

City of Ecorse, Michigan
Notes to Financial Statements
June 30, 2017
(Continued)

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

9. LONG-TERM DEBT

The City issues long-term debt to provide funds for the acquisition and construction of major capital facilities for governmental and business-type activities and to provide working capital for governmental activities (or financial resources for governmental funds) in the case of fiscal stabilization bonds and emergency loans. General obligation debt, including fiscal stabilization bonds, emergency loans and capital leases, pledge the full faith and credit of the government whereas revenue bonds, including State revolving fund loans, pledge the income of the water and sewer operations for the repayment of the debt.

A summary of long-term debt outstanding as of June 30, 2017 is as follows:

The carrying value and accumulated depreciation of the asset related to the capital lease as of June 30, 2017 was \$384,000 and \$384,000, respectively.

Annual debt service requirements to maturity for governmental activities bonds, loans and leases are as follows:

	<u>Fiscal Stabilization Bonds</u>		<u>Financial Recovery Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 325,000	\$ 7,312	\$ 245,000	\$ 519,790
2019	-	-	260,000	505,145
2020	-	-	275,000	489,630
2021	-	-	295,000	473,100
2022	-	-	310,000	455,555
2023-2027	-	-	1,855,000	1,976,030
2028-2032	-	-	2,520,000	1,306,500
2033-2036	-	-	2,695,000	364,488
	<u>\$ 325,000</u>	<u>\$ 7,312</u>	<u>\$ 8,455,000</u>	<u>\$ 6,090,238</u>

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	Emergency Loans		Capital Lease	
	Principal	Interest	Principal	Interest
2018	\$ -	\$ 17,008	\$ 57,543	\$ 6,649
2019	-	24,607	60,777	3,416
2020	300,000	24,607	-	-
2021	500,000	23,130	-	-
2022	500,000	20,670	-	-
2023-2027	2,500,000	66,438	-	-
2028-2030	1,200,000	10,335	-	-
	<u>\$ 5,000,000</u>	<u>\$ 186,795</u>	<u>\$ 118,320</u>	<u>\$ 10,065</u>

Annual debt service requirements to maturity for business-type activities debt are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 611,211	\$ 174,361	\$ 785,572
2019	620,967	159,785	780,752
2020	461,187	145,977	607,164
2021	451,201	134,662	585,863
2022	448,021	123,263	571,284
2023-2027	2,401,670	439,140	2,840,810
2028-2032	1,670,860	138,154	1,809,014
2033-2036	371,406	18,773	390,179
	<u>\$ 7,036,523</u>	<u>\$ 1,334,115</u>	<u>\$ 8,370,638</u>

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The following is a summary of long-term obligations of the City for the year ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
<u>Bonds Payable</u>					
Fiscal Stabilization Bonds	2,630,000	-	2,305,000	325,000	325,000
Financial Recovery Bonds	8,690,000		235,000	8,455,000	245,000
Total Bonds	<u>11,320,000</u>	<u>-</u>	<u>2,540,000</u>	<u>8,780,000</u>	<u>570,000</u>
<u>Loans & Other Payables</u>					
Emergency Loans	5,000,000	-	-	5,000,000	-
Capital Lease(fire truck)	171,639	-	53,319	118,320	57,543
Unamortized Discount	(143,884)		(7,194)	(136,690)	(7,194)
Total Notes	<u>5,027,755</u>	<u>-</u>	<u>46,125</u>	<u>4,981,630</u>	<u>50,349</u>
Compensated Absences	149,954	204,962	-	354,916	70,983
Total	<u>\$ 16,497,709</u>	<u>\$ 204,962</u>	<u>\$ 2,586,125</u>	<u>\$ 14,116,546</u>	<u>\$ 691,332</u>
Business-Type Activities:					
State Revolving Fd.Loans	5,569,372	1,529,101	488,457	6,610,016	550,030
Revenue Bonds	458,505	24,583	56,581	426,507	61,181
Compensated Absences	5,563	-	-	5,563	1,113
Total	<u>\$ 6,033,440</u>	<u>\$ 1,553,684</u>	<u>\$ 545,038</u>	<u>\$ 7,042,086</u>	<u>\$ 612,324</u>

10. RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2017, the government carried insurance through various commercial carriers to cover risks of losses. The government has had settled claims resulting from these risks that exceeded its commercial coverage.