

**CITY OF MARQUETTE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Fiscal Year Ended June 30, 2013

**CITY OF MARQUETTE**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year Ended June 30, 2013

**CITY COMMISSION**

Jon DePetro, Mayor

Sara Cambensy

Mike Coyne

Robert Niemi

Don Ryan

Jason Schneider

Frederick Stonehouse

**CITY MANAGER**

William Vajda

**PREPARED BY**

Financial Services Department

**CHIEF FINANCIAL OFFICER**

Gary Simpson

**CITY OF MARQUETTE, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2013

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December 16, 2013



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 7.5 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, 2013.

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, 2013. 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 geographic area 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 functions that promote the comfort, convenience, safety, and happiness of the citizens of the municipality, including the proper care of streets and alleys, parks and other public places; erection and maintenance of public utilities; around the clock public safety and emergency response; general administration of City finances, including tax collection, public finance, billing, and fee management; support for local elections; provision of public recreation and cultural programs, and community and strategic planning.

In addition, the City maintains "enterprise funds" for providing water and sewer utilities, marina services, stormwater management, and parks services. An enterprise fund establishes a separate accounting and financial reporting mechanism for services which charge a fee. Revenues and expenditures are separated into stand-alone funds, rather than commingled with the revenues and expenses of all other government activities. The municipal department operating the enterprise service continues to fulfill financial and managerial reporting requirements like every other department. Enterprise accounting provides the public with insight as to the portions of total costs of a service that is recovered through user charges and, if any, the portion that is subsidized by tax levy or other available funds. At year-end, the performance of an enterprise fund is measured in terms of positive and negative funding generated.

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.

A new City Charter was enacted during fiscal year 2013, which requires the City Commission to adopt a final, balanced budget no later than the third Monday in May for the 2014 fiscal year, which began on July 1. The City's new fiscal year will run from October 1 through September 30 of each year. In order to make this transition, Fiscal Year 2014 will be a "long" fiscal year – running from July 1, 2013 through September 30, 2014 (15 months instead of the normal 12 months). The annual budget serves as the foundation for the City's financial planning and control. The budget is organized by individual fund and cognizant department. Transfers of resources between funds are initiated by the City Manager and 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. The economic footprint of NMU is manifest in the everyday lives of the City, and contributes approximately \$63M/annum in payroll, and indirect spending with local businesses. MGH carries an approximate \$325M/annum economic impact, and following the sale of MGH to Duke/Lifepoint (DLP) last year, plans were announced to initiate approximately \$300M of new construction to expand facilities necessary for continued growth as a regional medical facility.

The City continues a 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. The recently enacted City Charter requires the City Manager prepare and maintain an Economic Development Plan that promotes the standard of living and the economic health of the city. Marquette is working with State and Regional legislators to secure additional development authorities as a member of a Next Michigan Zone within the Central Upper Peninsula, as well as seeking partnerships with NMU, Michigan Technological University (MTU), and the Cities of Houghton and Hancock to create a robust entrepreneurial environment that will enhance business creation, expansion, and growth.

The City continues to benefit economically as a popular tourism and vacation spot and overall visitor volumes are trending upwards of 10-15% over historical measures, 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 potential issues that may negatively impact the City in the future. Federal and State government budgets remain highly volatile. This era of uncertainty is sadly familiar, and the City has been dealing with a volatile economy and ambiguous forecasting since the federal stimulus program ended in 2010. The state's economic recovery continues moving slowly, substantially impacting discretionary revenue sharing and creating challenges to local budgeting. Continued changes to the tax structure at both the Federal and State levels may negatively impact local revenue, and create uncertainty regarding constitutional revenue sharing, and pass-through/trust program funding.

There is statewide concern that due to the bankruptcy of the City of Detroit, State budget resources may be diverted towards emergency responses, and that consequent decreases in funding for other areas may result. Further, there is substantial evidence that due to the Detroit bankruptcy, communities across the State may well experience increasing municipal debt service fees and interest rates, making bond issues for public improvements more costly.

The future of the Presque Isle Power Plant, the City's largest taxpayer, remains uncertain. Last summer, WE Energies agreed to the sale of part of operation to the Wolverine Power Cooperative. However, the Presque Isle plant's largest customer, exercised its right to electrical choice, culminating in a request by WE Energies to suspend operations at the facility starting as early as February 2014. The request was denied by the Midwest Independent System Operators organization (MISO), who for regional reliability purposes agreed to offer "system support resource payments" to We Energies in exchange for keeping the plant operating. The long-term future of the power plant remains uncertain, and City officials continue to work with Federal, State, and private organizational officials in order to seek best possible solutions. It should be noted that the loss of this tax payer would result in an approximate 11-14% decrease in annual general fund revenue.

Marquette General Hospital - Duke/Lifepoint plans regarding a new hospital location remain unknown.

Economic consensus forecasts are showing:

- Global growth of Gross Domestic Product (GDP), adjusted for inflation, will rebound moderately from 2.8 percent in 2013 to 3.1 percent in 2014, as the world's major economies still face many structural flaws and policy constraints that hinder more investment and faster productivity growth.
- The United States GDP, adjusted for inflation, is expected to increase from 1.6 percent in 2013 to 2.3 percent in 2014.
- The Michigan economy, as measured by inflation-adjusted personal income, is estimated to grow by 2.7% in Calendar Year (CY) 2014, although this figure is expected to be adjusted during January 2014.

The City faces a significant possibility of reduced non-municipal funding, unfavorable interest rates for tax-exempt debt, and the need to consider higher property tax rates and fees. The City could face dire circumstances if the most significant risks come to pass, and lead to substantially diminished service provision as well as fewer capital improvements and maintenance. The City Administration will continue to monitor these situations closely, and recommend conservative fiscal policies until risks are resolved, and stronger positive economic growth and recovery is demonstrated.

## **FY 2013 INITIATIVES**

The major themes which guided projects and initiatives for FY 2013 were:

- Implementation of the new City Charter
- 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
- Provision of new on-line services supporting greater community communications and transparency

- Development of strategic planning processes, economic development studies, and plans for specific growth and development within key economic corridors
- Intergovernmental cooperation and outreach supporting state, regional, and local development outcomes
- Aggressive pursuit of non-local revenue sources

In accordance with the above infrastructure themes, the following major capital improvements were accomplished in FY 2013:

- ./ Stormwater Drainage Improvements - \$673,657
- ./ Water System Improvements - \$1,051,218
- ./ Sewer System Improvements - \$1,184,382
- ./ Street/Road Reconstruction - \$1,198,387
- ./ Aesthetic Street Improvements - \$335,000

### RELEVANT FINANCIAL POLICIES

The City adheres to several financial management policies which govern the management of certain resources, including a statutory requirement to adhere to adopt and adhere to a balanced budget (I.E., revenues must match expenditures). As a result, in FY2011 the City Commission adopted a policy that eliminates the possibility of structural deficits by requiring the amount of new bond debt cannot exceed the amount of previous debt principal paid off during the fiscal year. Under the prevailing revenue environment, this results in a debt limit of \$4 million to be primarily considered for capital improvement projects.

These policies will provide direction during the current and future budget processes and have been very positively recognized by independent debt rating agencies as being exceptionally far-sighted and prudent. As a result, the City maintains an exceptionally high AA credit rating, which helps keep borrowing costs low, and demonstrates a commitment to maintain adequate reserves for necessary financial stability and long-term fiscal planning.

### OTHER INFORMATION

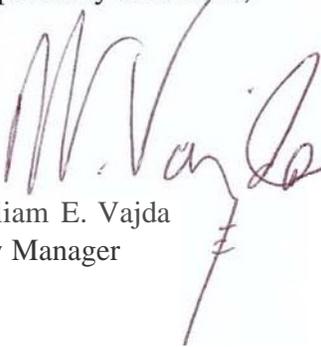
**Awards** – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marquette, Michigan for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This is the 27th 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.

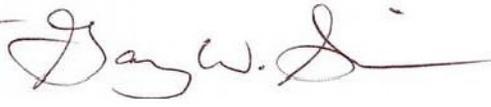
**Acknowledgments** – Special recognition must be extended to members of the Financial Services Department who assisted in the development of this Comprehensive Annual Financial Report and with the annual independent audit. We wish to express our appreciation to the accounting firm of Anderson, Tackman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



William E. Vajda  
City Manager



Gary W. Simpson  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

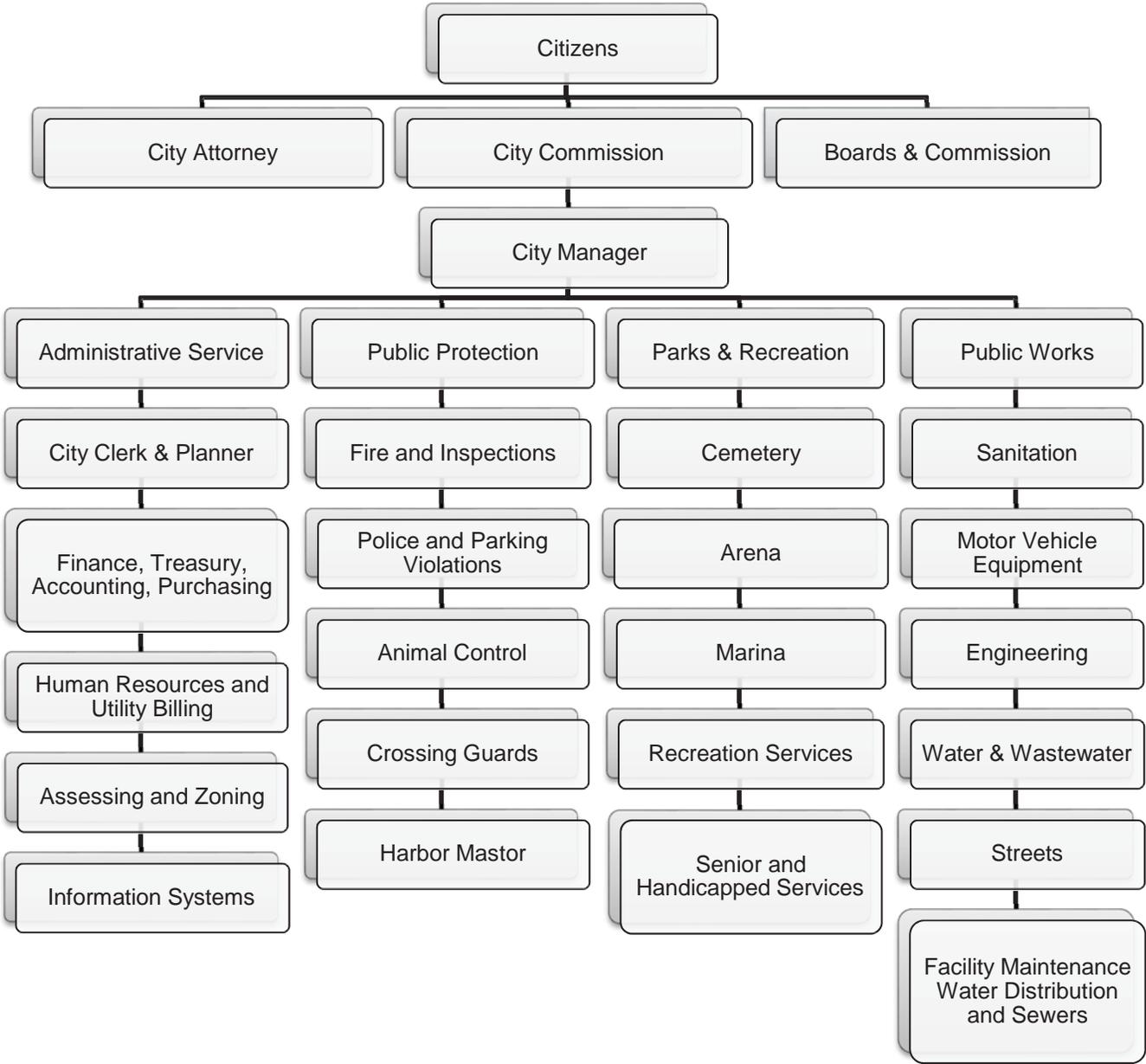
**City of Marquette  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# 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**

Jon Swenson

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**

Robert J. Downs, CPA

Daniel E. Bianchi, CPA

Michael A. Greutz, CPA

William C. Sheltrow, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Marquette, Michigan, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statement of the Board of Light and Power, which is both a major component unit and 83 percent, 87 percent, and 91 percent, respectively of the assets, net position, and revenues of the component unit activities.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Light and Power, which represent 83 percent, 87 percent, and 91 percent, respectively, of the assets, net position, and revenues of the component units. 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 component units, is based solely on the report of the 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 from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marquette, Michigan, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The combining and individual non-major 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report

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

of the other auditors, the combining and individual non-major fund financial statements, individual fund budgetary schedules, capital asset schedules, and long-term debt schedules are fairly stated in all material respects in relation to the basic 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of the City of Marquette, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Marquette, Michigan's internal control over financial reporting and compliance.

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

December 16, 2013

## 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, 2013. 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. Please refer to the table of contents for page numbers of these items.

#### FINANCIAL HIGHLIGHTS

- Net position for the City as a whole decreased by \$(1,753,882) as a result of this year's operations. Net position of our business-type activities increased by \$207,723 or 0.6%, and net position of our governmental activities decreased by \$(1,961,605) or (4.43%).
- During the year, the City had expenses for governmental activities that were \$18,153,494 more than the \$5,466,188 generated in program revenues.
- The City's business-type activities had expenses that were \$144,192 less than the \$11,737,312 generated in program revenues.
- The general fund reported a net change in fund balance of \$1,640. This is \$1,640 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 Position and the Statement of Activities 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 are also presented (see Table of Contents for page references). 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**

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 Position 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 position* and changes in them. You can think of the City's net position - the difference between assets plus deferred outflows, and liabilities plus deferred inflows - as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position 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 Position 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, and recreational park 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 follows. The fund financial statements (see Table of Contents for page references) 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 Position 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 Position 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 Position and Changes in Fiduciary Net Position (see Table of Contents for page references). 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 position as of June 30, 2013 and 2012.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 31,887,029	\$ 29,886,371	\$ 6,417,321	\$ 7,387,343	\$ 38,304,350	\$ 37,273,714
Capital assets, net	44,566,698	46,158,485	54,925,967	54,084,004	99,492,665	100,242,489
Total Assets	76,453,727	76,044,856	61,343,288	61,471,347	137,797,015	137,516,203
Deferred outflows of resources	-	-	71,619	97,726	71,619	97,726
Current liabilities	3,224,317	12,467,607	3,178,144	4,225,550	6,402,461	16,693,157
Noncurrent liabilities	19,675,655	19,265,419	20,203,454	19,485,587	39,879,109	38,751,006
Total Liabilities	22,899,972	31,733,026	23,381,598	23,711,137	46,281,570	55,444,163
Deferred inflows of resources	11,203,530	-	82,527	114,877	11,286,057	114,877
Net Position:						
Net investment in capital assets	26,385,560	28,078,995	33,351,560	33,214,121	59,737,120	61,293,116
Restricted	719,411	1,000,151	211,294	1,142,971	930,705	2,143,122
Unrestricted	15,245,254	15,232,684	4,387,928	3,385,967	19,633,182	18,618,651
Total Net Position	\$ 42,350,225	\$ 44,311,830	\$ 37,950,782	\$ 37,743,059	\$ 80,301,007	\$ 82,054,889

Net position of the City's governmental activities stood at \$42,350,255. *Unrestricted* net position—the part of net position that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$15,245,254.

The \$15,245,254 in unrestricted net position 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 position from year to year.

The net position of our business-type activities stood at \$37,950,782. The City can generally only use the net position 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 position for fiscal years 2013 and 2012.

**Table 2**  
**Change in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 4,329,761	\$ 4,526,589	\$ 10,987,327	\$ 10,920,486	\$ 15,317,088	\$ 15,447,075
Operating grants and contributions	934,124	2,493,779	-	69,271	934,124	2,563,050
Capital grants and contributions	202,303	135,860	749,985	-	952,288	135,860
General revenues:						
Property taxes	12,760,678	12,207,207	-	-	12,760,678	12,207,207
Unrestricted State sources	3,372,989	1,945,218	-	-	3,372,989	1,945,218
Investment earnings	(47,473)	251,226	7,342	9,934	(40,131)	261,160
Sale of capital assets	1,262	(51,757)	5,942	-	7,204	(51,757)
Miscellaneous	154,680	265,949	-	16,864	154,680	282,813
Total Revenues	21,708,324	21,774,071	11,750,596	11,016,555	33,458,920	32,790,626
Program Expenses:						
General government	4,309,681	3,803,319	-	-	4,309,681	3,803,319
Public health and safety	7,287,784	6,588,969	-	-	7,287,784	6,588,969
Public works	3,615,570	3,811,888	-	-	3,615,570	3,811,888
Highways and streets	2,130,526	2,458,441	-	-	2,130,526	2,458,441
Social services	462,412	436,476	-	-	462,412	436,476
Sanitation services	1,538,331	1,544,378	-	-	1,538,331	1,544,378
Community services	1,469,678	1,335,522	-	-	1,469,678	1,335,522
Interest on long-term debt	761,123	804,326	-	-	761,123	804,326
Depreciation - unallocated	2,044,577	1,965,821	-	-	2,044,577	1,965,821
Water supply	-	-	4,305,265	3,922,516	4,305,265	3,922,516
Sewage disposal	-	-	5,386,190	5,180,500	5,386,190	5,180,500
Stormwater utility	-	-	1,336,185	1,037,714	1,336,185	1,037,714
Recreation and culture	-	-	565,480	563,786	565,480	563,786
Total Expenses	23,619,682	22,749,140	11,593,120	10,704,516	35,212,802	33,453,656
Excess (deficiency) before transfers	(1,911,358)	(975,069)	157,476	312,039	(1,753,882)	(663,030)
Transfers	(50,247)	(35,321)	50,247	35,321	-	-
Increase (decrease) in net position	(1,961,605)	(1,010,390)	207,723	347,360	(1,753,882)	(663,030)
Net position, beginning	44,311,830	45,322,220	37,743,059	37,395,699	82,054,889	82,717,919
Net Position, Ending	\$ 42,350,225	\$ 44,311,830	\$ 37,950,782	\$ 37,743,059	\$ 80,301,007	\$ 82,054,889

The City's total revenues were \$33,458,920. The total cost of all programs and services was \$35,212,802 leaving a decrease in net position of \$(1,753,882). 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 \$17,506,563, a decrease of \$(189,993), or (1.1)%, from the prior fiscal year. This decrease is discussed below:

- Property Tax revenue increased \$279,534, or 3.2%, 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 \$227,072, or 7.2%, mostly due to increases in asset valuations for the Marquette Board of Light & Power and the City's Water and Sewer Utilities.
- Grants increased \$84,766, or 56.1%, which was mostly due to the Better Buildings for Michigan program. This revenue source can be highly volatile from year to year as most of the grants can be one-time only instead of on-going each year and there is no guarantee our grant pursuits will always be successful.
- State Shared Revenues in total increased \$106,012, or 5.4%. Sales & Use tax distributions increased \$53,099, or 3.0%; Liquor License distributions decreased \$(487), or (2.0)%; and Fire Protection of State Facilities increased \$53,400, or 32.9% due to an increase in funding from the Bad Driver Program. 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/Rental fees, excluding Internal Service fees, decreased \$(26,751), or (4.6)%. These revenues are based upon a Fee Schedule adopted by the City Commission each year and are dependent upon the amount of services requested and provided.
- Fines and Forfeits decreased \$(22,573), or (17.0)%, mostly 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 has decreased significantly. While the collection program continues, the bulk of these collections were made in previous fiscal years which results in less revenue this fiscal year on a comparative basis.
- Special Assessments shows a decrease of \$(48,070), or (193.0)%, because of having to write-off the Special Assessment for the Hawks Ridge project.
- Sale of Capital Assets decreased \$(200,352), or (99.4)%, due to the sale of 100 acres of property at the Heartwood Forestland site to the Marquette County Solid Waste Authority in the previous fiscal year. There was no such sale in the current fiscal year.
- Investment Income decreased \$(236,711), or (102.7)%. Interest rates remain low and compliance with GASB's mark-to-market accounting rules for investments did require a write-down to the market value of investments this fiscal year. This write-down is a "paper" loss only. Since the City holds investments until maturity, there is no actual loss.
- Other revenue sources increased \$4,949, or 1.5%, in large part due to contributions for a School Safety Officer and KBIC 2% pass-thrus.

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

General Fund expenditures (excluding transfers out) increased \$1,239,124, or 8.9%, from the prior fiscal year. This increase is discussed below:

- ❖ General Government increased \$309,893, or 8.2%. This increase is attributable to KBIC 2% Pass-thru funding, having an appraisal of the MGH property performed for tax valuation purposes, and a Third Street Corridor Study. 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 \$520,566, or 8.0%. The increase is mostly due to Body Cameras/Microphones for Police Officers and increased Motor Pool charges in both the Police and Fire Departments. Increases were also due to wage increases (2.0%) for both negotiated labor contracts and non-represented personnel and increases for fringe benefits such as Health Insurance and Defined Benefit Pension Plans.
- ❖ Public Works increased \$366,243, or 12.0%. While wages increased 2.0% for both labor negotiated contracts and for non-represented personnel, increases were also due to the Better Buildings for Michigan grant project, Motor Pool charges, and a new Columbarium for the Cemetery.
- ❖ Recreation and Culture increased \$42,422, or 8.5%. Wages increased 2.0% for both labor negotiated contracts and for non-represented personnel and a contribution for the Skateboard Park construction accounted for the increase.

Net Other Financing Uses increased \$32,586, or 1.4%, due to a transfer to the Cemetery Perpetual Care Fund to offset negative interest revenue due to GASB's mark-to-market investment accounting rules.

Fund Balance increased \$1,640, or 0.1%, 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, decrease \$(128,460), or (9.6)%, and \$(199,574), or (29.1)%, respectively.

The Major Street Fund had Gas & Weight Tax distributions increase \$16,398, or 1.7%, and the Winter Maintenance allocation decreased \$(87,380), or (54.4)%, when compared to the previous fiscal year. There was also a decrease in grant revenue when compared to the previous 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 \$5,388, or 1.6%, and the Winter Maintenance allocation decreased \$(35,260), or (34.4)%, when compared to the previous fiscal year. There was also reduced grant revenue in the current fiscal year.

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

Major and Local Street Fund expenditures increased \$19,364, or 1.2%, and \$105,325, or 6.4%, respectively.

The Major Street Fund had Winter Maintenance activities increase \$166,607, or 45.6%, and capital outlay activities (Road Reconstruction Projects) increase \$29,659, or 7.2%, when compared to the previous fiscal year. Decreases were recognized in Administration and Business Route Maintenance.

The Local Street Fund had Winter Maintenance activities increase \$192,806, or 67.9%, and capital outlay activities (Road Reconstruction Projects) increase \$17,433, or 2.4%, when compared to the previous fiscal year. There was a decrease in Administration when compared to the previous fiscal year.

### **Sanitation Fund**

The Sanitation Fund had revenues increase \$229,046, or 18.3%, as compared to the previous fiscal year mostly due to an increase 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 increased \$216,411, or 16.7%, from the previous fiscal year due to increased tipping fees paid to the County landfill associated with the increase in Landfill Disposal permits.

The Fund Balance decreased \$(36,184), or (9.8)% from the previous fiscal year due to factors described above.

### **Senior Services Fund**

The Senior Services Fund had revenues increase \$33,719, or 6.6%, as compared to the previous fiscal year due to State and County Contract Revenues increasing \$23,491, or 8.2%. Property Tax Revenue (0.35 mills voted in by the citizens) increased by \$6,981, or 3.5%, from the previous fiscal year.

Expenditures in the Senior Services Fund increased \$23,535, or 5.4%, from the previous fiscal year due mostly to contractual wage and fringe benefit increases and a Senior Center Facility study.

The Fund Balance increased \$83,338, or 34.5%, from the previous fiscal year due to the factors described above.

### **Lakeview Arena Fund**

The Lakeview Arena Fund had revenues, excluding Transfers-In, increase \$7,929, or 1.8%, as compared to the previous fiscal year due mostly to an increase in Room Rental Revenue of \$6,906, or 15.0%.

Expenditures in the Lakeview Arena Fund, excluding transfers out, decreased \$(49,802), or (6.5)%, from the previous fiscal year largely due to decreased personnel costs related to contracting out Concession services.

The Fund Balance remained unchanged from the previous fiscal year due to 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, all funds in this category 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 Community Services – 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.

**Table 3**  
**Governmental Activities**

	Total Cost of Services	Net Cost of Services
General government	\$ 4,309,681	\$ 3,042,914
Public health and safety	7,287,784	7,033,880
Public works	3,615,570	2,383,527
Highways and streets	2,130,526	1,771,668
Sanitation	1,538,331	60,118
Community Services	1,469,678	925,112

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

#### Stormwater Fund

The Stormwater Fund had operating revenues decrease \$(51,543), or (4.7)%, from the previous fiscal year. This was mostly due to MGH being classified from a Non-Tax customer to a General customer and paying a different user rate as a result. Overall, rates were increased 5% from the previous fiscal year.

Operating expenses increased \$296,766, or 34.6%, from the previous fiscal year primarily due to depreciation charges increasing \$33,956, or 6.2%, when compared to the previous fiscal year and a write-off of several years of uncollectible accounts.

Net Non-Operating Expenses increased \$13,786, or 8.2% from the previous fiscal year due to debt service requirements to finance construction projects.

Net Position decreased \$(290,164), or (5.4)% from the previous fiscal year due to the factors described above.

#### Water Supply Fund

The Water Supply Fund had operating revenues increase \$15,039, or 0.4%, from the previous fiscal year. Overall, rates were increased 5% from the previous fiscal year and MGH was re-classified from a Non-Tax customer to a General customer and paying a different user rate as a result.

Operating expenses increased \$403,359, or 11.3% from the previous fiscal year. The increase was due in part to increased depreciation charges of \$60,954, or 6.6%, and an increase in Payment in Lieu

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

of Taxes (PILT) of \$43,170, or 7.2%. Both of these increases are reflective of the system reconstruction projects that are being completed. In the Treatment and Distribution activities, there were increases in grant funded Beach Monitoring, Meter Testing and Repair, Electric and Natural Gas expenses, and a write-off of several years of uncollectible accounts.

Net Non-Operating Revenues increased \$372,828, or 120.8% from the previous fiscal year due to the principal forgiveness of \$353,151 on the Drinking Water Revolving Fund as part of the American Recovery and Reinvestment Act and an increase in the grant for Beach Monitoring.

Net Position 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 \$125,219, or 2.5%, from the previous fiscal year. Sewer rates were increased 9% during the year. This rate increase was designed primarily to provide additional resources to meet debt service and other operational requirements. There were decreases in Late Payment Penalties as these fees were waived while a conversion to a new billing system was made.

Operating expenses increased \$169,315, or 3.4%, from the previous fiscal year. The increase was due to increased depreciation charges of \$87,561, or 11.6%, and an increase in Payment in Lieu of Taxes (PILT) of \$88,785, or 22.2%, due to the amount of capital rehabilitation to the City-wide sewer system.

Net Non-Operating Expenses increased \$51,157, or 24.4% from the previous fiscal year due to debt service requirements to finance construction projects.

Net Position decreased \$(217,218), or (1.7)% from the previous fiscal year due to factors described above.

### **Tourist Park (Campground) Fund**

The Tourist Park Fund had operating revenues increase \$39,126, or 21.5%, from the previous fiscal year. Increased usage of the campground is the reason for the increase.

Operating Expenses increased \$20,243, or 14.4%, from the previous fiscal year. Due to increased usage of the campground, expenses, such as supplies and personnel, increased for operations as a result.

Net Non-Operating Revenues increased \$46 from the previous fiscal year due to increased interest revenue.

Net Position increased \$60,009, or 103.4% from the previous fiscal year due to factors described above.

### **Marina Fund**

The Marina Fund had operating revenues decrease \$(61,000), or (18.1)%, from the previous fiscal year. This is due to a drop in Slip Rentals at Presque Isle Marina in the amount of \$(65,029), or (87.0)%, because of dredging operations. Cinder Pond Marina saw Slip Rentals increase \$17,893, or 16.1%. Sales (mostly of fuel) at both Marinas decreased a total of \$(28,160), or (23.8)%.

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

Operating Expenses decreased \$(12,747), or (3.1)%, from the previous fiscal year. This decrease was mostly due to lower Cost of Sales because of less fuel being purchased by the boaters as compared to the previous fiscal year.

Net Non-Operating Revenues increased \$318,866, or 1240.0%, from the previous fiscal year due to receiving a State Grant in the current fiscal year for Presque Isle Marina dredging.

Net Position increased \$270,805, or 16.0% 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, see table of contents for page reference) reported a *combined* fund balance of \$13,611,407, an increase of \$183,122 from the beginning of the year. The reasons for this increase are discussed above.

#### General Fund Budgetary Highlights

During the year, there was a \$521,985 increase in total expenditure appropriations between the original and final amended budget. Following are the main components of this increase:

\$174,255 for grant opportunities occurring in the year.

\$ 73,595 for the MGH Appraisal.

\$ 75,000 for the Skateboard Park contribution.

\$ 199,135 for encumbrance rollovers from the previous fiscal year for Street Reconstruction projects.

Encumbrance rollovers are a standard practice in Government due to not all projects (construction and otherwise) being completed as of the end of a fiscal year.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of fiscal year 2013 the City had \$99,492,665 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 2013	Business-type Activities 2013	Totals 2013
Land and construction in progress	\$ 12,504,865	\$ 142,468	\$ 12,647,333
Land improvements	2,045,011	1,498,273	3,543,284
Buildings and improvements	6,362,203	7,879,308	14,241,511
Furniture and equipment	2,088,762	2,032,099	4,120,861
Infrastructure	21,565,857	43,373,819	64,939,676
Totals	<u>\$ 44,566,698</u>	<u>\$ 54,925,967</u>	<u>\$ 99,492,665</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 \$39,347,209 in bonds, notes and capital lease obligations outstanding as depicted in Table 5 below, which shows total bonded debt as of June 30, 2013.

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

	Governmental Activities 2013	Business-type Activities 2013	Totals 2013
General obligation bonds	\$ 17,683,896	\$ 14,673,364	\$ 32,357,260
Revenue bonds	-	2,190,000	2,190,000
Contracts and notes payable	497,242	4,491,446	4,988,688
Totals	<u>\$ 18,181,138</u>	<u>\$ 21,354,810</u>	<u>\$ 39,535,948</u>

General Obligation Bonds are those bonds that have the City's taxing authority pledged as back-up (usually referred to as "Full (or Limited) Full Faith and Credit").

Revenue Bonds are those bonds that have specific revenue sources pledged for payment (such as Water and/or Sewer Utility Revenues).

Contracts and Notes Payable are those items not generally classified as bonds but are still considered to be debt (such as loans from State programs – Water and Sewer Revolving Loan Fund).

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 considered many factors when setting the fiscal year 2014 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. The City projects nominal future increases in assessed taxable value.

## **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, was recently purchased as a for profit entity. A taxable value assessment study was completed and is now under appeal to the Michigan Tax Tribunal (MTT). In any event, the additional Property Tax revenue will give the City Commission several options to consider during future budget sessions, from reducing debt service to reducing the millage rate overall or other options or combination thereof.

Another factor regarding MGH is their desire to build a new facility as they have outgrown their current location. Attempts are being made to find suitable locations in the City for this new facility. This could have a positive outcome if the new facility is located within the City by increasing the tax base. There could also be a negative outcome if MGH locates outside of the City.

Presque Isle Power Plant (WE Energies) is yet another unknown at this time. Due to the cost of complying with new EPA regulations, WE Energies announced the possible closure of the facility. There are ongoing efforts to keep the facility open, such as the formation of partnerships with other power agencies. If the facility were to close, there could be the possibility of lost jobs and tax base to the local economy.

On the national front, at the time of this writing, there is still much discussion regarding the Federal Budget. 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).

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**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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, transfers, expenses or expenditures and cash flows of the City funds.

## CITY OF MARQUETTE, MICHIGAN

## STATEMENT OF NET POSITION

June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 8,278,493	\$ -	\$ 8,278,493	\$ 8,581,463
Investments	5,241,800	-	5,241,800	703,358
Receivables (net)	13,512,187	2,026,904	15,539,091	3,656,466
Inventory	142,736	174,337	317,073	3,909,204
Primary government internal balances	-	-	-	-
Prepaid expenses and other assets	250,824	29,932	280,756	111,757
<b>TOTAL CURRENT ASSETS</b>	<b>27,426,040</b>	<b>2,231,173</b>	<b>29,657,213</b>	<b>16,962,248</b>
Non-current Assets:				
Restricted assets	1,186,992	910,532	2,097,524	735,928
Investment in UPPPA	-	-	-	2,931,855
Investment in joint venture	3,273,997	3,275,616	6,549,613	-
Capital assets:				
Land and construction in progress	12,504,865	142,468	12,647,333	1,109,704
Other capital assets, net of depreciation	32,061,833	54,783,499	86,845,332	53,889,354
Total Capital Assets	44,566,698	54,925,967	99,492,665	54,999,058
<b>TOTAL NON-CURRENT ASSETS</b>	<b>49,027,687</b>	<b>59,112,115</b>	<b>108,139,802</b>	<b>58,666,841</b>
<b>TOTAL ASSETS</b>	<b>76,453,727</b>	<b>61,343,288</b>	<b>137,797,015</b>	<b>75,629,089</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	71,619	71,619	-
Receivables for developer obligations	-	-	-	2,597,016
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>71,619</b>	<b>71,619</b>	<b>2,597,016</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Cash overdraft	-	278,468	278,468	-
Accounts payable	717,090	766,209	1,483,299	1,413,810
Accrued wages payable	438,474	86,222	524,696	-
Accrued liabilities	155,027	134,402	289,429	263,278
Compensated absences	626,140	-	626,140	932,956
Customer deposits payable	11,680	10,307	21,987	1,217,322
Current portion of bonds payable	1,193,033	1,902,536	3,095,569	395,000
Current portion of contracts and notes payable	82,873	-	82,873	-
Current maturities on revenue bonds	-	-	-	795,000
Other current liabilities	-	-	-	336,765
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,224,317</b>	<b>3,178,144</b>	<b>6,402,461</b>	<b>5,354,131</b>
Non-current Liabilities:				
Other post-employment benefits (OPEB)	1,832,468	196,664	2,029,132	1,194,588
Compensated absences	937,955	338,269	1,276,224	125,653
Bonds payable	16,490,863	15,442,072	31,932,935	8,967,639
Long-term contracts and notes payable	414,369	4,226,449	4,640,818	1,242,166
Other	-	-	-	555,820
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>19,675,655</b>	<b>20,203,454</b>	<b>39,879,109</b>	<b>12,085,866</b>
<b>TOTAL LIABILITIES</b>	<b>22,899,972</b>	<b>23,381,598</b>	<b>46,281,570</b>	<b>17,439,997</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	15,944	15,944	-
Taxes levied for a subsequent period	11,164,864	-	11,164,864	-
Special assessments	38,666	66,583	105,249	2,011,754
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>11,203,530</b>	<b>82,527</b>	<b>11,286,057</b>	<b>2,011,754</b>
<b>NET POSITION</b>				
Net investment in capital assets	26,385,560	33,351,560	59,737,120	45,256,419
Restricted for:				
Debt services	-	211,294	211,294	27,613
Capital outlay	33,330	-	33,330	-
Perpetual care	686,081	-	686,081	-
Other activities:				
Board of Light and Power	-	-	-	735,928
Peter White Public Library	-	-	-	728,236
Non-major component units	-	-	-	1,145,267
Unrestricted	15,245,254	4,387,928	19,633,182	10,880,891
<b>TOTAL NET POSITION</b>	<b>\$ 42,350,225</b>	<b>\$ 37,950,782</b>	<b>\$ 80,301,007</b>	<b>\$ 58,774,354</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, 2013

Function / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business - Type Activities	Total	
<b>Primary Government:</b>								
Governmental Activities:								
General government	\$ 4,309,681	\$ 1,114,877	\$ 151,890	\$ -	\$ (3,042,914)	\$ -	\$ (3,042,914)	\$ -
Public health and safety	7,287,784	128,350	85,539	40,015	(7,033,880)	-	(7,033,880)	-
Public works	3,615,570	1,063,755	6,000	162,288	(2,383,527)	-	(2,383,527)	-
Highway and streets	2,130,526	-	358,858	-	(1,771,668)	-	(1,771,668)	-
Social services	462,412	-	331,837	-	(130,575)	-	(130,575)	-
Sanitation services	1,538,331	1,478,213	-	-	(60,118)	-	(60,118)	-
Community services	1,469,678	544,566	-	-	(925,112)	-	(925,112)	-
Interest on long-term debt	761,123	-	-	-	(761,123)	-	(761,123)	-
Depreciation - unallocated	2,044,577	-	-	-	(2,044,577)	-	(2,044,577)	-
Total Governmental Activities	<u>23,619,682</u>	<u>4,329,761</u>	<u>934,124</u>	<u>202,303</u>	<u>(18,153,494)</u>	<u>-</u>	<u>(18,153,494)</u>	<u>-</u>
Business-Type Activities:								
Water supply	4,305,265	4,281,048	-	400,334	-	376,117	376,117	-
Sewage disposal	5,386,190	5,163,824	-	-	-	(222,366)	(222,366)	-
Stormwater utility	1,336,185	1,045,493	-	-	-	(290,692)	(290,692)	-
Community services	565,480	496,962	-	349,651	-	281,133	281,133	-
Total Business-Type Activities	<u>11,593,120</u>	<u>10,987,327</u>	<u>-</u>	<u>749,985</u>	<u>-</u>	<u>144,192</u>	<u>144,192</u>	<u>-</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 35,212,802</u>	<u>\$ 15,317,088</u>	<u>\$ 934,124</u>	<u>\$ 952,288</u>	<u>(18,153,494)</u>	<u>144,192</u>	<u>(18,009,302)</u>	<u>-</u>
<b>Component Units:</b>								
Board of Light and Power	\$ 34,643,551	\$ 31,827,224	\$ -	\$ 54,912	\$ -	\$ -	\$ -	\$ (2,761,415)
Peter White Public Library	1,894,095	223,185	603,868	-	-	-	-	(1,067,042)
Non-Major Component Units	1,299,327	140,771	35,510	-	-	-	-	(1,123,046)
<b>TOTAL COMPONENT UNITS</b>	<u>\$ 37,836,973</u>	<u>\$ 32,191,180</u>	<u>\$ 639,378</u>	<u>\$ 54,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,951,503)</u>
<b>General Revenues:</b>								
Taxes:								
Property taxes					9,393,501	-	9,393,501	2,133,079
Payment in lieu of taxes					3,367,177	-	3,367,177	-
Unrestricted State sources					3,372,989	-	3,372,989	-
Interest and investment earnings					(47,473)	7,342	(40,131)	563,714
Gain on sale of capital assets					1,262	5,942	7,204	-
Miscellaneous					154,680	-	154,680	143,294
Transfers					(50,247)	50,247	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<u>16,191,889</u>	<u>63,531</u>	<u>16,255,420</u>	<u>2,840,087</u>
<b>CHANGE IN NET POSITION</b>					<u>(1,961,605)</u>	<u>207,723</u>	<u>(1,753,882)</u>	<u>(2,111,416)</u>
Net position, beginning of year, as restated					<u>44,311,830</u>	<u>37,743,059</u>	<u>82,054,889</u>	<u>60,885,770</u>
<b>NET POSITION, END OF YEAR</b>					<u>\$ 42,350,225</u>	<u>\$ 37,950,782</u>	<u>\$ 80,301,007</u>	<u>\$ 58,774,354</u>

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

## CITY OF MARQUETTE, MICHIGAN

## GOVERNMENTAL FUNDS

## BALANCE SHEET

June 30, 2013

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,116,498	\$ 956,282	\$ 953,559	\$ 2,307,814	\$ 7,334,153
Investments	4,749,940	-	-	491,860	5,241,800
Taxes receivable, net	10,925,545	-	-	248,269	11,173,814
Special assessments receivable	38,666	-	-	-	38,666
Accounts receivable, net	112,157	-	-	158,572	270,729
Due from other authorities	1,335,653	-	-	-	1,335,653
Due from other funds	2,078,884	-	-	-	2,078,884
Due from other governments	438,868	165,623	57,787	-	662,278
Inventory	102,846	-	-	-	102,846
Prepaid expenditures	226,577	-	-	7,843	234,420
<b>TOTAL ASSETS</b>	<b>23,125,634</b>	<b>1,121,905</b>	<b>1,011,346</b>	<b>3,214,358</b>	<b>28,473,243</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 23,125,634</b>	<b>\$ 1,121,905</b>	<b>\$ 1,011,346</b>	<b>\$ 3,214,358</b>	<b>\$ 28,473,243</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 337,108	\$ 26,946	\$ 21,584	\$ 143,397	\$ 529,035
Accrued wages payable	390,846	2,394	3,443	15,884	412,567
Accrued compensated absences	625,303	-	-	837	626,140
Due to other funds	-	1,092,565	986,319	-	2,078,884
Due to other governmental units	41	-	-	-	41
Due to other authorities	449	-	-	-	449
Customer deposits payable	11,190	-	-	-	11,190
<b>TOTAL LIABILITIES</b>	<b>1,364,937</b>	<b>1,121,905</b>	<b>1,011,346</b>	<b>160,118</b>	<b>3,658,306</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes levied for a subsequent period	10,916,876	-	-	247,988	11,164,864
Special assessments	38,666	-	-	-	38,666
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>10,955,542</b>	<b>-</b>	<b>-</b>	<b>247,988</b>	<b>11,203,530</b>
<b>FUND BALANCE</b>					
Non-spendable	329,423	-	-	693,924	1,023,347
Restricted	245,597	-	-	416,098	661,695
Assigned	1,503,235	-	-	1,696,230	3,199,465
Unassigned	8,726,900	-	-	-	8,726,900
<b>TOTAL FUND BALANCE</b>	<b>10,805,155</b>	<b>-</b>	<b>-</b>	<b>2,806,252</b>	<b>13,611,407</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 23,125,634</b>	<b>\$ 1,121,905</b>	<b>\$ 1,011,346</b>	<b>\$ 3,214,358</b>	<b>\$ 28,473,243</b>

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 POSITION**

June 30, 2013

**Total Fund Balances for Governmental Funds** **\$ 13,611,407**

*Amounts reported for governmental activities in the statement of net position 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). 47,840,695

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 position, net of capital assets.

Current assets	\$ 1,031,681	
Restricted assets	1,186,992	
Current liabilities	<u>(213,962)</u>	
		2,004,711

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	\$ 1,193,033	
Current portion of notes and contracts payable	82,873	
Accrued interest on bonds	155,027	
Other post-employment benefits	1,832,468	
Compensated absences	937,955	
Bonds payable	16,490,863	
Long-term contracts and notes payable	<u>414,369</u>	
		<u>(21,106,588)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 42,350,225**

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, 2013

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Other Governmental Funds	Total
<b>REVENUES:</b>					
Taxes and penalties	\$ 9,184,486	\$ -	\$ -	\$ 209,952	\$ 9,394,438
State sources	2,086,945	1,175,002	481,501	40,262	3,783,710
Federal sources	224,356	-	-	-	224,356
Charges for services	2,016,130	-	-	1,526,142	3,542,272
Sales	48,167	-	-	-	48,167
Use and admission fees	39,146	-	-	376,774	415,920
Rentals	69,085	-	-	53,074	122,159
Licenses and permits	33,492	-	-	-	33,492
Fines and forfeiture	110,526	-	-	2,545	113,071
Sales of assets	1,262	-	-	-	1,262
Reimbursements	95,185	35,224	3,600	14,432	148,441
Investment income	(6,312)	1,323	781	(42,256)	(46,464)
Payment in lieu of taxes	3,366,240	-	-	-	3,366,240
Private contribution	194,481	-	-	21,716	216,197
Intergovernmental revenue	15,221	-	-	276,043	291,264
Special assessments	(23,167)	-	-	-	(23,167)
Other revenues	51,320	-	-	3,491	54,811
	<u>17,506,563</u>	<u>1,211,549</u>	<u>485,882</u>	<u>2,482,175</u>	<u>21,686,169</u>
<b>TOTAL REVENUES</b>					
<b>EXPENDITURES:</b>					
Current operations:					
General government	4,084,680	-	-	10,876	4,095,556
Public health and safety	7,056,718	-	-	22,119	7,078,837
Public works	3,407,456	-	-	-	3,407,456
Highway and streets	-	1,151,420	985,473	-	2,136,893
Social services	-	-	-	458,863	458,863
Sanitation services	-	-	-	1,515,690	1,515,690
Community services	542,892	-	-	577,941	1,120,833
Capital outlay	-	444,217	754,170	134,985	1,333,372
Debt service:					
Professional services	-	5,016	8,894	22,332	36,242
Principal retirement	-	-	-	1,205,973	1,205,973
Interest and fiscal charges	-	-	-	780,142	780,142
	<u>15,091,746</u>	<u>1,600,653</u>	<u>1,748,537</u>	<u>4,728,921</u>	<u>23,169,857</u>
<b>TOTAL EXPENDITURES</b>					
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,414,817	(389,104)	(1,262,655)	(2,246,746)	(1,483,688)
<b>OTHER FINANCING SOURCES (USES):</b>					
Bond issuance	11,295	448,035	794,415	-	1,253,745
Premium on bond issuance	587	23,270	41,260	-	65,117
Transfers in	140,000	274,649	706,839	2,548,209	3,669,697
Transfers (out)	(2,565,059)	(356,850)	(279,859)	(119,981)	(3,321,749)
	<u>(2,413,177)</u>	<u>389,104</u>	<u>1,262,655</u>	<u>2,428,228</u>	<u>1,666,810</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>					
<b>CHANGE IN FUND BALANCE</b>	1,640	-	-	181,482	183,122
Fund balance, beginning of year	10,803,515	-	-	2,624,770	13,428,285
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 10,805,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,806,252</u>	<u>\$ 13,611,407</u>

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 BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2013

**Net Change in Fund Balances - Total Governmental Funds** \$ 183,122

*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 \$895,250.

Capital outlays	\$ 1,465,297	
Basis of assets sold	-	
Depreciation expense	<u>(3,459,814)</u>	(1,994,517)

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 position.

(1,253,745)

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

1,205,973

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

(53,879)

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

19,019

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)	\$ (354,075)	
Compensated absences	<u>(8,511)</u>	(362,586)

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 position	\$ (600,242)	
Depreciation expense	<u>895,250</u>	<u>295,008</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ (1,961,605)

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 STATEMENT

For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 12,441,915	\$ 12,454,415	\$ 12,550,726	\$ 96,311
Federal grants	234,300	234,300	224,356	(9,944)
State grants and shared revenue	1,529,000	1,841,450	2,086,945	245,495
Intergovernmental revenues	36,000	36,000	15,221	(20,779)
Licenses and permits	26,750	26,750	33,492	6,742
Charges for services	2,527,510	2,542,510	2,016,130	(526,380)
Fines and forfeits	114,650	114,650	110,526	(4,124)
Interest and rentals	271,880	272,010	62,773	(209,237)
Other revenues	221,545	363,435	406,394	42,959
<b>TOTAL REVENUES</b>	<u>17,403,550</u>	<u>17,885,520</u>	<u>17,506,563</u>	<u>(378,957)</u>
<b>EXPENDITURES:</b>				
General government	3,876,060	4,227,636	4,084,680	142,956
Public health and safety	7,002,420	7,062,435	7,056,718	5,717
Public works	3,763,230	3,786,124	3,407,456	378,668
Community services	520,540	608,040	542,892	65,148
<b>TOTAL EXPENDITURES</b>	<u>15,162,250</u>	<u>15,684,235</u>	<u>15,091,746</u>	<u>592,489</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,241,300</u>	<u>2,201,285</u>	<u>2,414,817</u>	<u>213,532</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	87,000	87,000	11,882	(75,118)
Transfers in	490,000	490,000	140,000	(350,000)
Transfers (out)	<u>(2,818,300)</u>	<u>(2,778,285)</u>	<u>(2,565,059)</u>	<u>213,226</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,241,300)</u>	<u>(2,201,285)</u>	<u>(2,413,177)</u>	<u>(211,892)</u>
<b>CHANGE IN FUND BALANCE</b>	-	-	1,640	1,640
Fund balance, beginning of year	<u>10,803,515</u>	<u>10,803,515</u>	<u>10,803,515</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 10,803,515</u>	<u>\$ 10,803,515</u>	<u>\$ 10,805,155</u>	<u>\$ 1,640</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 - BUDGETARY COMPARISON STATEMENT

For the Fiscal Year Ended June 30, 2013

	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 sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	1,134,000	1,188,565	1,175,002	(13,563)	484,000	484,000	481,501	(2,499)
Reimbursements	-	16,000	35,224	19,224	-	-	3,600	3,600
Investment income	-	-	1,323	1,323	-	-	781	781
Other revenues	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>1,134,000</b>	<b>1,204,565</b>	<b>1,211,549</b>	<b>6,984</b>	<b>484,000</b>	<b>484,000</b>	<b>485,882</b>	<b>1,882</b>
<b>EXPENDITURES:</b>								
Highways Streets and Bridges	1,882,225	2,170,790	1,600,653	570,137	2,243,440	3,027,465	1,748,537	1,278,928
<b>TOTAL EXPENDITURES</b>	<b>1,882,225</b>	<b>2,170,790</b>	<b>1,600,653</b>	<b>570,137</b>	<b>2,243,440</b>	<b>3,027,465</b>	<b>1,748,537</b>	<b>1,278,928</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(748,225)</b>	<b>(966,225)</b>	<b>(389,104)</b>	<b>577,121</b>	<b>(1,759,440)</b>	<b>(2,543,465)</b>	<b>(1,262,655)</b>	<b>1,280,810</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond issuance	290,000	508,000	471,305	(36,695)	1,046,000	1,830,025	835,675	(994,350)
Transfers in	807,555	807,555	274,649	(532,906)	979,960	979,960	706,839	(273,121)
Transfers (out)	(349,330)	(349,330)	(356,850)	(7,520)	(266,520)	(266,520)	(279,859)	(13,339)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>748,225</b>	<b>966,225</b>	<b>389,104</b>	<b>(577,121)</b>	<b>1,759,440</b>	<b>2,543,465</b>	<b>1,262,655</b>	<b>(1,280,810)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</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>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

## CITY OF MARQUETTE, MICHIGAN

 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION

June 30, 2013

	Business-Type Activities Enterprise Funds				Total	Governmental
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds		Internal Service Fund
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 1,170,486	\$ -	\$ 67,450	\$ 212,239	\$ 1,450,175	\$ 944,340
Delinquent utility bills on taxes	14,513	3,501	-	-	18,014	-
Accounts receivable, net	740,827	808,762	53,717	32,294	1,635,600	25,001
Special assessments receivable	9,936	56,647	-	-	66,583	-
Due from State	11,533	-	-	295,174	306,707	-
Due from local units	-	-	-	-	-	6,046
Due from other funds	-	-	-	-	-	-
Inventory	-	146,854	-	27,483	174,337	39,890
Prepaid expense	17,876	11,046	139	871	29,932	16,404
<b>TOTAL CURRENT ASSETS</b>	<b>1,965,171</b>	<b>1,026,810</b>	<b>121,306</b>	<b>568,061</b>	<b>3,681,348</b>	<b>1,031,681</b>
Non-current Assets:						
Restricted Assets:						
Bond reserve fund	-	-	-	49,711	49,711	-
Replacement and maintenance fund	-	-	-	25,000	25,000	1,005,440
Bond and interest redemption fund	211,294	-	-	89,594	300,888	-
Water filtration reserve	-	-	-	-	-	-
Bond escrow fund	-	-	-	-	-	-
Fuel system reserve	-	-	-	-	-	33,330
OPEB reserve	146,057	50,607	-	-	196,664	60,576
Compensated absences reserve	234,335	93,005	10,426	503	338,269	87,646
Total Restricted Assets	591,686	143,612	10,426	164,808	910,532	1,186,992
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	24,503,073	18,699,618	9,703,642	1,877,166	54,783,499	4,680,502
Construction in progress	27,747	6,493	3,001	66,908	104,149	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25,140,231</b>	<b>22,145,933</b>	<b>9,717,069</b>	<b>2,108,882</b>	<b>59,112,115</b>	<b>6,113,060</b>
<b>TOTAL ASSETS</b>	<b>27,105,402</b>	<b>23,172,743</b>	<b>9,838,375</b>	<b>2,676,943</b>	<b>62,793,463</b>	<b>7,144,741</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	68,269	-	-	3,350	71,619	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>68,269</b>	<b>-</b>	<b>-</b>	<b>3,350</b>	<b>71,619</b>	<b>-</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Cash overdraft	-	1,728,643	-	-	1,728,643	-
Accounts payable	105,919	167,123	8,871	484,296	766,209	188,055
Accrued wages payable	46,528	19,824	7,938	11,932	86,222	25,907
Accrued compensated absences	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Customer deposits payable	-	(1,230)	-	11,537	10,307	-
Accrued interest payable	54,573	49,023	30,239	567	134,402	-
Current portion of long-term debt	988,534	503,943	325,059	85,000	1,902,536	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,195,554</b>	<b>2,467,326</b>	<b>372,107</b>	<b>593,332</b>	<b>4,628,319</b>	<b>213,962</b>
Non-current Liabilities:						
Other post employment benefits (OPEB)	146,057	50,607	-	-	196,664	60,576
Accrued compensated absences	234,335	93,005	10,426	503	338,269	87,646
Bonds payable	6,550,222	4,563,558	4,328,292	-	15,442,072	-
Loan payable	913,965	3,312,484	-	-	4,226,449	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,844,579</b>	<b>8,019,654</b>	<b>4,338,718</b>	<b>503</b>	<b>20,203,454</b>	<b>148,222</b>
<b>TOTAL LIABILITIES</b>	<b>9,040,133</b>	<b>10,486,980</b>	<b>4,710,825</b>	<b>593,835</b>	<b>24,831,773</b>	<b>362,184</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred charge on refunding	15,944	-	-	-	15,944	-
Special assessment	9,936	56,647	-	-	66,583	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>25,880</b>	<b>56,647</b>	<b>-</b>	<b>-</b>	<b>82,527</b>	<b>-</b>
<b>NET POSITION</b>						
Net investment in capital assets	16,095,824	10,346,720	5,053,292	1,855,724	33,351,560	4,926,068
Restricted for:						
Capital outlay	-	-	-	-	-	33,330
Debt service	211,294	-	-	-	211,294	-
Unrestricted	1,800,540	2,282,396	74,258	230,734	4,387,928	1,823,159
<b>TOTAL NET POSITION</b>	<b>\$ 18,107,658</b>	<b>\$ 12,629,116</b>	<b>\$ 5,127,550</b>	<b>\$ 2,086,458</b>	<b>\$ 37,950,782</b>	<b>\$ 6,782,557</b>

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2013

	Business-Type Activities Enterprise Funds				Total	Governmental
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds		Internal Service Fund
<b>OPERATING REVENUES:</b>						
Water sales	\$ 4,197,443	\$ -	\$ -	\$ -	\$ 4,197,443	\$ -
Sewage disposal	-	5,125,779	-	-	5,125,779	-
Charges for services	13,917	7,818	1,026,387	20,462	1,068,584	5,802
Other operating revenue	69,688	30,227	19,106	476,500	595,521	3,809,762
<b>TOTAL OPERATING REVENUES</b>	<b>4,281,048</b>	<b>5,163,824</b>	<b>1,045,493</b>	<b>496,962</b>	<b>10,987,327</b>	<b>3,815,564</b>
<b>OPERATING EXPENSES:</b>						
Administrative and general	1,087,875	843,569	-	-	1,931,444	3,100,408
Water treatment and distribution	1,885,570	-	-	-	1,885,570	-
Sanitary sewer operation and booster stations	-	3,431,244	-	-	3,431,244	-
Stormwater	-	-	574,149	-	574,149	-
Community services	-	-	-	430,792	430,792	-
Capital outlay	-	-	-	-	-	27,368
Provision for depreciation	987,515	845,135	579,107	130,288	2,542,045	895,250
<b>TOTAL OPERATING EXPENSES</b>	<b>3,960,960</b>	<b>5,119,948</b>	<b>1,153,256</b>	<b>561,080</b>	<b>10,795,244</b>	<b>4,023,026</b>
<b>OPERATING INCOME (LOSS)</b>	<b>320,088</b>	<b>43,876</b>	<b>(107,763)</b>	<b>(64,118)</b>	<b>192,083</b>	<b>(207,462)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Investment income	2,232	5,148	528	(566)	7,342	5,415
Premium on bond issuance	-	-	-	-	-	-
Federal grant	400,334	-	-	-	400,334	-
State grant	-	-	-	349,651	349,651	-
Gain on sale of capital assets	5,942	-	-	-	5,942	-
Interest expenses	(336,173)	(252,543)	(176,396)	(4,400)	(769,512)	-
Bond issuance expense	(8,132)	(13,699)	(6,533)	-	(28,364)	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>64,203</b>	<b>(261,094)</b>	<b>(182,401)</b>	<b>344,685</b>	<b>(34,607)</b>	<b>5,415</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>384,291</b>	<b>(217,218)</b>	<b>(290,164)</b>	<b>280,567</b>	<b>157,476</b>	<b>(202,047)</b>
Transfers in	-	-	-	50,247	50,247	-
Transfers (out)	-	-	-	-	-	(398,195)
<b>CHANGE IN NET POSITION</b>	<b>384,291</b>	<b>(217,218)</b>	<b>(290,164)</b>	<b>330,814</b>	<b>207,723</b>	<b>(600,242)</b>
Net position, beginning of year, as restated	17,723,367	12,846,334	5,417,714	1,755,644	37,743,059	7,382,799
<b>NET POSITION, END OF YEAR</b>	<b>\$ 18,107,658</b>	<b>\$ 12,629,116</b>	<b>\$ 5,127,550</b>	<b>\$ 2,086,458</b>	<b>\$ 37,950,782</b>	<b>\$ 6,782,557</b>

## CITY OF MARQUETTE, MICHIGAN

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2013

	Business-Type Activities Enterprise Funds				Total	Governmental
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds		Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from fees and charges for services	\$ 4,184,918	\$ 5,477,044	\$ 1,177,811	\$ 8,896	\$ 10,848,669	\$ 5,442
Other operating revenues	66,038	30,227	19,106	476,500	591,871	3,781,770
Cash payments to employees for services	(1,241,933)	(567,792)	(233,499)	(165,184)	(2,208,408)	(893,048)
Cash payments to suppliers for goods and services	(1,707,595)	(4,756,848)	(401,169)	198,697	(6,666,915)	(2,177,530)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,301,428</b>	<b>182,631</b>	<b>562,249</b>	<b>518,909</b>	<b>2,565,217</b>	<b>716,634</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Transfers in	-	-	-	50,247	50,247	(398,195)
State and Federal grants	47,330	-	-	54,477	101,807	-
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>47,330</b>	<b>-</b>	<b>-</b>	<b>104,724</b>	<b>152,054</b>	<b>(398,195)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Principal payments on bonds	(915,978)	(425,420)	(280,097)	(80,000)	(1,701,495)	-
Interest paid on bonds	(338,805)	(255,640)	(176,616)	(4,900)	(775,961)	-
Proceeds from the issuance of bonds	705,188	1,267,814	583,575	-	2,556,577	-
Premium on bond issuance	36,567	63,553	30,310	-	130,430	-
Cash payments for bond issuance expenses	(8,132)	(13,699)	(6,533)	-	(28,364)	-
Cash payments for capital assets	(1,051,218)	(1,184,382)	(673,657)	(474,751)	(3,384,008)	(401,077)
Proceeds from sale of capital assets	5,942	-	-	-	5,942	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,566,436)</b>	<b>(547,774)</b>	<b>(523,018)</b>	<b>(559,651)</b>	<b>(3,196,879)</b>	<b>(401,077)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest income	2,232	5,148	528	(566)	7,342	5,420
(Increase) decrease in restricted assets:						
Bond reserve	397,000	252,521	66,232	(2,586)	713,167	(3,749)
Bond and interest redemption reserve	(174,076)	-	-	-	(174,076)	(410)
Replacement maintenance reserve	334,500	55,500	-	(5,000)	385,000	(6,563)
OPEB reserve	(32,133)	(10,704)	-	-	(42,837)	-
Compensated absences reserve	(354)	(36,783)	(1,839)	(44)	(39,020)	(7,709)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>527,169</b>	<b>265,682</b>	<b>64,921</b>	<b>(8,196)</b>	<b>849,576</b>	<b>(13,011)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>309,491</b>	<b>(99,461)</b>	<b>104,152</b>	<b>55,786</b>	<b>369,968</b>	<b>(95,649)</b>
Cash and cash equivalents, beginning of year	860,995	(1,629,182)	(36,702)	156,453	(648,436)	1,039,989
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,170,486</b>	<b>\$ (1,728,643)</b>	<b>\$ 67,450</b>	<b>\$ 212,239</b>	<b>\$ (278,468)</b>	<b>\$ 944,340</b>
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>						
Loan forgiveness on State Drinking Water Revolving Fund Loan - 2011	\$ (353,004)	\$ -	\$ -	\$ -	\$ (353,004)	\$ -
<b>TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	<b>\$ (353,004)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (353,004)</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income	\$ 320,088	\$ 43,876	\$ (107,763)	\$ (64,118)	\$ 192,083	\$ (207,462)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	987,515	845,135	579,107	130,288	2,542,045	895,250
Amortization	12,623	-	-	3,351	15,974	-
Change in assets and liabilities:						
(Increase)/Decrease in accounts receivable	(26,265)	343,279	151,424	(11,796)	456,642	(22,790)
(Increase)/Decrease in special assessments receivable	1,721	9,330	-	-	11,051	-
(Increase)/Decrease in due from other funds	-	168	-	-	168	(5,562)
(Increase)/Decrease in due from other governments	(3,827)	-	-	-	(3,827)	-
(Increase)/Decrease in inventory	-	26,207	-	3,026	29,233	(8,022)
(Increase)/Decrease in prepaid expenses	1,758	6,002	20,019	(190)	27,589	15,009
Increase/(Decrease) in accounts payable	(24,390)	(1,135,153)	(80,906)	455,785	(784,664)	35,807
Increase/(Decrease) in accrued wages payable	2,008	5,873	(1,471)	2,289	8,699	279
Increase/(Decrease) in due to other funds	(569)	-	-	-	(569)	(147)
Increase/(Decrease) in customer deposits payable	-	(243)	-	230	(13)	-
Increase in accrued compensated absences	354	36,783	1,839	44	39,020	7,709
Increase/(Decrease) in other post-employment benefits (OPEB)	32,133	10,704	-	-	42,837	6,563
Increase/(Decrease) in deferred inflows - special assessments	(1,721)	(9,330)	-	-	(11,051)	-
<b>NET ADJUSTMENTS</b>	<b>981,340</b>	<b>138,755</b>	<b>670,012</b>	<b>583,027</b>	<b>2,373,134</b>	<b>924,096</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 1,301,428</b>	<b>\$ 182,631</b>	<b>\$ 562,249</b>	<b>\$ 518,909</b>	<b>\$ 2,565,217</b>	<b>\$ 716,634</b>

**CITY OF MARQUETTE, MICHIGAN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2013

	Private- Purpose Trust Funds	Pension Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 48,095	\$ 2,051,001	\$ 2,426,519
Investments			
United States Government Securities	-	999,392	-
Domestic Corporation Bonds	-	3,933,997	-
Common, Pooled Fund	-	19,124,279	-
Government National Mortgage Association	-	307	-
Taxes receivable	-	-	25,217
Accounts receivable	-	80	54
Accrued interest receivable	-	52,809	-
	<b>TOTAL ASSETS</b>	<b>48,095</b>	<b>26,161,865</b>
		<b>\$ 2,451,790</b>	<b>\$ 2,451,790</b>
<b>LIABILITIES</b>			
Accounts payable	-	4,710	50,902
Accrued wages payable	-	-	2,072,625
Due to State	-	-	14,397
Due to other governments	-	-	15,749
Due to local units	-	-	22,275
Other liabilities	-	-	275,842
	<b>TOTAL LIABILITIES</b>	<b>4,710</b>	<b>\$ 2,451,790</b>
<b>NET POSITION</b>			
Held in trust for pension benefits	-	26,157,155	
Held in trust for individuals, organizations, and other governments	48,095	-	
	<b>TOTAL NET POSITION</b>	<b>\$ 26,157,155</b>	
	<b>\$ 48,095</b>	<b>\$ 26,157,155</b>	

**CITY OF MARQUETTE, MICHIGAN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
June 30, 2013

	<u>Private- Purpose Trust Funds</u>	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ -	\$ 1,086,388
Employee	-	160,434
Gifts, bequests and endowments	-	-
<b>Total Contributions</b>	-	<b>1,246,822</b>
Investment Income:		
Net appreciation (depreciation) in fair value of investments	-	1,538,317
Interest and dividends	53	641,793
<b>Net Investment Income</b>	53	<b>2,180,110</b>
<b>TOTAL ADDITIONS</b>	53	<b>3,426,932</b>
<b>DEDUCTIONS</b>		
Benefits and annuity withdrawals	-	1,668,186
Investment expense	-	182,853
Administrative expenses	-	13,939
Payments in accordance with trust agreements	-	-
<b>TOTAL DEDUCTIONS</b>	-	<b>1,864,978</b>
<b>CHANGE IN NET POSITION</b>	53	1,561,954
Net position, beginning of year	48,042	24,595,201
<b>NET POSITION, END OF YEAR</b>	\$ 48,095	\$ 26,157,155

## CITY OF MARQUETTE, MICHIGAN

## COMPONENT UNITS

## COMBINING STATEMENT OF NET POSITION

June 30, 2013

	Board of Light and Power	Peter White Public Library	Non-Major Component Units	Total
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 6,715,310	\$ 146,819	\$ 1,719,334	\$ 8,581,463
Investments	-	703,358	-	703,358
Receivables (net)	1,611,691	1,349,171	695,604	3,656,466
Inventory	3,909,204	-	-	3,909,204
Primary government internal balances	-	-	-	-
Prepaid expenses and other assets	94,535	16,249	973	111,757
<b>TOTAL CURRENT ASSETS</b>	<b>12,330,740</b>	<b>2,215,597</b>	<b>2,415,911</b>	<b>16,962,248</b>
Non-current Assets:				
Restricted assets	735,928	-	-	735,928
Investment in UPPPA	2,931,855	-	-	2,931,855
Capital assets:				
Land and construction in progress	-	114,704	995,000	1,109,704
Other capital assets, net of depreciation	46,396,239	4,167,557	3,325,558	53,889,354
Total Capital Assets	46,396,239	4,282,261	4,320,558	54,999,058
<b>TOTAL NON-CURRENT ASSETS</b>	<b>50,064,022</b>	<b>4,282,261</b>	<b>4,320,558</b>	<b>58,666,841</b>
<b>TOTAL ASSETS</b>	<b>62,394,762</b>	<b>6,497,858</b>	<b>6,736,469</b>	<b>75,629,089</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Receivables for developer obligations	-	-	2,597,016	2,597,016
<b>TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>2,597,016</b>	<b>2,597,016</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	1,334,762	37,009	42,039	1,413,810
Accrued liabilities	147,476	35,438	80,364	263,278
Compensated absences	932,956	-	-	932,956
Customer deposits payable	1,217,322	-	-	1,217,322
Current portion of bonds payable	-	295,000	100,000	395,000
Current maturities on revenue bonds	795,000	-	-	795,000
Other current liabilities	336,765	-	-	336,765
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,764,281</b>	<b>367,447</b>	<b>222,403</b>	<b>5,354,131</b>
Non-current Liabilities:				
Other post-employment benefits (OPEB)	1,194,588	-	-	1,194,588
Compensated absences	-	125,653	-	125,653
Bonds payable	4,927,639	1,300,000	2,740,000	8,967,639
Long-term contract and notes payable	-	-	1,242,166	1,242,166
Other	555,820	-	-	555,820
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>6,678,047</b>	<b>1,425,653</b>	<b>3,982,166</b>	<b>12,085,866</b>
<b>TOTAL LIABILITIES</b>	<b>11,442,328</b>	<b>1,793,100</b>	<b>4,204,569</b>	<b>17,439,997</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes levied for subsequent period	-	1,324,920	686,834	2,011,754
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>1,324,920</b>	<b>686,834</b>	<b>2,011,754</b>
<b>NET POSITION</b>				
Net investment in capital assets	40,673,600	2,687,261	1,895,558	45,256,419
Restricted for:				
Debt Services	-	27,613	-	27,613
Capital Assets	-	-	-	-
Perpetual Care	-	-	-	-
Other activities	735,928	728,236	1,145,267	2,609,431
Unrestricted	9,542,906	(63,272)	1,401,257	10,880,891
<b>TOTAL NET POSITION</b>	<b>\$ 50,952,434</b>	<b>\$ 3,379,838</b>	<b>\$ 4,442,082</b>	<b>\$ 58,774,354</b>

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

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS  
 COMBINING STATEMENT OF ACTIVITIES  
 For the Fiscal Year Ended June 30, 2013

Function / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Board of Light and Power	Peter White Public Library	Non-Major Component Units	Total
<b>Component Units:</b>								
Board of Light and Power	\$ 34,643,551	\$ 31,827,224	\$ -	\$ 54,912	\$ (2,761,415)	\$ -	\$ -	\$ (2,761,415)
Peter White Public Library	1,894,095	223,185	603,868	-	-	(1,067,042)	-	(1,067,042)
Non-Major Component Units	1,299,327	140,771	35,510	-	-	-	(1,123,046)	(1,123,046)
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 37,836,973</b>	<b>\$ 32,191,180</b>	<b>\$ 639,378</b>	<b>\$ 54,912</b>	<b>(2,761,415)</b>	<b>(1,067,042)</b>	<b>(1,123,046)</b>	<b>(4,951,503)</b>
General Revenues:								
Property taxes					-	1,174,890	958,189	2,133,079
Interest and investment earnings					454,809	102,418	6,487	563,714
Gain on sale of capital assets					-	-	-	-
Amortization of bond premium					26,580	-	-	26,580
Miscellaneous					43,050	26,368	47,296	116,714
<b>TOTAL GENERAL REVENUES</b>					<b>524,439</b>	<b>1,303,676</b>	<b>1,011,972</b>	<b>2,840,087</b>
<b>CHANGE IN NET POSITION</b>					<b>(2,236,976)</b>	<b>236,634</b>	<b>(111,074)</b>	<b>(2,111,416)</b>
Net position, beginning of year, as restated					53,189,410	3,143,204	4,553,156	60,885,770
<b>NET POSITION, END OF YEAR</b>	<b>\$ 50,952,434</b>	<b>\$ 3,379,838</b>	<b>\$ 4,442,082</b>	<b>\$ 58,774,354</b>				

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 five 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, Chief Financial Officer, 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 the primary

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

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, 2012, the latest available report, is as follows:

Total Assets	\$ 7,124,352
Total Liabilities	1,335,338
Total Net Assets	5,789,014
Total Operating Revenues	1,379,621
Total Operating Expenses	1,958,744
Total Non-Operating Revenues (Expenses)	(27,924)
Capital Grant Contributions	1,355,501
Net Increase (Decrease) in Net Assets	748,454

## **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, and marinas are classified as business-type activities.

In the government-wide Statement of Net Position, 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 position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. 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 position 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 position, 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 position and changes in net position 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. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

### ***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.
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.

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

- 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 and 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 position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	20 years
Building, structures and improvements	50 years
Furniture and 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.

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

***Deferred Outflows of Resources*** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The government has two items that qualify for reporting in this category. It is the deferred charge on refunding reported in the proprietary statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

***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 position. Bond premiums and discounts 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.

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.

***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.

***Deferred Inflows of Resources*** – In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items that qualify for reporting in this category. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.

***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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, December 16, 2013, 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.

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

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.

**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.

**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 Position:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Totals</u>
Unrestricted:				
Cash and cash equivalents	\$ 8,000,025	\$ 8,581,463	\$ 4,525,615	\$ 21,107,103
Investments	5,241,800	703,358	24,057,975	30,003,133
	<u>13,241,825</u>	<u>9,284,821</u>	<u>28,583,590</u>	<u>51,110,236</u>
Restricted:				
Cash and cash equivalents	741,645	735,928	-	1,477,573
Investments	1,355,879	-	-	1,355,879
	<u>2,097,524</u>	<u>735,928</u>	<u>-</u>	<u>2,833,452</u>
TOTALS	<u>\$ 15,339,349</u>	<u>\$ 10,020,749</u>	<u>\$ 28,583,590</u>	<u>\$ 53,943,688</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 \$22,584,676 and the bank balance was \$22,766,597.

**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 \$ 9,826,592 <sup>▼</sup>

Amount collateralized with securities held by the pledging financial institutions trust department in the city's name:  
 Collateralized and uninsured 12,940,005 <sup>▼</sup>  
\$ 22,766,597

Investments

As of June 30, 2013 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	\$ 5,241,800	\$ 5,241,800	\$ -	\$ -	\$ -
Restricted Investments:					
U.S. Government Agencies	1,355,879	1,355,879	-	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 6,597,679</b>	<b>\$ 6,597,679</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>COMPONENT UNITS:</b>					
Mutual Bond Funds	\$ 703,358	\$ 703,358	\$ -	\$ -	\$ -
Mutual Equity Funds	-	-	-	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 703,358</b>	<b>\$ 703,358</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FIDUCIARY FUNDS:</b>					
U.S. Government Agencies	\$ 999,392	\$ 409,186	\$ 366,417	\$ 223,789	\$ -
Domestic Corporation Bonds	3,933,997	78,542	2,096,254	1,684,502	74,699
Common, Pooled Fund	19,124,279	19,124,279	-	-	-
Government National Mortgage Association	307	-	84	223	-
<b>TOTAL INVESTMENTS</b>	<b>\$24,057,975</b>	<b>\$19,612,007</b>	<b>\$ 2,462,755</b>	<b>\$ 1,908,514</b>	<b>\$ 74,699</b>

*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.

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

### *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, 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.

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

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.
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	Non-major Enterprise Funds	Technology Services Fund	Motor Vehicle Equipment Fund	Municipal Service Center Fund	BLP	Primary Government Total
Cash and cash equivalents	\$ 380,392	\$ 143,612	\$ 10,426	\$ 25,503	\$ 49,278	\$ 126,292	\$ 5,982	\$ 735,928	\$ 1,477,413
Investments	211,294	-	-	139,305	-	1,005,440	-	-	1,356,039
<b>TOTALS</b>	<b>\$ 591,686</b>	<b>\$ 143,612</b>	<b>\$ 10,426</b>	<b>\$ 164,808</b>	<b>\$ 49,278</b>	<b>\$ 1,131,732</b>	<b>\$ 5,982</b>	<b>\$ 735,928</b>	<b>\$ 2,833,452</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, 2013 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	\$ 19,740,800
Deferred outflows of resources	-
Liabilities	14,340,605
Deferred inflows of resources	-
Equity	5,400,195
Operating Revenues	1,850,774
Operating Expenses	2,741,627
Non-operating Revenues	876,696
Increase (Decrease) in net position	(14,157)
City’s share of net loss	(12,033)

**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, 2013:

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
State Infrastructure Bank Note (MDOT Spring Street)	\$ 580,115	\$ -	\$ (82,873)	\$ 497,242	\$ 82,873
2003 Founder’s Landing Bonds	2,635,000	-	(190,000)	2,445,000	200,000
2006 Street Improvements Bonds	1,997,500	-	(165,000)	1,832,500	172,500
2007 Forestland Bonds	4,210,000	-	(225,000)	3,985,000	240,000
2007 High Street Bonds	190,118	-	(9,790)	180,328	9,925
2008 Street Improvements Bonds	2,328,917	-	(106,080)	2,222,837	109,346
2009 Capital Improvements Bonds:					
Refunding Portion	1,935,000	-	(175,000)	1,760,000	190,000
Street Bonds Portion	2,991,980	-	(196,230)	2,795,750	206,780
Add: deferred amounts on 2009 bonds	134,860	-	(11,241)	123,619	
2011 Capital Improvement Bonds	1,076,000	-	(56,000)	1,020,000	60,000
2012 Capital Improvement Bonds	-	1,253,745	-	1,253,745	69,930
Add: deferred amounts on 2012 bonds	-	65,117	-	65,117	
Accrued Compensated Absences	1,485,674	193,635	(115,214)	1,564,095	626,140
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 19,565,164</b>	<b>\$ 1,512,497</b>	<b>\$ (1,332,428)</b>	<b>\$ 19,745,233</b>	<b>\$ 1,967,494</b>

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

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES:</b>					
<u>STORMWATER UTILITY FUND:</u>					
2006 Street Improvements Bonds	\$ 1,997,500	\$ -	\$ (165,000)	\$ 1,832,500	\$ 172,500
2007 High Street Bonds	106,941	-	(5,507)	101,434	5,583
2008 Street Improvements Bonds	1,434,145	-	(65,325)	1,368,820	67,336
2009 Capital Improvements Bonds	290,690	-	(19,065)	271,625	20,090
Add: deferred amounts	6,641	-	(554)	6,087	
2011 Capital Improvements Bonds	484,200	-	(25,200)	459,000	27,000
2012 Capital Improvements Bonds	-	583,575	-	583,575	32,550
Add: deferred amounts	-	30,310	-	30,310	
Accrued Compensated Absences	8,587	5,750	(3,911)	10,426	4,170
TOTAL STORMWATER UTILITY FUND	<u>4,328,704</u>	<u>619,635</u>	<u>(284,562)</u>	<u>4,663,777</u>	<u>329,229</u>
<u>WATER SUPPLY FUND:</u>					
State Drinking Water Revolving Fund Loan - 2009	470,058	-	(20,000)	450,058	20,000
State Drinking Water Revolving Fund Loan - 2011	879,778	1,133	(377,003)	503,908	20,000
2003 Refunding Revenue Bonds	1,910,000	-	(450,000)	1,460,000	470,000
2006 Water Membrane Bonds	790,000	-	(145,000)	645,000	150,000
2007 High Street Bonds	297,059	-	(15,298)	281,761	15,509
2008 Street Improvements Bonds	1,753,021	-	(80,275)	1,672,746	82,325
2009 Capital Improvements Bonds	2,531,130	-	(166,005)	2,365,125	174,930
Less: deferred amounts, net	(11,947)	-	12,623	676	
2011 Capital Improvements Bonds	295,900	-	(15,400)	280,500	16,500
2012 Capital Improvements Bonds	-	704,055	-	704,055	39,270
Add: deferred amounts	-	36,567	-	36,567	
Accrued Compensated Absences	233,981	23,602	(23,248)	234,335	93,734
TOTAL WATER SUPPLY FUND	<u>9,148,980</u>	<u>765,357</u>	<u>(1,279,606)</u>	<u>8,634,731</u>	<u>1,082,268</u>
<u>SEWAGE DISPOSAL FUND:</u>					
State Act 94 Clean Water Assistance Loan	2,420,000	-	(165,000)	2,255,000	165,000
State Revolving Fund Loan -2009	635,699	-	(30,000)	605,699	30,000
State Revolving Fund Loan -2011	662,596	44,189	(30,000)	676,785	30,000
2008 Street Improvements Bonds	1,618,918	-	(73,320)	1,545,598	75,993
2009 Capital Improvements Bonds	1,276,200	-	(83,700)	1,192,500	88,200
Add: deferred amounts	29,154	-	(2,429)	26,725	
2011 Capital Improvements Bonds	833,900	-	(43,400)	790,500	46,500
2012 Capital Improvements Bonds	-	1,223,625	-	1,223,625	68,250
Add: deferred amounts	-	63,553	-	63,553	
Accrued Compensated Absences	56,222	45,899	(9,116)	93,005	37,202
TOTAL SEWAGE DISPOSAL FUND	<u>7,532,689</u>	<u>1,377,266</u>	<u>(436,965)</u>	<u>8,472,990</u>	<u>541,145</u>
<u>MARINAS FUND:</u>					
2004 Revenue Bonds	165,000	-	(80,000)	85,000	85,000
Less: deferred amounts	(6,701)	-	3,351	(3,350)	
TOTAL MARINAS FUND	<u>158,299</u>	<u>-</u>	<u>(76,649)</u>	<u>81,650</u>	<u>85,000</u>
<u>TOURIST PARK FUND:</u>					
Accrued Compensated Absences	459	524	(480)	503	201
TOTAL TOURIST PARK FUND	<u>459</u>	<u>524</u>	<u>(480)</u>	<u>503</u>	<u>201</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>\$21,169,131</u>	<u>\$ 2,762,782</u>	<u>\$ (2,078,262)</u>	<u>\$21,853,651</u>	<u>\$ 2,037,642</u>

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

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
<b>COMPONENT UNITS:</b>					
Board of Light & Power:					
2011 Electric Utility Revenue Bonds	\$ 6,275,000	\$ -	\$ (765,000)	\$ 5,510,000	\$ 795,000
Less: deferred amounts	239,219	-	(26,580)	212,639	-
Accrued Compensated Absences	926,857	6,099	-	932,956	-
Peter White Public Library:					
2006 Library Improvement Bonds	1,880,000	-	(285,000)	1,595,000	295,000
Accrued Compensated Absences	121,558	4,095	-	125,653	-
Downtown Development Authority:					
2011 Tax Increment Bonds	1,500,000	-	-	1,500,000	50,000
Brownfield Redevelopment Authority:					
2010 Capital Improvement Bonds	960,000	-	(35,000)	925,000	35,000
2010 Recovery Zone Facility Bonds	430,000	-	(15,000)	415,000	15,000
<b>TOTAL COMPONENT UNITS</b>	<b>\$12,332,634</b>	<b>\$ 10,194</b>	<b>\$ (1,126,580)</b>	<b>\$11,216,248</b>	<b>\$ 1,190,000</b>

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, \$87,646 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 position. At June 30, 2013, \$1,520,000 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.

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

**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 position. At June 30, 2013, \$90,000 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 \$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 25, 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 earning on investments as described in the Ordinances and in Section 3 of Act 94.

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

**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, 2013, \$4,005,000 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.

**2007 High Street Bonds** - On March 29, 2007, the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2007, are approved for issue 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.

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

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

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, 2013, \$2,510,000 of bonds outstanding are considered defeased.

***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. 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. 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, 2013, the City received a total of \$882,511 in draws from the State, and has received \$353,004 in loan forgiveness.

***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, 2013, the City received a total of \$706,785 in draws from the State.

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

**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.

**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.

**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, 2013, \$1,620,000 of the bonds outstanding are considered defeased.

**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.

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

**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.

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 Capital Improvements Bonds	2012 Capital Improvements Bonds
2014	\$ 82,873	\$ 200,000	\$ 172,500	\$ 240,000	\$ 9,925	\$ 109,346	\$ 190,000	\$ 206,780	\$ 60,000	\$ 69,930
2015	82,873	210,000	180,000	250,000	10,060	114,243	195,000	213,110	60,000	69,930
2016	82,873	220,000	187,500	270,000	10,263	117,506	200,000	211,000	62,000	71,595
2017	82,873	230,000	195,000	285,000	10,466	122,403	210,000	227,880	64,000	73,260
2018	82,873	235,000	202,500	300,000	10,600	128,931	225,000	242,650	66,000	74,925
2019	82,877	245,000	210,000	320,000	10,804	135,459	230,000	251,090	68,000	78,255
2020	-	260,000	220,000	340,000	11,006	140,354	245,000	261,640	70,000	79,920
2021	-	270,000	227,500	355,000	11,141	146,883	265,000	274,300	72,000	83,250
2022	-	280,000	237,500	375,000	11,275	153,412	-	295,400	74,000	84,915
2023	-	295,000	-	395,000	11,479	156,676	-	299,620	78,000	88,245
2024	-	-	-	415,000	11,681	164,836	-	312,280	82,000	89,910
2025	-	-	-	440,000	11,883	171,364	-	-	84,000	93,240
2026	-	-	-	-	12,086	179,524	-	-	88,000	96,570
2027	-	-	-	-	12,289	186,053	-	-	92,000	98,235
2028	-	-	-	-	12,491	195,844	-	-	-	101,565
2029	-	-	-	-	12,879	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-
Principal	497,242	2,445,000	1,832,500	3,985,000	180,328	2,222,834	1,760,000	2,795,750	1,020,000	1,253,745
Interest	-	624,543	349,150	1,451,839	24,444	812,001	367,798	801,706	287,763	296,317
	<u>\$ 497,242</u>	<u>\$3,069,543</u>	<u>\$2,181,650</u>	<u>\$5,436,839</u>	<u>\$204,772</u>	<u>\$3,034,835</u>	<u>\$2,127,798</u>	<u>\$3,597,456</u>	<u>\$1,307,763</u>	<u>\$1,550,062</u>

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

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

<b>STORMWATER UTILITY FUND</b>						
Year Ending June 30	2006 Street	2007 High Street	2008 Street	2009 Capital	2011 Capital	2012 Capital
	Improvements Bonds	Improvements Bonds	Improvements Bonds	Improvements Bonds	Improvements Bonds	Improvements Bonds
2014	\$ 172,500	\$ 5,583	\$ 67,336	\$ 20,090	\$ 27,000	\$ 32,550
2015	180,000	5,659	70,350	20,705	27,000	32,550
2016	187,500	5,773	72,360	20,500	27,900	33,325
2017	195,000	5,887	75,375	22,140	28,800	34,100
2018	202,500	5,963	79,395	23,575	29,700	34,875
2019	210,000	6,077	83,415	24,395	30,600	36,425
2020	220,000	6,191	86,431	25,420	31,500	37,200
2021	227,500	6,267	90,451	26,650	32,400	38,750
2022	237,500	6,343	94,471	28,700	33,300	39,525
2023	-	6,457	96,481	29,110	35,100	41,075
2024	-	6,571	101,506	30,340	36,900	41,850
2025	-	6,684	105,526	-	37,800	43,400
2026	-	6,798	110,551	-	39,600	44,950
2027	-	6,912	114,571	-	41,400	45,725
2028	-	7,026	120,601	-	-	47,275
2029	-	7,243	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
Principal	1,832,500	101,434	1,368,820	271,625	459,000	583,575
Interest	349,150	13,748	500,032	77,891	129,492	137,926
	<u>\$ 2,181,650</u>	<u>\$ 115,182</u>	<u>\$ 1,868,852</u>	<u>\$ 349,516</u>	<u>\$ 588,492</u>	<u>\$ 721,501</u>

<b>WATER SUPPLY FUND</b>									
Year Ending June 30	State Drinking Water		2003 Refunding	2006 Water	2007	2008	2009	2011 Capital	2012 Capital
	Revolving Fund Loan	State DWRP 2011 Loan	Revenue Bonds	Membrane Bonds	High Street Bonds	Street Improvement Bonds	Capital Improvement Bonds	Improvement Bonds	Improvement Bonds
2014	\$ 20,000	\$ 20,000	\$ 470,000	\$ 150,000	\$ 15,509	\$ 82,325	\$ 174,930	\$ 16,500	\$ 39,270
2015	20,000	20,000	485,000	160,000	15,719	86,012	180,285	16,500	39,270
2016	25,000	20,000	505,000	165,000	16,036	88,469	178,500	17,050	40,205
2017	25,000	20,000	-	170,000	16,353	92,155	192,780	17,600	41,140
2018	25,000	25,000	-	-	16,563	97,070	205,275	18,150	42,075
2019	25,000	25,000	-	-	16,880	101,986	212,415	18,700	43,945
2020	25,000	25,000	-	-	17,197	105,671	221,340	19,250	44,880
2021	25,000	25,000	-	-	17,407	110,586	232,050	19,800	46,750
2022	25,000	25,000	-	-	17,619	115,501	249,900	20,350	47,685
2023	25,000	25,000	-	-	17,935	117,959	253,470	21,450	49,555
2024	25,000	30,000	-	-	18,251	124,103	264,180	22,550	50,490
2025	30,000	30,000	-	-	18,568	129,018	-	23,100	52,360
2026	30,000	30,000	-	-	18,885	135,161	-	24,200	54,230
2027	30,000	30,000	-	-	19,201	140,076	-	25,300	55,165
2028	30,000	30,000	-	-	19,518	146,654	-	-	57,035
2029	30,000	30,000	-	-	20,120	-	-	-	-
2030	35,058	30,000	-	-	-	-	-	-	-
2031	-	30,000	-	-	-	-	-	-	-
2032	-	33,904	-	-	-	-	-	-	-
Principal	450,058	503,904	1,460,000	645,000	281,761	1,672,746	2,365,125	280,500	704,055
Interest	108,274	130,675	118,775	52,806	38,200	611,346	678,238	79,140	166,401
	<u>\$ 558,332</u>	<u>\$ 634,579</u>	<u>\$ 1,578,775</u>	<u>\$ 697,806</u>	<u>\$ 319,961</u>	<u>\$ 2,284,092</u>	<u>\$ 3,043,363</u>	<u>\$ 359,640</u>	<u>\$ 870,456</u>

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

Year Ending June 30	SEWAGE DISPOSAL FUND							MARINAS FUND
	State Act 94 Clean Water Assistance Loan	2009 State Revolving Loan	2011 State Revolving Loan	2008 Street Improvements Bond	2009 Capital Improvements Bond	2011 Capital Improvements Bonds	2012 Capital Improvements Bonds	2004 Revenue Bonds
2014	\$ 165,000	\$ 30,000	\$ 30,000	\$ 75,993	\$ 88,200	\$ 46,500	\$ 68,250	\$ 85,000
2015	170,000	30,000	30,000	79,395	90,900	46,500	68,250	-
2016	175,000	30,000	30,000	81,664	90,000	48,050	69,875	-
2017	180,000	30,000	30,000	85,067	97,200	49,600	71,500	-
2018	180,000	30,000	30,000	89,604	103,500	51,150	73,125	-
2019	185,000	35,000	30,000	94,140	107,100	52,700	76,375	-
2020	190,000	35,000	35,000	97,543	111,600	54,250	78,000	-
2021	195,000	35,000	35,000	102,080	117,000	55,800	81,250	-
2022	200,000	35,000	35,000	106,617	126,000	57,350	82,875	-
2023	200,000	35,000	35,000	108,885	127,800	60,450	86,125	-
2024	205,000	40,000	35,000	114,556	133,200	63,550	87,750	-
2025	210,000	40,000	35,000	119,093	-	65,100	91,000	-
2026	-	40,000	40,000	124,764	-	68,200	94,250	-
2027	-	40,000	40,000	129,301	-	71,300	95,875	-
2028	-	40,000	40,000	136,896	-	-	99,125	-
2029	-	40,000	40,000	-	-	-	-	-
2030	-	40,699	40,000	-	-	-	-	-
2031	-	-	46,785	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
Principal	2,255,000	605,699	636,785	1,545,598	1,192,500	790,500	1,223,625	85,000
Interest	299,574	144,539	171,652	564,320	341,970	223,021	289,202	1,700
	<u>\$ 2,554,574</u>	<u>\$ 750,238</u>	<u>\$ 808,437</u>	<u>\$ 2,109,918</u>	<u>\$ 1,534,470</u>	<u>\$ 1,013,521</u>	<u>\$ 1,512,827</u>	<u>\$ 86,700</u>

Annual maturities on Component Unit debt are as follows:

Year Ending June 30	2006 Library Improvement Bonds	2010 Capital Improvement Bonds	2010 Recovery Zone Facility Bonds	2011 DDA Tax Increment Bonds	2011 Electric Utility Revenue Bonds
2014	\$ 295,000	\$ 35,000	\$ 15,000	\$ 50,000	\$ 795,000
2015	305,000	35,000	15,000	85,000	825,000
2016	320,000	40,000	15,000	85,000	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	100,000	380,000
2020	-	45,000	20,000	115,000	400,000
2021	-	45,000	20,000	115,000	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	125,000	-
2028	-	65,000	30,000	-	-
2029	-	65,000	30,000	-	-
2030	-	70,000	30,000	-	-
2031	-	75,000	35,000	-	-
2032	-	-	-	-	-
Principal	1,595,000	925,000	415,000	1,500,000	5,510,000
Interest	164,500	441,125	208,125	470,887	953,200
	<u>\$ 1,759,500</u>	<u>\$ 1,366,125</u>	<u>\$ 623,125</u>	<u>\$ 1,970,887</u>	<u>\$ 6,463,200</u>

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

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
2014	\$ 1,341,354	\$ 743,483	\$ 1,902,536	\$ 737,671	\$ 1,190,000	\$ 412,037
2015	1,385,216	694,768	1,874,095	675,128	1,265,000	363,065
2016	1,432,737	642,367	1,927,207	609,991	1,320,000	312,330
2017	1,500,882	585,457	1,479,697	538,759	1,380,000	258,680
2018	1,568,479	523,752	1,362,520	487,996	1,440,000	202,730
2019-2023	7,800,001	1,578,478	7,356,955	1,664,162	2,115,000	502,045
2024-2028	2,950,851	247,153	4,987,991	493,671	930,000	163,325
2029-2033	12,879	103	463,809	20,694	305,000	23,625
	<u>\$ 17,992,399</u>	<u>\$ 5,015,561</u>	<u>\$ 21,354,810</u>	<u>\$ 5,228,072</u>	<u>\$ 9,945,000</u>	<u>\$ 2,237,837</u>

**NOTE F – LETTERS OF CREDIT:**

As of June 30, 2013, the City had the following letter of credit with Range Bank.

Date Issued	Amount	Interest Rate	Expiration
7/1/2003	\$ 500,000	n/a *	7/1/2013

\* - 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, 2013.

**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	\$ 2,078,884	Major Street	\$ 1,092,565
		Local Street	986,319
Subtotal	<u>2,078,884</u>	Subtotal	<u>2,078,884</u>
<b>TOTAL REPORTING ENTITY</b>	<u>\$ 2,078,884</u>		<u>\$ 2,078,884</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.

The interfund transfers for the year are as follows:

Fund	Transfers In	Fund	Transfers Out
<b>PRIMARY GOVERNMENT:</b>			
Major Street	\$ 274,649	General Fund	\$2,565,059
Local Street	706,839		
Non-major Governmental	1,533,324		
Non-major Business-Type	50,247		
Subtotal	<u>2,565,059</u>	Subtotal	<u>2,565,059</u>
Non-major Debt Service	1,014,885	Major Street	356,850
General Fund	140,000	Local Street	279,859
		Non-major Governmental	119,981
		Internal Service	398,195
Subtotal	<u>1,154,885</u>	Subtotal	<u>1,154,885</u>
<b>TOTAL REPORTING ENTITY</b>	<u><u>\$3,719,944</u></u>	<b>TOTAL REPORTING ENTITY</b>	<u><u>\$3,719,944</u></u>

**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, 2012	Additions	Disposals	Balance at June 30, 2013
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets Not Being Depreciated				
Land	\$ 11,535,962	\$ -	\$ -	\$ 11,535,962
Construction in progress	1,029,126	1,179,717	(1,239,940)	968,903
Total Capital Assets, not being depreciated	<u>12,565,088</u>	<u>1,179,717</u>	<u>(1,239,940)</u>	<u>12,504,865</u>
Capital Assets Being Depreciated				
Land improvements	7,731,733	36,926	-	7,768,659
Buildings	5,443,630	-	-	5,443,630
Building improvements	13,607,995	144,461	-	13,752,456
Furniture and equipment	12,661,899	401,075	(665,348)	12,397,626
Infrastructure	48,001,005	1,344,135	-	49,345,140
Total Capital Assets, being depreciated	<u>87,446,262</u>	<u>1,926,597</u>	<u>(665,348)</u>	<u>88,707,511</u>
Less Accumulated Depreciation:				
Land improvements	(5,499,185)	(224,463)	-	(5,723,648)
Buildings	(3,689,643)	(193,552)	-	(3,883,195)
Building improvements	(8,467,153)	(483,535)	-	(8,950,688)
Furniture and equipment	(10,244,739)	(729,473)	665,348	(10,308,864)
Infrastructure	(25,950,492)	(1,828,791)	-	(27,779,283)
Total Accumulated Depreciation	<u>(53,851,212)</u>	<u>(3,459,814)</u>	<u>665,348</u>	<u>(56,645,678)</u>
<b>Governmental Activities Capital Assets, net</b>	<u><u>\$ 46,160,138</u></u>	<u><u>\$ (353,500)</u></u>	<u><u>\$ (1,239,940)</u></u>	<u><u>\$ 44,566,698</u></u>

**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	\$ 17,278
Public Health and Safety	44,091
Public Works	113,527
Social Services	1,147
Recreation and Culture	343,944
Depreciation - unallocated	2,044,577
Internal Service Funds charged to above activities	895,250
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 3,459,814</u></b>

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

	Balance at June 30, 2012	Additions	Disposals	Balance at June 30, 2013
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets Not Subject to Depreciation:				
Land	\$ 38,319	-	-	\$ 38,319
Construction in progress	342,036	999,964	(1,237,851)	104,149
<b>Total Capital Assets,     not being depreciated</b>	<b><u>380,355</u></b>	<b><u>999,964</u></b>	<b><u>(1,237,851)</u></b>	<b><u>142,468</u></b>
Capital Assets Subject to Depreciation:				
Land improvements	3,090,541	488,014	-	3,578,555
Building and building improvements	13,587,184	-	-	13,587,184
Furniture and equipment	4,781,114	-	-	4,781,114
Infrastructure	58,979,344	3,133,881	-	62,113,225
<b>Total Capital Assets,     being depreciated</b>	<b><u>80,438,183</u></b>	<b><u>3,621,895</u></b>	<b><u>-</u></b>	<b><u>84,060,078</u></b>
Less Accumulated Depreciation:				
Land improvements	(1,963,108)	(117,174)	-	(2,080,282)
Building and building improvements	(5,423,895)	(283,981)	-	(5,707,876)
Furniture and equipment	(2,466,877)	(282,138)	-	(2,749,015)
Infrastructure	(16,880,654)	(1,858,752)	-	(18,739,406)
<b>Total Accumulated Depreciation</b>	<b><u>(26,734,534)</u></b>	<b><u>(2,542,045)</u></b>	<b><u>-</u></b>	<b><u>(29,276,579)</u></b>
<b>Business-Type Activities</b>				
<b>Capital Assets, net</b>	<b><u>\$54,084,004</u></b>	<b><u>\$ 2,079,814</u></b>	<b><u>\$ (1,237,851)</u></b>	<b><u>\$54,925,967</u></b>

**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	\$ 987,515
Sewage Disposal	845,135
Stormwater Utility	579,107
Recreation and Culture	130,288
Total Depreciation Expense - Business-Type Activities	<u>\$2,542,045</u>

A summary of Component Unit's capital assets as of June 30, 2013 is as follows:

	Board of Light and Power	Peter White Public Library	Brownfield Redevelopment Authority	Downtown Development Authority	Total Component Units
<b>COMPONENT UNITS:</b>					
Land	\$ 1,123,073	\$ 114,704	\$ -	\$ -	\$ 1,237,777
Construction in progress	-	-	995,000	-	995,000
Total Capital Assets, not being depreciated	<u>1,123,073</u>	<u>114,704</u>	<u>995,000</u>	<u>-</u>	<u>2,232,777</u>
Land improvements	-	117,250	-	4,297,993	4,415,243
Buildings and improvements	13,022,177	8,817,630	-	-	21,839,807
Furniture and equipment	123,879,011	1,168,405	-	134,309	125,181,725
Total Capital Assets, being depreciated	<u>136,901,188</u>	<u>10,103,285</u>	<u>-</u>	<u>4,432,302</u>	<u>151,436,775</u>
Less Accumulated Depreciation:					
Land improvements	-	(23,531)	-	(999,210)	(1,022,741)
Buildings and improvements	-	(4,825,277)	-	-	(4,825,277)
Furniture and equipment	-	(1,086,920)	-	(107,534)	(1,194,454)
Unallocated	(91,628,022)	-	-	-	(91,628,022)
Total Accumulated Depreciation	<u>(91,628,022)</u>	<u>(5,935,728)</u>	<u>-</u>	<u>(1,106,744)</u>	<u>(98,670,494)</u>
<b>Component Units Capital Assets, net</b>	<u>\$46,396,239</u>	<u>\$ 4,282,261</u>	<u>\$ 995,000</u>	<u>\$ 3,325,558</u>	<u>\$54,999,058</u>

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

Component Units:	
Board of Light and Power	\$2,501,914
Peter White Public Library	126,854
Downtown Development Authority	177,483
Total Depreciation Expense - Component Units	<u>\$2,806,251</u>

**NOTE J – DEFERRED INFLOWS OF RESOURCES:**

Deferred inflow of resources 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 deferred inflows of \$11,203,530. Of this amount, \$11,164,864 relates to the 2013 tax levy assessed May 1, 2013 and payable July 1, 2013; and \$38,666 relates to the special assessment receivable which are not available resources within the next year.
2. The Business-Type Funds have reported deferred inflows of \$66,583 which represents the portion of special assessment receivables which are not available resources within the next year.
3. The Component Units have reported deferred inflows of \$2,011,754 which relates to their portion of the 2013 tax levy.

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

As of June 30, 2013, fund balances of the governmental funds are classified as follows:

- o **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.
- o **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.
- o **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.
- o **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 fund balance policy, the Commission or the Finance Director may assign amounts for specific purposes.
- o **Unassigned** – all other spendable amounts.

As of June 30, 2013, 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	\$ -	\$ -	\$ -	\$ 686,081	\$ 686,081
Loan Receivable	-	-	-	-	-
Inventory	102,846	-	-	-	102,846
Prepays	226,577	7,843	-	-	234,420
Total Non-spendable	<u>\$ 329,423</u>	<u>\$ 7,843</u>	<u>\$ -</u>	<u>\$ 686,081</u>	<u>\$ 1,023,347</u>
<b>Restricted:</b>					
Fire Dept. - Lifesaving Equipment	\$ 227,069	\$ -	\$ -	\$ -	\$ 227,069
Drug Dog	18,528	-	-	-	18,528
Public Education Government (PEG) Fund	-	33,852	-	-	33,852
Drug Forfeiture Fund	-	16,549	-	-	16,549
MSHDA Downtown Rental Fund	-	46,358	-	-	46,358
Senior Services Fund	-	319,339	-	-	319,339
Total Restricted	<u>\$ 245,597</u>	<u>\$ 416,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 661,695</u>
<b>Committed:</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Assigned:</b>					
Park Improvements	\$ 7,310	\$ -	\$ -	\$ -	\$ 7,310
Founders Landing	1,495,925	-	-	-	1,495,925
Sanitation Fund	-	333,077	-	-	333,077
Lakeview Arena Fund	-	304,054	-	-	304,054
Forestland Debt Service	-	-	1,059,099	-	1,059,099
Total Assigned	<u>\$ 1,503,235</u>	<u>\$ 637,131</u>	<u>\$ 1,059,099</u>	<u>\$ -</u>	<u>\$ 3,199,465</u>
<b>Unassigned:</b>	<u>\$ 8,726,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,726,900</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.

### ***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.

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

**Annual Pension Cost**

For the year ended June 30, 2013, the City’s annual pension cost of \$1,621,624 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, 2012, 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 at the Required Supplementary Information section (see table of contents for page references).

Fiscal Year Ending June 30	Valuation Date December	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	2008	\$ 1,337,337	100%	\$ -
2012	2009	1,409,312	100%	-
2013	2010	1,621,624	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 at the Required Supplementary Information section (see table of contents for page references).

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
12/31/2010	\$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%
12/31/2012	32,729,841	50,499,654	17,769,813	65%	5,769,420	308%

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.

**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.

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

**Summary of Significant Accounting Policies**

*Basis of Accounting* – The City of Marquette Fire - 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 - 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, 2013 was \$3,421,198; the City’s total payroll was \$10,322,426.

Current membership in the plan comprises the following as of December 31, 2012, the latest actuarial valuation date:

Group	
Retirees and beneficiaries currently receiving benefits	57
Vested terminated members	3
Active employees:	
Fire	26
Police	34
TOTAL	<u>120</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.

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.

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

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, 2013 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, 2013, 2012 and 2011 contributions totaling \$1,086,388; \$1,002,287, and \$906,566, 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 at the Required Supplementary Information section (see table of contents for page references).

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2011	\$ 906,566	100%	\$ -
2012	1,002,287	100%	\$ -
2013	1,086,388	100%	\$ -

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

***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 at the Required Supplementary Information section (see table of contents for page references).

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
12/31/2010	\$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%
12/31/2012	26,470,694	36,180,680	9,709,986	73%	3,275,897	296%

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***

Wells Fargo investments - Mutual Funds, Exchange Traded Funds and Private Placements	\$ 6,457,030
Fayez Sarofim & Co. - Large Cap. Core/Growth Equity	\$ 2,163,733
MFS Investment Management - Domestic Equity Large Cap. Value Fund	\$ 2,507,095
Thornburg Investment Management, Inc. - International Equity	\$ 1,384,886
Hansberger Global Investors - International Growth Equity	\$ 1,429,877
The London Company - Small Cap. Value/Core	\$ 1,321,465

**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.

***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.

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

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.

***Annual Pension Cost***

For the year ended June 30, 2013, the Board's annual pension cost was \$1,119,816. The Board's actual contributions for 2013 were \$1,119,816. The annual required contribution was determined as part of an actuarial valuation at December 31, 2012, 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.

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

***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 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	2008	\$ 804,192	100%	\$ -
2012	2009	945,840	100%	-
2013	2010	1,119,816	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 at the Required Supplementary Information section (see table of contents for page references).

<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>
12/31/2010	\$ 23,384,100	\$ 34,949,189	\$ 11,565,089	67%	\$ 3,185,975	363%
12/31/2011	23,057,007	36,612,597	13,555,590	63%	2,915,181	465%
12/31/2012	22,495,039	36,775,689	14,280,650	61%	2,802,235	510%

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.

At June 30, 2013 there were 14 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 \$76,555 during the current year and employees contributed \$26,110. 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

## **NOTE P – DEFERRED COMPENSATION PLAN (Continued):**

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 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

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

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, 2013 are as follows:

	<u>Benefit Leave and Vacation</u>	<u>Sick</u>	<u>Total</u>
<b>PRIMARY GOVERNMENT:</b>			
Current portion	\$ 382,059	\$ 244,081	\$ 626,140
Long-term portion	822,126	454,098	1,276,224
TOTAL	<u>\$ 1,204,185</u>	<u>\$ 698,179</u>	<u>\$ 1,902,364</u>
<b>COMPONENT UNITS:</b>			
Current portion	\$ 575,908	\$ 357,048	\$ 932,956
Long-term portion	90,693	34,960	125,653
TOTAL	<u>\$ 666,601</u>	<u>\$ 392,008</u>	<u>\$ 1,058,609</u>

**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.

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, deferred outflows of resources, liabilities, deferred inflows of resources, and fund equity is approximately 30%. The total investment in the Authority at June 30, 2013, by the City is \$3,273,997. Summary financial information as of and for the fiscal year ended June 30, 2013, the latest available report, is as follows:

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

Total Assets	\$ 12,433,194
Deferred Outflows of Resources	-
Total Liabilities	1,934,961
Deferred Inflows of Resources	-
Total Net Position	10,498,233
Total Operating Revenues	2,414,703
Total Operating Expenses	3,279,131
Total Nonoperating Revenues (Expenses)	(161,050)
Change in Net Position	(1,025,478)

**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 \$1,832,468 and \$196,664 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.

***Funding Policy***

The amount paid for former City employees for the fiscal year ended June 30, 2013 was \$353,691 and represents current benefits and \$0 to prefund benefits. There were 72 participants eligible to receive benefits and 59 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.

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

***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	\$ 693,202
Interest on net OPEB obligation	63,963
Adjustment to annual required contribution	-
Annual OPEB cost	<u>757,165</u>
Contributions made	<u>(353,690)</u>
Increase in net OPEB obligation	403,475
Net OPEB obligation - beginning of year	<u>1,625,657</u>
Net OPEB obligation - end of year	<u><u>\$2,029,132</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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation - End of Year
6/30/2011	\$ 805,570	43%	\$ 1,184,329
6/30/2012	783,144	44%	1,625,657
6/30/2013	757,165	47%	2,029,132

***Funding Status and Funding Progress***

As of December 31, 2011, the most recent actuarial valuation date, the Plan was zero percent funded. The actuarial accrued liability for benefits equaled \$10,953,785, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,953,785 and a funded ratio of 0.0%. The covered payroll (annual payroll of active employees covered by the Plan) was \$5,769,420, and the ratio of the UAAL to the covered payroll was 190 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 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.

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

### ***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, 2011, 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, 2013, was 26 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 2013, the Board contributed \$1,323,238 to the plan, represented current premiums and \$225,000 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	\$ 1,609,826
Contributions made representing premium expense	(1,323,238)
Advance funding deposits (including interest earned)	<u>(310,366)</u>
Increase in net OPEB obligation	(23,778)
Net OPEB obligation at beginning of year	<u>1,218,366</u>
Net OPEB obligation at end of year	<u>\$ 1,194,588</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
6/30/2011	\$ 1,474,166	100%	\$ 1,055,959
6/30/2012	1,540,504	100%	1,218,366
6/30/2013	1,609,826	100%	1,194,588

***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 found at the Required Supplementary Information section (see table of contents for page references), 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 less than the Single Audit threshold of \$500,000. The City, therefore, is not required to have an audit in accordance with OMB Circular A-133 for the fiscal year ended June 30, 2013.

**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, 2013. 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 \$968,903 with anticipated future expenditures of these projects amount to \$1,227,000. A portion of the various street repairs are being financed with the subsequent issue of the 2013 General Obligation Limited Tax Bonds.

**NOTE Y – RESTATED AMOUNTS – NET POSITION, BEGINNING OF YEAR:**

During the fiscal year ending June 30, 2013, the City adopted GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In adopting this statement, certain restatements were required to the beginning of the year net position balances, as follows:

Statement of Activities			
June 30, 2013			
	As Previously Reported	Adjustments	As Restated
<b>Governmental Activities</b>			
Net position, beginning of year	\$ 44,441,675		
Adjust for items previously reported as:			
Unamortized bond issuance costs		(129,845)	
Net position, end of year, as restated			<u>\$ 44,311,830</u>

**NOTE Y – RESTATED AMOUNTS – NET POSITION, BEGINNING OF YEAR (continued):**

Statement of Revenues, Expenses and Changes in Net Position			
June 30, 2013			
	As Previously Reported	Adjustments	As Restated
<b>BUSINESS-TYPE ACTIVITIES:</b>			
<b>Water Supply Fund</b>			
Net position, beginning of year	\$ 17,878,484		
Adjust for items previously reported as:			
Unamortized bond issuance costs		\$ (155,117)	
Net position, end of year, as restated			<u>\$ 17,723,367</u>
<b>Sewage Disposal Fund</b>			
Net position, beginning of year	12,923,610		
Adjust for items previously reported as:			
Unamortized bond issuance costs		(77,276)	
Net position, end of year, as restated			<u>12,846,334</u>
<b>Stormwater Utility Fund</b>			
Net position, beginning of year	5,449,220		
Adjust for items previously reported as:			
Unamortized bond issuance costs		(31,506)	
Net position, end of year, as restated			<u>5,417,714</u>
<b>Non-major Enterprise Funds</b>			
Net position, beginning of year	1,757,405		
Adjust for items previously reported as:			
Unamortized bond issuance costs		(1,761)	
Net position, end of year, as restated			<u>1,755,644</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>\$ 38,008,719</u>	<u>\$ (265,660)</u>	<u>\$ 37,743,059</u>
June 30, 2013			
	As Previously Reported	Adjustments	As Restated
<b>COMPONENT UNITS:</b>			
<b>Board of Light and Power</b>			
<i>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</i>			
Net position, beginning of year	\$ 53,383,105		
Adjust for items previously reported as:			
Unamortized bond issuance costs		\$ (193,695)	
Net position, end of year, as restated			<u>\$ 53,189,410</u>
<b>Brownfield Redevelopment Authority</b>			
<i>STATEMENT OF ACTIVITIES and STATEMENT OF NET POSITION</i>			
Net position, beginning of year	233,796		
Adjust for items previously reported as:			
Unamortized bond issuance costs		(87,568)	
Construction in progress		(263,613)	
Adjust for items previously unrecognized:			
Deferred outflow of resources			
Receivables for developer obligations		2,597,016	
Liabilities			
Long term obligation to developers		(1,242,166)	
Net position, end of year, as restated			<u>1,237,465</u>
<b>TOTAL COMPONENT UNITS</b>	<u>\$ 53,616,901</u>	<u>\$ 809,974</u>	<u>\$ 54,426,875</u>

## **NOTE Z – SUBSEQUENT EVENTS:**

**2013 Capital Improvement and Refunding Bonds** – On September 13, 2013, the City issued \$5,785,000 in General Obligation Limited Tax Bonds, Series 2013 with interest rates of 2.95% for the purpose of paying the cost of certain capital improvements including but not limited to major street and/or local street improvements, and the construction and installation of sanitary sewer lateral replacements, and to refund the 2003 Refunding Revenue Bonds, dated November 4, 2003, which mature in the years 2015 through 2023. 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.

## **NOTE AA – NEW GASB STANDARDS:**

### Recently Issued and Adopted Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASBS No. 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The City adopted it in fiscal year 2013.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS No. 62 incorporates in the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute for Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011. The adoption of GASBS No. 62 does not have any impact on the City's financial statements. The City adopted it in fiscal year 2013.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This Statement is effective for financial statements for periods beginning after December 15, 2011. The City adopted it in fiscal year 2013.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASBS No. 65 provides guidance on identifying what items should be reported in the new categories of deferred outflows and deferred inflows as required by GASBS No. 63. It additionally identifies what items should be reported in the new categories in proprietary fund, fiduciary fund, and government-wide statements of net position and which ones in governmental fund balance sheets. It also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expense, or expenditures when incurred and not be reported in statements of net position/balance sheets at all. This Statement is in effect for financial statement periods beginning after December 15, 2012. The City adopted it in fiscal year 2013.

### Other Recently Issued Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASBS No. 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator

## **NOTE AA – NEW GASB STANDARDS (Continued):**

the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for periods beginning after December 15, 2011. The City does not have any SCAs and therefore the adoption of GASBS No. 60 does not have any impact on the City’s financial statements.

## **NOTE AB – UPCOMING STANDARDS:**

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the City in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the City.

### GASB 66: 2012 Technical Corrections (an Amendment to GASB 10 and GASB 62)

*Effective for fiscal years beginning after 12/15/2012 (City’s fiscal year 2014)*

This standard was issued to eliminate conflicting guidance that resulted from the issuance of GASB 54 and GASB 62, which are both already effective. GASB 10 was amended to allow for risk financing activities to be accounted for in whichever fund type is most applicable (no longer limited to the general fund or an internal service fund). GASB 62 was amended to modify specific guidance related to (1) operating leases with scheduled rent increases, (2) purchase of loans at an amount other than the principal amount, and (3) service fees related to mortgages that are sold when the service rate varies significantly from the current (normal) service fees.

We do not expect GASB 66 to have any significant impact on the City at this time.

### GASB 67: Financial Reporting for Pension Plans

*Effective for fiscal years beginning after 06/15/2013 (City’s fiscal year FY 2014)*

This standard establishes the requirements for pension plans administered by trusts to report on their operations, including setting new uniform requirements for actuarial valuations of the total pension liability, and reporting various 10-year trend data as required supplementary information. The financial statements of pension plans will not change substantially as a result of GASB 67, though the additional note disclosures and required supplementary information will be significant. Additionally, actuarial valuations conducted in accordance with GASB 67 will have to match the government’s fiscal year, or be rolled forward to that date by the actuary.

We do not expect GASB 67 to have any significant impact on the City at this time.

### GASB 68: Accounting and Financial Reporting for Pensions

*Effective for fiscal years beginning after 06/15/2014 (City’s fiscal year FY 2015)*

This standard establishes new requirements for governments to report a “net pension liability” for the unfunded portion of its pension plan. Governments that maintain their own pension plans (either single employer or agent multiple-employer) will report a liability for the difference between the total pension liability calculated in accordance with GASB 67 and the amount held in the pension trust fund. Governments that participate in a cost sharing plan will report a liability for their “proportionate share” of the net pension liability of the entire system.

Historically, governments have only been required to report a net pension obligation to the extent that they have not met the annual required contribution (ARC) in any given year. Upon implementation of this standard, governments will be required to report a net pension liability based on the current funded status of their pension plans. This liability would be limited to the government-wide financial statements and proprietary funds. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods.

**NOTE AB – UPCOMING STANDARDS (continued):**

GASB 68 also requires more extensive note disclosures and required supplementary information, including 10 years of historical information. The methods used to determine the discount rate (the assumed rate of return on plan assets held in trust) are mandated and must be disclosed, along with what the impact would be on the net pension liability if that rate changed by 1% in either direction. Other new disclosure requirements include details of the changes in the components of the net pension liability, comparisons of actual employer contributions to actuarially determined contributions, and ratios to put the net pension liability in context. For single-employer and agent multiple-employer plans, the information for these statements will come from the annual actuarial valuation. For cost sharing plans, this information will be derived from the financial reports of the plan itself, multiplied by the government's proportionate share of plan.

GASB 67 and 68 are only applicable to pension plans. However, the GASB has announced its intent to issue similar standards for other postemployment benefits (e.g., retiree healthcare) on a two year delay from these standards.

We do not expect GASB 68 to have any significant impact on the City at this time.

GASB 69: Government Combinations and Disposals of Government Operations  
*Effective for fiscal years beginning after 12/15/2013 (City's fiscal year FY 2015)*

This standard provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity.

**NOTE AC – CHANGE IN FISCAL YEAR:**

At the November 8, 2011 City General Election the electors of the City of Marquette voted for a Revision of the City Charter and elected a Charter Commission. The City Charter Commission held regular meetings during 2012. One of the revisions that was made to the City Charter included a change in fiscal year end from June 30, to September 30. This change is effective for the fiscal year ending September 30, 2014. According to the revised Charter, the City will incur a 15-month transition period from July 1, 2013 to September 30, 2014, to which all budgets and audits will conform. After this transition period, all budgets and audits shall conform to the October 1 through September 30 fiscal year end.

## 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 <u>December 31</u>	( a ) Actuarial Value of <u>Assets</u>	( b ) Entry Age Actuarial Accrued <u>Liability</u>	( b - a ) Unfunded Accrued Liability (UAL)	( a / b ) Funded <u>Ratio</u>	( c ) Annual Covered <u>Payroll</u>	[ ( b - a ) / c ] UAAL as a Percentage of <u>Covered Payroll</u>
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%
2012	32,729,841	50,499,654	17,769,813	65%	5,769,420	308%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending <u>June 30</u>	Valuation Date <u>December 31</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
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%	-
2013	2010	1,621,624	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%
2011	-	10,953,785	10,953,785	0%	5,769,420	190%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending <u>June 30</u>	Valuation Date <u>December 31</u>	Annual Required Contribution	Percentage Annual OPEB Cost Contributed	Net Pension Obligation
2009	2007	\$ 660,645	43%	\$ 377,537
2010	2007	633,476	43%	756,035
2011	2009	775,329	43%	1,184,329
2012	2009	737,684	44%	1,625,657
2013	2011	693,202	47%	2,029,132

**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
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%
2011	26,570,058	33,718,314	7,148,256	79%	3,164,698	225.9%
2012	26,470,694	36,180,680	9,709,986	73%	3,275,897	296.4%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
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%	-
2012	1,002,287	100%	-
2013	1,086,388	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
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%
2012	22,495,039	36,775,689	14,280,650	61%	2,802,235	510%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending June 30	Valuation Date December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
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%	-
2013	2010	1,119,816	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	562,398	21,166,012	20,603,614	3%	5,929,296	347%
2009	562,398	21,166,012	20,603,614	0%	5,929,296	347%
2009	562,398	21,166,012	20,603,614	0%	5,929,296	347%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending <u>June 30</u>	Valuation Date <u>December 31</u>	Annual Required Contribution	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
2013	2009	1,609,826	100%	1,194,588

**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 Protections, Public Works, Community Services, 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 road, 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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,116,498	\$ 3,987,378
Investments	4,749,940	4,648,266
Receivables:		
Taxes:		
Current	10,916,876	9,184,732
Delinquent	15,824	12,725
Accounts	112,157	296,504
Special assessment	38,666	57,999
Loan	-	24,765
Allowance for uncollectible accounts	(7,155)	(7,403)
Due from other funds	2,078,884	1,155,750
Due from other governments	438,868	337,679
Due from other authorities	1,335,653	1,189,281
Inventories	102,846	62,867
Prepaid expenditures	<u>226,577</u>	<u>219,723</u>
<b>TOTAL ASSETS</b>	<u>23,125,634</u>	<u>21,170,266</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 23,125,634</u>	<u>\$ 21,170,266</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 337,108	\$ 198,313
Accrued wages payable	390,846	353,643
Accrued compensated absences	625,303	560,091
Due to other funds	-	-
Due to other governmental units	41	-
Due to other authorities	449	347
Customer deposits payable	<u>11,190</u>	<u>11,626</u>
<b>TOTAL LIABILITIES</b>	<u>1,364,937</u>	<u>1,124,020</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes levied for a subsequent period	10,916,876	9,184,732
Special assessments	<u>38,666</u>	<u>57,999</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>10,955,542</u>	<u>9,242,731</u>
<b>FUND BALANCE</b>		
Non-spendable	329,423	307,355
Restricted	245,597	240,180
Assigned	1,503,235	1,501,129
Unassigned	<u>8,726,900</u>	<u>8,754,851</u>
<b>TOTAL FUND BALANCE</b>	<u>10,805,155</u>	<u>10,803,515</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 23,125,634</u>	<u>\$ 21,170,266</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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Property Taxes:				
Real property taxes	\$ 8,278,480	\$ 8,288,000	\$ 9,520	\$ 8,030,561
Personal property taxes	523,465	530,781	7,316	525,609
Interest and penalty	45,000	52,893	7,893	43,782
Administrative collection fees	270,000	273,842	3,842	266,030
Total Property Taxes	<u>9,116,945</u>	<u>9,145,516</u>	<u>28,571</u>	<u>8,865,982</u>
Industrial Facilities Tax Act	<u>38,970</u>	<u>38,970</u>	<u>-</u>	<u>39,583</u>
Payments in Lieu of Taxes:				
MSHDA	(55,000)	(62,975)	(7,975)	(112,450)
Board of Light and Power	1,711,765	1,791,270	79,505	1,719,133
Public Housing Authority	33,000	16,045	(16,955)	29,175
Sault Tribe Housing Authority	1,500	1,500	-	1,500
Marquette Area Wastewater Treatment Facility	411,750	411,744	(6)	427,356
Orianna Ridge	17,000	19,649	2,649	18,673
Whetstone	15,000	19,359	4,359	19,272
Snowberry	35,000	41,168	6,168	39,979
Water Supply Fund	639,745	639,744	(1)	596,575
Sewage Disposal Fund	488,740	488,736	(4)	399,955
Total Payment in Lieu of Taxes	<u>3,298,500</u>	<u>3,366,240</u>	<u>67,740</u>	<u>3,139,168</u>
Federal and State Grants:				
UPSET	32,285	26,053	(6,232)	39,101
FEMA-Fire Safety	12,000	-	(12,000)	16,140
DELEG-Better Buildings for Michigan Grant	150,000	152,288	2,288	74,993
UCF - Forestry Program	-	6,000	6,000	-
OJP - Bullet Proof Vests Program	40,015	40,015	-	9,167
DNR - Snowmobile grant	4,000	2,200	(1,800)	3,789
Council for Arts and Culture - Federal	-	-	-	1,100
Council for Arts and Culture - State	30,000	9,400	(20,600)	6,900
Total Federal and State Grants	<u>268,300</u>	<u>235,956</u>	<u>(32,344)</u>	<u>151,190</u>
State-Shared Revenues:				
Fire protection - State facility	205,335	215,664	10,329	162,264
Sales and use tax	1,577,115	1,836,054	258,939	1,782,955
Liquor licenses	25,000	23,627	(1,373)	24,114
Total State-Shared Revenues	<u>1,807,450</u>	<u>2,075,345</u>	<u>267,895</u>	<u>1,969,333</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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>Intergovernmental Revenues:</b>				
NMPSA	\$ -	\$ -	\$ -	\$ 1,293
Tribal Revenue Sharing	10,000	4,000	(6,000)	10,000
Shared Services	26,000	11,221	(14,779)	12,244
<b>Total Intergovernmental Revenues</b>	<b>36,000</b>	<b>15,221</b>	<b>(20,779)</b>	<b>23,537</b>
<b>Licenses and Permits:</b>				
Business licenses and permits	5,275	6,377	1,102	5,386
Non-business licenses and permits	21,475	27,115	5,640	29,690
<b>Total Licenses and Permits</b>	<b>26,750</b>	<b>33,492</b>	<b>6,742</b>	<b>35,076</b>
<b>Charges for Services:</b>				
Fees	377,280	343,742	(33,538)	377,674
Cemetery foundations and grave openings	51,000	55,120	4,120	35,560
Services to other funds	2,114,230	1,617,268	(496,962)	1,964,624
<b>Total Charges for Services</b>	<b>2,542,510</b>	<b>2,016,130</b>	<b>(526,380)</b>	<b>2,377,858</b>
<b>Sales</b>	<b>51,450</b>	<b>48,167</b>	<b>(3,283)</b>	<b>38,633</b>
<b>Use and Admission Fees:</b>				
Community Center use	20,000	21,251	1,251	16,915
Ballfields	14,265	17,895	3,630	21,340
Skiing use/passes	-	-	-	20
Parking fees	-	-	-	-
Art center and theater	-	-	-	2,887
<b>Total Use and Admission Fees</b>	<b>34,265</b>	<b>39,146</b>	<b>4,881</b>	<b>41,162</b>
<b>Fines and Forfeits</b>	<b>114,650</b>	<b>110,526</b>	<b>(4,124)</b>	<b>133,099</b>
<b>Rentals:</b>				
Land and building rental	25,210	27,579	2,369	21,405
Parking rentals - lots	5,300	5,123	(177)	5,322
Equipment rent	41,500	36,383	(5,117)	62,255
<b>Total Rentals</b>	<b>72,010</b>	<b>69,085</b>	<b>(2,925)</b>	<b>88,982</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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
Special Assessments:				
Interest	\$ 3,770	\$ (1,011)	\$ (4,781)	\$ 5,060
Assessments levied	19,330	(22,156)	(41,486)	19,843
Total Special Assessments	23,100	(23,167)	(46,267)	24,903
Sale of Capital Assets	-	1,262	1,262	201,614
Contributions from Private Sources	148,740	194,481	45,741	160,162
Investment Income	200,000	(6,312)	(206,312)	230,399
Reimbursements	46,190	95,185	48,995	82,728
Other revenues	59,690	51,320	(8,370)	93,147
<b>TOTAL REVENUES</b>	<b>17,885,520</b>	<b>17,506,563</b>	<b>(378,957)</b>	<b>17,696,556</b>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT:</b>				
Central Administration:				
Personnel services	1,791,900	1,743,620	48,280	1,715,830
Supplies and contractual	657,046	603,396	53,650	495,892
Other services and charges	126,240	126,885	(645)	91,343
Capital outlay	-	-	-	-
Total Central Administration	2,575,186	2,473,901	101,285	2,303,065
Community Development:				
Personnel services	1,302,150	1,296,689	5,461	1,221,566
Supplies and contractual	273,755	240,973	32,782	145,633
Other services and charges	-	-	-	-
Capital outlay	-	-	-	22,000
Total Community Development	1,575,905	1,537,662	38,243	1,389,199
Other General Government:				
Insurance and Bonds:				
Bond issuance costs	130	127	3	9,747
Other services and charges	76,415	72,990	3,425	72,776
Total Other General Government	76,545	73,117	3,428	82,523
<b>TOTAL GENERAL GOVERNMENT</b>	<b>4,227,636</b>	<b>4,084,680</b>	<b>142,956</b>	<b>3,774,787</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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>PUBLIC HEALTH AND SAFETY:</b>				
Police Department:				
Personnel services	\$ 3,779,125	\$ 3,774,812	\$ 4,313	\$ 3,601,103
Supplies and contractual	445,705	451,694	(5,989)	329,070
Other services and charges	11,500	10,103	1,397	7,603
Capital outlay	40,015	39,245	770	-
Total Police Department	<u>4,276,345</u>	<u>4,275,854</u>	<u>491</u>	<u>3,937,776</u>
Fire Department:				
Personnel services	2,385,110	2,401,594	(16,484)	2,263,727
Supplies and contractual	301,300	273,707	27,593	208,705
Other services and charges	7,000	8,457	(1,457)	1,608
Capital outlay	-	7,742	(7,742)	17,067
Total Fire Department	<u>2,693,410</u>	<u>2,691,500</u>	<u>1,910</u>	<u>2,491,107</u>
Waterfront Safety:				
Personnel services	76,480	65,530	10,950	68,423
Supplies and contractual	12,325	23,834	(11,509)	16,236
Other services and charges	500	-	500	112
Capital outlay	3,375	-	3,375	22,498
Total Waterfront Safety	<u>92,680</u>	<u>89,364</u>	<u>3,316</u>	<u>107,269</u>
<b>TOTAL PUBLIC HEALTH AND SAFETY</b>	<u>7,062,435</u>	<u>7,056,718</u>	<u>5,717</u>	<u>6,536,152</u>
<b>PUBLIC WORKS:</b>				
Public Works Maintenance:				
Personnel services	1,635,690	1,541,055	94,635	1,563,264
Supplies and contractual	1,286,290	1,177,729	108,561	913,564
Other services and charges	-	-	-	150
Capital outlay	375,882	226,957	148,925	163,863
Total Public Works Maintenance	<u>3,297,862</u>	<u>2,945,741</u>	<u>352,121</u>	<u>2,640,841</u>
City Hall and Grounds:				
Personnel services	81,410	72,332	9,078	101,568
Supplies and contractual	161,742	144,891	16,851	123,608
Other services and charges	-	-	-	-
Capital outlay	9,170	9,476	(306)	36,310
Total City Hall and Grounds	<u>252,322</u>	<u>226,699</u>	<u>25,623</u>	<u>261,486</u>
Cemetery:				
Personnel services	122,540	122,930	(390)	97,943
Supplies and contractual	73,400	75,160	(1,760)	40,943
Other services and charges	-	-	-	-
Capital outlay	40,000	36,926	3,074	-
Total Cemetery	<u>235,940</u>	<u>235,016</u>	<u>924</u>	<u>138,886</u>
<b>TOTAL PUBLIC WORKS</b>	<u>3,786,124</u>	<u>3,407,456</u>	<u>378,668</u>	<u>3,041,213</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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>COMMUNITY SERVICES:</b>				
Promotional Services:				
Personnel services	\$ -	\$ -	\$ -	\$ -
Supplies and contractual	-	-	-	-
Other services and charges	88,000	87,664	336	20,143
Capital outlay	-	-	-	-
<b>Total Promotional Services</b>	<b>88,000</b>	<b>87,664</b>	<b>336</b>	<b>20,143</b>
Parks and Recreation Administration:				
Personnel services	272,020	242,105	29,915	246,079
Supplies and contractual	59,225	35,097	24,128	58,797
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Parks and Recreation Administration</b>	<b>331,245</b>	<b>277,202</b>	<b>54,043</b>	<b>304,876</b>
Arts and Cultural:				
Personnel services	113,535	104,430	9,105	87,398
Supplies and contractual	67,760	64,432	3,328	69,086
Other services and charges	7,500	8,287	(787)	10,993
Capital outlay	-	877	(877)	7,974
<b>Total Arts and Cultural</b>	<b>188,795</b>	<b>178,026</b>	<b>10,769</b>	<b>175,451</b>
<b>TOTAL COMMUNITY SERVICES</b>	<b>608,040</b>	<b>542,892</b>	<b>65,148</b>	<b>500,470</b>
<b>TOTAL EXPENDITURES</b>	<b>15,684,235</b>	<b>15,091,746</b>	<b>592,489</b>	<b>13,852,622</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,201,285</b>	<b>2,414,817</b>	<b>213,532</b>	<b>3,843,934</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, 2013

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

	2013			2012
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from bond issuance	\$ 87,000	\$ 11,295	\$ (75,705)	\$ -
Premium on bond issuance	-	587	587	-
Bond issuance expense	-	-	-	-
Transfers in:				
Cemetery Trust Fund	15,000	-	(15,000)	16,943
Motor Pool Fund	475,000	140,000	(335,000)	-
Transfers (out):				
Major Street and Trunkline Fund	(462,845)	(274,649)	188,196	(152,532)
Local Street Fund	(788,925)	(706,839)	82,086	(493,196)
Lakeview Arena Fund	(360,540)	(374,772)	(14,232)	(432,851)
2007 Street Projects Debt Service Fund	(62,815)	(62,816)	(1)	(63,206)
2004 Spring Street Debt Service Fund	(82,875)	(82,873)	2	(82,873)
2003 Founders Landing Debt Service Fund	(301,275)	(301,273)	2	(308,397)
Forestland Debt Service Fund	(589,000)	(589,000)	-	(752,372)
High Street Debt Service Fund	(400)	(400)	-	(401)
2008 Street Projects Debt Service Fund	(73,775)	(73,773)	2	(73,281)
2009 Capital Improvements Debt Service Fund	(3,095)	(3,096)	(1)	(3,104)
2012 Capital Improvements Debt Service Fund	-	(190)	(190)	-
Cemetery Trust Fund	-	(45,131)	(45,131)	-
Marinas Fund	(52,740)	(50,247)	2,493	(35,321)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,201,285)</b>	<b>(2,413,177)</b>	<b>(211,892)</b>	<b>(2,380,591)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>1,640</b>	<b>1,640</b>	<b>1,463,343</b>
Fund balance, beginning of year	10,803,515	10,803,515	-	9,340,172
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 10,803,515</b>	<b>\$ 10,805,155</b>	<b>\$ 1,640</b>	<b>\$ 10,803,515</b>

**CITY OF MARQUETTE, MICHIGAN**  
**MAJOR STREET AND TRUNKLINE FUND**  
**COMPARATIVE BALANCE SHEET**  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 956,282	\$ 525,664
Accounts receivable	-	-
Due from State	165,623	227,818
<b>TOTAL ASSETS</b>	1,121,905	753,482
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 1,121,905	\$ 753,482
<b>LIABILITIES</b>		
Accounts payable	\$ 26,946	\$ 97,822
Accrued wages payable	2,394	6,696
Due to other funds	1,092,565	648,964
<b>TOTAL LIABILITIES</b>	1,121,905	753,482
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>FUND BALANCE</b>		
Restricted	-	-
<b>TOTAL FUND BALANCE</b>	-	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	\$ 1,121,905	\$ 753,482

**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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Federal sources	\$ -	\$ -	\$ -	\$ 5,346
State sources	1,188,565	1,175,002	(13,563)	1,235,043
Reimbursements	16,000	35,224	19,224	80,670
Investment income	-	1,323	1,323	1,200
Other revenues	-	-	-	17,750
<b>TOTAL REVENUES</b>	<b>1,204,565</b>	<b>1,211,549</b>	<b>6,984</b>	<b>1,340,009</b>
<b>EXPENDITURES:</b>				
Highways, Streets and Bridges:				
Routine maintenance	671,260	455,583	215,677	418,658
Winter maintenance	623,100	532,290	90,810	365,683
State trunkline	60,680	60,146	534	104,366
Administration	214,195	103,401	110,794	272,305
Total Highways, Streets and Bridges	<u>1,569,235</u>	<u>1,151,420</u>	<u>417,815</u>	<u>1,161,012</u>
Capital Outlay:				
Construction	588,555	444,217	144,338	414,558
Total Capital Outlay	<u>588,555</u>	<u>444,217</u>	<u>144,338</u>	<u>414,558</u>
Debt Service:				
Bond issuance costs	13,000	5,016	7,984	5,719
<b>TOTAL EXPENDITURES</b>	<b>2,170,790</b>	<b>1,600,653</b>	<b>570,137</b>	<b>1,581,289</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(966,225)</b>	<b>(389,104)</b>	<b>577,121</b>	<b>(241,280)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	508,000	448,035	(59,965)	403,500
Premium on bond issuance	-	23,270	23,270	8,015
Transfers in	807,555	274,649	(532,906)	152,532
Transfers (out)	(349,330)	(356,850)	(7,520)	(322,767)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>966,225</b>	<b>389,104</b>	<b>(577,121)</b>	<b>241,280</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 953,559	\$ 504,961
Due from State	57,787	57,097
	<u>1,011,346</u>	<u>562,058</u>
<b>TOTAL ASSETS</b>	<u>1,011,346</u>	<u>562,058</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,011,346</u>	<u>\$ 562,058</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 21,584	\$ 51,818
Accrued wages payable	3,443	4,002
Due to other funds	986,319	506,238
	<u>1,011,346</u>	<u>562,058</u>
<b>TOTAL LIABILITIES</b>	<u>1,011,346</u>	<u>562,058</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>		
Restricted	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 1,011,346</u>	<u>\$ 562,058</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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Federal sources	\$ -	\$ -	\$ -	\$ 174,520
State sources	484,000	481,501	(2,499)	509,975
Reimbursements	-	3,600	3,600	315
Investment income	-	781	781	646
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>484,000</b>	<b>485,882</b>	<b>1,882</b>	<b>685,456</b>
<b>EXPENDITURES:</b>				
Highways, Streets and Bridges:				
Routine maintenance	477,800	468,365	9,435	374,325
Winter maintenance	477,650	476,698	952	283,892
Administration	211,500	40,410	171,090	238,705
Total Highways, Streets and Bridges	<u>1,166,950</u>	<u>985,473</u>	<u>181,477</u>	<u>896,922</u>
Capital Outlay:				
Construction	1,837,515	754,170	1,083,345	736,759
Total Capital Outlay	<u>1,837,515</u>	<u>754,170</u>	<u>1,083,345</u>	<u>736,759</u>
Debt Service:				
Bond issuance costs	23,000	8,894	14,106	9,531
Total Debt Service	<u>23,000</u>	<u>8,894</u>	<u>14,106</u>	<u>9,531</u>
<b>TOTAL EXPENDITURES</b>	<b>3,027,465</b>	<b>1,748,537</b>	<b>1,278,928</b>	<b>1,643,212</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,543,465)</b>	<b>(1,262,655)</b>	<b>1,280,810</b>	<b>(957,756)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	1,830,025	794,415	(1,035,610)	672,500
Premium on bond issuance	-	41,260	41,260	13,358
Transfers in	979,960	706,839	(273,121)	493,196
Transfers (out)	(266,520)	(279,859)	(13,339)	(221,298)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,543,465</b>	<b>1,262,655</b>	<b>(1,280,810)</b>	<b>957,756</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**  
**NON-MAJOR 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 that began 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 SERVICE CENTER DEBT SERVICE FUND:** This fund was established in 1998 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.

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR GOVERNMENTAL FUNDS**

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)

**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 the Lake Street Bike Path and the construction and installation of sanitary sewer lateral replacements.

**2012 CAPITAL IMPROVEMENTS DEBT SERVICE FUND:** This fund was established in 2012 to account for the retirement of the Limited Tax General Obligation Bonds, Series 2012. These bonds, totaling \$3,765,000 were issued for the purpose of paying the cost of certain capital improvements including major street and local street improvements, construction improvements to the Mattson Park Lift Station, 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.

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR GOVERNMENTAL FUNDS**

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)

**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**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**

June 30, 2013

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,056,039	\$ 1,059,099	\$ 192,676	\$ 2,307,814
Investments	-	-	491,860	491,860
Taxes receivable	248,269	-	-	248,269
Accounts receivable	157,027	-	1,545	158,572
Due from other funds	-	-	-	-
Due from State	-	-	-	-
Prepaid expenditures	7,843	-	-	7,843
<b>TOTAL ASSETS</b>	<u>1,469,178</u>	<u>1,059,099</u>	<u>686,081</u>	<u>3,214,358</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,469,178</u>	<u>\$ 1,059,099</u>	<u>\$ 686,081</u>	<u>\$ 3,214,358</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 143,397	\$ -	\$ -	\$ 143,397
Accrued wages payable	15,884	-	-	15,884
Accrued leave payable	837	-	-	837
<b>TOTAL LIABILITIES</b>	<u>160,118</u>	<u>-</u>	<u>-</u>	<u>160,118</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes levied for a subsequent period	247,988	-	-	247,988
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>247,988</u>	<u>-</u>	<u>-</u>	<u>247,988</u>
<b>FUND BALANCE</b>				
Non-spendable	7,843	-	686,081	693,924
Restricted	416,098	-	-	416,098
Assigned	637,131	1,059,099	-	1,696,230
<b>TOTAL FUND BALANCE</b>	<u>1,061,072</u>	<u>1,059,099</u>	<u>686,081</u>	<u>2,806,252</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 1,469,178</u>	<u>\$ 1,059,099</u>	<u>\$ 686,081</u>	<u>\$ 3,214,358</u>

**CITY OF MARQUETTE, MICHIGAN**

**NON-MAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
<b>REVENUES:</b>				
Taxes and penalties	\$ 209,952	\$ -	\$ -	\$ 209,952
State sources	40,262	-	-	40,262
Federal sources	-	-	-	-
Charges for services	1,499,937	-	26,205	1,526,142
Use and admission fees	376,774	-	-	376,774
Rentals	53,074	-	-	53,074
Licenses and permits	-	-	-	-
Fines and forfeiture	2,545	-	-	2,545
Sales of assets	-	-	-	-
Reimbursements	14,432	-	-	14,432
Investment income	2,875	-	(45,131)	(42,256)
Payment in lieu of taxes	-	-	-	-
Private contribution	21,716	-	-	21,716
Intergovernmental revenue	276,043	-	-	276,043
Special assessments	-	-	-	-
Other revenues	3,491	-	-	3,491
	<u>2,501,101</u>	<u>-</u>	<u>(18,926)</u>	<u>2,482,175</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
Current operations:				
General government	10,876	-	-	10,876
Public health and safety	22,119	-	-	22,119
Social services	458,863	-	-	458,863
Sanitation	1,515,690	-	-	1,515,690
Community services	577,941	-	-	577,941
Capital outlay	134,985	-	-	134,985
Debt service:				
Professional services	-	22,332	-	22,332
Principal retirement	-	1,205,973	-	1,205,973
Interest and fiscal charges	-	780,142	-	780,142
	<u>2,720,474</u>	<u>2,008,447</u>	<u>-</u>	<u>4,728,921</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(219,373)	(2,008,447)	(18,926)	(2,246,746)
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	-	-	-	-
Premium on bond issuance	-	-	-	-
Transfers in	374,772	2,128,306	45,131	2,548,209
Transfers (out)	(119,981)	-	-	(119,981)
	<u>254,791</u>	<u>2,128,306</u>	<u>45,131</u>	<u>2,428,228</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>CHANGE IN FUND BALANCE</b>	35,418	119,859	26,205	181,482
Fund balance, beginning of year	1,025,654	939,240	659,876	2,624,770
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,061,072</u>	<u>\$ 1,059,099</u>	<u>\$ 686,081</u>	<u>\$ 2,806,252</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2013

	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	\$ 344,108	\$ 31,610	\$ 17,730	\$ 46,358	\$ 1,291	\$ 331,564	\$ 283,378	\$ 1,056,039
Taxes receivable	-	-	-	-	-	248,269	-	248,269
Accounts receivable	112,586	3,142	-	-	-	-	41,299	157,027
Due from other funds	-	-	-	-	-	-	-	-
Due from State	-	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	5,468	2,375	7,843
<b>TOTAL ASSETS</b>	<b>456,694</b>	<b>34,752</b>	<b>17,730</b>	<b>46,358</b>	<b>1,291</b>	<b>585,301</b>	<b>327,052</b>	<b>1,469,178</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 456,694</b>	<b>\$ 34,752</b>	<b>\$ 17,730</b>	<b>\$ 46,358</b>	<b>\$ 1,291</b>	<b>\$ 585,301</b>	<b>\$ 327,052</b>	<b>\$ 1,469,178</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 122,321	\$ 900	\$ 1,181	\$ -	\$ 1,291	\$ 1,669	\$ 16,035	\$ 143,397
Accrued wages payable	1,296	-	-	-	-	10,837	3,751	15,884
Accrued leave payable	-	-	-	-	-	-	837	837
<b>TOTAL LIABILITIES</b>	<b>123,617</b>	<b>900</b>	<b>1,181</b>	<b>-</b>	<b>1,291</b>	<b>12,506</b>	<b>20,623</b>	<b>160,118</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Taxes levied for a subsequent period	-	-	-	-	-	247,988	-	247,988
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247,988</b>	<b>-</b>	<b>247,988</b>
<b>FUND BALANCE</b>								
Non-spendable	-	-	-	-	-	5,468	2,375	7,843
Restricted	-	33,852	16,549	46,358	-	319,339	-	416,098
Assigned	333,077	-	-	-	-	-	304,054	637,131
<b>TOTAL FUND BALANCE</b>	<b>333,077</b>	<b>33,852</b>	<b>16,549</b>	<b>46,358</b>	<b>-</b>	<b>324,807</b>	<b>306,429</b>	<b>1,061,072</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 456,694</b>	<b>\$ 34,752</b>	<b>\$ 17,730</b>	<b>\$ 46,358</b>	<b>\$ 1,291</b>	<b>\$ 585,301</b>	<b>\$ 327,052</b>	<b>\$ 1,469,178</b>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2013

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,952	\$ -	\$ 209,952
State sources	-	-	-	-	6,185	34,077	-	40,262
Federal sources	-	-	-	-	-	-	-	-
Charges for services	1,478,213	12,423	-	-	-	-	9,301	1,499,937
Use and admission fees	-	-	-	-	-	-	376,774	376,774
Rentals	-	-	-	-	-	-	53,074	53,074
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeiture	-	-	2,545	-	-	-	-	2,545
Sales of assets	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	14,432	14,432
Investment income	1,293	32	22	51	1	401	1,075	2,875
Payment in lieu of taxes	-	-	-	-	-	-	-	-
Private contribution	-	-	-	-	-	21,716	-	21,716
Intergovernmental revenues	-	-	-	-	-	276,043	-	276,043
Special assessments	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	12	3,479	3,491
<b>TOTAL REVENUES</b>	<b>1,479,506</b>	<b>12,455</b>	<b>2,567</b>	<b>51</b>	<b>6,186</b>	<b>542,201</b>	<b>458,135</b>	<b>2,501,101</b>
<b>EXPENDITURES:</b>								
Current operations:								
General government	-	10,876	-	-	-	-	-	10,876
Public health and safety	-	-	15,933	-	6,186	-	-	22,119
Social services	-	-	-	-	-	458,863	-	458,863
Sanitation services	1,515,690	-	-	-	-	-	-	1,515,690
Community services	-	-	-	-	-	-	577,941	577,941
Capital outlay	-	-	-	-	-	-	134,985	134,985
Debt service:								
Professional services	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,515,690</b>	<b>10,876</b>	<b>15,933</b>	<b>-</b>	<b>6,186</b>	<b>458,863</b>	<b>712,926</b>	<b>2,720,474</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(36,184)</b>	<b>1,579</b>	<b>(13,366)</b>	<b>51</b>	<b>-</b>	<b>83,338</b>	<b>(254,791)</b>	<b>(219,373)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond issuance	-	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	374,772	374,772
Transfers (out)	-	-	-	-	-	-	(119,981)	(119,981)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>254,791</b>	<b>254,791</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(36,184)</b>	<b>1,579</b>	<b>(13,366)</b>	<b>51</b>	<b>-</b>	<b>83,338</b>	<b>-</b>	<b>35,418</b>
Fund balance, beginning of year	369,261	32,273	29,915	46,307	-	241,469	306,429	1,025,654
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 333,077</b>	<b>\$ 33,852</b>	<b>\$ 16,549</b>	<b>\$ 46,358</b>	<b>\$ -</b>	<b>\$ 324,807</b>	<b>\$ 306,429</b>	<b>\$ 1,061,072</b>

**CITY OF MARQUETTE, MICHIGAN**

SANITATION FUND

COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 344,108	\$ 363,261
Accounts receivable	112,586	118,875
Due from other funds	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>456,694</u></u>	<u><u>482,136</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 456,694</u></u>	<u><u>\$ 482,136</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 122,321	\$ 111,792
Accrued wages payable	<u>1,296</u>	<u>1,083</u>
<b>TOTAL LIABILITIES</b>	<u>123,617</u>	<u>112,875</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>		
Assigned	<u>333,077</u>	<u>369,261</u>
<b>TOTAL FUND BALANCE</b>	<u>333,077</u>	<u>369,261</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u><u>\$ 456,694</u></u>	<u><u>\$ 482,136</u></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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Charges for services	\$ 1,411,450	\$ 1,478,213	\$ 66,763	\$ 1,249,960
Investment income	250	1,293	1,043	500
<b>TOTAL REVENUES</b>	<u>1,411,700</u>	<u>1,479,506</u>	<u>67,806</u>	<u>1,250,460</u>
<b>EXPENDITURES:</b>				
Sanitation Services;				
Personnel services	107,650	116,173	(8,523)	97,808
Supplies and contractual	1,304,050	1,399,517	(95,467)	1,201,471
Other supplies and charges	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,411,700</u>	<u>1,515,690</u>	<u>(103,990)</u>	<u>1,299,279</u>
<b>CHANGE IN FUND BALANCE</b>	-	(36,184)	(36,184)	(48,819)
Fund balance, beginning of year	<u>369,261</u>	<u>369,261</u>	-	<u>418,080</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 369,261</u>	<u>\$ 333,077</u>	<u>\$ (36,184)</u>	<u>\$ 369,261</u>

**CITY OF MARQUETTE, MICHIGAN**  
**PUBLIC EDUCATION GOVERNMENT (PEG) FUND**  
**COMPARATIVE BALANCE SHEET**  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 31,610	\$ 29,316
Accounts receivable	3,142	3,023
<b>TOTAL ASSETS</b>	<b>34,752</b>	<b>32,339</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 34,752</b>	<b>\$ 32,339</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 900	\$ 66
<b>TOTAL LIABILITIES</b>	<b>900</b>	<b>66</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>FUND BALANCE</b>		
Restricted	33,852	32,273
<b>TOTAL FUND BALANCE</b>	<b>33,852</b>	<b>32,273</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 34,752</b>	<b>\$ 32,339</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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Charges for services	\$ 12,000	\$ 12,423	\$ 423	\$ 12,362
Investment income	40	32	(8)	34
<b>TOTAL REVENUES</b>	<b>\$ 12,040</b>	<b>\$ 12,455</b>	<b>\$ 415</b>	<b>\$ 12,396</b>
<b>EXPENDITURES:</b>				
General Government:				
Supplies and contractual	28,645	10,876	17,769	3,900
Other supplies and charges	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>28,645</b>	<b>10,876</b>	<b>17,769</b>	<b>3,900</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(16,605)</b>	<b>1,579</b>	<b>18,184</b>	<b>8,496</b>
Fund balance, beginning of year	32,273	32,273	-	23,777
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 15,668</b>	<b>\$ 33,852</b>	<b>\$ 18,184</b>	<b>\$ 32,273</b>

**CITY OF MARQUETTE, MICHIGAN**

**DRUG FORFEITURE FUND**

**COMPARATIVE BALANCE SHEET**

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 17,730	\$ 29,915
<b>TOTAL ASSETS</b>	<u>17,730</u>	<u>29,915</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 17,730</u>	<u>\$ 29,915</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,181	\$ -
<b>TOTAL LIABILITIES</b>	<u>1,181</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>		
Restricted	<u>16,549</u>	<u>29,915</u>
<b>TOTAL FUND BALANCE</b>	<u>16,549</u>	<u>29,915</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 17,730</u>	<u>\$ 29,915</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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Fines and forfeiture	\$ 16,000	\$ 2,545	\$ (13,455)	\$ 25,093
Investment income	40	22	(18)	40
<b>TOTAL REVENUES</b>	<u>16,040</u>	<u>2,567</u>	<u>(13,473)</u>	<u>25,133</u>
<b>EXPENDITURES:</b>				
Public Health and Safety:				
Supplies and contractual	16,040	15,933	107	23,838
<b>TOTAL EXPENDITURES</b>	<u>16,040</u>	<u>15,933</u>	<u>107</u>	<u>23,838</u>
<b>CHANGE IN FUND BALANCE</b>	-	(13,366)	(13,366)	1,295
Fund balance, beginning of year	29,915	29,915	-	28,620
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 29,915</u>	<u>\$ 16,549</u>	<u>\$ (13,366)</u>	<u>\$ 29,915</u>

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

June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 46,358	\$ 46,307
Accounts receivable	-	-
Due from State	-	-
	46,358	46,307
<b>TOTAL ASSETS</b>	46,358	46,307
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 46,358	\$ 46,307
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ -
	-	-
<b>TOTAL LIABILITIES</b>	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>FUND BALANCE</b>		
Restricted	46,358	46,307
	-	-
<b>TOTAL FUND BALANCE</b>	46,358	46,307
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	\$ 46,358	\$ 46,307

**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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ 51	\$ 51	\$ 59
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>\$ 51</b>	<b>\$ 51</b>	<b>\$ 59</b>
<b>EXPENDITURES:</b>				
Community Development:				
Other supplies and charges	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>51</b>	<b>51</b>	<b>59</b>
Fund balance, beginning of year	46,307	46,307	-	46,248
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 46,307</b>	<b>\$ 46,358</b>	<b>\$ 51</b>	<b>\$ 46,307</b>

**CITY OF MARQUETTE, MICHIGAN**  
**CRIMINAL JUSTICE TRAINING FUND**  
**COMPARATIVE BALANCE SHEET**

June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,291	\$ -
<b>TOTAL ASSETS</b>	1,291	-
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 1,291	\$ -
<b>LIABILITIES</b>		
Accounts payable	\$ 1,291	\$ -
<b>TOTAL LIABILITIES</b>	1,291	-
<b>FUND BALANCE</b>		
Restricted	-	-
<b>TOTAL FUND BALANCE</b>	-	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	\$ 1,291	\$ -

**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, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
State sources	\$ 11,500	\$ 6,185	\$ (5,315)	\$ 6,154
Investment income	-	1	1	-
<b>TOTAL REVENUES</b>	11,500	6,186	(5,314)	6,154
<b>EXPENDITURES:</b>				
Public Health and Safety:				
Supplies and contractual	9,500	4,485	5,015	6,154
Other supplies and charges	2,000	1,701	299	-
<b>TOTAL EXPENDITURES</b>	11,500	6,186	5,314	6,154
<b>CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF MARQUETTE, MICHIGAN**

SENIOR SERVICES FUND

COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 331,564	\$ 245,856
Taxes receivable	248,269	208,270
Accounts receivable	-	-
Prepaid expenditures	<u>5,468</u>	<u>6,606</u>
<b>TOTAL ASSETS</b>	<u>585,301</u>	<u>460,732</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 585,301</u>	<u>\$ 460,732</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,669	\$ 1,122
Accrued wages payable	<u>10,837</u>	<u>10,022</u>
<b>TOTAL LIABILITIES</b>	<u>12,506</u>	<u>11,144</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes levied for a subsequent period	<u>247,988</u>	<u>208,119</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>247,988</u>	<u>208,119</u>
<b>FUND BALANCE</b>		
Non-spendable	5,468	6,606
Restricted	<u>319,339</u>	<u>234,863</u>
<b>TOTAL FUND BALANCE</b>	<u>324,807</u>	<u>241,469</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 585,301</u>	<u>\$ 460,732</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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Property Taxes:				
Real property tax	\$ 193,450	\$ 195,366	\$ 1,916	\$ 188,829
Personal property tax	12,350	12,488	138	12,342
Interest and penalty on taxes	20	431	411	555
Administrative collection fees	800	753	(47)	331
Total Property Taxes	<u>206,620</u>	<u>209,038</u>	<u>2,418</u>	<u>202,057</u>
Industrial Facilities Tax Act	915	914	(1)	928
State sources	31,020	34,077	3,057	22,315
Investment income	250	401	151	373
Private contribution	18,500	21,716	3,216	18,453
Intergovernmental revenues	269,310	276,043	6,733	264,314
Other revenues	-	12	12	42
<b>TOTAL REVENUES</b>	<u>526,615</u>	<u>542,201</u>	<u>15,586</u>	<u>508,482</u>
<b>EXPENDITURES:</b>				
Social Services:				
State Home Care Service:				
Personnel services	44,950	43,176	1,774	39,966
Supplies and contractual	8,870	10,650	(1,780)	9,157
Other supplies and charges	25,000	-	25,000	-
Total State Home Care Service	<u>78,820</u>	<u>53,826</u>	<u>24,994</u>	<u>49,123</u>
MCCOA - Allocation to Senior Services:				
Personnel services	381,835	348,019	33,816	339,356
Supplies and contractual	64,900	56,993	7,907	46,849
Other supplies and charges	1,000	25	975	-
Total MCCOA - Allocation to Senior Services	<u>447,735</u>	<u>405,037</u>	<u>42,698</u>	<u>386,205</u>
<b>TOTAL EXPENDITURES</b>	<u>526,555</u>	<u>458,863</u>	<u>67,692</u>	<u>435,328</u>
<b>CHANGE IN FUND BALANCE</b>	60	83,338	83,278	73,154
Fund balance, beginning of year	241,469	241,469	-	168,315
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 241,529</u>	<u>\$ 324,807</u>	<u>\$ 83,278</u>	<u>\$ 241,469</u>

**CITY OF MARQUETTE, MICHIGAN**

LAKEVIEW ARENA FUND

COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 283,378	\$ 322,429
Accounts receivable	41,299	31,334
Prepaid expenses	<u>2,375</u>	<u>3,083</u>
<b>TOTAL ASSETS</b>	<u>327,052</u>	<u>356,846</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 327,052</u>	<u>\$ 356,846</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 16,035	\$ 40,954
Accrued wages payable	3,751	3,954
Accrued leave payable	<u>837</u>	<u>5,509</u>
<b>TOTAL LIABILITIES</b>	<u>20,623</u>	<u>50,417</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>		
Non-spendable	2,375	3,083
Assigned	<u>304,054</u>	<u>303,346</u>
<b>TOTAL FUND BALANCE</b>	<u>306,429</u>	<u>306,429</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 327,052</u>	<u>\$ 356,846</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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
State sources	\$ -	\$ -	\$ -	\$ 6,200
Charges for services	14,500	9,301	(5,199)	12,474
Use and admission fees:				
Ice arena use	333,000	352,938	19,938	351,326
Arena events	22,500	23,836	1,336	25,373
Total use and admission fees	<u>355,500</u>	<u>376,774</u>	<u>21,274</u>	<u>376,699</u>
Rentals	39,500	53,074	13,574	46,168
Sale of assets	-	-	-	120
Reimbursements	-	14,432	14,432	3,973
Investment income	-	1,075	1,075	1,031
Other revenues	<u>301,345</u>	<u>3,479</u>	<u>(297,866)</u>	<u>3,541</u>
<b>TOTAL REVENUES</b>	<u>710,845</u>	<u>458,135</u>	<u>(252,710)</u>	<u>450,206</u>
<b>EXPENDITURES:</b>				
Community Services				
Personnel services	238,630	191,682	46,948	275,276
Supplies and contractual	404,930	386,259	18,671	370,103
Other supplies and charges	1,500	-	1,500	75
Total Community Services	<u>645,060</u>	<u>577,941</u>	<u>67,119</u>	<u>645,454</u>
Capital Outlay	<u>306,345</u>	<u>134,985</u>	<u>171,360</u>	<u>117,274</u>
<b>TOTAL EXPENDITURES</b>	<u>951,405</u>	<u>712,926</u>	<u>238,479</u>	<u>762,728</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(240,560)	(254,791)	(14,231)	(312,522)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	360,540	374,772	14,232	432,851
Transfers (out)	<u>(119,980)</u>	<u>(119,981)</u>	<u>(1)</u>	<u>(120,329)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>240,560</u>	<u>254,791</u>	<u>14,231</u>	<u>312,522</u>
<b>CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund balance, beginning of year	<u>306,429</u>	<u>306,429</u>	-	<u>306,429</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 306,429</u>	<u>\$ 306,429</u>	<u>\$ -</u>	<u>\$ 306,429</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

June 30, 2013

	1998 Building Authority Municipal Service Center Fund	2007 Street Projects Fund	High Street Fund	2008 Street Projects Fund	2004 Spring Street Fund	2009 Capital Improve- ments Fund	2011 Capital Improve- ments Fund	2012 Capital Improve- ments Fund	2003 Founders Landing Fund	Forestland Fund	Total
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,059,099	\$ 1,059,099
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,059,099</u>	<u>\$ 1,059,099</u>
<b>FUND BALANCE</b>											
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,059,099	\$ 1,059,099
<b>TOTAL FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,059,099</u>	<u>\$ 1,059,099</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2013

	1998 Building Authority Municipal Service Center Fund	2007 Street Projects Fund	High Street Fund	2008 Street Projects Fund	2004 Spring Street Fund	2009 Capital Improve- ments Fund	2011 Capital Improve- ments Fund	2012 Capital Improve- ments Fund	2003 Founders Landing Fund	Forestland Fund	Total
<b>REVENUES:</b>											
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-	-	-	-	-	-	-	-
<b>EXPENDITURES:</b>											
Debt Service:											
Professional services	-	-	-	-	-	-	-	-	-	22,332	22,332
Principal payments	175,000	165,000	9,790	106,080	82,873	196,230	56,000	-	190,000	225,000	1,205,973
Interest and fiscal charges	83,195	76,600	3,008	97,124	-	130,426	35,655	21,052	111,273	221,809	780,142
<b>TOTAL EXPENDITURES</b>	<b>258,195</b>	<b>241,600</b>	<b>12,798</b>	<b>203,204</b>	<b>82,873</b>	<b>326,656</b>	<b>91,655</b>	<b>21,052</b>	<b>301,273</b>	<b>469,141</b>	<b>2,008,447</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(258,195)</b>	<b>(241,600)</b>	<b>(12,798)</b>	<b>(203,204)</b>	<b>(82,873)</b>	<b>(326,656)</b>	<b>(91,655)</b>	<b>(21,052)</b>	<b>(301,273)</b>	<b>(469,141)</b>	<b>(2,008,447)</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	258,195	241,600	12,798	203,204	82,873	326,656	91,655	21,052	301,273	589,000	2,128,306
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>258,195</b>	<b>241,600</b>	<b>12,798</b>	<b>203,204</b>	<b>82,873</b>	<b>326,656</b>	<b>91,655</b>	<b>21,052</b>	<b>301,273</b>	<b>589,000</b>	<b>2,128,306</b>
<b>CHANGES IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,859</b>	<b>119,859</b>
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	939,240	939,240
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,059,099</b>	<b>\$ 1,059,099</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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	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	175,000	175,000	-	170,000
Interest and fiscal charges	83,195	83,195	-	91,695
<b>TOTAL EXPENDITURES</b>	<u>258,195</u>	<u>258,195</u>	<u>-</u>	<u>261,695</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(258,195)	(258,195)	-	(261,695)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in:				
Municipal Service Center Fund	258,195	258,195	-	261,695
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>258,195</u>	<u>258,195</u>	<u>-</u>	<u>261,695</u>
<b>CHANGES 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**

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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	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	165,000	165,000	-	160,000
Interest and fiscal charges	76,600	76,600	-	83,100
<b>TOTAL EXPENDITURES</b>	<u>241,600</u>	<u>241,600</u>	<u>-</u>	<u>243,100</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(241,600)	(241,600)	-	(243,100)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in:				
General Fund	62,815	62,816	1	63,206
Major Street and Trunkline Fund	111,135	111,136	1	111,826
Local Street Fund	67,650	67,648	(2)	68,068
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>241,600</u>	<u>241,600</u>	<u>-</u>	<u>243,100</u>
<b>CHANGES 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**

**HIGH STREET - DEBT SERVICE FUND**

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

For the Fiscal Year Ended June 30, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal payments	9,790	9,790	-	9,655
Interest and fiscal charges	3,010	3,008	2	3,165
<b>TOTAL EXPENDITURES</b>	<b>12,800</b>	<b>12,798</b>	<b>2</b>	<b>12,820</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(12,800)</b>	<b>(12,798)</b>	<b>2</b>	<b>(12,820)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in:				
General Fund	400	400	-	401
Local Street Fund	12,400	12,398	(2)	12,419
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>12,800</b>	<b>12,798</b>	<b>(2)</b>	<b>12,820</b>
<b>CHANGES 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**

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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	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	106,080	106,080	-	101,184
Interest and fiscal charges	97,125	97,124	1	100,664
<b>TOTAL EXPENDITURES</b>	<u>203,205</u>	<u>203,204</u>	<u>1</u>	<u>201,848</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(203,205)	(203,204)	1	(201,848)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in:				
General Fund	73,775	73,773	(2)	73,281
Major Street Fund	62,940	62,941	1	62,521
Local Street Fund	66,490	66,490	-	66,046
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>203,205</u>	<u>203,204</u>	<u>(1)</u>	<u>201,848</u>
<b>CHANGES 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**

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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	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	82,875	82,873	2	82,873
<b>TOTAL EXPENDITURES</b>	<u>82,875</u>	<u>82,873</u>	<u>2</u>	<u>82,873</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(82,875)	(82,873)	2	(82,873)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in:				
General Fund	82,875	82,873	(2)	82,873
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>82,875</u>	<u>82,873</u>	<u>(2)</u>	<u>82,873</u>
<b>CHANGES 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**

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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal payments	196,230	196,230	-	187,790
Interest and fiscal charges	130,425	130,426	(1)	139,814
<b>TOTAL EXPENDITURES</b>	<b>326,655</b>	<b>326,656</b>	<b>(1)</b>	<b>327,604</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(326,655)</b>	<b>(326,656)</b>	<b>(1)</b>	<b>(327,604)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in:				
General Fund	3,095	3,096	1	3,104
Major Street and Trunkline Fund	140,880	140,880	-	141,290
Local Street Fund	62,700	62,699	(1)	62,881
Lakeview Arena Fund	119,980	119,981	1	120,329
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>326,655</b>	<b>326,656</b>	<b>1</b>	<b>327,604</b>
<b>CHANGES 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**

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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	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	56,000	56,000	-	-
Interest and fiscal charges	35,655	35,655	-	19,013
<b>TOTAL EXPENDITURES</b>	<u>91,655</u>	<u>91,655</u>	<u>-</u>	<u>19,013</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(91,655)	(91,655)	-	(19,013)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in:				
Major Street and Trunkline Fund	34,370	34,370	-	7,130
Local Street Fund	57,285	57,285	-	11,883
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>91,655</u>	<u>91,655</u>	<u>-</u>	<u>19,013</u>
<b>CHANGES 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**

2012 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended June 30, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	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	21,055	21,052	3	-
<b>TOTAL EXPENDITURES</b>	<u>21,055</u>	<u>21,052</u>	<u>3</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(21,055)	(21,052)	3	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in:				
General Fund	190	190	-	-
Major Street and Trunkline Fund	7,525	7,523	(2)	-
Local Street Fund	13,340	13,339	(1)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>21,055</u>	<u>21,052</u>	<u>(3)</u>	<u>-</u>
<b>CHANGES 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**

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, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	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	190,000	190,000	-	190,000
Interest and fiscal charges	111,275	111,273	2	118,397
<b>TOTAL EXPENDITURES</b>	<u>301,275</u>	<u>301,273</u>	<u>2</u>	<u>308,397</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(301,275)	(301,273)	2	(308,397)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in:				
General Fund	301,275	301,273	(2)	308,397
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>301,275</u>	<u>301,273</u>	<u>(2)</u>	<u>308,397</u>
<b>CHANGES 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**

**FORESTLAND - DEBT SERVICE FUND**

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

For the Fiscal Year Ended June 30, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	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:				
Professional services	142,190	22,332	119,858	345
Principal payments	225,000	225,000	-	210,000
Interest and fiscal charges	221,810	221,809	1	233,228
<b>TOTAL EXPENDITURES</b>	<u>589,000</u>	<u>469,141</u>	<u>119,859</u>	<u>443,573</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(589,000)	(469,141)	119,859	(443,573)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in:				
General Fund	589,000	589,000	-	752,372
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>589,000</u>	<u>589,000</u>	<u>-</u>	<u>752,372</u>
<b>CHANGES IN FUND BALANCE</b>	-	119,859	119,859	308,799
Fund balance, beginning of year	939,240	939,240	-	630,441
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 939,240</u>	<u>\$ 1,059,099</u>	<u>\$ 119,859</u>	<u>\$ 939,240</u>

**CITY OF MARQUETTE, MICHIGAN**

**CEMETERY FUND**

**COMPARATIVE BALANCE SHEET**

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 192,676	\$ 122,649
Investments	491,860	537,147
Accounts receivable	<u>1,545</u>	<u>80</u>
<b>TOTAL ASSETS</b>	<u>\$ 686,081</u>	<u>\$ 659,876</u>
<b>FUND BALANCE</b>		
Non-spendable	<u>\$ 686,081</u>	<u>\$ 659,876</u>

**CITY OF MARQUETTE, MICHIGAN**

**CEMETERY FUND**

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

For the Fiscal Year Ended June 30, 2013

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

	<u>2013</u>	<u>2012</u>
<b>REVENUES:</b>		
Charges for services	\$ 26,205	\$ 14,215
Investment income	<u>(45,131)</u>	<u>16,943</u>
<b>TOTAL REVENUES</b>	<u>(18,926)</u>	<u>31,158</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfer in (out)	<u>45,131</u>	<u>(16,943)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>45,131</u>	<u>(16,943)</u>
<b>CHANGE IN FUND BALANCE</b>	26,205	14,215
Fund balance, beginning of year	<u>659,876</u>	<u>645,661</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 686,081</u></u>	<u><u>\$ 659,876</u></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 Fund, the Sewage Disposal Fund, and the Stormwater Utility Fund. The Non-major Enterprise Funds of the City are the Tourist Park Fund, and the Marinas 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 FUNDS:** To account for activity at the City operated marinas.

**CITY OF MARQUETTE, MICHIGAN**  
**STORMWATER UTILITY FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 67,450	\$ -
Accounts receivable, net	53,717	205,141
Prepaid expense	139	20,158
<b>TOTAL CURRENT ASSETS</b>	<b>121,306</b>	<b>225,299</b>
Non-current Assets:		
Restricted Assets:		
Bond escrow fund	-	66,232
Compensated absences reserve	10,426	8,587
Total Restricted Assets	10,426	74,819
Other capital assets, net of depreciation	9,703,642	9,491,147
Construction in progress	3,001	120,946
<b>TOTAL NON-CURRENT ASSETS</b>	<b>9,717,069</b>	<b>9,686,912</b>
<b>TOTAL ASSETS</b>	<b>9,838,375</b>	<b>9,912,211</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Cash overdraft	-	36,702
Accounts payable	8,871	89,777
Accrued wages payable	7,938	9,409
Accrued interest payable	30,239	29,905
Current portion of long-term debt	325,059	280,097
<b>TOTAL CURRENT LIABILITIES</b>	<b>372,107</b>	<b>445,890</b>
Non-current Liabilities:		
Bonds payable	4,291,895	4,033,379
Unamortized bond premium	36,397	6,641
Accrued compensated absences	10,426	8,587
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,338,718</b>	<b>4,048,607</b>
<b>TOTAL LIABILITIES</b>	<b>4,710,825</b>	<b>4,494,497</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
Net investment in capital assets	5,053,292	5,291,976
Restricted for:		
Debt Services	-	66,232
Unrestricted	74,258	59,506
<b>TOTAL NET POSITION</b>	<b>\$ 5,127,550</b>	<b>\$ 5,417,714</b>

**CITY OF MARQUETTE, MICHIGAN**

STORMWATER UTILITY FUND

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

For the Fiscal Year Ended June 30, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
General customers	\$ 585,390	\$ 484,630	\$ (100,760)	\$ 542,052
Public authorities	37,780	37,762	(18)	35,978
Non-tax customers	239,370	196,949	(42,421)	225,358
City departments	293,090	307,046	13,956	292,298
Reimbursements	-	-	-	-
Other operating revenue	21,000	19,106	(1,894)	1,350
<b>TOTAL OPERATING REVENUES</b>	<b>1,176,630</b>	<b>1,045,493</b>	<b>(131,137)</b>	<b>1,097,036</b>
<b>OPERATING EXPENSES:</b>				
Routine Maintenance and Administration:				
Personnel services	229,575	233,867	(4,292)	172,773
Supplies and contractual	298,735	144,770	153,965	118,566
Amortization	-	-	-	-
Capital outlay	-	-	-	-
Provision for depreciation	450,000	579,107	(129,107)	545,151
Other supplies and charges	20,000	195,512	(175,512)	20,000
<b>TOTAL OPERATING EXPENSES</b>	<b>998,310</b>	<b>1,153,256</b>	<b>(154,946)</b>	<b>856,490</b>
<b>OPERATING INCOME (LOSS)</b>	<b>178,320</b>	<b>(107,763)</b>	<b>(286,083)</b>	<b>240,546</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income	500	528	28	447
Premium on bond issuance	-	-	-	9,814
Interest expenses	(166,820)	(176,396)	(9,576)	(172,014)
Bond issuance expense	(12,000)	(6,533)	5,467	(6,862)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(178,320)</b>	<b>(182,401)</b>	<b>(4,081)</b>	<b>(168,615)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>-</b>	<b>(290,164)</b>	<b>(290,164)</b>	<b>71,931</b>
Transfers in	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>(290,164)</b>	<b>(290,164)</b>	<b>71,931</b>
Net position, beginning of year, as restated	5,417,714	5,417,714	-	5,345,783
<b>NET POSITION, END OF YEAR, AS RESTATED</b>	<b>\$ 5,417,714</b>	<b>\$ 5,127,550</b>	<b>\$ (290,164)</b>	<b>\$ 5,417,714</b>

## CITY OF MARQUETTE, MICHIGAN

## WATER SUPPLY FUND

## COMPARATIVE STATEMENT OF NET POSITION

June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,170,486	\$ 860,995
Delinquent utility bills on taxes	14,513	11,389
Accounts receivable, net	740,827	717,686
Special assessments receivable	9,936	11,657
Due from other funds	-	-
Due from State	11,533	7,706
Prepaid expense	17,876	19,634
<b>TOTAL CURRENT ASSETS</b>	<b>1,965,171</b>	<b>1,629,067</b>
Non-current Assets:		
Restricted Assets:		
Bond escrow fund	-	132,000
Replacement maintenance Fund	-	334,500
Bond and Interest Redemption Fund	211,294	37,218
Water Filtration Reserve	-	265,000
OPEB Reserve	146,057	113,924
Compensated absences reserve	234,335	233,981
Total Restricted Assets	591,686	1,116,623
Unamortized bond issuance cost	-	-
Land and other non-depreciable assets	17,725	17,725
Other capital assets, net of depreciation	24,503,073	24,405,367
Construction in progress	27,747	61,750
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25,140,231</b>	<b>25,601,465</b>
<b>TOTAL ASSETS</b>	<b>27,105,402</b>	<b>27,230,532</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	68,269	91,025
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>68,269</b>	<b>91,025</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	105,919	130,309
Accrued wages payable	46,528	44,520
Due to other funds	-	569
Accrued interest payable	54,573	57,206
Current portion of long-term debt	988,534	936,978
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,195,554</b>	<b>1,169,582</b>
Non-current Liabilities:		
Other post-employment benefits (OPEB)	146,057	113,924
Accrued compensated absences	234,335	233,981
Bonds payable	6,460,650	6,705,129
Loan payable	913,965	1,284,836
Unamortized bond premium	89,572	57,823
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,844,579</b>	<b>8,395,693</b>
<b>TOTAL LIABILITIES</b>	<b>9,040,133</b>	<b>9,565,275</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Special assessments	9,936	11,657
Deferred charge on refunding	15,944	21,258
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>25,880</b>	<b>32,915</b>
<b>NET POSITION</b>		
Net investment in capital assets	16,095,824	15,569,843
Restricted for:		
Capital outlay	-	-
Debt Services	211,294	768,718
Unrestricted	1,800,540	1,384,806
<b>TOTAL NET POSITION</b>	<b>\$ 18,107,658</b>	<b>\$ 17,723,367</b>

**CITY OF MARQUETTE, MICHIGAN**

**WATER SUPPLY FUND**

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

For the Fiscal Year Ended June 30, 2013

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

	2013		Variance with	2012
	Final	Actual	Final Budget	Actual
	Budget	GAAP	Positive	GAAP
		Basis	(Negative)	Basis
<b>OPERATING REVENUES:</b>				
General customers	\$ 2,630,130	\$ 2,719,332	\$ 89,202	\$ 2,576,147
Public authorities	91,965	77,662	(14,303)	85,795
Non-tax customers	1,541,450	1,343,707	(197,743)	1,438,495
City departments	93,490	56,742	(36,748)	68,542
Charges for services	18,000	13,917	(4,083)	17,967
Reimbursements	-	3,650	3,650	4,321
Other operating revenue	72,720	66,038	(6,682)	74,742
<b>TOTAL OPERATING REVENUES</b>	<b>4,447,755</b>	<b>4,281,048</b>	<b>(166,707)</b>	<b>4,266,009</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	131,675	85,551	46,124	82,660
Supplies and contractual	457,260	222,051	235,209	221,008
Amortization	15,500	12,623	2,877	-
Capital outlay	944,790	-	944,790	-
Provision for depreciation	900,000	987,515	(87,515)	926,561
Other supplies and charges	639,745	767,650	(127,905)	596,575
Total Administrative and General	3,088,970	2,075,390	1,013,580	1,826,804
Water Treatment and Distribution:				
Personnel services	1,165,570	1,225,018	(59,448)	1,160,567
Supplies and contractual	679,495	660,552	18,943	570,230
Capital outlay	-	-	-	-
Total Water Treatment and Distribution	1,845,065	1,885,570	(40,505)	1,730,797
<b>TOTAL OPERATING EXPENSES</b>	<b>4,934,035</b>	<b>3,960,960</b>	<b>973,075</b>	<b>3,557,601</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(486,280)</b>	<b>320,088</b>	<b>806,368</b>	<b>708,408</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income	10,635	2,232	(8,403)	5,851
Premium on bond issuance	-	-	-	6,406
Federal grant	140,475	400,334	259,859	34,271
Gain on sale of capital assets	-	5,942	5,942	-
Interest expenses	334,570	(336,173)	(670,743)	(350,709)
Bond issuance expense	600	(8,132)	(8,732)	(4,444)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>486,280</b>	<b>64,203</b>	<b>(422,077)</b>	<b>(308,625)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>-</b>	<b>384,291</b>	<b>384,291</b>	<b>399,783</b>
Transfers in	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>384,291</b>	<b>384,291</b>	<b>399,783</b>
Net position, beginning of year, as restated	17,723,367	17,723,367	-	17,323,584
<b>NET POSITION, END OF YEAR, AS RESTATED</b>	<b>\$ 17,723,367</b>	<b>\$ 18,107,658</b>	<b>\$ 384,291</b>	<b>\$ 17,723,367</b>

**CITY OF MARQUETTE, MICHIGAN**  
**SEWAGE DISPOSAL FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ -	\$ -
Delinquent utility bills on taxes	3,501	963
Accounts receivable, net	808,762	1,154,579
Special assessments receivable	56,647	65,977
Due from State	-	-
Due from other funds	-	168
Inventory	146,854	173,061
Prepaid expense	11,046	17,048
	<b>TOTAL CURRENT ASSETS</b>	<b>1,411,796</b>
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	-	252,521
Replacement maintenance Fund	-	55,500
OPEB Reserve	50,607	39,903
Compensated absences reserve	93,005	56,222
Total Restricted Assets	143,612	404,146
Land and other non-depreciable assets	20,594	20,594
Other capital assets, net of depreciation	18,699,618	18,274,432
Construction in progress	6,493	92,432
Investment in Wastewater Facility	3,275,616	3,275,616
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>22,067,220</b>
	<b>TOTAL ASSETS</b>	<b>23,479,016</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Cash overdraft	1,728,643	1,629,182
Accounts payable	167,123	1,302,276
Accrued wages payable	19,824	13,951
Customer deposits payable	(1,230)	(987)
Accrued interest payable	49,023	49,690
Current portion of long-term debt	503,943	425,420
	<b>TOTAL CURRENT LIABILITIES</b>	<b>3,419,532</b>
Non-current Liabilities:		
Other post-employment benefits (OPEB)	50,607	39,903
Accrued compensated absences	93,005	56,222
Bonds payable	4,473,280	3,528,598
Loan payable	3,312,484	3,493,295
Unamortized bond premium	90,278	29,155
	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,147,173</b>
	<b>TOTAL LIABILITIES</b>	<b>10,566,705</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Special assessments	56,647	65,977
Deferred charge on refunding	-	-
	<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>65,977</b>
<b>NET POSITION</b>		
Net investment in capital assets	10,346,720	10,910,990
Restricted for:		
Capital outlay	-	-
Debt Services	-	308,021
Unrestricted	2,282,396	1,627,323
	<b>TOTAL NET POSITION</b>	<b>\$ 12,846,334</b>
	<b>\$ 12,629,116</b>	<b>\$ 12,846,334</b>

## CITY OF MARQUETTE, MICHIGAN

## SEWAGE DISPOSAL FUND

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

For the Fiscal Year Ended June 30, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
General customers	\$ 3,442,950	\$ 3,406,760	\$ (36,190)	\$ 3,224,328
Public authorities	110,420	96,749	(13,671)	100,206
Non-tax customers	1,768,730	1,596,981	(171,749)	1,618,489
City departments	42,525	25,289	(17,236)	29,702
Charges for services	18,000	7,818	(10,182)	18,242
Rentals	1,000	1,000	-	1,000
Reimbursements	-	4,087	4,087	4,789
Other operating revenue	118,640	25,140	(93,500)	41,849
<b>TOTAL OPERATING REVENUES</b>	<b>5,502,265</b>	<b>5,163,824</b>	<b>(338,441)</b>	<b>5,038,605</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	237,945	74,641	163,304	69,431
Supplies and contractual	573,180	220,648	352,532	299,600
Amortization	-	-	-	-
Capital outlay	127,080	-	127,080	-
Provision for depreciation	700,000	845,135	(145,135)	757,574
Other supplies and charges	488,740	548,280	(59,540)	399,955
Total Administrative and General	2,126,945	1,688,704	438,241	1,526,560
Sanitary Sewer Operation and Booster Stations:				
Personnel services	527,745	546,511	(18,766)	562,533
Supplies and contractual	2,873,395	2,884,733	(11,338)	2,861,465
Capital outlay	-	-	-	75
Total Sanitary Sewer Operation and Booster Stations	3,401,140	3,431,244	(30,104)	3,424,073
<b>TOTAL OPERATING EXPENSES</b>	<b>5,528,085</b>	<b>5,119,948</b>	<b>408,137</b>	<b>4,950,633</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(25,820)</b>	<b>43,876</b>	<b>69,696</b>	<b>87,972</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income	5,300	5,148	(152)	2,661
Premium on bond issuance	-	-	-	19,325
Federal grant	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Interest expenses	(233,640)	(252,543)	(18,903)	(220,104)
Bond issuance expense	-	(13,699)	(13,699)	(11,819)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(228,340)</b>	<b>(261,094)</b>	<b>(32,754)</b>	<b>(209,937)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(254,160)</b>	<b>(217,218)</b>	<b>36,942</b>	<b>(121,965)</b>
Transfers in	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>(254,160)</b>	<b>(217,218)</b>	<b>36,942</b>	<b>(121,965)</b>
Net position, beginning of year, as restated	12,846,334	12,846,334	-	12,968,299
<b>NET POSITION, END OF YEAR</b>	<b>\$ 12,592,174</b>	<b>\$ 12,629,116</b>	<b>\$ 36,942</b>	<b>\$ 12,846,334</b>

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**

June 30, 2013

	Tourist Park Fund	Marinas Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 111,046	\$ 101,193	\$ 212,239
Due from State	-	295,174	295,174
Accounts receivable - net	17,545	14,749	32,294
Inventory	-	27,483	27,483
Prepaid expense	343	528	871
	<b>TOTAL CURRENT ASSETS</b>	<b>439,127</b>	<b>568,061</b>
Non-current Assets:			
Restricted Assets:			
Bond Reserve Fund	-	49,711	49,711
Bond and Interest Redemption Fund	-	89,594	89,594
Replacement Maintenance Fund	-	25,000	25,000
Compensated absences reserve	503	-	503
Total Restricted Assets	503	164,305	164,808
Other capital assets, net of depreciation	-	1,877,166	1,877,166
Construction in progress	-	66,908	66,908
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,108,379</b>	<b>2,108,882</b>
	<b>TOTAL ASSETS</b>	<b>2,547,506</b>	<b>2,676,943</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	3,350	3,350
	<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,350</b>	<b>3,350</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	5,859	478,437	484,296
Accrued wages payable	5,032	6,900	11,932
Customer deposits payable	-	11,537	11,537
Current portion of long-term debt	-	85,000	85,000
Accrued interest payable	-	567	567
	<b>TOTAL CURRENT LIABILITIES</b>	<b>582,441</b>	<b>593,332</b>
Non-current Liabilities:			
Accrued compensated absences	503	-	503
Bonds payable	-	-	-
	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>503</b>
	<b>TOTAL LIABILITIES</b>	<b>582,441</b>	<b>593,835</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>			
Net investment in capital assets	-	1,855,724	1,855,724
Unrestricted	118,043	112,691	230,734
	<b>TOTAL NET POSITION</b>	<b>\$ 1,968,415</b>	<b>\$ 2,086,458</b>

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Fiscal Year Ended June 30, 2013

	Tourist Park Fund	Marinas Fund	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 13,945	\$ 6,517	\$ 20,462
Sales	10,143	90,101	100,244
Use and admission fees	194,992	36,656	231,648
Rentals	-	138,447	138,447
Fines and forfeiture	-	815	815
Reimbursements	1,998	908	2,906
Other revenues	3	2,437	2,440
	<b>221,081</b>	<b>275,881</b>	<b>496,962</b>
<b>OPERATING EXPENSES:</b>			
Community Services:			
Personnel services	75,203	92,314	167,517
Supplies and contractual	85,972	173,952	259,924
Amortization	-	3,351	3,351
Provision for depreciation	-	130,288	130,288
Other supplies and charges	-	-	-
	<b>161,175</b>	<b>399,905</b>	<b>561,080</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
State grant	-	349,651	349,651
Investment income	103	(669)	(566)
Interest expense	-	(4,400)	(4,400)
	<b>103</b>	<b>344,582</b>	<b>344,685</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>60,009</b>	<b>220,558</b>	<b>280,567</b>
Transfers in	-	50,247	50,247
<b>CHANGE IN NET POSITION</b>	<b>60,009</b>	<b>270,805</b>	<b>330,814</b>
Net position, beginning of year	58,034	1,697,610	1,755,644
<b>NET POSITION, END OF YEAR</b>	<b>\$ 118,043</b>	<b>\$ 1,968,415</b>	<b>\$ 2,086,458</b>

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2013

	Tourist Park Fund	Marinas Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from fees and charges for services	\$ 7,644	\$ 1,252	\$ 8,896
Other operating revenues	207,136	269,364	476,500
Cash payments to employees for services	(74,448)	(90,736)	(165,184)
Cash payments to suppliers for goods and services	(83,846)	282,543	198,697
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>56,486</b>	<b>462,423</b>	<b>518,909</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	50,247	50,247
State and Federal grants	-	54,477	54,477
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>104,724</b>	<b>104,724</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal payments on bonds	-	(80,000)	(80,000)
Interest paid on bonds	-	(4,900)	(4,900)
Cash payments for capital assets	-	(474,751)	(474,751)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>(559,651)</b>	<b>(559,651)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	103	(669)	(566)
(Increase) decrease in restricted assets:			
Bond reserve	-	(2,586)	(2,586)
Bond and interest redemption reserve	-	-	-
Replacement maintenance reserve	-	(5,000)	(5,000)
Compensated absences reserve	(44)	-	(44)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>59</b>	<b>(8,255)</b>	<b>(8,196)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>56,545</b>	<b>(759)</b>	<b>55,786</b>
Cash and cash equivalents, beginning of year	54,501	101,952	156,453
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 111,046</b>	<b>\$ 101,193</b>	<b>\$ 212,239</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income	\$ 59,906	\$ (124,024)	\$ (64,118)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	-	130,288	130,288
Amortization	-	3,351	3,351
Change in assets and liabilities:			
(Increase) in accounts receivable	(6,301)	(5,495)	(11,796)
Decrease in inventory	-	3,026	3,026
(Increase) in prepaid expenses	(105)	(85)	(190)
Increase in accounts payable	2,231	453,554	455,785
Increase in accrued wages payable	711	1,578	2,289
Increase in customer deposits payable	-	230	230
Increase in accrued compensated absences	44	-	44
<b>NET ADJUSTMENTS</b>	<b>(3,420)</b>	<b>586,447</b>	<b>583,027</b>
<b>NET CASH PROVIDED BOY OPERATING ACTIVITIES</b>	<b>\$ 56,486</b>	<b>\$ 462,423</b>	<b>\$ 518,909</b>

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR ENTERPRISE FUND - TOURIST PARK FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 111,046	\$ 54,501
Accounts receivable - net	17,545	11,244
Prepaid expense	343	238
<b>TOTAL CURRENT ASSETS</b>	128,934	65,983
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	503	459
Total Restricted Assets	503	459
<b>TOTAL NON-CURRENT ASSETS</b>	503	459
<b>TOTAL ASSETS</b>	129,437	66,442
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	5,859	3,628
Accrued wages payable	5,032	4,321
<b>TOTAL CURRENT LIABILITIES</b>	10,891	7,949
Non-current Liabilities:		
Accrued compensated absences	503	459
<b>TOTAL NON-CURRENT LIABILITIES</b>	503	459
<b>TOTAL LIABILITIES</b>	11,394	8,408
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
Unrestricted	118,043	58,034
<b>TOTAL NET POSITION</b>	\$ 118,043	\$ 58,034

**CITY OF MARQUETTE, MICHIGAN**

NON-MAJOR ENTERPRISE FUND - TOURIST PARK FUND

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

For the Fiscal Year Ended June 30, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,500	\$ 13,945	\$ 12,445	\$ 3,267
Sales	8,000	10,143	2,143	9,062
Use and admission fees	150,000	194,992	44,992	169,605
Reimbursements	-	1,998	1,998	-
Other revenues	-	3	3	21
<b>TOTAL OPERATING REVENUES</b>	<b>159,500</b>	<b>221,081</b>	<b>61,581</b>	<b>181,955</b>
<b>OPERATING EXPENSES:</b>				
Community Services:				
Personnel services	67,600	75,203	(7,603)	62,880
Supplies and contractual	89,375	85,972	3,403	78,052
Other supplies and charges		-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>156,975</b>	<b>161,175</b>	<b>(4,200)</b>	<b>140,932</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	40	103	63	57
<b>TOTAL NON-OPERATING REVENUES</b>	<b>40</b>	<b>103</b>	<b>63</b>	<b>57</b>
<b>CHANGE IN NET POSITION</b>	<b>2,565</b>	<b>60,009</b>	<b>57,444</b>	<b>41,080</b>
Net position, beginning of year	58,034	58,034	-	16,954
<b>NET POSITION, END OF YEAR</b>	<b>\$ 60,599</b>	<b>\$ 118,043</b>	<b>\$ 57,444</b>	<b>\$ 58,034</b>

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR ENTERPRISE FUND - MARINAS FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 101,193	\$ 101,952
Due from State	295,174	-
Accounts receivable - net	14,749	9,254
Inventory	27,483	30,509
Prepaid expense	528	443
<b>TOTAL CURRENT ASSETS</b>	<b>439,127</b>	<b>142,158</b>
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	49,711	47,125
Bond and Interest Redemption Fund	89,594	89,594
Replacement Maintenance Fund	25,000	20,000
Total Restricted Assets	164,305	156,719
Other capital assets, net of depreciation	1,877,166	1,532,703
Construction in progress	66,908	66,908
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,108,379</b>	<b>1,756,330</b>
<b>TOTAL ASSETS</b>	<b>2,547,506</b>	<b>1,898,488</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	3,350	6,701
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,350</b>	<b>6,701</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	478,437	24,883
Accrued wages payable	6,900	5,322
Customer deposits payable	11,537	11,307
Current portion of long-term debt	85,000	80,000
Accrued interest payable	567	1,067
<b>TOTAL CURRENT LIABILITIES</b>	<b>582,441</b>	<b>122,579</b>
Non-current Liabilities:		
Bonds payable	-	85,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>85,000</b>
<b>TOTAL LIABILITIES</b>	<b>582,441</b>	<b>207,579</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	-	-
<b>NET POSITION</b>		
Net investment in capital assets	1,855,724	1,427,910
Unrestricted	112,691	269,700
<b>TOTAL NET POSITION</b>	<b>\$ 1,968,415</b>	<b>\$ 1,697,610</b>

**CITY OF MARQUETTE, MICHIGAN**

NON-MAJOR ENTERPRISE FUND - MARINAS FUND

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

For the Fiscal Year Ended June 30, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 30,000	\$ 6,517	\$ (23,483)	\$ -
Sales	64,000	90,101	26,101	118,261
Use and admission fees	28,890	36,656	7,766	28,635
Rentals	197,000	138,447	(58,553)	185,583
Fines and forfeiture	1,000	815	(185)	1,245
Reimbursements	-	908	908	937
Other revenues	2,150	2,437	287	2,220
<b>TOTAL OPERATING REVENUES</b>	<b>323,040</b>	<b>275,881</b>	<b>(47,159)</b>	<b>336,881</b>
<b>OPERATING EXPENSES:</b>				
Community Services:				
Personnel services	85,590	92,314	(6,724)	85,762
Supplies and contractual	153,005	173,952	(20,947)	196,260
Amortization	880	3,351	(2,471)	-
Provision for depreciation	134,305	130,288	4,017	130,630
Other supplies and charges	452,900	-	452,900	-
<b>TOTAL OPERATING EXPENSES</b>	<b>826,680</b>	<b>399,905</b>	<b>426,775</b>	<b>412,652</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Federal grant	-	-	-	-
State grant	446,000	349,651	(96,349)	35,000
Investment income	-	(669)	(669)	918
Interest expense	4,900	(4,400)	(9,300)	(10,202)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>450,900</b>	<b>344,582</b>	<b>(106,318)</b>	<b>25,716</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(52,740)</b>	<b>220,558</b>	<b>273,298</b>	<b>(50,055)</b>
Transfers in	52,740	50,247	(2,493)	35,321
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>270,805</b>	<b>270,805</b>	<b>(14,734)</b>
Net position, beginning of year, as restated	1,697,610	1,697,610	-	1,712,344
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,697,610</b>	<b>\$ 1,968,415</b>	<b>\$ 270,805</b>	<b>\$ 1,697,610</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.

**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.

**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.

**CITY OF MARQUETTE, MICHIGAN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
June 30, 2013

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 185,204	\$ 596,432	\$ 162,704	\$ 944,340
Accounts receivable	1,548	128	23,325	25,001
Due from local units	-	-	6,046	6,046
Inventory	-	-	39,890	39,890
Prepaid expenses	4,828	1,414	10,162	16,404
<b>TOTAL CURRENT ASSETS</b>	<b>191,580</b>	<b>597,974</b>	<b>242,127</b>	<b>1,031,681</b>
Non-current Assets:				
Restricted Assets:				
Equipment reserve	-	-	1,005,440	1,005,440
Fuel system reserve	-	-	33,330	33,330
OPEB reserve	36,867	2,374	21,335	60,576
Compensated absences reserve	12,411	3,608	71,627	87,646
Total Restricted Assets	49,278	5,982	1,131,732	1,186,992
Land and other non-depreciable assets	-	245,566	-	245,566
Other capital assets, net of depreciation	314,031	2,689,728	1,676,743	4,680,502
<b>TOTAL NON-CURRENT ASSETS</b>	<b>363,309</b>	<b>2,941,276</b>	<b>2,808,475</b>	<b>6,113,060</b>
<b>TOTAL ASSETS</b>	<b>554,889</b>	<b>3,539,250</b>	<b>3,050,602</b>	<b>7,144,741</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	60,480	18,062	109,513	188,055
Accrued wages payable	6,823	1,421	17,663	25,907
<b>TOTAL CURRENT LIABILITIES</b>	<b>67,303</b>	<b>19,483</b>	<b>127,176</b>	<b>213,962</b>
Non-current Liabilities:				
Accrued compensated absences	12,411	3,608	71,627	87,646
Other post-employment benefits (OPEB)	36,867	2,374	21,335	60,576
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>49,278</b>	<b>5,982</b>	<b>92,962</b>	<b>148,222</b>
<b>TOTAL LIABILITIES</b>	<b>116,581</b>	<b>25,465</b>	<b>220,138</b>	<b>362,184</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION:</b>				
Net investment in capital assets	314,031	2,935,294	1,676,743	4,926,068
Restricted:				
Capital outlay	-	-	33,330	33,330
Unrestricted	124,277	578,491	1,120,391	1,823,159
<b>TOTAL NET POSITION</b>	<b>\$ 438,308</b>	<b>\$ 3,513,785</b>	<b>\$ 2,830,464</b>	<b>\$ 6,782,557</b>

**CITY OF MARQUETTE, MICHIGAN**

INTERNAL SERVICE FUNDS

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

For the Fiscal Year Ended June 30, 2013

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 5,802	\$ -	\$ -	\$ 5,802
Sales	-	-	191,881	191,881
Rentals	626,664	622,700	2,299,787	3,549,151
Reimbursements	4,544	908	37,300	42,752
Other	5	3,142	22,831	25,978
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>637,015</b>	<b>626,750</b>	<b>2,551,799</b>	<b>3,815,564</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	212,676	95,185	599,738	907,599
Supplies and contractual	453,465	229,748	1,509,596	2,192,809
Provision for depreciation	47,646	230,830	616,774	895,250
Other services and charges	-	-	-	-
Total Administrative and General	<hr/>	<hr/>	<hr/>	<hr/>
	713,787	555,763	2,726,108	3,995,658
Capital outlay	<hr/>	<hr/>	<hr/>	<hr/>
	-	165	27,203	27,368
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>713,787</b>	<b>555,928</b>	<b>2,753,311</b>	<b>4,023,026</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NON-OPERATING REVENUES:</b>				
Investment income	389	713	4,313	5,415
Gain on sale of capital asset	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL NON-OPERATING REVENUES</b>	<b>389</b>	<b>713</b>	<b>4,313</b>	<b>5,415</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>INCOME BEFORE TRANSFERS</b>	<b>(76,383)</b>	<b>71,535</b>	<b>(197,199)</b>	<b>(202,047)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Transfers (out)	<hr/>	<hr/>	<hr/>	<hr/>
	-	(258,195)	(140,000)	(398,195)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET POSITION</b>	<b>(76,383)</b>	<b>(186,660)</b>	<b>(337,199)</b>	<b>(600,242)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Net position, beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
	514,691	3,700,445	3,167,663	7,382,799
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 438,308</b>	<b>\$ 3,513,785</b>	<b>\$ 2,830,464</b>	<b>\$ 6,782,557</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF MARQUETTE, MICHIGAN**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2013

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from fees and charges for services	\$ 5,442	\$ -	\$ -	\$ 5,442
Other operating revenues	631,213	626,622	2,523,935	3,781,770
Cash payments to employees for services	(210,462)	(96,591)	(585,995)	(893,048)
Cash payments to suppliers for goods and services	(412,437)	(223,961)	(1,541,132)	(2,177,530)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>13,756</b>	<b>306,070</b>	<b>396,808</b>	<b>716,634</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers in (out)	-	(258,195)	(140,000)	(398,195)
(Increase) in due from local units and other funds	-	-	-	-
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>(258,195)</b>	<b>(140,000)</b>	<b>(398,195)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Cash payments for capital assets	(235,371)	-	(165,706)	(401,077)
Proceeds from sale of capital assets	-	-	-	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(235,371)</b>	<b>-</b>	<b>(165,706)</b>	<b>(401,077)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest income	389	715	4,316	5,420
(Increase) decrease in restricted assets:				
Equipment reserve	-	-	(3,749)	(3,749)
Fuel system reserve	-	-	(410)	(410)
OPEB reserve	(1,201)	(601)	(4,761)	(6,563)
Compensated absences reserve	(779)	428	(7,358)	(7,709)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(1,591)</b>	<b>542</b>	<b>(11,962)</b>	<b>(13,011)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(223,206)</b>	<b>48,417</b>	<b>79,140</b>	<b>(95,649)</b>
Cash and cash equivalents, beginning of year	408,410	548,015	83,564	1,039,989
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 185,204</b>	<b>\$ 596,432</b>	<b>\$ 162,704</b>	<b>\$ 944,340</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income	\$ (76,772)	\$ 70,822	\$ (201,512)	\$ (207,462)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	47,646	230,830	616,774	895,250
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(360)	(128)	(22,302)	(22,790)
(Increase) decrease in due from other funds	-	-	(5,562)	(5,562)
(Increase) in inventory	-	-	(8,022)	(8,022)
(Increase) in prepaid expenses	11,893	503	2,613	15,009
Increase (decrease) in accounts payable	29,135	5,499	1,173	35,807
Increase (decrease) in due to other funds	-	(50)	(97)	(147)
Increase (decrease) in accrued wages payable	234	(1,579)	1,624	279
Increase (decrease) in accrued compensated absences	779	(428)	7,358	7,709
Increase (decrease) in other post-employment benefits (OPEB)	1,201	601	4,761	6,563
<b>NET ADJUSTMENTS</b>	<b>90,528</b>	<b>235,248</b>	<b>598,320</b>	<b>924,096</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 13,756</b>	<b>\$ 306,070</b>	<b>\$ 396,808</b>	<b>\$ 716,634</b>

**CITY OF MARQUETTE, MICHIGAN**  
**TECHNOLOGY SERVICES FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 185,204	\$ 408,410
Accounts receivable	1,548	1,188
Prepaid expenses	4,828	16,721
<b>TOTAL CURRENT ASSETS</b>	191,580	426,319
Non-current Assets:		
Restricted Assets:		
OPEB reserve	36,867	35,666
Compensated absences reserve	12,411	11,632
Total Restricted Assets	49,278	47,298
Other capital assets, net of depreciation	314,031	126,306
<b>TOTAL NON-CURRENT ASSETS</b>	363,309	173,604
<b>TOTAL ASSETS</b>	554,889	599,923
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	60,480	31,345
Accrued wages payable	6,823	6,589
<b>TOTAL CURRENT LIABILITIES</b>	67,303	37,934
Non-current Liabilities:		
Accrued compensated absences	12,411	11,632
Other post-employment benefits (OPEB)	36,867	35,666
<b>TOTAL NON-CURRENT LIABILITIES</b>	49,278	47,298
<b>TOTAL LIABILITIES</b>	116,581	85,232
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
Net investment in capital assets	314,031	126,306
Unrestricted	124,277	388,385
<b>TOTAL NET POSITION</b>	\$ 438,308	\$ 514,691

**CITY OF MARQUETTE, MICHIGAN**

**TECHNOLOGY SERVICES FUND**

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

For the Fiscal Year Ended June 30, 2013

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

	2013		Variance with Final Budget Positive (Negative)	2012
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 4,600	\$ 5,802	\$ 1,202	\$ 4,450
Rentals	626,660	626,664	4	706,536
Reimbursements	20,000	4,544	(15,456)	19,173
Other	-	5	5	17
<b>TOTAL OPERATING REVENUES</b>	<b>651,260</b>	<b>637,015</b>	<b>(14,245)</b>	<b>730,176</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	257,470	212,676	44,794	245,114
Supplies and contractual	394,960	453,465	(58,505)	369,656
Provision for depreciation	30,000	47,646	(17,646)	37,266
Other services and charges	-	-	-	-
Total Administrative and General	<u>682,430</u>	<u>713,787</u>	<u>(31,357)</u>	<u>652,036</u>
Capital outlay	<u>273,570</u>	<u>-</u>	<u>273,570</u>	<u>57,416</u>
<b>TOTAL OPERATING EXPENSES</b>	<b>956,000</b>	<b>713,787</b>	<b>242,213</b>	<b>709,452</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	-	389	389	574
Gain on sale of capital asset	-	-	-	566
<b>TOTAL NON-OPERATING REVENUES</b>	<b>-</b>	<b>389</b>	<b>389</b>	<b>1,140</b>
<b>CHANGE IN NET POSITION</b>	<b>(304,740)</b>	<b>(76,383)</b>	<b>228,357</b>	<b>21,864</b>
Net position, beginning of year	<u>514,691</u>	<u>514,691</u>	<u>-</u>	<u>492,827</u>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 209,951</b>	<b>\$ 438,308</b>	<b>\$ 228,357</b>	<b>\$ 514,691</b>

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

June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 596,432	\$ 548,015
Accounts receivable	128	-
Prepaid expenses	1,414	1,917
<b>TOTAL CURRENT ASSETS</b>	<b>597,974</b>	<b>549,932</b>
Non-current Assets:		
Restricted Assets:		
OPEB reserve	2,374	1,773
Compensated absences reserve	3,608	4,036
Total Restricted Assets	5,982	5,809
Land and other non-depreciable assets	245,566	245,566
Other capital assets, net of depreciation	2,689,728	2,920,560
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,941,276</b>	<b>3,171,935</b>
<b>TOTAL ASSETS</b>	<b>3,539,250</b>	<b>3,721,867</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	18,062	12,563
Due to other funds	-	50
Accrued wages payable	1,421	3,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>19,483</b>	<b>15,613</b>
Non-current Liabilities:		
Accrued compensated absences	3,608	4,036
Other post-employment benefits (OPEB)	2,374	1,773
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,982</b>	<b>5,809</b>
<b>TOTAL LIABILITIES</b>	<b>25,465</b>	<b>21,422</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
Net investment in capital assets	2,935,294	3,166,126
Unrestricted	578,491	534,319
<b>TOTAL NET POSITION</b>	<b>\$ 3,513,785</b>	<b>\$ 3,700,445</b>

**CITY OF MARQUETTE, MICHIGAN**

**MUNICIPAL SERVICE CENTER FUND**

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

For the Fiscal Year Ended June 30, 2013

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

	2013			2012
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Rentals	623,490	622,700	(790)	600,000
Reimbursements	-	908	908	1,249
Other	7,450	3,142	(4,308)	3,138
<b>TOTAL OPERATING REVENUES</b>	<b>630,940</b>	<b>626,750</b>	<b>(4,190)</b>	<b>604,387</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	102,880	95,185	7,695	104,571
Supplies and contractual	237,465	229,748	7,717	203,464
Provision for depreciation	220,000	230,830	(10,830)	230,830
Other services and charges	-	-	-	-
Total Administrative and General	<u>560,345</u>	<u>555,763</u>	<u>4,582</u>	<u>538,865</u>
Capital outlay	33,000	165	32,835	-
<b>TOTAL OPERATING EXPENSES</b>	<b>593,345</b>	<b>555,928</b>	<b>37,417</b>	<b>538,865</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	600	713	113	764
Gain on sale of capital asset	-	-	-	30
<b>TOTAL NON-OPERATING REVENUES</b>	<b>600</b>	<b>713</b>	<b>113</b>	<b>794</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>38,195</b>	<b>71,535</b>	<b>33,340</b>	<b>66,316</b>
Transfers (out)	(258,195)	(258,195)	-	(261,695)
<b>CHANGE IN NET POSITION</b>	<b>(220,000)</b>	<b>(186,660)</b>	<b>33,340</b>	<b>(195,379)</b>
Net position, beginning of year	3,700,445	3,700,445	-	3,895,824
<b>NET POSITION, END OF YEAR</b>	<b>\$ 3,480,445</b>	<b>\$ 3,513,785</b>	<b>\$ 33,340</b>	<b>\$ 3,700,445</b>

**CITY OF MARQUETTE, MICHIGAN**  
**MOTOR VEHICLE EQUIPMENT FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 162,704	\$ 83,564
Accounts receivable	23,325	1,023
Due from local units	6,046	484
Inventory	39,890	31,868
Prepaid expenses	10,162	12,775
<b>TOTAL CURRENT ASSETS</b>	<b>242,127</b>	<b>129,714</b>
Non-current Assets:		
Restricted Assets:		
Equipment reserve	1,005,440	1,001,691
Fuel system reserve	33,330	32,920
OPEB reserve	21,335	16,574
Compensated absences reserve	71,627	64,269
Total Restricted Assets	1,131,732	1,115,454
Land and other non-depreciable assets	-	-
Other capital assets, net of depreciation	1,676,743	2,127,814
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,808,475</b>	<b>3,243,268</b>
<b>TOTAL ASSETS</b>	<b>3,050,602</b>	<b>3,372,982</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	109,513	108,340
Due to other funds	-	97
Accrued wages payable	17,663	16,039
<b>TOTAL CURRENT LIABILITIES</b>	<b>127,176</b>	<b>124,476</b>
Non-current Liabilities:		
Accrued compensated absences	71,627	64,269
Other post-employment benefits (OPEB)	21,335	16,574
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>92,962</b>	<b>80,843</b>
<b>TOTAL LIABILITIES</b>	<b>220,138</b>	<b>205,319</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
Net investment in capital assets	1,676,743	2,127,814
Restricted:		
Capital outlay	33,330	32,920
Unrestricted	1,120,391	1,006,929
<b>TOTAL NET POSITION</b>	<b>\$ 2,830,464</b>	<b>\$ 3,167,663</b>

**CITY OF MARQUETTE, MICHIGAN**

**MOTOR VEHICLE EQUIPMENT FUND**

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

For the Fiscal Year Ended June 30, 2013

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

	2013			2012
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Sales	220,000	191,881	(28,119)	168,120
Rentals	2,611,920	2,299,787	(312,133)	1,282,531
Reimbursements	5,000	37,300	32,300	21,252
Other	16,500	22,831	6,331	28,069
<b>TOTAL OPERATING REVENUES</b>	<b>2,853,420</b>	<b>2,551,799</b>	<b>(301,621)</b>	<b>1,499,972</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	606,415	599,738	6,677	575,371
Supplies and contractual	1,580,395	1,509,596	70,799	1,426,094
Provision for depreciation	575,000	616,774	(41,774)	562,468
Other services and charges		-	-	-
Total Administrative and General	<u>2,761,810</u>	<u>2,726,108</u>	<u>35,702</u>	<u>2,563,933</u>
Capital outlay	199,250	27,203	172,047	14,046
<b>TOTAL OPERATING EXPENSES</b>	<b>2,961,060</b>	<b>2,753,311</b>	<b>207,749</b>	<b>2,577,979</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	2,000	4,313	2,313	4,102
Gain on sale of capital asset	3,000	-	(3,000)	31,000
<b>TOTAL NON-OPERATING REVENUES</b>	<b>5,000</b>	<b>4,313</b>	<b>(687)</b>	<b>35,102</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>(102,640)</b>	<b>(197,199)</b>	<b>(94,559)</b>	<b>(1,042,905)</b>
Transfers (out)	(361,690)	(140,000)	221,690	-
<b>CHANGE IN NET POSITION</b>	<b>(464,330)</b>	<b>(337,199)</b>	<b>127,131</b>	<b>(1,042,905)</b>
Net position, beginning of year	3,167,663	3,167,663	-	4,210,568
<b>NET POSITION, END OF YEAR</b>	<b><u>\$ 2,703,333</u></b>	<b><u>\$ 2,830,464</u></b>	<b><u>\$ 127,131</u></b>	<b><u>\$ 3,167,663</u></b>

**CITY OF MARQUETTE, MICHIGAN**  
**FIDUCIARY FUNDS**

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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 POSITION**  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 48,095	\$ 48,042
Accounts receivable	-	-
	48,095	48,042
<b>TOTAL ASSETS</b>	48,095	48,042
<b>LIABILITIES</b>		
Accounts payable	-	-
	-	-
<b>TOTAL LIABILITIES</b>	-	-
<b>NET POSITION</b>		
L.G. Kaufman Ski Hill	13,055	13,040
Tourist Park Development	35,040	35,002
	48,095	48,042
<b>TOTAL NET POSITION</b>	\$ 48,095	\$ 48,042

**CITY OF MARQUETTE, MICHIGAN**  
**FIRE-POLICE RETIREMENT SYSTEM PENSION TRUST FUND**  
**COMPARATIVE STATEMENT OF PLAN NET POSITION**  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,051,001	\$ 851,642
Investments:		
United States Government Securities	999,392	1,048,188
Domestic Corporation Bonds	3,933,997	4,631,069
Common, Pooled Mutual Fund	19,124,279	17,994,291
Government National Mortgage Association	307	403
Accounts receivable	80	-
Accrued interest receivable	52,809	73,898
<b>TOTAL ASSETS</b>	<b>26,161,865</b>	<b>24,599,491</b>
<b>LIABILITIES</b>		
Accounts payable	4,710	4,290
<b>TOTAL LIABILITIES</b>	<b>4,710</b>	<b>4,290</b>
<b>NET POSITION</b>		
Held in trust for pension benefits	26,157,155	24,595,201
<b>TOTAL NET POSITION</b>	<b>\$ 26,157,155</b>	<b>\$ 24,595,201</b>

**CITY OF MARQUETTE, MICHIGAN**

AGENCY FUND

COMPARATIVE BALANCE SHEET

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 2,426,519	\$ 2,207,861
Accounts receivable	54	-
Taxes receivable - current	-	1,202
Taxes receivable - delinquent personal	<u>25,217</u>	<u>21,014</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,451,790</u></b>	<b><u>\$ 2,230,077</u></b>
<b>LIABILITIES:</b>		
Contract retainage payable	\$ 50,902	\$ 57,346
Accrued wages	2,072,625	1,907,448
Due to State	14,397	8,043
Due to other governments	15,749	8,723
Due to local units	22,275	13,894
Other liabilities	<u>275,842</u>	<u>234,623</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 2,451,790</u></b>	<b><u>\$ 2,230,077</u></b>

**CITY OF MARQUETTE, MICHIGAN**

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

June 30, 2013 and 2012

	<u>Balance at</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>June 30, 2013</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 2,207,861	\$ 35,375,326	\$ 35,156,668	\$ 2,426,519
Accounts receivable	-	72	18	54
Taxes receivable - current	1,202	26,360,829	26,362,031	-
Taxes receivable - delinquent personal	<u>21,014</u>	<u>79,915</u>	<u>75,712</u>	<u>25,217</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,230,077</u>	<u>\$ 61,816,142</u>	<u>\$ 61,594,429</u>	<u>\$ 2,451,790</u>
<b>LIABILITIES:</b>				
Contract retainage payable	\$ 57,346	\$ 17,229,412	\$ 17,235,856	\$ 50,902
Accrued wages	1,907,448	6,584,997	6,419,820	2,072,625
Due to State	8,043	3,421,553	3,415,199	14,397
Due to other governments	8,723	7,791,741	7,784,715	15,749
Due to local units	13,894	22,798,266	22,789,885	22,275
Other liabilities	<u>234,623</u>	<u>173,025</u>	<u>131,806</u>	<u>275,842</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,230,077</u>	<u>\$ 57,998,994</u>	<u>\$ 57,777,281</u>	<u>\$ 2,451,790</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, 2013

	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Other</u>	<u>Totals</u>
<b>Governmental Capital Assets:</b>					
Land	\$ 11,290,396	\$ -	\$ -	\$ -	\$ 11,290,396
Land improvements	7,755,456	-	-	-	7,755,456
Buildings	-	5,432,857	-	-	5,432,857
Building improvements	-	6,737,888	-	-	6,737,888
Furniture and equipment	-	-	1,433,531	-	1,433,531
Infrastructure	-	-	-	49,319,720	49,319,720
Construction in progress	-	-	-	968,903	968,903
<b>TOTAL</b>	<b><u>\$ 19,045,852</u></b>	<b><u>\$ 12,170,745</u></b>	<b><u>\$ 1,433,531</u></b>	<b><u>\$ 50,288,623</u></b>	<b><u>\$ 82,938,751</u></b>
<b>Investments in Governmental Capital Assets From:</b>					
General fund	\$ 14,352,744	\$ 5,009,031	\$ 839,419	\$ 32,067,338	\$ 52,268,532
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	1,807,806	164,920	17,673,523	20,528,722
<b>TOTAL</b>	<b><u>\$ 19,045,852</u></b>	<b><u>\$ 12,170,745</u></b>	<b><u>\$ 1,433,531</u></b>	<b><u>\$ 50,288,623</u></b>	<b><u>\$ 82,938,751</u></b>

**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, 2013

Function and Activity	Balance June 30, 2012	Additions	Deductions	Transfers	Balance June 30, 2013
<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	36,926	-	-	280,829
City Hall and Grounds	2,638,965	9,476	-	-	2,648,441
Other City Property	5,007,754	-	-	-	5,007,754
<b>Total General Government</b>	<b>7,923,786</b>	<b>46,402</b>	<b>-</b>	<b>-</b>	<b>7,970,188</b>
<b>Public Health and Safety:</b>					
Police Department	288,091	-	-	-	288,091
Fire Department	555,159	-	-	-	555,159
<b>Total Public Health and Safety</b>	<b>843,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>843,250</b>
<b>Highways, Streets and Bridges:</b>					
City Engineer	130,834	-	-	-	130,834
Public Works	8,635,709	-	-	-	8,635,709
Infrastructure	47,975,585	104,195	-	1,239,940	49,319,720
Parking System	2,475,516	-	-	-	2,475,516
<b>Total Highways, Streets and Bridges</b>	<b>59,217,644</b>	<b>104,195</b>	<b>-</b>	<b>1,239,940</b>	<b>60,561,779</b>
<b>Other:</b>					
Sanitation	14,932	-	-	-	14,932
Recreation	12,401,550	134,985	-	-	12,536,535
Other	43,164	-	-	-	43,164
<b>Total Other</b>	<b>12,459,646</b>	<b>134,985</b>	<b>-</b>	<b>-</b>	<b>12,594,631</b>
<b>TOTAL GOVERNMENTAL CAPITAL ASSETS</b>	<b>80,444,326</b>	<b>285,582</b>	<b>-</b>	<b>1,239,940</b>	<b>81,969,848</b>
Construction in progress	1,029,126	1,179,717	-	(1,239,940)	968,903
<b>GRAND TOTAL</b>	<b>\$ 81,473,452</b>	<b>\$ 1,465,299</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 82,938,751</b>

CITY OF MARQUETTE, MICHIGAN

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

June 30, 2013

Function and Activity	Total	Land	Land Improvements	Buildings	Buildings 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	280,829	98,002	131,574	9,048	42,205	-	-
City Hall and Grounds	2,648,441	100,008	128,596	1,395,545	946,434	77,858	-
Other City Property	5,007,754	4,942,779	19,817	45,158	-	-	-
<b>Total General Government</b>	<b>7,970,188</b>	<b>5,140,789</b>	<b>279,987</b>	<b>1,449,751</b>	<b>988,639</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	49,319,720	-	-	-	-	-	49,319,720
Parking System	2,475,516	753,874	70,131	1,320,171	235,396	95,944	-
<b>Total Highways, Streets and Bridges</b>	<b>60,561,779</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>49,319,720</b>
<b>Other:</b>							
Sanitation	14,932	14,932	-	-	-	-	-
Recreation	12,536,535	861,005	4,000,528	1,984,998	5,076,158	613,846	-
Other	43,164	-	-	-	17,916	25,248	-
<b>Total Other</b>	<b>12,594,631</b>	<b>875,937</b>	<b>4,000,528</b>	<b>1,984,998</b>	<b>5,094,074</b>	<b>639,094</b>	<b>-</b>
<b>TOTAL GOVERNMENTAL CAPITAL ASSETS ASSOCIATED TO FUNCTIONS</b>	<b>81,969,848</b>	<b>\$ 11,290,396</b>	<b>\$ 7,755,456</b>	<b>\$ 5,432,857</b>	<b>\$ 6,737,888</b>	<b>\$ 1,433,531</b>	<b>\$ 49,319,720</b>
Construction in progress	968,903						
<b>GRAND TOTAL</b>	<b>\$ 82,938,751</b>						

**CITY OF MARQUETTE, MICHIGAN  
LONG-TERM DEBT SCHEDULES**

SCHEDULE OF BONDS, AND NOTES PAYABLE - ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2012

Maturities Year Ending June 30,	STORMWATER UTILITY FUND						WATER SUPPLY FUND										SEWAGE DISPOSAL FUND						MARINAS FUND
	2006 Street Improvements Bonds (C)	2007 High Street Bonds	2008 Street Improvements Bonds (D)	2009 Capital Improvements Bonds (D)	2011 Street Improvements Bonds	2012 Capital 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 Street Improvements Bonds	2012 Capital Improvements Bonds	State Act 94 Clean Water 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	2012 Capital Improvements Bonds	2004 Revenue Bonds (B)
2014	\$ 172,500	\$ 5,583	\$ 67,336	\$ 20,090	\$ 27,000	\$ 32,550	\$ 20,000	\$ 20,000	\$ 470,000	\$ 150,000	\$ 15,509	\$ 82,325	\$ 174,930	\$ 16,500	\$ 39,270	\$ 165,000	\$ 30,000	\$ 30,000	\$ 75,993	\$ 88,200	\$ 46,500	\$ 68,250	\$ 85,000
2015	180,000	5,659	70,350	20,705	27,000	32,550	20,000	20,000	485,000	160,000	15,719	86,012	180,285	16,500	39,270	170,000	30,000	30,000	79,395	90,900	46,500	68,250	-
2016	187,500	5,773	72,360	20,500	27,900	33,325	25,000	20,000	505,000	165,000	16,036	88,469	178,500	17,050	40,205	175,000	30,000	30,000	81,664	90,000	48,050	69,875	-
2017	195,000	5,887	75,375	22,140	28,800	34,100	25,000	20,000	-	170,000	16,353	92,155	192,780	17,600	41,140	180,000	30,000	30,000	85,067	97,200	49,600	71,500	-
2018	202,500	5,963	79,395	23,575	29,700	34,875	25,000	25,000	-	-	16,563	97,070	205,275	18,150	42,075	180,000	30,000	30,000	89,604	103,500	51,150	73,125	-
2019	210,000	6,077	83,415	24,395	30,600	36,425	25,000	25,000	-	-	16,880	101,986	212,415	18,700	43,945	185,000	35,000	30,000	94,140	107,100	52,700	76,375	-
2020	220,000	6,191	86,431	25,420	31,500	37,200	25,000	25,000	-	-	17,197	105,671	221,340	19,250	44,880	190,000	35,000	35,000	97,543	111,600	54,250	78,000	-
2021	227,500	6,267	90,451	26,650	32,400	38,750	25,000	25,000	-	-	17,407	110,586	232,050	19,800	46,750	195,000	35,000	35,000	110,080	117,000	55,800	81,250	-
2022	237,500	6,343	94,471	28,700	33,300	39,525	25,000	25,000	-	-	17,619	115,501	249,900	20,350	47,685	200,000	35,000	35,000	106,617	126,000	57,350	82,875	-
2023	-	6,457	96,481	29,110	35,100	41,075	25,000	25,000	-	-	17,935	117,959	253,470	21,450	49,555	200,000	35,000	35,000	117,885	127,800	60,450	86,125	-
2024	-	6,571	101,596	30,340	36,900	41,850	25,000	30,000	-	-	18,251	124,103	264,180	22,550	50,490	205,000	40,000	35,000	114,556	133,200	63,550	87,750	-
2025	-	6,684	105,506	-	37,800	43,400	30,000	30,000	-	-	18,568	129,018	-	23,100	52,360	210,000	40,000	35,000	119,093	-	65,100	91,600	-
2026	-	6,798	110,551	-	39,600	44,950	30,000	30,000	-	-	18,885	135,161	-	24,200	54,230	-	40,000	40,000	124,764	-	68,200	94,250	-
2027	-	6,912	114,571	-	41,400	45,725	30,000	30,000	-	-	19,201	140,076	-	25,300	55,165	-	40,000	40,000	129,301	-	71,300	95,875	-
2028	-	7,026	120,601	-	-	47,275	30,000	30,000	-	-	19,518	146,654	-	-	57,035	-	40,000	40,000	136,896	-	-	99,125	-
2029	-	7,243	-	-	-	-	30,000	30,000	-	-	20,120	-	-	-	-	-	40,000	40,000	-	-	-	-	-
2030	-	-	-	-	-	-	35,058	30,000	-	-	-	-	-	-	-	-	40,699	40,000	-	-	-	-	-
2031	-	-	-	-	-	-	-	30,000	-	-	-	-	-	-	-	-	-	46,785	-	-	-	-	-
2032	-	-	-	-	-	-	-	33,904	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 1,832,500	\$ 101,434	\$ 1,368,820	\$ 271,625	\$ 459,000	\$ 583,575	\$ 450,058	\$ 503,904	\$ 1,460,000	\$ 645,000	\$ 281,761	\$ 1,672,746	\$ 2,365,125	\$ 280,500	\$ 704,055	\$ 2,255,000	\$ 605,699	\$ 636,785	\$ 1,545,598	\$ 1,192,500	\$ 790,500	\$ 1,223,625	\$ 85,000
Interest Rates	4%	2%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.0 - 3.0%	3%	3%	2.0 - 4.1%	4%	2%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.0 - 3.0%	2%	3%	3%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.0 - 3.0%	4.7 - 5.8%
Interest Dates	May and November	April and October	May and November	May and November	April and October	May and November	April and October	April and October	May and November	May and November	April and October	May and November	May and November	April and October	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	8/7/2012	1/11/2010	6/24/2010	11/4/2003	12/20/2006	3/29/2007	6/26/2008	5/5/2009	9/22/2012	8/7/2012	3/9/2004	1/11/2010	6/24/2010	6/26/2008	5/5/2009	9/22/2012	8/7/2012	2/18/2004
Amount of original issue *	\$ 2,737,500	\$ 123,234	\$ 1,683,385	\$ 343,375	\$ 484,200	\$ 583,575	\$ 391,439	\$ 44,072	\$ 5,990,000	\$ 1,440,000	\$ 342,318	\$ 2,058,137	\$ 2,989,875	\$ 295,900	\$ 704,055	\$ 3,470,000	\$ 234,385	\$ 29,496	\$ 1,899,819	\$ 1,507,500	\$ 833,900	\$ 1,223,625	\$ 690,000

\* 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

(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 interest to the 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

**CITY OF MARQUETTE, MICHIGAN  
COMPONENT UNITS**

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**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 POSITION**  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,546,709	\$ 5,934,502
Internally designated assets:		
Customer electric rate stabilization fund	538,220	1,331,261
Construction fund	-	1,511,331
Turbine and major generating equipment overhaul fund	95,364	1,318,283
Replacement-risk retention fund	844,320	1,471,403
Improvement fund	690,697	839,240
Accounts receivable, net	1,611,691	1,221,555
Inventory	3,909,204	3,348,335
Prepaid expenses	94,535	138,115
	<b>TOTAL CURRENT ASSETS</b>	<b>12,330,740</b>
Non-current Assets:		
Restricted Assets:		
Bond and interest redemption fund	2,121	76,915
Bond reserve fund	720,003	757,434
Pinehill landfill fund	13,804	13,797
	<b>TOTAL RESTRICTED ASSETS</b>	<b>735,928</b>
Investment in UPPPA	2,931,855	2,753,884
Property, plant, and equipment	138,024,261	134,821,923
Accumulated depreciation	(91,628,022)	(89,325,149)
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>49,098,804</b>
	<b>TOTAL ASSETS</b>	<b>62,394,762</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	1,334,762	1,072,506
Accrued liabilities	147,476	126,231
Compensated absences	932,956	926,857
Customer deposits payable	1,217,322	1,128,272
Other current liabilities	336,765	250,159
	<b>TOTAL CURRENT LIABILITIES</b>	<b>3,504,025</b>
Current Liabilities (payable from restricted assets):		
Current maturities on revenue bonds	795,000	765,000
Revenue bond accrued interest payable	-	-
	<b>TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</b>	<b>795,000</b>
Non-current Liabilities:		
Bonds payable	4,715,000	5,510,000
Unamortized bond premium	212,639	239,219
Other post-employment benefits (OPEB)	1,194,588	1,218,366
Reserve for turbine and major generating equipment overhaul	95,364	1,318,283
Postclosure costs - Landfill	460,456	468,526
	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>8,754,394</b>
	<b>TOTAL LIABILITIES</b>	<b>13,023,419</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
Net investment in capital assets	40,673,600	38,982,555
Restricted for:		
Other activities	735,928	848,146
Unrestricted	9,542,906	13,358,709
	<b>TOTAL NET POSITION</b>	<b>\$ 50,952,434</b>
	<b>\$ 50,952,434</b>	<b>\$ 53,189,410</b>

**CITY OF MARQUETTE, MICHIGAN**  
**BOARD OF LIGHT AND POWER ELECTRIC UTILITY**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Fiscal Year Ended June 30, 2013  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013	2012
<b>OPERATING REVENUES:</b>		
Electricity Sales:		
Urban	\$ 17,156,611	\$ 16,676,355
Rural	11,303,388	10,785,066
Sales to Alger-Delta Co-op	860,743	822,648
Sales to Wisconsin Electric Power Company	314,569	643,637
Street lighting	457,189	444,951
Other municipal departments	909,705	859,338
Rent and other	825,019	652,448
<b>TOTAL OPERATING REVENUES</b>	<b>31,827,224</b>	<b>30,884,443</b>
<b>OPERATING EXPENSES:</b>		
Administrative and general	7,267,507	6,696,680
Production	17,276,282	15,655,121
Purchased power	3,719,340	2,637,854
Distribution and transmission	1,304,687	1,373,614
Customer accounting	605,370	620,122
Payment in lieu of property taxes - City of Marquette	1,792,601	1,720,434
Provision for depreciation, excluding amounts charged to other operating expenses (2013 - \$115,846; 2012 - \$129,959)	2,386,068	2,240,357
<b>TOTAL OPERATING EXPENSES</b>	<b>34,351,855</b>	<b>30,944,182</b>
<b>INCOME/(LOSS) FROM OPERATIONS</b>	<b>(2,524,631)</b>	<b>(59,739)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Investment income	454,809	397,020
Delayed payment fees	43,050	41,794
Amortization of bond premium	26,580	26,580
Interest on refunding bonds	(263,000)	(291,137)
Other interest expense	(28,696)	(26,315)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>232,743</b>	<b>147,942</b>
<b>NET INCOME/(LOSS)</b>	<b>(2,291,888)</b>	<b>88,203</b>
Capital contributions from customers	54,912	126,935
<b>CHANGE IN NET POSITION</b>	<b>(2,236,976)</b>	<b>215,138</b>
Net position, beginning of year, as restated	53,189,410	52,974,272
<b>NET POSITION, END OF YEAR</b>	<b>\$ 50,952,434</b>	<b>\$ 53,189,410</b>

**CITY OF MARQUETTE, MICHIGAN**

BOARD OF LIGHT AND POWER ELECTRIC UTILITY

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2013

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

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 31,425,088	\$ 31,248,122
Cash paid to suppliers and employees	<u>(33,144,741)</u>	<u>(28,989,380)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(1,719,653)</u>	<u>2,258,742</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(3,401,379)	(5,151,597)
Proceeds from sale of equipment	-	-
Principal payment on revenue bonds, notes payable and capital lease obligations	(765,000)	(675,000)
Capital contributions	54,912	126,935
Proceeds from issuance of bonds	-	-
Interest paid on revenue bonds and notes payable	<u>(263,000)</u>	<u>(352,027)</u>
<b>NET CASH (USED) FOR CAPITAL AND FINANCING ACTIVITIES</b>	<u>(4,374,467)</u>	<u>(6,051,689)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	479,778	410,704
Proceeds from maturities and sales of investment securities	5,659,807	6,088,798
Purchase of investments	<u>(1,433,258)</u>	<u>(1,853,627)</u>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>4,706,327</u>	<u>4,645,875</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(1,387,793)</u>	<u>852,928</u>
Cash and cash equivalents, beginning of year	<u>5,934,502</u>	<u>5,081,574</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 4,546,709</u>	<u>\$ 5,934,502</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	<u>\$ (2,524,631)</u>	<u>\$ (59,739)</u>
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	2,501,914	2,370,316
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	(390,136)	363,679
(Increase) in inventory	(560,869)	(440,251)
(Increase)/Decrease in prepaid expenses	43,580	(33,370)
Increase/(Decrease) in accounts payable	262,256	(383,868)
Increase/(Decrease) in accrued wages and related liabilities	21,245	11,267
Increase/(Decrease) in accrued sick and vacation	6,099	48,744
Increase in customer deposits, including accrued interest	89,050	16,061
(Decrease) in landfill site postclosure care cost liability	(8,070)	(6,921)
Increase/(Decrease) in other post-employment benefits (OPEB)	(23,778)	162,407
Increase in reserve for turbine overhaul	(1,222,919)	204,495
Increase/(Decrease) in energy optimization program liability	<u>86,606</u>	<u>5,922</u>
<b>NET ADJUSTMENTS</b>	<u>804,978</u>	<u>2,318,481</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ (1,719,653)</u>	<u>\$ 2,258,742</u>

**CITY OF MARQUETTE, MICHIGAN**

PETER WHITE PUBLIC LIBRARY

STATEMENT OF NET POSITION

June 30, 2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 146,819
Investments	703,358
Taxes receivable, net	1,326,959
Accounts receivable, net	22,212
Prepaid expenses	<u>16,249</u>
<b>TOTAL CURRENT ASSETS</b>	<u>2,215,597</u>
Non-current assets:	
Land and construction in progress	114,704
Other capital assets, net of depreciation	<u>4,167,557</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>4,282,261</u>
<b>TOTAL ASSETS</b>	<u>6,497,858</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
<hr/>	
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	37,009
Accrued liabilities	35,438
Bonds payable - due in one year	<u>295,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>367,447</u>
Non-current liabilities:	
Bonds payable - due in more than one year	1,300,000
Compensated absences	<u>125,653</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>1,425,653</u>
<b>TOTAL LIABILITIES</b>	<u>1,793,100</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Taxes levied for a subsequent period	<u>1,324,920</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,324,920</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,687,261
Restricted for:	
Debt services	27,613
Other activities	728,236
Unrestricted	<u>(63,272)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,379,838</u>



CITY OF MARQUETTE, MICHIGAN

PETER WHITE PUBLIC LIBRARY

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2013

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 111,211	\$ 8,629	\$ 26,979	\$ 146,819
Investments	-	703,358	-	703,358
Taxes receivable, net	972,037	-	354,922	1,326,959
Accounts receivable, net	22,212	-	-	22,212
Prepaid expenditures	16,249	-	-	16,249
<b>TOTAL ASSETS</b>	<u>1,121,709</u>	<u>711,987</u>	<u>381,901</u>	<u>2,215,597</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,121,709</u>	<u>\$ 711,987</u>	<u>\$ 381,901</u>	<u>\$ 2,215,597</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 37,009	\$ -	\$ -	\$ 37,009
Accrued salaries and wages	35,438	-	-	35,438
Due to other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>72,447</u>	<u>-</u>	<u>-</u>	<u>72,447</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes levied for a subsequent period	970,632	-	354,288	1,324,920
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>970,632</u>	<u>-</u>	<u>354,288</u>	<u>1,324,920</u>
<b>FUND BALANCE</b>				
Non-spendable	16,249	-	-	16,249
Restricted for:				
Debt service	-	-	27,613	27,613
Endowments	-	711,987	-	711,987
Unassigned	62,381	-	-	62,381
<b>TOTAL FUND BALANCE</b>	<u>78,630</u>	<u>711,987</u>	<u>27,613</u>	<u>818,230</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 1,121,709</u>	<u>\$ 711,987</u>	<u>\$ 381,901</u>	<u>\$ 2,215,597</u>

**CITY OF MARQUETTE, MICHIGAN**

**PETER WHITE PUBLIC LIBRARY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

June 30, 2013

Total Fund Balances for Governmental Funds \$ 818,230

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

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

Cost of capital assets	10,217,989	
Accumulated depreciation	<u>(5,935,728)</u>	4,282,261

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

Bonds payable - due in one year	(295,000)	
Bonds payable - due in more than one year	(1,300,000)	
Compensated absences	<u>(125,653)</u>	<u>(1,720,653)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,379,838**

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, 2013

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 817,669	\$ -	\$ 357,221	\$ 1,174,890
Federal sources	-	-	-	-
State sources	28,642	-	-	28,642
Local sources	439,744	-	-	439,744
Charges for services	54,719	-	-	54,719
Fine and forfeiture	131,224	-	-	131,224
Rentals	37,242	-	-	37,242
Contributions from private sources	135,482	-	-	135,482
Investment income	(580)	102,998	-	102,418
Proceeds on sale of capital assets	-	-	-	-
Other revenues	21,153	-	5,215	26,368
	<u>1,665,295</u>	<u>102,998</u>	<u>362,436</u>	<u>2,130,729</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES</b>				
Recreation and Culture:				
Personnel services	1,113,130	-	-	1,113,130
Supplies	149,154	-	-	149,154
Other services and charges	326,206	3,583	520	330,309
Capital outlay	124,456	-	-	124,456
Debt service:				
Principal retirement	-	-	285,000	285,000
Interest and fiscal charges	-	-	69,500	69,500
	<u>1,712,946</u>	<u>3,583</u>	<u>355,020</u>	<u>2,071,549</u>
<b>TOTAL EXPENDITURES</b>				
<b>NET REVENUES OVER EXPENDITURES</b>	(47,651)	99,415	7,416	59,180
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	55,000	-	-	55,000
Transfers (out)	-	(55,000)	-	(55,000)
	<u>55,000</u>	<u>(55,000)</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>NET CHANGE IN FUND BALANCE</b>	7,349	44,415	7,416	59,180
Fund balance, beginning of year	71,281	667,572	20,197	759,050
	<u>71,281</u>	<u>667,572</u>	<u>20,197</u>	<u>759,050</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 78,630</u>	<u>\$ 711,987</u>	<u>\$ 27,613</u>	<u>\$ 818,230</u>

**CITY OF MARQUETTE, MICHIGAN**

PETER WHITE PUBLIC LIBRARY

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

For the Fiscal Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 59,180

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

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

Capital outlays	\$ 23,403	
Depreciation expense	(126,854)	
Net book value of disposals	<u>-</u>	(103,451)

Issuance of bond principal is a revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position. -

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 285,000

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 (4,095)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 236,634**

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**

June 30, 2013

	<b>Downtown Development Authority</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,459,174	\$ 260,160	\$ 1,719,334
Investments	-	-	-
Taxes receivable, net	686,834	-	686,834
Accounts receivable, net	8,770	-	8,770
Due from primary government	-	-	-
Prepaid expenses	-	-	-
Other assets	685	288	973
<b>TOTAL CURRENT ASSETS</b>	<b>2,155,463</b>	<b>260,448</b>	<b>2,415,911</b>
Non-current assets:			
Land and construction in progress	-	995,000	995,000
Other capital assets, net of depreciation	3,325,558	-	3,325,558
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,325,558</b>	<b>995,000</b>	<b>4,320,558</b>
<b>TOTAL ASSETS</b>	<b>5,481,021</b>	<b>1,255,448</b>	<b>6,736,469</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Receivables for developer obligations	-	2,597,016	2,597,016
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>2,597,016</b>	<b>2,597,016</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,790	39,249	42,039
Accrued liabilities	10,207	932	11,139
Accrued interest	54,375	14,850	69,225
Due to primary government	-	-	-
Bonds payable - due in one year	50,000	50,000	100,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>117,372</b>	<b>105,031</b>	<b>222,403</b>
Non-current liabilities:			
Bonds payable	1,450,000	1,290,000	2,740,000
Long term obligations to developers	-	1,242,166	1,242,166
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,450,000</b>	<b>2,532,166</b>	<b>3,982,166</b>
<b>TOTAL LIABILITIES</b>	<b>1,567,372</b>	<b>2,637,197</b>	<b>4,204,569</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes levied for a subsequent period	686,834	-	686,834
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>686,834</b>	<b>-</b>	<b>686,834</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,825,558	70,000	1,895,558
Restricted	-	1,145,267	1,145,267
Unrestricted	1,401,257	-	1,401,257
<b>TOTAL NET POSITION</b>	<b>\$ 3,226,815</b>	<b>\$ 1,215,267</b>	<b>\$ 4,442,082</b>

**CITY OF MARQUETTE, MICHIGAN**  
NON-MAJOR COMPONENT UNITS  
COMBINING STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2013

<u>Function / Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
<b>Governmental Activities:</b>						
Downtown Development Authority	\$ 1,030,229	\$ 140,771	\$ 35,510	\$ (853,948)	\$ -	\$ (853,948)
Brownfield Redevelopment Authority	269,098	-	-	-	(269,098)	(269,098)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 1,299,327</u>	<u>\$ 140,771</u>	<u>\$ 35,510</u>	<u>(853,948)</u>	<u>(269,098)</u>	<u>(1,123,046)</u>
<b>General revenues:</b>						
Property taxes				711,767	246,422	958,189
Interest and investment earnings				6,009	478	6,487
Gain on the sale of capital assets				-	-	-
Miscellaneous				47,296	-	47,296
Total General Revenues				<u>765,072</u>	<u>246,900</u>	<u>1,011,972</u>
<b>CHANGE IN NET POSITION</b>				<b>(88,876)</b>	<b>(22,198)</b>	<b>(111,074)</b>
Net position, beginning of year, as restated				<u>3,315,691</u>	<u>1,237,465</u>	<u>4,553,156</u>
<b>NET POSITION, END OF YEAR</b>				<u>\$ 3,226,815</u>	<u>\$ 1,215,267</u>	<u>\$ 4,442,082</u>

**CITY OF MARQUETTE, MICHIGAN**

**NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY**

**STATEMENT OF NET POSITION**

June 30, 2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,459,174
Taxes receivable, net	686,834
Accounts receivable, net	8,770
Due from primary government	-
Other assets	<u>685</u>
<b>TOTAL CURRENT ASSETS</b>	<u>2,155,463</u>
Non-current assets:	
Other capital assets, net of depreciation	<u>3,325,558</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>3,325,558</u>
<b>TOTAL ASSETS</b>	<u>5,481,021</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	2,790
Accrued liabilities	10,207
Accrued interest	54,375
Bonds payable - due in one year	<u>50,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>117,372</u>
Non-current liabilities:	
Bonds payable - due in more than one year	<u>1,450,000</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>1,450,000</u>
<b>TOTAL LIABILITIES</b>	<u>1,567,372</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Taxes levied for a subsequent period	<u>686,834</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>686,834</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,825,558
Unrestricted	<u>1,401,257</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,226,815</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2013

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General government	\$ 910,604	\$ 140,771	\$ 35,510	\$ (734,323)
Interest on long-term debt	119,625	-	-	(119,625)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 1,030,229</u>	<u>\$ 140,771</u>	<u>\$ 35,510</u>	<u>(853,948)</u>
		<b>General revenues:</b>		
		Property taxes		711,767
		Interest and investment earnings		6,009
		Gain on the sale of capital assets		-
		Miscellaneous		47,296
				<u>765,072</u>
		Total General Revenues		<u>765,072</u>
		<b>CHANGE IN NET POSITION</b>		<b>(88,876)</b>
		Net position, beginning of year		<u>3,315,691</u>
		<b>NET POSITION, END OF YEAR</b>		<u><b>\$ 3,226,815</b></u>

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2013

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,459,174	\$ 1,459,174
Investments	-	-
Taxes receivable, net	686,834	686,834
Accounts receivable, net	8,770	8,770
Due from primary government	-	-
Other assets	685	685
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>2,155,463</b>	<b>2,155,463</b>
	<hr/>	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	-	-
	<hr/>	<hr/>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,155,463</b>	<b>\$ 2,155,463</b>
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,790	\$ 2,790
Accrued salaries and wages	10,207	10,207
Due to primary government	-	-
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>12,997</b>	<b>12,997</b>
	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes levied for a subsequent period	686,834	686,834
	<hr/>	<hr/>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>686,834</b>	<b>686,834</b>
	<hr/>	<hr/>
<b>FUND BALANCE</b>		
Restricted	-	-
Unassigned	1,455,632	1,455,632
	<hr/>	<hr/>
<b>TOTAL FUND BALANCE</b>	<b>1,455,632</b>	<b>1,455,632</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 2,155,463</b>	<b>\$ 2,155,463</b>
	<hr/>	<hr/>

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**

June 30, 2013

Total Fund Balances for Governmental Funds		\$ 1,455,632
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*Amounts reported for governmental activities in the statement of net position are different because:*

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

	4,432,302	
Cost of capital assets		
Accumulated depreciation	<u>(1,106,744)</u>	3,325,558

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

	(50,000)	
Current portion of bonds payable		
Bonds payable	(1,450,000)	
Accrued interest on bonds	<u>(54,375)</u>	

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 3,226,815</u></b>
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**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>		
Property taxes	\$ 711,767	\$ 711,767
Federal sources	-	-
State sources	15,396	15,396
Intergovernmental revenues	20,114	20,114
Charges for services	35,353	35,353
Rentals	105,418	105,418
Investment income	6,009	6,009
Other	47,296	47,296
	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>941,353</b>	<b>941,353</b>
	<hr/>	<hr/>
<b>EXPENDITURES</b>		
Current operations:		
General government	715,185	715,185
Capital outlay	60,535	60,535
Debt service		
Principal retirement	-	-
Interest and fiscal charges	65,250	65,250
	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>840,970</b>	<b>840,970</b>
	<hr/>	<hr/>
<b>NET REVENUES OVER EXPENDITURES</b>	<b>100,383</b>	<b>100,383</b>
	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	-
Transfers (out)	-	-
	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	<b>100,383</b>	<b>100,383</b>
	<hr/>	<hr/>
Fund balance, beginning of year	1,355,249	1,355,249
	<hr/>	<hr/>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,455,632</b>	<b>\$ 1,455,632</b>
	<hr/> <hr/>	<hr/> <hr/>

**CITY OF MARQUETTE, MICHIGAN**

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

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

For the Fiscal Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 100,383

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

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

	\$	42,599	
Capital outlays		(177,483)	
Depreciation expense		-	
Net book value of disposals		-	(134,884)

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

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditures is reported when due. (54,375)

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>(88,876)</b>
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**CITY OF MARQUETTE, MICHIGAN**

NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

June 30, 2013

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 260,160
Taxes receivable, net	-
Accounts receivable, net	-
Due from primary government	-
Other assets	<u>288</u>
<b>TOTAL CURRENT ASSETS</b>	<u>260,448</u>
Non-current assets:	
Land and construction in progress	995,000
Other capital assets, net of depreciation	<u>-</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>995,000</u>
<b>TOTAL ASSETS</b>	<u>1,255,448</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Receivables for developer obligations	<u>2,597,016</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,597,016</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	39,249
Accrued liabilities	932
Accrued interest	14,850
Bonds payable for capital assets- due in one year	35,000
Bonds payable for developer - due in one year	<u>15,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>105,031</u>
Non-current liabilities:	
Bonds payable for capital assets - due in more than one year	890,000
Bonds payable for developer - due in more than one year	400,000
Long term obligations to developers	<u>1,242,166</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>2,532,166</u>
<b>TOTAL LIABILITIES</b>	<u>2,637,197</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>
<b>NET POSITION</b>	
Net investment in capital assets	70,000
Restricted	<u>1,145,267</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,215,267</u>



**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**COMPARATIVE BALANCE SHEET**  
June 30, 2013

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 260,160	\$ 311,000
Taxes receivable, net	-	-
Other assets	288	12
<b>TOTAL ASSETS</b>	<b>260,448</b>	<b>311,012</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 260,448</b>	<b>\$ 311,012</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 39,249	\$ 17,064
Accrued salaries and wages	932	746
Deferred revenue	-	-
<b>TOTAL LIABILITIES</b>	<b>40,181</b>	<b>17,810</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>FUND BALANCE</b>		
Restricted	220,267	293,202
Unassigned	-	
<b>TOTAL FUND BALANCE</b>	<b>220,267</b>	<b>293,202</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 260,448</b>	<b>\$ 311,012</b>

**CITY OF MARQUETTE, MICHIGAN**

NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY

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

June 30, 2013

Total Fund Balances for Governmental Funds	\$	220,267
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*Amounts reported for governmental activities in the statement of net position are different because:*

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

Cost of capital assets	995,000		
Accumulated depreciation	-		995,000

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

Receivables for developer obligations	2,597,016
---------------------------------------	-----------

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

Current portion of bonds payable for capital assets	(35,000)		
Current portion of bonds payable for developer	(15,000)		
Accrued interest on bonds	(14,850)		
Bonds payable for capital assets	(890,000)		
Bonds payable for developer	(400,000)		
Long term obligations to developers	(1,242,166)		(2,597,016)

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>1,215,267</u></b>
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**CITY OF MARQUETTE, MICHIGAN**

NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY

GOVERNMENTAL FUNDS

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 2013

	2013	2012
<b>REVENUES</b>		
Property taxes	\$ 246,422	\$ 149,412
Investment income	478	1,498
	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	246,900	150,910
	<hr/>	<hr/>
<b>EXPENDITURES</b>		
Current operations:		
General government	20,722	17,331
Economic development:		
Supplies and contractual	61,526	110,839
Other services and charges	-	
Capital outlay	127,449	103,879
Debt service		
Principal retirement	50,000	50,000
Interest and fiscal charges	60,138	61,613
	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	319,835	343,662
	<hr/>	<hr/>
<b>NET REVENUES OVER EXPENDITURES</b>	(72,935)	(192,752)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	-
Transfers (out)	-	-
	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-
	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	(72,935)	(192,752)
Fund balance, beginning of year	293,202	485,954
	<hr/>	<hr/>
<b>FUND BALANCE, END OF YEAR</b>	\$ 220,267	\$ 293,202
	<hr/> <hr/>	<hr/> <hr/>

**CITY OF MARQUETTE, MICHIGAN**

NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY

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

For the Fiscal Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (72,935)

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

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

Capital outlays	\$ -	
Depreciation expense	-	
Net book value of disposals	-	-

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 50,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. 737

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (22,198)**

# CITY OF MARQUETTE, MICHIGAN

## STATISTICAL SECTION

This part of the City of Marquette's comprehensive annual financial report presents detailed information as a contest 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.	214-218
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	219-223
<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	224-228
<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.	229-231
<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.	232-233

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF MARQUETTE, MICHIGAN  
Net Position / Net Assets by Component  
Last Ten Fiscal Years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 26,385,560	\$ 28,078,995	\$ 26,694,914	\$ 26,639,090	\$ 23,999,985	\$ 29,085,627	\$ 29,731,919	\$ 32,827,042	\$ 20,668,811	\$ 17,517,503
Restricted	719,411	1,593,378	4,606,252	4,007,127	4,892,891	585,942	568,371	548,317	528,637	-
Unrestricted	15,245,254	14,769,302	14,162,543	15,351,884	15,475,238	13,528,435	13,066,579	7,175,565	4,893,099	7,897,006
Total Governmental Activities Net Position / Net Assets	<u>\$ 42,350,225</u>	<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>	<u>\$ 43,366,869</u>	<u>\$ 40,550,924</u>	<u>\$ 26,090,547</u>	<u>\$ 25,414,509</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 33,351,560	\$ 33,214,121	\$ 32,923,791	\$ 30,841,543	\$ 21,512,722	\$ 22,922,088	\$ 32,100,572	\$ 32,258,682	\$ 28,448,328	\$ 27,558,113
Restricted	211,294	1,142,971	1,137,437	1,607,849	6,761,541	6,008,242	1,938,968	1,951,234	1,929,883	2,134,176
Unrestricted	4,387,928	3,651,627	3,597,011	4,107,196	9,074,796	8,664,067	2,508,757	5,339,506	8,722,650	8,979,306
Total Business-Type Activities Net Position / Net Assets	<u>\$ 37,950,782</u>	<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>	<u>\$ 36,548,297</u>	<u>\$ 39,549,422</u>	<u>\$ 39,100,861</u>	<u>\$ 38,671,595</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 59,737,120	\$ 61,293,116	\$ 59,618,705	\$ 57,480,633	\$ 45,512,707	\$ 52,007,715	\$ 61,832,491	\$ 65,085,724	\$ 49,117,139	\$ 45,075,616
Restricted	930,705	2,736,349	5,743,689	5,614,976	11,654,432	6,594,184	2,507,339	2,499,551	2,458,520	2,134,176
Unrestricted	19,633,182	18,420,929	17,759,554	19,459,080	24,550,034	22,192,502	15,575,336	12,515,071	13,615,749	16,876,312
Total Primary Government Net Position / Net Assets	<u>\$ 80,301,007</u>	<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>	<u>\$ 79,915,166</u>	<u>\$ 80,100,346</u>	<u>\$ 65,191,408</u>	<u>\$ 64,086,104</u>

CITY OF MARQUETTE, MICHIGAN  
Changes in Net Position / Net Assets  
Last Ten Fiscal Years

Table 2

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 4,309,681	\$ 3,814,963	\$ 3,361,970	\$ 3,557,709	\$ 3,820,979	\$ 3,243,609	\$ 3,395,398	\$ 2,994,081	\$ 2,919,314	\$ 3,749,652
Public health & Safety	7,287,784	6,588,969	6,366,366	6,135,628	5,453,911	5,246,740	4,948,192	4,919,863	4,680,206	4,649,016
Public works	3,615,570	3,811,888	3,636,858	3,574,999	3,415,669	3,378,242	3,039,550	3,546,425	2,843,875	2,850,031
Highway and streets	2,130,526	2,458,441	2,385,994	2,171,826	2,417,291	2,439,873	2,324,977	1,738,087	2,582,962	2,604,467
Social services	462,412	436,476	492,859	821,821	731,239	343,338	355,193	511,948	503,334	840,683
Sanitation	1,538,331	1,544,378	1,484,999	1,208,888	1,240,403	1,393,420	1,238,866	1,210,914	1,528,524	1,148,170
Community services / Recreation and culture	1,469,678	1,335,522	1,249,567	1,582,782	1,389,538	1,702,220	1,261,545	1,302,717	1,316,150	1,398,509
Interest on long-term debt	761,123	804,326	834,359	851,422	772,285	853,910	750,760	845,767	504,304	458,058
Depreciation - unallocated	2,044,577	1,965,821	1,918,108	1,957,215	1,626,821	1,633,032	1,916,607	1,912,853	857,165	875,141
<b>Total Governmental Activities Expenses</b>	<b>23,619,682</b>	<b>22,760,784</b>	<b>21,731,080</b>	<b>21,862,290</b>	<b>20,868,136</b>	<b>20,234,384</b>	<b>19,231,088</b>	<b>18,982,655</b>	<b>17,735,834</b>	<b>18,573,727</b>
<b>Business-Type Activities</b>										
Water supply and sewage disposal	-	-	-	-	7,322,444	6,580,392	6,512,473	6,339,831	5,895,101	5,449,460
Water supply	4,305,265	3,930,948	3,808,792	3,618,265	-	-	-	-	-	-
Sewage disposal	5,386,190	5,175,685	4,487,815	4,514,472	-	-	-	-	-	-
Storm water utility	1,336,185	1,030,096	977,864	1,039,131	868,957	1,032,765	891,632	866,257	680,791	692,413
Community services / Recreation and culture	565,480	564,667	652,173	385,378	390,939	381,359	394,386	374,433	364,786	416,614
Intermodal transportation terminal	-	-	-	-	-	-	959,368	86,003	156,177	173,272
<b>Total Business-Type Activities Expenses</b>	<b>11,593,120</b>	<b>10,701,396</b>	<b>9,926,644</b>	<b>9,557,246</b>	<b>8,582,340</b>	<b>7,994,516</b>	<b>8,757,859</b>	<b>7,666,524</b>	<b>7,096,855</b>	<b>6,731,759</b>
<b>Total Primary Government Expenses</b>	<b>\$ 35,212,802</b>	<b>\$ 33,462,180</b>	<b>\$ 31,657,724</b>	<b>\$ 31,419,536</b>	<b>\$ 29,450,476</b>	<b>\$ 28,228,900</b>	<b>\$ 27,988,947</b>	<b>\$ 26,649,179</b>	<b>\$ 24,832,689</b>	<b>\$ 25,305,486</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<b>Charges for Services</b>										
General government	\$ 1,114,877	\$ 1,132,836	\$ 1,221,257	\$ 1,136,397	\$ 1,183,205	\$ 1,218,448	\$ 1,206,989	\$ 1,176,083	\$ 1,254,826	\$ 1,087,850
Public health	128,350	189,761	205,175	418,443	290,421	279,723	202,071	202,388	183,381	108,808
Public works	1,063,755	1,421,290	1,446,912	1,298,101	1,271,574	1,066,658	1,205,514	1,102,852	1,370,220	1,027,142
Sanitation	1,478,213	1,249,960	1,377,460	1,240,711	1,363,959	1,470,423	1,256,621	1,157,631	2,065,969	1,112,255
Community services / Recreation and culture	544,566	532,742	467,299	834,142	817,726	786,183	905,996	809,727	803,526	736,130
Operating grants and contributions	934,124	2,493,779	2,274,909	2,522,298	2,656,662	2,660,546	2,392,818	5,446,027	2,185,688	2,873,580
Capital grants and contributions	202,303	135,860	353,012	93,471	91,364	68,771	114,702	647,205	265,770	1,795,016
<b>Total Governmental Activities Program Revenues</b>	<b>5,466,188</b>	<b>7,156,228</b>	<b>7,346,024</b>	<b>7,543,563</b>	<b>7,674,911</b>	<b>7,450,752</b>	<b>7,283,711</b>	<b>10,541,913</b>	<b>8,129,380</b>	<b>8,740,781</b>
<b>Business-Type Activities</b>										
<b>Charges for Services</b>										
Water supply and sewage disposal	-	-	-	-	6,471,525	6,095,472	6,025,359	5,914,730	5,726,868	5,680,134
Water supply	4,281,048	4,266,009	3,868,444	3,693,265	-	-	-	-	-	-
Sewage disposal	5,163,824	5,038,605	4,628,946	3,617,124	-	-	-	-	-	-
Storm water utility	1,045,493	1,097,036	999,570	1,030,634	936,336	862,805	867,963	709,859	649,034	660,058
Community services / Recreation and culture	496,962	518,836	562,924	343,235	260,882	268,309	284,838	281,296	258,940	252,099
Intermodal transportation terminal	-	-	-	-	-	-	26,631	35,531	63,963	145,992
Operating grants and contributions	-	69,271	346,411	11,111	6,830	18,095	25,057	9,000	173,320	536
Capital grants and contributions	749,985	-	-	-	533,000	-	-	-	-	-
<b>Total Business-Type Activities Program Revenues</b>	<b>11,737,312</b>	<b>10,989,757</b>	<b>10,406,295</b>	<b>8,695,369</b>	<b>8,208,573</b>	<b>7,244,681</b>	<b>7,229,848</b>	<b>6,950,416</b>	<b>6,872,125</b>	<b>6,738,819</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 17,203,500</b>	<b>\$ 18,145,985</b>	<b>\$ 17,752,319</b>	<b>\$ 16,238,932</b>	<b>\$ 15,883,484</b>	<b>\$ 14,695,433</b>	<b>\$ 14,513,559</b>	<b>\$ 17,492,329</b>	<b>\$ 15,001,505</b>	<b>\$ 15,479,600</b>
<b>Net (Expense) Revenue</b>										
<b>Governmental Activities</b>										
General government	\$ (18,153,494)	\$ (15,604,556)	\$ (14,385,056)	\$ (14,318,727)	\$ (13,193,225)	\$ (12,783,632)	\$ (11,947,377)	\$ (8,440,742)	\$ (9,606,454)	\$ (9,832,946)
Public health	144,192	288,361	479,651	(861,877)	(749,835)	(373,767)	(1,528,011)	(716,108)	(224,730)	7,060
<b>Total Primary Government Net Expense</b>	<b>\$ (18,009,302)</b>	<b>\$ (15,316,195)</b>	<b>\$ (13,905,405)</b>	<b>\$ (15,180,604)</b>	<b>\$ (13,566,992)</b>	<b>\$ (13,533,467)</b>	<b>\$ (13,475,388)</b>	<b>\$ (9,156,850)</b>	<b>\$ (9,831,184)</b>	<b>\$ (9,825,886)</b>
<b>General Revenues and Other Changes in Net Position / Net Assets</b>										
<b>Governmental Activities</b>										
<b>Taxes</b>										
Property taxes	\$ 9,393,501	\$ 9,068,039	\$ 8,951,908	\$ 8,935,237	\$ 8,480,442	\$ 8,199,808	\$ 7,579,498	\$ 7,155,812	\$ 6,305,971	\$ 5,955,861
Payments in lieu of taxes	3,367,177	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
Unrestricted state sources	3,372,989	1,945,218	1,925,889	1,940,321	1,938,789	2,573,077	2,290,677	2,234,285	2,185,248	2,264,254
Interest and investment earnings	(47,473)	251,226	119,309	251,949	242,842	482,029	827,856	255,506	88,521	(97,837)
Gain on sale of capital assets	1,262	(51,757)	61,862	1,543,022	1,025,349	-	-	-	-	-
Miscellaneous	154,680	265,949	112,539	350,313	410,760	432,952	138,306	133,747	69,510	428,449
Transfers	(50,247)	(35,321)	(106,128)	(40,056)	(69,625)	(1,718,975)	1,551,006	(842,977)	(420,516)	(228,117)
Extraordinary item - Flood Costs	-	-	-	-	-	-	-	-	-	(10,467)
<b>Total Governmental Activities</b>	<b>16,191,889</b>	<b>14,582,522</b>	<b>13,782,976</b>	<b>15,618,862</b>	<b>14,361,335</b>	<b>12,616,767</b>	<b>14,763,322</b>	<b>11,289,646</b>	<b>10,282,492</b>	<b>10,340,022</b>
<b>Business-Type Activities</b>										
Interest and investment earnings	7,342	9,934	18,001	29,350	58,724	61,743	74,054	230,576	233,480	263,458
Gain on sale of capital assets	5,942	-	-	-	-	-	-	-	-	-
Miscellaneous	-	16,864	497,871	-	80	15,217	3,838	91,116	-	(2,105)
Transfers	50,247	35,321	106,128	40,056	69,625	1,718,975	(1,551,006)	842,977	420,516	228,117
<b>Total Business-Type Activities</b>	<b>63,531</b>	<b>62,119</b>	<b>622,000</b>	<b>69,406</b>	<b>128,429</b>	<b>1,795,935</b>	<b>(1,473,114)</b>	<b>1,164,669</b>	<b>653,996</b>	<b>489,470</b>
<b>Total Primary Government</b>	<b>\$ 16,255,420</b>	<b>\$ 14,644,641</b>	<b>\$ 14,404,976</b>	<b>\$ 15,688,268</b>	<b>\$ 14,489,764</b>	<b>\$ 14,412,702</b>	<b>\$ 13,290,208</b>	<b>\$ 12,454,315</b>	<b>\$ 10,936,488</b>	<b>\$ 10,829,492</b>
<b>Change in Net Position / Net Assets</b>										
<b>Governmental activities</b>										
General government	\$ (1,961,605)	\$ (1,022,034)	\$ (602,080)	\$ 1,300,135	\$ 1,168,110	\$ (166,865)	\$ 2,815,945	\$ 2,848,904	\$ 676,038	\$ 507,076
Business-type activities	207,723	350,480	1,101,651	(792,471)	(245,338)	1,046,100	(3,001,125)	448,561	429,266	496,530
<b>Total Primary Government</b>	<b>\$ (1,753,882)</b>	<b>\$ (671,554)</b>	<b>\$ 499,571</b>	<b>\$ 507,664</b>	<b>\$ 922,772</b>	<b>\$ 879,235</b>	<b>\$ (185,180)</b>	<b>\$ 3,297,465</b>	<b>\$ 1,105,304</b>	<b>\$ 1,003,606</b>

CITY OF MARQUETTE, MICHIGAN  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Reserved	n/a	n/a	n/a	\$ 691,862	\$ 378,019	\$ 155,423	\$ 362,919	\$ 507,146	\$ 639,116	\$ 1,377,892
Unreserved	n/a	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
Non-spendable*	\$ 329,423	\$ 307,355	\$ 496,921	n/a						
Restricted*	245,597	240,180	3,159,710	n/a						
Assigned*	1,503,235	1,501,129	1,498,974	n/a						
Unassigned*	8,726,900	8,754,851	4,184,567	n/a						
Total General Fund	<u>\$ 10,805,155</u>	<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>
All Other Governmental Funds										
Reserved	n/a	n/a	n/a	\$ 1,275,722	\$ 1,653,133	\$ 630,978	\$ 738,103	\$ 1,005,637	\$ 1,374,127	\$ 3,576,886
Unreserved, reported in:										
Special revenue funds	n/a	n/a	n/a	229,228	1,587,331	1,552,428	2,435,075	2,689,965	42,347	338,184
Capital projects funds	n/a	n/a	n/a	-	108,103	108,103	4,472,029	-	-	-
Debt service funds	n/a	n/a	n/a	509,681	394,785	298,078	-	-	-	-
Non-spendable*	\$ 693,924	\$ 669,565	\$ 659,186	n/a						
Restricted*	416,098	343,358	259,636	n/a						
Assigned*	1,696,230	1,611,847	1,348,749	n/a						
Total All Other Governmental Funds	<u>\$ 2,806,252</u>	<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>

\* - 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)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Taxes	\$ 12,760,678	\$ 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
Federal and state sources	4,008,066	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
Fines and penalties	113,071	158,192	175,456	298,052	192,373	143,942	99,652	95,917	137,572	136,538
Charges for services	3,542,272	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
Special assessments	(23,167)	24,903	32,747	57,507	57,896	61,428	44,179	89,813	63,506	66,143
Intergovernmental	291,264	275,607	261,402	266,980	229,846	205,282	162,210	143,489	128,399	156,009
Investment income	(46,464)	251,125	118,982	265,207	231,468	502,924	838,865	255,506	88,521	(97,837)
Other revenues	1,040,449	1,348,577	1,289,912	3,042,582	2,548,765	1,783,141	1,417,338	275,689	284,229	726,773
<b>Total Revenues</b>	<b>21,686,169</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>Expenditures</b>										
General government	4,095,556	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
Public health and safety	7,078,837	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
Public works	3,407,456	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
Highway and streets	2,136,893	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
Social services and community development	458,863	435,328	489,211	818,720	730,012	341,963	355,193	511,948	503,334	840,683
Sanitation	1,515,690	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
Community services / Recreation and culture	1,120,833	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
Capital outlay	1,333,372	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
Other expenditures	-	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-	24,847
Debt Service										
Professional and contractual	36,242	15,595	345	877	59,114	-	298,796	-	-	-
Principal	1,205,973	1,111,502	1,042,166	1,228,215	2,270,127	1,437,359	952,788	918,575	874,138	627,229
Interest	780,142	789,076	813,055	853,446	799,126	906,149	628,993	855,638	499,388	362,232
<b>Total Expenditures</b>	<b>23,169,857</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>
Excess of revenues over (under) expenditures	(1,483,688)	496,796	(231,067)	(945,289)	(2,232,117)	(5,445,451)	(1,515,527)	2,966,300	(7,351,388)	(1,484,968)
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	1,253,745	1,076,000	-	-	5,959,250	3,209,234	10,819,061	-	5,000,000	5,178,100
Premium on bond issuance	65,117	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	3,669,697	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
Transfers out	(3,321,749)	(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)
Extraordinary item - Flood Costs	-	-	-	-	-	-	-	-	-	(168,526)
<b>Total Other Financing Sources (Uses)</b>	<b>1,666,810</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>Net change in fund balances</b>	<b>\$ 183,122</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>
Debt Service as a Percentage of Non-capital Expenditures	9.16%	9.49%	9.18%	10.00%	14.23%	11.85%	8.75%	9.94%	5.95%	5.71%

## CITY OF MARQUETTE, MICHIGAN

General Governmental Expenditures by Functions <sup>(A)</sup>

Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government	\$ 4,095,556	\$ 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
Public Health and Safety	7,078,837	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
Highways, Streets and Bridges	5,544,349	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
Sanitation	1,515,690	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
Social Services	458,863	435,328	489,211	818,720	730,012	341,963	355,193	511,948	503,334	840,683
Recreation and Culture	1,120,833	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
Capital Outlay	1,333,372	1,268,591	1,031,817	2,825,517	798,282	299,780	367,866	40,497	69,390	274
Debt Service	13,910	15,250	-	199,631	462,000	485,028	485,595	486,078	484,231	481,845
<b>TOTALS</b>	<b>\$ 21,161,410</b>	<b>\$ 19,608,350</b>	<b>\$ 19,827,726</b>	<b>\$ 22,344,442</b>	<b>\$ 20,081,140</b>	<b>\$ 18,610,572</b>	<b>\$ 17,223,713</b>	<b>\$ 16,661,723</b>	<b>\$ 22,271,443</b>	<b>\$ 16,096,283</b>

<sup>(A)</sup> Includes General and Special Revenue Funds

## CITY OF MARQUETTE, MICHIGAN

General Revenues by Sources <sup>(A)</sup>

## Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Property Taxes	\$ 9,394,438	\$ 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
Payments in lieu of property taxes	3,366,240	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
State and Federal sources	4,008,066	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
Intergovernmental revenue	291,264	275,607	261,402	266,980	229,846	205,282	162,210	143,489	128,399	156,009
Licenses and permits	33,492	35,076	37,472	36,928	35,078	33,354	33,574	28,250	36,243	18,543
Charges for services	3,516,067	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
Sales	48,167	18,415	23,379	159,410	170,526	162,349	177,963	173,771	166,466	176,336
Use and admission fees	415,920	445,101	442,141	667,473	635,285	622,400	680,392	580,624	592,834	496,419
Fines and forfeits	113,071	158,192	175,456	298,052	192,373	143,942	99,652	95,917	137,572	136,538
Rentals	122,159	130,515	119,710	90,949	88,727	83,776	158,526	135,111	126,317	123,816
Special assessments	(23,167)	24,903	32,747	57,507	57,896	61,428	44,179	89,813	63,506	66,143
Sale of assets	1,262	201,614	61,862	1,543,122	1,025,349	251,171	-	908	11,721	3,743
Contribution from private sources	216,197	173,332	403,618	131,814	92,542	103,756	124,718	107,630	21,915	21,500
Reimbursements	148,441	87,621	36,037	44,632	124,190	268,727	49,910	53,771	40,090	20,433
Investment income	(1,313)	234,182	131,691	250,856	241,972	402,363	614,673	172,377	21,945	(128,122)
Other revenue	54,791	256,903	165,692	368,254	377,068	253,355	192,255	113,380	53,029	117,391
<b>TOTAL</b>	<b>\$ 21,705,095</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>

<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

Fiscal Year Ended 30-Jun	Residential Property	Commercial Property	Industrial Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct
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
2013	875,868,800	1,018,676,400	207,203,800	675,331,400	1,426,417,600	17.243

**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

Fiscal Year Ended 30-Jun	City District Rates					Total Direct	(A) (B) Overlapping Rates *		Total
	General Fund	Senior Services Fund	Library Fund	Debt Service Funds	Marquette Area Public School District		County of Marquette		
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	
2013	14.923	0.350	1.370	0.600	17.243	6.900	9.945	34.088	

**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

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WE Energies	\$ 101,851,400	1	16.17%	\$ 96,456,000	1	21.19%
Marquette Medical Dental Center	11,685,662	2	1.86%	8,044,546	2	1.77%
Pioneer Laboratories, Inc.	5,222,995	3	0.83%			
American Transmission Co. LLC	4,852,600	4	0.77%			
O'Dovero Properties	4,456,565	5	0.71%	4,132,258	3	0.91%
HJ Larson & Associates, Inc	4,446,252	6	0.71%	3,648,190	5	0.80%
Tourville, Inc.	4,292,913	7	0.68%	3,742,195	4	0.82%
Mill Creek Community	3,067,578	8	0.49%			
Brookridge Marquette	2,798,786	9	0.44%			
Shopko Properties Spe. Real Estate	2,688,800	10	0.43%	2,458,538	7	0.54%
Wells Fargo Bank				2,623,671	6	0.58%
Marquette General Hospital				2,219,572	8	0.49%
Tourville North Apartments				1,994,126	9	0.44%
Dagenais Real Estate				1,869,021	10	0.41%
<b>Total</b>	<b>\$ 145,363,551</b>		<b>23.09%</b>	<b>\$ 127,188,117</b>		<b>27.95%</b>

Source: City of Marquette Assessor's Department.

## CITY OF MARQUETTE, MICHIGAN

## 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		Delinquent Personal Property Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2013	11,085,214	11,026,051	99.47%	15,856	11,041,907	99.61%

**Source:** Marquette City Treasurer's Department.

CITY OF MARQUETTE, MICHIGAN  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

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			
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	4.90%	\$ 1,207
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	5.25%	1,347
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	4.88%	1,253
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	5.83%	1,497
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	6.80%	1,802
2009	19,007,695	-	-	195,000	828,734	684,636	15,544,376	-	-	385,000	4,707,930	-	41,353,371	7.15%	1,990
2010	18,067,143	-	-	-	745,861	209,294	-	9,278,496	6,159,092	315,000	4,310,842	-	39,085,728	6.71%	1,869
2011	17,117,371	-	-	-	662,988	199,773	-	8,635,862	6,320,349	240,000	4,075,262	-	37,251,605	5.75%	1,774
2012	17,174,397	-	-	-	580,115	190,118	-	8,926,946	7,447,313	165,000	4,313,476	-	38,797,365	5.77%	1,817
2013	17,314,829	-	-	-	497,242	180,328	-	8,363,149	8,289,707	85,000	4,616,954	-	39,347,209	5.80%	1,843

\* - 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 16 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

Fiscal Year	General Bonded Debt Outstanding	Percentage of Taxable Assessed Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
Fiscal Year	General Obligation Bonds	Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
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
2013	17,992,399	1.26%	842.54

**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, 2013

Governmental Unit	Overlapping Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Overlapping Debt
<b>DIRECT DEBT</b>			
City of Marquette	\$ 17,992,399	100.00%	<u>\$ 17,992,399</u>
		TOTAL DIRECT DEBT	<u>17,992,399</u>
<b>OVERLAPPING DEBT</b>			
County School District	3,430,000	62.31%	2,137,233
Library Improvements	1,595,000	100.00%	1,595,000
Tax Increment Bonds - DDA	1,500,000	100.00%	1,500,000
2010 Capital Improvement - BRFA	925,000	100.00%	925,000
2010 Recovery Zone Facility - BRFA	415,000	100.00%	<u>415,000</u>
		TOTAL OVERLAPPING DEBT	<u>6,572,233</u>
		<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u><u>\$ 24,564,632</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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	\$ 71,320,880	\$ 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
Total net debt applicable to limit	17,992,399	17,944,630	17,980,132	20,716,065	20,716,065	22,051,943	20,280,068	18,927,940	20,658,944	16,936,500
Legal Debt Margin	\$ 53,328,481	\$ 52,253,205	\$ 51,823,058	\$ 48,878,080	\$ 46,553,156	\$ 40,351,177	\$ 29,993,107	\$ 28,794,429	\$ 24,864,536	\$ 26,489,654
Total net debt applicable to the limit as a percentage of debt limit	25.23%	25.56%	25.76%	29.77%	30.80%	35.34%	40.34%	39.66%	45.38%	39.00%

Legal Debt margin Calculation for Fiscal Year 2013:

State Equalized Assessed Value (SEV)	\$ 713,208,800
Debt limit (10% of total assessed value)	71,320,880
Debt applicable to limit:	
General obligation bonds	17,992,399
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	17,992,399
Legal debt margin	\$ 53,328,481

**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

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	
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)
2013	4,283,280	3,960,960	322,320	450,000	75,965	0.61	275,212	399,905	(124,693)	80,000	4,900	(1.47)
	* 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	
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)
2013	1,046,021	1,153,256	(107,235)	-	-	-	31,827,224	34,351,855	(2,524,631)	765,000	263,000	(2.46)

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

- (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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level In Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
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%
2013	21,355	695,212,025	32,555	29.1	12.8	3,111	5.2%

**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

Taxpayer	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Marquette General Health Systems	2,619	1	7.62%	1,857	1	5.82%
Cleveland Cliffs	1,800	2	5.23%			
Northern Michigan University	927	3	2.70%	1,180	2	3.70%
Peninsula Medical Center	638	4	1.86%			
Westwood Mall Merchants	500	5	1.45%			
Michigan Department of Corrections	425	6	1.24%			
Wal-Mart Stores, Inc.	380	7	1.11%	400	6	1.25%
Marquette Area Public School District	374	8	1.09%	455	5	1.43%
Bell Memorial Health System	370	9	1.08%	300	7	0.94%
County of Marquette	300	10	0.87%			
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>8,333</u>		<u>24.25%</u>	<u>6,822</u>		<u>21.38%</u>

**Source:** Michigan Department of Labor and Economic Growth, Office of Labor Marquette Information

CITY OF MARQUETTE, MICHIGAN  
Full-Time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Administration Services	28	27	27	26	24	26	26	21	23	23
Public Health and Safety										
Police Officers	39	39	38	38	38	37	39	39	41	41
Firefighters and Officers	26	26	26	26	26	25	25	25	26	26
Public Works	36	28	29	29	31	32	33	35	37	39
Highway and Streets	8	9	12	12	11	11	11	6	8	9
Social Services	4	4	4	4	4	4	4	4	5	4
Recreation and Culture	4	5	6	6	7	7	6	6	7	7
Storm Water	1	1	1	1	1	1	1	1	1	1
Motor Pool	7	8	8	7	7	7	7	9	10	10
Water	13	13	14	13	15	15	15	15	17	16
Wastewater	8	9	9	9	9	9	9	8	9	10
Library	12	13	14	14	14	15	14	14	14	14
Total	<u>186</u>	<u>182</u>	<u>188</u>	<u>185</u>	<u>187</u>	<u>189</u>	<u>190</u>	<u>183</u>	<u>198</u>	<u>200</u>

**Source:** City Human Resources Department

CITY OF MARQUETTE, MICHIGAN  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Physical arrests	1,228	1,398	1,544	1,447	1,571	1,411	1,424	1,401	909	1,424
Parking violations	7,348	6,234	7,434	7,932	9,512	9,870	8,888	10,039	9,699	7,374
Traffic violations	2,666	2,963	2,333	2,262	2,542	2,105	2,910	2,484	2,607	3,182
Fire										
Emergency responses	842	803	783	681	630	562	638	540	535	603
Fires extinguished	34	35	41	28	57	22	29	29	32	34
Inspections	3,256	2,239	1,247	914	741	781	1,705,000	841	127	167
Refuse collection										
Refuse collected (tons per week)	51.9	49.2	53.7	55.2	55.4	56.8	57.4	31.8	53.2	86.9
Recycling (tons per week)	15.1	15.0	16.1	12.6	13.0	15.3	17.2			
Other public works										
Street resurfacing (miles)	2.6	2.9	3.0	2.6	1.6	0.3	2.3	1.0	1.0	1.0
Potholes repaired	-	-	-	-	-	-	108	1	1	1
Parks and recreation										
Total Campers	17,014	11,592	11,592	10,380	8,771	8,756	9,308	10,202	9,243	8,196
Beach Attendance	28,687	21,989	35,389	24,317	33,939	28,939	29,557	34,381	41,498	22,133
Library										
Volumes in collection	250,022	246,979	241,924	234,018	224,821	220,812	214,802	200,000	195,406	191,711
Total volumes borrowed	311,041	356,154	362,099	355,489	343,002	327,787	335,991	335,008	300,443	328,216
Water										
Consumers	6,144	6,101	5,911	5,871	5,832	5,801	5,739	5,697	5,683	5,589
Water mains breaks	-	-	4	15	15	12				
Average daily consumption (millions of gallons)	2.45	2.45	2.35	2.55	2.58	2.75	2.77	2.93	3.41	2.92
Wastewater										
Average daily sewage treatment (millions of gallons)	2.83	2.67	2.77	2.71	2.58	3.09	3.04	3.30	3.29	3.39

Source: Various City Departments

CITY OF MARQUETTE, MICHIGAN  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
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	91.5	99.0	99.0	98.0	98.0
Streetlights	2,345	2,345	2,345	2,345	2,345	2,317	2,317	2,358	2,358	2,349
Parks and recreation										
Parks	19	19	19	19	19	19	19	19	19	18
Playfields	12	12	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)	98.7	98.1	98.1	98.1	98.1	98.1	96.5	96.5	96.5	93.5
Wastewater										
Sanitary sewers (miles)	88.7	88.7	88.3	88.3	88.3	88.3	93.0	93.0	93.0	89.5
Storm sewers (miles)	52.6	52.1	61.7	50.2	50.2	49.0	59.0	59.0	59.0	56.0

Source: Various City Departments

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# COMPLIANCE SUPPLEMENT



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

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council  
City of Marquette, Michigan

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Marquette, Michigan, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Marquette, Michigan's basic financial statements and have issued our report thereon dated December 16, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Marquette, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Marquette, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Marquette, Michigan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Marquette, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Report to Management as item 2013-01.

**City's Response to Findings**

The City of Marquette, Michigan and Peter White Public Library's response to the findings identified in our audit is described in the accompanying report to management. The City of Marquette, Michigan and Peter White Public Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

To the City Council  
City of Marquette, Michigan

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Anderson, Tackman & Company, PLLC*

Certified Public Accountants

Marquette, Michigan

December 16, 2013

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