Consultants	101-345-802.000	250.00
04/21	04/21/2021	92813	Michigan Association of Chiefs of Police	101-345-913.000	260.00
04/21	04/21/2021	92814	Michigan Association of Mayors	101-101-915.000	85.00
04/21	04/21/2021	92815	Mitchell Graphics Inc.	271-790-905.000	108.00
04/21	04/21/2021	92816	North Country IT	271-790-802.000	386.00
04/21	04/21/2021	92817	Northern Gale Cleaning & Property Mgmt	271-790-802.000	600.00
04/21	04/21/2021	92818	Northern Michigan Review Inc.	592-549-802.000	216.05
04/21	04/21/2021	92818	Northern Michigan Review Inc.	661-598-801.000	81.33
04/21	04/21/2021	92818	Northern Michigan Review Inc.	101-400-802.000	61.51
04/21	04/21/2021	92818	Northern Michigan Review Inc.	101-400-802.000	61.51
04/21	04/21/2021	92818	Northern Michigan Review Inc.	101-400-802.000	73.40
04/21	04/21/2021	92819	Printing Systems Inc.	101-262-751.000	363.78-
04/21	04/21/2021	92819	Printing Systems Inc.	101-262-751.000	344.68-
04/21	04/21/2021	92819	Printing Systems Inc.	101-262-751.000	242.52-
04/21	04/21/2021	92819	Printing Systems Inc.	101-262-751.000	229.78-
04/21	04/21/2021	92819	Printing Systems Inc.	101-262-751.000	339.55
04/21	04/21/2021	92819	Printing Systems Inc.	101-262-751.000	322.10
04/21	04/21/2021	92819	Printing Systems Inc.	101-172-751.000	13.82
04/21	04/21/2021	92819	Printing Systems Inc.	101-201-751.000	13.82
04/21	04/21/2021	92819	Printing Systems Inc.	101-208-751.000	9.67
04/21	04/21/2021	92819	Printing Systems Inc.	101-257-751.000	6.91
04/21	04/21/2021	92819	Printing Systems Inc.	101-215-751.000	8.29
04/21	04/21/2021	92819	Printing Systems Inc.	101-345-751.000	35.92
04/21	04/21/2021	92819	Printing Systems Inc.	101-400-751.000	6.91
04/21	04/21/2021	92819	Printing Systems Inc.	101-441-751.000	20.72
04/21	04/21/2021	92819	Printing Systems Inc.	101-770-751.000	4.14
04/21	04/21/2021	92819	Printing Systems Inc.	101-773-775.000	1.38
04/21	04/21/2021	92819	Printing Systems Inc.	101-756-751.000	13.82

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04/21	04/21/2021	92819	Printing Systems Inc.	101-789-751.000	2.76
04/21	04/21/2021	92819	Printing Systems Inc.	101-262-751.000	164.52
04/21	04/21/2021	92819	Printing Systems Inc.	101-262-751.000	380.95
04/21	04/21/2021	92820	Quality First Aid & Safety Inc.	582-593-785.000	1,689.98
04/21	04/21/2021	92820	Quality First Aid & Safety Inc.	592-551-775.000	1,689.98
04/21	04/21/2021	92820	Quality First Aid & Safety Inc.	582-586-775.000	3,199.98
04/21	04/21/2021	92821	R.W. MERCER CO INC.	101-789-802.000	2,688.97
04/21	04/21/2021	92822	Spectrum Business	101-345-850.000	70.84
04/21	04/21/2021	92822	Spectrum Business	101-172-850.000	65.43
04/21	04/21/2021	92822	Spectrum Business	101-201-850.000	52.34
04/21	04/21/2021	92822	Spectrum Business	101-208-850.000	32.71
04/21	04/21/2021	92822	Spectrum Business	101-257-850.000	32.71
04/21	04/21/2021	92822	Spectrum Business	101-215-850.000	26.17
04/21	04/21/2021	92822	Spectrum Business	101-345-850.000	71.97
04/21	04/21/2021	92822	Spectrum Business	582-593-850.000	26.17
04/21	04/21/2021	92822	Spectrum Business	592-549-850.000	39.26
04/21	04/21/2021	92822	Spectrum Business	592-560-850.000	39.26
04/21	04/21/2021	92822	Spectrum Business	101-770-850.000	13.09
04/21	04/21/2021	92822	Spectrum Business	101-773-850.000	13.09
04/21	04/21/2021	92822	Spectrum Business	101-789-850.000	13.06
04/21	04/21/2021	92822	Spectrum Business	101-400-850.000	32.71
04/21	04/21/2021	92822	Spectrum Business	101-441-850.000	58.88
04/21	04/21/2021	92822	Spectrum Business	101-756-850.000	32.71
04/21	04/21/2021	92822	Spectrum Business	204-481-850.000	19.63
04/21	04/21/2021	92822	Spectrum Business	204-481-850.000	19.63
04/21	04/21/2021	92822	Spectrum Business	582-588-850.000	65.43
04/21	04/21/2021	92822	Spectrum Business	582-593-850.000	38.29
04/21	04/21/2021	92823	Standard Electric Company	582-010-111.000	2,262.40
04/21	04/21/2021	92823	Standard Electric Company	582-586-775.000	456.34
04/21	04/21/2021	92824	Staples Advantage	101-208-751.000	10.99
04/21	04/21/2021	92824	Staples Advantage	101-172-751.000	19.76
04/21	04/21/2021	92824	Staples Advantage	101-201-751.000	19.76
04/21	04/21/2021	92824	Staples Advantage	101-208-751.000	13.83
04/21	04/21/2021	92824	Staples Advantage	101-257-751.000	9.88
04/21	04/21/2021	92824	Staples Advantage	101-215-751.000	11.86
04/21	04/21/2021	92824	Staples Advantage	101-345-751.000	51.38
04/21	04/21/2021	92824	Staples Advantage	101-345-751.000	166.64
04/21	04/21/2021	92824	Staples Advantage	592-549-751.000	32.40
04/21	04/21/2021	92824	Staples Advantage	592-560-751.000	32.39
04/21	04/21/2021	92824	Staples Advantage	101-400-751.000	9.88
04/21	04/21/2021	92824	Staples Advantage	101-441-751.000	29.64
04/21	04/21/2021	92824	Staples Advantage	101-770-751.000	5.93
04/21	04/21/2021	92824	Staples Advantage	101-773-775.000	1.98
04/21	04/21/2021	92824	Staples Advantage	101-756-751.000	19.76
04/21	04/21/2021	92824	Staples Advantage	101-789-751.000	3.94
04/21	04/21/2021	92825	STRAUB PETTITT YASTE	582-588-802.000	5,685.00
04/21	04/21/2021	92826	Temperature Control Inc.	592-554-802.000	372.50
04/21	04/21/2021	92826	Temperature Control Inc.	592-554-802.000	372.50
04/21	04/21/2021	92826	Temperature Control Inc.	592-554-802.000	18.50-
04/21	04/21/2021	92827	Thompson Park Avenue Properties LLC	514-587-802.100	789.37
04/21	04/21/2021	92827	Thompson Park Avenue Properties LLC	514-587-802.100	43.60
04/21	04/21/2021	92828	Total Communications Services LLC	101-268-970.000	1,007.00
04/21	04/21/2021	92829	ULINE	101-201-751.000	46.33
04/21	04/21/2021	92830	UPS Store, The	582-590-802.000	18.52
04/21	04/21/2021	92831	VARNUM LLP	582-588-802.000	123.00
04/21	04/22/2021	92832	MUNICIPAL EMPLOYEES	101-345-802.000	550.00

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04/21	04/23/2021	92833	Amazon Credit Plan	271-790-751.000	100.53
04/21	04/23/2021	92833	Amazon Credit Plan	271-790-751.000	20.00
04/21	04/23/2021	92833	Amazon Credit Plan	271-790-958.100	23.71
04/21	04/23/2021	92833	Amazon Credit Plan	271-790-761.200	29.66
04/21	04/23/2021	92833	Amazon Credit Plan	271-790-761.200	204.11
04/21	04/23/2021	92833	Amazon Credit Plan	271-790-958.100	50.00
04/21	04/23/2021	92833	Amazon Credit Plan	271-790-880.000	232.22
04/21	04/23/2021	92833	Amazon Credit Plan	271-790-760.100	21.70
04/21	04/23/2021	92833	Amazon Credit Plan	271-790-986.000	80.37
04/21	04/23/2021	92833	Amazon Credit Plan	271-790-958.000	84.95
04/21	04/23/2021	92833	Amazon Credit Plan	271-790-752.000	26.19
04/21	04/23/2021	92834	BLUE CROSS\BLUE SHIELD - MICH.	101-345-724.000	6,637.21
04/21	04/23/2021	92834	BLUE CROSS\BLUE SHIELD - MICH.	592-549-724.000	4,345.80
04/21	04/23/2021	92834	BLUE CROSS\BLUE SHIELD - MICH.	101-441-724.000	1,185.22
04/21	04/23/2021	92834	BLUE CROSS\BLUE SHIELD - MICH.	101-172-724.000	948.17
04/21	04/23/2021	92834	BLUE CROSS\BLUE SHIELD - MICH.	101-208-724.000	546.52
04/21	04/23/2021	92834	BLUE CROSS\BLUE SHIELD - MICH.	204-481-724.000	2,923.53
04/21	04/23/2021	92834	BLUE CROSS\BLUE SHIELD - MICH.	271-790-724.000	395.07
04/21	04/23/2021	92834	BLUE CROSS\BLUE SHIELD - MICH.	514-587-724.000	790.14
04/21	04/23/2021	92834	BLUE CROSS\BLUE SHIELD - MICH.	582-588-724.000	351.44
04/21	04/23/2021	92834	BLUE CROSS\BLUE SHIELD - MICH.	592-560-724.000	546.52
04/21	04/23/2021	92835	VSP	101-172-724.000	26.88
04/21	04/23/2021	92835	VSP	101-201-724.000	66.64
04/21	04/23/2021	92835	VSP	101-208-724.000	13.44
04/21	04/23/2021	92835	VSP	101-215-724.000	10.64
04/21	04/23/2021	92835	VSP	101-265-724.000	11.98
04/21	04/23/2021	92835	VSP	101-268-724.000	23.32
04/21	04/23/2021	92835	VSP	592-549-724.000	145.88
04/21	04/23/2021	92835	VSP	592-560-724.000	34.44
04/21	04/23/2021	92835	VSP	701-000-230.110	39.76
04/21	04/23/2021	92835	VSP	101-773-724.000	8.06
04/21	04/23/2021	92835	VSP	101-789-724.000	15.62
04/21	04/23/2021	92835	VSP	204-481-724.000	66.64
04/21	04/23/2021	92835	VSP	271-790-724.000	125.44
04/21	04/23/2021	92835	VSP	514-587-724.000	42.56
04/21	04/23/2021	92835	VSP	582-588-724.000	95.76
04/21	04/23/2021	92835	VSP	101-345-724.000	410.49
04/21	04/23/2021	92835	VSP	101-400-724.000	13.89
04/21	04/23/2021	92835	VSP	101-441-724.000	64.74
04/21	04/23/2021	92835	VSP	101-754-724.000	13.24
04/21	04/23/2021	92835	VSP	101-756-724.000	31.42
04/21	04/23/2021	92835	VSP	101-770-724.000	65.24
04/21	04/27/2021	92836	AT&T	271-790-850.000	423.69
04/21	04/28/2021	92842	24/7 Sewer & Drain Cleaning	592-556-802.000	385.00
04/21	04/28/2021	92843	Aflac	701-000-230.180	797.26
04/21	04/28/2021	92844	Airgas USA LLC	661-598-785.000	28.14
04/21	04/28/2021	92844	Airgas USA LLC	661-598-785.000	55.37
04/21	04/28/2021	92845	Alliance Entertainment	271-790-761.000	232.93
04/21	04/28/2021	92845	Alliance Entertainment	271-790-761.100	99.50
04/21	04/28/2021	92845	Alliance Entertainment	271-790-761.000	123.71
04/21	04/28/2021	92846	All-Phase Electric Supply	582-590-775.000	28.90
04/21	04/28/2021	92846	All-Phase Electric Supply	101-770-775.000	4.58
04/21	04/28/2021	92846	All-Phase Electric Supply	101-770-775.000	7.52
04/21	04/28/2021	92846	All-Phase Electric Supply	101-770-775.000	141.00
04/21	04/28/2021	92847	Apollo Fire Equipment	661-598-931.000	41.88
04/21	04/28/2021	92848	Axon Enterprises Inc.	101-345-985.000	4,800.00

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04/21	04/28/2021	92849	Center Point Large Print	271-790-760.000	27.27
04/21	04/28/2021	92849	Center Point Large Print	271-790-760.000	25.87
04/21	04/28/2021	92849	Center Point Large Print	271-790-760.000	80.41
04/21	04/28/2021	92850	Char-Em United Way	701-000-230.800	51.50
04/21	04/28/2021	92851	Cintas Corp #729	582-593-930.000	33.72
04/21	04/28/2021	92851	Cintas Corp #729	204-481-767.000	71.63
04/21	04/28/2021	92851	Cintas Corp #729	582-588-767.000	69.63
04/21	04/28/2021	92851	Cintas Corp #729	592-560-767.000	35.58
04/21	04/28/2021	92851	Cintas Corp #729	592-549-767.000	35.59
04/21	04/28/2021	92851	Cintas Corp #729	592-544-802.000	45.45
04/21	04/28/2021	92851	Cintas Corp #729	582-593-930.000	9.07
04/21	04/28/2021	92851	Cintas Corp #729	204-481-767.000	71.63
04/21	04/28/2021	92851	Cintas Corp #729	582-588-767.000	69.63
04/21	04/28/2021	92851	Cintas Corp #729	592-560-767.000	35.58
04/21	04/28/2021	92851	Cintas Corp #729	592-549-767.000	35.59
04/21	04/28/2021	92852	CITY OF PETOSKEY	101-773-931.000	240.00
04/21	04/28/2021	92853	David L Hoffman Landscaping & Nursery	592-554-802.000	10,105.00
04/21	04/28/2021	92853	David L Hoffman Landscaping & Nursery	101-773-802.000	7,924.00
04/21	04/28/2021	92854	Dell Marketing L.P.	101-265-930.000	717.73
04/21	04/28/2021	92854	Dell Marketing L.P.	101-268-930.000	717.73
04/21	04/28/2021	92855	Derrer Oil Co.	661-598-759.000	2,090.03
04/21	04/28/2021	92856	DTE Energy	592-538-920.000	75.66
04/21	04/28/2021	92856	DTE Energy	101-265-924.000	432.57
04/21	04/28/2021	92856	DTE Energy	582-593-924.000	1,037.72
04/21	04/28/2021	92856	DTE Energy	101-773-924.000	34.99
04/21	04/28/2021	92856	DTE Energy	101-265-924.000	131.75
04/21	04/28/2021	92856	DTE Energy	592-538-920.000	74.26
04/21	04/28/2021	92856	DTE Energy	101-345-920.100	491.48
04/21	04/28/2021	92856	DTE Energy	592-558-920.000	34.99
04/21	04/28/2021	92856	DTE Energy	592-551-920.000	2,004.68
04/21	04/28/2021	92856	DTE Energy	271-790-924.000	217.50
04/21	04/28/2021	92856	DTE Energy	582-593-920.000	194.10
04/21	04/28/2021	92856	DTE Energy	592-555-920.000	38.45
04/21	04/28/2021	92856	DTE Energy	101-345-920.000	600.87
04/21	04/28/2021	92856	DTE Energy	592-538-920.000	66.55
04/21	04/28/2021	92856	DTE Energy	271-790-924.000	467.98
04/21	04/28/2021	92856	DTE Energy	101-268-924.000	734.09
04/21	04/28/2021	92856	DTE Energy	101-770-924.000	185.06
04/21	04/28/2021	92856	DTE Energy	514-587-802.100	133.86
04/21	04/28/2021	92856	DTE Energy	592-538-920.000	130.36
04/21	04/28/2021	92856	DTE Energy	592-551-920.000	1,914.23
04/21	04/28/2021	92857	Dunn's Business Solutions	101-172-751.000	6.04
04/21	04/28/2021	92857	Dunn's Business Solutions	101-201-751.000	6.04
04/21	04/28/2021	92857	Dunn's Business Solutions	101-208-751.000	4.23
04/21	04/28/2021	92857	Dunn's Business Solutions	101-257-751.000	3.02
04/21	04/28/2021	92857	Dunn's Business Solutions	101-215-751.000	3.63
04/21	04/28/2021	92857	Dunn's Business Solutions	101-789-751.000	1.23
04/21	04/28/2021	92857	Dunn's Business Solutions	101-345-751.000	15.71
04/21	04/28/2021	92857	Dunn's Business Solutions	101-400-751.000	3.02
04/21	04/28/2021	92857	Dunn's Business Solutions	101-441-751.000	9.06
04/21	04/28/2021	92857	Dunn's Business Solutions	101-770-751.000	1.81
04/21	04/28/2021	92857	Dunn's Business Solutions	101-773-775.000	.60
04/21	04/28/2021	92857	Dunn's Business Solutions	101-756-751.000	6.04
04/21	04/28/2021	92858	Elevate Technology Partners	271-790-986.000	1,251.75
04/21	04/28/2021	92858	Elevate Technology Partners	271-790-986.000	887.35
04/21	04/28/2021	92859	ESO Solutions Inc.	101-345-802.000	590.00

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04/21	04/28/2021	92860	Flynn's Trenching Service	101-770-775.000	110.00
04/21	04/28/2021	92861	Gempler's	101-773-775.000	239.99
04/21	04/28/2021	92861	Gempler's	101-789-775.000	279.98
04/21	04/28/2021	92861	Gempler's	101-770-775.000	640.65
04/21	04/28/2021	92862	GRAINGER	101-268-775.000	56.73
04/21	04/28/2021	92863	Himebauch, Kelly L	271-790-802.000	570.00
04/21	04/28/2021	92864	K & J Septic Service LLC	101-770-802.000	350.00
04/21	04/28/2021	92865	K & L Plumbing and Heating LLC	101-773-802.000	1,050.49
04/21	04/28/2021	92865	K & L Plumbing and Heating LLC	101-789-802.000	962.96
04/21	04/28/2021	92866	KSS Enterprises	101-265-775.000	499.15
04/21	04/28/2021	92866	KSS Enterprises	101-268-775.000	499.15
04/21	04/28/2021	92866	KSS Enterprises	101-754-775.000	499.15
04/21	04/28/2021	92866	KSS Enterprises	101-756-775.000	499.15
04/21	04/28/2021	92866	KSS Enterprises	101-770-775.000	1,247.87
04/21	04/28/2021	92866	KSS Enterprises	101-773-775.000	499.15
04/21	04/28/2021	92866	KSS Enterprises	101-789-775.000	748.72
04/21	04/28/2021	92866	KSS Enterprises	582-593-930.000	499.15
04/21	04/28/2021	92866	KSS Enterprises	101-789-775.000	68.36
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-598-932.000	26.69
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-010-111.000	9.31
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-598-785.000	23.88
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-598-931.000	20.64
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-598-931.000	97.52
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-598-931.000	18.00-
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-598-931.000	120.44
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-598-931.000	18.00-
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-598-931.000	124.69
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-598-931.000	123.71
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-010-111.000	13.26-
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-010-111.000	5.39
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-598-932.000	11.68
04/21	04/28/2021	92867	Lynn Auto Parts Inc.	661-598-785.000	51.84
04/21	04/28/2021	92868	McLaren Northern Mich Hospital	101-345-802.000	15.60
04/21	04/28/2021	92869	Meyer Ace Hardware	101-773-931.000	17.99
04/21	04/28/2021	92869	Meyer Ace Hardware	101-773-931.000	36.48
04/21	04/28/2021	92869	Meyer Ace Hardware	101-268-775.000	4.49
04/21	04/28/2021	92869	Meyer Ace Hardware	101-268-930.000	45.15
04/21	04/28/2021	92869	Meyer Ace Hardware	101-268-930.000	12.75
04/21	04/28/2021	92869	Meyer Ace Hardware	101-770-775.000	15.29
04/21	04/28/2021	92869	Meyer Ace Hardware	101-770-775.000	21.17
04/21	04/28/2021	92869	Meyer Ace Hardware	582-593-930.000	8.09
04/21	04/28/2021	92869	Meyer Ace Hardware	101-345-775.000	251.99
04/21	04/28/2021	92869	Meyer Ace Hardware	101-770-775.000	8.26
04/21	04/28/2021	92869	Meyer Ace Hardware	101-770-775.000	44.86
04/21	04/28/2021	92869	Meyer Ace Hardware	101-770-775.000	21.94
04/21	04/28/2021	92869	Meyer Ace Hardware	101-268-930.000	6.29
04/21	04/28/2021	92869	Meyer Ace Hardware	101-773-931.000	22.11
04/21	04/28/2021	92869	Meyer Ace Hardware	101-773-931.000	62.05
04/21	04/28/2021	92869	Meyer Ace Hardware	101-345-775.000	8.26
04/21	04/28/2021	92869	Meyer Ace Hardware	661-598-759.000	546.92
04/21	04/28/2021	92869	Meyer Ace Hardware	661-020-140.000	503.97
04/21	04/28/2021	92869	Meyer Ace Hardware	101-345-751.000	20.64
04/21	04/28/2021	92870	Michigan Officeways Inc.	271-790-751.000	119.37
04/21	04/28/2021	92871	Midwest Tape	271-790-761.000	39.99
04/21	04/28/2021	92871	Midwest Tape	271-790-761.000	337.42
04/21	04/28/2021	92871	Midwest Tape	271-790-761.000	39.99

GL Period	Check Issue Date	Check Number	Payee	Invoice GL Account	Check Amount
04/21	04/28/2021	92872	Mountaintop Tree Company	101-770-802.100	75.00
04/21	04/28/2021	92872	Mountaintop Tree Company	101-754-802.100	75.00
04/21	04/28/2021	92873	Northern A-1 Environmental Services	592-556-802.000	10,010.00
04/21	04/28/2021	92874	Northern Michigan Review Inc.	271-790-905.000	170.00
04/21	04/28/2021	92875	Nova Consultants Inc.	101-268-970.000	15,000.00
04/21	04/28/2021	92876	OTEC Radio Comm. Equipment	661-020-142.000	450.00
04/21	04/28/2021	92877	P.C. Lawn Care	582-584-802.000	105.00
04/21	04/28/2021	92877	P.C. Lawn Care	582-593-930.000	390.00
04/21	04/28/2021	92877	P.C. Lawn Care	592-537-802.000	822.00
04/21	04/28/2021	92877	P.C. Lawn Care	592-554-802.000	822.00
04/21	04/28/2021	92877	P.C. Lawn Care	592-543-802.000	325.00
04/21	04/28/2021	92877	P.C. Lawn Care	592-558-802.000	735.00
04/21	04/28/2021	92878	Parker, Michael	101-345-913.000	560.36
04/21	04/28/2021	92879	Performance Painting	582-590-802.000	1,325.00
04/21	04/28/2021	92879	Performance Painting	514-587-802.000	840.00
04/21	04/28/2021	92879	Performance Painting	202-475-802.000	60.00
04/21	04/28/2021	92880	Petoskey Rotary Sunrise Charities Inc.	248-540-884.100	1,000.00
04/21	04/28/2021	92881	Power Line Supply	582-586-775.000	114.00
04/21	04/28/2021	92881	Power Line Supply	582-010-111.000	7,541.48
04/21	04/28/2021	92881	Power Line Supply	582-592-775.000	149.00
04/21	04/28/2021	92881	Power Line Supply	582-010-111.000	760.00
04/21	04/28/2021	92881	Power Line Supply	582-586-775.000	105.36
04/21	04/28/2021	92882	PowerDMS Inc.	101-345-802.000	4,997.56
04/21	04/28/2021	92883	Print Shop, The	514-587-775.000	830.00
04/21	04/28/2021	92884	Proclean North	582-593-930.000	1,463.00
04/21	04/28/2021	92885	Quality First Aid & Safety Inc.	582-593-930.000	31.27
04/21	04/28/2021	92886	Renkes, Tom	248-739-880.200	150.00
04/21	04/28/2021	92887	Root Mechanical LLC	592-555-802.000	6,787.30
04/21	04/28/2021	92887	Root Mechanical LLC	592-555-802.000	3,132.75
04/21	04/28/2021	92887	Root Mechanical LLC	592-558-802.000	800.00
04/21	04/28/2021	92887	Root Mechanical LLC	592-554-802.000	360.00
04/21	04/28/2021	92888	RS TECHNICAL SERVICES INC.	592-551-775.000	2,169.09
04/21	04/28/2021	92889	Sanisweep Inc.	202-149-802.000	1,937.25
04/21	04/28/2021	92890	Scholastic Library Publishing	271-790-760.100	72.80
04/21	04/28/2021	92890	Scholastic Library Publishing	271-790-958.000	64.08
04/21	04/28/2021	92891	Spectrum Business	101-345-850.100	181.54
04/21	04/28/2021	92891	Spectrum Business	514-587-802.100	123.27
04/21	04/28/2021	92891	Spectrum Business	101-770-850.000	104.98
04/21	04/28/2021	92892	Staples Advantage	101-400-751.000	151.16
04/21	04/28/2021	92892	Staples Advantage	101-262-751.000	7.49
04/21	04/28/2021	92892	Staples Advantage	101-756-751.000	8.52
04/21	04/28/2021	92892	Staples Advantage	101-770-751.000	8.52
04/21	04/28/2021	92893	Tetra Tech Inc	592-537-802.000	3,120.00
04/21	04/28/2021	92894	TOPOnexus	271-790-958.000	640.00
04/21	04/28/2021	92895	United Volleyball Supply LLC	101-770-985.000	621.00
04/21	04/28/2021	92896	Up North Service LLC	204-550-802.000	112.50
04/21	04/28/2021	92897	Valley City Linen	271-790-752.000	25.00
04/21	04/28/2021	92897	Valley City Linen	271-790-752.000	25.20
04/21	04/28/2021	92897	Valley City Linen	271-790-752.000	25.00
04/21	04/28/2021	92897	Valley City Linen	271-790-752.000	25.00
04/21	04/28/2021	92898	Van's Business Machines	514-587-802.000	68.81
04/21	04/28/2021	92899	Wastewater Microbiology Solutions	592-553-801.000	600.00
04/21	04/28/2021	92900	Wild Flowers	203-469-802.000	225.00
04/21	04/28/2021	92900	Wild Flowers	101-754-775.000	315.00
04/21	04/28/2021	92901	Great Lakes Pipe & Supply	582-586-775.000	43.66-
04/21	04/28/2021	92901	Great Lakes Pipe & Supply	101-773-931.000	122.85

GL Period	Check Issue Date	Check Number	Payee	Invoice GL Account	Check Amount
04/21	04/28/2021	92901	Great Lakes Pipe & Supply	101-773-931.000	201.66
04/21	04/28/2021	92902	Lowery Underground Service	582-586-802.000	8,054.00
04/21	04/28/2021	92902	Lowery Underground Service	582-598-802.000	2,850.00
04/21	04/28/2021	92902	Lowery Underground Service	582-586-802.000	12,836.25
04/21	04/28/2021	999163	ACH-CHILD SUPPORT	701-000-230.160	160.23
04/21	04/28/2021	999164	ACH-EFTPS	701-000-230.200	12,422.15
04/21	04/28/2021	999164	ACH-EFTPS	701-000-230.100	21,330.86
04/21	04/28/2021	999164	ACH-EFTPS	701-000-230.200	12,422.15
04/21	04/28/2021	999164	ACH-EFTPS	701-000-230.200	2,905.25
04/21	04/28/2021	999164	ACH-EFTPS	701-000-230.200	2,905.25
04/21	04/28/2021	999165	ACH-ICMA 457	701-000-230.700	2,064.29
04/21	04/28/2021	999165	ACH-ICMA 457	701-000-230.700	5,635.00
04/21	04/28/2021	999166	ICMA 401	701-000-230.700	654.08
04/21	04/28/2021	999167	ICMA-ROTH	701-000-230.900	720.00
04/21	04/28/2021	999168	Mers DC 45	001-000-001.001	343.16
04/21	04/28/2021	999168	Mers DC 45	701-000-230.120	101.72
04/21	04/28/2021	999168	Mers DC 45	701-000-230.120	1,112.18
04/21	04/28/2021	999168	Mers DC 45	001-000-001.001	336.48
04/21	04/28/2021	999168	Mers DC 45	701-000-230.120	47.80
04/21	04/28/2021	999168	Mers DC 45	701-000-230.120	960.69
04/21	04/28/2021	999168	Mers DC 45	001-000-001.001	348.71
04/21	04/28/2021	999168	Mers DC 45	701-000-230.120	77.14
04/21	04/28/2021	999168	Mers DC 45	701-000-230.120	1,064.62
Grand Totals:					393,955.47

## Report Criteria:

Check.Check issue date = 04/15/2021-04/28/2021

Check Number	Check Issue Date	Name	GL Account	Amount
92778	04/21/2021	Kennedy, Mia	582040285000	62.67
92779	04/21/2021	Shonts, Josh	582081642300	2.06
92837	04/28/2021	Broman, Tieler	582040285000	12.96
92838	04/28/2021	Harrison, Becky	582040285000	46.07
92839	04/28/2021	Kemple, Michelle	582081642300	67.11
92840	04/28/2021	Morley, Chris & Liisa	101090644030	658.00
92841	04/28/2021	Reilly, Mary	582081642300	200.00
Grand Totals:				1,048.87



# City of Petoskey

## Agenda Memo

**BOARD:** City Council

**MEETING DATE:** May 3, 2021

**PREPARED:** April 29, 2021

**AGENDA SUBJECT:** Second Discussion Regarding Donation to Purchase Public Safety Equipment

**RECOMMENDATION:** That City Council consider approval of a donation to purchase equipment for the Public Safety Department.

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**Background** At the March 15, 2021 City Council meeting, elected officials rescheduled this agenda item until May 3, when a full board would be present. The following was included in the Council packet on March 15, 2021:

City staff was contacted by Ambassador Ronald Weiser regarding a donation he would like to make to the Public Safety Department. Mr. Weiser explained he had recently purchased a home in Bay Harbor and wished to show his support for the local Public Safety Department. Upon his request, Director Breed produced a list of unfunded equipment needs. These needs, while not critical, would be very beneficial to the department. Mr. Weiser selected numerous items from the list and advised he would like to donate the funding needed to purchase the equipment. The itemized list of equipment is included with the donation acceptance form being presented to City Council for their approval. The total estimated cost of equipment to be purchase is \$42,400.

**Action** That City Council consider a motion to approve the donation of \$42,400 by Ambassador Ronald Weiser for the purchase of equipment to support the Public Safety Department.

rs  
Enclosures



## Department of Public Safety

### City of Petoskey

101 East Lake Street, Petoskey, Michigan 49770 • 231 347-2500 • Fax 231 347-2471

### Donation Summary

March 8, 2021

Mr. Ronald Weiser recently purchased a home in Bay Harbor and would like to make a donation to the Public Safety Department to show his support. Mr. Weiser requested a list of equipment needs that were unfunded at this time. A list was provided and the below items were selected by Mr. Weiser for the purpose of showing his support for the Public Safety Department.

#### **Activation Systems for Body Cameras:**

SSA kit; automatically activates the officer's body camera if their firearm is drawn from the holster. \$5,200.

AVSC kit; automatically activates the officer's body camera if the officer activates the overhead lights on the patrol vehicle. \$1,700

**Exercise Equipment:** All officers are required to pass an annual physical fitness assessment. Our standards are higher than most departments and as such, we provide an exercise room for all members. Both our treadmill and elliptical are in need of replacement however, we have not had the finances to do so. We do not currently have a stationary bike. Mr. Weiser indicated he may have a lightly used elliptical and treadmill to donate.

Bike \$2,500.

**Patrol Vehicle Radios:** Our three county dispatch area recently transitioned to the MPSCS 800mhz radio system, the funding for which came in the form of a millage. Previously we had two mobile radios in each patrol unit to facilitate communications on law enforcement as well as fire channels. Under the millage, we were allowed one radio per vehicle and we do not have the finances to outfit the six patrol units with the second radio. The cost to have a second Motorola radio in each patrol unit would be approximately \$18,000.

**RIT Pack:** On a fire scene, three officers are assigned the duty of "Rapid Intervention Team" (RIT). The sole responsibility of RIT is the rescue of a down or trapped firefighter within the structure. The RIT pack contains tools and a spare air bottle to assist in lifesaving efforts of the RIT. We have one RIT pack however; we should have one on each of our two ladder trucks. RIT pack cost \$6,500.

**Bucket Air System:** Our 100 foot ladder truck does not have an air supply hook up in the bucket. Firefighters in the bucket must use air from the pack on their back. Often there is a connection in the bucket to a large tank on the truck allowing firefighters to use this while working in the bucket. This allows firefighters to have a full air pack if they need to leave the bucket to access a roof or perform a rescue. Approximate cost of air system upgrade would be \$5,000.

**Bullet Resistant Vest with External Carriers:** We have been replacing bullet resistant vests with a staggered approach to avoid a large replacement cost every five years (life span of bullet resistant vests). For the past few years, we have been converting to external vest carriers in attempts to take weight off officer's gun belts. Manufacturers have changed designs as this trend increased resulting in officers having different style carriers. Replacement of 20 external vest carriers so officers all have the same uniform would cost approximately \$3,500.



## **City of Petoskey** **Gift and Donation Acceptance Policy** *Adopted November 7, 2016*

### **I. Purpose and Policy**

The purpose of this policy is to establish a process for acceptance and documentation of donations/gifts made to the City including the installation, long-term maintenance and operation of donated elements to the City which, as determined by the Petoskey City Council or City Manager, will enhance the quality of life in the community. The policy provides guidance when individuals, community groups and businesses wish to make donations or gifts to the City.

Guidelines/Standards for Accepting Gifts or Donations established by this policy will apply to all donations or gifts made after the effective date of this policy. The policy may be amended or repealed, in whole or in part, by the Petoskey City Council.

### **II. Definitions**

**“Gift or Donation”**- For the purpose of this policy, the terms gift or donation shall be synonymous and hereafter shall be referred to as donations. Donations are any tangible or intangible asset, in whatever condition, the City is prepared to accept pursuant to the policy set forth herein and administrative guidelines promulgated pursuant to this policy. All donations or gifts shall become the sole property of the City unless determined otherwise by the City Council. The City has no duty to return any donation. All donations are irrevocable and otherwise final upon receipt by the City. City Council has the final authority to relocate, remove or dispose of any donation at any time, with or without notice to the Donor.

**“Donor”** means an individual or legal entity making a donation to the City.

### **III. Consistency with City Interests**

Donations may only be accepted when they have a purpose consistent with the goals and objectives of the City and are in the best interest of Petoskey. The City must always consider the public trust and comply with all applicable laws when accepting donations.

### **IV. Guidelines/Standards for Accepting Donations**

Donations shall be accepted only if they have a valid use to the City. Donations intended to either become incorporated into City parks as well as donations of equipment, vehicles, or facilities intended to supplement those of the City often involve considerations of aesthetics, costs, and compatibility whose features shall be evaluated using the following criteria:

1. The donation will not be in conflict with any provision of the law and shall not be in conflict with comprehensive plans, recreation plans and park design.
2. The donation will not add to the City's workload unless it provides a net benefit to the City.

3. The donation places no restrictions on the City, unless agreed to by the City Council.
4. All donations or gifts shall become the sole property of the City unless determined otherwise by the City Council in writing. The City has no duty to return any donation as all donations are irrevocable and otherwise final upon receipt by the City. City Council has the final authority to relocate, remove or dispose of any donation at any time, with or without notice to the Donor.
5. All donations will receive recognition appropriate to the level and nature of the donation as determined by the City Council. For those of a capital nature, that may be in the form of signage, plaques, markings, or other means the City should deem appropriate. Regardless of the recognition strategy selected, the intent shall be to appropriately honor the donor for their contribution to the community. To ensure uniformity of appearance and good taste on any recognition, the language of such plaques shall also be approved by the City Council. Donation acknowledgments and memorial plaques shall be made of bronze and be of the highest quality, life and durability. In cases where bronze plaques are not feasible, other alternative types may be considered. The appearance of traditional commercial advertising shall be avoided.
6. The City and community have an interest in ensuring the best appearance and aesthetic quality of public lands and facilities. Donations shall reflect the character and be consistent with the intended surroundings and complement the aesthetics of the proposed site.
7. Since donated elements and their associated recognition become City property, the community has an interest in ensuring that all elements remain in good repair and are maintained appropriately. In addition, Petoskey has an interest in ensuring that the short and long-term repair costs are reasonable and that repair parts and materials be readily available. So too, elements must be of a quality to insure a long life, be resistant to weather, wear and tear, and acts of vandalism.
8. The proposed donation cannot substantially interfere with the intended current or future use of the land or facility where it is being proposed to be located. Preference will be given to donations that are unique in nature, have historical or cultural relevance and have the ability to attract visitors to the community.
9. The City also has an interest in knowing in advance the full cost which may be associated with a donation, namely those costs that relate to the installation, maintenance and operation during the donation's expected life cycle. The costs to install, operate, repair, and/or maintain a mechanical and/or electric system proposed for use in conjunction with a donation shall be identified prior to acceptance by the City Council.
10. When considering donations to City parks or City-owned property such as but not limited to statues, memorials, benches or public art pieces which may affect its immediate surroundings, the City Council may request (but is not required to) review by the Petoskey Planning Commission, DMB and/or Parks and Recreation Commission. These boards shall make a recommendation to City Council on whether to approve, approve with conditions or reject the acceptance of a donation.

The City Council may then hold a Public Hearing for such purpose to invite comment from the community with respect to, but not limited to, such issues as: impact on view sheds; safety concerns; potential for noise generation; compatibility with the aesthetic features of parks or park plans or public lands in general.

11. Monetary donations approved by City Council will be deposited to the fund in which the intended use of the donation is to be achieved. This money shall be placed into a restricted fund in the Department's budget responsible to achieve such intended use.
12. The City Council shall not approve any donation that may meet one or more of the following criteria:
  - A. Be offensive or of morally questionable material;
  - B. Donations that are connected with a restriction that entails special considerations or favors beyond any other resident, donating or non-donating;
  - C. Any other concern, real or perceived, that may result in the loss of reputation, appearance of impropriety, or other negative impact on the City from accepting the donation or gift.

## **V. City Manager Authority to Approve Donations**

The City Manager shall be authorized to accept or reject offers of donated money, equipment and in-kind-donations to City Departments or to the City in general up to \$10,000 per donation. Donated money will be expended for general purposes within the department or specified purposes, if agreed upon with the donor, as one-time supplements to the department's operating budget. Donations of equipment will be considered based upon program outcomes, department goals and needs. Each donation will be evaluated for usefulness and potential replacement costs.

When approving donations with a value of less than \$10,000, the City Manager shall base his/her decision upon the Guidelines/Standards in Section IV.

## **VI. Procedures for Making and Accepting Gifts**

The City Council shall have the full and final authority to approve or deny all donation proposals including those made by the City Manager. Prior to submitting a Donation Application Form (Attachment A), the donor or donor's representatives shall contact the City Manager's Office to discuss a proposed donation. Such pre-application meeting shall assist both the prospective donor and the City in determining whether a donation will meet the criteria contained in this policy. If a donation appears to be in accordance with this policy, the donor or donor's representative will then submit a Donation Application Form and meet with City Staff members to determine the specific nature of the donation, proposed location, and yearly maintenance and operational costs for review and processing. The written proposal, including a Staff report, will be sent to City Council for its decision.

City Staff or City Council may request additional information including, but not limited to: scaled drawings; artist's renditions; or other documents to better illustrate the exact nature of the donation. The City may choose to consult with other agencies or organizations in the review process. The City Council may also send any proposal to the appropriate City board or committee for review with subsequent recommendation to City Council.

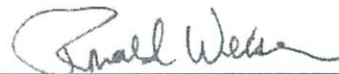
**Donation Application Form  
Attachment A**

Thank you for your interest in donating to the City of Petoskey. Your gift or donation will be considered by the Petoskey City Council after this form is filled out and a Staff report is completed. All donations shall become the sole property of the City and the City has no duty to return the donations. All donations are also subject to the Gift and Donation Acceptance Policy adopted by the City.

1. **Name, Address and Phone Number of Donor:**  
Ambassador Ron Weiser  
4110 Peninsula Drive  
Bay Harbor, Michigan 49770  
(734) 646-9797
2. **Description of Gift or Donation:**  
Numerous equipment needs that are currently unfunded in our budget, see attached.
3. **Value of the Gift or Donation (market value):** \$42,400.00
4. **What is the intended purpose or use for this gift or donation?**  
Equipment needs for the Public Safety Department.
5. **If applicable, what are the yearly maintenance and operational costs associated with this gift or donation?** \$0.00
6. **Do you have or are currently seeking to establish a contractual relationship with the City of Petoskey? If so, please disclose the nature of the contractual relationship:** No.

March 8, 2021

Date:



Signature and Title of Donor

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Internal City of Petoskey use only

Date application was received:

3/11/21  
Date

This application is: Accepted by the City of Petoskey on \_\_\_\_\_

Rejected by the City of Petoskey on \_\_\_\_\_

\_\_\_\_\_  
City Manager Signature/Date

April 27, 2021

To: Mayor Murphy, Councilmembers Marshall, Shiels, Wagner, and Walker

From: Izzy Lyman, 1117 Jennings Avenue, Ward 2

Re: Back the Blue and the First Amendment, please

I am writing to express my support for the \$42,400 donation from Ambassador Ron Weiser.

The items that the Petoskey Dept. of Public Safety would receive from this gift, especially the Activated System for Body Cameras, would not only benefit our law enforcement personnel, in the areas of transparency and safety, but would also benefit our community-at-large.

On a personal note ...

I served, for three years, on a multi-jurisdictional narcotics task force with Director Matt Breed; I remain impressed with the professionalism and thoughtful leadership he consistently exhibited. He represents our City well! I was also very touched, recently, when an officer, whom I had done a ride-along with while I was on the Petoskey City Council, offered to drop off a meal when he learned that I tested positive for COVID-19.

While I have never met Ambassador Weiser, I had the opportunity to speak with him when he was settling into his Bay Harbor home this past December. He was clearly delighted with the lake and snow vistas and eager to positively embrace our corner of northern Michigan.

Yes, I get why you would have a strong visceral reaction to Ron's off-the-cuff comments about "witches" et. al. to a GOP gathering. In fact, I, too, as the current chair of Emmet County Republican Party, thought his comments over-the-top. Ergo, the apology and clarification he subsequently issued, regarding those comments, was the respectful gesture to make.

I sincerely hope that you will look past the noisy partisan rhetoric, not fold to the cancel culture, and look to the future benefits of this donation. Supporting this gift from a new resident of our community, who tirelessly contributes to many fine causes, (like a pediatric endocrinology/diabetes research institute in Ann Arbor), would also be a lovely way to say "thank you" to Team Petoskey Public Safety.



# City of Petoskey

## Agenda Memo

**BOARD:** City Council

**MEETING DATE:** May 3, 2021

**PREPARED:** April 29, 2021

**AGENDA SUBJECT:** Consideration to Approve a Resolution Authorizing a Closed Session Pursuant to Section 8(c) of the Michigan Open Meetings Act

**RECOMMENDATION:** That the City Council adopt the proposed resolution

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City Council will be asked to adopt the enclosed proposed resolution that would authorize to adjourn to a closed session pursuant to Section 8(c) of the Michigan Open Meetings Act, to consider strategy and negotiations of a collective bargaining agreement.

Closed session will be conducted in-person at City Hall in the Community Room.

sb  
Enclosure



## City of Petoskey

## Resolution

WHEREAS, the City Manager has requested that the City Council adjourn to a closed session, pursuant to Section 8(c) of the Michigan Open Meetings Act, to consider the strategy and negotiations of a collective bargaining agreement, at the City Council's regular meeting of May 3, 2021:

NOW, THEREFORE, BE IT RESOLVED that the City Council does and hereby authorizes to adjourn to a closed session, to consider strategy and negotiations of a collective bargaining agreement.