

**CITY OF MARQUETTE, MICHIGAN**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2012

**CITY OF MARQUETTE, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Fiscal Year Ended June 30, 2012

**CITY COMMISSION**  
John Kivela, Mayor

John DePetro  
Robert Niemi  
Don Ryan  
David Saint-Onge  
Jason Schneider  
Frederick Stonehouse

**CITY MANAGER**  
William Vajda

**PREPARED BY**  
Finance and Accounting Department

**CHIEF FINANCIAL OFFICER**  
Gary Simpson

**CITY OF MARQUETTE, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
 Fiscal year Ended June 30, 2012

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December 14, 2012

Honorable Mayor, Members of the City Commission,  
And the Citizens of Marquette, Michigan

Ladies and Gentlemen:

This Comprehensive Annual Financial Report (CAFR) of the City of Marquette, Michigan is hereby submitted in accordance with State and Federal statutes and Section 8.9 of the City Charter. The statutes and City Charter require that the City of Marquette, Michigan issue an annual report on its financial position and activity and that this report be audited by an independent firm of certified public accountants. This CAFR is published to fulfill that requirement for the fiscal year ended June 30, 2012.

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

Anderson, Tackman & Co. CPAs, have issued an unqualified (“clean”) opinion on the City of Marquette’s financial statements for the year ended June 30, 2012. Their independent auditor’s report is located at the front of the financial section of this CAFR.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A and this letter of transmittal should be read in conjunction with each other.

## REPORTING ENTITY

The financial reporting entity (the City) includes all the funds of the primary government (i.e., City of Marquette, Michigan as legally defined), as well as all of its component units. The criterion used in determining the reporting entity is in accordance with the Governmental Accounting Standards Board (GASB). Component units are legally separate entities for which the primary government is financially accountable. Blended component units (although legally separate entities) are, in substance, part of the primary government’s operations and are included (blended) as part of the primary government. The City of Marquette Building Authority is included as a blended component unit because its sole purpose is to finance and construct the City’s public buildings. Discretely presented component units are reported in a separate column

in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The City of Marquette Board of Light and Power, the City of Marquette Downtown Development Authority, the Brownfield Redevelopment Authority, and the Peter White Public Library are reported as discretely presented component units in this CAFR.

## **CITY PROFILE**

The City of Marquette is the county seat of Marquette County and is the largest community in Michigan's Upper Peninsula. The county contains the largest land mass out of all Michigan counties, encompassing 1,878 square miles. The City is located on the south shore of Lake Superior and is one of the oldest communities in Michigan's Upper Peninsula. Founded in 1849 with the discovery of high grade iron ore, the City has been a major port for shipping for more than 160 years. It was incorporated as a village in 1859 and as a city in 1871 under the provision of Act 279, PS 1909, as amended (Home Rule City Act).

The City provides a full range of municipal activities including: executive, elections, general services, administration, law enforcement, fire protection, protective inspection, public parks and recreation, cultural, conservation of natural resources, planning, and other functions. In addition, the City maintains enterprise funds providing water and sewer utilities, marina services, stormwater management, and parks services.

The City of Marquette is organized under the Commission-Manager form of government. The Commission consists of seven members, elected at large, who are residents of the City and qualified to vote under the constitution and laws of the State of Michigan. The members of the Commission are elected to serve staggered terms of three years with a maximum of six consecutive years. The Mayor and Mayor Pro-Tem of the City are elected annually from amongst the Commission members. The Commission appoints the City Manager and the City Attorney. All other administrative appointments are the responsibility of the City Manager.

The City Commission is required by City Charter to adopt a final, balanced budget by no later than the third Monday in May of each year for the following fiscal year which begins July 1 of each year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund and department. Transfers of resources between funds require approval by the City Commission.

## **ECONOMIC CONDITIONS AND OUTLOOK**

With a stable population of approximately 21,355 residents and affordable living, the City remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. The City's major employers, Northern Michigan University (NMU) and Marquette General Hospital (MGH), continue to help strengthen the area economy. NMU is

maintaining enrollment to near record levels and MGH continues to expand which should help bring more jobs and spending to the local economy. The area's timber and mining operations are self-sustaining and continue to provide employment and financially infuse the local economy. The City has a renewed focus on economic development opportunities, and is preparing for the completion of the Community Master Plan that will establish a five-year strategy for continued investment and growth. Business retention, expansion, and new business growth are expected to add more jobs, more spending, and added property tax base to the local economy.

The City also continues to benefit economically as a popular tourism and vacation spot as there are plenty of both summer and winter recreational activities. The City is a popular destination for trail and mountain biking during the non-winter months and for downhill and cross-country snow skiing during the winter months. Also, through its Downtown Development Authority, the City continues to work with the downtown merchants and provide opportunities for attracting more visitors to the downtown shopping district. Marquette continues to strongly promote festivals and special events throughout the year which bring in tens of thousands of visitors annually.

The Administration recognizes several factors which may impact the City in the future. Global economic conditions create concern due to the potential impacts they may have on the municipal bond market. Many forecasters are predicting slow growth in the first half of 2013, with an annual U.S. pace of about 1.5 to 2 percent. Other factors, such as the Sovereign Debt Crisis in Europe; the "fiscal cliff" deadlock in Washington DC; a possible reduction in the ability to issue tax-exempt bonds; and the prospect of possible high unemployment and low production may potentially impact the City's ability to secure inexpensive debt. Further, lower Federal and State revenue sharing; substantial changes in State tax structures and revenue; and higher personal income taxes at both the Federal and State levels will greatly reduce the ability of the City to capture funding resources. Discretionary Grant opportunities could also be severely restricted or even eliminated.

Of particular concern is the "fiscal cliff" economic condition at the federal level. The City faces the possibility of reduced and/or eliminated grant funding opportunities, elimination of favorable interest rates for tax-exempt debt, and having our citizens burdened with higher taxes and tax rates. This could create dire circumstances for the City, and lead to substantially reduced services, as well as pay higher interest rates, and therefore undertake fewer capital improvement projects. As a result, the City Administration will continue to observe economic activity, and recommend and pursue conservative budget proposals until signs point to stronger positive economic growth and recovery.

## **FY 2012 INITIATIVES**

The major themes which guided projects and initiatives for FY 2012 were:

- Infrastructure Repairs, Replacements and Improvements
- Brownfield Redevelopment
- Review and revision of the City Charter

- Recodification of the City's Code of Ordinances
- Conversion to a new financial management system

In accordance with the above infrastructure themes, the following was accomplished in FY 2012:

- ✓ Stormwater Drainage Improvements - \$756,788
- ✓ Water System Improvements - \$1,425,518
- ✓ Sewer System Improvements - \$2,062,192
- ✓ Street/Road Reconstruction - \$1,151,317

## PLANNING FOR THE FUTURE

Key components of the City Commission Strategic Plan for FY 2012 were:

- ⇒ Implement our Strategic Plans by addressing community vision.
- ⇒ Maintain our leadership role in infrastructure development and improvements.
- ⇒ Continue to foster regionalism.
- ⇒ Brownfield Redevelopment

### **#1) Implement our Strategic Plans to incorporate vision concepts.**

- Implement the visions developed by using the concepts collected from area residents, boards, committees, and commissions.
- These include: Review and revision of the City Charter, Recodification of the City's Code of Ordinances, Implementation of Legistar for better access to City records and meeting minutes, and conversion to a new financial management system.

### **#2) Maintain our leadership role in infrastructure development and improvements.**

- Undertake major and local street reconstruction projects.
- Work toward having overhead utilities converted to underground.
- Evaluate clearing the median of utilities, signs, and trees during major street reconstruction and renovation projects.
- Conduct an over all evaluation of park facilities and uses for best utilization.
- Evaluate reconstruction and maintenance of existing marinas and the possible addition of a marina at the Founders Landing area.

### **#3) Continue to foster regionalism.**

- Partner with others to complete a demographic assessment.
- Continue to address senior citizen and recreation issues from a regional perspective.
- Continue working toward co-operational uses of the Heartwood Forestland property with area municipalities.
- Mutual Aid agreements with area municipalities.
- Technology sharing with the local County, University, and Public Schools.
- Joint bidding processes with area municipalities for various services.
- Watershed Planning projects with area municipalities.

### **#4) Brownfield Redevelopment.**

- Continue to work towards environmental closure on the former Cliffs Dow property and

engage the community in a planning process that focuses on future economic development options for the property.

- Projects in the Brownfield/Founders Landing area are anticipated to include over \$50 million of public and private investment on vacant property currently with little or no tax base. These redevelopment projects will provide jobs, increased tax base, and improve public access to Lake Superior.

Plans beyond FY 2012 will continue to emphasize the major themes of infrastructure improvement, technology enhancement, and maintenance of currently operating facilities with an even stronger emphasis on the waterfront and downtown areas.

## RELEVANT FINANCIAL POLICIES

During the FY 12 budget development process, the City Commission set a policy that new bond debt cannot exceed the amount of debt principal paid off during the fiscal year. This, in effect, sets a limit of \$4 million for new debt added during the fiscal year for capital outlay projects.

In FY 12, the City Commission approved a policy that asset sales in the Heartwood Forestland property are to be used for the reduction of debt that was issued for the purchase of the property.

These policies will provide direction during the current and future budget processes and demonstrate a commitment to maintain adequate reserves for financial stability and for long-term financial planning.

## OTHER INFORMATION

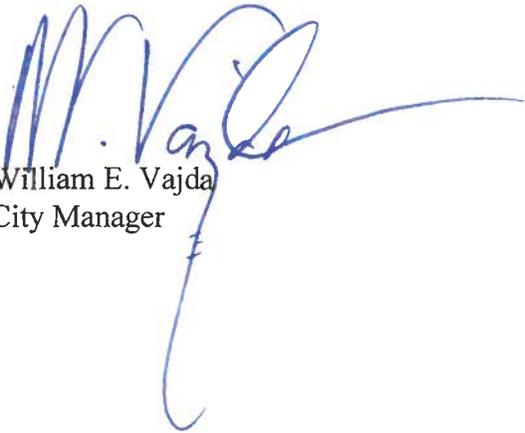
**Awards** – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marquette, Michigan for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This is the 26th consecutive year that the City has achieved this prestigious award. In order to be awarded Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**Acknowledgments** – Special recognition must be extended to members of the Finance Department who assisted in the development of this Comprehensive Annual Financial Report and with the annual independent audit. We wish to express our appreciation to the accounting firm of Anderson, Tackman and Company, PLC, who contributed to this preparation.

We would also like to thank the members of the Marquette City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "W. Vajda", with a long horizontal stroke extending to the right.

William E. Vajda  
City Manager

A handwritten signature in blue ink, appearing to read "Gary W. Simpson", with a long horizontal stroke extending to the right.

Gary W. Simpson  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Marquette  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



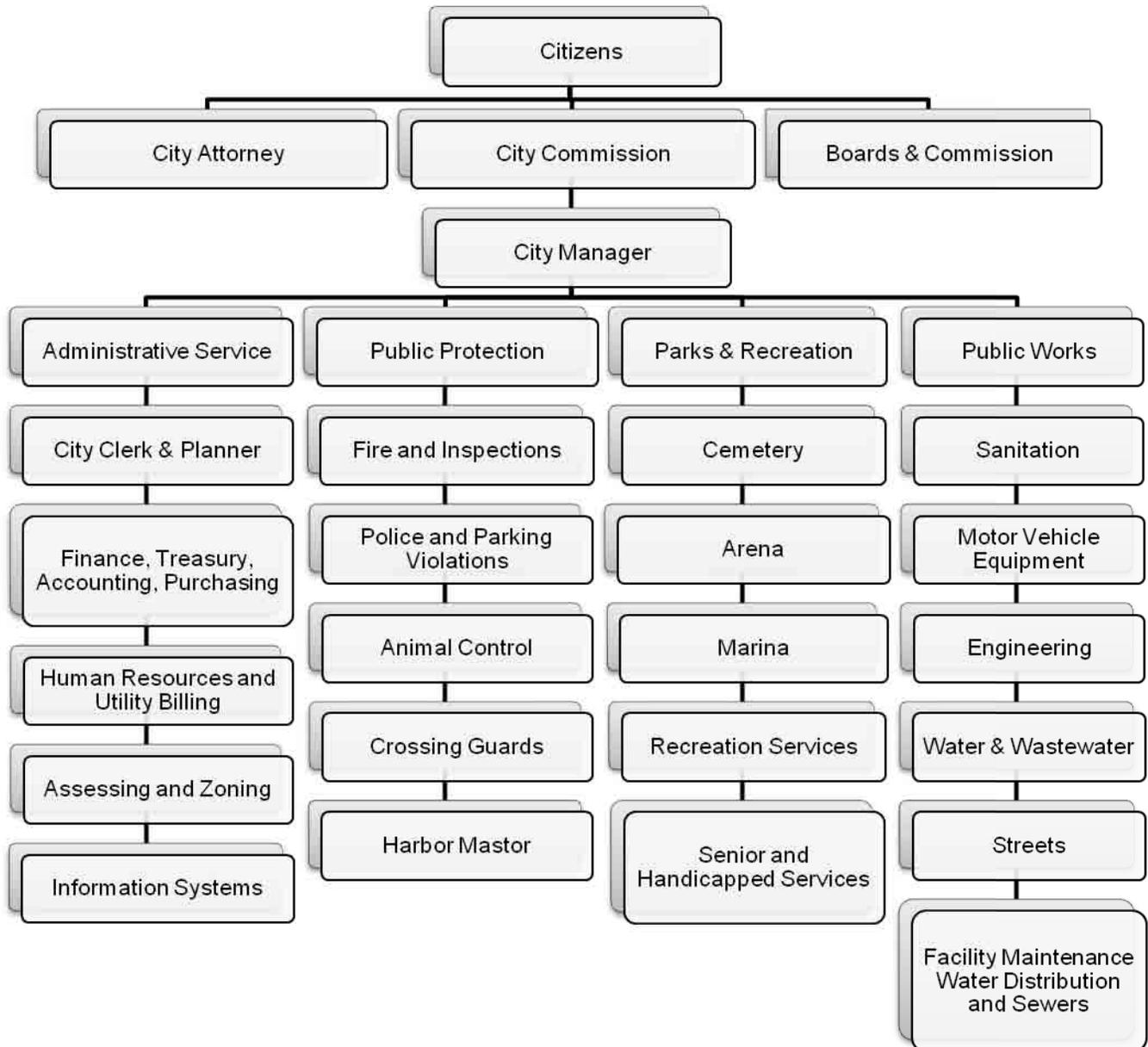
*Linda C. Danison*

President

*Jeffrey R. Enos*

Executive Director

# City of Marquette Organizational Chart



**CITY OF MARQUETTE, MICHIGAN**  
ADMINISTRATIVE STAFF

**CITY MANAGER**

William Vajda

**ASSISTANT CITY MANAGER**

Karl Zueger

**EXECUTIVE ASSISTANT**

Wendy Larson

**CITY ATTORNEY**

Ronald Keefe

**CHIEF FINANCIAL OFFICER**

Gary Simpson

**DIRECTOR OF ADMINISTRATIVE SERVICES**

Susan Bohor

**Information Services Division**

Daniel Frederickson

**Clerks Office Division**

David Bleau

**DIRECTOR OF PLANNING AND COMMUNITY DEVELOPMENT**

Dennis Stachewicz

**Engineering Division**

Keith Whittington

Gregory Borzick

James Compton

**Planning & Zoning Division**

David Stensaas

**Assessing Division**

Susan Bovan

**DIRECTOR OF COMMUNITY SERVICES**

Karl Zueger

**Parks & Recreation Division**

Douglas Smith

Cynthia Noble

**Arts & Culture**

Tiina Harris

**SUPERINTENDENT OF PUBLIC WORKS**

Scott Cambensy

**FIRE CHIEF**

Thomas Belt

**POLICE CHIEF**

Leonard Angeli

**SUPERINTENDENT OF WATER / WASTEWATER**

Curt Goodman

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**ANDERSON, TACKMAN & COMPANY, PLC**  
**Certified Public Accountants**

*"A Regional Firm With Offices In Michigan And Wisconsin"*

102 W. Washington St. Suite 109 Marquette, MI 49855 Phone: (906) 225-1166 www.atccpa.com

**PARTNERS**

John W. Blemberg, CPA  
Robert J. Downs, CPA, CVA  
Daniel E. Bianchi, CPA  
Michael A. Grentz, CPA  
William C. Shelton, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City  
Commission and the City Manager of the  
City of Marquette, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund and the Major and Local Street Funds, and the aggregate remaining fund information of the City of Marquette, Michigan, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Marquette, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Light and Power, a component unit of the City, which represents 82.9 percent and 90.6 percent, respectively, of the assets and revenues of the component unit column. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Light and Power, is based solely on the report of other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to previously 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, the budgetary comparison for the General Fund and the Major and Local Street Funds, and the aggregate remaining fund information of the City of Marquette, Michigan as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012, on our consideration of the City of Marquette, Michigan's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Honorable Mayor, Members of the City  
Commission and the City Manager of the  
City of Marquette, Michigan

Accounting principles generally accepted in the United States of America require that the management's discussion and Section 2 – Required Supplementary Information (as listed in the Table of Contents) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marquette, Michigan's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, individual fund budgetary schedules, capital asset schedules, long-term debt schedules and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, individual fund budgetary schedules, capital asset schedules and long-term debt schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

December 14, 2012

## City of Marquette, Michigan

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Marquette, we offer readers of the City of Marquette's financial statements this narrative overview and analysis of the financial activities of the City of Marquette for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, and in conjunction with the financial statements, as listed in the table of contents.

#### FINANCIAL HIGHLIGHTS

- Net assets for the City as a whole decreased by \$(671,554) as a result of this year's operations. Net assets of our business-type activities increased by \$350,480 or 0.9%, and net assets of our governmental activities decreased by \$(1,022,034) or (2.25%).
- During the year, the City had expenses for governmental activities that were \$15,604,556 more than the \$7,156,228 generated in program revenues.
- The City's business-type activities had expenses that were \$288,361 less than the \$10,989,757 generated in program revenues.
- The general fund reported a net change in fund balance of \$1,463,343. This is \$1,463,343 higher than the forecasted net change of \$-0-.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities as listed in the table of contents provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start as listed in the table of contents. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

#### **Reporting the City as a Whole**

Our analysis of the City as a whole begins on page 24. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's *net assets* and changes in them. You can think of the City's net assets - the difference between assets and liabilities - as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's patron base and the condition of the City's capital assets, to assess the *overall financial health* of the City.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- *Governmental activities* – Most of the City's basic services are reported here, including the police, fire, public works and parks departments, and general administration. Property taxes, charges for services and state sources fund most of these activities.
- *Business-type activities* – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water system, sewer system, stormwater, marinas, recreational park, and park concessions activities are reported here.
- *Component units* – The City includes four separate legal entities in its report – the Board of Light and Power, the Peter White Public Library, the Downtown Development Authority, and the Brownfield Redevelopment Authority. Although legally separate, these "component units" are important because the City is financially accountable for them.

### Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 27. The fund financial statements begin as listed in the table of contents and provide detailed information on the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Commission establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The City's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the Motor Vehicle Equipment Fund.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

### The City as Trustee

The City is the trustee, or fiduciary, for its Fire-Police Retirement System pension plan. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets as listed in the table of contents. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### The City as a Whole

Table 1 provides a summary of the City's net assets as of June 30, 2012 and 2011.

**Table 1**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 30,016,216	\$ 28,545,060	\$ 7,750,729	\$ 7,559,560	\$ 37,766,945	\$ 36,104,620
Capital assets, net	46,158,485	47,748,701	54,084,004	52,199,422	100,242,489	99,948,123
Total Assets	<u>76,174,701</u>	<u>76,293,761</u>	<u>61,834,733</u>	<u>59,758,982</u>	<u>138,009,434</u>	<u>136,052,743</u>
Current liabilities	12,467,607	11,846,505	4,225,550	3,889,383	16,693,157	15,735,888
Noncurrent liabilities	19,265,419	18,983,547	19,600,464	18,211,360	38,865,883	37,194,907
Total Liabilities	<u>31,733,026</u>	<u>30,830,052</u>	<u>23,826,014</u>	<u>22,100,743</u>	<u>55,559,040</u>	<u>52,930,795</u>
Net Assets:						
Invested in capital assets, net of related debt	28,078,995	26,694,914	33,214,121	32,923,791	61,293,116	59,618,705
Restricted	1,593,378	4,606,252	1,142,971	1,137,437	2,736,349	5,743,689
Unrestricted	14,769,302	14,162,543	3,651,627	3,597,011	18,420,929	17,759,554
Total Net Assets	<u>\$ 44,441,675</u>	<u>\$ 45,463,709</u>	<u>\$ 38,008,719</u>	<u>\$ 37,658,239</u>	<u>\$ 82,450,394</u>	<u>\$ 83,121,948</u>

Net assets of the City's governmental activities stood at \$44,441,675. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$14,769,302.

The \$14,769,302 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unassigned net assets from year to year.

The net assets of our business-type activities stood at \$38,008,719. The City can generally only use these net assets to finance continuing operations of the water and sewer and other enterprise operations.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The results of this year's operations for the City as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal years 2012 and 2011.

**Table 2**  
**Change in Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 4,526,589	\$ 4,718,004	\$ 10,920,486	\$ 10,059,884	\$ 15,447,075	\$ 14,777,888
Operating grants and contributions	2,493,779	2,274,909	69,271	346,411	2,563,050	2,621,320
Capital grants and contributions	135,860	353,012	-	-	135,860	353,012
General revenues:						
Property taxes	12,207,207	11,669,505	-	-	12,207,207	11,669,505
Unrestricted State sources	1,945,218	1,925,889	-	-	1,945,218	1,925,889
Investment earnings	251,226	119,309	9,934	18,011	261,160	137,320
Sale of capital assets	(51,757)	61,862	-	-	(51,757)	61,862
Miscellaneous	265,949	112,539	16,864	497,871	282,813	610,410
Total Revenues	21,774,071	21,235,029	11,016,555	10,922,177	32,790,626	32,157,206
Program Expenses:						
General Government	3,814,963	3,361,872	-	-	3,814,963	3,361,872
Public health and safety	6,588,969	6,366,366	-	-	6,588,969	6,366,366
Public works	3,811,888	3,636,858	-	-	3,811,888	3,636,858
Highways and streets	2,458,441	2,385,994	-	-	2,458,441	2,385,994
Social services	436,476	492,859	-	-	436,476	492,859
Sanitation	1,544,378	1,484,999	-	-	1,544,378	1,484,999
Recreation and culture	1,335,522	1,249,567	-	-	1,335,522	1,249,567
Interest on long-term debt	804,326	834,357	-	-	804,326	834,357
Depreciation - unallocated	1,965,821	1,918,108	-	-	1,965,821	1,918,108
Water supply	-	-	3,930,948	3,808,792	3,930,948	3,808,792
Sewage disposal	-	-	5,175,685	4,487,815	5,175,685	4,487,815
Stormwater utility	-	-	1,030,096	977,864	1,030,096	977,864
Recreation and culture	-	-	564,667	652,173	564,667	652,173
Total Expenses	22,760,784	21,730,980	10,701,396	9,926,644	33,462,180	31,657,624
Excess (deficiency) before transfers	(986,713)	(495,951)	315,159	995,533	(671,554)	499,582
Transfers	(35,321)	(106,128)	35,321	106,128	-	-
Increase (decrease) in net assets	(1,022,034)	(602,079)	350,480	1,101,661	(671,554)	499,582
Net assets, beginning	45,463,709	46,065,788	37,658,239	36,556,588	83,121,948	82,622,376
Net Assets, Ending	\$ 44,441,675	\$ 45,463,709	\$ 38,008,719	\$ 37,658,249	\$ 82,450,394	\$ 83,121,958

The City's total revenues were \$32,790,626. The total cost of all programs and services was \$33,462,180 leaving a decrease in net assets of \$(671,554). Our analysis below separately considers the operations of governmental and business-type activities:

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

### *Governmental Activities – Analysis of Individual Funds:*

#### **General Fund**

The General Fund had revenues (excluding transfers-in) of \$17,696,556, an increase of \$558,564, or 3.3%, from the prior fiscal year. This increase is discussed below:

- Property Tax revenue increased \$114,411, or 1.3%, which was the result of increased taxable valuations of property since the tax millage rate was unchanged from the previous fiscal year.
- Payments in Lieu of Taxes (PILT) increased \$421,571, or 15.5%, mostly due to increases in asset valuations for the Marquette Area Wastewater Treatment Facility.
- State Shared Revenues increased \$18,530, or 0.9%. Sales & Use tax distributions increased \$59,813, or 3.5%; Liquor License distributions decreased \$800, or (3.2)%; and Fire Protection of State Facilities decreased \$40,483, or (20.0)%. These revenue sources are distributed based upon formulas set by the State and the amount of money appropriated for each purpose by the State.
- Service/Use/Sales fees decreased \$67,054, or (2.7)%. Fee based revenues are based upon a Fee Schedule adopted by the City Commission and are dependent upon the amount of services provided. New for this fiscal year were Parking Meter services now being provided by the Downtown Development Authority and the Youth Theatre Program also being provided by another entity. Cemetery services and Equipment Rental services were also down slightly from the previous fiscal year.
- Fines and Forfeits decreased \$39,122, or (22.7)% due to less revenue from delinquent parking tickets. In FY 10, an aggressive program was implemented to collect on unpaid parking tickets. This program has been a huge success and the total amount of unpaid parking tickets was decreased significantly. While the collection program continues, the bulk of these collections were made in the previous two fiscal years which results in less revenue this fiscal year when compared to the previous two fiscal years.
- Sale of Capital Assets increased \$139,752, or 225.9%, due to the sale of 100 acres of property at the Heartwood Forestland site to the Marquette County Solid Waste Authority. The sales proceeds have been set aside to pay down the debt associated with the purchase of the Heartwood Forestland property.
- Investment Income increased \$109,266, or 90.3%. While interest rates remain low, compliance with GASB's mark-to-market accounting rules for investments did not require a write-down to the market value of investments this fiscal year.
- Other revenue sources decreased \$138,790, or (19.7)%, in large part due to the Fire Department receiving a large bequest last fiscal year which was not repeated this fiscal year.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

General Fund expenditures (excluding transfers out) increased \$208,268, or 1.5%, from the prior fiscal year. This increase is discussed below:

General Government increased \$107,145, or 3.3%. This increase is attributable to changing a part-time Management Analyst position to full-time in Central Administration, adding a full-time Assessing Assistant position in the Assessor Department, and providing resources for the City Charter Review Committee which was new for this fiscal year. Slight increases were also due to wage increases (2.0%) for both negotiated labor contracts and non-represented personnel and small increases for fringe benefits such as Health Insurance and Defined Benefit Pension Plans.

Public Health and Safety increased \$172,747, or 2.8%. Negotiated labor contracts increased wages 2.5% and non-represented personnel had 2.0% wages increases. This fiscal year, the Police Drug Dog was retired and resources were raised and expended to not only bring in a replacement but to also add another K-9 unit.

Public Works decreased \$193,316, or (5.1)%. While wages increased 2.0% for both labor negotiated contracts and for non-represented personnel, reductions were seen in capital outlay and Motor Pool charges.

Recreation and Culture increased \$121,692, or 41.9%. Wages increased 2.0% for both labor negotiated contracts and for non-represented personnel, resources were allocated for a 5 year Parks and Recreation Master Plan, and an increased emphasis on Water-Front Safety accounted for the increase.

Net Other Financing Uses decreased \$(1,370,550), or (36.5)%, due to Transfers-In being \$16,943 more in FY 12 than in FY 11 and Transfers-Out being \$1,353,607 lower in FY 12 than in FY 11. The lower Transfers-Out were mostly the result of lower transfers to the Street Funds to sustain operations.

Fund Balance increased \$1,463,343, or 15.7%, from the previous fiscal year due to the reasons described above.

### **Major and Local Street Funds**

The Major and Local Street Funds had revenues, excluding Transfers-In, increase \$90,902, or 7.3%, and 209,590, or 44.0%, respectively.

The Major Street Fund had Gas & Weight Tax distributions increase \$62,768, or 7.1%, and the Winter Maintenance allocation increased \$38,819, or 31.9%, when compared to the previous fiscal year. The Winter Maintenance allocation is based on a formula which takes into account a rolling average of snowfall and expenditures used for snow removal and other winter maintenance activities on the streets. It is all formula driven and only a certain amount of dollars are set aside by the State each year for this activity for all communities in the State which qualify. This particular source can vary from year-to-year based purely on certain factors such as the number of communities that do qualify, the amount of snowfall in each given community, and the amount of money set aside for distribution by the State, among other factors.

The Local Street Fund had Gas & Weight Tax distributions increase \$21,084, or 6.8%, and the Winter Maintenance allocation increased \$9,666, or 10.4%, when compared to the previous fiscal year. There was also a Federal Grant for a street construction project in the amount of \$174,520 this fiscal year.

Major and Local Street Fund expenditures decreased \$(181,943), or (10.3)%, and increased \$3,453, or 0.21%, respectively.

The Major Street Fund had Winter Maintenance activities decrease \$279,979, or (43.4)%, and capital outlay activities (Road Reconstruction Projects) increase \$22,384, or 5.7%, when compared to the previous fiscal year.

The Local Street Fund had Winter Maintenance activities decrease \$161,610, or (36.3)%, and capital outlay activities (Road Reconstruction Projects) increase \$209,048, or 39.6%, when compared to the previous fiscal year.

### **Sanitation Fund**

The Sanitation Fund had revenues decrease \$(344,574), or (21.6)%, as compared to the previous fiscal year due to a decrease in the number and dollar amount of Landfill Disposal Fee permits issued. These permit fees are used to pay for the cost of tipping fees to the County landfill and can vary from year-to-year.

Expenditures in the Sanitation Fund decreased \$(210,874), or (14.0)%, from the previous fiscal year due to decreased tipping fees paid to the County landfill associated with the decrease in Landfill Disposal permits.

The Fund Balance decreased \$(48,819), or (11.7)% from the previous fiscal year due to factors described above.

### **Senior Services Fund**

The Senior Services Fund had revenues increase \$20,848, or 4.3%, as compared to the previous fiscal year due to State and County Contract Revenues increasing \$18,025, or 6.7%. Property Tax Revenue (0.35 mills voted in by the citizens) increased by \$2,681, or 1.3%, from the previous fiscal year.

Expenditures in the Senior Services Fund increased \$10,846, or 2.6% from the previous fiscal year due mostly to contractual wage and fringe benefit increases.

The Fund Balance increased \$73,154, or 43.5%, from the previous fiscal year due to the factors described above.

### **Lakeview Arena Fund**

The Lakeview Arena Fund had revenues, excluding Transfers-In, increase \$36,207, or 8.8%, as compared to the previous fiscal year due mostly to increased Ice Rental Revenue of \$30,593, 9.5%, and Room Rental Revenue of \$14,352, or 45.1%.

Expenditures in the Lakeview Arena Fund increased \$7,840, or 1.0% from the previous fiscal year largely due to capital expenditures for the renovation project.

The Fund Balance remained unchanged from the previous fiscal year due to expending bond funds for the renovation project and adjusting the transfer-in from the General Fund to keep the Arena at a break-even operations level.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

### **Other Governmental Activity Funds**

The remaining funds in this category are mostly the Debt Service Funds used to account for the debt service of various projects financed by bond proceeds, and some smaller type Special Revenue Funds, such as MSHDA, Drug Forfeitures, Criminal Justice Training, and Public Education/Government.

Compared to the previous fiscal year, MSHDA activity decreased due to decreased grantable rehabilitation projects being performed by qualified citizens and no new grants being allocated to the City. All other funds experienced normal activity.

### **Net Cost of Governmental Activity Funds**

Table 3 presents the cost of each of the six largest programs – General Government, Public Health and Safety, Public Works, Highways and Streets, Sanitation, and Recreation and Culture – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each program placed on the City's operation.

General government	\$	3,814,963	\$	2,554,689
Public health and safety		6,588,969		6,260,017
Public works		3,811,888		2,290,702
Highways and streets		2,458,441		515,493
Sanitation		1,544,378		294,418
Recreation and culture		1,335,522		787,696

### *Business-type Activities – Analysis of Individual Funds:*

#### **Stormwater Fund**

The Stormwater Fund had operating revenues increase \$97,466, or 9.8%, from the previous fiscal year. Rates were increased 5% from the previous fiscal year and the customer base increased slightly due to economic development activities.

Operating expenses increased \$47,771, or 4.8%, from the previous fiscal year primarily due to depreciation charges increasing \$88,171, or 19.3%, when compared to the previous fiscal year.

Net Non-Operating Expenses increased \$2,111, or 1.3%, from the previous fiscal year due to interest expense increasing as a result of debt service requirements to finance construction projects.

Net Assets increased \$70,339, or 1.3% from the previous fiscal year due to the factors described above.

#### **Water Supply Fund**

The Water Supply Fund had operating revenues increase \$397,565, or 10.3%, from the previous fiscal year. Water Rates were increased 7% in the current year. Billable water consumption increased slightly after seeing several years of decreases.

Operating expenses increased \$140,458, or 4.1% from the previous fiscal year. The increase was due in large part to increased depreciation charges of \$67,579, or 7.9%, and an increase in Payment in Lieu of Taxes (PILT) of \$75,230, or 14.4%. Both of these increases are reflective of the system reconstruction projects that are being completed.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

Net Non-Operating Expenses increased \$293,359, or 2,710.8% from the previous fiscal year due to the principal forgiveness of \$346,411 on the Drinking Water Revolving Fund as part of the American Recovery and Reinvestment Act that occurred in the previous fiscal year. There was no loan forgiveness available in the current fiscal year.

Net Assets increased \$381,589, or 2.2% from the previous fiscal year due to the factors described above.

### **Sewage Disposal Fund**

The Sewage Disposal Fund had operating revenues increase \$409,659, or 8.9%, from the previous fiscal year. Sewer rates were increased 15% during the year. This rate increase was designed primarily to provide additional resources to meet debt service and other operational requirements. Decreased billable consumption means the full impact of the rate increase was not realized.

Operating expenses increased \$661,656, or 15.4%, from the previous fiscal year. The increase was due to increased depreciation charges of \$83,871, or 10.1%, due to the amount of capital rehabilitation to the City-wide sewer system. Payments for wastewater services purchased from the Marquette Area Wastewater Treatment Authority increased \$528,095, or 24.4%, which was the result of the PILT payment increasing with the completion of the Wastewater Treatment Plant renovation.

Net Non-Operating Revenues decreased \$(519,017), or (167.9)% from the previous fiscal year due to recording income from the City's share of operations associated with the Marquette Area Wastewater Treatment Authority joint venture in the previous fiscal year and did not occur in the current fiscal year.

Net Assets decreased \$(126,913), or (1.0)% from the previous fiscal year due to factors described above.

### **Tourist Park Fund**

The Tourist Park Campground Fund had operating revenues increase \$19,516, or 12.0%, from the previous fiscal year. Campground site use accounted for the increase.

Operating Expenses decreased \$4,592, or (3.2)%, from the previous fiscal year. This decrease was mostly due to a lower allocation of labor costs of an administrative position to this fund.

Net Non-Operating Revenues increased \$18, or 46.2% from the previous fiscal year due to interest revenue increasing as a result of higher cash balance earning interest.

Net Assets increased \$41,080, or 242.3% from the previous fiscal year due to factors described above.

### **Marina Fund**

The Marina Fund had operating revenues increase \$39,719, or 13.4%, from the previous fiscal year. This is due to increased sales of fuel at the Cinder Pond Marina. Slip Rental revenue decreased 13.2% at Presque Isle Marina and increased 5.4% at Cinder Pond Marina for a net decrease of 3.0% when combining both Marinas.

Operating Expenses increased \$49,565, or 13.6%, from the previous fiscal year. This increase was mostly due to higher cost of sales for fuel. Personnel Services were up 9.8%.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Net Non-Operating Revenues increased \$38,646, or 298.9% from the previous fiscal year due to receiving a State Grant in the current fiscal year for Presque Isle Marina.

Net Assets decreased \$(15,615), or (1.0)% from the previous fiscal year due to factors described above.

### THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet as listed in the table of contents reported a *combined* fund balance of \$13,428,285, an increase of \$1,820,542 from the beginning of the year. The majority of the increase was the result of lower transfers-out to the street funds due to the timing of bond proceeds for street reconstruction projects and lower costs associated with winter maintenance.

### General Fund Budgetary Highlights

During the year, there was a \$360,129 increase in total expenditure appropriations between the original and final amended budget. Following are the main components of this increase:

- \$110,085 for grant opportunities occurring in the year.
- \$126,444 for transfers related to the sale of Heartwood Forestland property.
- \$123,600 for encumbrance rollover's from the previous year.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of fiscal year 2012 the City had \$100,242,490 invested in a variety of capital assets including land and improvements, buildings and improvements, equipment and infrastructure. (See Table 4 below)

Table 4  
Capital Assets at Year-End  
(Net of Depreciation)

	Governmental Activities 2012	Business-type Activities 2012	Totals 2012
Land and construction in progress	\$ 12,565,088	\$ 380,355	\$ 12,945,443
Land improvements	2,194,239	1,367,836	3,562,075
Buildings and improvements	6,852,567	7,266,108	14,118,675
Equipment and furnishings	2,446,766	2,053,167	4,499,933
Infrastructure	22,099,825	43,016,539	65,116,364
Totals	<u>\$ 46,158,485</u>	<u>\$ 54,084,005</u>	<u>\$ 100,242,490</u>

Further details on capital assets can be found in Note I.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

### Debt

At year-end, the City had \$38,821,213 in bonds, notes and capital lease obligations outstanding as depicted in Table 5 below.

**Table 5**  
**Outstanding Debt at Year-End**

	Governmental Activities 2012	Business-type Activities 2012	Totals 2012
General obligation bonds	\$ 17,364,515	\$ 12,943,452	\$ 30,307,967
Revenue bonds	-	2,865,000	2,865,000
Contracts and notes payable	580,115	5,068,131	5,648,246
Totals	\$ 17,944,630	\$ 20,876,583	\$ 38,821,213

Further details on long-term debt can be found in Note E.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The City's elected and appointed officials consider many factors when setting the fiscal year 2013 budget, including the global and national economies. Below are a few of these factors:

State Revenue Sharing still remains a budgetary concern. Public Act 63 of 2011 introduced the Economic Vitality Incentive Program (EVIP) for eligible local governments to follow in order to receive Statutory Revenue Sharing from the State. Prior to EVIP, the statutory portion was allocated without need to meet criteria for qualification. With EVIP, the City must certify that it is meeting certain criteria in the areas of accountability and transparency, consolidation of services, and employee benefits. The City is currently qualified to receive its full share, approximately \$330,000. Prior to EVIP, the City was receiving \$450,000 of statutory payments. Qualification is an annual process which the City must show compliance with the State-mandated criteria. It is unclear what additional EVIP program modifications or legislative action will bring, as a result, the Administration views statutory revenue sharing as "speculative", and no longer considers this to be a reliable revenue source within the City baseline budget formulation. It should be noted that based upon previous years distributions, it is estimated that the City has "lost" almost \$1 million per year due to cutbacks by the State since fiscal year 2000.

Property Taxes are another big factor in the City's General Fund budget. Property Taxes are calculated on taxable value. Taxable value growth is capped, by State constitution, at the lower of the rate of inflation or 5%. In the year when property sells, the taxable value is then allowed to be adjusted to reflect actual increases in taxable value and then the capping process starts all over again. It still appears the housing bubble that hit the State and the entire nation rather hard in recent years seems to have had less local impact. Although some communities in Lower Michigan have to budget for 33% decreases in taxable value due to this bubble, the City projects nominal future increases in assessed taxable value.

Personal Property Taxes (PPT) appear to be on the fast track to be eliminated by the both the State Administration and Legislature. There are promises to replace, at least partially, the fiscal impact on local governments of eliminating PPT. The City currently receives more than \$500,000 in PPT for its General Fund.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

Marquette General Hospital (MGH) which had been a non-profit entity, and therefore not subject to property taxes, has recently been purchased as a for profit entity. A taxable value assessment study is currently under way. The additional Property Tax revenue will give the City Commission several options to consider during the next budget sessions, from reducing debt service to reducing the millage rate overall or other options or combination thereof.

On the national front, at the time of this writing, there is still much discussion about the impending "fiscal cliff". The City could be forced to deal with reduced federal funding and/or seeing tax rates raised upon our citizens. Either of these scenarios will impact future budget discussions and decisions.

### **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 about this report or need additional financial information, contact the City Finance Office at City of Marquette, 300 West Baraga, Marquette, Michigan, 49855. Additional information about the City may also be found on the City's website at [www.mqtcty.org](http://www.mqtcty.org).

**City of Marquette, Michigan**

**BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements provide an overview of the City's financial position and the result of current year's operations and cash flows.

These Basic Financial Statements indicate the classes and funds displayed in subsequent sections of the report and present comprehensive data for assets, liabilities, revenues, transfers, expenses or expenditures and cash flows of the City funds.

**CITY OF MARQUETTE, MICHIGAN**

STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 8,156,965	\$ -	\$ 8,156,965	\$ 14,352,396
Investments	5,185,413	-	5,185,413	651,743
Receivables (net)	11,745,474	2,195,596	13,941,070	3,091,687
Inventory	94,735	203,570	298,305	3,348,335
Primary government internal balances	401	-	401	-
Prepaid expenses and other assets	260,825	57,521	318,346	155,882
<b>TOTAL CURRENT ASSETS</b>	<b>25,443,813</b>	<b>2,456,687</b>	<b>27,900,500</b>	<b>21,600,043</b>
Non-current Assets:				
Restricted assets	1,168,561	1,752,766	2,921,327	848,146
Unamortized bond issue costs	129,845	265,660	395,505	281,263
Investment in UPPPA	-	-	-	2,753,884
Investment in joint venture	3,273,997	3,275,616	6,549,613	-
Capital assets:				
Land and construction in progress	12,565,088	380,355	12,945,443	1,373,317
Other capital assets, net of depreciation	33,593,397	53,703,649	87,297,046	53,228,224
Total Capital Assets	46,158,485	54,084,004	100,242,489	54,601,541
<b>TOTAL NON-CURRENT ASSETS</b>	<b>50,730,888</b>	<b>59,378,046</b>	<b>110,108,934</b>	<b>58,484,834</b>
<b>TOTAL ASSETS</b>	<b>76,174,701</b>	<b>61,834,733</b>	<b>138,009,434</b>	<b>80,084,877</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Cash overdraft	-	648,437	648,437	-
Accounts payable	651,995	1,550,873	2,202,868	1,275,849
Accrued wages payable	405,028	77,522	482,550	-
Accrued liabilities	174,046	137,867	311,913	179,036
Unearned revenue	9,450,850	77,634	9,528,484	1,837,956
Compensated absences	565,600	-	565,600	926,857
Primary government internal balances	-	401	401	-
Customer deposits payable	-	-	-	1,128,272
Current portion of bonds payable	1,123,102	360,097	1,483,199	385,000
Current portion of notes and contracts payable	82,873	-	82,873	-
Current maturities on revenue bonds	-	1,362,398	1,362,398	765,000
Other current liabilities	14,113	10,321	24,434	250,159
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,467,607</b>	<b>4,225,550</b>	<b>16,693,157</b>	<b>6,748,129</b>
Non-current Liabilities:				
Other post-employment benefits (OPEB)	1,471,830	153,827	1,625,657	1,218,366
Compensated absences	920,074	299,249	1,219,323	121,558
Bonds payable	16,376,275	14,369,257	30,745,532	10,134,219
Long-term contracts and notes payable	497,240	4,778,131	5,275,371	-
Other	-	-	-	1,786,809
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>19,265,419</b>	<b>19,600,464</b>	<b>38,865,883</b>	<b>13,260,952</b>
<b>TOTAL LIABILITIES</b>	<b>31,733,026</b>	<b>23,826,014</b>	<b>55,559,040</b>	<b>20,009,081</b>
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	28,078,995	33,214,121	61,293,116	43,448,709
Restricted for:				
Debt Services	-	1,142,971	1,142,971	20,197
Capital assets	32,920	-	32,920	233,796
Perpetual Care	659,876	-	659,876	-
Other activities	900,582	-	900,582	1,531,636
Unrestricted	14,769,302	3,651,627	18,420,929	14,841,458
<b>TOTAL NET ASSETS</b>	<b>\$ 44,441,675</b>	<b>\$ 38,008,719</b>	<b>\$ 82,450,394</b>	<b>\$ 60,075,796</b>

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

CITY OF MARQUETTE, MICHIGAN

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2012

Function / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business Type Activities	Total	
<b>Primary Government</b>								
Governmental Activities:								
General government	\$ 3,814,963	\$ 1,132,836	\$ 127,438	\$ -	\$ (2,554,689)	\$ -	\$ (2,554,689)	\$ -
Public health and safety	6,588,969	189,761	118,311	20,880	(6,260,017)	-	(6,260,017)	-
Public works	3,811,888	1,421,290	-	99,896	(2,290,702)	-	(2,290,702)	-
Highway and streets	2,458,441	-	1,942,948	-	(515,493)	-	(515,493)	-
Social services	436,476	-	305,082	-	(131,394)	-	(131,394)	-
Sanitation	1,544,378	1,249,960	-	-	(294,418)	-	(294,418)	-
Recreation and culture	1,335,522	532,742	-	15,084	(787,696)	-	(787,696)	-
Interest on long-term debt	804,326	-	-	-	(804,326)	-	(804,326)	-
Depreciation - unallocated	1,965,821	-	-	-	(1,965,821)	-	(1,965,821)	-
Total Governmental Activities	22,760,784	4,526,589	2,493,779	135,860	(15,604,556)	-	(15,604,556)	-
Business Type Activities								
Water supply	3,930,948	4,266,009	34,271	-	-	369,332	369,332	-
Sewage disposal	5,175,685	5,038,605	-	-	-	(137,080)	(137,080)	-
Stormwater utility	1,030,096	1,097,036	-	-	-	66,940	66,940	-
Recreation and culture	564,667	518,836	35,000	-	-	(10,831)	(10,831)	-
Total Business Type Activities	10,701,396	\$ 10,920,486	\$ 69,271	-	-	288,361	288,361	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 33,462,180</b>	<b>\$ 15,447,075</b>	<b>\$ 2,563,050</b>	<b>\$ 135,860</b>	<b>(15,604,556)</b>	<b>288,361</b>	<b>(15,316,195)</b>	<b>-</b>
<b>Component Units:</b>								
Board of Light and Power	\$ 31,282,470	\$ 30,884,443	\$ -	\$ 126,935	-	-	-	(271,092)
Public Library	1,978,581	239,495	677,236	-	-	-	-	(1,061,850)
Downtown Development Authority	668,563	139,571	58,820	-	-	-	-	(470,172)
Brownfield Redevelopment Authority	194,934	-	-	-	-	-	-	(194,934)
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 34,124,548</b>	<b>\$ 31,263,509</b>	<b>\$ 736,056</b>	<b>\$ 126,935</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,998,048)</b>
General Revenues:								
Taxes:								
Property taxes					9,068,039	-	9,068,039	1,982,597
Payment in lieu of taxes					3,139,168	-	3,139,168	-
Unrestricted State sources					1,945,218	-	1,945,218	-
Interest and investment earnings					251,226	9,934	261,160	410,926
Sale of capital assets gain (loss)					(51,757)	-	(51,757)	90,900
Miscellaneous					265,949	16,864	282,813	137,120
Transfers					(35,321)	35,321	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>14,582,522</b>	<b>62,119</b>	<b>14,644,641</b>	<b>2,621,543</b>
<b>CHANGE IN NET ASSETS</b>					<b>(1,022,034)</b>	<b>350,480</b>	<b>(671,554)</b>	<b>623,495</b>
Net assets, beginning of year					45,463,709	37,658,239	83,121,948	59,452,301
<b>NET ASSETS, END OF YEAR</b>					<b>\$ 44,441,675</b>	<b>\$ 38,008,719</b>	<b>\$ 82,450,394</b>	<b>\$ 60,075,796</b>

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

**CITY OF MARQUETTE, MICHIGAN**

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2012

	<b>General Fund</b>	<b>Major Street and Trunkline Fund</b>	<b>Local Street Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,987,378	\$ 525,664	\$ 504,961	\$ 2,098,973	\$ 7,116,976
Investments	4,648,266	-	-	537,147	5,185,413
Taxes receivable, net	9,197,457	-	-	208,270	9,405,727
Special assessments receivable	57,999	-	-	-	57,999
Accounts receivable, net	289,101	-	-	153,312	442,413
Loan receivable	24,765	-	-	-	24,765
Due from other authorities	1,189,281	-	-	-	1,189,281
Due from other funds	1,155,750	-	-	-	1,155,750
Due from other governments	337,679	227,818	57,097	-	622,594
Inventory	62,867	-	-	-	62,867
Prepaid expenditures	219,723	-	-	9,689	229,412
	<u>\$21,170,266</u>	<u>\$ 753,482</u>	<u>\$ 562,058</u>	<u>\$ 3,007,391</u>	<u>\$25,493,197</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 196,173	\$ 97,822	\$ 51,818	\$ 153,934	\$ 499,747
Accrued wages payable	353,643	6,696	4,002	15,059	379,400
Accrued compensated absences	560,091	-	-	5,509	565,600
Due to other funds	-	648,964	506,238	-	1,155,202
Due to other local units	14,113	-	-	-	14,113
Deferred revenue	9,242,731	-	-	208,119	9,450,850
	<u>10,366,751</u>	<u>753,482</u>	<u>562,058</u>	<u>382,621</u>	<u>12,064,912</u>
<b>FUND BALANCE:</b>					
Non-spendable	307,355	-	-	669,565	976,920
Restricted	240,180	-	-	343,358	583,538
Assigned	1,501,129	-	-	1,611,847	3,112,976
Unassigned	8,754,851	-	-	-	8,754,851
	<u>10,803,515</u>	<u>-</u>	<u>-</u>	<u>2,624,770</u>	<u>13,428,285</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$21,170,266</u>	<u>\$ 753,482</u>	<u>\$ 562,058</u>	<u>\$ 3,007,391</u>	<u>\$25,493,197</u>

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

**CITY OF MARQUETTE, MICHIGAN**

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

June 30, 2012

**Total Fund Balances for Governmental Funds** **\$ 13,428,285**

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

Capital assets used in governmental activities and investments in joint ventures are not financial resources and therefore are not reported in the funds (includes capital assets of internal service funds). 49,432,482

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Unamortized bond issuance costs 129,845

Internal service funds are used by management to charge the costs of certain activities, such as the purchase and maintenance of equipment and vehicles and the operation of the Municipal Service Center, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets, net of capital assets.

Current assets	\$ 1,105,965	
Restricted assets	1,168,561	
Current liabilities	<u>(178,023)</u>	2,096,503

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

Current portion of bonds payable	\$ 1,123,102	
Current portion of notes and contracts payable	82,873	
Accrued interest on bonds	174,046	
Other post-employment benefits	1,471,830	
Compensated absences	920,074	
Bonds payable	16,376,275	
Long-term contracts and notes payable	<u>497,240</u>	<u>(20,645,440)</u>

**NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 44,441,675**

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

**CITY OF MARQUETTE, MICHIGAN**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2012

	<u>General Fund</u>	<u>Major Street and Trunkline Funds</u>	<u>Local Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Taxes and penalties	\$ 8,865,982	\$ -	\$ -	\$ 202,057	\$ 9,068,039
State sources	1,983,772	1,234,077	509,975	34,669	3,762,493
Federal sources	140,501	6,312	174,520	-	321,333
Charges for services	2,367,621	-	-	1,289,011	3,656,632
Sales	15,355	-	-	3,060	18,415
Use and admission fees	68,402	-	-	376,699	445,101
Rentals	84,347	-	-	46,168	130,515
Licenses and permits	35,076	-	-	-	35,076
Fines and forfeiture	133,099	-	-	25,093	158,192
Sale of assets	201,614	-	-	-	201,614
Reimbursements	87,621	-	-	-	87,621
Investment income	230,299	1,200	646	18,980	251,125
Payment in lieu of taxes	3,139,168	-	-	-	3,139,168
Private contribution	154,879	-	-	18,453	173,332
Intergovernmental revenue	11,293	-	-	264,314	275,607
Special assessments	24,903	-	-	-	24,903
Other	152,624	98,420	315	5,544	256,903
<b>TOTAL REVENUES</b>	<b>17,696,556</b>	<b>1,340,009</b>	<b>685,456</b>	<b>2,284,048</b>	<b>22,006,069</b>
<b>EXPENDITURES:</b>					
Current operations:					
General government	3,400,121	-	-	3,900	3,404,021
Public health and safety	6,428,886	-	-	29,992	6,458,878
Public works	3,611,473	-	-	-	3,611,473
Highway and streets	-	1,166,731	906,453	-	2,073,184
Social services	-	-	-	435,328	435,328
Community development	-	-	-	-	-
Sanitation	-	-	-	1,299,279	1,299,279
Recreation and culture	412,142	-	-	645,454	1,057,596
Capital outlay	-	414,558	736,759	117,274	1,268,591
Debt service					
Professional and contractual	-	-	-	345	345
Principal retirement	-	-	-	1,111,502	1,111,502
Interest and fiscal charges	-	-	-	789,076	789,076
<b>TOTAL EXPENDITURES</b>	<b>13,852,622</b>	<b>1,581,289</b>	<b>1,643,212</b>	<b>4,432,150</b>	<b>21,509,273</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,843,934</b>	<b>(241,280)</b>	<b>(957,756)</b>	<b>(2,148,102)</b>	<b>496,796</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Bond issuance	-	403,500	672,500	-	1,076,000
Refunding bonds	-	-	-	-	-
Premium on bond issuance	-	8,015	13,358	-	21,373
Payment to refunded bond escrow agent	-	-	-	-	-
Receipts from other governments	746,069	-	-	-	746,069
Payments to other governments	(746,069)	-	-	-	(746,069)
Transfers in	16,943	152,532	493,196	2,642,573	3,305,244
Transfers (out)	(2,397,534)	(322,767)	(221,298)	(137,272)	(3,078,871)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,380,591)</b>	<b>241,280</b>	<b>957,756</b>	<b>2,505,301</b>	<b>1,323,746</b>
<b>CHANGE IN FUND BALANCE</b>	<b>1,463,343</b>	<b>-</b>	<b>-</b>	<b>357,199</b>	<b>1,820,542</b>
Fund balance, beginning of year	9,340,172	-	-	2,267,571	11,607,743
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 10,803,515</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,624,770</b>	<b>\$ 13,428,285</b>

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

**CITY OF MARQUETTE, MICHIGAN**

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

For the Fiscal Year Ended June 30, 2012

**Net Change in Fund Balances - Total Governmental Funds** **\$ 1,820,542**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. Includes Internal Service Funds depreciation expense of \$830,564.

Capital outlays	\$ 1,423,374	
Basis of assets sold	\$ (253,390)	
Depreciation expense	<u>(3,256,641)</u>	(2,086,657)

Investments in joint ventures is reported on entity wide statements but not in individual governmental funds. Changes in value of investments in joint ventures does not appear in governmental funds.

-

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.

(1,076,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

1,111,502

Governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt.

Premium on bond issuance	\$ 11,238	
Bond issuance costs	<u>(11,644)</u>	(406)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

-

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

Other post-employment benefits (OPEB)	\$ (387,805)	
Compensated absences	<u>(17,354)</u>	(405,159)

Internal service funds are used by management to charge costs of certain activities, such as the purchase and maintenance of equipment and vehicles and the operation of the Municipal Service Center, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities net of depreciation expense.

Change in net assets	\$ (1,216,420)	
Depreciation expense	<u>830,564</u>	<u>(385,856)</u>

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ (1,022,034)**

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

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 12,104,810	\$ 12,104,810	\$ 12,044,733	\$ (60,077)
Federal grants	76,465	156,465	140,501	(15,964)
State grants and shared revenues	1,509,125	1,584,791	1,983,772	398,981
Intergovernmental revenue	34,785	20,000	11,293	(8,707)
Licenses and permits	28,180	28,180	35,076	6,896
Charges for services	2,472,300	2,427,585	2,367,621	(59,964)
Fines and forfeits	175,300	175,300	133,099	(42,201)
Interest and rentals	210,440	210,440	314,646	104,206
Other revenues	204,635	647,598	665,815	18,217
	<u>16,816,040</u>	<u>17,355,169</u>	<u>17,696,556</u>	<u>341,387</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
General government	3,537,515	3,783,604	3,400,121	383,483
Public health and safety	6,385,245	6,432,661	6,428,886	3,775
Public works	3,760,545	3,796,545	3,611,473	185,072
Recreation and culture	418,995	449,619	412,142	37,477
	<u>14,102,300</u>	<u>14,462,429</u>	<u>13,852,622</u>	<u>609,807</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,713,740</u>	<u>2,892,740</u>	<u>3,843,934</u>	<u>951,194</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	-	-	-	-
Transfers in	15,000	15,000	16,943	1,943
Transfers (out)	(2,728,740)	(2,907,740)	(2,397,534)	510,206
	<u>(2,713,740)</u>	<u>(2,892,740)</u>	<u>(2,380,591)</u>	<u>512,149</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>CHANGE IN FUND BALANCE</b>	-	-	1,463,343	1,463,343
Fund balance, beginning of year	9,340,172	9,340,172	9,340,172	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 9,340,172</u>	<u>\$ 9,340,172</u>	<u>\$ 10,803,515</u>	<u>\$ 1,463,343</u>

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

**CITY OF MARQUETTE, MICHIGAN**

MAJOR SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012

	MAJOR STREET FUND				LOCAL STREET FUND			
	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES:</b>								
Federal and State sources	\$ 1,084,000	\$ 1,165,746	\$ 1,240,389	\$ 74,643	\$ 461,000	\$ 463,023	\$ 684,495	\$ 221,472
Interest	-	-	1,200	1,200	-	-	646	646
Other	-	-	98,420	98,420	-	-	315	315
<b>TOTAL REVENUES</b>	<u>1,084,000</u>	<u>1,165,746</u>	<u>1,340,009</u>	<u>174,263</u>	<u>461,000</u>	<u>463,023</u>	<u>685,456</u>	<u>222,433</u>
<b>EXPENDITURES:</b>								
Highways, Streets and Bridges	1,744,655	1,819,271	1,581,289	237,982	1,743,060	1,733,200	1,643,212	89,988
<b>TOTAL EXPENDITURES</b>	<u>1,744,655</u>	<u>1,819,271</u>	<u>1,581,289</u>	<u>237,982</u>	<u>1,743,060</u>	<u>1,733,200</u>	<u>1,643,212</u>	<u>89,988</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(660,655)</u>	<u>(653,525)</u>	<u>(241,280)</u>	<u>412,245</u>	<u>(1,282,060)</u>	<u>(1,270,177)</u>	<u>(957,756)</u>	<u>312,421</u>
<b>OTHER FINANCING SOURCES (USES):</b>								
Issuance of debt	549,000	549,000	411,515	(137,485)	751,000	751,000	685,858	(65,142)
Transfers in	427,295	427,295	152,532	(274,763)	740,480	740,480	493,196	(247,284)
Transfers (out)	(315,640)	(322,770)	(322,767)	3	(209,420)	(221,303)	(221,298)	5
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>660,655</u>	<u>653,525</u>	<u>241,280</u>	<u>(412,245)</u>	<u>1,282,060</u>	<u>1,270,177</u>	<u>957,756</u>	<u>(312,421)</u>
<b>CHANGE IN FUND BALANCE</b>	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

June 30, 2012

	Business-Type Activities				Total	Governmental Activities
	Enterprise Funds					
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds		
<b>ASSETS:</b>						
Current Assets:						
Cash and cash equivalents	\$ 860,995	\$ -	\$ -	\$ 156,453	\$ 1,017,448	\$ 1,039,989
Special assessments receivable	11,657	65,977	-	-	77,634	-
Accounts receivable, net	717,686	1,155,542	205,141	20,498	2,098,867	2,211
Due from State	7,706	-	-	-	7,706	-
Due from local units	-	-	-	-	-	484
Due from other funds	-	168	-	-	168	-
Inventory	-	173,061	-	30,509	203,570	31,868
Prepaid expenses	19,634	17,048	20,158	681	57,521	31,413
Delinquent utility bills on taxes	11,389	-	-	-	11,389	-
<b>TOTAL CURRENT ASSETS</b>	<b>1,629,067</b>	<b>1,411,796</b>	<b>225,299</b>	<b>208,141</b>	<b>3,474,303</b>	<b>1,105,965</b>
Non-current Assets:						
Restricted Assets:						
Bond reserve fund	132,000	252,521	-	47,125	431,646	-
Replacement and maintenance fund	334,500	55,500	-	20,000	410,000	1,001,691
Bond and interest redemption fund	37,218	-	-	89,594	126,812	-
Water filtration reserve	265,000	-	-	-	265,000	-
Bond escrow fund	-	-	66,232	-	66,232	-
Fuel system reserve	-	-	-	-	-	32,920
OPEB reserve	113,924	39,903	-	-	153,827	54,013
Vacation, sick leave and benefit reserve	233,981	56,222	8,587	459	299,249	79,937
Total Restricted Assets	1,116,623	404,146	74,819	157,178	1,752,766	1,168,561
Unamortized bond issuance costs	155,117	77,276	31,506	1,761	265,660	-
Investment in joint venture	-	3,275,616	-	-	3,275,616	-
Land and other non-depreciable assets	17,725	20,594	-	-	38,319	245,566
Other capital assets, net of depreciation	24,405,367	18,274,432	9,491,147	1,532,703	53,703,649	5,174,680
Construction in progress	61,750	92,432	120,946	66,908	342,036	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25,756,582</b>	<b>22,144,496</b>	<b>9,718,418</b>	<b>1,758,550</b>	<b>59,378,046</b>	<b>6,588,807</b>
<b>TOTAL ASSETS</b>	<b>27,385,649</b>	<b>23,556,292</b>	<b>9,943,717</b>	<b>1,966,691</b>	<b>62,852,349</b>	<b>7,694,772</b>
<b>LIABILITIES:</b>						
Current Liabilities:						
Cash overdraft	-	1,629,183	36,702	-	1,665,885	-
Accounts payable	130,309	1,302,276	89,777	28,511	1,550,873	152,248
Accrued wages payable	44,520	13,951	9,409	9,642	77,522	25,628
Accrued compensated absences	-	-	-	-	-	-
Due to other funds	569	-	-	-	569	147
Customer deposits payable	-	(987)	-	11,308	10,321	-
Accrued interest payable	57,206	49,689	29,905	1,067	137,867	-
Current portion of long-term debt	-	-	280,097	80,000	360,097	-
Deferred revenue	11,657	65,977	-	-	77,634	-
Current liabilities payable from restricted assets	936,978	425,420	-	-	1,362,398	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,181,239</b>	<b>3,485,509</b>	<b>445,890</b>	<b>130,528</b>	<b>5,243,166</b>	<b>178,023</b>
Non-current Liabilities:						
Other post-employment benefits (OPEB)	113,924	39,903	-	-	153,827	54,013
Accrued compensated absences	233,981	56,222	8,587	459	299,249	79,937
Bonds payable	6,705,129	3,528,598	4,033,379	85,000	14,352,106	-
Loan payable	1,284,836	3,493,295	-	-	4,778,131	-
Unamortized bond premium	57,823	29,155	6,641	-	93,619	-
Premium on refunding	21,258	-	-	-	21,258	-
Deferred amounts on refunding	(91,025)	-	-	(6,701)	(97,726)	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>8,325,926</b>	<b>7,147,173</b>	<b>4,048,607</b>	<b>78,758</b>	<b>19,600,464</b>	<b>133,950</b>
<b>TOTAL LIABILITIES</b>	<b>9,507,165</b>	<b>10,632,682</b>	<b>4,494,497</b>	<b>209,286</b>	<b>24,843,630</b>	<b>311,973</b>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	15,569,843	10,910,990	5,291,976	1,441,312	33,214,121	5,420,246
Restricted for:						
Capital Outlay	-	-	-	-	-	32,920
Debt Service	768,718	308,021	66,232	-	1,142,971	-
Unrestricted	1,539,923	1,704,599	91,012	316,093	3,651,627	1,929,633
<b>TOTAL NET ASSETS</b>	<b>\$ 17,878,484</b>	<b>\$ 12,923,610</b>	<b>\$ 5,449,220</b>	<b>\$ 1,757,405</b>	<b>\$ 38,008,719</b>	<b>\$ 7,382,799</b>

The accompanying notes are an integral part of these statements.

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2012

	Business-Type Activities Enterprise Funds				Total	Governmental
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds		Internal Service Funds
<b>OPERATING REVENUES:</b>						
Water sales	\$ 4,168,979	\$ -	\$ -	\$ -	\$ 4,168,979	\$ -
Sewage disposal	-	4,980,836	-	-	4,980,836	-
Charges for services	-	-	1,095,686	515,747	1,611,433	2,757,187
Other operating revenue	97,030	57,769	1,350	3,089	159,238	77,914
<b>TOTAL OPERATING REVENUES</b>	<b>4,266,009</b>	<b>5,038,605</b>	<b>1,097,036</b>	<b>518,836</b>	<b>10,920,486</b>	<b>2,835,101</b>
<b>OPERATING EXPENSES:</b>						
Administrative and general	326,306	289,187	-	-	615,493	1,521,302
Water treatment and distribution	1,730,797	-	-	-	1,730,797	-
Sanitary sewer operation and booster stations	-	3,508,865	-	-	3,508,865	-
Stormwater	-	-	312,931	-	312,931	-
Recreation and culture	-	-	-	423,835	423,835	-
Payments in lieu of taxes	596,575	399,955	-	-	996,530	-
Provision for depreciation	926,561	757,574	545,151	130,630	2,359,916	830,564
Vehicle operating expenses	-	-	-	-	-	1,474,430
<b>TOTAL OPERATING EXPENSES</b>	<b>3,580,239</b>	<b>4,955,581</b>	<b>858,082</b>	<b>554,465</b>	<b>9,948,367</b>	<b>3,826,296</b>
<b>OPERATING INCOME (LOSS)</b>	<b>685,770</b>	<b>83,024</b>	<b>238,954</b>	<b>(35,629)</b>	<b>972,119</b>	<b>(991,195)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Investment income	5,851	2,661	447	975	9,934	5,440
Premium on bond issuance	6,406	19,325	9,814	-	35,545	-
Bond issuance expense	-	(11,819)	(6,862)	-	(18,681)	-
Other financing sources	-	-	-	-	-	-
Interest expense	(350,709)	(220,104)	(172,014)	(10,202)	(753,029)	-
Gain on sale of capital assets	-	-	-	-	-	31,030
Federal grant	34,271	-	-	-	34,271	-
State grant	-	-	-	35,000	35,000	-
Loss on sale of capital assets	-	-	-	-	-	-
Operating income from Marquette Area Wastewater Treatment Facility	-	-	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(304,181)</b>	<b>(209,937)</b>	<b>(168,615)</b>	<b>25,773</b>	<b>(656,960)</b>	<b>36,470</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTION AND TRANSFERS</b>	<b>381,589</b>	<b>(126,913)</b>	<b>70,339</b>	<b>(9,856)</b>	<b>315,159</b>	<b>(954,725)</b>
Capital contribution	-	-	-	-	-	-
Transfers in	-	-	-	35,321	35,321	-
Transfers (out)	-	-	-	-	-	(261,695)
<b>CHANGE IN NET ASSETS</b>	<b>381,589</b>	<b>(126,913)</b>	<b>70,339</b>	<b>25,465</b>	<b>350,480</b>	<b>(1,216,420)</b>
Net assets, beginning of year	17,496,895	13,050,523	5,378,881	1,731,940	37,658,239	8,599,219
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 17,878,484</b>	<b>\$ 12,923,610</b>	<b>\$ 5,449,220</b>	<b>\$ 1,757,405</b>	<b>\$ 38,008,719</b>	<b>\$ 7,382,799</b>

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

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2012

	Business-Type Activities				Total	Governmental
	Enterprise Funds					Internal
	Water Supply	Sewage	Stormwater	Non-major		Service
Fund	Disposal	Utility	Enterprise		Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from fees and charges for services	\$ 4,063,103	\$ 4,299,414	\$ 1,033,650	\$ 512,359	\$ 9,908,526	\$ 2,774,045
Other operating revenues	92,709	65,880	1,351	3,089	163,029	77,914
Cash payments to employees for services	(1,198,857)	(663,764)	(170,013)	(148,382)	(2,181,016)	(911,053)
Cash payments to suppliers for goods and services	(1,430,945)	(3,336,930)	(101,733)	(264,282)	(5,133,890)	(2,038,995)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,526,010</b>	<b>364,600</b>	<b>763,255</b>	<b>102,784</b>	<b>2,756,649</b>	<b>(98,089)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Transfers in	-	-	-	35,321	35,321	-
Transfers (out)	-	-	-	-	-	(261,695)
Increase (decrease) in cash overdraft	-	401,436	(62,707)	-	338,729	-
(Increase) in due from local units and other funds	569	(168)	-	-	401	612
State and Federal grants	34,271	-	-	35,000	69,271	-
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>34,840</b>	<b>401,268</b>	<b>(62,707)</b>	<b>70,321</b>	<b>443,722</b>	<b>(261,083)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Cash payments for capital assets	(1,425,518)	(2,062,192)	(756,788)	-	(4,244,498)	(496,422)
Interest paid on bonds	(339,195)	(208,233)	(169,011)	(7,712)	(724,151)	-
Principal payments on bonds and other long-term debt	(840,525)	(340,036)	(245,986)	(75,000)	(1,501,547)	-
Premium on bond issuance	6,406	16,896	9,814	-	33,116	-
Cash payments for bond issuance expenses	(9,762)	(21,582)	(16,625)	-	(47,969)	-
Proceeds from the issuance of bonds	1,131,606	1,467,000	484,200	-	3,082,806	-
Cash received from State for capital asset construction	357,033	359,025	-	-	716,058	-
Proceeds from sale of capital assets	-	-	-	-	-	31,030
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,119,955)</b>	<b>(789,122)</b>	<b>(694,396)</b>	<b>(82,712)</b>	<b>(2,686,185)</b>	<b>(465,392)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest income	5,851	2,661	447	975	9,934	5,440
(Increase) Decrease in restricted assets:						
Bond reserve fund	-	-	-	(674)	(674)	-
Bond interest redemption fund	(183)	-	-	-	(183)	-
Equipment reserve fund	-	-	-	-	-	(1,530)
Fuel system reserve fund	-	-	-	-	-	(2,121)
Bond escrow fund	-	-	(5,351)	-	(5,351)	-
OPEB reserve fund	(35,846)	(9,808)	-	-	(45,654)	(7,872)
Vacation and sick leave reserve	(44)	30,401	(1,248)	739	29,848	(10,031)
Marina bonds	-	-	-	(5,000)	(5,000)	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(30,222)</b>	<b>23,254</b>	<b>(6,152)</b>	<b>(3,960)</b>	<b>(17,080)</b>	<b>(16,114)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>410,673</b>	<b>-</b>	<b>-</b>	<b>86,433</b>	<b>497,106</b>	<b>(840,678)</b>
Cash and cash equivalents, beginning of year	450,322	-	-	70,020	520,342	1,880,667
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 860,995</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 156,453</b>	<b>\$ 1,017,448</b>	<b>\$ 1,039,989</b>
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>						
Due from State for draw downs on loan payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 685,770	\$ 83,024	\$ 238,954	\$ (35,629)	\$ 972,119	\$ (991,195)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	926,561	757,574	545,151	130,630	2,359,916	830,564
Amortization	18,194	4,948	1,592	880	25,614	-
Change in assets and liabilities:						
(Increase) Decrease in accounts receivable, net	(110,197)	(673,311)	(62,036)	(3,388)	(848,932)	16,858
(Increase) Decrease in special assessments receivable	1,721	8,111	-	-	9,832	-
(Increase) in inventory	-	(17,918)	-	-	(17,918)	(6,698)
(Increase) in prepaid expenses	2,578	(2,819)	(20,029)	195	(20,075)	(10,351)
Increase (Decrease) in customer deposits payable	-	233	-	390	623	-
Increase (Decrease) in accounts payable	(41,264)	244,669	56,862	9,448	269,715	40,862
Increase in other post-employment benefits (OPEB)	35,846	9,808	-	-	45,654	7,872
Increase in accrued wages payable	8,478	(11,207)	1,513	997	(219)	3,968
Increase (Decrease) in accrued sick and vacation	44	(30,401)	1,248	(739)	(29,848)	10,031
Increase (Decrease) in deferred revenue	(1,721)	(8,111)	-	-	(9,832)	-
<b>NET ADJUSTMENTS</b>	<b>840,240</b>	<b>281,576</b>	<b>524,301</b>	<b>138,413</b>	<b>1,784,530</b>	<b>893,106</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 1,526,010</b>	<b>\$ 364,600</b>	<b>\$ 763,255</b>	<b>\$ 102,784</b>	<b>\$ 2,756,649</b>	<b>\$ (98,089)</b>

The accompanying notes are an integral part of these statements.

**CITY OF MARQUETTE, MICHIGAN**

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2012

	<u>Private- Purpose Trust Funds</u>	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and equivalents	\$ 48,042	\$ 851,642	\$ 2,207,861
Investments:			
United States Government Securities	-	1,048,188	-
Domestic Corporation Bonds	-	4,631,069	-
Common, Pooled Fund	-	17,994,291	-
Government National Mortgage Association	-	403	-
Taxes receivable	-	-	22,216
Accounts receivable	-	-	-
Accrued interest receivable	-	73,898	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>48,042</b>	<b>24,599,491</b>	<b>\$ 2,230,077</b>
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
Accounts payable	-	4,290	-
Contract retainage payable	-	-	57,346
Accrued wages and related liabilities	-	-	1,907,448
Due to other governments	-	-	8,708
Due to State	-	-	8,043
Due to local units	-	-	13,785
Other liabilities	-	-	234,747
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>4,290</b>	<b>\$ 2,230,077</b>
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>			
Held in trust for pension benefits	-	24,595,201	
Held in trust for individuals, organizations, and other governments	48,042	-	
	<hr/>	<hr/>	
<b>TOTAL NET ASSETS</b>	<b>\$ 48,042</b>	<b>\$ 24,595,201</b>	
	<hr/>	<hr/>	

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

**CITY OF MARQUETTE, MICHIGAN**

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Fiscal Year Ended June 30, 2012

	<b>Private- Purpose Trust Funds</b>	<b>Pension Trust Fund</b>
	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ -	\$ 1,002,287
Employee	-	155,336
Gifts, bequests and endowments	-	-
	<u>                    </u>	<u>                    </u>
Total Contributions	-	1,157,623
Investment Income:		
Net appreciation (depreciation) in fair value of investment:	-	(1,653,190)
Interest and dividends	61	641,172
	<u>                    </u>	<u>                    </u>
Net Investment Income	61	(1,012,018)
<b>TOTAL ADDITIONS</b>	<u>                    </u> 61	<u>                    </u> 145,605
<b>DEDUCTIONS:</b>		
Benefits and annuity withdrawals	-	1,565,313
Investment expense	-	156,301
Administrative expenses	-	12,062
Payments in accordance with trust agreements	-	-
	<u>                    </u>	<u>                    </u>
<b>TOTAL DEDUCTIONS</b>	-	1,733,676
<b>CHANGE IN NET ASSETS</b>	61	(1,588,071)
Net assets, beginning of year	<u>                    </u> 47,981	<u>                    </u> 26,183,272
<b>NET ASSETS, END OF YEAR</b>	<u>                    </u> \$ 48,042	<u>                    </u> \$ 24,595,201

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

**CITY OF MARQUETTE, MICHIGAN**  
**COMPONENT UNITS**  
**COMBINING STATEMENT OF NET ASSETS**

June 30, 2012

	<b>Board of Light and Power</b>	<b>Peter White Public Library</b>	<b>Non-Major</b>		<b>Total</b>
			<b>Downtown Development Authority</b>	<b>Brownfield Redevelopment Authority</b>	
<b>ASSETS:</b>					
Current Assets:					
Cash and cash equivalents	\$ 12,406,020	\$ 155,532	\$ 1,479,844	\$ 311,000	\$ 14,352,396
Investments	-	651,743	-	-	651,743
Receivables, net	1,221,555	1,180,520	689,612	-	3,091,687
Inventory	3,348,335	-	-	-	3,348,335
Prepaid expenses and other assets	138,115	15,918	1,837	12	155,882
<b>TOTAL CURRENT ASSETS</b>	<b>17,114,025</b>	<b>2,003,713</b>	<b>2,171,293</b>	<b>311,012</b>	<b>21,600,043</b>
Non-current Assets:					
Restricted assets	848,146	-	-	-	848,146
Unamortized bond issuance costs	193,695	-	-	87,568	281,263
Investment in UPPPA	2,753,884	-	-	-	2,753,884
Capital assets:					
Land, and construction in progress	-	114,704	-	1,258,613	1,373,317
Other depreciable assets, net of depreciation	45,496,774	4,271,008	3,460,442	-	53,228,224
Total Capital Assets	45,496,774	4,385,712	3,460,442	1,258,613	54,601,541
<b>TOTAL NON-CURRENT ASSETS</b>	<b>49,292,499</b>	<b>4,385,712</b>	<b>3,460,442</b>	<b>1,346,181</b>	<b>58,484,834</b>
<b>TOTAL ASSETS</b>	<b>66,406,524</b>	<b>6,389,425</b>	<b>5,631,735</b>	<b>1,657,193</b>	<b>80,084,877</b>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts payable	1,072,506	34,107	152,172	17,064	1,275,849
Accrued liabilities	126,231	36,472	-	746	163,449
Accrued interest on bonds	-	-	-	15,587	15,587
Due to primary government	-	-	-	-	-
Unearned revenue	-	1,174,084	663,872	-	1,837,956
Compensated absences	926,857	-	-	-	926,857
Customer deposits payable	1,128,272	-	-	-	1,128,272
Current portion of bonds payable	-	285,000	50,000	50,000	385,000
Other current liabilities	250,159	-	-	-	250,159
Current liabilities (payable from restricted assets):					
Current maturities on revenue bonds	765,000	-	-	-	765,000
Revenue bond accrued interest payable	-	-	-	-	-
Total Current Liabilities (payable from restricted assets)	765,000	-	-	-	765,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,269,025</b>	<b>1,529,663</b>	<b>866,044</b>	<b>83,397</b>	<b>6,748,129</b>
Non-current Liabilities:					
Other post-employment benefits (OPEB)	1,218,366	-	-	-	1,218,366
Compensated absences	-	121,558	-	-	121,558
Bonds payable	5,749,219	1,595,000	1,450,000	1,340,000	10,134,219
Other	1,786,809	-	-	-	1,786,809
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>8,754,394</b>	<b>1,716,558</b>	<b>1,450,000</b>	<b>1,340,000</b>	<b>13,260,952</b>
<b>TOTAL LIABILITIES</b>	<b>13,023,419</b>	<b>3,246,221</b>	<b>2,316,044</b>	<b>1,423,397</b>	<b>20,009,081</b>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	38,982,555	2,505,712	1,960,442	-	43,448,709
Restricted:					
Debt Service	-	20,197	-	-	20,197
Capital outlay	-	-	-	233,796	233,796
Other activities	848,146	683,490	-	-	1,531,636
Unrestricted	13,552,404	(66,195)	1,355,249	-	14,841,458
<b>TOTAL NET ASSETS</b>	<b>\$ 53,383,105</b>	<b>\$ 3,143,204</b>	<b>\$ 3,315,691</b>	<b>\$ 233,796</b>	<b>\$ 60,075,796</b>

The accompanying notes are an integral part of these statements.

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2012

Function / Program	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Board of Light and Power	Peter White Public Library	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Board of Light and Power Operations	\$31,282,470	\$30,884,443	\$ -	\$ 126,935	\$ (271,092)	\$ -	\$ -	\$ -	\$ (271,092)
Peter White Public Library Recreation and culture	1,978,581	239,495	677,236	-	-	(1,061,850)	-	-	(1,061,850)
Non-major   Downtown Development Authority Operations	668,563	139,571	58,820	-	-	-	(470,172)	-	(470,172)
Brownfield Redevelopment Authority Operations	194,934	-	-	-	-	-	-	(194,934)	(194,934)
<b>TOTAL COMPONENT UNITS</b>	<u>\$34,124,548</u>	<u>\$31,263,509</u>	<u>\$ 736,056</u>	<u>\$ 126,935</u>	<u>(271,092)</u>	<u>(1,061,850)</u>	<u>(470,172)</u>	<u>(194,934)</u>	<u>(1,998,048)</u>
General Revenues:									
Property taxes	-	-	-	-	-	1,146,573	686,612	149,412	1,982,597
Interest and investment earnings	397,020	-	-	-	397,020	8,359	4,049	1,498	410,926
Proceeds on the sale of fixed assets	-	-	-	-	-	90,900	-	-	90,900
Amortization of bond premium	26,580	-	-	-	26,580	-	-	-	26,580
Miscellaneous	41,794	-	-	-	41,794	23,552	45,194	-	110,540
<b>TOTAL GENERAL REVENUES</b>	<u>465,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>465,394</u>	<u>1,269,384</u>	<u>735,855</u>	<u>150,910</u>	<u>2,621,543</u>
<b>CHANGE IN NET ASSETS</b>	<u>194,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,302</u>	<u>207,534</u>	<u>265,683</u>	<u>(44,024)</u>	<u>623,495</u>
Net assets, beginning of year	<u>53,188,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,188,803</u>	<u>2,935,670</u>	<u>3,050,008</u>	<u>277,820</u>	<u>59,452,301</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 53,383,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,383,105</u>	<u>\$ 3,143,204</u>	<u>\$ 3,315,691</u>	<u>\$ 233,796</u>	<u>\$ 60,075,796</u>

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

## City of Marquette, Michigan

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The City of Marquette, Michigan was incorporated February 27, 1871, under the provision of Act 279, PS 1909, as amended (Home Rule City Act). The City operates under a Commissioner – Manager form of government and the services provided to the citizens include: legislative, executive, elections, general services, public safety and fire protection, inspection, public works, sanitation, parking systems, social services, parks and recreation, cultural, conservation of natural resources, planning and other functions. In addition, the City operates six enterprise funds and three internal service funds, which provide water services, and sewer services, marina services, park and recreation services, stormwater management, technology services, transportation rental, and building rental.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the City are described below.

#### **(1) REPORTING ENTITY**

The City's financial statements present the City (the primary government) and its component units. 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 GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance, part of the government's operations, therefore data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended and discretely presented component unit has a June 30 year-end.

***Fire and Police Retirement System*** – The City of Marquette is the administrator of a single-employer public employee retirement system established and administered by the City to provide pension benefits for the Fire and Police Department employees. The Fire and Police Retirement System is considered part of the City of Marquette financial reporting entity and is included in the City's financial report as a pension trust fund.

#### **BLENDED COMPONENT UNITS**

***City of Marquette Building Authority*** – The Building Authority's governing body consists of the City Manager, Finance Director, and City Attorney which are appointed by the governing board of the reporting entity. Although it is legally separate from the City, the Authority is reported as if it were part

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

of the primary government because its sole purpose is to finance and construct the City's public buildings. The reporting entity has guaranteed the debt issues of the Authority.

**DISCRETELY PRESENTED COMPONENT UNITS**

**Proprietary Fund Type**

**City of Marquette Board of Light and Power** – The Board of Light and Power's operating results are held accountable to the government's governing body. The rates for user charges and debt issuance authorizations are approved by the government's governing body. The reporting entity has the responsibility to fund deficits and operating deficiencies. Prior to fiscal year 1993-94, this entity had been blended with and included in the City's reporting entity as an enterprise fund.

A complete financial statement of the component unit can be obtained directly from the administrative office.

City of Marquette Board of Light and Power  
2200 Wright Street  
Marquette, MI 49855

**Governmental Fund Type**

**City of Marquette Downtown Development Authority** – The Downtown Development Authority's governing board is appointed by the City's Mayor with the confirmation of the Commission and includes the City Manager of the reporting entity. The reporting entity has the responsibility to fund deficits and operating deficiencies, as well as a guarantee for any debt the Authority issues.

Separate financial statements for the City of Marquette Downtown Development Authority are not developed; however, information can be obtained from the City's Finance Department upon request, located at 300 West Baraga Avenue, Marquette, Michigan 49855.

**Peter White Public Library** – The Peter White Public Library's governing body is appointed by the City's Mayor with the confirmation of the Commission. The reporting entity has the responsibility to fund deficits and operating deficiencies.

Separately issued financial statements of the Peter White Public Library component unit can be obtained from the City's Finance Department located at 300 West Baraga Avenue, Marquette, Michigan 49855.

**Brownfield Redevelopment Authority** – The Brownfield Redevelopment Authority's governing board is appointed by the City Commission. They review and approve plans for business development within designated areas of the City where property was once contaminated. Property tax revenues from the "captured" portion of these properties are restricted to pay for site clean-up expenditures and future development depending on the development plan adopted for each project. The City has the ability to significantly influence the operations of the Brownfield Redevelopment Authority and has accountability for fiscal matters.

GASB Statement No. 14 requires reasonable separation between the Primary Government (including its blended component units) and its discretely presented component units, both in the financial statements and in the related notes and required supplementary information. Because the discretely presented component units, although legally separate, have been and are operated as if each is part of

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

the primary government, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

**JOINT VENTURES**

As defined in GASB Statement No. 14, a joint venture is a legal entity or other organization that results from a contractual arrangement (or interlocal agreement) and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The City participates in the following joint ventures:

**Marquette Area Wastewater Treatment Facility** – The Marquette Area Wastewater Treatment Facility’s governing board includes joint representation as appointed by the participating governments’ governing bodies. As enumerated in Footnote D, the facility is being accounted for as an equity investment within the reporting entity.

**Marquette County Solid Waste Management Authority** – The Marquette County Solid Waste Management Authority’s governing board includes joint representation as appointed by the participating governments’ governing bodies. The reporting entity’s representation consists of two of seven members and does not constitute enough representation to exert significant influence over the Authority’s operations. The Authority selects the management staff, sets user charges and budgets, and controls all aspects of its operations and developments. The reporting entity provided its proportionate share of the initial funding and has guaranteed its proportional share of the Authority’s outstanding debt.

**RELATED ORGANIZATIONS**

**Marquette Housing Commission** – The Marquette Housing Commission was created to provide low-income housing for the City residents. The Marquette Housing Commission’s governing board is appointed by the City Mayor with the confirmation of the Commission; however, the City does not provide any financial assistance to the Housing Commission. Management of the Housing Commission is not designated by the City nor does the City have the ability to significantly influence operations. The City does not subsidize the operations of the Housing Commission and does not guarantee its debt service. The Marquette Housing Commission has not been included as a component unit of the City’s reporting entity because there is no accountability for fiscal matters to the City.

Summary financial information as of and for the fiscal year ended September 30, 2011, the latest available report, is as follows:

Total Liabilities	\$ 904,669
Total Net Assets	5,040,560
Total Operating Revenues	1,863,737
Total Operating Expenses	2,038,484
Total Non-Operating Revenues (Expenses)	(20,474)
Capital Grant Contributions	90,380
Net Increase (Decrease) in Net Assets	(104,841)

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

### **(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorized primary activities as either governmental or business-type. The City's public health and safety, public works, highways and streets, sanitation, social services, recreation and culture, and general government services are classified as governmental activities. The City's water, sewer, stormwater, Tourist Park, marina, and concession services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The City allocates indirect costs through an administrative service fee that is charged by the General Fund to the other operating funds to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology, etc.)

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### **(3) BASIC FINANCIAL STATEMENTS – 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 comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City:

#### ***Governmental Funds:***

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**General Fund** – The General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Debt Service Funds** – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Component Units** – Component Units are used to account for the discretely presented component units which follow governmental fund accounting guidelines.

### **Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

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

**Internal Service Funds** – Internal Service Funds are used to finance, administer and account for the financing of equipment and building purchases and maintenance services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost reimbursement basis.

**Component Units** – Component Units are used to account for the discretely presented component units which follow proprietary fund accounting guidelines.

### **Fiduciary Funds:**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34. sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

The City reports the following major governmental funds:

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

The **Major Street and Trunkline Fund** accounts for the receipt of allocated state shared gas and weight taxes. The expenditure of these funds is restricted to Federal and State trunklines and certain "mile" roads designated as major under contractual agreement with the State of Michigan.

The **Local Street Fund** accounts for the allocated state shared gas and weight taxes for remaining City roads.

The City reports the following major proprietary funds:

The **Water Supply Fund** accounts for the activities related to water treatment and distribution, and billing for services.

The **Sewage Disposal Fund** accounts for the activities related to sanitary sewer operation and booster stations, and billing for services.

The **Stormwater Utility Fund** accounts for the management of stormwater related activities including billing, maintenance and construction.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public works, etc.)

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements. The Special Activities Private - Purpose Trust Fund is used to account for the contributions from private sources restricted for special projects. The Fire-Police Retirement System Fund is used to account for the accumulation of resources to be used for the retirement annuity payments at appropriate amounts and times in the future. The Agency Fund is used to record the collection and payment of property taxes billed and collected by the City on behalf of the County, the School Districts, and the Intermediate School District.

### **(4) BASIS OF ACCOUNTING**

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

#### ***Accrual***

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes and special assessments are being recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

All enterprise funds, private-purpose trust funds, and pension trust funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled electric, water, and sewer services are accrued as revenue in the Component Unit, Water Supply, and Sewage Disposal Funds based upon estimated consumption at year-end.

### ***Modified Accrual***

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income, and intergovernmental revenues. Sales taxes collected and held by the State at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

## **(5) FINANCIAL STATEMENT AMOUNTS**

***Budgets and Budgetary Accounting*** – The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On the third Monday in April, the City Manager submits to the City Commission a proposed operating budget for the ensuing fiscal year commencing July 1 in accordance with Section 8.2 of the City Charter. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to its adoption, a public hearing is conducted at City Hall to obtain taxpayer comments.
3. No later than the third Monday in May, the budget is adopted by the City Commission in accordance with the provision of Section 8.6 of the City Charter.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

4. The City Commission adopts the budget by functional categories as presented in the basic financial statements. Any transfers of appropriation between functions must be approved by the City Commission. All unexpended appropriations lapse at fiscal year-end.
5. Formal budgetary integration is employed as a management control device for the General Fund, all Special Revenue Funds, Debt Service Funds, and Capital Project Funds. Informational budget summaries only are adopted for the Enterprise and Internal Service Funds. Such funds are not covered under the State of Michigan's Public Act 621 nor the City's General Appropriations Act.
6. The City Commission has the authority to amend the budget when it becomes apparent that deviations in the original budget will occur and the amount of the deviation can be determined. Once originally adopted, the budget was formally amended two times during the fiscal year.
7. The legally adopted budgets for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds and the informational summaries for the Enterprise and Internal Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**Cash Equivalents** – For the purposes of balance sheet classification and the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Restricted assets which contain cash equivalents are included in analyzing the effect on cash and cash equivalents in the Statement of Cash Flows.

**Investments** – Investments are reported at fair value, based on quoted market prices.

**Inventory** – Inventory is valued at cost using both the first-in, first-out (FIFO) method and the average cost method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

**Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. The cost of construction in progress includes interest costs incurred during the construction period. The amount of capitalized interest is determined using the weighted average amount of accumulated expenditures multiplied by the interest rate for the obligation incurred specifically to finance the construction of the asset.

Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Land improvements	20 years
Building, structures and improvements	50 years
Equipment	5 – 35 years
Water and Sewage System	25 – 75 years
Electric System – Component Unit	5 – 80 years
Stormwater System	25 years
Infrastructure	20 – 50 years

The cost of normal maintenance and repairs is charged to operations as incurred. Renewals and betterments are capitalized and depreciated over the remaining useful lives of the related properties.

A portion of the depreciation provision for the electric component unit is being charged to the cost of fuel for those vehicles which groom and work the coal pile.

**Long-Term Liabilities** – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**Subsequent Events** – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying independent auditor’s report, which is the date the financial statements were available to be issued.

**Property Taxes** – Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied no later than the third Monday in May and payable on July 1. Taxes receivable are recorded when levied, as the legal right to receive exists. However, such revenues are not normally received until after the 60 day period following the fiscal year-end. Accordingly, deferred revenue is being recognized for such amounts.

The City bills and collects its own property taxes and also the taxes for the local school district, the Intermediate School District, and the County. Collections of local school taxes, Intermediate School District taxes, and County taxes, and their remittance are accounted for in the Agency Fund.

**Worker’s Compensation** – The City’s policy is to pay worker’s compensation premiums as incurred. Any additional premiums or refunds resulting from experience adjustments are recorded in the year made or received, respectively.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**Comparative Data and Reclassifications** – Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

**Compensated Absences** – The City accrues accumulated unpaid vacation, sick leave and benefit days and associated employee-related costs when earned (or estimated to be earned) by the employee. A liability for these amounts is reported in the governmental funds based on historical estimates of the amount of compensated absences that will use current expendable resources, or if the liability has matured, for example, as a result of employee resignations and retirements. The non-current portion (the amount estimated to be used in subsequent fiscal year) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

**Interfund Activity** – Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**NOTE B – DEPOSITS AND INVESTMENTS:**

Cash Equivalents

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government and its component units from the Statement of Net Assets:

	Primary Government	Component Units	Fiduciary Funds	Total
Unrestricted:				
Cash and cash equivalents	\$ 7,508,528	\$14,352,396	\$ 3,107,545	\$24,968,469
Investments	5,185,413	651,743	23,673,951	29,511,107
	<u>12,693,941</u>	<u>15,004,139</u>	<u>26,781,496</u>	<u>54,479,576</u>
Restricted:				
Cash and cash equivalents	1,745,860	848,146	-	2,594,006
Investments	1,175,467	-	-	1,175,467
	<u>2,921,327</u>	<u>848,146</u>	<u>-</u>	<u>3,769,473</u>
TOTALS	<u>\$ 15,615,268</u>	<u>\$15,852,285</u>	<u>\$26,781,496</u>	<u>\$58,249,049</u>

*Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State law does not require and the City does not have a deposit policy for custodial credit risk. The carrying amounts of the primary government, component unit, and fiduciary funds deposits with financial institutions was \$27,562,475 and the bank balance was \$25,742,768.

**NOTE B – DEPOSITS AND INVESTMENTS (Continued):**

The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the City in its name	\$ 13,487,570
Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:	
Collateralized and uninsured	<u>12,255,198</u>
	<u><u>\$ 25,742,768</u></u>

**Investments**

As of June 30, 2012 the City had the following investments:

	Fair Value	Investment Maturities (in years)			
		Less than 1	1 - 5	6 - 10	More than 10
<b>PRIMARY GOVERNMENT:</b>					
Unrestricted Investments:					
U.S. Government Agencies	\$ 5,185,413	\$ 5,185,413	\$ -	\$ -	\$ -
Restricted Investments:					
U.S. Government Agencies	<u>1,175,467</u>	<u>1,175,467</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL INVESTMENTS	<u>\$ 6,360,880</u>	<u>\$ 6,360,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>COMPONENT UNITS:</b>					
Mutual Bond Funds	\$ 248,942	\$ 248,942	\$ -	\$ -	\$ -
Mutual Equity Funds	<u>402,801</u>	<u>402,801</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL INVESTMENTS	<u>\$ 651,743</u>	<u>\$ 651,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FIDUCIARY FUNDS:</b>					
U.S. Government Agencies	\$ 1,048,188	\$ -	\$ 924,295	\$ 123,893	\$ -
Domestic Corporation Bonds	4,631,069	663,909	1,901,461	2,065,699	-
Common, Pooled Fund	17,994,291	17,994,291	-	-	-
Government National Mortgage Association	<u>403</u>	<u>-</u>	<u>121</u>	<u>-</u>	<u>282</u>
TOTAL INVESTMENTS	<u>\$ 23,673,951</u>	<u>\$ 18,658,200</u>	<u>\$ 2,825,877</u>	<u>\$ 2,189,592</u>	<u>\$ 282</u>

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City's investments. 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.

*Credit Risk*

Michigan statutes (Act 196, PA 1997) authorize the City to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state,

## NOTE B – DEPOSITS AND INVESTMENTS (Continued):

commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivision, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

Michigan statute (Act 314, PA 1965, as amended) authorizes the pension trust to invest in, with certain restrictions, stocks and mutual funds up to 60% of the system's assets; investments in the general or separate account of life insurance companies; fixed income securities; investments in leased property; direct investments in property; investments in real estate loans; investments in small business or venture capital firms in Michigan; surplus funds pooled accounts; and bank or trust company collective investment funds.

The City's investment policy would not further limit its investment choices. The City's investments in Mutual Bond Funds are rated from A1 to AAA by Moody's. Ratings are not required for the City's investment in U.S. Government Agencies or equity-type funds. The City's investments are in accordance with statutory authority.

### *Concentration of Credit Risk*

The City places no limit on the amount the City may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

## NOTE C – RESTRICTED ASSETS – PROPRIETARY FUNDS AND COMPONENT UNIT:

The enterprise fund has certain cash investment balances classified as restricted assets since their use is limited by applicable bond indentures and ordinances. The major provisions of the ordinances covering the bond indentures of the component unit (Board of Light and Power), the Water Supply, and Sewage Disposal Funds are as follows:

1. **Rates** – The component unit fund only shall charge and collect rates necessary to provide net revenues sufficient to cover annual debt service not less than 1.3 times.
2. **Receiving Fund** – All system revenues will be paid into this fund, including interest income, to the extent interest income is not retained in the construction or bond reserve funds.
3. **Operation and Maintenance Fund** – Transfers must be made from the Receiving Fund, which is used for initial deposit of all receipts, to the Operation and Maintenance Fund (included under current assets) to cover payment of next month's estimated operating expenses.
4. **Bond Reserve Fund** – Transfers must be made to the Bond Reserve Fund in an amount equal to the maximum annual principal and interest on the revenue bonds.
5. **Replacement/Maintenance Fund** – Transfers are to be made, as necessary, up to required levels, to make major repairs and replacements to the systems.
6. **Bond and Interest Redemption** – Transfers will be made from the Receiving Fund in amounts sufficient to pay the current bond and interest maturities.
7. **Bond Escrow Fund** – Transfers were made to the Bond Escrow Fund to provide for the normal retirement, including interest, of the capitalized leases, and revenue bond issues. Transfers will be made to the Bond and Interest Redemption Fund as the obligations become due.
8. **OPEB Reserve** – Transfers will be made to the OPEB reserve to provide funding for the net OPEB liability.
9. **Vacation, Sick and Benefit Days Reserve** – Transfers will be made to the vacation and sick leave reserve to provide funding for accrued vacation, sick leave, and benefit day liabilities to be paid to employees upon retirement or termination.

**NOTE C – RESTRICTED ASSETS – PROPRIETARY FUNDS AND COMPONENT UNIT (Continued):**

10. **Tax Payment Fund** – Transfers will be made to the Tax Payment Fund in amounts sufficient to make payments in lieu of taxes to the City of Marquette. Transfers into this fund are subordinate to payments of the above listed funds.
11. **Plant Replacement - Risk Retention Fund** – Transfers will be made, as the Board determines necessary to the fund, to finance major system repairs or replacements and provide for potential claims not covered by existing insurance policies. Transfers to this fund are subordinate to transfers to the tax payment fund noted above.
12. **Plant Improvement Fund** – Transfers will be made to the Plant Improvement Fund as the Board deems necessary for improvements, enlargements and extension of the system. Transfers to this fund are subordinate to transfers to the Plant Replacement Fund.
13. Transfers from the Water Supply Fund and Sewage Disposal Fund may be made to the General Fund up to 40% of the surplus remaining at the end of the preceding fiscal year.
14. The balance of revenues remaining after the above requirements are met shall, at the option of the governing agency, be transferred to the Bond Reserve Fund for the purpose of calling bonds.

The City Charter allows the transfer to the General Fund of 50% of the preceding year’s net income of public utilities. The amount of net income not transferred to the General Fund must be held in a reserve account for future capital outlay. Expenditures shall be charged to the reserve account.

The composition of restricted asset accounts for the respective primary government enterprise and internal service funds and the respective component units are as follows:

	Water Supply Fund	Sewage Disposal Fund	Stormwater Fund	Nonmajor Enterprise Funds	Technology Services Fund	Motor Vehicle Equipment Fund	Municipal Service Center Fund	BLP	Primary Government Total
Cash and cash equivalents	\$ 1,079,566	\$ 404,146	\$ 74,819	\$ 20,459	\$ 47,298	\$ 113,763	\$ 5,809	\$ 848,146	\$ 2,594,006
Investments	37,057	-	-	136,719	-	1,001,691	-	-	1,175,467
<b>TOTALS</b>	<b>\$ 1,116,623</b>	<b>\$ 404,146</b>	<b>\$ 74,819</b>	<b>\$ 157,178</b>	<b>\$ 47,298</b>	<b>\$ 1,115,454</b>	<b>\$ 5,809</b>	<b>\$ 848,146</b>	<b>\$ 3,769,473</b>

**NOTE D – JOINT VENTURE – INVESTMENT IN WASTEWATER PLANT:**

The City has entered into a contract with the adjacent townships of Chocolay and Marquette through the County of Marquette to construct and operate a wastewater plant known as the Marquette Area Wastewater Treatment Facility. Under the original agreement, the City owned 79.8% of the facility, the Township of Marquette owned 5.5%, and the Township of Chocolay owned 14.7%. The cost of construction amounted to approximately \$12,000,000 and was financed by Federal and State grants for 80% of the cost and \$2,500,000 general obligation bonds issued by Marquette County. The full faith and credit of the City and the two Townships have been pledged. The total investment in the Facility at June 30, 2012 by the City is \$3,275,616, including local contributions and its proportionate share of the net equity of the facility.

In the spring of 1993, the City of Marquette and Chocolay Township each sold 2.25% of capacity to Marquette Township. The new ownership percentages were the City of Marquette owns 77.55%, Chocolay Township owns 12.45%, and Marquette Township owns 10.00%.

On June 26, 2006, there was an amendment to the Marquette County Wastewater Disposal System contract to change the ownership of the three partners involved. The new ownership percentages for the City of Marquette, the Charter Township of Chocolay, and the Charter Township of Marquette are 85%, 5%, and 10%, respectively.

**NOTE D – JOINT VENTURE – INVESTMENT IN WASTEWATER PLANT (Continued):**

The City utilizes the equity method of accounting for the activity in its investment in the Facility. Under the equity method, the investment is adjusted for any additional capital investments made and its proportionate share of the Facility’s results of operations.

As required by Governmental Accounting Standards Board Statement No. 14, the City’s equity interest is shown as an asset in the Water Supply and Sewage Disposal Fund. The separately issued audited financial statements can be obtained at the City’s Finance Department located at 300 West Baraga Avenue, Marquette, Michigan 49855.

A summary of condensed financial information of the Facility, in the aggregate, is as follows:

Assets	\$20,307,682
Liabilities	14,893,330
Equity	5,414,352
Revenues	1,910,033
Expenses	2,800,353
Other income	3,399
Loss from operations	(890,320)
City's share of net gain	16,920

**NOTE E – LONG-TERM DEBT:**

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
Department of Transportation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
State Infrastructure Bank Note (MDOT Spring Street)	662,988	-	(82,873)	580,115	82,873
2003 Founder's Landing Bonds	2,825,000	-	(190,000)	2,635,000	190,000
2006 Street Improvements Bonds	2,157,500	-	(160,000)	1,997,500	165,000
2007 Forestland Bonds	4,420,000	-	(210,000)	4,210,000	225,000
2007 High Street Bonds	199,773	-	(9,655)	190,118	9,790
2008 Street Improvements Bonds	2,430,101	-	(101,184)	2,328,917	106,082
2009 Capital Improvements Bonds:					
Refunding Portion	2,105,000	-	(170,000)	1,935,000	175,000
Street Bonds Portion	3,179,770	-	(187,790)	2,991,980	196,230
Add: deferred amounts on 2009 bonds	146,098	-	(11,238)	134,860	-
2011 Street Improvement Bonds	-	1,076,000	-	1,076,000	56,000
Accrued Compensated Absences	1,449,051	370,400	(333,777)	1,485,674	565,600
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 19,575,281</b>	<b>\$ 1,446,400</b>	<b>\$ (1,456,517)</b>	<b>\$ 19,565,164</b>	<b>\$ 1,771,575</b>

**NOTE E – LONG-TERM DEBT (Continued):**

	Balance			Balance	
	June 30, 2011	Additions	Deductions	June 30, 2012	Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES:</b>					
<u>STORMWATER UTILITY FUND:</u>					
1995 Stormwater Revenue Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
2006 Street Improvements Bonds	2,157,500	-	(160,000)	1,997,500	165,000
2007 High Street Bonds	112,372	-	(5,431)	106,941	5,507
2008 Street Improvements Bonds	1,496,455	-	(62,310)	1,434,145	65,325
2009 Capital Improvements Bonds	308,935	-	(18,245)	290,690	19,065
Add: deferred amounts	7,194	-	(553)	6,641	-
2011 Street Improvements Bonds	-	484,200	-	484,200	25,200
Accrued Compensated Absences	7,339	7,305	(6,057)	8,587	-
<b>TOTAL STORMWATER UTILITY FUND</b>	<b>4,089,795</b>	<b>491,505</b>	<b>(252,596)</b>	<b>4,328,704</b>	<b>280,097</b>
<u>WATER SUPPLY FUND:</u>					
State Drinking Water Revolving Fund Loan - 2009	490,058	-	(20,000)	470,058	20,000
State Drinking Water Revolving Fund Loan - 2011	44,072	835,706	-	879,778	45,000
2003 Refunding Revenue Bonds	2,340,000	-	(430,000)	1,910,000	450,000
2006 Water Membrane Bonds	930,000	-	(140,000)	790,000	145,000
2007 High Street Bonds	312,146	-	(15,087)	297,059	15,298
2008 Street Improvements Bonds	1,829,591	-	(76,570)	1,753,021	80,275
2009 Capital Improvements Bonds	2,689,995	-	(158,865)	2,531,130	166,005
Less: deferred amounts, net	(24,569)	-	12,622	(11,947)	-
2011 Street Improvements Bonds	-	295,900	-	295,900	15,400
Accrued Compensated Absences	233,937	39,173	(39,129)	233,981	-
<b>TOTAL WATER SUPPLY FUND</b>	<b>8,845,230</b>	<b>1,170,779</b>	<b>(867,029)</b>	<b>9,148,980</b>	<b>936,978</b>
<u>SEWAGE DISPOSAL FUND:</u>					
State Act 94 Clean Water Assistance Loan	2,580,000	-	(160,000)	2,420,000	165,000
State Revolving Fund Loan -2009	665,699	-	(30,000)	635,699	30,000
State Revolving Fund Loan -2011	29,496	633,100	-	662,596	30,000
2008 Street Improvements Bonds	1,688,854	-	(69,936)	1,618,918	73,320
2009 Capital Improvements Bonds	1,356,300	-	(80,100)	1,276,200	83,700
Add: deferred amounts	31,584	-	(2,430)	29,154	-
2011 Street Improvements Bonds	-	833,900	-	833,900	43,400
Accrued Compensated Absences	86,623	13,500	(43,901)	56,222	-
<b>TOTAL SEWAGE DISPOSAL FUND</b>	<b>6,438,556</b>	<b>1,480,500</b>	<b>(386,367)</b>	<b>7,532,689</b>	<b>425,420</b>
<u>MARINAS FUND:</u>					
2004 Revenue Bonds	240,000	-	(75,000)	165,000	80,000
Less: deferred amounts	(10,051)	-	3,350	(6,701)	-
<b>TOTAL MARINAS FUND</b>	<b>229,949</b>	<b>-</b>	<b>(71,650)</b>	<b>158,299</b>	<b>80,000</b>
<u>TOURIST PARK FUND:</u>					
Accrued Compensated Absences	1,198	-	(739)	459	-
<b>TOTAL TOURIST PARK FUND</b>	<b>1,198</b>	<b>-</b>	<b>(739)</b>	<b>459</b>	<b>-</b>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 19,604,728</b>	<b>\$ 3,142,784</b>	<b>\$ (1,578,381)</b>	<b>\$ 21,169,131</b>	<b>\$ 1,722,495</b>
<b>COMPONENT UNITS:</b>					
Board of Light & Power:					
2011 Electric Utility Revenue Bonds	\$ 6,950,000	\$ -	\$ (675,000)	\$ 6,275,000	\$ 765,000
Less: deferred amounts	265,799	-	(26,580)	239,219	-
Accrued Compensated Absences	878,113	48,744	-	926,857	-
Peter White Public Library:					
2006 Library Improvement Bonds	2,155,000	-	(275,000)	1,880,000	285,000
Accrued Compensated Absences	107,371	14,187	-	121,558	-
Downtown Development Authority:					
2005 Tax Increment Bonds	107,143	-	(107,143)	-	-
2011 Tax Increment Bonds	-	1,500,000	-	1,500,000	50,000
Brownfield Redevelopment Authority:					
2010 Capital Improvement Bonds	995,000	-	(35,000)	960,000	35,000
2010 Recovery Zone Facility Bonds	445,000	-	(15,000)	430,000	15,000
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 11,903,426</b>	<b>\$ 1,562,931</b>	<b>\$ (1,133,723)</b>	<b>\$ 12,332,634</b>	<b>\$ 1,150,000</b>

## **NOTE E – LONG-TERM DEBT (Continued):**

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$79,937 of internal service funds compensated absences is included in the above amounts. In the governmental activities, compensated absences are generally liquidated by the general fund.

The City's component units (Board of Light and Power and Peter White Public Library), the Marinas, Water Supply, and Sewage Disposal Fund revenue bonds, general obligation bonds, and capital lease obligations outstanding are recorded in the respective Component Unit and Enterprise Funds. The Component Units' debt and the Enterprise Fund debt are expected to be repaid from proprietary revenues.

**State Infrastructure Bank Note (MDOT Spring Street)** - On July 25, 2003, the City issued \$1,243,100 of State Infrastructure Bank Notes for the purpose of financing transportation improvements through the County Road (CR) 550 Flood Repair and Spring Street Reconstruction project. The notes will be paid off in 15 annual principal installments beginning July 25, 2004 and ending July 2019, plus interest at the rate of zero percent.

**2003 Refunding Revenue Bonds** - On November 4, 2003, the City issued \$5,990,000 in Water and Sewer Refunding Revenue Bonds with an interest rate ranging from 2.0% to 4.1% to advance refund \$5,820,000 of outstanding 1996, 1977, and 1989 Water and Sewer Revenue Bonds with interest rates ranging 3.85% to 7.0%. The net proceeds of \$5,946,012 (after payment of \$122,927 in underwriting fees, insurance, and other issuance costs plus an additional \$11,484 in Prior Issue Debt Service fund monies and a \$67,455 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 1996, 1977, and 1989 Water and Sewer Revenue bonds. As a result, the 1996, 1977, and 1989 Water and Sewer Revenue bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. At June 30, 2012, \$2,005,000 of bonds outstanding are considered defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$170,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2016 using the effective-interest method.

**2003 Founder's Landing Bonds** - On December 23, 2003, the City issued \$3,935,000 in General Obligation Limited Tax Bonds with interest rates ranging from 2.0% to 4.55%. The Bonds were issued pursuant to the resolution duly adopted by the City on November 24, 2003 for the purpose of reimbursing the City for certain costs relating to the acquisition of waterfront property for the City's park system, and paying the costs of designing, engineering, acquiring, preparing, constructing, and equipping various park improvements.

**2004 Revenue Bonds** - On February 18, 2004, the City issued \$690,000 in Marina Refunding Revenue Bonds, Series 2004A with an average interest rate of 2.0% to advance refund \$655,000 of outstanding Marina Revenue Bonds, Series 1994 with an interest rate ranging 4.75% to 5.8%. The net proceeds of \$669,508 (after payment of \$18,512 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future callable debt service payments on the Marina Revenue Bonds, Series 1994. As a result, the 1994 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. At June 30, 2012, \$175,000 of bonds outstanding are considered defeased.

## **NOTE E – LONG-TERM DEBT (Continued):**

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$35,000. This difference has been charged to operations as a component of interest expense in the Statement of Activities. The transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$458,550.

**State Act 94 Clean Water Assistance Loan** - On March 9, 2004, the City issued \$3,470,000 of State of Michigan Act 94 Clean Water Assistance Loan for the purpose of rehabilitation of the Hawley Street, Pine Street, Lake Street, and Baraga Avenue sewage pump stations. The loan will be paid off in annual principal and interest payments over 20 years with an interest rate of 2.125%.

**2006 Street Improvement Bonds**- On October 31, 2006, the City issued \$5,475,000 in Limited Tax General Obligation Bonds, Series 2006 at an interest rate of 4.0%. The Bonds were issued for the purpose of paying all or part of the cost of making major and local street improvements throughout the City. The Bonds are issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution of the City. The City has pledged its limited tax, full faith and credit as a security for the payment of the principal and interest on the Bonds.

During the fiscal year ending June 30, 2009, the construction of infrastructure assets funded with the Limited Tax General Obligation Bonds, Series 2006, as noted above, was completed. A portion of these constructed assets included stormwater infrastructure and thus these assets were removed from the Governmental Activities infrastructure assets and long term debt balance. A total of \$2,600,000 of these infrastructure assets were transferred to the Stormwater Fund and, correspondingly, the \$2,600,000 of debt relating to those assets was also transferred to the Stormwater Fund.

**2006 Water Membrane Bonds** - On December 20, 2006, the City issued \$1,440,000 in Water Supply and Sewage Disposal System Revenue Bonds, Series 2006 at interest rates varying from 3.875% to 4.0%. The Bonds were issued for the purpose of the acquisition, construction, and installation of water filtration membranes and related equipment and piping in the City. The Bonds were issued pursuant to the provisions of Act 94 of the Michigan Public Acts of 1933, as amended, and Ordinances No. 514, 499, and 538 of the City. The Bonds are payable solely from the net revenues of the City's water supply and sewage disposal system and any addition or supplement thereto including earnings on investments as described in the Ordinances and in Section 3 of Act 94.

**2007 Forestland Bonds** - On March 29, 2007, the City issued \$5,135,000 in General Obligation Unlimited Tax Refunding Bonds, Series 2007 with interest rates varying from 5.25% to 5.5% to advance refund \$5,000,000 of outstanding General Obligation Limited Tax Bonds, Series 2005 maturing in fiscal years 2008 through 2025. The 2007 issue net proceeds of \$4,996,644 (after payment of \$142,148 in underwriting fees, insurance, and other issuance costs plus an additional \$3,792 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 2005 General Obligation Unlimited Refunding Bonds. As a result, the 2005 General Obligation Unlimited Tax Refunding Bonds are considered to be defeased and the liability for those has been removed from the Governmental Activities long-term debt balance. At June 30, 2012, \$4,205,000 of the bonds outstanding are considered to be defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$135,000. This difference has been charged to operations as a component interest expense in the Statement of Activities. The transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$458,550.

## **NOTE E – LONG-TERM DEBT (Continued):**

**2007 High Street Bonds** - The Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2007, are authorized to be issued in the aggregate principal sum of not to exceed \$1,852,000 for the purpose of paying the costs for the High Street sewer replacement and related street reconstruction. The Series 2007 Bonds shall bear interest at a rate of 1.625%. Principal installments of the Series 2007 Bonds shall be payable on October 1 of the years 2009 to 2028. Interest on the Series 2007 Bonds shall be payable on April 1 and October 1 of each year, commencing on October 1, 2007.

The total liability of \$684,636 is the total of all draw downs received on this project as of June 30, 2010.

During the fiscal year ending June 30, 2010, the construction of infrastructure assets funded with the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, as noted above, was completed. A portion of these constructed assets included stormwater infrastructure and water distribution system infrastructure and thus these assets were removed from the Governmental Activities infrastructure assets and long term debt balance. A total of \$123,234 of these infrastructure assets were transferred to the Stormwater Fund and, correspondingly, the \$123,234 of debt relating to those assets was also transferred to the Stormwater Fund. A total of \$342,318 of these infrastructure assets were transferred to the Water Fund and, correspondingly, the \$342,318 of debt relating to those assets was also transferred to the Water Fund.

**2008 Street Improvements Bonds** - On June 26, 2008, the City issued \$8,375,000 in Limited Tax General Obligation Bonds, Series 2008 with interest rates ranging from 3.0% to 5.0% for the purpose of paying the cost of certain capital improvements including major and local street improvements, construction and installation of water treatment and distribution lines, construction and installation of wastewater and storm water collection lines, and acquisition of other City equipment. The bonds are issued pursuant to the provision of Act 34, Public Acts of Michigan, 2001, as amended and a resolution adopted by the City. The City has pledged its limited tax, full faith and credit as a security for the payment of the principal and interest on the Bonds.

**2009 Capital Improvements Bonds** - On May 5, 2009, the City issued \$10,800,000 in Limited Tax General Obligation and Refunding Bonds, Series 2009 with interest rates ranging from 3.0% to 5.0% for the purpose of paying the cost of capital improvement items in the City including major and local street improvements, reconstruction of water and sewer lines, renovating and equipping Lakeview Arena, construction and installation of wastewater and storm water collection lines, and acquisition of other City equipment, and to refund the City of Marquette Building Authority's 1998 Building Authority Refunding Bonds, dated June 16, 1998, which mature in the years 2010 through 2021. The Bonds were issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended, and a bond authorizing resolution adopted by the City Commission on March 30, 2009.

The refunding portion's net proceeds of \$2,468,606 (after payment of \$39,530 in underwriting fees, insurance, and other issuance costs, plus an additional \$83,136 reoffering premium) were used, together with other monies transferred by the City, to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service interest and principal payments on the 1998 issue refunded bonds. As a result, the 1998 issue bonds maturing in fiscal years 2010 through 2021 are considered to be defeased and the liability for those bonds has been removed from the Governmental Activities long-term debt balance.

Also, the irrevocable trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2012, \$2,755,000 of bonds outstanding are considered defeased.

## **NOTE E – LONG-TERM DEBT (Continued):**

**State Drinking Water Revolving Fund Loan – 2009** - On January 11, 2010, the City entered into an agreement with the State of Michigan to utilize funds from the State Drinking Water Revolving Fund. The agreement set forth that the City is approved to receive \$960,000 in funding from the State Drinking Water Revolving Fund for the purpose of constructing water mains and of purchasing a new sodium hypochlorite generator at the water filtration plant. Upon completion of this project, the agreement further states a loan forgiveness amount not to exceed \$384,000. Funding is received and the liability is established based upon the amount that the City “draws down” on this available funding. During the interim, interest shall accrue on the portion of principal that has been disbursed by the State at the rate of 2.5% per annum, payable October 1, 2010 and semi-annually thereafter. As of June 30, 2012, the project is considered complete. The City has received a total of \$851,764 in draws from the State, and has received \$340,706 in loan forgiveness.

**State Revolving Fund Loan – 2009** - On January 11, 2010, the City entered into an agreement with the State of Michigan to utilize funds from the State Revolving Fund to construct and replace sanitary sewer lines. The agreement set forth that the City is approved to receive \$800,000 in funding from the State Revolving Fund for the purpose of constructing sewer infrastructure. Funding is received and the liability is established based upon the amount that the City “draws down” on this available funding. During the interim, interest shall accrue on the portion of principal that has been disbursed by the State at a rate of 2.5% per annum, payable October 1, 2010 and semi-annually thereafter. As of June 30, 2012, the project is considered complete. The City has received a total of \$695,699 in draws from the State.

**State Drinking Water Revolving Fund Loan – 2011** – On June 24, 2011, the City entered into an agreement with the State of Michigan to utilize funds from the State Drinking Water Revolving Fund. The agreement set forth that the City is approved to receive \$1,600,000 in funding from the State Drinking Water Revolving Fund for the purpose of constructing water mains. Funding is received and the liability is established based upon the amount that the City “draws down” on this available funding. During the interim, interest shall accrue on the portion of principal that has been disbursed by the State at the rate of 2.5% per annum, payable October 1, 2011 and semi-annually thereafter. As of June 30, 2012, the City received a total of \$879,778 in draws from the State.

**State Revolving Fund Loan – 2011** – On June 24, 2011, the City entered into an agreement with the State of Michigan to utilize funds from the State Revolving Fund to construct and replace sanitary sewer lines. The agreement set forth that the City is approved to receive \$1,020,000 in funding from the State Revolving Fund for the purpose of constructing sewer infrastructure. Funding is received and the liability is established based upon the amount that the City “draws down” on this available funding. During the interim, interest shall accrue on the portion of principal that has been disbursed by the State at a rate of 2.5% per annum, payable October 1, 2011 and semi-annually thereafter. As of June 30, 2012, the City received a total of \$662,596 in draws from the State.

**2011 Capital Improvements Bonds** – On September 22, 2011, the City issued \$2,690,000 in Limited Tax General Obligation Bonds, Series 2011 with interest rates ranging from 2.0% to 4.125% for the purpose of paying the cost of certain capital improvements including major street and/or local street improvements, construction of Lake Street bike path, and the construction and installation of sanitary sewer lateral replacements. The bonds are issued pursuant to the provision of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution adopted by the City. The City has pledged its limited tax, full faith and credit as a security of the payment of the principal and interest on the Bonds.

## **NOTE E – LONG-TERM DEBT (Continued):**

**2006 Library Improvement Bonds** - On October 3, 2006, the City issued \$2,935,000 in General Obligation Unlimited Tax Refunding Bonds, Series 2006 with an interest rate of 4.0% to advance refund \$2,885,000 of outstanding General Obligation Unlimited Tax Library Improvement Bonds, Series 1997 maturing in fiscal years 2009 through 2018. The 2006 issue net proceeds of \$2,896,462 (after payment of \$81,939 in underwriting fees, insurance, and other issuance costs plus an additional \$43,401 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 1997 General Obligation Unlimited Tax Library Improvement Bonds. As a result, the 1997 General Obligation Unlimited Tax Library Improvement Bonds are considered to be defeased and the liability for those has been removed from the Governmental Activities long-term debt balance. At June 30, 2012, \$1,900,000 of the bonds outstanding are considered defeased.

**2005 Tax Increment Bonds** - Pursuant to Section 16(2) of Act 197, Public Acts of Michigan, 1975, as amended, on April 29, 2005, the Marquette Downtown Development Authority (DDA) issued Tax Increment Bonds in the amount of \$750,000 at a 3.65% interest rate designated as Tax Increment Bonds, Series 2005, to finance a portion of the costs of certain public improvements within the downtown district. The principal and interest payable on the bonds shall be repaid solely from tax increment revenues received by the DDA.

**2010 Capital Improvement Bonds** – On December 16, 2010, the City and the Brownfield Redevelopment Authority issued \$995,000 in Limited Tax General Obligation Bonds, Series 2010 with interest rates ranging from 2.5% to 5.0% for the purpose of paying all or part of the cost of acquiring and constructing certain capital improvements in the City, consisting generally of new seawall, public boardwalk, and site improvements. The bonds are issued pursuant to the provision of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution adopted by the City. The City has pledged its limited tax, full faith and credit as a security for the payment of the principal and interest on the Bonds.

**2010 Recovery Zone Facility Bonds** – On December 16, 2010, the City and the Brownfield Redevelopment Authority issued \$445,000 in Tax Increment Limited Tax General Obligation Bonds, Series 2010 with interest rates ranging from 4.0% to 5.0% for the purpose of paying all or part of the cost of acquiring, constructing, and installing certain improvements in the Founders Landing site located on the shore of Lake Superior in the City. The bonds are issued pursuant to the provision of Act 381, Public Acts of Michigan, 1996, as amended, and a resolution adopted by the City. The City has made a limited tax pledge as additional security for payment of the principal and interest on the Bonds.

**2011 Tax Increment Bonds** – On September 8, 2011, the Downtown Development Authority issued \$1,500,000 in Tax Increment Bonds with an interest rate of 4.35% for the purpose of restoration of the Bluff Street Parking ramp, installation of parking stations, streetscape improvements and curb improvements.

**Electric Utility System Revenue Bonds, Series 2011A** – On April 14, 2011, the Marquette Board of Light and Power issued \$6,950,000 in Electric Utility System Revenue Bonds, Series 2011A at interest rates varying from 4.0% to 5.0%. The Bonds were issued for the purpose of updating certain improvements to the meter system and substation equipment, and to make repairs and improvements to Tourist Park dam. The Bonds were issued pursuant to the provisions of Act 94 of the Michigan Public Acts of 1933, as amended. The Bonds are payable solely from the net revenues of the utilities.

**NOTE E – LONG-TERM DEBT (Continued):**

Annual maturities on the Governmental Activities debts are as follows:

Year Ending June 30,	State Infrastructure Note	2003 Founder's Landing Bonds	2006 Street Improvements Bonds	2007 Forestland Bonds	2007 High Street Bonds	2008 Street Improvements Bonds	2009 Refunding Bonds	2009 Capital Improvements Bonds	2011 Street Improvements Bonds
2013	\$ 82,873	\$ 190,000	\$ 165,000	\$ 225,000	\$ 9,790	\$ 106,083	\$ 175,000	\$ 196,230	\$ 56,000
2014	82,873	200,000	172,500	240,000	9,925	109,346	190,000	206,780	60,000
2015	82,873	210,000	180,000	250,000	10,060	114,243	195,000	213,110	60,000
2016	82,873	220,000	187,500	270,000	10,263	117,506	200,000	211,000	62,000
2017	82,873	230,000	195,000	285,000	10,466	122,403	210,000	227,880	64,000
2018	82,873	235,000	202,500	300,000	10,600	128,931	225,000	242,650	66,000
2019	82,877	245,000	210,000	320,000	10,804	135,459	230,000	251,090	68,000
2020	-	260,000	220,000	340,000	11,006	140,354	245,000	261,640	70,000
2021	-	270,000	227,500	355,000	11,141	146,883	265,000	274,300	72,000
2022	-	280,000	237,500	375,000	11,275	153,412	-	295,400	74,000
2023	-	295,000	-	395,000	11,479	156,676	-	299,620	78,000
2024	-	-	-	415,000	11,681	164,836	-	312,280	82,000
2025	-	-	-	440,000	11,883	171,364	-	-	84,000
2026	-	-	-	-	12,086	179,524	-	-	88,000
2027	-	-	-	-	12,289	186,053	-	-	92,000
2028	-	-	-	-	12,491	195,844	-	-	-
2029	-	-	-	-	12,879	-	-	-	-
Principal	580,115	2,635,000	1,997,500	4,210,000	190,118	2,328,917	1,935,000	2,991,980	1,076,000
Interest	-	735,818	425,750	1,673,648	27,451	909,125	450,993	932,132	323,418
	<u>\$ 580,115</u>	<u>\$ 3,370,818</u>	<u>\$ 2,423,250</u>	<u>\$ 5,883,648</u>	<u>\$ 217,569</u>	<u>\$ 3,238,042</u>	<u>\$ 2,385,993</u>	<u>\$ 3,924,112</u>	<u>\$ 1,399,418</u>

Annual maturities on the Business-Type Activities are as follows:

<b>Stormwater Utility Fund</b>					
Year Ending June 30	2006 Street Improvements Bonds	2007 High Street Improvement Bonds	2008 Street Improvement Bonds	2009 Capital Improvements Bonds	2011 Street Improvement Bonds
2013	\$165,000	\$5,507	\$65,326	\$19,065	\$25,200
2014	172,500	5,583	67,336	20,090	27,000
2015	180,000	5,659	70,350	20,705	27,000
2016	187,500	5,773	72,360	20,500	27,900
2017	195,000	5,887	75,375	22,140	28,800
2018	202,500	5,963	79,395	23,575	29,700
2019	210,000	6,077	83,415	24,395	30,600
2020	220,000	6,191	86,431	25,420	31,500
2021	227,500	6,267	90,451	26,650	32,400
2022	237,500	6,343	94,471	28,700	33,300
2023	-	6,457	96,481	29,110	35,100
2024	-	6,571	101,506	30,340	36,900
2025	-	6,684	105,526	-	37,800
2026	-	6,798	110,551	-	39,600
2027	-	6,912	114,571	-	41,400
2028	-	7,026	120,600	-	-
2029	-	7,243	-	-	-
2030	-	-	-	-	-
Principal	1,997,500	106,941	1,434,145	290,690	484,200
Interest	425,750	15,440	559,842	90,563	145,536
	<u>\$2,423,250</u>	<u>\$122,381</u>	<u>\$1,993,987</u>	<u>\$381,253</u>	<u>\$629,736</u>

**NOTE E – LONG-TERM DEBT (Continued):**

**Water Supply Fund**

Year Ending June 30	State Drinking Water Revolving Fund Loan	State DWRP 2011 Loan	2003 Refunding Revenue Bonds	2006 Water Membrane Bonds	2007 High Street Bonds	2008 Street Improvement Bonds
2013	\$20,000	\$45,000	\$450,000	\$145,000	\$15,297	\$80,275
2014	20,000	45,000	470,000	150,000	15,509	82,325
2015	20,000	45,000	485,000	160,000	15,719	86,012
2016	25,000	45,000	505,000	165,000	16,036	88,469
2017	25,000	45,000	-	170,000	16,353	92,155
2018	25,000	45,000	-	-	16,563	97,070
2019	25,000	45,000	-	-	16,880	101,986
2020	25,000	50,000	-	-	17,197	105,671
2021	25,000	50,000	-	-	17,407	110,586
2022	25,000	50,000	-	-	17,619	115,501
2023	25,000	50,000	-	-	17,935	117,959
2024	25,000	50,000	-	-	18,251	124,103
2025	30,000	50,000	-	-	18,568	129,018
2026	30,000	50,000	-	-	18,885	135,161
2027	30,000	50,000	-	-	19,201	140,076
2028	30,000	50,000	-	-	19,518	146,654
2029	30,000	50,000	-	-	20,121	-
2030	35,058	64,778	-	-	-	-
Principal	470,058	879,778	1,910,000	790,000	297,059	1,753,021
Interest	120,026	251,058	194,740	81,319	42,900	684,471
	<u>\$590,084</u>	<u>\$1,130,836</u>	<u>\$2,104,740</u>	<u>\$871,319</u>	<u>\$339,959</u>	<u>\$2,437,492</u>

**Water Supply Fund**

Year Ending June 30	2009 Capital Improvement Bonds	2011 Street Improvements Bonds
2013	\$166,005	\$15,400
2014	174,930	16,500
2015	180,285	16,500
2016	178,500	17,050
2017	192,780	17,600
2018	205,275	18,150
2019	212,415	18,700
2020	221,340	19,250
2021	232,050	19,800
2022	249,900	20,350
2023	253,470	21,450
2024	264,180	22,550
2025	-	23,100
2026	-	24,200
2027	-	25,300
2028	-	-
2029	-	-
2030	-	-
Principal	2,531,130	295,900
Interest	788,574	88,946
	<u>\$3,319,704</u>	<u>\$384,846</u>

**NOTE E – LONG-TERM DEBT (Continued):**

<b>Sewage Disposal Fund</b>					
Year Ending June 30	State Act 94 Clean Water Assistance Loan	2009 State Revolving Loan Fund	2011 State Revolving Loan Fund	2008 Street Improvements Bond	2009 Capital Improvements Bond
2013	\$165,000	\$30,000	\$40,000	\$73,724	\$83,700
2014	165,000	30,000	40,000	75,993	88,200
2015	170,000	30,000	40,000	79,395	90,900
2016	175,000	30,000	45,000	81,664	90,000
2017	180,000	30,000	45,000	85,067	97,200
2018	180,000	30,000	45,000	89,604	103,500
2019	185,000	35,000	45,000	94,140	107,100
2020	190,000	35,000	45,000	97,543	111,600
2021	195,000	35,000	50,000	102,080	117,000
2022	200,000	35,000	50,000	106,617	126,000
2023	200,000	35,000	50,000	108,885	127,800
2024	205,000	40,000	50,000	114,556	133,200
2025	210,000	40,000	55,000	119,093	-
2026	-	40,000	62,596	124,764	-
2027	-	40,000	-	129,301	-
2028	-	40,000	-	136,492	-
2029	-	40,000	-	-	-
2030	-	40,699	-	-	-
Principal	2,420,000	635,699	662,596	1,618,918	1,276,200
Interest	160,440	115,657	216,909	631,819	397,602
	<u>\$2,580,440</u>	<u>\$751,356</u>	<u>\$879,505</u>	<u>\$2,250,737</u>	<u>\$1,673,802</u>

<b>Marinas Fund</b>		
Year Ending June 30	2011 Street Improvement Bonds	2004 Revenue Bonds
2013	\$43,400	\$80,000
2014	46,500	85,000
2015	46,500	-
2016	48,050	-
2017	49,600	-
2018	51,150	-
2019	52,700	-
2020	54,250	-
2021	55,800	-
2022	57,350	-
2023	60,450	-
2024	63,550	-
2025	65,100	-
2026	68,200	-
2027	71,300	-
2028	-	-
2029	-	-
2030	-	-
Principal	833,900	165,000
Interest	250,653	6,600
	<u>\$1,084,553</u>	<u>\$171,600</u>

**NOTE E – LONG-TERM DEBT (Continued):**

Annual maturities on Component Unit debt are as follows:

Year Ending June 30,	2006	2010	2010	2011	2011
	Library Improvement Bonds	Capital Improvement Bonds	Recovery Zone Facility Bonds	DDA Tax Increment Bonds	Electric Utility Revenue Bonds
2013	\$ 285,000	\$ 35,000	\$ 15,000	\$ 50,000	\$ 765,000
2014	295,000	35,000	15,000	85,000	795,000
2015	305,000	35,000	15,000	85,000	825,000
2016	320,000	40,000	15,000	100,000	860,000
2017	330,000	40,000	15,000	100,000	895,000
2018	345,000	40,000	20,000	100,000	935,000
2019	-	40,000	20,000	115,000	380,000
2020	-	45,000	20,000	115,000	400,000
2021	-	45,000	20,000	125,000	420,000
2022	-	50,000	20,000	125,000	-
2023	-	50,000	25,000	125,000	-
2024	-	55,000	25,000	125,000	-
2025	-	55,000	25,000	125,000	-
2026	-	60,000	25,000	125,000	-
2027	-	60,000	30,000	-	-
2028	-	65,000	30,000	-	-
2029	-	65,000	30,000	-	-
2030	-	70,000	30,000	-	-
2031	-	75,000	35,000	-	-
Principal	1,880,000	960,000	430,000	1,500,000	6,275,000
Interest	234,000	481,513	227,775	598,850	1,216,200
	<u>\$2,114,000</u>	<u>\$1,441,513</u>	<u>\$ 657,775</u>	<u>\$2,098,850</u>	<u>\$7,491,200</u>

Annual principal and interest requirements on indebtedness are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,205,976	\$ 759,088	\$ 1,732,899	\$ 707,021	\$ 1,150,000	\$ 487,975
2014	1,271,424	709,417	1,797,466	645,956	1,225,000	413,125
2015	1,315,286	662,101	1,769,025	590,272	1,265,000	364,914
2016	1,361,142	611,115	1,823,802	532,136	1,335,000	314,179
2017	1,427,622	555,654	1,372,957	467,952	1,380,000	260,855
2018-2022	7,643,195	1,805,741	6,728,888	1,691,511	3,380,000	657,446
2023-2027	3,498,771	366,583	4,789,509	605,219	910,000	218,694
2028-2031	221,214	8,633	838,189	28,778	400,000	41,250
	<u>\$17,944,630</u>	<u>\$ 5,478,332</u>	<u>\$20,852,735</u>	<u>\$ 5,268,845</u>	<u>\$11,045,000</u>	<u>\$ 2,758,438</u>

**NOTE F – LETTERS OF CREDIT:**

As of June 30, 2012, the City had the following letter of credit with Range Bank.

Date Issued	Amount	Interest Rate	Expiration
7/1/2003	\$ 500,000	n/a *	7/1/2012

\* - Prime rate, as quoted by the Wall Street Journal, at time of loan.

There are no outstanding balances on this letter of credit as of June 30, 2012.

**NOTE G – INTERFUND BALANCES:**

All internal balances resulted from the time lag between the dates that (1) interfund goods and services are not provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The amounts of interfund receivables and payables are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
<b>PRIMARY GOVERNMENT:</b>			
General	\$ 1,155,750	Major Street	\$ 648,964
Sewer	168	Local Street	506,238
		Water	569
		Municipal Service Center	50
		Motor Pool	97
Subtotal	<u>1,155,918</u>	Subtotal	<u>1,155,918</u>
<b>TOTAL REPORTING ENTITY</b>	<u><u>\$ 1,155,918</u></u>		<u><u>\$ 1,155,918</u></u>

**NOTE H – INTERFUND TRANSFERS IN AND TRANSFERS OUT:**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to 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.

**NOTE H – INTERFUND TRANSFERS IN AND TRANSFERS OUT:**

The interfund transfers for the year are as follows:

Fund	Transfers In	Fund	Transfers Out
<b>PRIMARY GOVERNMENT:</b>			
Major Street	\$ 152,532	General Fund	\$ 2,397,534
Local Street	493,196		
Nonmajor Governmental	1,716,485		
Nonmajor Business-Type	35,321		
Subtotal	2,397,534	Subtotal	2,397,534
Non-major Debt Service	926,089	Major Street	322,767
General Fund	16,943	Local Street	221,298
		Nonmajor Governmental	137,272
		Internal Service	261,695
Subtotal	943,032	Subtotal	943,032
<b>TOTAL REPORTING ENTITY</b>	<b>\$ 3,340,566</b>	<b>TOTAL REPORTING ENTITY</b>	<b>\$ 3,340,566</b>

**NOTE I – CAPITAL ASSETS:**

A summary of changes in governmental activities capital assets including internal service funds capital assets is as follows:

	Balance at June 30, 2011	Additions	Disposals	Balance at June 30, 2012
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets Not Being Depreciated				
Land	\$11,789,333		\$ (253,371)	\$11,535,962
Construction in progress	965,783	72,726	(9,383)	1,029,126
Total Capital Assets, not being depreciated	12,755,116	72,726	(262,754)	12,565,088
Capital Assets Being Depreciated				
Land improvements	7,704,304	27,429		7,731,733
Buildings	5,432,857	-		5,432,857
Building improvements	13,472,431	146,336		13,618,767
Furniture and equipment	12,278,608	544,211	(128,206)	12,694,613
Infrastructure	46,829,815	1,138,477		47,968,292
Total Capital Assets, being depreciated	85,718,015	1,856,453	(128,206)	87,446,262
Less Accumulated Depreciation:				
Land improvements	(5,315,204)	-	(222,290)	(5,537,494)
Buildings	(3,537,717)	-	(192,874)	(3,730,591)
Building improvements	(7,993,363)	-	(475,103)	(8,468,466)
Furniture and equipment	(9,674,007)	128,206	(702,046)	(10,247,847)
Infrastructure	(24,204,139)	-	(1,664,328)	(25,868,467)
Total Accumulated Depreciation	(50,724,430)	128,206	(3,256,641)	(53,852,865)
<b>Governmental Activities Capital Assets, net</b>	<b>\$47,748,701</b>	<b>\$ 2,057,385</b>	<b>\$ (3,647,601)</b>	<b>\$46,158,485</b>

**NOTE I – CAPITAL ASSETS (Continued):**

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

Governmental Activity:		
General Government		\$ 9,470
Public Health and Safety		54,597
Public Works		100,147
Social Services		1,147
Recreation and Culture		294,895
Depreciation - unallocated		1,965,821
Internal Service Funds charged to above activities		830,564
Total Depreciation Expense - Governmental Activities		<u>\$ 3,256,641</u>

A summary of changes in business-type activities capital assets is as follows:

	Balance at June 30, 2011	Additions	Disposals	Balance at June 30, 2012
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets Not Subject to Depreciation:				
Land	\$ 38,319	-	-	\$ 38,319
Construction in progress	198,444	275,128	(131,537)	342,035
Total Capital Assets, not being depreciated	<u>236,763</u>	<u>275,128</u>	<u>(131,537)</u>	<u>380,354</u>
Capital Assets Subject to Depreciation:				
Land improvements	3,090,541	-	-	3,090,541
Building and building improvements	13,587,184	-	-	13,587,184
Furniture and equipment	4,539,694	53,881	-	4,593,575
Infrastructure	55,119,857	4,047,026	-	59,166,883
Total Capital Assets, being depreciated	<u>76,337,276</u>	<u>4,100,907</u>	<u>-</u>	<u>80,438,183</u>
Less Accumulated Depreciation:				
Land improvements	(1,605,525)	-	(117,181)	(1,722,706)
Building and building improvements	(6,037,095)	-	(283,981)	(6,321,076)
Furniture and equipment	(2,286,529)	-	(253,878)	(2,540,407)
Infrastructure	(14,445,468)	-	(1,704,876)	(16,150,344)
Total Accumulated Depreciation	<u>(24,374,617)</u>	<u>-</u>	<u>(2,359,916)</u>	<u>(26,734,533)</u>
<b>Business-Type Activities Capital Assets, net</b>	<u>\$ 52,199,422</u>	<u>\$ 4,376,035</u>	<u>\$ (2,491,453)</u>	<u>\$ 54,084,004</u>

**NOTE I – CAPITAL ASSETS (Continued):**

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-Type Activities:	
Water Supply	\$ 926,561
Sewage Disposal	757,574
Stormwater Utility	545,151
Recreation and Culture	130,630
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,359,916</u>

A summary of Component Unit’s capital assets as of June 30, 2012 is as follows:

	<u>Board of Light and Power</u>	<u>Peter White Public Library</u>	<u>Brownfield Redevelopment Authority</u>	<u>Downtown Development Authority</u>	<u>Total Component Units</u>
<b>COMPONENT UNITS:</b>					
Land	\$ 1,123,073	\$ 114,704	\$ -	\$ -	\$ 1,237,777
Construction in progress	-	-	1,258,613	-	1,258,613
Total Capital Assets, not being depreciated	<u>1,123,073</u>	<u>114,704</u>	<u>1,258,613</u>	<u>-</u>	<u>2,496,390</u>
Land improvements	-	117,250	-	4,255,394	4,372,644
Buildings and improvements	13,014,088	8,794,227	-	-	21,808,315
Furniture and equipment	120,684,762	1,195,652	-	134,309	122,014,723
Total Capital Assets, being depreciated	<u>133,698,850</u>	<u>10,107,129</u>	<u>-</u>	<u>4,389,703</u>	<u>148,195,682</u>
Less Accumulated Depreciation:					
Land improvements	-	(17,269)	-	(827,040)	(844,309)
Buildings and improvements	-	(4,717,712)	-	-	(4,717,712)
Furniture and equipment	-	(1,101,140)	-	(102,221)	(1,203,361)
Unallocated	(89,325,149)	-	-	-	(89,325,149)
Total Accumulated Depreciation	<u>(89,325,149)</u>	<u>(5,836,121)</u>	<u>-</u>	<u>(929,261)</u>	<u>(96,090,531)</u>
<b>Component Units Capital Assets, net</b>	<u>\$ 45,496,774</u>	<u>\$ 4,385,712</u>	<u>\$ 1,258,613</u>	<u>\$ 3,460,442</u>	<u>\$ 54,601,541</u>

Depreciation expense for the component units was charged to the following functions:

Component Units:	
Board of Light and Power	\$ 2,370,316
Peter White Public Library	124,947
Downtown Development Authority	134,952
Total Depreciation Expense - Component Units	<u>\$ 2,630,215</u>

**NOTE J – UNEARNED REVENUES:**

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

1. The Governmental Funds has reported unearned revenue of \$9,450,850. Of this amount, \$9,392,851 relates to the 2012 tax levy assessed May 1, 2012 and payable July 1, 2012; and \$57,999 relates to the special assessment receivable which are not available resources within the next year.

**NOTE J – UNEARNED REVENUES (Continued):**

2. The Business-Type Funds have reported unearned revenue of \$77,634 which represents the portion of special assessment receivables which are not available resources within the next year.
3. The Component Units have reported unearned revenue of \$1,837,956 which relates to their portion of the 2012 tax levy.

**NOTE K – FUND BALANCES – GOVERNMENTAL FUNDS:**

As of June 30, 2012, fund balances of the governmental funds are classified as follows:

- **Non-spendable** – amounts that cannot be spent either because they are in non-spendable form, or because they are legally or contractually required to be maintained intact.
- **Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed** – amounts that can be used only for specific purposes determined by a formal action of the City Commission. The City Commission is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Commission.
- **Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, the Commission or the Finance Director may assign amounts for specific purposes.
- **Unassigned** – all other spendable amounts.

As of June 30, 2012, fund balances are composed of the following:

	General Fund	Special Revenue Funds	Debt Service Funds	Permanent Funds	Total Governmental Funds
<b>Non-spendable:</b>					
Corpus	\$ -	\$ -	\$ -	\$ 659,876	\$ 659,876
Loan Receivable	24,765	-	-	-	24,765
Inventory	62,867	-	-	-	62,867
Prepays	219,723	9,689	-	-	229,412
Total Non-spendable	<u>\$ 307,355</u>	<u>\$ 9,689</u>	<u>\$ -</u>	<u>\$ 659,876</u>	<u>\$ 976,920</u>
<b>Restricted:</b>					
Fire Dept. - Lifesaving Equipment	\$ 226,819	\$ -	\$ -	\$ -	\$ 226,819
Drug Dog	13,361	-	-	-	13,361
Public Education Government (PEG) Fund	-	32,273	-	-	32,273
Drug Forfeiture Fund	-	29,915	-	-	29,915
MSHDA Downtown Rental Fund	-	46,307	-	-	46,307
Senior Services Fund	-	234,863	-	-	234,863
Total Restricted	<u>\$ 240,180</u>	<u>\$ 343,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,538</u>
<b>Committed:</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Assigned:</b>					
Park Improvements	\$ 5,204	\$ -	\$ -	\$ -	\$ 5,204
Founders Landing	1,495,925	-	-	-	1,495,925
Sanitation Fund	-	369,261	-	-	369,261
Lakeview Arena Fund	-	303,346	-	-	303,346
Forestland Debt Service	-	-	939,240	-	939,240
Total Assigned	<u>\$ 1,501,129</u>	<u>\$ 672,607</u>	<u>\$ 939,240</u>	<u>\$ -</u>	<u>\$ 3,112,976</u>
<b>Unassigned:</b>					
	<u>\$ 8,754,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,754,851</u>

**NOTE K – FUND BALANCES – GOVERNMENTAL FUNDS (Continued):**

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Finance Director.

Under the adopted policy, the City established guidelines for maintaining adequate levels of unrestricted fund balance, the portion that reflects expendable available financial resources, in the General Fund. The policy stipulates that the unrestricted fund balance shall not be less than two months of regular general fund operating expenditures and transfers out (i.e. “60-day Benchmark”), and not more than six months of regular general fund operating expenditures and transfers out (i.e. “180-day Benchmark”). The policy further establishes that the unrestricted fund balance will be spent down in the following order; committed amounts, assigned amounts, and then unassigned amounts.

**NOTE L – DEFINED BENEFIT PENSION PLAN – MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN:**

***Plan Description***

The City contributes to the Municipal Employees Retirement System of Michigan (“System”), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for all Michigan municipal employees. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

The qualified employees of the Fire Department and Police Department of the City are included in a separate self-administered plan. The employees of the Marquette Board of Light and Power are included in a separate plan. All other full-time employees of the City and the Marquette Area Wastewater Treatment Facility are eligible to participate in the System. Benefits vest after six years for senior management and after ten years for all others. City employees who retire at or after the age of 60 with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, annual benefits are determined by negotiated contractual benefits within statute guidelines. The System also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance.

Active employees with 10 or more years of service, who become disabled, receive an amount equal to the same as would be received under the normal retirement requirements, except that the reduction for retirement before age 60 is not applied. If the disability is from service connected causes, the amount of retirement allowance shall be computed as if the member had acquired exactly 10 years of credited service, if they actually acquired credited service is less than 10 years.

If an employee dies, the beneficiary receives a retirement allowance computed in the same manner as a service retirement allowance, but reduced to reflect an Option II (100% joint and survivor) election. An employee’s surviving spouse will receive a retirement allowance equal to 85% of the deceased member’s or deceased vested former member’s accrued retirement allowance computed in the same manner as a service retirement allowance, based on service and final average compensation at time of death.

**NOTE L – DEFINED BENEFIT PENSION PLAN – MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN (Continued):**

**Funding Policy**

City employees are required to contribute five percent of their annual compensation to the System. The City pays the contribution for senior management. The City is required to contribute the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

**Annual Pension Cost**

For the year ended June 30, 2012, the City’s annual pension cost of \$1,409,312 for the plan was equal to the City’s required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2011, using the entry age normal cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8%, (b) projected salary increases of 4.5% a year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis over a period of 30 years.

**Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three-year trend information is stated below, and ten-year trend information may be found on page 96.

Fiscal Year Ending June 30	Valuation Date December	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	2008	\$ 1,114,891	100%	\$ -
2011	2009	1,337,337	100%	-
2012	2010	1,409,312	100%	-

**Funded Status**

The funded status of the Plan as of the three most recent actuarial valuations is stated below, and ten-year funded status information may be found on page 96.

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] Percentage of Covered Payroll
12/31/2009	\$ 29,884,283	\$ 41,862,036	\$ 11,977,753	71%	\$ 5,758,535	208%
12/31/2010	31,052,228	45,699,514	14,647,286	68%	5,744,034	255%
12/31/2011	31,953,445	48,032,364	16,078,919	67%	5,661,154	284%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**NOTE M – DEFINED BENEFIT PENSION PLAN – FIRE-POLICE RETIREMENT SYSTEM:**

***Separately Issued Plan Financial Report***

The separately issued audited financial statements of the Plan can be obtained at the City's Finance Department located at 300 West Baraga Avenue, Marquette, Michigan 49855.

***Summary of Significant Accounting Policies***

*Basis of Accounting* – The City of Marquette Fire and Police Retirement System financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments* – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

***Plan Description***

The City of Marquette is the administrator of a single-employer public employee retirement system ("System") established and administered by the City of Marquette to provide pension benefits for Fire Department and Police Department employees. The Fire and Police Retirement System is considered part of the City of Marquette's financial reporting entity and is included in the City's financial report as a pension trust fund. The city's payroll for employees covered by the System for the year ended June 30, 2012 was \$3,106,710; the City's total payroll was \$11,132,754.

Current membership in the plan comprises the following as of December 31, 2010, the latest actuarial valuation date:

Group	
Retirees and beneficiaries currently receiving benefits	55
Vested terminated members	3
Active employees:	
Fire	26
Police	34
TOTAL	<u>118</u>

The qualifying full-time employees of the Fire Department and Police Department are eligible to participate in the System. Benefits vest after ten years of service. Employees who retire at or after the age of 50 with 25 or more years of credited service or age 60 with 10 or more years of service, are entitled to annual retirement benefits, payable monthly for life, in an amount equal to a minimum of \$600 a month, or 2.5% (3% for Fire members) of a three-year average final compensation times the first twenty-five years of service plus 1.5% (1% for Fire members) of average final compensation times years of service in excess of twenty-five years. The System also provides death and disability benefits.

**NOTE M – DEFINED BENEFIT PENSION PLAN – FIRE-POLICE RETIREMENT SYSTEM (Continued):**

Non-duty disability benefits are payable upon the total and permanent disability of a member with 5 or more years of service. Benefits up to age 55 are paid equaling 1.5% of the average final compensation times the years of service. Benefits after the age of 55 are the same as benefits received from service retirement.

Disability benefits from the total or permanent disability of a member in the line of duty are payable, up to the age of 55, (age 50 for Fire members) at 50% of the average final compensation. Benefits after the age of 55 are the same as benefits from service retirement with service credit from date of disability to age 55, except for fire members whose full retirement is the equivalent of 25 years of service that the member would have had if not disabled.

If an active employee dies in the line of duty, the beneficiary will receive the same amount that was paid by worker's compensation.

If an active employee with 20 or more years of service (10 years required for fire members) dies not in the line of duty, the surviving spouse, if any, will receive an amount equal to the accrued straight life pension actuarially reduced in accordance with Option I election.

***Contributions***

Covered employees are required by statute to contribute 5% of their salary to the System. If an employee leaves covered employment or dies before being eligible for retirement, the total accumulated employee contributions plus related investment earnings may be refunded to the employee or designated beneficiary. Benefit and contribution provisions are established by State statute and City ordinance.

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2012 were determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities were amortized as a level percent of payroll over an open period of 21 years for police and 20 years for fire.

During the year ended June 30, 2012, 2011 and 2010 contributions totaling \$1,002,287; \$662,312, and \$633,852, respectively, were made in accordance with contribution requirements determined by an actuarial valuation of the System.

The required contribution was determined using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.0% per year, compounded annually, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.00% to 3.50% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period.

***Trend Information***

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three-year trend information is stated below, and ten-year trend information may be found on page 98.

**NOTE M – DEFINED BENEFIT PENSION PLAN – FIRE-POLICE RETIREMENT SYSTEM (Continued):**

Fiscal Year Ending June 30	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
2010	\$ 662,312	100%	\$ -
2011	906,566	100%	\$ -
2012	1,002,287	100%	\$ -

**Funded Status**

The funded status of the Plan as of the three most recent actuarial valuations is stated below, and ten-year funded status information may be found on page 98.

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] Percentage of Covered Payroll
12/31/2009	\$ 26,388,240	\$ 31,211,845	\$ 4,823,605	85%	\$ 2,876,699	168%
12/31/2010	26,715,809	32,696,694	5,980,885	82%	3,082,622	194%
12/31/2011	26,570,058	33,718,314	7,148,256	79%	3,164,698	226%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**Concentrations of Investments**

Alliance Bernstein Investment – Domestic Equity Large Cap Growth Fund	\$ 1,882,881
MFS Investment Management – Domestic Equity Large Cap Value Fund	\$ 2,003,998
Wells Fargo Investments - Mutual Funds, Exchange Traded Funds and Private Placements	\$ 6,263,153

**NOTE N – DEFINED BENEFIT PENSION PLAN BOARD OF LIGHT AND POWER – COMPONENT UNIT:**

**Separately Issued Plan Financial Report**

The separately issued audited financial statements of the Plan can be obtained at the City’s Finance Department located at 300 West Baraga Avenue, Marquette, Michigan 49855.

During the fiscal year ended June 30, 2005, the Board of Light and Power was effectively split from other City departments for pension benefit purposes. The following disclosures are related to the specifics of the “new” plan for the Board of Light and Power employees as excerpted from the audit report of the Board of Light and Power.

**NOTE N – DEFINED BENEFIT PENSION PLAN BOARD OF LIGHT AND POWER – COMPONENT UNIT  
(Continued):**

***Plan Description***

The Board of Light and Power (“Board”) contributed to the Municipal Employees Retirement System of Michigan (“System”), an agent multiple-employer public employee retirement system that acts as common investment and administrative agent for all Michigan municipal employees. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

All employee benefits, except for the executive director, vest after ten years of service. The executive director’s benefits vest at eight years of service. Current Board bargaining and non-bargaining active employees who retire at or after the age of 60 with 10 years of credited service are entitled to an annual retirement benefit payable monthly in an amount equal to the sum of 2.25% of a member’s 5-year final average compensation times the number of years service credited until age 65. At age 65, or upon receipt of social security benefits, the benefit payable for life is equal to the sum of 1.7% times the 5-year final average compensation times the number of years of service credit. Board employees who

have retired prior to July 1, 1992, at or after the age of 60 with 10 years of credited service are entitled to an annual retirement benefit payable monthly for life, in an amount equal to the sum of 1.2% times the first \$4,200 of a member’s 5-year final average compensation, plus 1.7% times the portion of final average compensation over \$4,200. The executive director and the management group who retire at or after the age of 60 with 10 years of credited service are entitled to an annual retirement benefit payable monthly in an amount equal to the sum of 2.5 and 2.25, respectfully, percent of a member’s 5-year final average compensation times the number of years of service credit. The System provides for early retirement benefits for all active employees at age 55 with 15 years of service at a reduced retirement benefit and with 25 years of service at age 55 without reduced benefits and age 50 with 25 years of service at a reduced benefit.

The System also provides death and disability benefits. The benefit provisions and all other requirements are established by State statute and Board ordinance.

Active employees with ten or more years of service, who become disabled, receive an amount equal to the same as would be received under the normal retirement requirements, except that the reduction for retirement before age 60 is not applied. If the disability is from service connected causes, the amount of retirement allowance shall be computed as if the member had acquired exactly 10 years of credited service, if they actually acquired credited service is less than 10 years.

If an active employee dies, the beneficiary receives a retirement allowance computed in the same manner as a service retirement allowance, but reduced to reflect Option II (100% joint and survivor) election. An employee’s surviving spouse will receive a retirement allowance equal to 85% of the deceased members or deceased vested former members accrued retirement allowance computed in the same manner as a service retirement allowance, based on service and final average compensation at time of death.

***Funding Policy***

Board employees are required to contribute percentages ranging from 4.7% to 4.8% of their annual salary to the System, except for the executive director’s contribution which is paid by the Board. The Board is required to contribute the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

**NOTE N – DEFINED BENEFIT PENSION PLAN BOARD OF LIGHT AND POWER – COMPONENT UNIT  
(Continued):**

**Annual Pension Cost**

For the year ended June 30, 2012, the Board’s annual pension cost was \$945,840. The Board’s actual contributions for 2012 were \$945,840. The annual required contribution was determined as part of an actuarial valuation at December 31, 2010, using the entry age normal cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0% a year compounded annually, (b) projected salary increases ranging from 0.0% to 8.4% per year, attributable to inflation, and (c) 1.0% to 4.5% per year cost-of-living adjustments. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis over a period of 30 years.

**Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three-year trend information is stated below and ten-year trend information may be found on page 99.

<u>Fiscal Year Ending June 30</u>	<u>Valuation Date December</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	2009	\$ 653,904	100%	\$ -
2011	2010	804,192	100%	-
2012	2011	945,840	100%	-

**Funded Status**

The funded status of the Plan as of the three most recent actuarial valuations is stated below, and ten-year funded status information may be found on page 99.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>Percentage of Covered Payroll</u>
12/31/2009	\$ 23,693,762	\$ 33,880,339	\$ 10,186,577	70%	\$ 3,242,071	314%
12/31/2010	23,384,100	34,949,189	11,565,089	67%	3,185,217	363%
12/31/2011	23,057,007	36,612,597	13,555,590	63%	2,915,181	465%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**NOTE O – DEFINED CONTRIBUTION PENSION PLAN:**

The City of Marquette provides pension benefits to Senior Management Division 15 and Middle Management Division 10 employees through a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City established the MERS Benefit Program DS in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust, as amended by and as authorized by Section 19A of the Municipal Employees’ Retirement System of Michigan Plan Document. The ICMA Retirement Corporation is the Plan Administrator and the City has agreed to the commingled investment of assets of the Plan within the ICMA Retirement Trust.

**NOTE O – DEFINED CONTRIBUTION PENSION PLAN (Continued):**

At June 30, 2012 there were 13 plan members. Plan members are required to contribute 3% of covered earnings and the City is required to contribute 13% or 9% of covered earnings for the Senior Management Division and Middle Management Division, respectively. In accordance with these requirements, the City contributed \$87,738 during the current year and employees contributed \$25,383. The employees under the Plan are immediately vested.

**NOTE P – DEFERRED COMPENSATION PLAN:**

The City offers its employees deferred compensation plans created in accordance with the Internal Revenue Code, Section 457. The plans are available to all Board of Light and Power employees and to all other City employees, and permit them to defer a portion of their current earnings until the employee's termination, retirement, death, or unforeseeable emergency.

Due to changes in the Internal Revenue Code, the Plan's assets are considered to be property of the Plan's participants and are no longer subject to the City's general creditors. Therefore, in accordance with the provisions of GASB Statement No. 32, Plan balances and activities are not reflected in these financial statements.

The Plan's participants have the right to designate how the funds will be invested. Accordingly, the City has no liability for losses under the Plan. The Plan's assets are held in trust for the exclusive benefit of the Plan's participants and their beneficiaries.

The City's plans are administered by the Nationwide Retirement Solutions (formally known as PEBSCO), the International City Manager's Association (ICMA), American Express Financial Advisors, Inc. and the Variable Annuity Life Insurance Company (VALIC). Nationwide and ICMA, as plan administrators, agree to hold harmless and indemnify the City, its appointed and elected officers and participating employees from any loss resulting from Nationwide or ICMA or their respective agent's failure to perform their duties and services pursuant to the ICMA and Nationwide programs.

The Component Unit's (Board of Light and Power's) plans are administered by the ICMA and Nationwide. ICMA and Nationwide, as plan administrators, agree to hold harmless and indemnify the Board, its appointed and elected officers and participating employees from any loss resulting from ICMA or nationwide or their agents' failure to perform their duties and services pursuant to the ICMA and Nationwide programs.

**NOTE Q – ACCUMULATED COMPENSATED ABSENCES:**

**Sick Leave** – Employees earn sick leave at the rate of one (1) day per month, not to exceed 12 days per year. Upon retirement or termination, employees in good standing after at least ten (10) years of service shall be paid one-half such sick leave accumulated at that time up to a maximum accrual of 1,800 hours at their current rate of pay. Certain bargaining unit employees who were hired before January 1, 1975, shall be paid one-half of all sick leave hours accumulated at the time of retirement or termination. Management employees whose accrued sick leave balances were greater than 1,800 hours for the pay period of June 9, 1997 through June 22, 1997 have their sick leave balance capped at the higher hours for payout purposes at the time of retirement or termination. Management employees hired after June 30, 1998, have their accrued sick leave balance capped at 1,000 hours for payout purpose at the time of retirement or termination.

**Vacation Leave** – Employees earn vacation leave at various schedules dependent upon their length of employment. Upon retirement or termination, employees are paid for such vacation accumulated at that time up to a maximum accrual of 400 hours. Certain supervisory employees are paid for such

**NOTE Q – ACCUMULATED COMPENSATED ABSENCES (Continued):**

vacation accumulated at that time up to a maximum accrual of 408 hours. Management employees whose accrued vacation balances were greater than 400 hours for the pay period of June 9, 1997 through June 22, 1997 have their vacation balance capped at the higher hours for payout purposes at the time of retirement or termination. Management employees hired after June 30, 1998 have a maximum accrual of 200 vacation hours for payout purposes at the time of retirement or termination. Fire and Police employees are paid for all accrued vacation hours accumulated at the time of retirement or termination up to certain capped levels.

**Benefit Day Leave** – Effective December 11, 2000, all new hired Department Heads of Middle Managers earn benefit leave dependent upon their length of employment, Current Department Heads and Middle Managers at that time had the option of remaining under the regular Vacation and Sick Leave or electing the Benefit Leave. If the Benefit Leave was elected, their accumulated vacation and sick leave was converted to benefit leave. Vacation leave was converted on a one for one basis while sick leave was converted on a two for one basis. By December 31 of every year, these employees have the option of being paid for accumulated benefit leave not to exceed 5% of their annual base pay, provided they maintain a minimum of 232.5 benefit hours. These employees have their benefit leave capped at 1,100 hours for payout purposes at the time of retirement or termination.

The liabilities for accumulated, unpaid vacation, sick and benefit leave at June 30, 2012 are as follows:

	Benefit Leave and Vacation	Sick	Total
<b>GOVERNMENT FUNDS:</b>			
Current portion	\$ 339,437	\$ 226,163	\$ 565,600
Long-term portion	579,514	340,560	920,074
<b>TOTAL</b>	<b>\$ 918,951</b>	<b>\$ 566,723</b>	<b>\$ 1,485,674</b>
<b>COMPONENT UNIT:</b>			
Current portion	\$ 591,011	\$ 335,846	\$ 926,857
Long-term portion	88,231	33,327	121,558
<b>TOTAL</b>	<b>\$ 679,242</b>	<b>\$ 369,173</b>	<b>\$ 1,048,415</b>

**NOTE R – JOINT VENTURE – MARQUETTE COUNTY SOLID WASTE MANAGEMENT AUTHORITY:**

In June of 1988, the City of Marquette joined with 19 other municipalities to create the Marquette County Solid Waste Management Authority (“Authority”). The Authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structures, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as, a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, and to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

As required by Governmental Accounting Standards Board Statement No. 14, the City’s investment in this joint venture is recorded as an asset. The audited financial statements for the Marquette County Solid Waste management Authority can be obtained at P.O. Box 936, Marquette, Michigan 49855.

**NOTE R – JOINT VENTURE – MARQUETTE COUNTY SOLID WASTE MANAGEMENT AUTHORITY  
(Continued):**

The Authority is governed by a Board of Trustees consisting of one (1) member (who shall be the chairperson of the Board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission, three (3) members designated by the Marquette County Board of Commissioners, and one (1) resident of the City of Marquette appointed by the other six Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The City's share of assets, liabilities, and fund equity is approximately 30%. The total investment in the Authority at June 30, 2012, by the City is \$3,273,997. Summary financial information as of and for the fiscal year ended June 30, 2012, the latest available report, is as follows:

Total Liabilities	\$	1,592,129
Total Net Assets		10,913,322
Total Operating Revenues		2,360,230
Total Operating Expenses		2,800,711

**NOTE S – RISK MANAGEMENT:**

The City of Marquette is exposed to various risks of loss related to property, loss, torts, errors and omissions, and employee injuries (workmen's compensation). As of July 1, 1997, the City participates in the Michigan Municipal League Property and Liability Pool for claims relating to other liability and property claims and participates in the Michigan Municipal Workers Compensation Pool for employee injury claims.

The Michigan Municipal League risk pool programs operate as common risk-sharing/management programs for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The City's maximum deductible for property and liability coverage is \$75,000 per occurrence, subject to \$250,000 aggregate per policy year. Settled claims resulting from these risks have not exceeded commercial 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 employees, including retired employees.

**NOTE T – OTHER POST EMPLOYMENT BENEFITS:**

***Description***

Effective July 1, 2008, the City adopted the provision of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect a long-term liability of \$1,471,830 and \$153,827 in governmental and business-type activities, respectively, resulting from the adoption.

Under the Retiree Health Care Plan, eligible retirees and their spouses will receive contributions from the City which can be used for payment of premiums to health insurance companies. Eligible retirees are paid either a flat rate of \$45.17 to \$310.00 monthly as defined in their contract at the time of retirement until the age 65, or a percent of the premium capped at retirement payable for life.

**NOTE T – OTHER POST EMPLOYMENT BENEFITS (Continued):**

***Funding Policy***

The amount paid for former City employees for the fiscal year ended June 30, 2012 was \$341,816 and represents current benefits and \$0 to prefund benefits. There were 120 participants eligible to receive benefits and 53 are participating. This benefit is accounted for on the “pay-as-you-go” method, whereby the City is reporting the amounts paid as expenditures in the year the amounts are paid for the benefit provided.

***Annual OPEB Cost and Net OPEB Obligation***

The City’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The ARC has been calculated to increase at the same rate as the projected increase in active member payroll (4.0%) with an assumed rate of return on investments of 4.0%. The following table illustrates the components of the City’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the city’s net OPEB obligation:

Annual required contribuion	\$	737,684
Interest on net OPEB obligation		45,460
Adjustment to annual required contribution		-
Annual OPEB cost		<u>783,144</u>
Contributions made		<u>341,816</u>
Increase in net OPEB obligation		441,328
Net OPEB obligation - beginning of year		<u>1,184,329</u>
Net OPEB obligation - end of year	\$	<u><u>1,625,657</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years were as follows:

<u>Ended</u>	<u>OPEB Cost</u>	<u>Cost Contributed</u>	<u>End of Year</u>
6/30/2010	\$ 663,679	43%	\$ 756,035
6/30/2011	805,570	43%	1,184,329
6/30/2012	783,144	44%	1,625,657

***Funding Status and Funding Progress***

As of December 31, 2009, the most recent actuarial valuation date, the Plan was zero percent funded. The actuarial accrued liability for benefits equaled \$12,084,681, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,084,681 and a funded ratio of 0.0%. The covered payroll (annual payroll of active employees covered by the Plan) was \$5,830,062, and the ratio of the UAAL to the covered payroll was 210 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employments, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the

## **NOTE T – OTHER POST EMPLOYMENT BENEFITS (Continued):**

future. The schedule of funding progress, presented as required supplementary information on page 97, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

### ***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term perspective of the calculations. In the December 31, 2009, actuarial valuation, the individual entry-age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent liability, reduced by decrements to an ultimate rate of 4.5% after ten years, and an inflation rate of 4.0%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012, was 27 years.

## **NOTE U – OTHER POST-EMPLOYMENT BENEFITS BOARD OF LIGHT AND POWER – COMPONENT UNIT:**

The Board provides post-employment health care benefits to eligible retirees and their dependents. The benefits are provided in accordance with a collective bargaining agreement. Retirees must be eligible to receive immediate benefits from the MERS System to be covered; however, deferred vested retirees are ineligible for retiree medical coverage. All employees hired on or after July 1, 1995, will upon retirement, receive full Company paid health care premiums until they become eligible for reduced Social Security benefits. The Marquette Board of Light and Power will continue to pay the premiums at the existing premium rate and the retiree will pay 20 percent of the monthly premium rate during the remainder of their retirement. The annual premium rate will be based on actual premium costs provided by the carrier. Retired employees are required to be covered by existing or future federal or state programs such as Medicare when eligible.

Effective July 1, 2008, the Board was required to adopt the provision of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

### ***Funding Policy***

The contribution requirements of plan members and the Board are established in accordance with a collective bargaining agreement. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For fiscal year 2012, the Board contributed \$1,378,097 to the plan, represented current premiums and \$200,000 to prefund benefits.

### ***Annual OPEB Cost and Net OPEB Obligation***

The Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *Annual Required Contribution of the Employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation.

**NOTE U – OTHER POST-EMPLOYMENT BENEFITS BOARD OF LIGHT AND POWER – COMPONENT UNIT (Continued):**

Annual required contribution	\$ 1,540,504
Contributions made representing premium expense	(1,249,630)
Advance funding deposits (including interest earned)	<u>(128,467)</u>
Increase in net OPEB obligation	162,407
Net OPEB obligation at beginning of year	<u>1,055,959</u>
Net OPEB obligation at end of year	<u><u>\$ 1,218,366</u></u>

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years were as follows:

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	1,806,950	74%	\$ 1,060,728
6/30/2011	1,474,166	100%	1,055,959
6/30/2012	1,540,504	100%	1,218,366

***Funding Status and Funding Progress***

As of December 31, 2009, the most recent actuarial valuation date, the plan was 2.7 percent funded. The actuarial accrued liability for benefits was \$21,166,012, and the actuarial value of assets was \$562,398, resulting in an unfunded actuarial accrued liability (UAAL) of \$20,603,614. The covered payroll (annual payroll of active employees covered by the plan) was \$5,929,296, and the ratio of the UAAL to the covered payroll was 347 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employments, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page 100, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term perspective of the calculations. In the December 31, 2009, actuarial valuation, the individual entry-age actuarial cost method was used. The actuarial assumptions included a 8.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11 percent liability, reduced by decrements to an ultimate rate of 4.5 percent after ten years, and an inflation rate of 4.0%. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

#### **NOTE V – SINGLE AUDIT:**

The City's audited financial statements report a total amount of federal expenditures that is more than the Single Audit threshold of \$500,000. The City, therefore, is required to have an audit in accordance with OMB Circular A-133 for the fiscal year ended June 30, 2012.

#### **NOTE W – LITIGATION AND CONTINGENCIES:**

The City and its component units are parties to various legal proceedings, many of which normally occur in governmental operations. Such litigation can include, but is not limited to claims assessed the City for property damage, personal injury, alleged breaches of contracts, condemnation, pollution remediation and other alleged violations of State and Federal laws.

The City's management and Counsel have estimated the outcome of any potential claims against the City not covered by insurance resulting from such litigations would not materially affect the financial statements. The outcome of any of the other claims cannot be either reasonably determined or probable at this time and accordingly no loss has been accrued in the accompanying financial statements.

The City receives financial assistance from the Federal government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions and federal regulations. Substantially all grants are subject to review and audit by federal agencies. Any such disallowance as a result of these audits could result in a liability of the City.

#### **NOTE X – CONSTRUCTION IN PROGRESS:**

The City has active construction projects as of June 30, 2012. The projects include street construction and reconstruction in areas where the sanitary sewer system is being repaired, and other various street reconstruction and street improvement projects throughout the City, as well as land and building improvement projects. At year end, The City's total construction in progress expenditures in the governmental funds totaled \$1,029,126 with anticipated future expenditures of these projects amount to \$1,336,000. A portion of the various street repairs are being financed with the subsequent issue of the 2012 Limited Tax General Obligation Bonds.

#### **NOTE Y – SUBSEQUENT EVENTS:**

**2012 Capital Improvements Bonds** – On August 7, 2012, the City issued \$3,765,000 in Limited Tax General Obligation Bonds, Series 2012 with interest rates ranging from 2.0% to 3.0% for the purpose of paying the cost of certain capital improvements including but not limited to major street and/or local street improvements, construction improvements to the Mattson Park Lift Station, and the construction and installation of sanitary sewer lateral replacements. The bonds are issued pursuant to the provision of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution adopted by the City. The City has pledged its limited tax, full faith and credit as a security of the payment of the principal and interest on the Bonds.

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**City of Marquette, Michigan**

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Marquette, Michigan**

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN  
DEFINED BENEFIT PENSION PLAN  
ANALYSIS OF FUNDING INFORMATION

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date December 31	( a ) Actuarial Value of Assets	( b ) Entry Age Actuarial Accrued Liability	( b - a ) Unfunded Accrued Liability (UAL)	( a / b ) Funded Ratio	( c ) Annual Covered Payroll	[ ( b - a ) / c ] UAAL as a Percentage of Covered Payroll
2002	\$ 20,799,934	\$ 24,588,188	\$ 3,788,254	85%	\$ 5,227,706	72%
2003	22,629,322	25,997,838	3,368,516	87%	5,196,008	65%
2004	24,187,555	28,468,133	4,280,578	85%	5,309,174	81%
2005	25,645,477	33,158,414	7,512,937	77%	4,714,714	159%
2006	26,951,096	36,475,540	9,524,444	74%	5,197,495	183%
2007	28,414,859	38,247,393	9,832,534	74%	5,415,009	182%
2008	29,065,802	40,147,516	11,081,714	72%	5,507,392	201%
2009	29,884,283	41,862,036	11,977,753	71%	5,758,535	208%
2010	31,052,228	45,699,514	14,647,286	68%	5,744,034	255%
2011	31,953,445	48,032,364	16,078,919	67%	5,661,154	284%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending June 30	Valuation Date December 31	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
2002	1999	\$ 399,053	100%	-
2003	2000	456,453	100%	-
2004	2001	521,245	100%	-
2005	2002	545,201	100%	-
2006	2003	625,812	100%	-
2007	2004	700,844	100%	-
2008	2005	858,658	100%	-
2009	2006	1,105,943	100%	-
2010	2007	1,114,891	100%	-
2011	2008	1,337,337	100%	-
2012	2009	1,409,312	100%	-

**NOTES TO THE REQUIRED SCHEDULES**

The required contribution was determined using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0% per year, compounded annually, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases ranging from 0.00% to 8.40% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis over a period of 30 years.

**City of Marquette, Michigan**

OTHER POST EMPLOYMENT BENEFITS  
ANALYSIS OF FUNDING INFORMATION

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date <u>December 31</u>	( a ) Actuarial Value of Assets	( b ) Entry Age Actuarial Accrued Liability	( b - a ) Unfunded Accrued Liability (UAL)	( a / b ) Funded Ratio	( c ) Annual Covered Payroll	[ ( b - a ) / c ] UAAL as a Percentage of Covered Payroll
2007	\$ -	\$ 7,831,624	\$ 7,831,624	0%	\$ 5,507,392	142%
2007	-	7,831,624	7,831,624	0%	5,758,535	136%
2009	-	12,084,681	12,084,681	0%	5,744,304	210%
2009	-	12,084,681	12,084,681	0%	5,830,062	207%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending <u>June 30</u>	Valuation Date <u>December 31</u>	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net Pension Obligation
2009	2007	\$ 660,645	43%	\$ 377,537
2010	2007	663,679	43%	756,035
2011	2009	805,570	43%	1,213,580
2012	2009	836,236	44%	1,684,828

**NOTES TO THE REQUIRED SCHEDULES**

The required contribution has been calculated to increase at the same rate as the projected increase in active member payroll (4.50% per year). The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 30 years, for all divisions. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with GASB requirements.

**City of Marquette, Michigan**

FIRE - POLICE RETIREMENT SYSTEM  
ANALYSIS OF FUNDING INFORMATION

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date <u>December 31</u>	( a ) Actuarial Value of Assets	( b ) Entry Age Actuarial Accrued Liability	( b - a ) Unfunded Accrued Liability (UAL)	( a / b ) Funded Ratio	( c ) Annual Covered Payroll	[ ( b - a ) / c ] UAAL as a Percentage of Covered Payroll
2002	\$ 27,832,278	\$ 22,046,809	\$ (5,785,469)	126%	\$ 2,669,333	\$ -
2003	27,564,327	23,337,401	(4,226,926)	118%	2,717,024	-
2004	27,258,447	24,686,419	(2,572,028)	110%	288,945	-
2005	26,904,310	26,794,398	(109,912)	100%	2,782,910	-
2006	27,011,210	27,763,814	752,604	97%	2,798,271	26.9%
2007	28,295,125	28,894,461	599,336	98%	2,788,773	21.5%
2008	26,325,334	30,158,691	3,833,357	87%	2,864,322	133.8%
2009	26,388,240	31,211,845	4,823,605	85%	2,876,699	167.7%
2010	26,715,809	32,696,694	5,980,885	82%	3,082,622	194.0%
2010	26,715,809	32,696,694	5,980,885	82%	3,082,622	194.0%
2011	26,570,058	33,718,314	7,148,256	79%	3,164,698	225.9%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending <u>June 30</u>	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
2002	\$ -	-	-
2003	-	-	-
2004	-	-	-
2005	136,351 *	100%	-
2006	265,196 *	100%	-
2007	470,018 *	100%	-
2008	587,824	100%	-
2009	633,852	100%	-
2010	662,312	100%	-
2011	906,566	100%	-

@ In each the employer contributes exactly the actual dollar amount recommended by the actuary plus 5.0% of the actual pay during the fiscal year of both the fire chief and police chief.

\* In each the employer contributes the actuarial determined percentage for police members and for fire members.

**NOTES TO THE REQUIRED SCHEDULES**

The required contribution was determined using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.0% per year, compounded annually, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.00% to 3.50% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement.. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis. The amortization period on December 31, 2010 was 21 years for police and 20 years for fire.

**City of Marquette, Michigan**

MARQUETTE BOARD OF LIGHT AND POWER  
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN  
DEFINED BENEFIT PENSION PLAN  
ANALYSIS OF FUNDING INFORMATION

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date <u>December 31</u>	( a ) Actuarial Value of Assets	( b ) Entry Age Actuarial Accrued Liability	( b - a ) Unfunded Accrued Liability (UAL)	( a / b ) Funded Ratio	( c ) Annual Covered Payroll	[ ( b - a ) / c ] UAAL as a Percentage of Covered Payroll
2002	\$21,204,453	\$23,824,315	\$ 2,619,862	89%	\$ 3,577,979	73%
2003	21,931,156	26,001,957	4,070,801	84%	3,911,098	104%
2004	22,438,510	27,151,787	4,713,277	83%	3,599,278	131%
2005	22,841,639	28,767,850	5,926,211	79%	3,522,833	168%
2006	23,664,055	30,133,912	6,469,857	79%	3,467,875	187%
2007	24,434,918	31,629,590	7,194,672	77%	3,411,939	211%
2008	24,206,815	32,807,970	8,601,155	74%	3,425,737	251%
2009	23,693,762	33,880,339	10,186,577	70%	3,242,071	314%
2010	23,384,100	34,949,189	11,565,089	67%	3,185,217	363%
2011	23,057,007	36,612,597	13,555,590	63%	2,915,181	465%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending June 30	Valuation Date December 31	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
2003	2000	\$ 276,564	100%	-
2004	2001	271,728	100%	-
2005	2002	352,968	100%	-
2006	2003	441,780	100%	-
2007	2004	475,320	100%	-
2008	2005	527,664	100%	-
2009	2006	605,220	100%	-
2010	2007	653,904	100%	-
2011	2008	804,192	100%	-
2012	2009	945,840	100%	-

**NOTES TO THE REQUIRED SCHEDULES**

Commencing with the 1993 actuarial valuation, the required contribution was determined using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on investment of present and future assets of 8.0% per year, compounded annually, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases ranging from 0.00% to 4.16% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis over a period of 27 years.

**City of Marquette, Michigan**

MARQUETTE BOARD OF LIGHT AND POWER  
OTHER POST EMPLOYMENT BENEFITS  
ANALYSIS OF FUNDING INFORMATION

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date <u>December 31</u>	( a ) Actuarial Value of Assets	( b ) Entry Age Actuarial Accrued Liability	( b - a ) Unfunded Accrued Liability (UAL)	( a / b ) Funded Ratio	( c ) Annual Covered Payroll	[ ( b - a ) / c ] UAAL as a Percentage of Covered Payroll
2006	\$ -	\$ 31,088,490	\$ 31,088,490	0%	\$ 4,494,935	692%
2006	-	24,396,132	24,396,132	0%	4,492,842	543%
2009	-	21,166,012	21,166,012	0%	5,929,296	357%
2009	-	21,166,012	21,166,012	0%	5,929,296	357%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending <u>June 30</u>	Valuation Date <u>December 31</u>	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net Pension Obligation
2009	2006	\$ 1,917,305	70%	\$ 895,636
2010	2006	1,806,950	74%	1,060,728
2011	2009	1,474,166	100%	1,055,959
2012	2009	1,540,504	89%	1,218,366

**NOTES TO THE REQUIRED SCHEDULES**

The actuarial assumptions included a rate of return on investment (net of administrative expenses), of 6.0% per year, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on a funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11% liability. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

Because 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the above illustration does not reflect similar information respective of the two preceding years.

**City of Marquette, Michigan**

**MAJOR GOVERNMENTAL FUNDS**

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**GENERAL FUND**

The function of the General Fund is to record all revenues and expenditures of the City which are not accounted for in other funds. The General Fund receives revenue from many sources which are used to finance a wide range of City activities.

The major activities financed by the General Fund are Fire and Police Protection, Public Works, Parks and Recreation, City Administration and most public services.

The modified accrual basis of accounting is used in recording General Fund transactions.

**SPECIAL REVENUE FUNDS**

The function of the Special Revenue Funds is to record revenue and expenditures for specific functions or activities within restrictions imposed by City Charter, ordinances, resolutions and/or Federal and State statutes.

**MAJOR STREET AND TRUNKLINE FUND AND LOCAL STREET FUND**

Michigan's Act 51 of 1993, as amended, allocates gasoline and weight taxes to build and maintain roads, roadsides and storm sewers and to remove snow from and to control traffic along roads. These tax monies may be transferred between funds only as permitted by law. Other revenues included general taxes transferred from the General Fund. Within the City, Federal and State trunklines and certain "mile" roads are maintained by the City under contractual agreement with the State of Michigan and are subject to reimbursement to the City. The remaining mile roads and certain other roads are designated as MAJOR STREETS, maintained on a priority basis by the City, and the remaining roads are designated as LOCAL STREETS.

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,987,378	\$ 3,771,718
Investments	4,648,266	3,844,906
Receivables:		
Taxes:		
Current	9,184,732	8,923,488
Delinquent	12,725	15,212
Accounts	296,504	249,203
Special assessment	57,999	77,842
Loan	24,765	82,515
Allowance for uncollectible accounts	(7,403)	(7,403)
Due from other funds	1,155,750	232,918
Due from other governments:		
County	18	-
State	337,661	357,951
Due from other authorities	1,189,281	1,523,774
Inventories	62,867	117,130
Prepaid expenditures	219,723	221,610
	<u>21,170,266</u>	<u>19,410,864</u>
<b>TOTAL ASSETS</b>	<b>\$ 21,170,266</b>	<b>\$ 19,410,864</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 196,173	\$ 232,485
Retainages payable	-	769
Accrued wages payable	353,643	280,133
Accrued compensated absences	560,091	548,509
Due to local units	14,113	7,466
Deferred revenue on property taxes receivable:		
Current	9,184,732	8,923,488
Deferred revenue	57,999	77,842
	<u>10,366,751</u>	<u>10,070,692</u>
<b>TOTAL LIABILITIES</b>	<b>10,366,751</b>	<b>10,070,692</b>
Fund Balance:		
Non-spendable	307,355	496,921
Restricted	240,180	3,159,710
Assigned	1,501,129	1,498,974
Unassigned	8,754,851	4,184,567
	<u>10,803,515</u>	<u>9,340,172</u>
<b>TOTAL FUND BALANCE</b>	<b>10,803,515</b>	<b>9,340,172</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 21,170,266</b>	<b>\$ 19,410,864</b>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 12,104,810	\$ 12,104,810	\$ 12,044,733	\$ (60,077)
Federal grants	76,465	156,465	140,501	(15,964)
State grants and shared revenues	1,509,125	1,584,791	1,983,772	398,981
Intergovernmental revenue	34,785	20,000	11,293	(8,707)
Licenses and permits	28,180	28,180	35,076	6,896
Charges for services	2,472,300	2,427,585	2,367,621	(59,964)
Fines and forfeits	175,300	175,300	133,099	(42,201)
Interest and rentals	210,440	210,440	314,646	104,206
Other revenues	204,635	647,598	665,815	18,217
	<u>16,816,040</u>	<u>17,355,169</u>	<u>17,696,556</u>	<u>341,387</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
General government	3,537,515	3,783,604	3,400,121	383,483
Public health and safety	6,385,245	6,432,661	6,428,886	3,775
Public works	3,760,545	3,796,545	3,611,473	185,072
Recreation and culture	418,995	449,619	412,142	37,477
	<u>14,102,300</u>	<u>14,462,429</u>	<u>13,852,622</u>	<u>609,807</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,713,740</u>	<u>2,892,740</u>	<u>3,843,934</u>	<u>951,194</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	-	-	-	-
Transfers in	15,000	15,000	16,943	1,943
Transfers (out)	(2,728,740)	(2,907,740)	(2,397,534)	510,206
	<u>(2,713,740)</u>	<u>(2,892,740)</u>	<u>(2,380,591)</u>	<u>512,149</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>CHANGE IN FUND BALANCE</b>	-	-	1,463,343	1,463,343
Fund balance, beginning of year	<u>9,340,172</u>	<u>9,340,172</u>	<u>9,340,172</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 9,340,172</u>	<u>\$ 9,340,172</u>	<u>\$ 10,803,515</u>	<u>\$ 1,463,343</u>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Property Taxes:				
Real property tax	\$ 8,078,200	\$ 8,030,561	\$ (47,639)	\$ 7,904,529
Personal property tax	522,030	525,609	3,579	529,738
Interest and penalty on taxes	45,000	43,782	(1,218)	56,296
Administrative collection fees	260,000	266,030	6,030	261,008
<b>Total Property Taxes</b>	<b>8,905,230</b>	<b>8,865,982</b>	<b>(39,248)</b>	<b>8,751,571</b>
Industrial Facilities Tax Act	39,580	39,583	3	40,959
Payments in Lieu of Taxes:				
MSHDA	(55,385)	(112,450)	(57,065)	(55,814)
Board of Light and Power	1,690,000	1,719,133	29,133	1,692,191
Public Housing Authority	33,000	29,175	(3,825)	28,498
Sault Tribe Housing Authority	1,500	1,500	-	1,500
Marquette Area Wastewater Treatment Facility	427,355	427,356	1	68,376
Orianna Ridge	17,000	18,673	1,673	18,723
Whetstone	15,000	19,272	4,272	19,323
Snowberry	35,000	39,979	4,979	38,735
Water Supply Fund	596,575	596,575	-	521,345
Sewage Disposal Fund	399,955	399,955	-	384,720
<b>Total Payment in Lieu of Taxes</b>	<b>3,160,000</b>	<b>3,139,168</b>	<b>(20,832)</b>	<b>2,717,597</b>
Federal and State Grants:				
UPSET	38,000	39,101	1,101	40,454
FEMA-Fire Safety	29,300	16,140	(13,160)	-
Fire Mini-grants	2,500	-	(2,500)	-
DHS-Turnout Gear Grant	-	-	-	27,649
Forestry Grant	-	-	-	2,500
DELEG-Better Buildings for Michigan Grant	80,000	74,993	(5,007)	10,541
Current Gauge-Swimming Areas	-	-	-	20,946
Arts/Culture Mini-grants	-	3,750	3,750	6,150
OJP - Bullet Proof Vests Program	9,165	9,167	2	-
Youth Services Officer	-	-	-	7,608
Department of Natural Resources - Snowmobile grant	4,000	3,789	(211)	3,759
Council for Arts and Culture - Federal	-	1,100	1,100	8,000
Council for Arts and Culture - State	10,000	6,900	(3,100)	6,441
<b>Total Federal and State Grants</b>	<b>172,965</b>	<b>154,940</b>	<b>(18,025)</b>	<b>134,048</b>
State-Shared Revenues:				
Fire protection - State facility	137,625	162,264	24,639	202,747
Sales and use tax	1,405,666	1,782,955	377,289	1,723,142
Liquor licenses	25,000	24,114	(886)	24,914
<b>Total State-Shared Revenues</b>	<b>1,568,291</b>	<b>1,969,333</b>	<b>401,042</b>	<b>1,950,803</b>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>Intergovernmental Revenues:</b>				
NMPSA	\$ 10,000	\$ 1,293	\$ (8,707)	\$ 6,023
Tribal Revenue Sharing	10,000	10,000	-	10,000
<b>Total Intergovernmental Revenues</b>	<b>20,000</b>	<b>11,293</b>	<b>(8,707)</b>	<b>16,023</b>
<b>Licenses and Permits:</b>				
Business licenses and permits	5,000	5,386	386	5,623
Non-business licenses and permits	23,180	29,690	6,510	31,849
<b>Total Licenses and Permits</b>	<b>28,180</b>	<b>35,076</b>	<b>6,896</b>	<b>37,472</b>
<b>Charges for Services:</b>				
Fees	367,195	367,438	243	414,705
Cemetery foundations and grave openings	36,000	35,560	(440)	48,255
Services to other funds	2,024,390	1,964,623	(59,767)	1,937,966
<b>Total Charges for Services</b>	<b>2,427,585</b>	<b>2,367,621</b>	<b>(59,964)</b>	<b>2,400,926</b>
<b>Sales:</b>				
Cemetery lot use	15,000	15,355	355	19,620
<b>Total Sales</b>	<b>15,000</b>	<b>15,355</b>	<b>355</b>	<b>19,620</b>
<b>Use and Admission Fees:</b>				
Community Center use	18,000	16,915	(1,085)	15,899
Ballfields	18,900	21,340	2,440	5,537
Skiing use/passes	50	20	(30)	49
Parking fees	16,000	-	(16,000)	17,867
Art center and theater	55,500	30,127	(25,373)	58,534
<b>Total Use and Admission Fees</b>	<b>108,450</b>	<b>68,402</b>	<b>(40,048)</b>	<b>97,886</b>
<b>Fines and Forfeits</b>	<b>175,300</b>	<b>133,099</b>	<b>(42,201)</b>	<b>172,221</b>
<b>Rentals:</b>				
Land and building rental	8,640	16,770	8,130	11,282
Parking rentals - lots	5,500	5,322	(178)	5,321
Equipment rent	46,300	62,255	15,955	71,291
<b>Total Rentals</b>	<b>60,440</b>	<b>84,347</b>	<b>23,907</b>	<b>87,894</b>
<b>Special Assessments:</b>				
Interest	5,210	5,060	(150)	6,823
Assessments levied	20,425	19,843	(582)	25,924
<b>Total Special Assessments</b>	<b>25,635</b>	<b>24,903</b>	<b>(732)</b>	<b>32,747</b>
<b>Sale of capital assets</b>	<b>179,000</b>	<b>201,614</b>	<b>22,614</b>	<b>61,862</b>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012			2011
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
Contributions from private sources	\$ 125,085	\$ 154,879	\$ 29,794	\$ 385,450
Investment income	150,000	230,299	80,299	121,033
Reimbursements	69,578	87,621	18,043	36,037
Other revenue	124,850	113,041	(11,809)	73,843
<b>TOTAL REVENUES</b>	<b>17,355,169</b>	<b>17,696,556</b>	<b>341,387</b>	<b>17,137,992</b>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT:</b>				
Central Administration:				
Personnel services	1,391,255	1,313,702	77,553	1,215,802
Supplies	46,950	33,495	13,455	42,760
Other services and charges	673,165	570,768	102,397	630,254
Capital outlay	7,974	7,974	-	154
Total Central Administration	<u>2,119,344</u>	<u>1,925,939</u>	<u>193,405</u>	<u>1,888,970</u>
Assessor:				
Personnel services	293,860	283,843	10,017	215,759
Supplies	6,500	6,037	463	6,362
Other services and charges	21,065	18,464	2,601	18,649
Total Assessor	<u>321,425</u>	<u>308,344</u>	<u>13,081</u>	<u>240,770</u>
Clerk:				
Personnel services	630,108	588,097	42,011	542,703
Supplies	17,546	19,244	(1,698)	12,025
Other services and charges	136,611	75,603	61,008	82,889
Total Clerk	<u>784,265</u>	<u>682,944</u>	<u>101,321</u>	<u>637,617</u>
City Hall and Grounds:				
Personnel services	90,530	101,567	(11,037)	87,097
Supplies	36,000	28,731	7,269	36,506
Other services and charges	121,350	94,877	26,473	116,921
Capital outlay	74,062	36,310	37,752	33,970
Total City Hall and Grounds	<u>321,942</u>	<u>261,485</u>	<u>60,457</u>	<u>274,494</u>
Cemetery:				
Personnel services	97,635	97,943	(308)	104,720
Supplies	6,900	6,993	(93)	5,412
Other services and charges	35,150	33,951	1,199	40,903
Capital outlay	-	-	-	16,967
Total Cemetery	<u>139,685</u>	<u>138,887</u>	<u>798</u>	<u>168,002</u>
Other General Government:				
Insurance and Bonds:				
Other services and charges	87,180	72,759	14,421	83,123
Total Other General Government	<u>96,943</u>	<u>82,522</u>	<u>14,421</u>	<u>83,123</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>3,783,604</b>	<b>3,400,121</b>	<b>383,483</b>	<b>3,292,976</b>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>PUBLIC HEALTH AND SAFETY:</b>				
Police Department:				
Personnel services	\$3,607,095	\$3,601,103	\$5,992	\$3,342,150
Supplies	112,670	102,011	10,659	44,815
Other services and charges	219,570	234,663	(15,093)	291,034
Capital outlay	-	-	-	77
Total Police Department	3,939,335	3,937,777	1,558	3,678,076
Fire Department:				
Personnel services	2,261,455	2,263,727	(2,272)	2,190,556
Supplies	41,916	33,830	8,086	63,210
Other services and charges	189,955	176,485	13,470	231,952
Capital outlay	-	17,067	(17,067)	92,345
Total Fire Department	2,493,326	2,491,109	2,217	2,578,063
<b>TOTAL PUBLIC HEALTH AND SAFETY</b>	<b>6,432,661</b>	<b>6,428,886</b>	<b>3,775</b>	<b>6,256,139</b>
<b>PUBLIC WORKS:</b>				
Public Works Maintenance:				
Personnel services	1,607,840	1,563,264	44,576	1,522,116
Supplies	97,000	94,303	2,697	86,459
Other services and charges	803,600	819,411	(15,811)	981,415
Capital outlay	276,000	163,862	112,138	341,821
Total Public Works Maintenance	2,784,440	2,640,840	143,600	2,931,811
City Engineer:				
Personnel services	866,020	839,156	26,864	748,805
Supplies	10,000	4,083	5,917	7,889
Other services and charges	114,085	105,394	8,691	116,284
Capital outlay	22,000	22,000	-	-
Total City Engineer	1,012,105	970,633	41,472	872,978
<b>TOTAL PUBLIC WORKS</b>	<b>3,796,545</b>	<b>3,611,473</b>	<b>185,072</b>	<b>3,804,789</b>
<b>RECREATION AND CULTURE:</b>				
Parks and Recreation Administration:				
Personnel services	333,655	314,500	19,155	218,101
Supplies	22,955	21,715	1,240	22,741
Other services and charges	63,035	53,429	9,606	28,500
Capital outlay	29,974	22,498	7,476	21,108
<b>TOTAL RECREATION AND CULTURE</b>	<b>449,619</b>	<b>412,142</b>	<b>37,477</b>	<b>290,450</b>
<b>TOTAL EXPENDITURES</b>	<b>14,462,429</b>	<b>13,852,622</b>	<b>609,807</b>	<b>13,644,354</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,892,740</b>	<b>3,843,934</b>	<b>951,194</b>	<b>3,493,638</b>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OTHER FINANCING SOURCES (USES):</b>				
Receipts from other governments	\$ 746,069	\$ 746,069	\$ -	\$ -
Payments to other governments	(746,069)	(746,069)	-	-
Transfers in:				
Cemetery Trust Fund	15,000	16,943	1,943	-
Transfers (out):				
Cemetery Trust Fund	-	-	-	(17,271)
Major Street and Trunkline Fund	(427,295)	(152,532)	274,763	(829,388)
Local Street Fund	(740,480)	(493,196)	247,284	(1,373,052)
Lakeview Arena Fund	(413,045)	(432,851)	(19,806)	(358,866)
2007 Street Projects Debt Fund	(63,205)	(63,206)	(1)	(62,881)
2004 Spring Street Debt Fund	(82,875)	(82,873)	2	(82,873)
2003 Founders Landing Debt Fund	(308,400)	(308,397)	3	(278,822)
Forestland Debt Fund	(755,000)	(752,372)	2,628	(565,095)
High Street Debt Fund	(405)	(401)	4	(401)
2008 Street Projects Debt Fund	(73,285)	(73,281)	4	(73,254)
2009 Capital Improvements Debt Fund	(3,105)	(3,104)	1	(3,110)
Concessions Fund	-	-	-	(26,392)
Marinas Fund	(40,645)	(35,321)	5,324	(79,736)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,892,740)</b>	<b>(2,380,591)</b>	<b>512,149</b>	<b>(3,751,141)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>1,463,343</b>	<b>1,463,343</b>	<b>(257,503)</b>
Fund balance, beginning of year	9,340,172	9,340,172	-	9,597,675
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 9,340,172</b>	<b>\$ 10,803,515</b>	<b>\$ 1,463,343</b>	<b>\$ 9,340,172</b>

**CITY OF MARQUETTE, MICHIGAN**  
**MAJOR STREET AND TRUNKLINE FUND**  
**COMPARATIVE BALANCE SHEET**

June 30, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
Cash and cash equivalents	\$ 525,664	\$ -
Accounts Receivable	-	449
Due from State	227,818	202,121
<b>TOTAL ASSETS</b>	<b>\$ 753,482</b>	<b>\$ 202,570</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 97,822	\$ 6,891
Accrued wages payable	6,696	1,365
Due to other funds	648,964	194,314
<b>TOTAL LIABILITIES</b>	<b>753,482</b>	<b>202,570</b>
Fund Balance:		
Restricted	-	-
<b>TOTAL FUND BALANCE</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 753,482</b>	<b>\$ 202,570</b>

**CITY OF MARQUETTE, MICHIGAN**

MAJOR STREET AND TRUNKLINE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Federal sources	\$ -	\$ 6,312	\$ 6,312	\$ 54,677
State sources	1,165,746	1,234,077	68,331	1,162,692
Interest	-	1,200	1,200	7,069
Other	-	98,420	98,420	24,669
<b>TOTAL REVENUES</b>	<b>1,165,746</b>	<b>1,340,009</b>	<b>174,263</b>	<b>1,249,107</b>
<b>EXPENDITURES:</b>				
Highways, Streets and Bridges:				
Routine maintenance	445,860	418,658	27,202	401,715
Winter maintenance	438,070	365,683	72,387	645,662
State trunkline	44,180	104,366	(60,186)	57,576
Administration	272,305	272,305	-	266,105
Bond issuance costs	-	5,719	(5,719)	-
Total Highways, Streets and Bridges	1,200,415	1,166,731	33,684	1,371,058
Capital Outlay:				
Construction	618,856	414,558	204,298	392,174
Total Capital Outlay	618,856	414,558	204,298	392,174
The accompanying notes are an integral part of t	1,819,271	1,581,289	237,982	1,763,232
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(653,525)</b>	<b>(241,280)</b>	<b>412,245</b>	<b>(514,125)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	549,000	403,500	(145,500)	-
Premium on bond issuance	-	8,015	8,015	-
Transfers in	427,295	152,532	(274,763)	829,388
Transfers (out)	(322,770)	(322,767)	3	(315,263)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>653,525</b>	<b>241,280</b>	<b>(412,245)</b>	<b>514,125</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF MARQUETTE, MICHIGAN

LOCAL STREET FUND

COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 504,961	\$ -
Due from State	<u>57,097</u>	<u>51,924</u>
<b>TOTAL ASSETS</b>	<u>\$ 562,058</u>	<u>\$ 51,924</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 51,818	\$ 9,589
Accrued wages payable	4,002	3,731
Due to other funds	<u>506,238</u>	<u>38,604</u>
<b>TOTAL LIABILITIES</b>	<u>562,058</u>	<u>51,924</u>
Fund Balance:		
Restricted	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 562,058</u>	<u>\$ 51,924</u>

**CITY OF MARQUETTE, MICHIGAN**

LOCAL STREET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Federal sources	\$ -	\$ 174,520	\$ 174,520	\$ -
State sources	463,023	509,975	46,952	472,277
Interest	-	646	646	3,589
Other	-	315	315	-
<b>TOTAL REVENUES</b>	<b>463,023</b>	<b>685,456</b>	<b>222,433</b>	<b>475,866</b>
<b>EXPENDITURES:</b>				
Highways, Streets and Bridges:				
Routine maintenance	394,350	374,325	20,025	428,371
Winter maintenance	340,517	283,892	56,625	445,502
Administration	238,705	238,705	-	238,175
Bond issuance costs	-	9,531	(9,531)	-
Total Highways, Streets and Bridges	<u>973,572</u>	<u>906,453</u>	<u>67,119</u>	<u>1,112,048</u>
Capital Outlay:				
Construction	759,628	736,759	22,869	527,711
Total Capital Outlay	<u>759,628</u>	<u>736,759</u>	<u>22,869</u>	<u>527,711</u>
<b>TOTAL EXPENDITURES</b>	<b>1,733,200</b>	<b>1,643,212</b>	<b>89,988</b>	<b>1,639,759</b>
The excess of	<b>EXCESS OF REVENUES OVER</b>			
	<b>(UNDER) EXPENDITURES</b>	<u>(1,270,177)</u>	<u>(957,756)</u>	<u>312,421</u>
				<u>(1,163,893)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	751,000	672,500	(78,500)	-
Premium on bond issuance	-	13,358	13,358	-
Transfers in	740,480	493,196	(247,284)	1,373,052
Transfers (out) - Construction Fund	(221,303)	(221,298)	5	(209,159)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,270,177</b>	<b>957,756</b>	<b>(312,421)</b>	<b>1,163,893</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## City of Marquette, Michigan

### NONMAJOR GOVERNMENTAL FUNDS

#### COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

##### **SPECIAL REVENUE FUNDS**

The function of the Special Revenue Funds is to record revenue and expenditures for specific functions or activities within restrictions imposed by City Charter, ordinances, resolutions and/or Federal and State statutes. The modified accrual basis of accounting is used in recording Special Revenue Fund transactions.

**SANITATION FUND:** To account for revenues and expenditures associated with recycling services, waste management services, and landfill usage.

**PUBLIC EDUCATION GOVERNMENT (PEG) FUND:** To account for funds received through cable television franchise agreement that facilitate the broadcasting of government information to the public.

**DRUG FORFEITURE FUND:** To account for assets seized from activities involved in the violation of controlled substances statutes, Act 135 PA 1985 (MCL 333.7521 through MCL 333.7524a). Authorized expenditures include expenses of seizure, forfeiture and sale of property. The balance remaining must be used to enhance law enforcement efforts.

**MSHDA DOWNTOWN RENTAL FUND:** To account for the expenditures and revenues associated with the Michigan State Housing Development Authority Downtown Rental grant.

**CRIMINAL JUSTICE TRAINING FUND:** To account for the funds received from the State of Michigan for the purpose of ongoing training in the police department.

**SENIOR SERVICES FUND:** A new fund beginning July 1, 2009 subsequent to the passing of a millage designation. Activity was previously recorded as "Social Services" in the General fund. To record revenues and expenditures associated with providing social services and homemaker services to senior residents of the community.

**LAKEVIEW ARENA FUND:** To record revenues and expenditures associated with the operation of the Lakeview Arena facility.

##### **DEBT SERVICE FUNDS**

The function of the Debt Service Funds is to account for the accumulation of resources and payment of general obligation principal and interest from the governmental resources. The modified accrual basis of accounting is used in recording Debt Service Fund transactions.

**1998 BUILDING AUTHORITY MUNICIPAL CENTER DEBT SERVICE FUND:** This fund was established in 1999 to account for the retirement of the 1998 Building Authority Refunding Bonds. These bonds, totaling \$4,535,000, were issued to advance refund a portion of the 1991 Building Authority Bonds.

**2007 STREET PROJECTS DEBT SERVICE FUND:** This fund was established in 2006 to account for the annual payments on the 2006 Limited Tax General Obligation Street Improvements Bonds. These bonds were originally issued for \$5,475,000 for the purpose of paying all or part of the cost of making major and local street improvements throughout the City.

**HIGH STREET DEBT SERVICE FUND:** This fund was established in 2007 to account for the annual payments on the funds received through the State Revolving Loan Fund.

**2008 STREET PROJECTS DEBT SERVICE FUND:** This fund was established in 2008 to account for the annual payments on the 2008 Limited Tax General Obligation Street Improvements Bonds. These bonds were originally issued for \$8,375,000 for the purpose of paying all or part of the cost of making major and local street improvements throughout the City.

**2004 SPRING STREET DEBT SERVICE FUND:** This fund was established in 2004 to account for the annual payments on the State Infrastructure Bank Note. This note was originally issued for \$1,243,100 for the purpose of financing transportation infrastructure improvements through the County Road (CR) 550 Flood Repair and Spring Street Reconstruction project.

**2009 CAPITAL IMPROVEMENTS DEBT SERVICE FUND:** This fund was established in 2009 to account for the retirement of the 2009 Limited Tax General Obligation and Refunding Bonds. These bonds, totaling \$10,800,000, were issued for the purpose of paying the costs of capital improvement items in the City including major and local street improvements, renovating and equipping Lakeview Arena, and to refund the 1998 Building Authority Refunding Bonds.

**2011 CAPITAL IMPROVEMENTS DEBT SERVICE FUND:** This fund was established in 2011 to account for the retirement of the Limited Tax General Obligation Bonds, Series 2011. These bonds, totaling \$2,690,000, were issued for the purpose of paying the costs of capital improvement items in the City including major and local street improvements, construction of Lake Street Bike Path and the construction and installation of sanitary sewer lateral replacements.

**2003 FOUNDERS LANDING DEBT SERVICE FUND:** This fund was established in 2004 to account for the retirement of the 2003 General Obligation Bonds. These bonds, totaling \$3,935,000, were issued for the purpose of reimbursing the City for certain costs relating to the acquisition of waterfront property for the City's park system, and paying the costs of designing, engineering, acquiring, preparing, constructing, and equipping various park improvements.

**FORESTLAND DEBT SERVICE FUND:** This fund was established in 2005 to account for the annual payments on the Forestland property purchase. These bonds were originally issued for \$5,000,000 for the purpose of financing property to be used for a recreation trail network and possible development. In 2007, these bonds were refunded by issuing \$5,135,000 in General Obligation Unlimited Tax Refunding Bonds, thus defeasing the original 2005 issue.

### **PERMANENT FUNDS**

The function of Permanent Funds is to account for funds where only the interest earnings may be used. The principal cannot be spent. The accrual basis of accounting is used in recording Permanent Fund transactions.

**CEMETERY FUND:** This fund is used to account for monies received for care of cemetery lots. The principal amount must be maintained intact and invested. Interest earnings are used to offset the City's cost of the cemetery maintenance.

**CITY OF MARQUETTE, MICHIGAN**  
**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET**

June 30, 2012

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,037,084	\$ 939,240	\$ 122,649	\$ 2,098,973
Investments	-	-	537,147	537,147
Taxes receivable	208,270	-	-	208,270
Accounts receivable, net	153,232	-	80	153,312
Prepaid expenditures	9,689	-	-	9,689
	<u>1,408,275</u>	<u>939,240</u>	<u>659,876</u>	<u>3,007,391</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,408,275</b>	<b>\$ 939,240</b>	<b>\$ 659,876</b>	<b>\$ 3,007,391</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ 153,934	\$ -	\$ -	\$ 153,934
Accrued wages	15,059	-	-	15,059
Accrued leave payable	5,509	-	-	5,509
Deferred revenue	208,119	-	-	208,119
	<u>382,621</u>	<u>-</u>	<u>-</u>	<u>382,621</u>
<b>TOTAL LIABILITIES</b>	<b>382,621</b>	<b>-</b>	<b>-</b>	<b>382,621</b>
Fund Balance:				
Non-spendable	9,689	-	659,876	669,565
Restricted	343,358	-	-	343,358
Assigned	672,607	939,240	-	1,611,847
	<u>1,025,654</u>	<u>939,240</u>	<u>659,876</u>	<u>2,624,770</u>
<b>TOTAL FUND BALANCE</b>	<b>1,025,654</b>	<b>939,240</b>	<b>659,876</b>	<b>2,624,770</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,408,275</b>	<b>\$ 939,240</b>	<b>\$ 659,876</b>	<b>\$ 3,007,391</b>

**CITY OF MARQUETTE, MICHIGAN**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

June 30, 2012

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
<b>REVENUES:</b>				
Taxes and penalties	\$ 202,057	\$ -	\$ -	\$ 202,057
Federal and State sources	34,669	-	-	34,669
Charges for services	1,274,796	-	14,215	1,289,011
Fines and forfeits	25,093	-	-	25,093
Sales	3,060	-	-	3,060
Admission and usage	376,699	-	-	376,699
Rentals	46,168	-	-	46,168
Investment income	2,037	-	16,943	18,980
Contribution from private sources	18,453	-	-	18,453
Intergovernmental revenue	264,314	-	-	264,314
Other	5,544	-	-	5,544
<b>TOTAL REVENUES</b>	<b>2,252,890</b>	<b>-</b>	<b>31,158</b>	<b>2,284,048</b>
<b>EXPENDITURES:</b>				
Current operations:				
General government	3,900	-	-	3,900
Public health and safety	29,992	-	-	29,992
Social services	435,328	-	-	435,328
Sanitation services	1,299,279	-	-	1,299,279
Community development	-	-	-	-
Recreation and culture	645,454	-	-	645,454
Capital outlay	117,274	-	-	117,274
Debt service:				
Professional and contractual	-	345	-	345
Retirement of principal	-	1,111,502	-	1,111,502
Interest and fiscal charges	-	789,076	-	789,076
<b>TOTAL EXPENDITURES</b>	<b>2,531,227</b>	<b>1,900,923</b>	<b>-</b>	<b>4,432,150</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(278,337)</b>	<b>(1,900,923)</b>	<b>31,158</b>	<b>(2,148,102)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	432,851	2,209,722	-	2,642,573
Transfers (out)	(120,329)	-	(16,943)	(137,272)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>312,522</b>	<b>2,209,722</b>	<b>(16,943)</b>	<b>2,505,301</b>
<b>CHANGES IN FUND BALANCE</b>	<b>34,185</b>	<b>308,799</b>	<b>14,215</b>	<b>357,199</b>
Fund balance, beginning of year	991,469	630,441	645,661	2,267,571
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,025,654</b>	<b>\$ 939,240</b>	<b>\$ 659,876</b>	<b>\$ 2,624,770</b>

CITY OF MARQUETTE, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2012

	Sanitation Fund	Public Education Government (PEG) Fund	Drug Forfeiture Fund	MSHDA Downtown Rental Fund	Criminal Justice Training Fund	Senior Services Fund	Lakeview Arena Fund	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 363,261	\$ 29,316	\$ 29,915	\$ 46,307	\$ -	\$ 245,856	\$ 322,429	\$ 1,037,084
Taxes receivable	-	-	-	-	-	208,270	-	208,270
Accounts receivable, net	118,875	3,023	-	-	-	-	31,334	153,232
Prepaid expenditures	-	-	-	-	-	6,606	3,083	9,689
<b>TOTAL ASSETS</b>	<b>\$ 482,136</b>	<b>\$ 32,339</b>	<b>\$ 29,915</b>	<b>\$ 46,307</b>	<b>\$ -</b>	<b>\$ 460,732</b>	<b>\$ 356,846</b>	<b>\$ 1,408,275</b>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts payable	\$ 111,792	\$ 66	\$ -	\$ -	\$ -	\$ 1,122	\$ 40,954	\$ 153,934
Accrued wages payable	1,083	-	-	-	-	10,022	3,954	15,059
Accrued leave payable	-	-	-	-	-	-	5,509	5,509
Deferred revenue	-	-	-	-	-	208,119	-	208,119
<b>TOTAL LIABILITIES</b>	<b>112,875</b>	<b>66</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219,263</b>	<b>50,417</b>	<b>382,621</b>
Fund Balance:								
Non-spendable	-	-	-	-	-	6,606	3,083	9,689
Restricted	-	32,273	29,915	46,307	-	234,863	-	343,358
Assigned	369,261	-	-	-	-	-	303,346	672,607
<b>TOTAL FUND BALANCE</b>	<b>369,261</b>	<b>32,273</b>	<b>29,915</b>	<b>46,307</b>	<b>-</b>	<b>241,469</b>	<b>306,429</b>	<b>1,025,654</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 482,136</b>	<b>\$ 32,339</b>	<b>\$ 29,915</b>	<b>\$ 46,307</b>	<b>\$ -</b>	<b>\$ 460,732</b>	<b>\$ 356,846</b>	<b>\$ 1,408,275</b>

CITY OF MARQUETTE, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

June 30, 2012

	Sanitation Fund	Public Education Government (PEG) Fund	Drug Forfeiture Fund	MSHDA Downtown Rental Fund	Criminal Justice Training Fund	Senior Services Fund	Lakeview Arena Fund	Total
<b>REVENUES:</b>								
Taxes and penalties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,057	\$ -	\$ 202,057
Federal and State sources	-	-	-	-	6,154	22,315	6,200	34,669
Charges for services	1,249,960	12,362	-	-	-	-	12,474	1,274,796
Fines and forfeits	-	-	25,093	-	-	-	-	25,093
Sales	-	-	-	-	-	-	3,060	3,060
Admission and usage	-	-	-	-	-	-	376,699	376,699
Rentals	-	-	-	-	-	-	46,168	46,168
Investment income	500	34	40	59	-	373	1,031	2,037
Contributions from private sources	-	-	-	-	-	18,453	-	18,453
Intergovernmental revenue	-	-	-	-	-	264,314	-	264,314
Other	-	-	-	-	-	970	4,574	5,544
<b>TOTAL REVENUES</b>	<b>1,250,460</b>	<b>12,396</b>	<b>25,133</b>	<b>59</b>	<b>6,154</b>	<b>508,482</b>	<b>450,206</b>	<b>2,252,890</b>
<b>EXPENDITURES:</b>								
Current operations:								
General government	-	3,900	-	-	-	-	-	3,900
Public health and safety	-	-	23,838	-	6,154	-	-	29,992
Social services	-	-	-	-	-	435,328	-	435,328
Sanitation services	1,299,279	-	-	-	-	-	-	1,299,279
Community development	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	645,454	645,454
Capital outlay	-	-	-	-	-	-	117,274	117,274
<b>TOTAL EXPENDITURES</b>	<b>1,299,279</b>	<b>3,900</b>	<b>23,838</b>	<b>-</b>	<b>6,154</b>	<b>435,328</b>	<b>762,728</b>	<b>2,531,227</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(48,819)</b>	<b>8,496</b>	<b>1,295</b>	<b>59</b>	<b>-</b>	<b>73,154</b>	<b>(312,522)</b>	<b>(278,337)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	432,851	432,851
Transfers (out)	-	-	-	-	-	-	(120,329)	(120,329)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>312,522</b>	<b>312,522</b>
<b>CHANGES IN FUND BALANCE</b>	<b>(48,819)</b>	<b>8,496</b>	<b>1,295</b>	<b>59</b>	<b>-</b>	<b>73,154</b>	<b>-</b>	<b>34,185</b>
Fund balance, beginning of year	418,080	23,777	28,620	46,248	-	168,315	306,429	991,469
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 369,261</b>	<b>\$ 32,273</b>	<b>\$ 29,915</b>	<b>\$ 46,307</b>	<b>\$ -</b>	<b>\$ 241,469</b>	<b>\$ 306,429</b>	<b>\$ 1,025,654</b>

CITY OF MARQUETTE, MICHIGAN

SANITATION FUND

COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 363,261	\$ 371,072
Accounts receivable	<u>118,875</u>	<u>138,822</u>
<b>TOTAL ASSETS</b>	<u>\$ 482,136</u>	<u>\$ 509,894</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 111,792	\$ 91,054
Accrued wages payable	<u>1,083</u>	<u>760</u>
<b>TOTAL LIABILITIES</b>	<u>112,875</u>	<u>91,814</u>
Fund Balance:		
Assigned	<u>369,261</u>	<u>418,080</u>
<b>TOTAL FUND BALANCE</b>	<u>369,261</u>	<u>418,080</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 482,136</u>	<u>\$ 509,894</u>

**CITY OF MARQUETTE, MICHIGAN**

SANITATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Charges for services	\$ 1,389,300	\$ 1,249,960	\$ (139,340)	\$ 1,594,656
Interest income	100	500	400	378
<b>TOTAL REVENUES</b>	<u>1,389,400</u>	<u>1,250,460</u>	<u>(138,940)</u>	<u>1,595,034</u>
<b>EXPENDITURES:</b>				
Sanitation Services:				
Personnel services	107,650	97,808	9,842	97,344
Supplies	600	375	225	980
Other services and charges	1,281,150	1,201,096	80,054	1,411,829
<b>TOTAL EXPENDITURES</b>	<u>1,389,400</u>	<u>1,299,279</u>	<u>90,121</u>	<u>1,510,153</u>
<b>CHANGE IN FUND BALANCE</b>	-	(48,819)	(48,819)	84,881
Fund balance, beginning of year	418,080	418,080	-	333,199
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 418,080</u>	<u>\$ 369,261</u>	<u>\$ (48,819)</u>	<u>\$ 418,080</u>

**CITY OF MARQUETTE, MICHIGAN**  
**PUBLIC EDUCATION GOVERNMENT (PEG) FUND**  
**COMPARATIVE BALANCE SHEET**

June 30, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
Cash and cash equivalents	\$ 29,316	\$ 27,371
Accounts receivable	3,023	3,144
<b>TOTAL ASSETS</b>	<b>\$ 32,339</b>	<b>\$ 30,515</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 66	\$ 6,738
<b>TOTAL LIABILITIES</b>	66	6,738
Fund Balance:		
Restricted	32,273	23,777
<b>TOTAL FUND BALANCE</b>	32,273	23,777
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 32,339</b>	<b>\$ 30,515</b>

**CITY OF MARQUETTE, MICHIGAN**

PUBLIC EDUCATION GOVERNMENT (PEG) FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012			2011
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
<b>REVENUES:</b>				
Charges for services	\$ 12,000	\$ 12,362	\$ 362	\$ 12,164
Interest income	40	34	(6)	50
<b>TOTAL REVENUES</b>	12,040	12,396	356	12,214
<b>EXPENDITURES:</b>				
General Government:				
Information Services:				
Other services and charges	12,040	3,900	8,140	6,738
Total General Government	12,040	3,900	8,140	6,738
<b>TOTAL EXPENDITURES</b>	12,040	3,900	8,140	6,738
<b>TOTAL OTHER FINANCING</b>				
<b>CHANGE IN FUND BALANCE</b>	-	8,496	8,496	5,476
Fund balance, beginning of year	23,777	23,777	-	18,301
<b>FUND BALANCE, END OF YEAR</b>	\$ 23,777	\$ 32,273	\$ 8,496	\$ 23,777

CITY OF MARQUETTE, MICHIGAN

DRUG FORFEITURE FUND

COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 29,915	\$ 28,620
<b>TOTAL ASSETS</b>	<u>\$ 29,915</u>	<u>\$ 28,620</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
Fund Balance:		
Restricted	<u>29,915</u>	<u>28,620</u>
<b>TOTAL FUND BALANCE</b>	<u>29,915</u>	<u>28,620</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 29,915</u>	<u>\$ 28,620</u>

**CITY OF MARQUETTE, MICHIGAN**

**DRUG FORFEITURE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		2011
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
			Actual GAAP Basis
<b>REVENUES:</b>			
Fines and forfeits	\$ 21,000	\$ 25,093	\$ 4,093
Interest income	100	40	(60)
	<u>21,100</u>	<u>25,133</u>	<u>4,033</u>
<b>TOTAL REVENUES</b>	<u>21,100</u>	<u>25,133</u>	<u>4,033</u>
<b>EXPENDITURES:</b>			
Public Health and Safety:			
Supplies	14,000	9,650	4,350
Other services and charges	11,000	14,188	(3,188)
Total Public Health and Safety	<u>25,000</u>	<u>23,838</u>	<u>1,162</u>
<b>TOTAL EXPENDITURES</b>	<u>25,000</u>	<u>23,838</u>	<u>1,162</u>
The ε	<b>SOURCES</b>	-	-
<b>CHANGE IN FUND BALANCE</b>	(3,900)	1,295	5,195
Fund balance, beginning of year	<u>28,620</u>	<u>28,620</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 24,720</u>	<u>\$ 29,915</u>	<u>\$ 5,195</u>
	<u>\$ 28,620</u>		

CITY OF MARQUETTE, MICHIGAN  
MSHDA DOWNTOWN RENTAL FUND  
COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
Cash and cash equivalents	\$ 46,307	\$ 46,248
Accounts receivable	-	-
Due from State	-	-
<b>TOTAL ASSETS</b>	<b>\$ 46,307</b>	<b>\$ 46,248</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Cash overdraft	\$ -	\$ -
Accounts payable	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>
Fund Balance:		
Restricted	46,307	46,248
<b>TOTAL FUND BALANCE</b>	<b>46,307</b>	<b>46,248</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 46,307</b>	<b>\$ 46,248</b>

**CITY OF MARQUETTE, MICHIGAN**

MSHDA DOWNTOWN RENTAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Federal sources	\$ -	\$ -	\$ -	\$ 2,466
State sources	-	-	-	43,523
Interest	-	59	59	29
Other	-	-	-	25,000
<b>TOTAL REVENUES</b>	<u>-</u>	<u>59</u>	<u>59</u>	<u>71,018</u>
<b>EXPENDITURES:</b>				
Community Development:				
Other services and charges	-	-	-	64,729
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,729</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>59</u>	<u>59</u>	<u>6,289</u>
<b>CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>59</u>	<u>59</u>	<u>6,289</u>
Fund balance, beginning of year	46,248	46,248	-	39,959
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 46,248</u>	<u>\$ 46,307</u>	<u>\$ 59</u>	<u>\$ 46,248</u>

CITY OF MARQUETTE, MICHIGAN

CRIMINAL JUSTICE TRAINING FUND

COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 520
	<u>\$ -</u>	<u>\$ 520</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ -	\$ 520
	<u>-</u>	<u>520</u>
Fund Balance:		
Restricted	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 520</u>

**CITY OF MARQUETTE, MICHIGAN**

CRIMINAL JUSTICE TRAINING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012			2011
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
<b>REVENUES:</b>				
State sources	\$ 8,150	\$ 6,154	\$ (1,996)	\$ 6,014
Investment income	-	-	-	1
<b>TOTAL REVENUES</b>	<u>8,150</u>	<u>6,154</u>	<u>(1,996)</u>	<u>6,015</u>
<b>EXPENDITURES:</b>				
Public Health and Safety:				
Training	<u>8,150</u>	<u>6,154</u>	<u>1,996</u>	<u>6,015</u>
<b>TOTAL EXPENDITURES</b>	<u>8,150</u>	<u>6,154</u>	<u>1,996</u>	<u>6,015</u>
<b>CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN

SENIOR SERVICES FUND

COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 245,856	\$ 168,923
Taxes receivable	208,270	202,508
Accounts receivable	-	1,916
Prepaid expenditures	<u>6,606</u>	<u>7,324</u>
<b>TOTAL ASSETS</b>	<u>\$ 460,732</u>	<u>\$ 380,671</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 1,122	\$ 1,130
Accrued wages payable	10,022	8,916
Deferred revenue	<u>208,119</u>	<u>202,310</u>
<b>TOTAL LIABILITIES</b>	<u>219,263</u>	<u>212,356</u>
Fund Balance:		
Non-spendable	6,606	7,324
Restricted	<u>234,863</u>	<u>160,991</u>
<b>TOTAL FUND BALANCE</b>	<u>241,469</u>	<u>168,315</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 460,732</u>	<u>\$ 380,671</u>

**CITY OF MARQUETTE, MICHIGAN**

SENIOR SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Property Taxes:				
Real property tax	\$ 189,700	\$ 188,829	\$ (871)	\$ 185,803
Personal property tax	12,385	12,342	(43)	12,454
Interest and penalty on taxes	30	555	525	54
Administrative collection fees	350	331	(19)	1,065
Total Property Taxes	<u>202,465</u>	<u>202,057</u>	<u>(408)</u>	<u>199,376</u>
Industrial Facilities Tax Act	<u>930</u>	<u>928</u>	<u>(2)</u>	<u>961</u>
State sources	25,795	22,315	(3,480)	23,225
Contributions from private sources	14,500	18,453	3,953	18,168
Investment income	-	373	373	525
Intergovernmental revenues:				
MCCOA allocation - senior services	251,365	264,314	12,949	245,379
Other	<u>-</u>	<u>42</u>	<u>42</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>495,055</u>	<u>508,482</u>	<u>13,427</u>	<u>487,634</u>
<b>EXPENDITURES:</b>				
Social Services:				
State Home Care Service:				
Personnel services	44,465	39,966	4,499	35,120
Supplies	2,050	1,766	284	1,704
Other services and charges	8,430	7,391	1,039	6,969
Total State Home Care Service	<u>54,945</u>	<u>49,123</u>	<u>5,822</u>	<u>43,793</u>
MCCOA - Allocation to Senior Services:				
Personnel services	374,295	339,356	34,939	336,166
Supplies	2,800	4,791	(1,991)	3,787
Other services and charges	63,015	42,058	20,957	40,736
Capital outlay	-	-	-	-
Total MCCOA - Allocation to Senior Services	<u>440,110</u>	<u>386,205</u>	<u>53,905</u>	<u>380,689</u>
<b>TOTAL EXPENDITURES</b>	<u>495,055</u>	<u>435,328</u>	<u>59,727</u>	<u>424,482</u>
<b>CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>73,154</u>	<u>73,154</u>	<u>63,152</u>
Fund balance, beginning of year	<u>168,315</u>	<u>168,315</u>	<u>-</u>	<u>105,163</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 168,315</u>	<u>\$ 241,469</u>	<u>\$ 73,154</u>	<u>\$ 168,315</u>

CITY OF MARQUETTE, MICHIGAN

LAKEVIEW ARENA FUND

COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 322,429	\$ 320,595
Accounts receivable	31,334	3,844
Prepaid expenses	<u>3,083</u>	<u>6,201</u>
<b>TOTAL ASSETS</b>	<u>\$ 356,846</u>	<u>\$ 330,640</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 40,954	\$ 11,321
Accrued wages payable	3,954	5,017
Accrued leave payable	<u>5,509</u>	<u>7,873</u>
<b>TOTAL LIABILITIES</b>	<u>50,417</u>	<u>24,211</u>
Fund Balance:		
Non-spendable	3,083	6,201
Assigned	<u>303,346</u>	<u>300,228</u>
<b>TOTAL FUND BALANCE</b>	<u>306,429</u>	<u>306,429</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 356,846</u>	<u>\$ 330,640</u>

**CITY OF MARQUETTE, MICHIGAN**

LAKEVIEW ARENA FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
State sources	\$ -	\$ 6,200	\$ 6,200	\$ 16,631
Charges for services	14,000	12,474	(1,526)	13,786
Sales	-	3,060	3,060	3,759
Use and Admission Fees:				
Ice arena use	329,830	351,326	21,496	320,733
Arena events	22,500	25,373	2,873	23,522
Total Use and Admission Fees	<u>352,330</u>	<u>376,699</u>	<u>24,369</u>	<u>344,255</u>
Rentals	36,850	46,168	9,318	31,816
Interest	4,500	1,031	(3,469)	3,492
Sale of capital assets	-	120	120	-
Other	-	4,454	4,454	260
<b>TOTAL REVENUES</b>	<u>407,680</u>	<u>450,206</u>	<u>42,526</u>	<u>413,999</u>
<b>EXPENDITURES:</b>				
Recreation and Culture:				
Personnel services	307,955	275,276	32,679	277,771
Supplies	7,500	7,263	237	5,174
Other services and charges	396,840	362,915	33,925	360,011
Total Recreation and Culture	<u>712,295</u>	<u>645,454</u>	<u>66,841</u>	<u>642,956</u>
Capital Outlay:				
Vehicles	5,000	-	5,000	-
Building improvements	327,680	117,274	210,406	111,932
Total Capital Outlay	<u>332,680</u>	<u>117,274</u>	<u>215,406</u>	<u>111,932</u>
<b>TOTAL EXPENDITURES</b>	<u>1,044,975</u>	<u>762,728</u>	<u>282,247</u>	<u>754,888</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(637,295)</u>	<u>(312,522)</u>	<u>324,773</u>	<u>(340,889)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	413,045	432,851	19,806	358,866
Transfers (out)	<u>(120,330)</u>	<u>(120,329)</u>	<u>1</u>	<u>(120,523)</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>292,715</u>	<u>312,522</u>	<u>19,807</u>	<u>238,343</u>
<b>CHANGE IN FUND BALANCE</b>	<u>(344,580)</u>	<u>-</u>	<u>344,580</u>	<u>(102,546)</u>
Fund balance, beginning of year	<u>306,429</u>	<u>306,429</u>	<u>-</u>	<u>408,975</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ (38,151)</u></u>	<u><u>\$ 306,429</u></u>	<u><u>\$ 344,580</u></u>	<u><u>\$ 306,429</u></u>

CITY OF MARQUETTE, MICHIGAN

NONMAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

June 30, 2012

	1998 Municipal Center Fund	2007 Street Projects Fund	High Street Fund	2008 Street Projects Fund	2004 Spring Street Fund	2009 Capital Improvements Fund	2011 Capital Improvements Fund	2003 Founders Landing Fund	Forestland Fund	Total
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 939,240	\$ 939,240
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 939,240</u>	<u>\$ 939,240</u>
<b>LIABILITIES AND FUND BALANCE</b>										
<b>LIABILITIES:</b>										
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE:</b>										
Assigned	-	-	-	-	-	-	-	-	939,240	939,240
<b>TOTAL FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>939,240</u>	<u>939,240</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 939,240</u>	<u>\$ 939,240</u>

**CITY OF MARQUETTE, MICHIGAN**

NONMAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2012

	<b>1998 Municipal Center Fund</b>	<b>2007 Street Projects Fund</b>	<b>High Street Fund</b>	<b>2008 Street Projects Fund</b>	<b>2004 Spring Street Fund</b>	<b>2009 Capital Improvements Fund</b>	<b>2011 Capital Improvements Fund</b>	<b>2003 Founders Landing Fund</b>	<b>Forestland Fund</b>	<b>Total</b>
<b>REVENUES:</b>										
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>										
Debt Service:										
Professional and contractual	-	-	-	-	-	-	-	-	345	345
Principal retirement	170,000	160,000	9,655	101,184	82,873	187,790	-	190,000	210,000	1,111,502
Interest and fiscal charges	91,695	83,100	3,165	100,664	-	139,814	19,013	118,397	233,228	789,076
<b>TOTAL EXPENDITURES</b>	<b>261,695</b>	<b>243,100</b>	<b>12,820</b>	<b>201,848</b>	<b>82,873</b>	<b>327,604</b>	<b>19,013</b>	<b>308,397</b>	<b>443,573</b>	<b>1,900,923</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(261,695)</b>	<b>(243,100)</b>	<b>(12,820)</b>	<b>(201,848)</b>	<b>(82,873)</b>	<b>(327,604)</b>	<b>(19,013)</b>	<b>(308,397)</b>	<b>(443,573)</b>	<b>(1,900,923)</b>
<b>OTHER FINANCING SOURCES:</b>										
Transfers in	261,695	243,100	12,820	201,848	82,873	327,604	19,013	308,397	752,372	2,209,722
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>261,695</b>	<b>243,100</b>	<b>12,820</b>	<b>201,848</b>	<b>82,873</b>	<b>327,604</b>	<b>19,013</b>	<b>308,397</b>	<b>752,372</b>	<b>2,209,722</b>
<b>CHANGES IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>308,799</b>	<b>308,799</b>
Fund balance, beginning of year	-	-	-	-	-	-	-	-	630,441	630,441
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 939,240</b>	<b>\$ 939,240</b>

**CITY OF MARQUETTE, MICHIGAN**

1998 BUILDING AUTHORITY MUNICIPAL SERVICE CENTER - DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal year Ended June 30, 2011

	2012		Variance with	2011
	Final Budget	Actual GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal payments	170,000	170,000	-	165,000
Interest and fiscal charges	91,695	91,695	-	99,945
<b>TOTAL EXPENDITURES</b>	<u>261,695</u>	<u>261,695</u>	<u>-</u>	<u>264,945</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(261,695)</u>	<u>(261,695)</u>	<u>-</u>	<u>(264,945)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in:				
Municipal Service Center Fund	261,695	261,695	-	264,945
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>261,695</u>	<u>261,695</u>	<u>-</u>	<u>264,945</u>
<b>CHANGES IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF MARQUETTE, MICHIGAN**

2007 STREET PROJECTS - DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal year Ended June 30, 2011

	2012		Variance with	2011
	Final Budget	Actual GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-
<b>EXPENDITURES:</b>				
Debt Service:				
Principal payments	160,000	160,000	-	152,500
Interest and fiscal charges	83,100	83,100	-	89,350
<b>TOTAL EXPENDITURES</b>	243,100	243,100	-	241,850
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(243,100)	(243,100)	-	(241,850)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in:				
General Fund	63,205	63,206	1	62,881
Major Street Fund	111,825	111,826	1	111,251
Local Street Fund	68,070	68,068	(2)	67,718
<b>TOTAL OTHER FINANCING SOURCES</b>	243,100	243,100	-	241,850
<b>CHANGES IN FUND BALANCE</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF MARQUETTE, MICHIGAN**

**HIGH STREET - DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal year Ended June 30, 2011

	2012		Variance with	2011
	Final Budget	Actual GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal payments	9,660	9,655	5	9,521
Interest and fiscal charges	3,170	3,165	5	3,319
<b>TOTAL EXPENDITURES</b>	<u>12,830</u>	<u>12,820</u>	<u>10</u>	<u>12,840</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,830)</u>	<u>(12,820)</u>	<u>10</u>	<u>(12,840)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in:				
General Fund	405	401	(4)	401
Local Street Fund	12,425	12,419	(6)	12,439
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>12,830</u>	<u>12,820</u>	<u>(10)</u>	<u>12,840</u>
<b>CHANGES IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF MARQUETTE, MICHIGAN**

2008 STREET PROJECTS - DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal payments	101,185	101,184	1	97,922
Interest and fiscal charges	100,665	100,664	1	103,847
<b>TOTAL EXPENDITURES</b>	<u>201,850</u>	<u>201,848</u>	<u>2</u>	<u>201,769</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(201,850)</u>	<u>(201,848)</u>	<u>2</u>	<u>(201,769)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in:				
General Fund	73,285	73,281	(4)	73,254
Major Street Fund	62,520	62,521	1	62,496
Local Street Fund	66,045	66,046	1	66,019
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>201,850</u>	<u>201,848</u>	<u>(2)</u>	<u>201,769</u>
<b>CHANGES IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF MARQUETTE, MICHIGAN**

2004 SPRING STREET - DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal year Ended June 30, 2011

	2012		2011
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
			Actual GAAP Basis
<b>REVENUES:</b>			
Investment income	\$ -	\$ -	\$ -
Other	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Debt Service:			
Principal payments	<u>82,875</u>	<u>82,873</u>	<u>2</u>
<b>TOTAL EXPENDITURES</b>	<u>82,875</u>	<u>82,873</u>	<u>2</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(82,875)</u>	<u>(82,873)</u>	<u>2</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers in:			
General Fund	<u>82,875</u>	<u>82,873</u>	<u>(2)</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>82,875</u>	<u>82,873</u>	<u>(2)</u>
<b>CHANGES IN FUND BALANCE</b>	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF MARQUETTE, MICHIGAN**

2009 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal year Ended June 30, 2011

	2012			2011
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal payments	187,790	187,790	-	179,350
Interest and fiscal charges	<u>139,815</u>	<u>139,814</u>	<u>1</u>	<u>148,782</u>
<b>TOTAL EXPENDITURES</b>	<u>327,605</u>	<u>327,604</u>	<u>1</u>	<u>328,132</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(327,605)</u>	<u>(327,604)</u>	<u>1</u>	<u>(328,132)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in:				
General Fund	3,105	3,104	(1)	3,110
Major Street Fund	141,290	141,290	-	141,516
Local Street Fund	62,880	62,881	1	62,983
Lakeview Arena	<u>120,330</u>	<u>120,329</u>	<u>(1)</u>	<u>120,523</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>327,605</u>	<u>327,604</u>	<u>(1)</u>	<u>328,132</u>
<b>CHANGES IN FUND BALANCE</b>	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF MARQUETTE, MICHIGAN**

2011 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal payments	-	-	-	-
Interest and fiscal charges	19,013	19,013	-	-
<b>TOTAL EXPENDITURES</b>	<u>19,013</u>	<u>19,013</u>	<u>-</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(19,013)</u>	<u>(19,013)</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in:				
Major Street Fund	7,130	7,130	-	-
Local Street Fund	11,883	11,883	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>19,013</u>	<u>19,013</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN FUND BALANCE</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MARQUETTE, MICHIGAN**

2003 FOUNDERS LANDING - DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal year Ended June 30, 2011

	2012		Variance with	2011
	Final Budget	Actual GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal payments	190,000	190,000	-	155,000
Interest and fiscal charges	<u>118,400</u>	<u>118,397</u>	<u>3</u>	<u>123,822</u>
<b>TOTAL EXPENDITURES</b>	<u>308,400</u>	<u>308,397</u>	<u>3</u>	<u>278,822</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(308,400)</u>	<u>(308,397)</u>	<u>3</u>	<u>(278,822)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in:				
General Fund	<u>308,400</u>	<u>308,397</u>	<u>(3)</u>	<u>278,822</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>308,400</u>	<u>308,397</u>	<u>(3)</u>	<u>278,822</u>
<b>CHANGES IN FUND BALANCE</b>	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF MARQUETTE, MICHIGAN**

**FORESTLAND - DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal year Ended June 30, 2011

	2012			2011
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Professional and contractual	311,770	345	311,425	345
Principal payments	210,000	210,000	-	200,000
Interest and fiscal charges	233,230	233,228	2	243,990
<b>TOTAL EXPENDITURES</b>	<u>755,000</u>	<u>443,573</u>	<u>311,427</u>	<u>444,335</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(755,000)</u>	<u>(443,573)</u>	<u>311,427</u>	<u>(444,335)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in:				
General Fund	755,000	752,372	(2,628)	565,095
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>755,000</u>	<u>752,372</u>	<u>(2,628)</u>	<u>565,095</u>
<b>CHANGES IN FUND BALANCE</b>	<u>-</u>	<u>308,799</u>	<u>308,799</u>	<u>120,760</u>
Fund balance, beginning of year	630,441	630,441	-	509,681
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 630,441</u>	<u>\$ 939,240</u>	<u>\$ 308,799</u>	<u>\$ 630,441</u>

**CITY OF MARQUETTE, MICHIGAN**

CEMETERY FUND

COMPARATIVE BALANCE SHEET

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 122,649	\$ 124,258
Investments	537,147	520,424
Accounts receivable	<u>80</u>	<u>979</u>
<b>TOTAL ASSETS</b>	<u>\$ 659,876</u>	<u>\$ 645,661</u>
<b>FUND BALANCE</b>		
Non-spendable	<u>\$ 659,876</u>	<u>\$ 645,661</u>
<b>TOTAL FUND BALANCE</b>	<u>\$ 659,876</u>	<u>\$ 645,661</u>

**CITY OF MARQUETTE, MICHIGAN**

**CEMETERY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Fiscal Year Ended June 30, 2012

With Comparative Amounts for the Fiscal Year Ended June 30, 2011

	<u>2012</u>	<u>2011</u>
<b>REVENUES:</b>		
Charges for services	\$ 14,215	\$ 17,294
Investment income	<u>16,943</u>	<u>(17,271)</u>
<b>TOTAL REVENUES</b>	<u>31,158</u>	<u>23</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in (out)	<u>(16,943)</u>	<u>17,271</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(16,943)</u>	<u>17,271</u>
<b>CHANGE IN FUND BALANCE</b>	14,215	17,294
Fund balance, beginning of year	<u>645,661</u>	<u>628,367</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 659,876</u>	<u>\$ 645,661</u>

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## **City of Marquette, Michigan**

### **ENTERPRISE FUNDS**

#### **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

The function of the Enterprise Funds is to record the financing, acquisition, operation and maintenance of City activities that are predominantly self-supporting from user charges.

The accrual basis of accounting is used in recording Enterprise Fund transactions.

The Major Enterprise Funds of the City are the Water Supply and Sewage Disposal, and the Stormwater Utility Funds. The Nonmajor Enterprise Funds of the City are the Tourist Park Fund, the Marina Fund, and the Concessions Fund.

**STORMWATER UTILITY FUND:** To account for the management of stormwater related activities including billing, maintenance, and construction.

**WATER SUPPLY FUND:** To account for water treatment and distribution activities.

**SEWAGE DISPOSAL FUND:** To account for sewage disposal and sanitary sewer operations.

**TOURIST PARK FUND:** To account for the activity at the City operated camping and recreational park.

**MARINA FUND:** To account for activity at the City operated marinas.

**CONCESSIONS FUND:** To account for the activity of the three City operated concession stands located at Lakeview Arena, Mattson Park, and Presque Isle Park.

**CITY OF MARQUETTE, MICHIGAN**

STORMWATER UTILITY FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Current Assets:		
Accounts receivable, net	\$ 205,141	\$ 143,105
Prepaid expense	<u>20,158</u>	<u>129</u>
<b>TOTAL CURRENT ASSETS</b>	<u>225,299</u>	<u>143,234</u>
Non-current Assets:		
Restricted Assets:		
Bond Escrow Fund	66,232	60,881
Vacation, Sick Leave, and Benefit Days Reserve	<u>8,587</u>	<u>7,339</u>
Total Restricted Assets	<u>74,819</u>	<u>68,220</u>
Unamortized bond issuance cost	31,506	23,888
Capital assets, net of depreciation	9,491,147	9,357,165
Construction in progress	<u>120,946</u>	<u>43,291</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>9,718,418</u>	<u>9,492,564</u>
<b>TOTAL ASSETS</b>	<u>9,943,717</u>	<u>9,635,798</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Cash overdraft	36,702	99,409
Accounts payable	89,777	32,915
Accrued wages payable	9,409	7,896
Accrued interest payable	29,905	26,902
Current portion of long-term debt	<u>280,097</u>	<u>245,986</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>445,890</u>	<u>413,108</u>
Non-current Liabilities:		
Bonds payable	4,033,379	3,829,276
Unamortized bond premium	6,641	7,194
Accrued compensated absences	<u>8,587</u>	<u>7,339</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>4,048,607</u>	<u>3,843,809</u>
<b>TOTAL LIABILITIES</b>	<u>4,494,497</u>	<u>4,256,917</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	5,291,976	5,318,000
Restricted:		
Debt Services	66,232	60,881
Unrestricted	<u>91,012</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 5,449,220</u>	<u>\$ 5,378,881</u>

## CITY OF MARQUETTE, MICHIGAN

## STORMWATER UTILITY FUND

## SCHEDULE OF CHANGES IN REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
General customers	\$ 541,000	\$ 542,052	\$ 1,052	\$ 483,723
Public authorities	36,500	35,978	(522)	34,267
Non-tax customers	221,000	225,358	4,358	213,116
City departments	279,135	292,298	13,163	266,958
Reimbursements	-	-	-	349
Other charges for service	1,000	1,350	350	1,157
<b>TOTAL OPERATING REVENUES</b>	<b>1,078,635</b>	<b>1,097,036</b>	<b>18,401</b>	<b>999,570</b>
<b>OPERATING EXPENSES:</b>				
Routine Maintenance and Administration:				
Salaries and wages	150,450	115,137	35,313	125,193
Fringe benefits	93,820	57,636	36,184	67,199
Office supplies	100	-	100	-
Maintenance supplies	17,000	6,987	10,013	10,448
Professional and contractual	307,870	57,464	250,406	56,228
Rental vehicles	75,925	51,214	24,711	72,120
Utilities	850	850	-	625
Amortization	12,000	1,592	10,408	942
Capital outlay	357,903	-	357,903	-
Provision for depreciation	-	545,151	(545,151)	456,980
Miscellaneous	23,000	22,051	949	20,576
<b>TOTAL OPERATING EXPENSES</b>	<b>1,038,918</b>	<b>858,082</b>	<b>180,836</b>	<b>810,311</b>
<b>OPERATING INCOME (LOSS)</b>	<b>39,717</b>	<b>238,954</b>	<b>199,237</b>	<b>189,259</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income	500	447	(53)	1,049
Premium on bond issuance	-	9,814	9,814	-
State and Federal grants	-	-	-	-
Interest expense	(170,455)	(172,014)	(1,559)	(167,553)
Bond issue costs	-	(6,862)	(6,862)	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(169,955)</b>	<b>(168,615)</b>	<b>1,340</b>	<b>(166,504)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(130,238)</b>	<b>70,339</b>	<b>200,577</b>	<b>22,755</b>
Transfers in	-	-	-	332,616
<b>CHANGE IN NET ASSETS</b>	<b>(130,238)</b>	<b>70,339</b>	<b>200,577</b>	<b>355,371</b>
Net assets, beginning of year	5,378,881	5,378,881	-	5,023,510
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,248,643</b>	<b>\$ 5,449,220</b>	<b>\$ 200,577</b>	<b>\$ 5,378,881</b>

**CITY OF MARQUETTE, MICHIGAN**  
**WATER SUPPLY FUND**  
**COMPARATIVE STATEMENT OF NET ASSETS**

June 30, 2012 and 2011

	2012	2011
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 860,995	\$ 450,322
Delinquent utility bills on taxes	11,389	11,389
Accounts receivable, net	717,686	607,489
Special assessments receivable	11,657	13,378
Due from State	7,706	364,739
Prepaid expense	19,634	22,212
<b>TOTAL CURRENT ASSETS</b>	<b>1,629,067</b>	<b>1,469,529</b>
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	132,000	132,000
Replacement Maintenance Fund	334,500	334,500
Bond and Interest Redemption Fund	37,218	37,035
Water Filtration Reserve	265,000	265,000
OPEB Reserve	113,924	78,078
Vacation, Sick Leave, and Benefit Days Reserve	233,981	233,937
Total Restricted Assets	1,116,623	1,080,550
Unamortized bond issuance cost	155,117	163,549
Land and other non-depreciable assets	17,725	17,725
Other capital assets, net of depreciation	24,405,367	23,888,748
Construction in progress	61,750	79,412
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25,756,582</b>	<b>25,229,984</b>
<b>TOTAL ASSETS</b>	<b>27,385,649</b>	<b>26,699,513</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	130,309	171,573
Accrued wages payable	44,520	36,042
Due to other funds	569	-
Accrued interest payable	57,206	58,317
Deferred revenue - special assessment	11,657	13,378
Current portion of bonds payable from restricted assets	936,978	840,134
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,181,239</b>	<b>1,119,444</b>
Non-current Liabilities:		
Other post-employment benefits (OPEB)	113,924	78,078
Accrued compensated absences	233,981	233,937
Bonds payable	6,705,129	7,281,598
Loan payable	1,284,836	514,130
Unamortized bond premium	57,823	62,639
Premium on refunding	21,258	26,573
Deferred amounts on refunding	(91,025)	(113,781)
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>8,325,926</b>	<b>8,083,174</b>
<b>TOTAL LIABILITIES</b>	<b>9,507,165</b>	<b>9,202,618</b>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	15,569,843	15,374,592
Restricted:		
Capital outlay	-	-
Debt Services	768,718	768,535
Unrestricted	1,539,923	1,353,768
<b>TOTAL NET ASSETS</b>	<b>\$ 17,878,484</b>	<b>\$ 17,496,895</b>

**CITY OF MARQUETTE, MICHIGAN**

WATER SUPPLY FUND

SCHEDULE OF CHANGES IN REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Metered sales	\$ 2,620,605	\$ 2,576,147	\$ (44,458)	\$ 2,300,026
Sales to public authorities	89,185	85,795	(3,390)	76,093
Non-tax customers	1,500,210	1,438,495	(61,715)	1,355,562
City departments	60,895	68,542	7,647	45,267
Rentals	-	-	-	-
Reimbursements	-	4,321	4,321	-
Miscellaneous income	82,720	92,709	9,989	91,496
<b>TOTAL OPERATING REVENUES</b>	<b>4,353,615</b>	<b>4,266,009</b>	<b>(87,606)</b>	<b>3,868,444</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Salaries and wages	47,895	47,338	557	49,363
Fringe benefits	33,820	35,321	(1,501)	34,450
Supplies	16,350	18,341	(1,991)	13,110
Professional and contractual	182,680	178,520	4,160	162,281
Communications	-	-	-	-
Insurance and bonds	30,000	23,056	6,944	27,888
Utilities	1,450	1,450	-	1,450
Maintenance	-	-	-	-
Rental	4,070	4,071	(1)	5,833
Miscellaneous	250	-	250	-
Uncollectible accounts	-	-	-	588
Provision for depreciation	-	926,561	(926,561)	858,982
Schooling	500	15	485	-
Payment in lieu of taxes	596,575	596,575	-	521,345
Amortization	15,500	18,194	(2,694)	15,499
Capital outlay	1,077,561	-	1,077,561	976
<b>Total Administrative and General</b>	<b>2,006,651</b>	<b>1,849,442</b>	<b>157,209</b>	<b>1,691,765</b>
Water Treatment and Distribution:				
Personnel services	1,184,915	1,160,566	24,349	1,133,194
Operating supplies	187,555	155,828	31,727	164,407
Professional and contractual	78,000	67,658	10,342	86,794
Communications	500	-	500	-
Utilities	202,500	195,530	6,970	191,111
Maintenance	1,000	240	760	1,539
Rental	135,920	145,197	(9,277)	166,627
Security upgrades	500	661	(161)	830
Schooling	6,700	5,117	1,583	3,514
<b>Total Water Treatment and Distribution</b>	<b>1,797,590</b>	<b>1,730,797</b>	<b>66,793</b>	<b>1,748,016</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>3,804,241</b>	<b>3,580,239</b>	<b>224,002</b>	<b>3,439,781</b>
<b>OPERATING INCOME (LOSS)</b>	<b>549,374</b>	<b>685,770</b>	<b>136,396</b>	<b>428,663</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income	10,640	5,851	(4,789)	11,778
Bond proceeds	-	-	-	-
Premium on bond issuance	-	6,406	6,406	-
Federal grant	55,955	34,271	(21,684)	346,411
Sale of equipment	-	-	-	-
Interest expense	(328,865)	(350,709)	(21,844)	(369,011)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(262,270)</b>	<b>(304,181)</b>	<b>(41,911)</b>	<b>(10,822)</b>
<b>CHANGE IN NET ASSETS</b>	<b>287,104</b>	<b>381,589</b>	<b>94,485</b>	<b>417,841</b>
Net assets, beginning of year	17,496,895	17,496,895	-	17,079,054
<b>NET ASSETS, END OF YEAR</b>	<b>\$17,783,999</b>	<b>\$17,878,484</b>	<b>\$ 94,485</b>	<b>\$17,496,895</b>

**CITY OF MARQUETTE, MICHIGAN**

SEWAGE DISPOSAL FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Current Assets:		
Accounts receivable, net	\$ 1,155,542	\$ 482,231
Special assessments receivable	65,977	74,088
Due from State	-	359,025
Due from other funds	168	-
Inventory	173,061	155,143
Prepaid expense	<u>17,048</u>	<u>14,229</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,411,796</u>	<u>1,084,716</u>
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	252,521	252,521
Replacement Maintenance Fund	55,500	55,500
OPEB Reserve	39,903	30,095
Vacation, Sick Leave, and Benefit Days Reserve	<u>56,222</u>	<u>86,623</u>
Total Restricted Assets	<u>404,146</u>	<u>424,739</u>
Unamortized bond issuance cost	77,276	72,461
Land and other non-depreciable assets	20,594	20,594
Other capital assets, net of depreciation	18,274,432	17,053,413
Construction in progress	92,432	8,833
Investment in Wastewater Facility	<u>3,275,616</u>	<u>3,275,616</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>22,144,496</u>	<u>20,855,656</u>
<b>TOTAL ASSETS</b>	<u>23,556,292</u>	<u>21,940,372</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Cash overdraft	1,629,183	1,227,747
Accounts payable	1,302,276	1,057,607
Accrued wages payable	13,951	25,158
Customer deposits payable	(987)	(1,220)
Accrued interest payable	49,689	37,818
Deferred revenue - special assessment	65,977	74,088
Current portion of loans payable	225,000	190,000
Current portion of bonds payable from restricted assets	<u>200,420</u>	<u>150,421</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>3,485,509</u>	<u>2,761,619</u>
Non-current Liabilities:		
Other post-employment benefits (OPEB)	39,903	30,095
Accrued compensated absences	56,222	86,623
Bonds payable	3,528,598	2,894,733
Loan payable	3,493,295	3,085,195
Unamortized bond premium	<u>29,155</u>	<u>31,584</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>7,147,173</u>	<u>6,128,230</u>
<b>TOTAL LIABILITIES</b>	<u>10,632,682</u>	<u>8,889,849</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	10,910,990	10,730,907
Restricted:		
Debt service	308,021	308,021
Unrestricted	<u>1,704,599</u>	<u>2,011,595</u>
<b>TOTAL NET ASSETS</b>	<u>\$12,923,610</u>	<u>\$13,050,523</u>

**CITY OF MARQUETTE, MICHIGAN**

SEWAGE DISPOSAL FUND

SCHEDULE OF CHANGES IN REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with	2011
	Final	Actual	Final Budget	Actual
	Budget	GAAP	Positive	GAAP
		Basis	(Negative)	Basis
<b>OPERATING REVENUES:</b>				
Metered sales	\$ 3,377,320	\$ 3,224,328	\$ (152,992)	\$ 2,758,530
Sales to public authorities	97,720	100,206	2,486	85,173
Non-tax customers	1,635,000	1,618,489	(16,511)	1,449,782
City departments	29,870	29,702	(168)	20,443
Special assessments	1,230	8,111	6,881	268,081
Reimbursements	-	4,789	4,789	-
Miscellaneous income	41,000	52,980	11,980	46,937
	<b>5,182,140</b>	<b>5,038,605</b>	<b>(143,535)</b>	<b>4,628,946</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Salaries and wages	47,895	44,929	2,966	47,341
Fringe benefits	27,595	24,502	3,093	22,495
Supplies	14,350	17,620	(3,270)	12,920
Professional and contractual	186,020	167,019	19,001	154,968
Insurance and bonds	32,000	25,789	6,211	29,241
Utilities	320	320	-	320
Rental	4,060	4,060	-	5,325
Miscellaneous	-	-	-	21
Provision for depreciation	-	757,574	(757,574)	673,703
Schooling	500	-	500	-
Payment in lieu of taxes	399,955	399,955	-	384,720
Amortization	-	4,948	(4,948)	2,984
Capital outlay	1,785,940	-	1,785,940	-
	<b>2,498,635</b>	<b>1,446,716</b>	<b>1,051,919</b>	<b>1,334,038</b>
Sanitary Sewer Operation and Booster Stations:				
Personnel services	528,320	562,533	(34,213)	498,627
Operating supplies and repairs	51,557	44,128	7,429	55,915
Professional and contractual	25,505	21,386	4,119	23,757
Utilities	40,000	40,467	(467)	44,485
Purchased wastewater services	2,554,470	2,695,521	(141,051)	2,167,426
Rental	135,680	144,830	(9,150)	169,677
	<b>3,335,532</b>	<b>3,508,865</b>	<b>(173,333)</b>	<b>2,959,887</b>
	<b>5,834,167</b>	<b>4,955,581</b>	<b>878,586</b>	<b>4,293,925</b>
	<b>(652,027)</b>	<b>83,024</b>	<b>735,051</b>	<b>335,021</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income	6,330	2,661	(3,669)	5,099
Premium on bond issuance	-	19,325	19,325	-
Interest expense	(190,745)	(220,104)	(29,359)	(193,890)
Bond issuance expense	-	(11,819)	(11,819)	-
Operating income from Marquette Area Wastewater Treatment Facility	-	-	-	497,871
	<b>(184,415)</b>	<b>(209,937)</b>	<b>(25,522)</b>	<b>309,080</b>
	<b>(836,442)</b>	<b>(126,913)</b>	<b>709,529</b>	<b>644,101</b>
Transfers (out)	-	-	-	(332,616)
	<b>(836,442)</b>	<b>(126,913)</b>	<b>709,529</b>	<b>311,485</b>
Net assets, beginning of year	13,050,523	13,050,523	-	12,739,038
	<b>\$12,214,081</b>	<b>\$12,923,610</b>	<b>\$ 709,529</b>	<b>\$13,050,523</b>

**CITY OF MARQUETTE, MICHIGAN**

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET ASSETS

June 30, 2012

	Tourist Park Fund	Marinas Fund	Concessions Fund	Total
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 54,501	\$ 101,952	\$ -	\$ 156,453
Accounts receivable, net	11,244	9,254	-	20,498
Inventory	-	30,509	-	30,509
Prepaid expenditures	238	443	-	681
<b>TOTAL CURRENT ASSETS</b>	<b>65,983</b>	<b>142,158</b>	<b>-</b>	<b>208,141</b>
Non-current Assets:				
Restricted Assets:				
Bond Reserve Fund	-	47,125	-	47,125
Bond and Interest Redemption Fund	-	89,594	-	89,594
Replacement Maintenance Fund	-	20,000	-	20,000
Vacation, Sick Leave, and Benefit Days Reserve	459	-	-	459
<b>Total Restricted Assets</b>	<b>459</b>	<b>156,719</b>	<b>-</b>	<b>157,178</b>
Unamortized bond issuance cost	-	1,761	-	1,761
Other capital assets, net of depreciation	-	1,532,703	-	1,532,703
Construction in progress	-	66,908	-	66,908
<b>TOTAL NON-CURRENT ASSETS</b>	<b>459</b>	<b>1,758,091</b>	<b>-</b>	<b>1,758,550</b>
<b>TOTAL ASSETS</b>	<b>66,442</b>	<b>1,900,249</b>	<b>-</b>	<b>1,966,691</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts payable	3,628	24,883	-	28,511
Accrued wages payable	4,321	5,321	-	9,642
Customer deposits payable	-	11,308	-	11,308
Current portion of long-term debt	-	80,000	-	80,000
Accrued interest payable	-	1,067	-	1,067
<b>TOTAL CURRENT LIABILITIES</b>	<b>7,949</b>	<b>122,579</b>	<b>-</b>	<b>130,528</b>
Non-current Liabilities:				
Accrued compensated absences	459	-	-	459
Bonds payable	-	85,000	-	85,000
Deferred amounts on refunding	-	(6,701)	-	(6,701)
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>459</b>	<b>78,299</b>	<b>-</b>	<b>78,758</b>
<b>TOTAL LIABILITIES</b>	<b>8,408</b>	<b>200,878</b>	<b>-</b>	<b>209,286</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	-	1,441,312	-	1,441,312
Unrestricted	58,034	258,059	-	316,093
<b>TOTAL NET ASSETS</b>	<b>\$ 58,034</b>	<b>\$ 1,699,371</b>	<b>\$ -</b>	<b>\$ 1,757,405</b>

**CITY OF MARQUETTE, MICHIGAN**

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2012

	Tourist Park Fund	Marinas Fund	Concessions Fund	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,267	\$ 1,334	\$ -	\$ 4,601
Sales/Sales of supplies	9,062	118,261	-	127,323
Use and admission fees	169,605	28,635	-	198,240
Rentals	-	185,583	-	185,583
Reimbursements	-	-	-	-
Other	21	3,068	-	3,089
<b>TOTAL OPERATING REVENUES</b>	<b>181,955</b>	<b>336,881</b>	<b>-</b>	<b>518,836</b>
<b>OPERATING EXPENSES:</b>				
Recreation and culture:				
Personnel services	62,878	85,762	-	148,640
Professional services	29,936	41,698	-	71,634
Supplies	6,917	14,910	-	21,827
Utilities	22,712	17,289	-	40,001
Cost of sales	11,729	111,819	-	123,548
Other services and charges	6,760	10,545	-	17,305
Capital outlay	-	-	-	-
Amortization	-	880	-	880
Provision for depreciation	-	130,630	-	130,630
<b>TOTAL OPERATING EXPENSES</b>	<b>140,932</b>	<b>413,533</b>	<b>-</b>	<b>554,465</b>
<b>OPERATING INCOME (LOSS)</b>	<b>41,023</b>	<b>(76,652)</b>	<b>-</b>	<b>(35,629)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
State grant	-	35,000	-	35,000
Investment income	57	918	-	975
Interest expense	-	(10,202)	-	(10,202)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>57</b>	<b>25,716</b>	<b>-</b>	<b>25,773</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>41,080</b>	<b>(50,936)</b>	<b>-</b>	<b>(9,856)</b>
Transfers in	-	35,321	-	35,321
<b>CHANGE IN NET ASSETS</b>	<b>41,080</b>	<b>(15,615)</b>	<b>-</b>	<b>25,465</b>
Net assets, beginning of year	16,954	1,714,986	-	1,731,940
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 58,034</b>	<b>\$ 1,699,371</b>	<b>\$ -</b>	<b>\$ 1,757,405</b>

**CITY OF MARQUETTE, MICHIGAN**

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2012

	<b>Tourist Park Fund</b>	<b>Marinas Fund</b>	<b>Concessions Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from fees and charges for services	\$ 182,047	\$ 330,312	\$ -	\$ 512,359
Other operating revenues	21	3,068	-	3,089
Cash payments to employees for services	(63,143)	(85,239)	-	(148,382)
Cash payments to suppliers for goods and services	<u>(76,282)</u>	<u>(188,000)</u>	<u>-</u>	<u>(264,282)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>42,643</u>	<u>60,141</u>	<u>-</u>	<u>102,784</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	35,321	-	35,321
State and Federal grants	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>70,321</u>	<u>-</u>	<u>70,321</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal payments on bonds	-	(75,000)	-	(75,000)
Interest paid on bonds	<u>-</u>	<u>(7,712)</u>	<u>-</u>	<u>(7,712)</u>
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(82,712)</u>	<u>-</u>	<u>(82,712)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest income	57	918	-	975
(Increase) decrease in restricted assets:				
Bond reserve	-	(674)	-	(674)
Bond and interest redemption reserve	-	-	-	-
Replacement maintenance reserve	-	(5,000)	-	(5,000)
Vacation and sick leave reserve	<u>739</u>	<u>-</u>	<u>-</u>	<u>739</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>796</u>	<u>(4,756)</u>	<u>-</u>	<u>(3,960)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	43,439	42,994	-	86,433
Cash and cash equivalents, beginning of year	<u>11,062</u>	<u>58,958</u>	<u>-</u>	<u>70,020</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 54,501</u>	<u>\$ 101,952</u>	<u>\$ -</u>	<u>\$ 156,453</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income	\$ 41,023	\$ (76,652)	\$ -	\$ (35,629)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	130,630	-	130,630
Amortization	-	880	-	880
Change in assets and liabilities:				
(Increase) in accounts receivable	113	(3,501)	-	(3,388)
(Increase) in inventory	-	-	-	-
(Increase) in prepaid expenses	246	(51)	-	195
Increase in accounts payable	1,526	7,922	-	9,448
Increase in accrued wages payable	474	523	-	997
Increase in customer deposits payable	-	390	-	390
Increase in accrued compensated absences	<u>(739)</u>	<u>-</u>	<u>-</u>	<u>(739)</u>
<b>NET ADJUSTMENTS</b>	<u>1,620</u>	<u>136,793</u>	<u>-</u>	<u>138,413</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 42,643</u>	<u>\$ 60,141</u>	<u>\$ -</u>	<u>\$ 102,784</u>

**CITY OF MARQUETTE, MICHIGAN**

NONMAJOR ENTERPRISE FUND - TOURIST PARK FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 54,501	\$ 11,062
Accounts receivable - net	11,244	11,357
Prepaid expense	<u>238</u>	<u>484</u>
<b>TOTAL CURRENT ASSETS</b>	<u>65,983</u>	<u>22,903</u>
Non-current Assets:		
Restricted Assets:		
Vacation, Sick Leave, and Benefit Days Reserve	<u>459</u>	<u>1,198</u>
Total Restricted Assets	<u>459</u>	<u>1,198</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>459</u>	<u>1,198</u>
<b>TOTAL ASSETS</b>	<u>66,442</u>	<u>24,101</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	3,628	2,102
Accrued wages payable	<u>4,321</u>	<u>3,847</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>7,949</u>	<u>5,949</u>
Non-current Liabilities:		
Accrued compensated absences	<u>459</u>	<u>1,198</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>459</u>	<u>1,198</u>
<b>TOTAL LIABILITIES</b>	<u>8,408</u>	<u>7,147</u>
<b>NET ASSETS:</b>		
Unrestricted	<u>58,034</u>	<u>16,954</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 58,034</u>	<u>\$ 16,954</u>

**CITY OF MARQUETTE, MICHIGAN**

NONMAJOR ENTERPRISE FUND - TOURIST PARK FUND

SCHEDULE OF CHANGES IN REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012			2011
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,000	\$ 3,267	\$ 267	\$ 1,280
Use and admission fees	150,000	169,605	19,605	152,599
Sales	8,000	9,062	1,062	8,401
Reimbursements	-	-	-	158
Other charges for service	-	21	21	1
<b>TOTAL OPERATING REVENUES</b>	<b>161,000</b>	<b>181,955</b>	<b>20,955</b>	<b>162,439</b>
<b>OPERATING EXPENSES:</b>				
Recreation and culture				
Personnel services	56,550	62,878	(6,328)	75,928
Professional services	28,195	29,936	(1,741)	31,015
Supplies	11,600	6,917	4,683	8,193
Utilities	17,200	22,712	(5,512)	15,241
Cost of sales	11,000	11,729	(729)	10,147
Other services and charges	8,000	6,760	1,240	5,000
<b>TOTAL OPERATING EXPENSES</b>	<b>132,545</b>	<b>140,932</b>	<b>(8,387)</b>	<b>145,524</b>
<b>OPERATING INCOME</b>	<b>28,455</b>	<b>41,023</b>	<b>12,568</b>	<b>16,915</b>
<b>NON-OPERATING REVENUES</b>				
Investment income	-	57	57	39
<b>TOTAL NON-OPERATING REVENUES</b>	<b>-</b>	<b>57</b>	<b>57</b>	<b>39</b>
<b>CHANGE IN NET ASSETS</b>	<b>28,455</b>	<b>41,080</b>	<b>12,625</b>	<b>16,954</b>
Net assets, beginning of year	16,954	16,954	-	-
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 45,409</b>	<b>\$ 58,034</b>	<b>\$ 12,625</b>	<b>\$ 16,954</b>

**CITY OF MARQUETTE, MICHIGAN**

NONMAJOR ENTERPRISE FUND - MARINAS FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 101,952	\$ 58,958
Accounts receivable	9,254	5,753
Inventory	30,509	30,509
Prepaid expense	<u>443</u>	<u>392</u>
<b>TOTAL CURRENT ASSETS</b>	<u>142,158</u>	<u>95,612</u>
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	47,125	46,451
Bond and Interest Redemption Fund	89,594	89,594
Replacement Maintenance Fund	<u>20,000</u>	<u>15,000</u>
Total Restricted Assets	<u>156,719</u>	<u>151,045</u>
Unamortized bond issuance cost	1,761	2,642
Capital assets, net of depreciation	1,532,703	1,663,333
Construction in progress	<u>66,908</u>	<u>66,908</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,758,091</u>	<u>1,883,928</u>
<b>TOTAL ASSETS</b>	<u>1,900,249</u>	<u>1,979,540</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	24,883	16,961
Accrued wages payable	5,321	4,798
Customer deposits payable	11,308	10,918
Current portion of long-term debt	80,000	75,000
Accrued interest payable	<u>1,067</u>	<u>1,928</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>122,579</u>	<u>109,605</u>
Non-current Liabilities:		
Bonds payable	85,000	165,000
Deferred amounts on refunding	<u>(6,701)</u>	<u>(10,051)</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>78,299</u>	<u>154,949</u>
<b>TOTAL LIABILITIES</b>	<u>200,878</u>	<u>264,554</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	1,441,312	1,500,292
Unrestricted	<u>258,059</u>	<u>214,694</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,699,371</u>	<u>\$ 1,714,986</u>

**CITY OF MARQUETTE, MICHIGAN**

NONMAJOR ENTERPRISE FUND - MARINAS FUND

SCHEDULE OF CHANGES IN REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with	2011
	Final	Actual	Final Budget	Actual
	Budget	GAAP	Positive	GAAP
		Basis	(Negative)	Basis
<b>OPERATING REVENUES:</b>				
Services	\$ 1,150	\$ 1,334	\$ 184	\$ 1,375
Sales of supplies	64,000	118,261	54,261	76,036
Use and admission fees	32,800	28,635	(4,165)	26,355
Rentals	173,720	185,583	11,863	191,283
Other	1,750	3,068	1,318	2,113
<b>TOTAL OPERATING REVENUES</b>	<b>273,420</b>	<b>336,881</b>	<b>63,461</b>	<b>297,162</b>
<b>OPERATING EXPENSES:</b>				
Recreation and culture:				
Personnel services	66,970	85,762	(18,792)	78,079
Professional services	43,450	41,698	1,752	48,955
Supplies	16,670	14,910	1,760	23,474
Utilities	19,500	17,289	2,211	19,133
Cost of sales	51,200	111,819	(60,619)	46,828
Other services and charges	15,150	10,545	4,605	12,726
Capital outlay	745,000	-	745,000	-
Amortization	880	880	-	881
Provision for depreciation	-	130,630	(130,630)	133,892
<b>TOTAL OPERATING EXPENSES</b>	<b>958,820</b>	<b>413,533</b>	<b>545,287</b>	<b>363,968</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(685,400)</b>	<b>(76,652)</b>	<b>608,748</b>	<b>(66,806)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Federal grant	245,000	-	(245,000)	-
State grant	-	35,000	35,000	-
Investment income	-	918	918	31
Interest expense	(20,245)	(10,202)	10,043	(12,961)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>224,755</b>	<b>25,716</b>	<b>(199,039)</b>	<b>(12,930)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(460,645)</b>	<b>(50,936)</b>	<b>409,709</b>	<b>(79,736)</b>
Transfers in	40,645	35,321	(5,324)	79,736
<b>CHANGE IN NET ASSETS</b>	<b>(420,000)</b>	<b>(15,615)</b>	<b>404,385</b>	<b>-</b>
Net assets, beginning of year	1,714,986	1,714,986	-	1,714,986
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,294,986</b>	<b>\$ 1,699,371</b>	<b>\$ 404,385</b>	<b>\$ 1,714,986</b>

**CITY OF MARQUETTE, MICHIGAN**

**NONMAJOR ENTERPRISE FUND - CONCESSIONS FUND**

**COMPARATIVE STATEMENT OF NET ASSETS**

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ -	\$ 31
<b>TOTAL ASSETS</b>	<u>-</u>	<u>31</u>
<b>LIABILITIES:</b>		
Accounts payable	<u>-</u>	<u>31</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>31</u>
<b>NET ASSETS:</b>		
Unrestricted	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF MARQUETTE, MICHIGAN**

NONMAJOR ENTERPRISE FUND - CONCESSIONS FUND

SCHEDULE OF CHANGES IN REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012			2011
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Sales	\$ -	\$ -	\$ -	\$ 103,323
	-	-	-	103,323
<b>OPERATING EXPENSES:</b>				
Recreation and culture:				
Personnel services	-	-	-	72,505
Professional services	-	-	-	14,015
Supplies	-	-	-	99
Utilities	-	-	-	-
Cost of Sales	-	-	-	43,101
<b>TOTAL OPERATING EXPENSES</b>	-	-	-	129,720
<b>OPERATING INCOME (LOSS)</b>	-	-	-	(26,397)
<b>NON-OPERATING REVENUES:</b>				
Investment income	-	-	-	5
<b>TOTAL NON-OPERATING REVENUES</b>	-	-	-	5
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	-	-	-	(26,392)
Transfers in	-	-	-	26,392
<b>CHANGE IN NET ASSETS</b>	-	-	-	-
Net assets, beginning of year	-	-	-	-
<b>NET ASSETS, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -

**City of Marquette, Michigan**

**INTERNAL SERVICE FUNDS**

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

The function of the Internal Service Funds is to account for funds that are used to finance, administer and account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost reimbursement basis.

**TECHNOLOGY SERVICES FUND:** To operate as a self-supporting fund, and will be responsible for evaluation, coordination, implementation, and support of technology services utilized in various departments of the City.

**MOTOR VEHICLE EQUIPMENT FUND:** To operate as a self-supporting fund, and will be responsible for the maintenance and purchasing of vehicles and equipment utilized in various departments of the City.

**MUNICIPAL SERVICE CENTER FUND:** To accumulate the expenses and revenues associated with the operation of the Municipal Service Center. Building space is rented to various funds based on a square foot occupancy rate.

**CITY OF MARQUETTE, MICHIGAN**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

June 30, 2012

	<b>Technology Services Fund</b>	<b>Motor Vehicle Equipment Fund</b>	<b>Municipal Service Center Fund</b>	<b>Total</b>
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 408,410	\$ 83,564	\$ 548,015	\$ 1,039,989
Accounts receivable, net	1,188	1,023	-	2,211
Due from local units	-	484	-	484
Inventory	-	31,868	-	31,868
Prepaid expenses	16,721	12,775	1,917	31,413
<b>TOTAL CURRENT ASSETS</b>	<b>426,319</b>	<b>129,714</b>	<b>549,932</b>	<b>1,105,965</b>
Non-current Assets:				
Restricted Assets:				
Replacement and maintenance fund	-	1,001,691	-	1,001,691
Fuel system reserve	-	32,920	-	32,920
OPEB reserve	35,666	16,574	1,773	54,013
Vacation, sick leave and benefit reserve	11,632	64,269	4,036	79,937
<b>Total Restricted Assets</b>	<b>47,298</b>	<b>1,115,454</b>	<b>5,809</b>	<b>1,168,561</b>
Land and other non-depreciable assets	-	-	245,566	245,566
Other capital assets, net of depreciation	126,306	2,127,814	2,920,560	5,174,680
<b>TOTAL NON-CURRENT ASSETS</b>	<b>173,604</b>	<b>3,243,268</b>	<b>3,171,935</b>	<b>6,588,807</b>
<b>TOTAL ASSETS</b>	<b>599,923</b>	<b>3,372,982</b>	<b>3,721,867</b>	<b>7,694,772</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts payable	31,345	108,340	12,563	152,248
Accrued wages payable	6,589	16,039	3,000	25,628
Due to other funds	-	97	-	97
<b>TOTAL CURRENT LIABILITIES</b>	<b>37,934</b>	<b>124,476</b>	<b>15,563</b>	<b>177,973</b>
Non-current Liabilities:				
Accrued compensated absences	11,632	64,269	4,036	79,937
Other post-employment benefits (OPEB)	35,666	16,574	1,773	54,013
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>47,298</b>	<b>80,843</b>	<b>5,809</b>	<b>133,950</b>
<b>TOTAL LIABILITIES</b>	<b>85,232</b>	<b>205,319</b>	<b>21,372</b>	<b>311,923</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	126,306	2,127,814	3,166,126	5,420,246
Restricted:				
Capital outlay	-	32,920	-	32,920
Unrestricted	388,385	1,006,929	534,369	1,929,683
<b>TOTAL NET ASSETS</b>	<b>\$ 514,691</b>	<b>\$ 3,167,663</b>	<b>\$ 3,700,495</b>	<b>\$ 7,382,849</b>

**CITY OF MARQUETTE, MICHIGAN**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2012

	<b>Technology Services Fund</b>	<b>Motor Vehicle Equipment Fund</b>	<b>Municipal Service Center Fund</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 706,536	\$ 1,450,651	\$ 600,000	\$ 2,757,187
Other	24,206	49,321	4,387	77,914
<b>TOTAL OPERATING REVENUES</b>	<b>730,742</b>	<b>1,499,972</b>	<b>604,387</b>	<b>2,835,101</b>
<b>OPERATING EXPENSES:</b>				
Administrative and general expenses	672,186	541,081	308,035	1,521,302
Provision for depreciation	37,266	562,468	230,830	830,564
Vehicle operating expenses	-	1,474,430	-	1,474,430
<b>TOTAL OPERATING EXPENSES</b>	<b>709,452</b>	<b>2,577,979</b>	<b>538,865</b>	<b>3,826,296</b>
<b>OPERATING INCOME</b>	<b>21,290</b>	<b>(1,078,007)</b>	<b>65,522</b>	<b>(991,195)</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	574	4,102	764	5,440
Gain on sale of capital assets	-	31,000	30	31,030
<b>TOTAL NON-OPERATING REVENUES</b>	<b>574</b>	<b>35,102</b>	<b>794</b>	<b>36,470</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTION AND TRANSFERS</b>	<b>21,864</b>	<b>(1,042,905)</b>	<b>66,316</b>	<b>(954,725)</b>
Capital contribution	-	-	-	-
Transfer (out)	-	-	(261,695)	(261,695)
<b>CHANGE IN NET ASSETS</b>	<b>21,864</b>	<b>(1,042,905)</b>	<b>(195,379)</b>	<b>(1,216,420)</b>
Net assets, beginning of year	492,827	4,210,568	3,895,824	8,599,219
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 514,691</b>	<b>\$ 3,167,663</b>	<b>\$ 3,700,445</b>	<b>\$ 7,382,799</b>

**CITY OF MARQUETTE, MICHIGAN**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2012

	<b>Technology Services Fund</b>	<b>Motor Vehicle Equipment Fund</b>	<b>Municipal Service Center Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from fees and charges for services	\$ 708,825	\$ 1,465,067	\$ 600,153	\$ 2,774,045
Other operating revenues	24,206	49,321	4,387	77,914
Cash payments to employees for services	(241,104)	(564,245)	(105,704)	(911,053)
Cash payments to suppliers for goods and services	(419,984)	(1,419,534)	(199,477)	(2,038,995)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>71,943</b>	<b>(469,391)</b>	<b>299,359</b>	<b>(98,089)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers (out)	-	-	(261,695)	(261,695)
(Increase) in due from local units and other funds	-	562	50	612
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>562</b>	<b>(261,645)</b>	<b>(261,083)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Cash payments for capital assets	(32,735)	(463,687)	-	(496,422)
Proceeds from sale of capital assets	-	31,000	30	31,030
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(32,735)</b>	<b>(432,687)</b>	<b>30</b>	<b>(465,392)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest income	574	4,102	764	5,440
(Increase) decrease in restricted assets:				
Equipment reserve	-	(1,530)	-	(1,530)
Fuel system reserve	-	(2,121)	-	(2,121)
OPEB reserve	(1,296)	(5,928)	(648)	(7,872)
Vacation and sick leave reserve	(2,481)	(9,000)	1,450	(10,031)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(3,203)</b>	<b>(14,477)</b>	<b>1,566</b>	<b>(16,114)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>36,005</b>	<b>(915,993)</b>	<b>39,310</b>	<b>(840,678)</b>
Cash and cash equivalents, beginning of year	372,405	999,557	508,705	1,880,667
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 408,410</b>	<b>\$ 83,564</b>	<b>\$ 548,015</b>	<b>\$ 1,039,989</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income	\$ 21,290	\$ (1,078,007)	\$ 65,522	\$ (991,195)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	37,266	562,468	230,830	830,564
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	2,289	14,416	153	16,858
(Increase) in inventory	-	(6,698)	-	(6,698)
(Increase) in prepaid expenses	(11,061)	835	(125)	(10,351)
Increase (decrease) in accounts payable	16,854	20,541	3,467	40,862
Increase (decrease) in accrued wages payable	1,528	2,126	314	3,968
Increase (decrease) in accrued compensated absences	2,481	9,000	(1,450)	10,031
Increase (decrease) in other post-employment benefits (OPEB)	1,296	5,928	648	7,872
<b>NET ADJUSTMENTS</b>	<b>50,653</b>	<b>608,616</b>	<b>233,837</b>	<b>893,106</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 71,943</b>	<b>\$ (469,391)</b>	<b>\$ 299,359</b>	<b>\$ (98,089)</b>

**CITY OF MARQUETTE, MICHIGAN**

TECHNOLOGY SERVICES FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 408,410	\$ 372,405
Accounts receivable	1,188	3,477
Prepaid expense	<u>16,721</u>	<u>5,660</u>
<b>TOTAL CURRENT ASSETS</b>	<u>426,319</u>	<u>381,542</u>
Non-current Assets:		
Restricted Assets:		
OPEB reserve	35,666	34,370
Vacation, sick leave and benefit day reserve	<u>11,632</u>	<u>9,151</u>
Total Restricted Assets	<u>47,298</u>	<u>43,521</u>
Capital assets, net of depreciation	<u>126,306</u>	<u>130,837</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>173,604</u>	<u>174,358</u>
<b>TOTAL ASSETS</b>	<u>599,923</u>	<u>555,900</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	31,345	14,491
Accrued wages payable	<u>6,589</u>	<u>5,061</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>37,934</u>	<u>19,552</u>
Non-current Liabilities:		
Accrued compensated absences	11,632	9,151
Other post-employment benefits (OPEB)	<u>35,666</u>	<u>34,370</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>47,298</u>	<u>43,521</u>
<b>TOTAL LIABILITIES</b>	<u>85,232</u>	<u>63,073</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	126,306	130,837
Unrestricted	<u>388,385</u>	<u>361,990</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 514,691</u>	<u>\$ 492,827</u>

**CITY OF MARQUETTE, MICHIGAN**

**TECHNOLOGY SERVICES FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2012

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Rentals	\$ 706,535	\$ 706,536	\$ 1	\$ 848,874
Other	5,100	24,206	19,106	24,291
<b>TOTAL OPERATING REVENUES</b>	<b>711,635</b>	<b>730,742</b>	<b>19,107</b>	<b>873,165</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General Expenses:				
Personnel services	243,625	245,113	(1,488)	318,830
Professional services	160,735	64,415	96,320	26,343
Supplies	17,770	18,896	(1,126)	13,152
Other services and charges	873,180	343,762	529,418	269,091
Provision for depreciation	25,000	37,266	(12,266)	31,458
<b>TOTAL OPERATING EXPENSES</b>	<b>1,320,310</b>	<b>709,452</b>	<b>610,858</b>	<b>658,874</b>
<b>OPERATING INCOME</b>	<b>(608,675)</b>	<b>21,290</b>	<b>629,965</b>	<b>214,291</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	-	574	574	612
<b>TOTAL NON-OPERATING REVENUES</b>	<b>-</b>	<b>574</b>	<b>574</b>	<b>612</b>
<b>CHANGE IN NET ASSETS</b>	<b>(608,675)</b>	<b>21,864</b>	<b>630,539</b>	<b>214,903</b>
Net assets, beginning of year	492,827	492,827	-	277,924
<b>NET ASSETS, END OF YEAR</b>	<b>\$ (115,848)</b>	<b>\$ 514,691</b>	<b>\$ 630,539</b>	<b>\$ 492,827</b>

**CITY OF MARQUETTE, MICHIGAN**

MOTOR VEHICLE EQUIPMENT FUND

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 83,564	\$ 999,557
Accounts receivable	1,023	15,439
Due from local units	484	949
Inventory	31,868	25,170
Prepaid expense	<u>12,775</u>	<u>13,610</u>
<b>TOTAL CURRENT ASSETS</b>	<u>129,714</u>	<u>1,054,725</u>
Non-current Assets:		
Restricted Assets:		
Equipment reserve	1,001,691	1,000,161
Fuel system reserve	32,920	30,799
OPEB reserve	16,574	10,646
Vacation, sick leave and benefit day reserve	<u>64,269</u>	<u>55,269</u>
Total Restricted Assets	<u>1,115,454</u>	<u>1,096,875</u>
Capital assets, net of depreciation	<u>2,127,814</u>	<u>2,226,595</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>3,243,268</u>	<u>3,323,470</u>
<b>TOTAL ASSETS</b>	<u>3,372,982</u>	<u>4,378,195</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	108,340	87,799
Accrued wages payable	16,039	13,913
Due to other funds	<u>97</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>124,476</u>	<u>101,712</u>
Non-current Liabilities:		
Accrued compensated absences	64,269	55,269
Other post-employment benefits (OPEB)	<u>16,574</u>	<u>10,646</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>80,843</u>	<u>65,915</u>
<b>TOTAL LIABILITIES</b>	<u>205,319</u>	<u>167,627</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	2,127,814	2,226,595
Restricted:		
Capital outlay	32,920	30,799
Unrestricted	<u>1,006,929</u>	<u>1,953,174</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,167,663</u>	<u>\$ 4,210,568</u>

**CITY OF MARQUETTE, MICHIGAN**

**MOTOR VEHICLE EQUIPMENT FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2012

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		2011	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Rentals	\$ 1,318,345	\$ 1,282,531	\$ (35,814)	\$ 2,168,159
Fuel Sales	210,000	168,120	(41,880)	170,268
Other	21,500	49,321	27,821	37,823
<b>TOTAL OPERATING REVENUES</b>	1,549,845	1,499,972	(49,873)	2,376,250
<b>OPERATING EXPENSES:</b>				
Vehicle Operating Expenses:				
Personnel services	600,065	575,371	24,694	546,933
Repairs and maintenance	40,000	57,321	(17,321)	31,270
Fuel	420,000	497,684	(77,684)	304,823
Cost of sales	-	-	-	166,042
Supplies	282,000	278,343	3,657	280,774
Vehicle insurance	62,000	54,922	7,078	60,691
Rentals	12,000	10,789	1,211	6,610
<b>Total Vehicle Operating Expenses</b>	1,416,065	1,474,430	(58,365)	1,397,143
Administrative and General Expenses:				
Rentals	447,400	447,400	-	462,300
Professional services	66,875	71,120	(4,245)	72,856
Other services and charges	608,260	22,561	585,699	9,165
Provision for depreciation	-	562,468	(562,468)	516,145
<b>Total Administrative and General Expenses</b>	1,122,535	1,103,549	18,986	1,060,466
<b>TOTAL OPERATING EXPENSES</b>	2,538,600	2,577,979	(39,379)	2,457,609
<b>OPERATING INCOME (LOSS)</b>	(988,755)	(1,078,007)	(89,252)	(81,359)
<b>NON-OPERATING REVENUES:</b>				
Investment income	3,000	4,102	1,102	2,995
Gain (loss) on sale of capital assets	3,000	31,000	28,000	18,685
<b>TOTAL NON-OPERATING REVENUES</b>	6,000	35,102	29,102	21,680
<b>CHANGE IN NET ASSETS</b>	(982,755)	(1,042,905)	(60,150)	(59,679)
Net assets, beginning of year	4,210,568	4,210,568	-	4,270,247
<b>NET ASSETS, END OF YEAR</b>	\$ 3,227,813	\$ 3,167,663	\$ (60,150)	\$ 4,210,568

**CITY OF MARQUETTE, MICHIGAN**  
**MUNICIPAL SERVICE CENTER FUND**  
**COMPARATIVE STATEMENT OF NET ASSETS**

June 30, 2012 and 2011

	2012	2011
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 548,015	\$ 508,705
Accounts receivable	-	153
Prepaid expense	1,917	1,792
<b>TOTAL CURRENT ASSETS</b>	<b>549,932</b>	<b>510,650</b>
Non-current Assets:		
Restricted Assets:		
OPEB reserve	1,773	1,125
Vacation, sick leave and benefit day reserve	4,036	5,486
Total Restricted Assets	5,809	6,611
Land and other non-depreciable assets	245,566	245,566
Other capital assets, net of depreciation	2,920,560	3,151,390
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,171,935</b>	<b>3,403,567</b>
<b>TOTAL ASSETS</b>	<b>3,721,867</b>	<b>3,914,217</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	12,563	9,096
Due to other funds	-	-
Accrued wages payable	3,000	2,686
<b>TOTAL CURRENT LIABILITIES</b>	<b>15,563</b>	<b>11,782</b>
Non-current Liabilities:		
Accrued compensated absences	4,036	5,486
Other post-employment benefits (OPEB)	1,773	1,125
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,809</b>	<b>6,611</b>
<b>TOTAL LIABILITIES</b>	<b>21,372</b>	<b>18,393</b>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	3,166,126	3,396,956
Unrestricted	534,369	498,868
<b>TOTAL NET ASSETS</b>	<b>\$ 3,700,495</b>	<b>\$ 3,895,824</b>

**CITY OF MARQUETTE, MICHIGAN**

**MUNICIPAL SERVICE CENTER FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2012

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012		Variance with Final Budget Positive (Negative)	2011
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Rentals	\$ 600,000	\$ 600,000	\$ -	\$ 620,000
Other	2,500	4,387	1,887	3,293
<b>TOTAL OPERATING REVENUES</b>	<b>602,500</b>	<b>604,387</b>	<b>1,887</b>	<b>623,293</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General Expenses:				
Personnel services	98,295	104,568	(6,273)	92,936
Professional services	73,320	64,582	8,738	59,078
Supplies	38,692	29,997	8,695	38,005
Utilities	94,600	77,836	16,764	79,427
Other services and charges	46,160	31,052	15,108	25,872
Provision for depreciation	-	230,830	(230,830)	233,774
<b>TOTAL OPERATING EXPENSES</b>	<b>351,067</b>	<b>538,865</b>	<b>(187,798)</b>	<b>529,092</b>
<b>OPERATING INCOME</b>	<b>251,433</b>	<b>65,522</b>	<b>(185,911)</b>	<b>94,201</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	1,000	764	(236)	1,280
Gain on sale of capital assets	-	30	30	10
<b>TOTAL NON-OPERATING REVENUES</b>	<b>1,000</b>	<b>794</b>	<b>(206)</b>	<b>1,290</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>252,433</b>	<b>66,316</b>	<b>(186,117)</b>	<b>95,491</b>
Transfers (out)	(261,695)	(261,695)	-	(264,945)
<b>CHANGE IN NET ASSETS</b>	<b>(9,262)</b>	<b>(195,379)</b>	<b>(186,117)</b>	<b>(169,454)</b>
Net assets, beginning of year	3,895,824	3,895,824	-	4,065,278
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,886,562</b>	<b>\$ 3,700,445</b>	<b>\$ (186,117)</b>	<b>\$ 3,895,824</b>

## **City of Marquette, Michigan**

### **FIDUCIARY FUNDS**

#### **INDIVIDUAL FUND STATEMENTS**

The function of Fiduciary Funds is to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. These included (a) private-purpose trust funds, (b) pension trust funds, and (c) agency funds.

**SPECIAL ACTIVITIES PRIVATE-PURPOSE TRUST FUND:** This fund is used to account for the contributions from private sources restricted for special projects. The City is holding these monies in a trustee capacity.

**PENSION TRUST FUND:** The Fire-Police Retirement System Fund is used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees at fixed rates and by the City at amounts determined by an annual actuarial valuation.

**AGENCY FUND:** This fund is used to record the collection and payment of property taxes billed and collected by the City on behalf of the County, the School Districts, and the Intermediate School District. It is also used as a payroll clearing account type, which receives reimbursing payments from other funds.

**CITY OF MARQUETTE, MICHIGAN**

**SPECIAL ACTIVITIES PRIVATE-PURPOSE TRUST FUND**  
**COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS**

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 48,042	\$ 47,981
Accounts receivable	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>48,042</u>	<u>47,981</u>
<b>LIABILITIES:</b>		
Accounts payable	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>NET ASSETS:</b>		
L.G. Kaufman Ski Hill	13,040	13,024
Tourist Park Development	<u>35,002</u>	<u>34,957</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$ 48,042</u></u>	<u><u>\$ 47,981</u></u>

**CITY OF MARQUETTE**

**FIRE-POLICE RETIREMENT SYSTEM PENSION TRUST FUND**

**COMPARATIVE STATEMENT OF PLAN NET ASSETS**

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 851,642	\$ 1,100,314
Investments:		
United States Government Securities	1,048,188	1,496,766
Domestic Corporation Bonds	4,631,069	4,250,139
Common, Pooled Mutual Fund	17,994,291	19,265,115
Government National Mortgage Association	403	536
Accrued interest receivable	<u>73,898</u>	<u>75,622</u>
<b>TOTAL ASSETS</b>	<u>24,599,491</u>	<u>26,188,492</u>
<b>LIABILITIES:</b>		
Accounts payable and other	<u>4,290</u>	<u>5,220</u>
<b>TOTAL LIABILITIES</b>	<u>4,290</u>	<u>5,220</u>
<b>NET ASSETS:</b>		
Held in trust for pension benefits	<u>24,595,201</u>	<u>26,183,272</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$24,595,201</u></u>	<u><u>\$26,183,272</u></u>

**CITY OF MARQUETTE, MICHIGAN**

**AGENCY FUND**

**COMPARATIVE BALANCE SHEET**

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,207,861	\$ 1,887,250
Accounts receivable	-	8,170
Taxes receivable - current	1,202	-
Taxes receivable - delinquent personal	<u>21,014</u>	<u>26,323</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,230,077</u></b>	<b><u>\$ 1,921,743</u></b>
<b>LIABILITIES</b>		
Liabilities:		
Contract retainage payable	\$ 57,346	\$ 6,027
Accrued wages and related liabilities	1,907,448	1,821,257
Due to other governments	8,708	7,546
Due to State	8,043	7,162
Due to local units	13,785	15,046
Other liabilities	<u>234,747</u>	<u>64,705</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 2,230,077</u></b>	<b><u>\$ 1,921,743</u></b>

**CITY OF MARQUETTE, MICHIGAN**

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,887,250	\$ 39,073,317	\$ 38,752,706	\$ 2,207,861
Accounts receivable	8,170	-	8,170	-
Taxes receivable - current	-	27,013,127	27,011,925	1,202
Taxes receivable - delinquent personal	<u>26,323</u>	<u>29,083</u>	<u>34,392</u>	<u>21,014</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,921,743</u>	<u>\$ 66,115,527</u>	<u>\$ 65,807,193</u>	<u>\$ 2,230,077</u>
<b>LIABILITIES</b>				
Contract retainage payable	\$ 6,027	\$ 17,671,180	\$ 17,619,861	\$ 57,346
Accrued wages and related liabilities	1,821,257	4,029,585	3,943,394	1,907,448
Due to other governments	7,546	4,587,296	4,586,134	8,708
Due to State	7,162	3,706,526	3,705,645	8,043
Due to local units	15,046	19,493,957	19,495,218	13,785
Other liabilities	<u>64,705</u>	<u>318,942</u>	<u>148,900</u>	<u>234,747</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 1,921,743</u>	<u>\$ 49,807,486</u>	<u>\$ 49,499,152</u>	<u>\$ 2,230,077</u>

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**City of Marquette, Michigan**  
**CAPITAL ASSET SCHEDULES**

**CITY OF MARQUETTE, MICHIGAN**

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS - BY SOURCE**

June 30, 2012

	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Other</u>	<u>Totals</u>
Governmental Capital Assets:					
Land	\$ 11,290,396	\$ -	\$ -	\$ -	\$ 11,290,396
Land improvements	7,718,530	-	-	-	7,718,530
Buildings	-	5,432,857	-	-	5,432,857
Building improvements	-	6,593,427	-	-	6,593,427
Furniture and equipment	-	-	1,433,531	-	1,433,531
Infrastructure	-	-	-	47,975,607	47,975,607
Construction in progress	-	-	-	1,029,126	1,029,126
<b>TOTAL</b>	<u>\$ 19,008,926</u>	<u>\$ 12,026,284</u>	<u>\$ 1,433,531</u>	<u>\$ 49,004,733</u>	<u>\$ 81,473,474</u>
Investments in Governmental Capital Assets From:					
General Fund	\$ 14,315,818	\$ 4,999,555	\$ 839,419	\$ 31,988,424	\$ 52,143,216
Federal grants	1,901,291	3,489,840	150,579	547,762	6,089,472
State grants	705,189	494,867	161,232	-	1,361,288
Private gifts	1,150,155	558,029	117,381	-	1,825,565
Authorities, Boards and Commissions	54,000	811,172	-	-	865,172
Other funds	882,473	1,672,821	164,920	16,468,547	19,188,761
<b>TOTAL</b>	<u>\$ 19,008,926</u>	<u>\$ 12,026,284</u>	<u>\$ 1,433,531</u>	<u>\$ 49,004,733</u>	<u>\$ 81,473,474</u>

**CITY OF MARQUETTE, MICHIGAN**

**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY**

For the Fiscal Year Ended June 30, 2012

Function and Activity	Balance June 30, 2011	Additions	Deductions	Transfers	Balance June 30, 2012
<b>General Government:</b>					
City Commission	\$ 8,999	\$ -	\$ -	\$ -	\$ 8,999
Elections	5,001	-	-	-	5,001
Finance and Accounting	13,186	-	-	-	13,186
Treasurer	5,978	-	-	-	5,978
Information Systems	-	-	-	-	-
Cemetery	243,903	-	-	-	243,903
City Hall and Grounds	2,609,903	29,062	-	-	2,638,965
Other City Property	5,261,125	-	(253,371)	-	5,007,754
<b>Total General Government</b>	<b>8,148,095</b>	<b>29,062</b>	<b>(253,371)</b>	<b>-</b>	<b>7,923,786</b>
<b>Public Health and Safety:</b>					
Police Department	288,091	-	-	-	288,091
Fire Department	538,092	17,067	-	-	555,159
<b>Total Public Health and Safety</b>	<b>826,183</b>	<b>17,067</b>	<b>-</b>	<b>-</b>	<b>843,250</b>
<b>Highways, Streets and Bridges</b>					
City Engineer	108,834	22,000	-	-	130,834
Public Works	8,616,545	69,688	-	-	8,686,233
Infrastructure	46,837,130	1,078,570	-	9,383	47,925,083
Parking System	2,475,516	-	-	-	2,475,516
<b>Total Highways, Streets and Bridges</b>	<b>58,038,025</b>	<b>1,170,258</b>	<b>-</b>	<b>9,383</b>	<b>59,217,666</b>
<b>Other:</b>					
Sanitation	14,932	-	-	-	14,932
Recreation	12,267,289	134,261	-	-	12,401,550
Other	43,164	-	-	-	43,164
<b>Total Other</b>	<b>12,325,385</b>	<b>134,261</b>	<b>-</b>	<b>-</b>	<b>12,459,646</b>
<b>TOTAL GOVERNMENTAL CAPITAL ASSETS</b>	<b>79,337,688</b>	<b>1,350,648</b>	<b>(253,371)</b>	<b>9,383</b>	<b>80,444,348</b>
Construction in progress	965,783	72,726	-	(9,383)	1,029,126
<b>GRAND TOTAL</b>	<b>\$ 80,303,471</b>	<b>\$ 1,423,374</b>	<b>\$ (253,371)</b>	<b>\$ -</b>	<b>\$ 81,473,474</b>

**CITY OF MARQUETTE, MICHIGAN**

**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY**

June 30, 2012

Function and Activity	Total	Land	Land Improvements	Buildings	Building Improvements	Furniture and Equipment	Infrastructure
<b>General Government:</b>							
City Commission	\$ 8,999	\$ -	\$ -	\$ -	\$ -	\$ 8,999	\$ -
Elections	5,001	-	-	-	-	5,001	-
Finance and Accounting	13,186	-	-	-	-	13,186	-
Treasurer	5,978	-	-	-	-	5,978	-
Information Systems	-	-	-	-	-	-	-
Cemetery	243,903	98,002	94,648	9,048	42,205	-	-
City Hall and Grounds	2,638,965	100,008	128,596	1,395,545	936,958	77,858	-
Other City Property	5,007,754	4,942,779	19,817	45,158	-	-	-
<b>Total General Government</b>	<b>7,923,786</b>	<b>5,140,789</b>	<b>243,061</b>	<b>1,449,751</b>	<b>979,163</b>	<b>111,022</b>	<b>-</b>
<b>Public Health and Safety:</b>							
Police Department	288,091	-	-	-	-	288,091	-
Fire Department	555,159	32,296	14,663	154,155	205,899	148,146	-
<b>Total Public Health and Safety</b>	<b>843,250</b>	<b>32,296</b>	<b>14,663</b>	<b>154,155</b>	<b>205,899</b>	<b>436,237</b>	<b>-</b>
<b>Highways, Streets and Bridges:</b>							
City Engineer	130,834	-	-	-	-	130,834	-
Public Works	8,635,709	4,487,500	3,390,147	523,782	213,880	20,400	-
Infrastructure	47,975,607	-	-	-	-	-	47,975,607
Parking System	2,475,516	753,874	70,131	1,320,171	235,396	95,944	-
<b>Total Highways, Streets and Bridges</b>	<b>59,217,666</b>	<b>5,241,374</b>	<b>3,460,278</b>	<b>1,843,953</b>	<b>449,276</b>	<b>247,178</b>	<b>47,975,607</b>
<b>Other:</b>							
Sanitation	14,932	14,932	-	-	-	-	-
Social Services	-	-	-	-	-	-	-
Recreation	12,401,550	861,005	4,000,528	1,984,998	4,941,173	613,846	-
Other functions	43,164	-	-	-	17,916	25,248	-
<b>Total Other</b>	<b>12,459,646</b>	<b>875,937</b>	<b>4,000,528</b>	<b>1,984,998</b>	<b>4,959,089</b>	<b>639,094</b>	<b>-</b>
<b>TOTAL GOVERNMENTAL CAPITAL ASSETS ASSOCIATED TO FUNCTIONS</b>	<b>80,444,348</b>	<b>\$ 11,290,396</b>	<b>\$ 7,718,530</b>	<b>\$ 5,432,857</b>	<b>\$ 6,593,427</b>	<b>\$ 1,433,531</b>	<b>\$ 47,975,607</b>
Construction in progress	1,029,126						
<b>TOTAL GOVERNMENTAL CAPITAL ASSETS</b>	<b>\$ 81,473,474</b>						

**City of Marquette, Michigan**  
**LONG-TERM DEBT SCHEDULES**

**CITY OF MARQUETTE, MICHIGAN**  
**SCHEDULE OF BONDS, AND NOTES PAYABLE -**  
**ENTERPRISE FUNDS**  
For the Fiscal Year Ended June 30, 2012

	STORMWATER UTILITY FUND					WATER SUPPLY FUND										SEWAGE DISPOSAL FUND					MARINA FUND
	2006 Street Improvements Bonds (C)	2007 High Street Bonds	2008 Street Improvements Bonds (D)	2009 Capital Improvements Bonds (D)	2011 Street Improvements Bonds	State Drinking Water Revolving Fund Loan 2009	State Drinking Water Revolving Fund Loan 2011	2003 Refunding Revenue Bonds (A)	2006 Water Membrane Revenue Bonds (B)	2007 High Street Bonds	2008 Street Improvements Bonds (C)	2009 Capital Improvements Bonds (E)	2011 Capital Improvements Bonds	Loan Payable	State Revolving Fund Loan 2009	State Revolving Fund Loan 2011	2008 Street Improvements Bonds (C)	2009 Capital Improvements Bonds (E)	2011 Street Improvements Bonds	2004 Revenue Bonds (B)	
Year Ending June 30,																					
2013	\$ 165,000	\$ 5,507	\$ 65,326	\$ 19,065	\$ 25,200	\$ 20,000	\$ 45,000	\$ 450,000	\$ 145,000	\$ 15,297	\$ 80,275	\$ 166,005	\$ 15,400	\$ 165,000	\$ 30,000	\$ 40,000	\$ 73,724	\$ 83,700	\$ 43,400	\$ 80,000	
2014	172,500	5,583	67,336	20,090	27,000	20,000	45,000	470,000	150,000	15,509	82,325	174,930	16,500	165,000	30,000	40,000	75,993	88,200	46,500	85,000	
2015	180,000	5,659	70,350	20,705	27,000	20,000	45,000	485,000	160,000	15,719	86,012	180,285	16,500	170,000	30,000	40,000	79,395	90,900	46,500	-	
2016	187,500	5,773	72,360	20,500	27,900	25,000	45,000	505,000	165,000	16,036	88,469	178,500	17,050	175,000	30,000	45,000	81,664	90,000	48,050	-	
2017	195,000	5,887	75,375	22,140	28,800	25,000	45,000	-	170,000	16,353	92,155	192,780	17,600	180,000	30,000	45,000	85,067	97,200	49,600	-	
2018	202,500	5,963	79,395	23,575	29,700	25,000	45,000	-	-	16,563	97,070	205,275	18,150	180,000	30,000	45,000	89,604	103,500	51,150	-	
2019	210,000	6,077	83,415	24,395	30,600	25,000	45,000	-	-	16,880	101,986	212,415	18,700	185,000	35,000	45,000	94,140	107,100	52,700	-	
2020	220,000	6,191	86,431	25,420	31,500	25,000	50,000	-	-	17,197	105,671	221,340	19,250	190,000	35,000	45,000	97,543	111,600	54,250	-	
2021	227,500	6,267	90,451	26,650	32,400	25,000	50,000	-	-	17,407	110,586	232,050	19,800	195,000	35,000	50,000	102,080	117,000	55,800	-	
2022	237,500	6,343	94,471	28,700	33,300	25,000	50,000	-	-	17,619	115,501	249,900	20,350	200,000	35,000	50,000	106,617	126,000	57,350	-	
2023	-	6,457	96,481	29,110	35,100	25,000	50,000	-	-	17,935	117,959	253,470	21,450	200,000	35,000	50,000	108,885	127,800	60,450	-	
2024	-	6,571	101,506	30,340	36,900	25,000	50,000	-	-	18,251	124,103	264,180	22,550	205,000	40,000	50,000	114,556	133,200	63,550	-	
2025	-	6,684	106,526	-	37,800	30,000	50,000	-	-	18,568	129,018	-	23,100	210,000	40,000	55,000	119,993	-	65,100	-	
2026	-	6,798	110,551	-	39,600	30,000	50,000	-	-	18,885	135,161	-	24,200	-	40,000	62,596	124,764	-	68,200	-	
2027	-	6,912	114,571	-	41,400	30,000	50,000	-	-	19,201	140,076	-	25,300	-	40,000	-	129,301	-	71,300	-	
2028	-	7,026	120,600	-	-	30,000	50,000	-	-	19,518	146,653	-	-	-	40,000	-	136,493	-	-	-	
2029	-	7,243	-	-	-	30,000	50,000	-	-	20,121	-	-	-	-	40,000	-	-	-	-	-	
2030	-	-	-	-	-	35,058	64,778	-	-	-	-	-	-	-	40,699	-	-	-	-	-	
	<u>\$ 1,997,500</u>	<u>\$ 106,941</u>	<u>\$ 1,434,145</u>	<u>\$ 290,690</u>	<u>\$ 484,200</u>	<u>\$ 470,058</u>	<u>\$ 879,778</u>	<u>\$ 1,910,000</u>	<u>\$ 790,000</u>	<u>\$ 297,059</u>	<u>\$ 1,753,021</u>	<u>\$ 2,531,130</u>	<u>\$ 295,900</u>	<u>\$ 2,420,000</u>	<u>\$ 635,699</u>	<u>\$ 662,596</u>	<u>\$ 1,618,918</u>	<u>\$ 1,276,200</u>	<u>\$ 833,900</u>	<u>\$ 165,000</u>	
Interest Rates	4.000%	1.625%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.500%	2.500%	2.0 - 4.1%	4.000%	1.625%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.125%	2.500%	2.500%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	4.7 - 5.8%	
Interest Dates	May and November	April and October	May and November	May and November	April and October	April and October	April and October	May and November	May and November	April and October	May and November	May and November	April and October	April and October	April and October	May and November	May and November	April and October	May and November	May and November	
Date of original issue	10/31/2006	3/29/2007	6/26/2008	5/5/2009	9/22/2012	1/11/2010	6/24/2010	11/4/2003	12/20/2006	3/29/2007	6/26/2008	5/5/2009	9/22/2012	3/9/2004	1/11/2010	6/24/2010	6/26/2008	5/5/2009	9/22/2012	2/18/2004	
Amount of original issue	<u>\$ 2,737,500</u>	<u>\$ 123,234</u>	<u>\$ 1,683,385</u>	<u>\$ 343,375</u>	<u>\$ 484,200</u>	<u>\$ 391,439</u>	<u>\$ 44,072</u>	<u>\$ 5,990,000</u>	<u>\$ 1,440,000</u>	<u>\$ 342,318</u>	<u>\$ 2,058,137</u>	<u>\$ 2,989,875</u>	<u>\$ 295,900</u>	<u>\$ 3,470,000</u>	<u>\$ 234,385</u>	<u>\$ 29,496</u>	<u>\$ 1,899,819</u>	<u>\$ 1,507,500</u>	<u>\$ 833,900</u>	<u>\$ 690,000</u>	

- (A) Applicable to fund
- (A) Outstanding bonds maturing in the years 2004 to 2007, inclusive, are subject to redemption on January 1, 2004 at 100% of par plus accrued interest. The outstanding bonds maturing in years 2005 to 2016, inclusive, are subject to redemption on May 1, 2004 at 100% of par plus accrued interest.
- (B) Outstanding bonds are not subject to optional redemption.
- (C) The bonds maturing in the years 2009 to 2018, inclusive, shall not be subject to optional redemption prior to maturity. The bonds, or portions of bonds in multiples of \$5,000 maturing in the years 2019 to 2028, inclusive, shall be subject to redemption at the option of the City in such order of maturity as the City shall determine and within a single maturity by lot on any date on or after May 1, 2018 at par plus accrued interest to the date fixed for redemption.
- (D) Outstanding bonds maturing prior to June 1, 2004, are not subject to option redemption prior to maturity. Bonds maturing on or after June 1, 2004, are subject to redemption at the option of the City, in whole or part, in integral multiples of \$5,000, on any date on or after June 1, 2003, at par, plus accrued interstate redemption date.
- (E) The bonds maturing in the years 2009 to 2018, inclusive, shall not be subject to optional redemption prior to maturity. The bonds, or portions of bonds in multiples of \$5,000 maturing in the years 2019 to 2028, inclusive, shall be subject to redemption at the option of the City in such order of maturity as the City shall determine and within a single maturity by lot on any date on or after May 1, 2018 at par plus accrued interest to the date fixed for redemption.

**City of Marquette, Michigan**

**COMPONENT UNITS**

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

Component units are used to account for the discretely presented component units which follow governmental or proprietary fund accounting guidelines.

**BOARD OF LIGHT AND POWER:** To account for the electric utility.

**PETER WHITE PUBLIC LIBRARY:** To record revenues and expenditures of the Peter White Public Library. Financing is primarily provided through property taxes.

**DOWNTOWN DEVELOPMENT AUTHORITY:** To record the activities associated with the Downtown Development Authority.

**BROWNFIELD REDEVELOPMENT AUTHORITY:** To record the activities associated with the Brownfield Redevelopment Authority.

**CITY OF MARQUETTE, MICHIGAN**  
**Board of Light and Power Electric Utility**

COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 5,934,502	\$ 5,081,574
Internally designated assets:		
Customer electric rate stabilization fund	1,331,261	1,890,969
Construction fund	1,511,331	4,591,254
Turbine and major generating equipment overhaul fund	1,318,283	1,113,293
Replacement-risk retention fund	1,471,403	2,004,595
Improvement fund	839,240	1,158,412
Accounts receivable, net	1,221,555	1,585,234
Inventory	3,348,335	2,908,084
Prepaid expenses	138,115	104,745
	<b>TOTAL CURRENT ASSETS</b>	<b>20,438,160</b>
Non-current Assets:		
Restricted Assets:		
Bond and interest redemption fund	76,915	153,860
Bond reserve fund	757,434	733,533
Pinehill landfill fund	13,797	13,776
	Total Restricted Assets	901,169
Unamortized bond issuance costs	193,695	214,531
Investment in UPPPA	2,753,884	2,647,232
Property, plant, and equipment	134,821,923	130,542,453
Accumulated depreciation	(89,325,149)	(87,826,960)
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>46,478,425</b>
	<b>TOTAL ASSETS</b>	<b>66,916,585</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	1,072,506	1,456,374
Accrued liabilities	126,231	114,964
Compensated absences	926,857	878,113
Customer deposits payable	1,128,272	1,112,211
Other current liabilities	250,159	244,237
	<b>TOTAL CURRENT LIABILITIES</b>	<b>3,805,899</b>
Current Liabilities (payable from restricted assets):		
Current maturities on revenue bonds	765,000	675,000
Revenue bond accrued interest payable	-	60,890
	<b>TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</b>	<b>735,890</b>
Non-current Liabilities:		
Bonds payable	5,510,000	6,275,000
Unamortized bond premium	239,219	265,799
Other post-employment benefits (OPEB)	1,218,366	1,055,959
Reserve for turbine and major generating equipment overhaul	1,318,283	1,113,788
Postclosure costs-Landfill	468,526	475,447
	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>9,185,993</b>
	<b>TOTAL LIABILITIES</b>	<b>13,727,782</b>
<b>NET ASSETS</b>		
Invested in capital assets net of related debt	38,982,555	35,499,694
Restricted:		
Other activities	848,146	901,169
Unrestricted	13,552,404	16,787,940
	<b>TOTAL NET ASSETS</b>	<b>\$ 53,383,105</b>
	<b>\$ 53,383,105</b>	<b>\$ 53,188,803</b>

**CITY OF MARQUETTE, MICHIGAN**  
**Board of Light and Power Electric Utility**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012	2011
<b>OPERATING REVENUES:</b>		
Electricity Sales:		
Urban	\$ 16,676,355	\$ 15,534,937
Rural	10,785,066	9,942,550
Sales to Alger-Delta Co-op	822,648	1,099,196
Sales to Wisconsin Electric Power Company	643,637	572,082
Street lighting	444,951	423,069
Other municipal departments	859,338	801,486
Rent and other	652,448	673,448
<b>TOTAL OPERATING REVENUES</b>	30,884,443	29,046,768
<b>OPERATING EXPENSES:</b>		
Administrative and general	6,696,680	6,135,123
Production	15,655,121	13,943,033
Purchased power	2,637,854	2,190,019
Distribution and transmission	1,373,614	1,358,998
Customer accounting	620,122	713,820
Payment in lieu of property taxes - City of Marquette	1,720,434	1,693,466
Provision for depreciation, excluding amounts charged to other operating expenses (2012 - \$129,959; 2011 - \$111,022)	2,240,357	1,995,455
<b>TOTAL OPERATING EXPENSES</b>	30,944,182	28,029,914
<b>INCOME FROM OPERATIONS</b>	(59,739)	1,016,854
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Investment income	397,020	545,043
Delayed payment fees	41,794	36,177
Amortization of bond premium	26,580	-
Interest on refunding bonds	(291,137)	(60,890)
Other interest expense	(26,315)	(25,714)
Amortization of bond issuance expense	(20,836)	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	127,106	494,616
<b>NET INCOME</b>	67,367	1,511,470
Capital contributions from customers	126,935	53,019
<b>CHANGE IN NET ASSETS</b>	194,302	1,564,489
Net assets, beginning of year	53,188,803	51,624,314
<b>NET ASSETS, END OF YEAR</b>	\$ 53,383,105	\$ 53,188,803

**CITY OF MARQUETTE, MICHIGAN**  
**Board of Light and Power Electric Utility**

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2012  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 31,248,122	\$ 28,551,049
Cash paid to suppliers and employees	(28,989,380)	(24,886,032)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,258,742</b>	<b>3,665,017</b>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(5,151,597)	(5,743,381)
Proceeds from sale of equipment	-	-
Principal payment on revenue bonds, notes payable and capital lease obligations	(675,000)	-
Capital contributions	126,935	53,019
Proceeds from issuance of bonds	-	7,001,268
Interest paid on revenue bonds and notes payable	(352,027)	-
<b>NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(6,051,689)</b>	<b>1,310,906</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	410,704	557,608
Proceeds from maturities and sales of investment securities	6,088,798	2,800,213
Purchase of investments	(1,853,627)	(8,370,207)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>4,645,875</b>	<b>(5,012,386)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>852,928</b>	<b>(36,463)</b>
Cash and cash equivalents, beginning of year	5,081,574	5,118,037
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 5,934,502</b>	<b>\$ 5,081,574</b>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ (59,739)	\$ 1,016,854
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	2,370,316	2,106,476
Changes in assets and liabilities:		
(Increase) in accounts receivable	363,679	(495,719)
(Increase) decrease in inventory	(440,251)	(79,150)
(Increase) decrease in prepaid expenses	(33,370)	8,459
Increase (decrease) in accounts payable	(383,868)	948,153
Increase (decrease) in accrued wages and related liabilities	11,267	12,695
Increase (decrease) in accrued sick and vacation	48,744	(5,020)
Increase in customer deposits, including accrued interest	16,061	43,967
(Decrease) in landfill site postclosure care cost liability	(6,921)	(9,918)
Increase (decrease) in other post-employment benefits (OPEB)	162,407	(4,769)
Increase in reserve for turbine overhaul	204,495	182,325
Increase (decrease) in energy optimization program liability	5,922	(59,336)
<b>NET ADJUSTMENTS</b>	<b>2,318,481</b>	<b>2,648,163</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 2,258,742</b>	<b>\$ 3,665,017</b>

**City of Marquette, Michigan  
Peter White Public Library**

STATEMENT OF NET ASSETS

June 30, 2012

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 155,532
Investments	651,743
Taxes receivable, net	1,175,769
Accounts receivable, net	4,751
Prepaid expenses	15,918
<b>TOTAL CURRENT ASSETS</b>	<b>2,003,713</b>
Noncurrent assets:	
Land	114,704
Other depreciable capital assets, net	4,271,008
<b>TOTAL NONCURRENT ASSETS</b>	<b>4,385,712</b>
<b>TOTAL ASSETS</b>	<b>6,389,425</b>
 <b>LIABILITIES:</b>	
Current liabilities:	
Accounts payable	34,107
Accrued liabilities	36,472
Unearned revenue	1,174,084
Bonds payable - due in one year	285,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,529,663</b>
Noncurrent liabilities:	
Bonds payable - due in more than one year	1,595,000
Compensated absences	121,558
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,716,558</b>
<b>TOTAL LIABILITIES</b>	<b>3,246,221</b>
 <b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	2,505,712
Restricted:	
Retirement of debt	20,197
Other activities	683,490
Unrestricted	(66,195)
<b>TOTAL NET ASSETS</b>	<b>\$ 3,143,204</b>

**City of Marquette, Michigan  
Peter White Public Library**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2012

<u>Function / Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Governmental Activities:</b>				
Recreation and culture	\$ 1,897,881	\$ 239,495	\$ 677,236	\$ (981,150)
Interest on long-term debt	80,700	-	-	(80,700)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,978,581</b>	<b>\$ 239,495</b>	<b>\$ 677,236</b>	<b>(1,061,850)</b>
<b>General revenues:</b>				
Property taxes				1,146,573
Interest and investment earnings				8,359
Proceeds on the sale of fixed assets				90,900
Miscellaneous				23,552
			Total General Revenues	1,269,384
			Net change in net assets	207,534
			Net assets, beginning of year	2,935,670
			Net assets, end of year	<b>\$ 3,143,204</b>

**City of Marquette, Michigan  
Peter White Public Library**

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2012

	<b>General Fund</b>	<b>Carroll Paul Memorial Trust Fund</b>	<b>1997 Library Improvement Debt Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 120,054	\$ 15,829	\$ 19,649	\$ 155,532
Investments	-	651,743	-	651,743
Taxes receivable, net	815,733	-	360,036	1,175,769
Accounts receivable, net	4,751	-	-	4,751
Prepaid expenses	15,918	-	-	15,918
Due from other funds	-	-	-	-
	<b>TOTAL ASSETS</b>	<b>\$ 667,572</b>	<b>\$ 379,685</b>	<b>\$ 2,003,713</b>
 <b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 34,107	\$ -	\$ -	\$ 34,107
Accrued salaries and wages	36,472	-	-	36,472
Deferred revenue	814,596	-	359,488	1,174,084
Due to other funds	-	-	-	-
	<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>359,488</b>	<b>1,244,663</b>
 <b>FUND BALANCE:</b>				
Nonspendable	15,918	-	-	15,918
Restricted:				
Debt Retirement	-	-	20,197	20,197
Endowments	-	667,572	-	667,572
Unassigned	55,363	-	-	55,363
	<b>TOTAL FUND BALANCE</b>	<b>667,572</b>	<b>20,197</b>	<b>759,050</b>
	<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 667,572</b>	<b>\$ 379,685</b>	<b>\$ 2,003,713</b>

**City of Marquette, Michigan  
Peter White Public Library**

RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

June 30, 2012

Total Fund Balances for Governmental Funds		\$ 759,050
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*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

	\$ 10,221,834	
Cost of capital assets		
Accumulated depreciation	<u>(5,836,122)</u>	4,385,712

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

	(285,000)	
Bonds payable - due in one year		
Bonds payable - due in more than one year	(1,595,000)	
Compensated absences	<u>(121,558)</u>	<u>(2,001,558)</u>

<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 3,143,204</u></b>
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**City of Marquette, Michigan  
Peter White Public Library**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2012

	<u>General Fund</u>	<u>Carroll Paul Memorial Trust Fund</u>	<u>1997 Library Improvement Debt Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Property taxes	\$ 792,523	\$ -	\$ 354,050	\$ 1,146,573
Federal sources	-	-	-	-
State sources	32,179	-	-	32,179
Local sources	497,594	-	-	497,594
Charges for services	58,295	-	-	58,295
Fines and forfeiture	142,773	-	-	142,773
Rentals	38,427	-	-	38,427
Contributions from private sources	147,463	-	-	147,463
Investment income	(35)	8,394	-	8,359
Proceeds on sale of fixed assets	90,900	-	-	90,900
Other	19,549	-	4,003	23,552
<b>TOTAL REVENUES</b>	<u>1,819,668</u>	<u>8,394</u>	<u>358,053</u>	<u>2,186,115</u>
<b>EXPENDITURES:</b>				
Recreation and Culture:				
Personnel services	1,201,733	-	-	1,201,733
Supplies	142,522	-	-	142,522
Other services and charges	327,355	2,024	520	329,899
Capital outlay	104,384	-	-	104,384
Debt service				
Principal retirement	-	-	275,000	275,000
Interest and fiscal charges	-	-	80,700	80,700
<b>TOTAL EXPENDITURES</b>	<u>1,775,994</u>	<u>2,024</u>	<u>356,220</u>	<u>2,134,238</u>
<b>NET REVENUES OVER EXPENDITURES</b>	<u>43,674</u>	<u>6,370</u>	<u>1,833</u>	<u>51,877</u>
<b>OTHER FINANCING SOURCE (USES)</b>				
Transfers In	30,000	-	-	30,000
Transfers (Out)	-	(30,000)	-	(30,000)
Issuance of debt	-	-	-	-
Premium on bond issuance	-	-	-	-
Extinguishment of debt	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	73,674	(23,630)	1,833	51,877
Fund balance, beginning of year	(2,393)	691,202	18,364	707,173
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 71,281</u>	<u>\$ 667,572</u>	<u>\$ 20,197</u>	<u>\$ 759,050</u>

**City of Marquette, Michigan  
Peter White Public Library**

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

For the Fiscal Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	\$	51,877
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlays	\$ 19,791	
Depreciation expense	(124,947)	
Net book value of disposals	-	(105,156)
<p>Issuance of bond principal is a revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net assets.</p>		
		-
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Existing debt		275,000
<p>Some expenses such as accrued sick and vacation expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		(14,187)
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>207,534</b>

**CITY OF MARQUETTE, MICHIGAN**  
**Nonmajor Component Units**

COMBINING STATEMENT OF NET ASSETS

June 30, 2012

	<b>Downtown Development Authority</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,479,844	\$ 311,000	\$ 1,790,844
Taxes receivable, net	663,872	-	663,872
Accounts receivable, net	25,740	-	25,740
Due from primary government	47,285	-	47,285
Prepaid expenses	-	12	12
Other assets	1,837	-	1,837
	<b>TOTAL CURRENT ASSETS</b>	<b>311,012</b>	<b>2,529,590</b>
Noncurrent assets:			
Unamortized bond issue costs	-	87,568	87,568
Land, and construction in progress	-	1,258,613	1,258,613
Capital assets, net of depreciation	3,460,442	-	3,460,442
	<b>TOTAL NONCURRENT ASSETS</b>	<b>1,346,181</b>	<b>4,806,623</b>
	<b>TOTAL ASSETS</b>	<b>1,657,193</b>	<b>7,336,213</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	107,073	17,064	124,137
Accrued liabilities	-	746	746
Accrued interest on bonds	-	15,587	15,587
Due to primary government	92,384	-	92,384
Unearned revenue	663,872	-	663,872
Bonds payable - due in one year	50,000	50,000	100,000
	<b>TOTAL CURRENT LIABILITIES</b>	<b>83,397</b>	<b>996,726</b>
Noncurrent liabilities:			
Bonds payable - due in more than one year	1,450,000	1,340,000	2,790,000
	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,340,000</b>	<b>2,790,000</b>
	<b>TOTAL LIABILITIES</b>	<b>1,423,397</b>	<b>3,786,726</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	1,960,442	-	1,960,442
Restricted	-	233,796	233,796
Unrestricted	1,355,249	-	1,355,249
	<b>TOTAL NET ASSETS</b>	<b>\$ 233,796</b>	<b>\$ 3,549,487</b>

**CITY OF MARQUETTE, MICHIGAN  
Nonmajor Component Units**

COMBINING STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2012

<u>Function / Programs</u>	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Governmental Activities:</b>						
Downtown Development Authority	\$ 668,563	\$ 139,571	\$ 58,820	\$ (470,172)	\$ -	\$ (470,172)
Brownfield Redevelopment Authority	194,934	-	-	-	(194,934)	(194,934)
<b>TOTAL</b>	<b>\$ 863,497</b>	<b>\$ 139,571</b>	<b>\$ 58,820</b>	<b>(470,172)</b>	<b>(194,934)</b>	<b>(665,106)</b>
<b>General revenues:</b>						
Property taxes				686,612	149,412	836,024
Interest and investment earnings				4,049	1,498	5,547
Miscellaneous				45,194	-	45,194
				<b>735,855</b>	<b>150,910</b>	<b>886,765</b>
				<b>CHANGES IN NET ASSETS</b>	<b>(44,024)</b>	<b>221,659</b>
				Net assets, beginning of year - as restated	3,050,008	3,327,828
				<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,315,691</b>	<b>\$ 3,549,487</b>

**CITY OF MARQUETTE, MICHIGAN**  
**Nonmajor Component Unit - Downtown Development Authority**

STATEMENT OF NET ASSETS

June 30, 2012

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 1,479,844
Taxes receivable, net	663,872
Accounts receivable, net	25,740
Due from primary government	47,285
Other assets	1,837
<b>TOTAL CURRENT ASSETS</b>	<b>2,218,578</b>
Non-current Assets:	
Land and construction in progress	-
Capital assets, net of depreciation	3,460,442
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,460,442</b>
<b>TOTAL ASSETS</b>	<b>5,679,020</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	107,073
Accrued wages and related liabilities	-
Due to primary government	92,384
Deferred revenue	663,872
Bonds payable - due in one year	50,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>913,329</b>
Noncurrent Liabilities:	
Bonds payable - due in more than one year	1,450,000
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,450,000</b>
<b>TOTAL LIABILITIES</b>	<b>2,363,329</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,960,442
Unrestricted	1,355,249
<b>TOTAL NET ASSETS</b>	<b>\$ 3,315,691</b>

**CITY OF MARQUETTE, MICHIGAN**  
**Nonmajor Component Unit - Downtown Development Authority**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2012

<u>Function / Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Governmental Activities:</b>				
General government	\$ 664,565	\$ 139,571	\$ 58,820	(466,174)
Interest on long-term debt	3,998	-	-	(3,998)
<b>TOTAL</b>	<u>\$ 668,563</u>	<u>\$ 139,571</u>	<u>\$ 58,820</u>	<u>(470,172)</u>
<b>General revenues:</b>				
				686,612
				4,049
				45,194
			<b>TOTAL GENERAL REVENUES</b>	<u>735,855</u>
			<b>CHANGES IN NET ASSETS</b>	265,683
			Net assets, beginning of year	<u>3,050,008</u>
			<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,315,691</u>

**CITY OF MARQUETTE, MICHIGAN**  
**Downtown Development Authority**

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2012

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,479,844	\$ 1,479,844
Taxes receivable, net	663,872	663,872
Accounts receivable, net	25,740	25,740
Due from primary government	47,285	47,285
Other assets	1,837	1,837
<b>TOTAL ASSETS</b>	<b>\$ 2,218,578</b>	<b>\$ 2,218,578</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 107,073	\$ 107,073
Accrued wages and related liabilities	-	-
Due to primary government	92,384	92,384
Deferred revenue	663,872	663,872
<b>TOTAL LIABILITIES</b>	<b>863,329</b>	<b>863,329</b>
<b>FUND BALANCE:</b>		
Restricted	464,973	464,973
Unassigned	890,276	890,276
<b>TOTAL FUND BALANCE</b>	<b>1,355,249</b>	<b>1,355,249</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,218,578</b>	<b>\$ 2,218,578</b>

**CITY OF MARQUETTE, MICHIGAN**  
**Downtown Development Authority**

RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

June 30, 2012

Total Fund Balances for Governmental Funds \$ 1,355,249

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

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds

Cost of capital assets	\$ 4,389,703	
Accumulated depreciation	<u>(929,261)</u>	
		3,460,442

Long-term liabilities, including bonds payable, are not due  
and payable in the current period and therefore are not  
reported in the funds (1,500,000)

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**NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 3,315,691**

**CITY OF MARQUETTE, MICHIGAN**  
**Downtown Development Authority**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2012

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>		
Property taxes	\$ 686,612	\$ 686,612
State sources	28,320	28,320
Intergovernmental revenues	30,500	30,500
Charges for services	41,443	41,443
Rentals	98,128	98,128
Investment income	4,049	4,049
Other	45,194	45,194
	<b>934,246</b>	<b>934,246</b>
<b>TOTAL REVENUES</b>		
<b>EXPENDITURES:</b>		
Current operations:		
General government	504,433	504,433
Capital outlay	1,156,322	1,156,322
Debt service:		
Principal retirement	107,143	107,143
Interest and fiscal charges	3,998	3,998
	<b>1,771,896</b>	<b>1,771,896</b>
<b>TOTAL EXPENDITURES</b>		
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>		
	<b>(837,650)</b>	<b>(837,650)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Bond issuance	1,500,000	1,500,000
Transfers in	-	-
Transfers out	-	-
	<b>1,500,000</b>	<b>1,500,000</b>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		
<b>NET CHANGE IN FUND BALANCE</b>		
	<b>662,350</b>	<b>662,350</b>
Fund balance, beginning of year	692,899	692,899
<b>FUND BALANCE, END OF YEAR</b>		
	<b>\$ 1,355,249</b>	<b>\$ 1,355,249</b>

**CITY OF MARQUETTE, MICHIGAN**  
**Downtown Development Authority**

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

For the Fiscal Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 662,350

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 1,131,142	
Depreciation expense	<u>(134,952)</u>	996,190

Proceed from debt issues are an other financing source in the fund, but a debt issue increases long-term liabilities in the statement of net assets	(1,500,000)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	107,143
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<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 265,683</u></u>
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**CITY OF MARQUETTE, MICHIGAN**  
**Non-major Component Unit - Brownfield Redevelopment Authority**

STATEMENT OF NET ASSETS

June 30, 2012

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 311,000
Prepaid expense	12
<b>TOTAL CURRENT ASSETS</b>	<b>311,012</b>
Non-current Assets:	
Unamortized bond issue costs	87,568
Construction in progress	1,258,613
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,346,181</b>
<b>TOTAL ASSETS</b>	<b>1,657,193</b>
<b>LIABILITIES</b>	
Accounts payable	17,064
Accrued wages and related liabilities	746
Accrued interest on bonds	15,587
Bonds payable - due in one year	50,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>83,397</b>
Non-current Liabilities:	
Bonds payable - due in more than one year	1,340,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,340,000</b>
<b>TOTAL LIABILITIES</b>	<b>1,423,397</b>
<b>NET ASSETS</b>	
Restricted	233,796
<b>TOTAL NET ASSETS</b>	<b>\$ 233,796</b>

**CITY OF MARQUETTE, MICHIGAN**  
**Non-major Component Unit - Brownfield Redevelopment Authority**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2012

<b>Function / Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
<b>Governmental Activities:</b>				
General government	\$ 133,321	\$ -	\$ -	\$ (133,321)
Interest on long-term debt	61,613	-	-	(61,613)
<b>TOTAL</b>	<b>\$ 194,934</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(194,934)</b>
<b>General revenues:</b>				
				149,412
				1,498
				-
			<b>TOTAL GENERAL REVENUES</b>	<b>150,910</b>
			<b>CHANGES IN NET ASSETS</b>	<b>(44,024)</b>
			Net assets, beginning of year	277,820
			<b>NET ASSETS, END OF YEAR</b>	<b>\$ 233,796</b>

**CITY OF MARQUETTE, MICHIGAN**  
**Brownfield Redevelopment Authority**

GOVERNMENTAL FUNDS

COMPARATIVE BALANCE SHEET

June 30, 2012

	2012	2011
<b>ASSETS</b>		
Cash and cash equivalents	\$ 311,000	\$ 703,050
Accounts receivable, net	-	680
Prepaid expense	12	-
<b>TOTAL ASSETS</b>	<b>\$ 311,012</b>	<b>\$ 703,730</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 17,064	\$ 217,776
Accrued wages and related liabilities	746	-
<b>TOTAL LIABILITIES</b>	17,810	217,776
 <b>FUND BALANCE:</b>		
Restricted	293,202	485,954
<b>TOTAL FUND BALANCE</b>	293,202	485,954
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 311,012</b>	<b>\$ 703,730</b>

**CITY OF MARQUETTE, MICHIGAN**  
**Brownfield Redevelopment Authority**

RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

June 30, 2012

Total Fund Balances for Governmental Funds	\$	293,202
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*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Cost of capital assets	1,258,613		
Accumulated depreciation	-		
		1,258,613	

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Unamortized bond issuance costs			87,568
---------------------------------	--	--	--------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds

Current portion of bonds payable	50,000		
Accrued interest on bonds	15,587		
Bonds payable	1,340,000		
		(1,405,587)	

<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>233,796</u></b>
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**CITY OF MARQUETTE, MICHIGAN**  
**Brownfield Redevelopment Authority**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2012  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2011

	2012	2011
<b>REVENUES:</b>		
Property taxes	\$ 149,412	\$ 107,204
Investment income	1,498	5,895
Other	-	680
<b>TOTAL REVENUES</b>	<b>150,910</b>	<b>113,779</b>
 <b>EXPENDITURES:</b>		
Governmental Activities:		
Current operations		
General government	\$ 17,331	
Economic development:		
Supplies	4,781	982
Other services and charges	106,058	88,753
Capital outlay	103,879	1,154,734
Debt service:		
Principal retirement	50,000	-
Interest and fiscal charges	61,613	110,905
<b>TOTAL EXPENDITURES</b>	<b>343,662</b>	<b>1,355,374</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(192,752)</b>	<b>(1,241,595)</b>
 <b>OTHER FINANCING SOURCES (USES):</b>		
Bond proceeds	-	1,440,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>1,440,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(192,752)</b>	<b>198,405</b>
Fund balance, beginning of year	485,954	287,549
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 293,202</b>	<b>\$ 485,954</b>

**CITY OF MARQUETTE, MICHIGAN**  
**Brownfield Redevelopment Authority**

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

For the Fiscal Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (192,752)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	<u>\$ 103,879</u>	103,879
-----------------	-------------------	---------

Bond issue costs are debt service costs, but are amortized of the life of the bonds to which they are issued, increasing the long-term assets in the statement of net assets.		(5,151)
---	--	---------

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Existing debt		50,000

		<u><u>\$ (44,024)</u></u>
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**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

## City of Marquette, Michigan

### STATISTICAL INFORMATION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>210 - 215</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	<b>216 - 220</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and City's ability to issue additional debt in the future.	<b>221 - 225</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>226-228</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.	<b>229 - 230</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF MARQUETTE, MICHIGAN  
Net Assets by Component  
Last Five Fiscal Years

TABLE 1

	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 28,078,995	\$ 26,694,914	\$ 26,639,090	\$ 23,999,985	\$ 29,085,627
Restricted	1,593,378	4,606,252	4,007,127	4,892,891	585,942
Unrestricted	14,769,302	14,162,543	15,351,884	15,475,238	13,528,435
Total Governmental Activities Net Assets	<u>\$ 44,441,675</u>	<u>\$ 45,463,709</u>	<u>\$ 45,998,101</u>	<u>\$ 44,368,114</u>	<u>\$ 43,200,004</u>
<b>Business-Type Activities</b>					
Investment capital assets, net of related debt	\$ 33,214,121	\$ 32,923,791	\$ 30,841,543	\$ 21,512,722	\$ 22,922,088
Restricted	1,142,971	1,137,437	1,607,849	6,761,541	6,008,242
Unrestricted	3,651,627	3,597,011	4,107,196	9,074,796	8,664,067
Total Business-Type Activities	<u>\$ 38,008,719</u>	<u>\$ 37,658,239</u>	<u>\$ 36,556,588</u>	<u>\$ 37,349,059</u>	<u>\$ 37,594,397</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	\$ 61,293,116	\$ 59,618,705	\$ 57,480,633	\$ 45,512,707	\$ 52,007,715
Restricted	2,736,349	5,743,689	5,614,976	11,654,432	6,594,184
Unrestricted	18,420,929	17,759,554	19,459,080	24,550,034	22,192,502
Total Primary Government Net Assets	<u>\$ 82,450,394</u>	<u>\$ 83,121,948</u>	<u>\$ 82,554,689</u>	<u>\$ 81,717,173</u>	<u>\$ 80,794,401</u>

CITY OF MARQUETTE, MICHIGAN  
Changes in Net Assets  
Last Five Fiscal Years

TABLE 2

	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Expenses</b>					
<b>Governmental Activities</b>					
General government	\$ 3,814,963	\$ 3,361,970	\$ 3,557,709	\$ 3,820,979	\$ 3,243,609
Public health & Safety	6,588,969	6,366,366	6,135,628	5,453,911	5,246,740
Public works	3,811,888	3,636,858	3,574,999	3,415,669	3,378,242
Highway and streets	2,458,441	2,385,994	2,171,826	2,417,291	2,439,873
Social services	436,476	492,859	821,821	731,239	343,338
Sanitation	1,544,378	1,484,999	1,208,888	1,240,403	1,393,420
Recreation and Culture	1,335,522	1,249,567	1,582,782	1,389,538	1,702,220
Interest on long-term debt	804,326	834,359	851,422	772,285	853,910
Depreciation - unallocated	1,965,821	1,918,108	1,957,215	1,626,821	1,633,032
Total Governmental Activities Expenses	<u>22,760,784</u>	<u>21,731,080</u>	<u>21,862,290</u>	<u>20,868,136</u>	<u>20,234,384</u>
<b>Business-Type Activities</b>					
Water supply and sewage disposal	-	-	-	7,322,444	6,580,392
Water supply	3,930,948	3,808,792	3,618,265	-	-
Sewage disposal	5,175,685	4,487,815	4,514,472	-	-
Storm water utility	1,030,096	977,864	1,039,131	868,957	1,032,765
Recreation and culture	564,667	652,173	385,378	390,939	381,359
Total Business-Type Activities Expenses	<u>10,701,396</u>	<u>9,926,644</u>	<u>9,557,246</u>	<u>8,582,340</u>	<u>7,994,516</u>
Total Primary Government Expenses	<u>\$ 33,462,180</u>	<u>\$ 31,657,724</u>	<u>\$ 31,419,536</u>	<u>\$ 29,450,476</u>	<u>\$ 28,228,900</u>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
<b>Charges for Services</b>					
General government	\$ 1,132,836	\$ 1,221,257	\$ 1,136,397	\$ 1,183,205	\$ 1,218,448
Public health	189,761	205,175	418,443	290,421	279,723
Public works	1,421,290	1,446,912	1,298,101	1,271,574	1,066,658
Sanitation	1,249,960	1,377,460	1,240,711	1,363,959	1,470,423
Recreation and culture	532,742	467,299	834,142	817,726	786,183
Operating grants and contributions	2,493,779	2,274,909	2,522,298	2,656,662	2,560,546
Capital grants and contributions	135,860	353,012	93,471	91,364	68,771
Total Governmental Activities Program Revenues	<u>7,156,228</u>	<u>7,346,024</u>	<u>7,543,563</u>	<u>7,674,911</u>	<u>7,450,752</u>
<b>Business-Type Activities</b>					
<b>Charges for Services</b>					
Water supply and sewage disposal	-	-	-	6,471,525	6,095,472
Water supply	4,266,009	3,868,444	3,693,265	-	-
Sewage disposal	5,038,605	4,628,946	3,617,124	-	-
Storm water utility	1,097,036	999,570	1,030,634	936,336	862,805
Recreation and culture	518,836	562,924	343,235	260,882	268,309
Operating grants and contributions	69,271	346,411	11,111	6,830	18,095
Capital grants and contributions	-	-	-	533,000	-
Total Business-Type Activities Program Revenues	<u>10,989,757</u>	<u>10,406,295</u>	<u>8,695,369</u>	<u>8,208,573</u>	<u>7,244,681</u>
Total Primary Government Program Revenues	<u>\$ 18,145,985</u>	<u>\$ 17,752,319</u>	<u>\$ 16,238,932</u>	<u>\$ 15,883,484</u>	<u>\$ 14,695,433</u>
<b>Net (Expense) Revenue</b>					
Governmental Activities	\$ (15,604,556)	\$ (14,385,056)	\$ (14,318,727)	\$ (13,193,225)	\$ (12,783,632)
Business-Type Activities	288,361	479,651	(861,877)	(373,767)	(749,835)
Total Primary Government Net Expense	<u>\$ (15,316,195)</u>	<u>\$ (13,905,405)</u>	<u>\$ (15,180,604)</u>	<u>\$ (13,566,992)</u>	<u>\$ (13,533,467)</u>

(Continued)

CITY OF MARQUETTE, MICHIGAN  
Changes in Net Assets  
Last Five Fiscal Years

TABLE 2

	Fiscal Year				
	2012	2011	2010	2009	2008
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities					
Taxes					
Property taxes	\$ 9,068,039	\$ 8,951,908	\$ 8,935,237	\$ 8,480,442	\$ 8,199,808
Payments in lieu of taxes	3,139,168	2,717,597	2,638,076	2,332,778	2,647,876
Unrestricted state sources	1,945,218	1,925,889	1,940,321	1,938,789	2,573,077
Investment earnings	251,226	119,309	251,949	242,842	482,029
Sale of capital assets	(51,757)	61,862	1,543,022	1,025,349	-
Miscellaneous	265,949	112,539	350,313	410,760	432,952
Transfers	(35,321)	(106,128)	(40,056)	(69,625)	(1,718,975)
Total Governmental Activities	<u>14,582,522</u>	<u>13,782,976</u>	<u>15,618,862</u>	<u>14,361,335</u>	<u>12,616,767</u>
Business-Type Activities					
Investment earnings	9,934	18,001	29,350	58,724	61,743
Miscellaneous	16,864	497,871	-	80	15,217
Transfers	35,321	106,128	40,056	69,625	1,718,975
Total Business-Type Activities	<u>62,119</u>	<u>622,000</u>	<u>69,406</u>	<u>128,429</u>	<u>1,795,935</u>
Total Primary Government	<u>\$ 14,644,641</u>	<u>\$ 14,404,976</u>	<u>\$ 15,688,268</u>	<u>\$ 14,489,764</u>	<u>\$ 14,412,702</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ (1,022,034)	\$ (602,080)	\$ 1,300,135	\$ 1,168,110	\$ (166,865)
Business-type activities	350,480	1,101,651	(792,471)	(245,338)	1,046,100
Total Primary Government	<u>\$ (671,554)</u>	<u>\$ 499,571</u>	<u>\$ 507,664</u>	<u>\$ 922,772</u>	<u>\$ 879,235</u>

CITY OF MARQUETTE, MICHIGAN  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years

TABLE 3

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Reserved	n/a	n/a	\$ 691,862	\$ 378,019	\$ 155,423	\$ 362,919	\$ 507,146	\$ 639,116	\$ 1,377,892	\$ 479,435
Unreserved	n/a	n/a	8,905,813	7,914,661	7,525,536	6,212,319	3,858,518	3,501,239	2,657,563	3,216,679
Non-spendable*	\$ 307,355	\$ 496,921	n/a							
Restricted*	240,180	3,159,710	n/a							
Assigned*	1,501,129	1,498,974	n/a							
Unassigned*	8,754,851	4,184,567	n/a							
Total General Fund	<u>\$ 10,803,515</u>	<u>\$ 9,340,172</u>	<u>\$ 9,597,675</u>	<u>\$ 8,292,680</u>	<u>\$ 7,680,959</u>	<u>\$ 6,575,238</u>	<u>\$ 4,365,664</u>	<u>\$ 4,140,355</u>	<u>\$ 4,035,455</u>	<u>\$ 3,696,114</u>
All Other Governmental Funds										
Reserved	n/a	n/a	\$ 1,275,722	\$ 1,653,133	\$ 630,978	\$ 738,103	\$ 1,005,637	\$ 1,374,127	\$ 3,576,886	\$ 528,217
Unreserved, reported in:										
Special revenue funds	n/a	n/a	229,228	1,587,331	1,552,428	2,435,075	2,689,965	42,347	338,184	49,777
Capital projects funds	n/a	n/a	-	108,103	108,103	4,472,029	-	-	-	-
Debt service funds	n/a	n/a	509,681	394,785	298,078	-	-	-	-	-
Non-spendable*	669,565	659,186	n/a							
Restricted*	343,358	259,636	n/a							
Assigned*	1,611,847	1,348,749	n/a							
Total All Other Governmental Funds	<u>\$ 2,624,770</u>	<u>\$ 2,267,571</u>	<u>\$ 2,014,631</u>	<u>\$ 3,743,352</u>	<u>\$ 2,589,587</u>	<u>\$ 7,645,207</u>	<u>\$ 3,695,602</u>	<u>\$ 1,416,474</u>	<u>\$ 3,915,070</u>	<u>\$ 577,994</u>

\* - The requirements for GASB 54 were implemented in the fiscal year ending June 30, 2011

CITY OF MARQUETTE, MICHIGAN  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

TABLE 4

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>										
Taxes	\$ 12,207,207	\$ 11,668,544	\$ 11,573,313	\$ 10,813,220	\$ 10,847,684	\$ 9,955,477	\$ 9,509,085	\$ 8,359,729	\$ 7,983,740	\$ 7,886,445
Federal and state sources	4,083,826	3,866,356	4,146,966	4,321,595	4,868,291	4,468,979	7,990,533	4,284,731	6,143,936	5,451,549
Fines and penalties	158,192	175,456	298,052	192,373	143,942	99,652	95,917	137,572	136,538	138,538
Charges for services	3,656,632	4,038,826	3,631,547	3,684,969	3,353,335	3,509,327	4,350,929	4,998,815	3,920,203	3,267,018
Special assessments	24,903	32,747	57,507	57,896	61,428	44,179	89,813	63,506	66,143	104,534
Intergovernmental	275,607	261,402	266,980	229,846	205,282	162,210	143,489	128,399	156,009	134,616
Investment earnings	251,125	118,982	265,207	231,468	502,924	838,865	255,506	88,521	(97,837)	269,968
Other revenues	1,348,577	1,289,912	3,042,582	2,548,765	1,783,141	1,417,338	275,689	284,229	726,773	380,277
<b>Total Revenues</b>	<b>22,006,069</b>	<b>21,452,225</b>	<b>23,282,154</b>	<b>22,080,132</b>	<b>21,766,027</b>	<b>20,496,027</b>	<b>22,710,961</b>	<b>18,345,502</b>	<b>19,035,505</b>	<b>17,632,945</b>
<b>Expenditures</b>										
General government	3,404,021	3,299,714	3,310,799	3,778,091	3,277,349	3,148,954	3,032,209	3,143,668	3,633,875	3,336,036
Public health and safety	6,458,878	6,275,530	6,063,263	5,438,693	5,293,882	5,008,943	4,902,040	4,734,456	4,500,789	4,528,147
Public works	3,611,473	3,804,789	4,140,899	3,597,673	3,816,279	3,035,467	2,946,331	7,983,219	2,709,344	3,324,287
Highway and streets	2,057,934	2,483,106	2,430,655	2,738,187	2,293,033	2,265,398	2,247,944	2,520,487	2,330,711	2,336,198
Social services and community development	435,328	489,211	818,720	730,012	341,963	355,193	511,948	503,334	840,683	371,076
Sanitation	1,299,279	1,510,153	1,281,584	1,313,919	1,425,630	1,230,891	1,191,959	1,516,946	1,144,322	1,188,362
Recreation and culture	1,057,596	933,406	1,273,468	1,224,283	1,377,627	1,325,545	1,302,717	1,316,150	1,159,649	1,353,954
Capital outlay	1,268,591	1,031,817	2,825,517	2,363,024	7,042,207	3,760,586	1,835,300	2,605,104	3,186,792	1,214,746
Other expenditures	-	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	24,847	48,726
Debt Service										
Professional and contractual	15,595	345	877	59,114	-	298,796	-	-	-	-
Interest	789,076	813,055	853,446	799,126	906,149	628,993	855,638	499,388	362,232	390,166
Principal	1,111,502	1,042,166	1,228,215	2,270,127	1,437,359	952,788	918,575	874,138	627,229	604,042
<b>Total Expenditures</b>	<b>21,509,273</b>	<b>21,683,292</b>	<b>24,227,443</b>	<b>24,312,249</b>	<b>27,211,478</b>	<b>22,011,554</b>	<b>19,744,661</b>	<b>25,696,890</b>	<b>20,520,473</b>	<b>18,695,740</b>
Excess of revenues over (under) expenditures	496,796	(231,067)	(945,289)	(2,232,117)	(5,445,451)	(1,515,527)	2,966,300	(7,351,388)	(1,484,968)	(1,062,795)
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	1,076,000	-	-	5,959,250	3,209,234	10,819,061	-	5,000,000	5,178,100	-
Premium on bond issuance	21,373	-	-	168,574	-	3,792	-	-	-	-
Receipts from other governments	746,069	-	-	-	-	-	-	-	-	-
Payments to other governments	(746,069)	-	-	-	-	-	-	-	-	-
Extinguishment of debt	-	-	-	-	-	(5,082,566)	-	-	-	-
Payments to escrow agent	-	-	-	(2,447,038)	-	-	-	-	-	-
Transfers in	3,305,244	4,554,903	4,481,891	5,521,204	7,722,687	5,082,450	3,324,148	2,228,797	3,059,119	5,244,319
Transfers out	(3,078,871)	(4,396,086)	(4,263,514)	(5,204,387)	(9,436,369)	(3,148,031)	(3,786,011)	(2,271,105)	(2,907,308)	(5,000,766)
Extraordinary item - Flood Costs	-	-	-	-	-	-	-	-	(168,526)	(796,580)
<b>Total Other Financing Sources (Uses)</b>	<b>1,323,746</b>	<b>158,817</b>	<b>218,377</b>	<b>3,997,603</b>	<b>1,495,552</b>	<b>7,674,706</b>	<b>(461,863)</b>	<b>4,957,692</b>	<b>5,161,385</b>	<b>(553,027)</b>
<b>Net change in fund balances</b>	<b>\$ 1,820,542</b>	<b>\$ (72,250)</b>	<b>\$ (726,912)</b>	<b>\$ 1,765,486</b>	<b>\$ (3,949,899)</b>	<b>\$ 6,159,179</b>	<b>\$ 2,504,437</b>	<b>\$ (2,393,696)</b>	<b>\$ 3,676,417</b>	<b>\$ (1,615,822)</b>
Debt Service as a Percentage of Non-capital Expenditures	9.49%	9.18%	10.00%	14.23%	11.85%	8.75%	9.94%	5.95%	5.71%	5.69%

CITY OF MARQUETTE, MICHIGAN  
General Governmental Expenditures by Functions <sup>(A)</sup>

Last Ten Fiscal Years

TABLE 5

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Government	\$ 3,404,021	\$ 3,299,714	\$ 3,310,705	\$ 3,778,091	\$ 3,277,349	\$ 3,148,815	\$ 3,032,209	\$ 3,143,230	\$ 2,928,666	\$ 3,336,036
Public Health and Safety	6,458,878	6,275,530	6,063,263	5,438,693	5,293,883	5,008,943	4,902,040	4,734,456	4,500,789	4,576,873
Highways, Streets and Bridges	5,669,407	6,287,895	6,571,554	6,335,860	6,109,312	5,300,865	5,194,275	10,503,706	5,040,055	5,660,485
Sanitation	1,299,279	1,510,153	1,281,584	1,313,919	1,425,630	1,230,891	1,191,959	1,516,946	1,144,322	1,188,362
Social Services	435,328	489,211	818,720	730,012	341,963	355,193	511,948	503,334	840,683	371,076
Recreation and Culture	1,057,596	933,406	1,273,468	1,224,283	1,377,627	1,325,545	1,302,717	1,316,150	1,159,649	1,353,954
Capital Outlay	1,268,591	1,031,817	2,825,517	798,282	299,780	367,866	40,497	69,390	274	251,007
Debt Service	15,250	-	199,631	462,000	485,028	485,595	486,078	484,231	481,845	485,220
<b>TOTALS</b>	<u>\$ 19,608,350</u>	<u>\$ 19,827,726</u>	<u>\$ 22,344,442</u>	<u>\$ 20,081,140</u>	<u>\$ 18,610,572</u>	<u>\$ 17,223,713</u>	<u>\$ 16,661,723</u>	<u>\$ 22,271,443</u>	<u>\$ 16,096,283</u>	<u>\$ 17,223,013</u>

<sup>(A)</sup> Includes General and Special Revenue Funds

CITY OF MARQUETTE, MICHIGAN

General Revenues by Sources <sup>(A)</sup>

Last Ten Fiscal Years

TABLE 6

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Property Taxes	\$ 9,068,039	\$ 8,950,947	\$ 8,935,237	\$ 8,480,442	\$ 8,199,808	\$ 7,579,498	\$ 7,155,812	\$ 6,305,971	\$ 5,955,861	\$ 5,801,421
Payments in lieu of property taxes	3,139,168	2,717,597	2,638,076	2,332,778	2,647,876	2,375,979	2,353,273	2,053,758	2,027,879	2,085,024
State and Federal sources	4,083,826	3,866,356	4,146,966	4,321,595	4,868,291	4,427,476	7,442,771	4,252,731	5,012,952	5,367,545
Intergovernmental revenue	275,607	261,402	266,980	229,846	205,282	162,210	143,489	128,399	156,009	134,616
Licenses and permits	35,076	37,472	36,928	35,078	33,354	33,574	28,250	36,243	18,543	17,069
Charges for services	3,642,417	4,021,532	3,612,419	3,661,578	3,335,860	3,489,134	3,411,545	4,060,366	3,091,139	2,410,279
Sales	18,415	23,379	159,410	170,526	162,349	177,963	173,771	166,466	176,336	183,290
Use and admission fees	445,101	442,141	667,473	635,285	622,400	680,392	580,624	592,834	496,419	502,252
Fines and forfeits	158,192	175,456	298,052	192,373	143,942	99,652	95,917	137,572	136,538	138,538
Rentals	130,515	119,710	90,949	88,727	83,776	158,526	135,111	126,317	123,816	120,937
Special assessments	24,903	32,747	57,507	57,896	61,428	44,179	89,813	63,506	66,143	104,534
Sale of assets	201,614	61,862	1,543,122	1,025,349	251,171	-	908	11,721	3,743	68,464
Contribution from private sources	173,332	403,618	131,814	92,542	103,756	124,718	107,630	21,915	21,500	95,321
Reimbursements	87,621	36,037	44,632	124,190	268,727	49,910	53,771	40,090	20,433	20,580
Investment income	234,182	131,691	250,856	241,972	402,363	614,673	172,377	21,945	(128,122)	255,826
Other revenue	256,903	165,692	368,254	377,068	253,355	192,255	113,380	53,029	117,391	63,912
<b>TOTAL</b>	<b>\$ 21,974,911</b>	<b>\$ 21,447,639</b>	<b>\$ 23,248,675</b>	<b>\$ 22,067,245</b>	<b>\$ 21,643,738</b>	<b>\$ 20,210,139</b>	<b>\$ 22,058,442</b>	<b>\$ 18,072,863</b>	<b>\$ 17,296,580</b>	<b>\$ 17,369,608</b>

<sup>(A)</sup> Includes General and Special Revenue Funds

CITY OF MARQUETTE, MICHIGAN  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years

TABLE 7

Fiscal Year Ended 30-Jun	Residential Property	Commercial Property	Industrial Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct
2003	\$ 464,986,000	\$ 835,304,526	\$ 195,691,400	\$ 654,000,000	\$ 841,981,926	15.948
2004	490,583,800	871,054,400	194,428,600	660,000,000	896,066,800	15.898
2005	518,825,918	919,595,096	200,286,600	670,000,000	968,707,614	15.948
2006	599,036,634	893,544,328	198,964,000	669,738,800	1,021,806,162	16.923
2007	677,157,600	942,051,800	201,124,600	671,612,000	1,148,722,000	17.458
2008	745,172,800	972,932,800	201,442,400	671,485,600	1,248,062,400	17.342
2009	807,892,400	1,015,862,600	193,538,600	671,909,200	1,345,384,400	17.283
2010	830,577,700	1,031,887,000	201,423,800	672,005,600	1,391,882,900	17.283
2011	838,863,600	1,028,459,800	200,971,400	672,231,000	1,396,063,800	17.263
2012	847,599,900	1,030,654,000	201,107,200	675,404,400	1,403,956,700	17.253

**Source:** City of Marquette Assessor's Department.

**Note:** Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to 50% of true cash value. Tax rates are per \$1,000 of taxable value.

CITY OF MARQUETTE, MICHIGAN  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

TABLE 8

Fiscal Year Ended 30-Jun	City District Rates					Total Direct	(A)	(B)	Total
	General Fund	Senior Services Fund	Library Fund	Debt Service Funds	Overlapping Rates *		Marquette Area Public School District	County of Marquette	
2003	13.630	-	1.418	0.900	15.948	7.800	9.777	33.525	
2004	13.630	-	1.418	0.850	15.898	6.600	9.703	32.201	
2005	13.710	-	1.418	0.820	15.948	7.600	9.762	33.310	
2006	14.710	-	1.413	0.800	16.923	7.600	9.678	34.201	
2007	15.273	-	1.405	0.780	17.458	7.500	9.622	34.580	
2008	15.273	-	1.389	0.680	17.342	7.300	9.520	34.162	
2009	15.273	-	1.370	0.640	17.283	7.200	9.421	33.904	
2010	14.923	0.350	1.370	0.640	17.283	7.200	9.447	33.930	
2011	14.923	0.350	1.370	0.620	17.263	6.950	9.721	33.934	
2012	14.923	0.350	1.370	0.620	17.263	6.950	9.910	34.123	

**Source:** City of Marquette Treasurer's Department.

**Note:** Rates for debt service are set based on each year's requirements.

\* Overlapping rates are those of local and county governments that apply to property owners within the City of Marquette.

(A) - Includes Debt Service

(B) - Includes Intermediate School District, Special Education, County Wide Transit, County Medical Facility, and Heritage Authority.

CITY OF MARQUETTE, MICHIGAN  
Principal Property Tax Payers  
Current Year and Nine Years Ago

TABLE 9

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WE Energies	\$ 98,832,300	1	16.18%	\$ 94,811,300	1	21.15%
Marquette Medical Dental Center	11,090,190	2	1.82%	8,044,546	2	1.79%
Pioneer Laboratories, Inc.	5,305,090	3	0.87%			
American Transmission Co. LLC	4,946,100	4	0.81%			
Tourville Inc.	4,180,052	5	0.68%	3,742,195	4	0.83%
Shopko Properties Spe. Real Estate	2,973,200	6	0.49%	2,458,538	8	0.55%
O'Dovero Properties	2,793,905	7	0.46%	4,113,258	3	0.92%
HJ Larson & Associates, Inc.	2,742,089	8	0.45%	3,305,690	5	0.74%
Brookridge Marquette	2,725,206	9	0.45%			
Mill Creek Community	2,280,700	10	0.37%			
Wells Fargo Bank				2,623,671	6	0.59%
Marquette General Hospital				2,591,542	7	0.58%
Tourville North Apartments				1,994,126	9	0.44%
Dagenais Real Estate				1,869,021	10	0.42%
<b>Total</b>	<b>\$ 137,868,832</b>		<b>22.58%</b>	<b>\$ 125,553,887</b>		<b>28.01%</b>

**Source:** City of Marquette Assessor's Department.

CITY OF MARQUETTE, MICHIGAN

TABLE 10

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 6,741,644	\$6,741,644	100.00%	\$ 7,616	\$6,741,644	100.00%
2004	6,903,752	6,903,752	100.00%	15,704	6,903,752	100.00%
2005	7,259,943	7,259,943	100.00%	5,722	7,259,943	100.00%
2006	8,075,509	8,075,509	100.00%	34,008	8,075,509	100.00%
2007	8,812,414	8,812,414	100.00%	4,529	8,812,414	100.00%
2008	9,252,961	9,252,961	100.00%	7,450	9,252,961	100.00%
2009	9,996,011	9,996,011	100.00%	5,209	9,996,011	100.00%
2010	10,531,476	10,509,182	99.79%	12,073	10,521,255	99.90%
2011	10,550,308	10,480,552	99.34%	25,204	10,505,757	99.58%
2012	10,742,698	10,678,804	99.41%	22,401	10,701,205	99.61%

Source: Marquette City Treasurer's Department.

CITY OF MARQUETTE, MICHIGAN  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

TABLE 11

Fiscal Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Installment Purchase	Building Authority Bonds	Transportation Bonds	State Infrastructure Bank Note	State Revolving Loan	Water & Sewer Bonds*	Water Bonds*	Sewer Bonds*	Marina Bond	Storm Water Bond	Intermodal Transportation Note			
2003	\$ 104,911	\$ 495,727	\$ 5,050,000	\$ 2,005,000	\$ -	\$ -	\$ 7,231,311	-	-	\$ 765,000	\$ 1,715,000	\$ -	\$ 17,366,949	3.43%	\$ 845
2004	4,025,949	437,460	4,790,000	1,710,000	1,243,100	-	10,340,544	-	-	745,000	1,510,000	-	24,802,053	4.67%	1,198
2005	8,875,791	376,353	4,520,000	1,400,000	1,160,227	-	9,585,037	-	-	670,000	1,295,000	-	27,882,408	5.26%	1,349
2006	8,709,037	312,404	4,240,000	1,075,000	1,077,354	-	8,809,610	-	-	600,000	1,065,000	-	25,888,405	4.90%	1,258
2007	14,151,087	245,439	3,945,000	735,000	994,481	209,061	9,188,751	-	-	530,000	820,000	-	30,818,819	5.68%	1,504
2008	16,270,200	175,500	3,630,000	380,000	911,607	684,636	12,149,606	-	-	460,000	2,248,385	-	36,909,934	6.38%	1,776
2009	19,007,695	-	-	195,000	828,734	684,636	15,544,376	-	-	385,000	4,707,930	-	41,353,371	7.10%	1,977
2010	18,067,143	-	-	-	745,861	209,294	-	9,278,496	6,159,092	315,000	4,310,842	-	39,085,728	6.03%	1,861
2011	17,117,371	-	-	-	662,988	199,773	-	8,635,862	6,320,349	240,000	4,075,262	-	37,251,605	5.75%	1,809
2012	17,174,397	-	-	-	580,115	190,118	-	8,926,946	7,447,313	165,000	4,313,476	-	38,797,365	5.77%	1,836

\* - Water and Sewer Funds split in fiscal year ending June 30, 2010

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Table 17 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

CITY OF MARQUETTE, MICHIGAN  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

TABLE 12

Fiscal Year	General Bonded Debt Outstanding	Percentage of Taxable Assessed Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2003	\$ 12,206,509	1.26%	\$ 372.59
2004	16,332,371	1.60%	589.57
2005	15,413,795	1.34%	790.38
2006	20,071,007	1.61%	748.93
2007	20,280,068	1.34%	989.85
2008	22,051,943	1.77%	1,061.21
2009	20,716,065	1.54%	990.44
2010	19,022,298	1.37%	905.65
2011	17,980,132	1.29%	854.77
2012	17,944,630	1.28%	840.30

**Note:** Detail regarding the city's outstanding debt can be found in the notes to financial statements.

<sup>a</sup> See Table 7 for property value data.

<sup>b</sup> Population data can be found in Table 16.

CITY OF MARQUETTE, MICHIGAN  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2012

TABLE 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt Repaid With Property Taxes</b>			
City of Marquette	17,944,630	100.00%	\$ 17,944,630
County School District	4,180,000	62.31%	2,604,558
County of Marquette	250,000	29.28%	<u>73,200</u>
	<b>TOTAL DEBT REPAYED WITH PROPEY TAXES</b>		<u><u>20,622,388</u></u>
<b>Other Debt</b>			
Library Improvements	1,880,000	100.00%	1,880,000
2010 Capital Improvement - BRFA	960,000	100.00%	960,000
2010 Recovery Zone Facility - BRFA	430,000	100.00%	<u>430,000</u>
	<b>TOTAL OTHER DEBT</b>		<u><u>3,270,000</u></u>
	<b>Total Direct and Overlapping Debt</b>		<u><u>\$ 23,892,388</u></u>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Marquette County Board of Equalization and Assessment. Debt outstanding data provided by each governmental unit.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Marquette. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF MARQUETTE, MICHIGAN  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

TABLE 14

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt Limit	\$ 70,197,835	\$ 69,803,190	\$ 69,594,145	\$ 67,269,221	\$ 62,403,120	\$ 50,273,175	\$ 47,722,369	\$ 45,523,480	\$ 43,426,154	\$ 42,272,394
Total net debt applicable to limit	<u>17,944,630</u>	<u>17,980,132</u>	<u>20,716,065</u>	<u>20,716,065</u>	<u>22,051,943</u>	<u>20,280,068</u>	<u>18,927,940</u>	<u>20,658,944</u>	<u>16,936,500</u>	<u>12,768,085</u>
Legal Debt Margin	<u>\$ 52,253,205</u>	<u>\$ 51,823,058</u>	<u>\$ 48,878,080</u>	<u>\$ 46,553,156</u>	<u>\$ 40,351,177</u>	<u>\$ 29,993,107</u>	<u>\$ 28,794,429</u>	<u>\$ 24,864,536</u>	<u>\$ 26,489,654</u>	<u>\$ 29,504,309</u>
Total net debt applicable to the limit as a percentage of debt limit	25.56%	25.76%	29.77%	30.80%	35.34%	40.34%	39.66%	45.38%	39.00%	30.20%

Legal Debt margin Calculation for Fiscal Year 2012:

State Equalized Assessed Value (SEV)	\$ 701,978,350
Debt limit (10% of total assessed value)	70,197,835
Debt applicable to limit:	
General obligation bonds	17,944,630
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>17,944,630</u>
Legal debt margin	<u>\$ 52,253,205</u>

**Note:** Under State finance law, the city's outstanding general obligation debt should not exceed 10 percent of total assessed property value.

CITY OF MARQUETTE, MICHIGAN  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

TABLE 15

Fiscal Year	Water Supply and Sewage Disposal Bonds						Marina Bonds					
	Gross Revenue (1)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage	Gross Revenue (2)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2003	6,004,114	4,966,469	1,037,645	485,000	380,898	1.20	238,680	340,892	(102,212)	50,000	44,842	(1.08)
2004	5,885,421	5,155,256	730,165	125,000	282,576	1.79	254,110	381,534	(127,424)	55,000	33,883	(1.43)
2005	5,898,264	5,610,137	288,127	620,000	197,933	0.35	264,061	337,750	(73,689)	75,000	19,300	(0.78)
2006	6,044,127	6,025,785	18,342	630,000	185,565	0.02	293,346	351,866	(58,520)	70,000	17,900	(0.67)
2007	6,117,237	6,212,183	(94,946)	640,000	172,915	(0.12)	301,757	373,136	(71,379)	70,000	16,413	(0.83)
2008	6,211,078	6,237,878	(26,800)	590,000	155,115	(0.04)	280,356	362,092	(81,736)	70,000	15,916	(0.95)
2009	6,520,685	6,855,806	(335,121)	480,000	137,415	(0.54)	262,135	374,556	(112,421)	75,000	14,594	(1.25)
			Water Supply Bonds*									
2010	3,714,922	3,228,386	486,536	410,000	121,815	0.91	343,235	367,997	(24,762)	70,000	12,512	(0.30)
2011	3,880,222	3,439,781	440,441	410,000	107,465	0.85	297,162	363,968	(66,806)	75,000	10,244	(0.78)
2012	4,271,860	3,580,239	691,621	430,000	92,090	1.32	341,299	413,533	(72,234)	75,000	7,713	(0.87)
	* Water Supply and Sewage Disposal Funds split in the fiscal year ending June 30, 2010											

Fiscal Year	Stormwater Utility Bonds						Electric Utility Bonds					
	Gross Revenue (3)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage	Gross Revenue	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2003	744,630	833,054	(88,424)	195,000	93,560	(0.31)	25,474,342	17,496,805	7,977,537	2,675,000	604,628	2.43
2004	716,049	608,570	107,479	205,000	83,843	0.37	24,235,182	16,765,002	7,470,180	3,610,000	509,865	1.81
2005	697,959	607,499	90,460	230,000	64,635	0.31	25,251,067	19,958,521	5,292,546	3,705,000	349,050	1.31
2006	714,865	801,622	(86,757)	230,000	53,250	(0.31)	24,345,158	18,720,262	5,624,896	3,805,000	406,125	1.34
2007	844,869	838,382	6,487	245,000	53,250	0.02	24,791,443	20,413,191	4,378,252	2,695,000	291,975	1.47
2008	872,100	987,529	(115,429)	255,000	45,236	(0.38)	27,107,395	20,994,867	6,112,528	2,790,000	203,040	2.04
2009	944,647	675,534	269,113	275,000	21,375	0.91	27,517,310	23,637,370	3,879,940	2,700,000	51,300	1.41
2010	1,031,968	831,113	200,855	290,000	7,250	0.68	27,537,303	26,930,109	607,194	-	-	-
2011	1,000,619	810,311	190,308	-	-	-	29,046,768	28,029,914	1,016,854	-	-	-
2012	1,097,483	858,082	239,401	-	-	-	30,884,443	30,944,182	(59,739)	675,000	352,027	(0.06)

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

- (1) Total operating revenues including interest.
- (2) Total operating revenues include interest and an operating grant.
- (3) Total operating revenues including interest and excluding grants.

CITY OF MARQUETTE, MICHIGAN  
Demographic and Economic Statistics  
Last Ten Calendar Years

TABLE 16

Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level In Years of Schooling	School Enrollment	Unemployment Rate
2002	20,714	481,807,640	23,260	30.6	12.8	3,894	6.0%
2003	20,547	505,867,140	24,620	30.6	12.8	3,742	6.2%
2004	20,704	531,595,904	25,676	30.6	12.8	3,660	5.1%
2005	20,664	530,568,864	25,676	30.6	12.8	3,573	6.1%
2006	20,581	528,437,756	25,676	30.6	12.8	3,470	5.5%
2007	20,488	543,054,928	26,506	30.6	12.8	3,449	6.3%
2008	20,780	578,660,660	27,847	30.6	12.8	3,291	6.3%
2009	20,916	582,447,852	27,847	30.6	12.8	3,221	9.5%
2010	21,004	647,721,352	30,838	32.2	12.8	3,148	10.7%
2011	21,035	671,849,655	31,461	29.1	12.8	3,097	9.1%
2012	21,355	678,811,385	31,787	29.1	12.8	3,047	5.3%

**Sources:** Population, personal income, and per capital income provided by the U.S. Department of Commerce, Bureau of Economic Analysis.

Median age provided by the U.S. Bureau of Census.

Education and school enrollment provided by from Marquette-Alger Regional Education Service Agency.

Unemployment provided from the Michigan Employment Security Commission.

CITY OF MARQUETTE, MICHIGAN  
Principal Employers  
Current Year and Nine Years Ago

TABLE 17

Taxpayer	2012			2003 <sup>a</sup>		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Marquette General Health Systems	2,831	1	7.88%	1,857	1	5.82%
Cleveland Cliffs	1,567	2	4.36%			
Northern Michigan University	999	3	2.78%	1,180	2	3.70%
Peninsula Medical Center	630	4	1.75%			
Westwood Mall Merchants	500	5	1.39%			
Michigan Department of Corrections	490	6	1.36%			
Wal-Mart Stores, Inc	434	7	1.21%	400	6	1.25%
Marquette Area Public School District	425	8	1.18%	455	5	1.43%
Bell Memorial Health System	335	9	0.93%	300	7	0.94%
Alger-Marquette Co. Comm. Action Board	250	10	0.70%			
Empire Iron Mining Partnership				1,000	3	3.13%
Tilden Mining Co.				900	4	2.82%
American Eagle Airlines, Inc.				250	8	0.78%
Gwinn Area Community Schools				245	9	0.77%
Ojibwa Casino II				235	10	0.74%
Total	<u>8,461</u>		<u>23.56%</u>	<u>6,822</u>		<u>21.38%</u>

**Source:** U.S. Census, Michigan Economic Development Corporation, and Michigan Department of Labor and Economic Growth provided on a county wide basis.

<sup>a</sup> Information dating back to 2003 was not available, therefore the oldest information available from the above sources was used, which dates back to 2004.

CITY OF MARQUETTE, MICHIGAN  
 Full-Time Equivalent City Government Employees by Function/Program  
 Last Ten Fiscal Years

TABLE 18

Function/Program	Full-Time Equivalent Employees as of June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Administration Services	27	27	26	24	26	26	21	23	23	26
Public Health and Safety										
Police Officers	39	38	38	38	37	39	39	41	41	41
Firefighters and Officers	26	26	26	26	25	25	25	26	26	25
Public Works	28	29	29	31	32	33	35	37	39	40
Highway and Streets	9	12	12	11	11	11	6	8	9	9
Social Services	4	4	4	4	4	4	4	5	4	5
Recreation and Culture	5	6	6	7	7	6	6	7	7	8
Storm Water	1	1	1	1	1	1	1	1	1	1
Motor Pool	8	8	7	7	7	7	9	10	10	10
Water	13	14	13	15	15	15	15	17	16	16
Wastewater	9	9	9	9	9	9	8	9	10	10
Library	13	14	14	14	15	14	14	14	14	15
<b>Total</b>	<b>182</b>	<b>188</b>	<b>185</b>	<b>187</b>	<b>189</b>	<b>190</b>	<b>183</b>	<b>198</b>	<b>200</b>	<b>206</b>

Source: City Budget Office

CITY OF MARQUETTE, MICHIGAN  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

TABLE 19

Function/Program	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Police</b>										
Physical arrests	1,398	1,544	1,447	1,571	1,411	1,424	1,401	909	1,424	1,549
Parking violations	6,234	7,434	7,932	9,512	9,870	8,888	10,039	9,699	7,374	4,696
Traffic violations	2,963	2,333	2,262	2,542	2,105	2,910	2,484	2,607	3,182	3,048
<b>Fire</b>										
Emergency responses	803	783	681	630	562	638	540	535	603	450
Fires extinguished	35	41	28	57	22	29	29	32	34	32
Inspections	2,239	1,247	914	741	781	1,705,000	841	127	167	213
<b>Refuse collection</b>										
Refuse collected (tons per week)	49.2	53.7	55.2	55.4	56.8	57.4	31.8	53.2	86.9	37.8
Recycling (tons per week)	15.0	16.1	12.6	13.0	15.3	17.2				
<b>Other public works</b>										
Street resurfacing (miles)	2.9	3.0	2.6	1.6	0.3	2.3	1.0	1.0	1.0	1.0
Potholes repaired	-	-	-	-	-	108	1	1	1	1
<b>Parks and recreation</b>										
Total Campers	11,592	11,592	10,380	8,771	8,756	9,308	10,202	9,243	8,196	8,119
Beach Attendance	21,989	35,389	24,317	33,939	28,939	29,557	34,381	41,498	22,133	37,679
<b>Library</b>										
Volumes in collection	246,979	241,924	234,018	224,821	220,812	214,802	200,000	195,406	191,711	183,314
Total volumes borrowed	356,154	362,099	355,489	343,002	327,787	335,991	335,008	300,443	328,216	328,360
<b>Water</b>										
Consumers	6,101	5,911	5,871	5,832	5,801	5,739	5,697	5,683	5,589	5,575
Water mains breaks	-	4	15	15	12					
Average daily consumption (millions of gallons)	2.45	2.35	2.55	2.58	2.75	2.77	2.93	3.41	2.92	3.06
<b>Wastewater</b>										
Average daily sewage treatment (millions of gallons)	2.67	2.77	2.71	2.58	3.09	3.04	3.30	3.29	3.39	3.53

Source: Various City Departments

CITY OF MARQUETTE, MICHIGAN  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

TABLE 20

Function/Program	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other Public works										
Streets (miles)	91.5	91.5	91.5	91.5	91.5	99.0	99.0	98.0	98.0	97.0
Streetlights	2,345	2,345	2,345	2,345	2,317	2,317	2,358	2,358	2,349	2,354
Parks and recreation										
Parks	19	19	19	19	19	19	19	19	18	18
Playfields	12	13	13	13	13	13	13	13	13	13
Marina	2	2	2	2	2	2	2	2	2	2
Camping Spaces	110	110	110	110	110	110	110	110	110	110
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	98.1	98.1	98.1	98.1	98.1	96.5	96.5	96.5	93.5	91.0
Wastewater										
Sanitary sewers (miles)	88.7	88.3	88.3	88.3	88.3	93.0	93.0	93.0	89.5	88.7
Storm sewers (miles)	52.1	61.7	50.2	50.2	49.0	59.0	59.0	59.0	56.0	50.0

Source: Various City Departments