

**CITY OF MARQUETTE, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**15-Month Fiscal Period Ended September 30, 2014**

**CITY OF MARQUETTE, MICHIGAN**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
15-Month Fiscal Period Ended September 30, 2014

CITY COMMISSION  
Michael Coyne, Mayor

Dave Campana  
Sara Cambensy  
Robert Niemi  
Don Ryan  
Fred Stonehouse  
Sarah Reynolds

CITY MANAGER  
William Vajda

PREPARED BY  
Financial Services Department

CHIEF FINANCIAL OFFICER  
Gary Simpson

**CITY OF MARQUETTE, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the 15-Month Fiscal Period Ended September 30, 2014

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**COMPLIANCE SUPPLEMENT**

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March 6, 2015



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 7.1 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 September 30, 2014.

Section 7.1(b) of the City Charter approved by voters on November 6, 2012 states: “The October 1 to September 30 fiscal year provided for in this charter shall be effective as of October 1, 2013, and thereafter. To adjust from the July 1 to June 30 fiscal year that is currently observed, July 1, 2013 through September 30, 2014 (15 months) shall constitute the transition period, with budgets and audits performed for this 15-month period in accordance with provisions as specified in this charter. After this 15-month transition period, all budgets and audits shall conform to the October 1 through September 30 fiscal year as specified in this charter.”

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 September 30, 2014. 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 conducts business-like operations for water and sewer utilities, marina services, stormwater management, and parks services. These services are financed via user-fees, and managed through "enterprise funds" with separate accounting and financial reporting mechanisms. City enterprises are expected to operate without substantial General Fund subsidies, and revenues and expenditures are not commingled with the revenues and expenses of all other government activities. Enterprise accounting provides the public with greater 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 a City enterprise 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 by Commission members. The Commission appoints the City Manager and the City Attorney. All other administrative appointments are the responsibility of the City Manager.

The new City Charter which was enacted during fiscal year 2013 establishes a new fiscal year that runs from October 1 through September 30, instead of the previous July 1 through June 30 period. In order to make this transition, Fiscal Year 2014 was 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 as reported by the U.S. Census Bureau in 2010, the City remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. Marquette enjoys a diverse economic base, and the City's major employers, Northern Michigan University (NMU) and UP Health System-Marquette (formerly Marquette General Hospital), 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. UP Health System-Marquette carries an approximate \$325M/annum economic impact and plans have been announced to initiate approximately \$300M+ of new construction to expand facilities necessary for continued growth as a regional medical facility. Construction is expected to start in spring 2016 and is expected to be completed in early 2018.

The City Charter mandates the City Manager to prepare and maintain a Strategic Plan and Economic Development Plan that promotes the standard of living and the economic health of the city. Plans have been developed and implemented, and as a result the City is better positioned to retain and attract a talented workforce; incubate and accelerate entrepreneurial growth; and to work with partners to address regional issues associated with infrastructure and global market access. The Michigan Strategic Fund Board has approved implementation of the Superior Trade Zone, wherein the City has partnered with 42 other communities in Marquette and Delta Counties to take advantage of expanding trade opportunities through authorities outlined under the Next Michigan Zone Act within the Central Upper Peninsula. Marquette – along with Northern Michigan University (NMU) - has also been designated by the Michigan Economic Development Corporation and Michigan Department of Treasury as a Satellite SmartZone of Michigan Technological University (MTU), and the Cities of Houghton and Hancock (MTEC) to create a robust entrepreneurial environment that will enhance business creation, expansion, and growth.

The City is gaining new global recognition and continues to benefit economically as a popular tourism and vacation spot and overall visitor volumes are trending upwards of 10-15% over historical measures, and there are plenty of both summer and winter recreational activities. The City has become one of five nationally recognized destinations for trail and mountain biking during the non-winter months and for downhill and cross-country snow skiing during the winter months. The City has been recognized as the originating area for the popular new snow-biking sport, and continues to sponsor the U.P. 200 Dogsled Race – a qualifier for Alaska's Iditarod; as well as a qualifying Marathon supporting the Boston Marathon, and XTerra Triathlon. Through its Downtown Development Authority, the City continues to invest in the downtown, and works with merchants to provide diversified opportunities and events that have attracted 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 annually develops a "CFO Forecast" briefing which serves a similar purpose as the Federal Congressional Budget Office/Presidents Budget analysis and assumptions, and the State

of Michigan Consensus Revenue Estimate. In addition to providing a comparative understanding of the local budget between fiscal years, the CFO forecast highlights anticipated volatility resulting from Federal and State budget issues; identifies the potential impacts for both anticipated and unanticipated fund balance reserve needs; establishes recommendations for debt management thresholds associated with annual Capital Improvement Program Needs; and explains staff recommendations regarding “zero-based” program review. The recommendations mitigate to the extent possible revenue volatility, and identify balanced budget requirements within the context of a “tranche” schedule for considering potential amendments as financial conditions stabilize or improve.

The resultant budget mitigates to the extent possible potential issues that may negatively impact the City in the future. Federal and State government budgets – and associated local revenue sharing remain highly volatile and in decline. This era of uncertainty is sadly familiar, and the City has experienced three fundamental changes in revenue statutory revenue sharing over the past five years. Equally, changes incorporated within State Tax Law have resulted in impacts to Personal Property Tax Collections from businesses; Veteran Real Property Tax exemptions; and changes in state equalization protocols which have resulted in a significant increase of new Board of Appeal and Michigan Tax Tribunal cases with the City’s largest taxpayers. 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 have the potential to negatively impact local revenue, continue to create tremendous uncertainty, and as a result, put greater pressure on the City’s General Fund and associated community institutions.

The future of the Presque Isle Power Plant (PIPP), the City’s largest taxpayer, remains uncertain, and the owner of the facility has filed a property tax appeal with the Michigan Tax Tribunal. The City has successfully coordinated a joint-defense arrangement with impacted jurisdictions, and the Michigan Attorney General has agreed to enjoin the Case on the City’s side. City officials continue to work with Federal, State, and private organizational officials in order to identify best possible solutions. It is anticipated that the plant will continue “must-run” operations for the near term. It should be noted that the loss of this tax payer would result in an approximate 11-14% decrease in annual general fund revenue.

The Winter of 2014 was particularly harsh for the entire area with prolonged sub-zero temperatures, snow, and ice. These extreme conditions caused many water pipe freeze ups, water main breakages, collapsed roofs and other building damage, and damage to streets and roads. Governor Snyder declared a State of Emergency, and emergency resource requests were made to various Federal and State agencies which provided only partial relief. Requests continue in the search for additional funding even as the new impacts of the FY2015 winter season arise, albeit with only limited success. The City still has approximately \$1M in unrecovered damages resulting from the Winter of 2014.

Federal and State economic forecasts assume:

- ❖ Global growth of Gross Domestic Product (GDP), adjusted for inflation, will increase slightly from 3.2 percent in 2014 to 3.3 percent in 2015, 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 2.4 percent in 2014 to 2.9 percent in 2015.
- ❖ The Michigan economy, as measured by inflation-adjusted personal income, is estimated to grow by 4.3% in Calendar Year (CY) 2015, according to the Michigan Economic and Revenue Forecast issued by the State on January 16, 2015.
- ❖ It is unclear how this growth will be reflected in Regional and City local- and traded-clusters, although historic experience has demonstrated 50%-100% less annual growth is experienced when compared to State levels.

The City continues to face significant reductions from non-municipal discretionary revenue sources, 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 2014 INITIATIVES**

The major themes which guided projects and initiatives for FY 2014 were:

- Implementation of the new City Charter
- Infrastructure Repairs, Replacements and Improvements
- Brownfield Redevelopment
- Satellite SmartZone Development and Financing Plans
- Next Michigan Zone development and approval
- Provision of new on-line services supporting greater 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

The following major capital improvements were accomplished in FY 2014:

- ✓ Stormwater Drainage Improvements - \$987,138
- ✓ Water System Improvements - \$1,781,956
- ✓ Sewer System Improvements - \$1,698,873
- ✓ Street/Road Reconstruction & Improvements - \$1,590,328

### **RELEVANT FINANCIAL POLICIES**

The City adheres to several financial management policies, including a statutory requirement to adopt a balanced budget (I.E., revenues must match expenditures). In FY 2011, the City Commission adopted a policy that eliminates structural deficits by requiring the amount of new bond debt may not exceed the amount of debt retired during the previous fiscal year. Under prevailing conditions, this results in a debt limit of no more than \$4 million for capital improvement projects.

These policies inform all current and future budget deliberations 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.

<b>OTHER INFORMATION</b>
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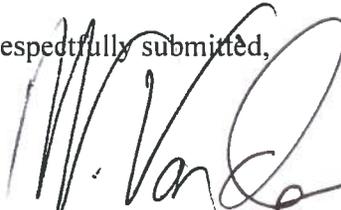
**Awards** – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marquette, Michigan for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This is the 28th 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

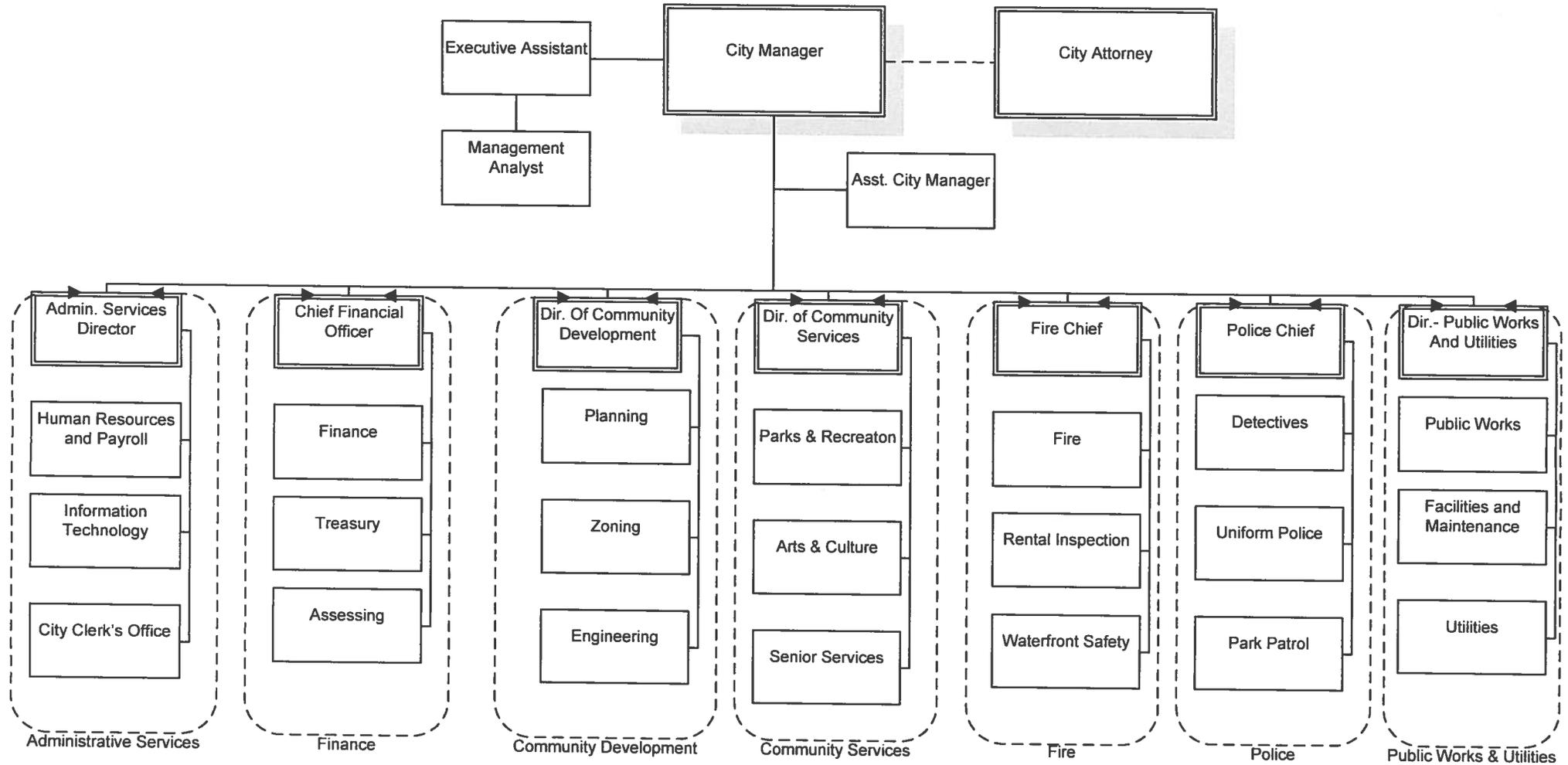
**City of Marquette  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# City of Marquette



**CITY OF MARQUETTE, MICHIGAN**  
ADMINISTRATIVE STAFF

**CITY MANAGER**

William Vajda

**ASSISTANT CITY MANAGER**

Kyle Whitney

**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**

Miles Anderson

**DIRECTOR OF COMMUNITY SERVICES**

Karl Zueger

**Parks & Recreation Division**

Jon Swenson

Andrew MacIver

**Arts & Culture**

Tiina Harris

**DIRECTOR OF PUBLIC WORKS AND UTILITIES**

Curt Goodman

**Public Works**

Scott Cambensy

**Facilities Maintenance**

Eric Stemen

**Utilities**

Curt Goodman (Acting)

**FIRE CHIEF**

Thomas Belt

**POLICE CHIEF**

Leonard Angeli

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## 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, the budgetary comparison information, and the aggregate remaining fund information of City of Marquette, Michigan, as of and for the year ended September 30, 2014, 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 fund and 83 percent, 86 percent, and 90 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, 86 percent, and 90 percent, respectively, of the assets, net position, and revenues of the component unit activities. 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 unit activities, 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.

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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, the budgetary comparison information, and the aggregate remaining fund information of the City of Marquette, Michigan, as of September 30, 2014, 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.

### ***Emphasis of Matter***

As discussed in Note AB, during the fiscal year, the City of Marquette, Michigan changed its fiscal year end from June 30 to September 30. The fiscal year ended September 30, 2014 includes a fifteen month period.

As discussed in Note Z to the financial statements, in 2014 the City of Marquette, Michigan adopted new accounting guidance, Statement of Governmental Accounting Standards, GASB Statement No. 66, *2012 Technical Corrections (an Amendment to GASB 10 and GASB 62)*, GASB Statement No. 67 *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

### ***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.

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*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 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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Marquette, Michigan's basic financial statements for the year ended June 30, 2013, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison information, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marquette, Michigan's basic financial statements as a whole. We did not audit the financial statements of the Board of Light and Power, which represent 83 percent, 87 percent, and 79 percent, respectively, of the assets, net position, and revenues of the component unit activities, for the year ended June 30, 2013. 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 unit activities, is based solely on the report of the other auditors. The individual major and non-major fund financial statements, for the year ended June 30, 2013, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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

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accepted in the United States of America. In our opinion, the 2013 individual major and non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2015, 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

March 6, 2015

## 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 fifteen-month fiscal year ended September 30, 2014. The fifteen-month fiscal year is due to a revision to the City Charter which was approved by the City's citizens in an election in November 2012 and became effective January 2013. The prior fiscal year period of July through June was changed to October through September. To make the transition, fiscal year 2014 was a "long" fiscal year from July 1, 2013 through September 30, 2014. Keep in mind that the two years presented in the condensed financial statements in this MD&A will not show a true comparison due to fiscal year 2014 being a fifteen-month period and fiscal year 2013 being a twelve month period. 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 \$(1,703,015) as a result of this fiscal year's operations. Net position of our business-type activities decreased by \$(909,091) or (2.40%), and net position of our governmental activities decreased by \$(793,924) or (1.87%).
- During the year, the City had expenses for governmental activities that were \$21,022,408 more than the \$8,630,396 generated in program revenues.
- The City's business-type activities had expenses that were \$731,984 more than the \$14,837,808 generated in program revenues.
- The general fund reported a net change in fund balance of \$1,844,193. This is \$1,844,193 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

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

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.

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 September 30, 2014 and June 30, 2013.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 31,939,092	\$ 31,887,029	\$ 7,638,715	\$ 6,417,321	\$ 39,577,807	\$ 38,304,350
Capital assets, net	42,598,026	44,566,698	55,626,042	54,925,967	98,224,068	99,492,665
Total Assets	<u>74,537,118</u>	<u>76,453,727</u>	<u>63,264,757</u>	<u>61,343,288</u>	<u>137,801,875</u>	<u>137,797,015</u>
Deferred outflows of resources	-	-	45,512	71,619	45,512	71,619
Current liabilities	4,283,715	3,224,317	3,238,158	3,178,144	7,521,873	6,402,461
Noncurrent liabilities	20,705,631	19,675,655	22,197,900	20,203,454	42,903,531	39,879,109
Total Liabilities	<u>24,989,346</u>	<u>22,899,972</u>	<u>25,436,058</u>	<u>23,381,598</u>	<u>50,425,404</u>	<u>46,281,570</u>
Deferred inflows of resources	<u>7,991,471</u>	<u>11,203,530</u>	<u>83,352</u>	<u>82,527</u>	<u>8,074,823</u>	<u>11,286,057</u>
Net Position:						
Net investment in capital assets	24,635,549	26,385,560	33,852,800	33,351,560	58,488,349	59,737,120
Restricted	1,873,995	719,411	2,714,043	211,294	4,588,038	930,705
Unrestricted	15,046,757	15,245,254	474,848	4,387,928	15,521,605	19,633,182
Total Net Position	<u>\$ 41,556,301</u>	<u>\$ 42,350,225</u>	<u>\$ 37,041,691</u>	<u>\$ 37,950,782</u>	<u>\$ 78,597,992</u>	<u>\$ 80,301,007</u>

Net position of the City's governmental activities stood at \$41,556,301. *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 \$15,046,757.

The \$15,046,757 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 \$37,041,691. 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 2014 and 2013.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 5,625,664	\$ 4,329,761	\$ 14,111,382	\$ 10,987,327	\$ 19,737,046	\$ 15,317,088
Operating grants and contributions	2,953,384	934,124	-	-	2,953,384	934,124
Capital grants and contributions	51,348	202,303	729,426	749,985	780,774	952,288
General revenues:						
Property taxes	17,354,030	12,760,678	-	-	17,354,030	12,760,678
Unrestricted State sources	2,544,745	3,372,989	-	-	2,544,745	3,372,989
Investment earnings	134,258	(47,473)	18,541	7,342	152,799	(40,131)
Sale of capital assets	9,539	1,262	-	5,942	9,539	7,204
Miscellaneous	352,322	154,680	-	-	352,322	154,680
Total Revenues	<u>29,025,290</u>	<u>21,708,324</u>	<u>14,859,349</u>	<u>11,750,596</u>	<u>43,884,639</u>	<u>33,458,920</u>
Program Expenses:						
General government	5,581,640	4,309,681	-	-	5,581,640	4,309,681
Public health and safety	8,866,452	7,287,784	-	-	8,866,452	7,287,784
Public works	4,302,325	3,615,570	-	-	4,302,325	3,615,570
Highways and streets	3,089,215	2,130,526	-	-	3,089,215	2,130,526
Social services	642,198	462,412	-	-	642,198	462,412
Sanitation services	1,914,121	1,538,331	-	-	1,914,121	1,538,331
Community services	1,866,955	1,469,678	-	-	1,866,955	1,469,678
Interest on long-term debt	887,454	761,123	-	-	887,454	761,123
Depreciation - unallocated	2,502,444	2,044,577	-	-	2,502,444	2,044,577
Water supply	-	-	6,124,462	4,305,265	6,124,462	4,305,265
Sewage disposal	-	-	6,861,865	5,386,190	6,861,865	5,386,190
Stormwater utility	-	-	1,511,338	1,336,185	1,511,338	1,336,185
Recreation and culture	-	-	1,075,127	565,480	1,075,127	565,480
Total Expenses	<u>29,652,804</u>	<u>23,619,682</u>	<u>15,572,792</u>	<u>11,593,120</u>	<u>45,225,596</u>	<u>35,212,802</u>
Excess (deficiency) before transfers	(627,514)	(1,911,358)	(713,443)	157,476	(1,340,957)	(1,753,882)
Transfers	(166,410)	(50,247)	166,410	50,247	-	-
Increase (decrease) in net position before extraordinary loss	(793,924)	(1,961,605)	(547,033)	207,723	(1,340,957)	(1,753,882)
Extraordinary loss	-	-	(362,058)	-	(362,058)	-
Increase (decrease) in net position after extraordinary loss	(793,924)	(1,961,605)	(909,091)	207,723	(1,703,015)	(1,753,882)
Net position, beginning, as restated	<u>42,350,225</u>	<u>44,311,830</u>	<u>37,950,782</u>	<u>37,743,059</u>	<u>80,301,007</u>	<u>82,054,889</u>
Net Position, Ending	<u>\$ 41,556,301</u>	<u>\$ 42,350,225</u>	<u>\$ 37,041,691</u>	<u>\$ 37,950,782</u>	<u>\$ 78,597,992</u>	<u>\$ 80,301,007</u>

The City's total revenues were \$43,522,581. The total cost of all programs and services was \$45,225,596 leaving a decrease in net position of \$(1,703,015). 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 \$23,251,676, an increase of \$5,745,113, or (32.82)%, from the prior fiscal year. This increase is discussed below:

- Property Tax revenue increased \$3,689,758, or 40.35%, which was the result of a fifteen-month fiscal year and increased taxable valuations of property since the tax millage rate was unchanged from the previous fiscal year.
- Payments in Lieu of Taxes (PILT) increased \$859,426, or 25.53%, mostly due to the fifteen-month fiscal year. This revenue source is based on asset valuations for the Marquette Board of Light & Power, The Marquette Area Wastewater Treatment Facility, and the City's Water and Sewer Utilities and applying the tax millage rate to those valuations.
- Grants decreased \$(153,684), or (65.13%), which was due to the Better Buildings for Michigan program being mostly completed in fiscal year 2013. Grants revenue source, as a whole, 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 \$515,792, or 24.85%. State Shared Revenues are comprised of: Sales & Use tax distributions increased \$560,154, or 30.51%; Liquor License distributions increased \$22,765, or 96.35%; and Fire Protection of State Facilities decreased \$(67,127), or (31.13%). Sales & Use tax and Liquor License distribution increases were mostly due to the fifteen-month fiscal year. Fire Protection of State Facilities decreased due to a decrease in funding from the Bad Driver Program. As a whole, these revenue sources are distributed based upon formulas set by the State and the amount of money appropriated for each purpose by the State. In addition, Sales & Use tax is largely dependent upon overall economic conditions in the State.
- Service/Use/Sales/Rental fees, excluding Internal Service fees, increased \$112,662, or 20.29%. 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. The fifteen-month fiscal year was the biggest reason for the increase in revenue.
- Fines and Forfeits increased \$17,028, or 15.41%, mostly due to the fifteen-month fiscal year. This revenue source is comprised of Civil Infraction fines and parking tickets.
- Special Assessments shows an increase of \$37,281, or 161%, because of having to write-off the Special Assessment for the Hawks Ridge project in fiscal year 2013.
- Sale of Capital Assets increased \$8,278, or 656%. Surplus equipment from the Public Works and Community Development Departments was sold at auction.
- Investment Income increased \$142,498. 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 in fiscal year 2013. This write-down was a "paper" loss only. Since the City holds investments until maturity, there was no actual loss. Because of this GASB rule, this revenue source can appear to be volatile and is based not only on the amount of money available in the

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

investment pool but also largely on investment market conditions as of the date at the end of each fiscal year.

- Other revenue sources increased \$122,746, or 36%, in large part due to the fifteen-month fiscal year. The largest components of this revenue source are KBIC 2% pass-thrus, reimbursement for providing a School Safety Officer, and a reimbursement from MSHDA for a Third Street Corridor study.

General Fund expenditures (excluding transfers out) increased \$4,063,832, or 26.93%, from the prior fiscal year. This increase is discussed below:

- ❖ General Government increased \$1,227,437, or 30.05%. This increase is mostly attributable to the fifteen-month fiscal year. Other factors were KBIC 2% Pass-thru funding, contracting with special legal counsel for Tax Tribunal cases, 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. Capital Outlay was for the Lakeshore Boulevard Relocation project in the Community Development Department.
- ❖ Public Health and Safety increased \$1,732,016, or 24.54%. The increase is mostly due to the fifteen-month fiscal year. Other factors were 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. Capital Outlay consisted mostly of Livescan Fingerprinting updates in the Police Department and Life Saving Equipment in the Fire Department.
- ❖ Public Works increased \$943,037, or 27.68%. The increase is mostly due to the fifteen-month fiscal year. Other factors were 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 and a Lower Harbor Ore Dock analysis. Capital Outlay consisted mostly of Public Restroom Improvements and Sidewalk Replacement.
- ❖ Recreation and Culture increased \$161,342, or 29.72%. The increase is mostly due to the fifteen-month fiscal year. Other factors were 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. Capital Outlay consisted of a new Point-of-Sale system for the Community Services Department.

Net Other Financing Uses decreased \$(161,271), or (6.68%), mostly due to bond proceeds for the fiscal year 2014 bond issue. A higher than normal transfer-out to the Marina Fund was needed due to having to write-off the Cinder Pond Marina Building that was destroyed due to the harsh winter conditions. Also, a transfer to the Cemetery Perpetual Care Fund was made to offset negative interest revenue due to GASB's mark-to-market investment accounting rules.

Fund Balance increased \$1,844,193, or 17.07%, from the previous fiscal year due to the reasons described above.

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

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

The Major and Local Street Funds had revenues, excluding Transfers-In, increase \$424,698, or 35.05%, and \$254,349, or 52.35%, respectively.

The Major Street Fund had Gas & Weight Tax distributions increase \$295,202, or 30.7%, and the Winter Maintenance allocation increased \$26,052, or 35.5%, when compared to the previous fiscal year. Both of these revenue sources are distributed based upon formulas set by the State and the amount of money appropriated for each purpose by the State. In addition, Gas & Weight Tax is dependent upon how much gas is bought at the pump. The Winter Maintenance allocation is based on a rolling average of snowfall and expenditures used for snow removal and other winter maintenance activities on the streets.

The Local Street Fund had Gas & Weight Tax distributions increase \$105,591, or 31.3%, and the Winter Maintenance allocation increased \$33,867, or 50.4%, when compared to the previous fiscal year. Both of these revenue sources are distributed based upon formulas set by the State and the amount of money appropriated for each purpose by the State. In addition, Gas & Weight Tax is dependent upon how much gas is bought at the pump. The Winter Maintenance allocation is based on a rolling average of snowfall and expenditures used for snow removal and other winter maintenance activities on the streets.

Major and Local Street Fund expenditures increased \$828,519, or 51.76%, and \$632,326, or 36.16%, respectively.

The Major Street Fund had Winter Maintenance activities increase \$268,168, or 50.38%, and capital outlay activities (Road Reconstruction Projects) increase \$292,381, or 65.82%, when compared to the previous fiscal year. The fifteen-month fiscal year was a factor as was the harsh winter the area experienced for Winter Maintenance activities. Capital Outlay activities were focused on the Street Improvement & Maintenance Program (SIMP).

The Local Street Fund had Winter Maintenance activities increase \$249,635, or 52.37%, and capital outlay activities (Road Reconstruction Projects) increase \$99,560, or 13.2%, when compared to the previous fiscal year. The fifteen-month fiscal year was a factor as was the harsh winter the area experienced for Winter Maintenance activities. Capital Outlay activities were focused on the Street Improvement & Maintenance Program (SIMP), East Washington Street, Cedar Street, Altamont Street, High Street (College – Kaye) Powder Mill Road, Hewitt Avenue, and Westland Drive.

### **Sanitation Fund**

The Sanitation Fund had revenues increase \$575,065, or 38.87%, as compared to the previous fiscal year mostly due to the fifteen-month fiscal year and 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 \$431,109, or 28.44%, from the previous fiscal year due to the fifteen-month fiscal year and increased tipping fees paid to the County landfill associated with the increase in Landfill Disposal permits.

The Fund Balance increased \$107,772, or 32.36% from the previous fiscal year due to factors described above.

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

### **Senior Services Fund**

The Senior Services Fund had revenues increase \$173,626, or 32.02%, as compared to the previous fiscal year due to State and County Contract Revenues increasing \$80,406 or 26% and Property Tax Revenue (0.35 mills voted in by the citizens) increasing \$82,951, or 39.68%, from the previous fiscal year. These increases were due to the fifteen-month fiscal year.

Expenditures in the Senior Services Fund increased \$179,588, or 39.14%, from the previous fiscal year due mostly to the fifteen-month fiscal year which included contractual wage and fringe benefit increases. Capital Outlay was for improvements to the handicap ramp access.

The Fund Balance increased \$77,376, or 23.82%, from the previous fiscal year due to the factors described above.

### **Lakeview Arena Fund**

The Lakeview Arena Fund had revenues, excluding Transfers-In, increase \$63,320, or 13.82%, as compared to the previous fiscal year due mostly to the fifteen-month fiscal year and an increase in Room Rental Revenue of \$34,913, or 65.78%.

Expenditures in the Lakeview Arena Fund, excluding transfers out, increased \$36,009, or 5.05%, from the previous fiscal year largely due to the fifteen-month fiscal year and to repair damages related to the harsh winter. Capital Outlay was related to the winter damage. Concession Services continue to be contracted out.

The Fund Balance decreased \$(112,624) or (36.75%) due to the factors described above. The transfer-in from the General Fund decreased to \$196,372 in fiscal year 2014 from \$374,772 in fiscal year 2013.

### **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 with the fifteen-month fiscal year being the factor for any increases. The Capital Outlay in Public Education/Government was for upgrades to the video broadcasting equipment in the City Commission Chambers.

### **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.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

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

	Total Cost of Services	Net Cost of Services
General government	\$ 5,581,640	\$ 4,056,518
Public health and safety	8,866,452	8,553,327
Public works	4,302,325	2,973,760
Highways and streets	3,089,215	799,158
Sanitation	1,914,121	(134,390)
Community services	1,866,955	1,163,590

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

**Water Supply Fund**

The Water Supply Fund had operating revenues increase \$780,861, or 18.24%, from the previous fiscal year. This was mostly due to the fifteen-month fiscal year. There were no changes in the utility rates in fiscal year 2014.

Operating expenses increased \$1,755,082, or 44.31% from the previous fiscal year. The increase was due in part to increased depreciation charges of \$307,461, or 31.13%, and an increase in Payment in Lieu of Taxes (PILT) of \$165,770, or 25.9%. Both of these increases are reflective of the fifteen-month fiscal year and the system reconstruction projects that are being completed. In the Treatment and Distribution activities, there were increases in contractual wage and fringe benefits and increases in maintenance and repair activities due to the harsh winter causing pipe freeze-ups and water main breaks. Capital Outlay focused on winter damage and also on infrastructure improvements.

Net Non-Operating Revenues increased \$176,372, or 274.71% from the previous fiscal year due to State-aid as a partial reimbursement for activities related to the Winter Emergency Declaration. There are still approximately \$1,000,000 in un-reimbursed expenses related to the emergency.

Net Position decreased \$(413,558), or (2.28%) from the previous fiscal year due to the factors described above.

**Sewage Disposal Fund**

The Sewage Disposal Fund had operating revenues increase \$1,039,896, or 20%, from the previous fiscal year. This was mostly due to the fifteen-month fiscal year. There were no changes in the utility rates in fiscal year 2014.

Operating expenses increased \$1,393,377, or 27.21%, from the previous fiscal year. The increase was due to increased depreciation charges of \$296,959, or 35.14%, and an increase in Payment in Lieu of Taxes (PILT) of \$142,145, or 29.1%, due to the amount of capital rehabilitation to the City-wide sewer system. There were also increases in contractual wage and fringe benefits and increases in maintenance and repair activities due to the harsh winter. Capital Outlay focused on winter damage and also on infrastructure improvements.

Net Non-Operating Expenses increased \$323,240, or 123.8% from the previous fiscal year due to the ownership in the Marquette Area Wastewater Treatment Facility operations.

Net Position decreased \$(247,459), or (1.96%) from the previous fiscal year due to factors described above.

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

### **Stormwater Fund**

The Stormwater Fund had operating revenues increase \$369,150, or 35.31%, from the previous fiscal year. This was mostly due to the fifteen-month fiscal year. There were no changes in the utility rates in fiscal year 2014.

Operating expenses increased \$127,027, or 11%, from the previous fiscal year primarily due to depreciation charges increasing \$198,103, or 34.21%, when compared to the previous fiscal year. This was due to the fifteen-month fiscal year which included contractual wage and fringe benefit increases. Capital Outlay activities were focused on the Stormwater related portions of the Street Improvement & Maintenance Program (SIMP), Allouez Road, Cedar Street, Altamont Street, and High Street.

Net Non-Operating Expenses decreased \$(42,114), or (23.1%) from the previous fiscal year due to debt service requirements to finance construction projects.

Net Position decreased \$(5,927), or (0.1%) from the previous fiscal year due to the factors described above.

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

The Tourist Park Fund had operating revenues increase \$147,662, or 66.79%, from the previous fiscal year. The fifteen-month fiscal year and increased usage of the campground are the reasons for the increase.

Operating Expenses increased \$87,788, or 54.47%, from the previous fiscal year. In addition to the fifteen-month fiscal year, the increased usage of the campground caused expenses, such as supplies and personnel, to increase as a result. Capital Outlay was for Playground Equipment at the campground.

Net Non-Operating Revenues increased \$28 from the previous fiscal year due to increased interest revenue.

Net Position increased \$119,911, or 101.58% from the previous fiscal year due to factors described above.

### **Marinas Fund**

The Marinas Fund had operating revenues increase \$380,613, or 137.96%, from the previous fiscal year. This is due to the fifteen-month fiscal year, scheduled increases in the slip rental rates, and insurance reimbursement for winter damage.

Operating Expenses increased \$424,926, or 106.26%, from the previous fiscal year. This increase was mostly due to the fifteen-month fiscal year and repairs and maintenance related to the winter damage. Capital Outlay was due to the winter damage as well.

Net Non-Operating Revenues decreased \$(342,655), or (99.44)%, from the previous fiscal year due to receiving a State Grant in fiscal year 2013 for Presque Isle Marina dredging that was not repeated in fiscal year 2014. The transfer-in from the General Fund increased in fiscal year 2014 to assist in funding the winter damage repairs.

Net Position decreased \$(362,058), or (18.39%) from the previous fiscal year due to the extraordinary loss on storm damage.

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

### 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 \$15,792,506, an increase of \$2,181,099 from the beginning of the year. The reasons for this increase are discussed above.

#### General Fund Budgetary Highlights

During the year, there was a \$298,725 increase in total expenditure appropriations between the original and final amended budget. Following are the main components of this increase:

\$ 64,515 for grant opportunities occurring in the year.

\$ 100,000 for special legal counsel for Tax Tribunal cases.

\$ 134,210 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 2014 the City had \$98,224,068 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)**

	2014			Totals 2013
	Governmental Activities	Business-type Activities	Totals	
Land and construction in progress	\$ 13,018,958	\$ 351,473	\$ 13,370,431	\$ 12,647,333
Land improvements	1,769,542	1,313,067	3,082,609	3,543,284
Buildings and improvements	5,704,596	7,249,811	12,954,407	14,241,511
Furniture and equipment	1,606,651	1,828,883	3,435,534	4,120,861
Infrastructure	20,498,279	44,882,808	65,381,087	64,939,676
Totals	<u>\$ 42,598,026</u>	<u>\$ 55,626,042</u>	<u>\$ 98,224,068</u>	<u>\$ 99,492,665</u>

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

#### Debt

At year-end, the City had \$43,403,276 in bonds, notes and capital lease obligations outstanding as depicted in Table 5 below, which shows total bonded debt as of September 30, 2014.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

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

	2014			Totals 2013
	Governmental Activities	Business-type Activities	Totals	
General obligation bonds	\$ 18,670,308	\$ 19,817,149	\$ 38,487,457	\$ 32,168,521
Revenue bonds	-	495,000	495,000	2,190,000
Contracts and notes payable	414,369	4,006,450	4,420,819	4,988,688
Totals	<u>\$ 19,084,677</u>	<u>\$ 24,318,599</u>	<u>\$ 43,403,276</u>	<u>\$ 39,347,209</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 2015 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. In fiscal year 2015, the EVIP program was changed to City Village Township Revenue Sharing (CVTRS) and left just the first phase to be complied with in order to receive the “full” allocation of Statutory Revenue Sharing. It is still unclear what additional 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 (Real and Personal) 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. The City projects nominal future increases in assessed taxable value. There is also a change in the Personal Property Tax structure where businesses with less than \$80,000 cash value (\$40,000 taxable value) in personal property are exempt from having to pay the tax. While the State has promised to fully reimburse the loss to municipalities, it is still unclear if that will happen. The City’s revenue loss, if not

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

reimbursed, will be approximately \$101,000 in fiscal year 2015. Additional changes to the Personal Property Tax structure are anticipated for future years but cannot be quantified at this time.

Presque Isle Power Plant (WE Energies) is yet another unknown at this time. Due to the cost of complying with new EPA regulations and the loss of a major customer, WE Energies announced the possible closure of the facility. WE Energies has since regained the major customer and 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.

UP Health System-Marquette has announced its intentions to build a new hospital facility within the City limits. Proposed plans show a construction start in 2016 and completion in 2018. The proposed site currently contains a major City building which will require new construction at an as yet to be determined location. But the announcement is welcome news that should help to stabilize the local economy. No plans have been announced as to what will happen with the current hospital campus.

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

September 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 18,222,997	\$ 540,169	\$ 18,763,166	\$ 11,990,639
Investments	5,328,888	-	5,328,888	769,109
Receivables (net)	3,258,310	2,307,964	5,566,274	2,168,099
Inventory	224,997	226,762	451,759	4,181,322
Primary government internal balances	-	-	-	-
Prepaid expenses and other assets	427,257	83,126	510,383	308,087
<b>TOTAL CURRENT ASSETS</b>	<b>27,462,449</b>	<b>3,158,021</b>	<b>30,620,470</b>	<b>19,417,256</b>
Non-current Assets:				
Restricted assets	1,202,646	799,205	2,001,851	2,327,274
Investment in UPPPA	-	-	-	3,126,008
Investment in joint venture	3,273,997	3,681,489	6,955,486	-
Capital assets:				
Land and construction in progress	13,018,958	351,473	13,370,431	1,400,561
Other capital assets, net of depreciation	29,579,068	55,274,569	84,853,637	52,217,421
Total Capital Assets	42,598,026	55,626,042	98,224,068	53,617,982
<b>TOTAL NON-CURRENT ASSETS</b>	<b>47,074,669</b>	<b>60,106,736</b>	<b>107,181,405</b>	<b>59,071,264</b>
<b>TOTAL ASSETS</b>	<b>74,537,118</b>	<b>63,264,757</b>	<b>137,801,875</b>	<b>78,488,520</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	45,512	45,512	-
Receivables for developer obligations	-	-	-	2,842,400
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>45,512</b>	<b>45,512</b>	<b>2,842,400</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	1,551,191	1,021,888	2,573,079	2,705,000
Accrued wages payable	282,858	52,281	335,139	-
Accrued liabilities	247,337	241,464	488,801	398,607
Compensated absences	657,633	-	657,633	933,363
Customer deposits payable	23,377	10,708	34,085	1,325,503
Current portion of bonds payable	1,438,446	1,911,817	3,350,263	380,000
Current portion of contracts and notes payable	82,873	-	82,873	-
Current maturities on revenue bonds	-	-	-	825,000
Other current liabilities	-	-	-	439,779
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,283,715</b>	<b>3,238,158</b>	<b>7,521,873</b>	<b>7,007,252</b>
Non-current Liabilities:				
Other post-employment benefits (OPEB)	2,157,454	215,303	2,372,757	1,657,285
Compensated absences	984,819	337,657	1,322,476	99,883
Bonds payable	17,231,862	18,450,333	35,682,195	7,964,414
Long-term contracts and notes payable	331,496	3,956,449	4,287,945	1,195,625
Other	-	-	-	1,852,532
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>20,705,631</b>	<b>22,959,742</b>	<b>43,665,373</b>	<b>12,769,739</b>
<b>TOTAL LIABILITIES</b>	<b>24,989,346</b>	<b>26,197,900</b>	<b>51,187,246</b>	<b>19,776,991</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amount on refunding	-	10,629	10,629	-
Taxes levied for a subsequent period	7,977,357	-	7,977,357	1,923,291
Special assessments	14,114	60,049	74,163	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,991,471</b>	<b>70,678</b>	<b>8,062,149</b>	<b>1,923,291</b>
<b>NET POSITION</b>				
Net investment in capital assets	24,635,549	33,852,800	58,488,349	44,877,711
Restricted for:				
Debt services	-	216,243	216,243	117,693
Capital outlay	1,153,224	2,497,800	3,651,024	29,143
Perpetual care	720,771	-	720,771	-
Other activities:				
Board of Light and Power	-	-	-	2,327,274
Peter White Public Library	-	-	-	787,981
Non-major component units	-	-	-	1,364,106
Unrestricted	15,046,757	474,848	15,521,605	10,126,730
<b>TOTAL NET POSITION</b>	<b>\$ 41,556,301</b>	<b>\$ 37,041,691</b>	<b>\$ 78,597,992</b>	<b>\$ 59,630,638</b>

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

CITY OF MARQUETTE, MICHIGAN

STATEMENT OF ACTIVITIES

For the 15-Month Fiscal Period Ended September 30, 2014

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	\$ 5,581,640	\$ 1,359,826	\$ 153,927	\$ 11,369	\$ (4,056,518)	\$ -	\$ (4,056,518)	\$ -
Public health and safety	8,866,452	245,345	60,580	7,200	(8,553,327)	-	(8,553,327)	-
Public works	4,302,325	1,295,786	-	32,779	(2,973,760)	-	(2,973,760)	-
Highway and streets	3,089,215	-	2,290,057	-	(799,158)	-	(799,158)	-
Social services	642,198	-	421,651	-	(220,547)	-	(220,547)	-
Sanitation services	1,914,121	2,048,511	-	-	134,390	-	134,390	-
Community services	1,866,955	676,196	27,169	-	(1,163,590)	-	(1,163,590)	-
Interest on long-term debt	887,454	-	-	-	(887,454)	-	(887,454)	-
Depreciation - unallocated	2,502,444	-	-	-	(2,502,444)	-	(2,502,444)	-
Total Governmental Activities	29,652,804	5,625,664	2,953,384	51,348	(21,022,408)	-	(21,022,408)	-
Business-Type Activities:								
Water supply	6,124,462	5,061,909	-	638,930	-	(423,623)	(423,623)	-
Sewage disposal	6,861,865	6,609,593	-	-	-	(252,272)	(252,272)	-
Stormwater utility	1,511,338	1,414,643	-	90,200	-	(6,495)	(6,495)	-
Community services	1,075,127	1,025,237	-	296	-	(49,594)	(49,594)	-
Total Business-Type Activities	15,572,792	14,111,382	-	729,426	-	(731,984)	(731,984)	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 45,225,596</b>	<b>\$ 19,737,046</b>	<b>\$ 2,953,384</b>	<b>\$ 780,774</b>	<b>(21,022,408)</b>	<b>(731,984)</b>	<b>(21,754,392)</b>	<b>-</b>
<b>Component Units:</b>								
Board of Light and Power	\$ 42,464,868	\$ 41,876,891	\$ -	\$ 84,307	\$ -	\$ -	\$ -	\$ (503,670)
Peter White Public Library	2,330,125	262,963	673,178	-	-	-	-	(1,393,984)
Non-Major Component Units	1,495,403	212,401	48,591	-	-	-	-	(1,234,411)
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 46,290,396</b>	<b>\$ 42,352,255</b>	<b>\$ 721,769</b>	<b>\$ 84,307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,132,065)</b>
General Revenues:								
Taxes:								
Property taxes					13,128,364	-	13,128,364	3,080,341
Payment in lieu of taxes					4,225,666	-	4,225,666	-
Unrestricted State sources					2,544,745	-	2,544,745	-
Interest and investment earnings					134,258	18,541	152,799	730,927
Gain on sale of capital assets					9,539	-	9,539	-
Miscellaneous					352,322	-	352,322	177,081
Transfers					(166,410)	166,410	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>20,228,484</b>	<b>184,951</b>	<b>20,413,435</b>	<b>3,988,349</b>
<b>CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEM</b>					<b>(793,924)</b>	<b>(547,033)</b>	<b>(1,340,957)</b>	<b>856,284</b>
Extraordinary Item:								
Loss on storm damage					-	(362,058)	(362,058)	-
<b>CHANGE IN NET POSITION AFTER EXTRAORDINARY ITEM</b>					<b>(793,924)</b>	<b>(909,091)</b>	<b>(1,703,015)</b>	<b>856,284</b>
Net position, beginning of year, as restated								
					42,350,225	37,950,782	80,301,007	58,774,354
<b>NET POSITION, END OF YEAR</b>	<b>\$ 41,556,301</b>	<b>\$ 37,041,691</b>	<b>\$ 78,597,992</b>	<b>\$ 59,630,638</b>				

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

**CITY OF MARQUETTE, MICHIGAN**

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2014

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,549,403	\$ 1,601,986	\$ 1,928,591	\$ 2,937,219	\$ 17,017,199
Investments	4,842,557	-	-	486,331	5,328,888
Taxes receivable, net	719,038	-	-	15,348	734,386
Special assessments receivable	-	-	-	-	-
Accounts receivable	252,444	-	-	349,263	601,707
Due from other authorities	1,151,313	-	-	-	1,151,313
Due from other funds	3,241,612	-	-	-	3,241,612
Due from other governments	512,264	172,668	60,895	-	745,827
Inventory	206,947	-	-	-	206,947
Prepaid expenditures	322,587	-	-	23,869	346,456
<b>TOTAL ASSETS</b>	<b>21,798,165</b>	<b>1,774,654</b>	<b>1,989,486</b>	<b>3,812,030</b>	<b>29,374,335</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 21,798,165</b>	<b>\$ 1,774,654</b>	<b>\$ 1,989,486</b>	<b>\$ 3,812,030</b>	<b>\$ 29,374,335</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 414,768	\$ 165,739	\$ 346,145	\$ 475,806	\$ 1,402,458
Accrued wages payable	240,280	3,936	6,708	14,354	265,278
Accrued compensated absences	656,545	-	-	1,088	657,633
Due to other funds	-	1,604,979	1,636,633	-	3,241,612
Due to other governmental units	-	-	-	-	-
Due to other authorities	-	-	-	-	-
Customer deposits payable	23,377	-	-	-	23,377
<b>TOTAL LIABILITIES</b>	<b>1,334,970</b>	<b>1,774,654</b>	<b>1,989,486</b>	<b>491,248</b>	<b>5,590,358</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes levied for a subsequent period	7,799,733	-	-	177,624	7,977,357
Special assessments	14,114	-	-	-	14,114
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,813,847</b>	<b>-</b>	<b>-</b>	<b>177,624</b>	<b>7,991,471</b>
<b>FUND BALANCE</b>					
Non-spendable	529,534	-	-	744,640	1,274,174
Restricted	223,793	-	-	483,532	707,325
Assigned	2,888,016	-	-	1,914,986	4,803,002
Unassigned	9,008,005	-	-	-	9,008,005
<b>TOTAL FUND BALANCE</b>	<b>12,649,348</b>	<b>-</b>	<b>-</b>	<b>3,143,158</b>	<b>15,792,506</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 21,798,165</b>	<b>\$ 1,774,654</b>	<b>\$ 1,989,486</b>	<b>\$ 3,812,030</b>	<b>\$ 29,374,335</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**

September 30, 2014

**Total Fund Balances for Governmental Funds** **\$ 15,792,506**

*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). 45,872,023

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	\$	1,329,726	
Restricted assets		1,202,646	
Current liabilities		<u>(166,313)</u>	
			2,366,059

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	\$	1,438,446	
Current portion of notes and contracts payable		82,873	
Accrued interest on bonds		247,337	
Other post-employment benefits		2,157,454	
Compensated absences		984,819	
Bonds payable		17,231,862	
Long-term contracts and notes payable		<u>331,496</u>	
			<u>(22,474,287)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 41,556,301**

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 15-Month Fiscal Period Ended September 30, 2014

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Other Governmental Funds	Total
<b>REVENUES:</b>					
Taxes and penalties	\$ 12,882,236	\$ -	\$ -	\$ 293,090	\$ 13,175,326
State sources	2,610,567	1,601,615	687,789	33,399	4,933,370
Federal sources	62,842	-	653	-	63,495
Charges for services	2,449,621	-	-	2,115,866	4,565,487
Sales	49,080	-	-	-	49,080
Use and admission fees	55,497	-	-	391,198	446,695
Rentals	97,241	-	-	87,987	185,228
Licenses and permits	47,364	-	-	-	47,364
Fines and forfeiture	127,554	-	-	8,685	136,239
Sales of assets	9,540	-	-	-	9,540
Reimbursements	206,524	32,694	50,806	59,057	349,081
Investment income	136,186	1,938	983	(3,014)	136,093
Payment in lieu of taxes	4,225,666	-	-	-	4,225,666
Private contribution	177,515	-	-	31,125	208,640
Intergovernmental revenue	20,436	-	-	363,544	383,980
Special assessments	14,114	-	-	-	14,114
Other revenues	79,693	-	-	16,199	95,892
<b>TOTAL REVENUES</b>	<b>23,251,676</b>	<b>1,636,247</b>	<b>740,231</b>	<b>3,397,136</b>	<b>29,025,290</b>
<b>EXPENDITURES:</b>					
Current operations:					
General government	5,312,117	-	-	6,048	5,318,165
Public health and safety	8,788,734	-	-	14,030	8,802,764
Public works	4,350,493	-	-	-	4,350,493
Highway and streets	-	1,684,460	1,521,611	-	3,206,071
Social services	-	-	-	634,993	634,993
Sanitation services	-	-	-	1,946,799	1,946,799
Community services	704,233	-	-	733,159	1,437,392
Capital outlay	-	736,598	853,730	39,147	1,629,475
Debt service:					
Professional services	-	8,114	5,522	18,314	31,950
Principal retirement	-	-	-	1,427,363	1,427,363
Interest and fiscal charges	-	-	-	795,144	795,144
<b>TOTAL EXPENDITURES</b>	<b>19,155,577</b>	<b>2,429,172</b>	<b>2,380,863</b>	<b>5,614,997</b>	<b>29,580,609</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,096,099</b>	<b>(792,925)</b>	<b>(1,640,632)</b>	<b>(2,217,861)</b>	<b>(555,319)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Bond issuance	253,400	948,900	959,400	36,200	2,197,900
Premium on bond issuance	17,743	20,278	38,022	2,535	78,578
Refunding bonds	2,315,000	-	-	-	2,315,000
Payment to refunded bond escrow agent	(2,245,000)	-	-	-	(2,245,000)
Bond issuance expense	(70,000)	-	-	-	(70,000)
Transfers in	361,905	274,870	1,028,485	2,636,283	4,301,543
Transfers (out)	(2,884,954)	(451,123)	(385,275)	(120,251)	(3,841,603)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,251,906)</b>	<b>792,925</b>	<b>1,640,632</b>	<b>2,554,767</b>	<b>2,736,418</b>
<b>CHANGE IN FUND BALANCE</b>	<b>1,844,193</b>	<b>-</b>	<b>-</b>	<b>336,906</b>	<b>2,181,099</b>
Fund balance, beginning of year	10,805,155	-	-	2,806,252	13,611,407
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 12,649,348</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,143,158</b>	<b>\$ 15,792,506</b>

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

**CITY OF MARQUETTE, MICHIGAN**

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

For the 15-Month Fiscal Period Ended September 30, 2014

**Net Change in Fund Balances - Total Governmental Funds** \$ 2,181,099

*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 \$933,120.

Capital outlays	\$ 2,098,033	
Basis of disposed asset	(18,119)	
Depreciation expense	<u>(4,048,586)</u>	(1,968,672)

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.

(4,512,900)

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

1,427,363

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.

(63,002)

Defeasance of debt issues are an other financing use in the funds, but a defeasance decreases long-term liabilities in the statement of net assets

2,245,000

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

(92,310)

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)	\$ (324,986)	
Compensated absences	<u>(46,864)</u>	(371,850)

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	\$ (224,754)	
Capital outlays	(379,946)	
Basis of disposed asset	18,119	
Depreciation expense	933,120	
Other post-employment benefits (OPEB)	7,948	
Compensated absences	<u>6,861</u>	<u>361,348</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ (793,924)**

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 15-Month Fiscal Period Ended September 30, 2014

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 17,301,040	\$ 17,301,040	\$ 17,107,902	\$ (193,138)
Federal grants	1,925,065	1,925,065	62,842	(1,862,223)
State grants and shared revenue	2,589,750	2,589,750	2,610,567	20,817
Intergovernmental revenues	28,750	28,750	20,436	(8,314)
Licenses and permits	36,665	36,665	47,364	10,699
Charges for services	3,052,030	3,052,030	2,449,621	(602,409)
Fines and forfeits	142,100	142,100	127,554	(14,546)
Interest and rentals	368,810	370,645	233,427	(137,218)
Other revenues	504,165	697,760	591,963	(105,797)
<b>TOTAL REVENUES</b>	<u>25,948,375</u>	<u>26,143,805</u>	<u>23,251,676</u>	<u>(2,892,129)</u>
<b>EXPENDITURES:</b>				
General government	5,807,920	6,113,151	5,312,117	801,034
Public health and safety	8,806,210	8,815,573	8,788,734	26,839
Public works	5,483,975	5,432,076	4,350,493	1,081,583
Community services	2,908,655	2,944,685	704,233	2,240,452
<b>TOTAL EXPENDITURES</b>	<u>23,006,760</u>	<u>23,305,485</u>	<u>19,155,577</u>	<u>4,149,908</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,941,615</u>	<u>2,838,320</u>	<u>4,096,099</u>	<u>1,257,779</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	-	253,285	271,143	17,858
Refunding bonds	-	2,315,000	2,315,000	-
Payment to refunded bond escrow agent	-	(2,245,000)	(2,245,000)	-
Bond issuance expense	-	(70,000)	(70,000)	-
Transfers in	380,655	380,655	361,905	(18,750)
Transfers (out)	(3,322,270)	(3,472,260)	(2,884,954)	587,306
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,941,615)</u>	<u>(2,838,320)</u>	<u>(2,251,906)</u>	<u>586,414</u>
<b>CHANGE IN FUND BALANCE</b>	-	-	1,844,193	1,844,193
Fund balance, beginning of year	<u>10,805,155</u>	<u>10,805,155</u>	<u>10,805,155</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 10,805,155</u>	<u>\$ 10,805,155</u>	<u>\$ 12,649,348</u>	<u>\$ 1,844,193</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 15-Month Fiscal Period Ended September 30, 2014

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 653	\$ 653
State sources	1,410,170	1,410,170	1,601,615	191,445	578,750	578,750	687,789	109,039
Reimbursements	-	31,720	32,694	974	-	-	50,806	50,806
Investment income	-	-	1,938	1,938	-	-	983	983
Other revenues	31,720	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>1,441,890</b>	<b>1,441,890</b>	<b>1,636,247</b>	<b>194,357</b>	<b>578,750</b>	<b>578,750</b>	<b>740,231</b>	<b>161,481</b>
<b>EXPENDITURES:</b>								
Highways Streets and Bridges	2,075,730	2,774,423	2,429,172	345,251	2,520,565	2,724,565	2,380,863	343,702
<b>TOTAL EXPENDITURES</b>	<b>2,075,730</b>	<b>2,774,423</b>	<b>2,429,172</b>	<b>345,251</b>	<b>2,520,565</b>	<b>2,724,565</b>	<b>2,380,863</b>	<b>343,702</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(633,840)</b>	<b>(1,332,533)</b>	<b>(792,925)</b>	<b>539,608</b>	<b>(1,941,815)</b>	<b>(2,145,815)</b>	<b>(1,640,632)</b>	<b>505,183</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond issuance	350,000	1,111,793	969,178	(142,615)	968,000	1,223,000	997,422	(225,578)
Transfers in	671,920	671,920	274,870	(397,050)	1,308,185	1,308,185	1,028,485	(279,700)
Transfers (out)	(388,080)	(451,180)	(451,123)	57	(334,370)	(385,370)	(385,275)	95
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>633,840</b>	<b>1,332,533</b>	<b>792,925</b>	<b>(539,608)</b>	<b>1,941,815</b>	<b>2,145,815</b>	<b>1,640,632</b>	<b>(505,183)</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

September 30, 2014

	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	\$ 590,883	\$ -	\$ 270,596	\$ 609,705	\$ 1,471,184	\$ 1,205,798
Delinquent utility bills on taxes	-	-	-	-	-	-
Accounts receivable	480,578	589,744	7,355	21,173	1,098,850	23,419
Special assessments receivable	6,495	41,641	-	-	48,136	-
Due from other governments	597,089	-	61,500	-	658,589	-
Due from local units	-	-	-	-	-	1,658
Due from other authorities	-	502,389	-	-	502,389	-
Due from other funds	-	-	-	-	-	-
Inventory	-	196,223	-	30,539	226,762	18,050
Prepaid expense	38,377	39,669	138	4,942	83,126	80,801
<b>TOTAL CURRENT ASSETS</b>	<b>1,713,422</b>	<b>1,369,666</b>	<b>339,589</b>	<b>666,359</b>	<b>4,089,036</b>	<b>1,329,726</b>
Non-current Assets:						
Restricted Assets:						
Bond reserve fund	-	-	-	-	-	-
Replacement and maintenance fund	-	-	-	30,000	30,000	1,008,591
Bond and interest redemption fund	216,243	-	-	-	216,243	-
Water filtration reserve	-	-	-	-	-	-
Bond escrow fund	-	-	-	-	-	-
Fuel system reserve	-	-	-	-	-	31,024
OPEB reserve	156,976	58,328	-	-	215,304	68,524
Compensated absences reserve	223,088	101,280	13,195	95	337,657	94,507
Total Restricted Assets	596,307	159,608	13,195	30,095	799,205	1,202,646
Investment in joint venture	-	3,681,489	-	-	3,681,489	-
Land and other non-depreciable assets	17,725	200,977	65,863	66,908	351,473	245,566
Other capital assets, net of depreciation	25,017,799	19,082,507	9,850,708	1,323,555	55,274,569	4,109,209
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25,631,831</b>	<b>23,124,581</b>	<b>9,929,766</b>	<b>1,420,558</b>	<b>60,106,736</b>	<b>5,557,421</b>
<b>TOTAL ASSETS</b>	<b>27,345,253</b>	<b>24,494,247</b>	<b>10,269,355</b>	<b>2,086,917</b>	<b>64,195,772</b>	<b>6,887,147</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	45,512	-	-	-	45,512	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>45,512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,512</b>	<b>-</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Cash overdraft	-	931,015	-	-	931,015	-
Accounts payable	280,635	485,668	223,199	32,386	1,021,888	148,733
Accrued wages payable	25,647	17,408	4,713	4,513	52,281	17,580
Accrued compensated absences	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Customer deposits payable	-	(1,230)	-	11,938	10,708	-
Accrued interest payable	95,612	75,287	70,565	-	241,464	-
Current portion of long-term debt	1,078,567	462,245	361,005	10,000	1,911,817	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,480,461</b>	<b>1,970,393</b>	<b>659,482</b>	<b>58,837</b>	<b>4,169,173</b>	<b>166,313</b>
Non-current Liabilities:						
Other post employment benefits (OPEB)	156,976	58,327	-	-	215,303	68,524
Accrued compensated absences	223,088	101,279	13,195	95	337,657	94,507
Bonds payable	6,943,006	6,848,598	4,475,055	183,674	18,450,333	-
Loan payable	873,965	3,082,484	-	-	3,956,449	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>8,197,035</b>	<b>10,090,688</b>	<b>4,488,250</b>	<b>183,769</b>	<b>22,959,742</b>	<b>163,031</b>
<b>TOTAL LIABILITIES</b>	<b>9,677,496</b>	<b>12,061,081</b>	<b>5,147,732</b>	<b>242,606</b>	<b>27,128,915</b>	<b>329,344</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred amount on refunding	10,629	-	-	-	10,629	-
Special assessment	8,540	51,509	-	-	60,049	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>19,169</b>	<b>51,509</b>	<b>-</b>	<b>-</b>	<b>70,678</b>	<b>-</b>
<b>NET POSITION</b>						
Net investment in capital assets	16,790,269	10,591,557	5,080,511	1,390,463	33,852,800	4,354,775
Restricted for:						
Capital outlay	615,400	1,701,400	-	181,000	2,497,800	31,024
Debt service	216,243	-	-	-	216,243	-
Unrestricted	72,188	88,700	41,112	272,848	474,848	2,172,004
<b>TOTAL NET POSITION</b>	<b>\$ 17,694,100</b>	<b>\$ 12,381,657</b>	<b>\$ 5,121,623</b>	<b>\$ 1,844,311</b>	<b>\$ 37,041,691</b>	<b>\$ 6,557,803</b>

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

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the 15-Month Fiscal Period Ended September 30, 2014

	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	\$ 4,897,943	\$ -	\$ -	\$ -	\$ 4,897,943	\$ -
Sewage disposal	-	6,155,299	-	-	6,155,299	-
Charges for services	38,070	10,280	1,412,623	30,512	1,491,485	5,581
Other operating revenue	125,896	38,141	2,020	994,725	1,160,782	5,199,345
<b>TOTAL OPERATING REVENUES</b>	<b>5,061,909</b>	<b>6,203,720</b>	<b>1,414,643</b>	<b>1,025,237</b>	<b>13,705,509</b>	<b>5,204,926</b>
<b>OPERATING EXPENSES:</b>						
Administrative and general	1,210,958	1,012,187	-	-	2,223,145	3,754,837
Water treatment and distribution	3,210,108	-	-	-	3,210,108	-
Sanitary sewer operation and booster stations	-	4,359,044	-	-	4,359,044	-
Stormwater	-	-	503,073	-	503,073	-
Community services	-	-	-	882,240	882,240	-
Capital outlay	-	-	-	-	-	107,512
Provision for depreciation	1,294,976	1,142,094	777,210	191,554	3,405,834	933,120
<b>TOTAL OPERATING EXPENSES</b>	<b>5,716,042</b>	<b>6,513,325</b>	<b>1,280,283</b>	<b>1,073,794</b>	<b>14,583,444</b>	<b>4,795,469</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(654,133)</b>	<b>(309,605)</b>	<b>134,360</b>	<b>(48,557)</b>	<b>(877,935)</b>	<b>409,457</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Investment income	10,065	4,813	568	3,095	18,541	4,528
Premium on bond issuance	-	-	-	-	-	-
Federal grant	638,930	-	90,200	-	729,130	-
State grant	-	-	-	296	296	-
Gain (loss) on sale of capital assets	-	-	-	-	-	(12,389)
Operating income from Marquette Area Wastewater Treatment Facility	-	405,873	-	-	405,873	-
Interest expenses	(367,953)	(341,840)	(227,065)	(1,133)	(937,991)	-
Bond issuance expense	(40,467)	(6,700)	(3,990)	(200)	(51,357)	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>240,575</b>	<b>62,146</b>	<b>(140,287)</b>	<b>2,058</b>	<b>164,492</b>	<b>(7,861)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(413,558)</b>	<b>(247,459)</b>	<b>(5,927)</b>	<b>(46,499)</b>	<b>(713,443)</b>	<b>401,596</b>
Transfers in	-	-	-	166,410	166,410	-
Transfers (out)	-	-	-	-	-	(626,350)
<b>INCOME (LOSS) BEFORE EXTRAORDINARY ITEM</b>	<b>(413,558)</b>	<b>(247,459)</b>	<b>(5,927)</b>	<b>119,911</b>	<b>(547,033)</b>	<b>(224,754)</b>
Loss on storm damage to capital asset - building	-	-	-	(362,058)	(362,058)	-
<b>CHANGE IN NET POSITION</b>	<b>(413,558)</b>	<b>(247,459)</b>	<b>(5,927)</b>	<b>(242,147)</b>	<b>(909,091)</b>	<b>(224,754)</b>
Net position, beginning of year, as restated	18,107,658	12,629,116	5,127,550	2,086,458	37,950,782	6,782,557
<b>NET POSITION, END OF YEAR</b>	<b>\$ 17,694,100</b>	<b>\$ 12,381,657</b>	<b>\$ 5,121,623</b>	<b>\$ 1,844,311</b>	<b>\$ 37,041,691</b>	<b>\$ 6,557,803</b>

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

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the 15-Month Fiscal Period Ended September 30, 2014

	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	\$ 4,646,237	\$ 5,895,577	\$ 1,397,485	\$ 42,034	\$ 11,981,333	\$ 4,162
Other operating revenues	106,923	38,141	2,020	994,725	1,141,809	5,206,734
Cash payments to employees for services	(1,974,848)	(784,270)	(318,249)	(230,572)	(3,307,939)	(1,249,774)
Cash payments to suppliers for goods and services	(2,303,027)	(4,332,830)	29,049	(1,115,181)	(7,721,989)	(2,687,972)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>475,285</b>	<b>816,618</b>	<b>1,110,305</b>	<b>(308,994)</b>	<b>2,093,214</b>	<b>1,273,150</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Increase (decrease) in cash overdraft	-	(797,628)	-	-	(797,628)	-
Transfers in	-	-	-	166,410	166,410	(626,350)
State and Federal grants	638,930	-	90,200	295,470	1,024,600	-
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>638,930</b>	<b>(797,628)</b>	<b>90,200</b>	<b>461,880</b>	<b>393,382</b>	<b>(626,350)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Principal payments on bonds	(2,565,922)	(772,126)	(369,917)	(85,000)	(3,792,965)	-
Interest paid on bonds	(326,908)	(322,242)	(189,313)	(1,702)	(840,165)	-
Proceeds from the issuance of bonds	2,972,900	2,673,000	555,200	181,000	6,382,100	-
Premium on bond issuance	43,091	119,134	-	12,674	174,899	-
Cash payments for bond issuance expenses	(40,467)	(6,700)	(3,990)	(200)	(51,357)	-
Cash payments for capital assets	(1,781,956)	(1,698,873)	(987,138)	-	(4,467,967)	(379,946)
Proceeds from sale of capital assets	-	-	-	-	-	5,730
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,699,262)</b>	<b>(7,807)</b>	<b>(995,158)</b>	<b>106,772</b>	<b>(2,595,455)</b>	<b>(374,216)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest income	10,065	4,813	568	3,095	18,541	4,528
(Increase) decrease in restricted assets:						
Bond reserve	-	-	-	49,711	49,711	-
Bond and interest redemption reserve	(4,949)	-	-	89,594	84,645	-
Replacement maintenance reserve	-	-	-	(5,000)	(5,000)	(845)
OPEB reserve	(10,919)	(7,721)	-	-	(18,640)	(7,948)
Compensated absences reserve	11,247	(8,275)	(2,769)	408	611	(6,861)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>5,444</b>	<b>(11,183)</b>	<b>(2,201)</b>	<b>137,808</b>	<b>129,868</b>	<b>(11,126)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(579,603)</b>	<b>-</b>	<b>203,146</b>	<b>397,466</b>	<b>21,009</b>	<b>261,458</b>
Cash and cash equivalents, beginning of year	1,170,486	-	67,450	212,239	1,450,175	944,340
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 590,883</b>	<b>\$ -</b>	<b>\$ 270,596</b>	<b>\$ 609,705</b>	<b>\$ 1,471,184</b>	<b>\$ 1,205,798</b>
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>						
Operating income from Marquette Wastewater Treatment Facility	\$ -	\$ 405,873	\$ -	\$ -	\$ 405,873	\$ -
Loss on storm damage to capital asset - building	-	-	-	(362,058)	(362,058)	-
<b>TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ 405,873</b>	<b>\$ -</b>	<b>\$ (362,058)</b>	<b>\$ 43,815</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income	\$ (654,133)	\$ (309,605)	\$ 134,360	\$ (48,557)	\$ (877,935)	\$ 409,457
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	1,294,976	1,142,094	777,210	191,554	3,405,834	933,120
Amortization	10,185	-	-	3,351	13,536	-
Change in assets and liabilities:						
(Increase)/Decrease in accounts receivable	274,762	222,519	46,362	11,121	554,764	1,582
(Increase)/Decrease in special assessments receivable	3,441	15,006	-	-	18,447	-
(Increase)/Decrease in due from other funds	-	-	-	-	-	-
(Increase)/Decrease in due from other governments	(585,556)	-	(61,500)	-	(647,056)	4,388
(Increase)/Decrease in due from other authorities	-	(502,389)	-	-	(502,389)	-
(Increase)/Decrease in inventory	-	(49,369)	-	(3,056)	(52,425)	21,840
(Increase)/Decrease in prepaid expenses	(20,501)	(28,623)	1	(4,071)	(53,194)	(64,397)
Increase/(Decrease) in accounts payable	174,716	318,545	214,328	(451,910)	255,679	(39,322)
Increase/(Decrease) in accrued wages payable	(20,881)	(2,416)	(3,225)	(7,419)	(33,941)	(8,327)
Increase/(Decrease) in due to other funds	-	-	-	-	-	-
Increase/(Decrease) in customer deposits payable	-	-	-	401	401	-
Increase in accrued compensated absences	(11,247)	8,274	2,769	(408)	(612)	6,861
Increase/(Decrease) in other post-employment benefits (OPEB)	10,919	7,720	-	-	18,639	7,948
Increase/(Decrease) in deferred inflows - special assessments	(1,396)	(5,138)	-	-	(6,534)	-
<b>NET ADJUSTMENTS</b>	<b>1,129,418</b>	<b>1,126,223</b>	<b>975,945</b>	<b>(260,437)</b>	<b>2,971,149</b>	<b>863,693</b>
<b>NET CASH PROVIDED BOY OPERATING ACTIVITIES</b>	<b>\$ 475,285</b>	<b>\$ 816,618</b>	<b>\$ 1,110,305</b>	<b>\$ (308,994)</b>	<b>\$ 2,093,214</b>	<b>\$ 1,273,150</b>

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

**CITY OF MARQUETTE, MICHIGAN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
September 30, 2014

	Private- Purpose Trust Funds	Pension Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 689,556	\$ 2,531,904
Investments			
United States Government Securities	-	-	-
Domestic Corporation Bonds	-	5,025,032	-
Common, Pooled Fund	-	22,450,778	-
Government National Mortgage Association	-	183	-
Taxes receivable	-	-	2,025,358
Accounts receivable	-	-	-
Accrued interest receivable	-	88	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>28,165,637</b>	<b>\$ 4,557,262</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	-	-	
<b>LIABILITIES</b>			
Accounts payable	-	-	22,123
Accrued wages payable	-	-	2,131,280
Due to State	-	-	321,041
Due to other governments	-	-	1,014,995
Due to local units	-	-	829,176
Other liabilities	-	-	238,647
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>\$ 4,557,262</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	
<b>NET POSITION</b>			
Held in trust for pension benefits	-	28,165,637	
Held in trust for individuals, organizations, and other governments	-	-	
<b>TOTAL NET POSITION</b>	<b>\$ -</b>	<b>\$ 28,165,637</b>	

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

**CITY OF MARQUETTE, MICHIGAN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
September 30, 2014

	<u>Private- Purpose Trust Funds</u>	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ -	\$ 1,586,190
Employee	-	212,560
Gifts, bequests and endowments	-	-
<b>Total Contributions</b>	-	<b>1,798,750</b>
Investment Income:		
Net appreciation (depreciation) in fair value of investments	-	2,357,595
Interest and dividends	8	192,203
<b>Net Investment Income</b>	8	<b>2,549,798</b>
<b>TOTAL ADDITIONS</b>	8	<b>4,348,548</b>
<b>DEDUCTIONS</b>		
Benefits and annuity withdrawals	-	2,317,636
Administrative expenses	-	22,430
Payments in accordance with trust agreements	48,103	-
<b>TOTAL DEDUCTIONS</b>	48,103	<b>2,340,066</b>
<b>CHANGE IN NET POSITION</b>	(48,095)	<b>2,008,482</b>
Net position, beginning of year	48,095	<b>26,157,155</b>
<b>NET POSITION, END OF YEAR</b>	\$ -	<b>\$ 28,165,637</b>

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

## CITY OF MARQUETTE, MICHIGAN

## COMPONENT UNITS

## COMBINING STATEMENT OF NET POSITION

September 30, 2014

	Board of Light and Power	Peter White Public Library	Non-Major Component Units	Total
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 8,474,670	\$ 1,091,183	\$ 2,424,786	\$ 11,990,639
Investments	-	769,109	-	769,109
Receivables (net)	1,659,686	102,152	406,261	2,168,099
Inventory	4,181,322	-	-	4,181,322
Primary government internal balances	-	-	-	-
Prepaid expenses and other assets	292,741	14,616	730	308,087
<b>TOTAL CURRENT ASSETS</b>	<b>14,608,419</b>	<b>1,977,060</b>	<b>2,831,777</b>	<b>19,417,256</b>
Non-current Assets:				
Restricted assets	2,327,274	-	-	2,327,274
Investment in UPPPA	3,126,008	-	-	3,126,008
Capital assets:				
Land and construction in progress	-	114,704	1,285,857	1,400,561
Other capital assets, net of depreciation	44,928,465	4,057,859	3,231,097	52,217,421
Total Capital Assets	44,928,465	4,172,563	4,516,954	53,617,982
<b>TOTAL NON-CURRENT ASSETS</b>	<b>50,381,747</b>	<b>4,172,563</b>	<b>4,516,954</b>	<b>59,071,264</b>
<b>TOTAL ASSETS</b>	<b>64,990,166</b>	<b>6,149,623</b>	<b>7,348,731</b>	<b>78,488,520</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Receivables for developer obligations	-	-	2,842,400	2,842,400
<b>TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>2,842,400</b>	<b>2,842,400</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	2,499,723	18,608	186,669	2,705,000
Accrued liabilities	322,392	24,177	52,038	398,607
Compensated absences	933,363	-	-	933,363
Customer deposits payable	1,325,503	-	-	1,325,503
Current portion of bonds payable	-	305,000	75,000	380,000
Current maturities on revenue bonds	825,000	-	-	825,000
Other current liabilities	434,223	5,556	-	439,779
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,340,204</b>	<b>353,341</b>	<b>313,707</b>	<b>7,007,252</b>
Non-current Liabilities:				
Other post-employment benefits (OPEB)	1,657,285	-	-	1,657,285
Compensated absences	-	99,883	-	99,883
Bonds payable	4,069,414	995,000	2,900,000	7,964,414
Long-term contract and notes payable	-	-	1,195,625	1,195,625
Other	1,852,532	-	-	1,852,532
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,579,231</b>	<b>1,094,883</b>	<b>4,095,625</b>	<b>12,769,739</b>
<b>TOTAL LIABILITIES</b>	<b>13,919,435</b>	<b>1,448,224</b>	<b>4,409,332</b>	<b>19,776,991</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes levied for subsequent period	-	959,458	963,833	1,923,291
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>959,458</b>	<b>963,833</b>	<b>1,923,291</b>
<b>NET POSITION</b>				
Net investment in capital assets	40,034,051	2,872,563	1,971,097	44,877,711
Restricted for:				
Debt Services	-	117,693	-	117,693
Capital Assets	-	-	29,143	29,143
Perpetual Care	-	-	-	-
Other activities	2,327,274	787,981	1,364,106	4,479,361
Unrestricted	8,709,406	(36,296)	1,453,620	10,126,730
<b>TOTAL NET POSITION</b>	<b>\$ 51,070,731</b>	<b>\$ 3,741,941</b>	<b>\$ 4,817,966</b>	<b>\$ 59,630,638</b>

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

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

For the 15-Month Fiscal Period Ended September 30, 2014

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	\$ 42,464,868	\$ 41,876,891	\$ -	\$ 84,307	\$ (503,670)	\$ -	\$ -	\$ (503,670)
Peter White Public Library	2,330,125	262,963	673,178	-	-	(1,393,984)	-	(1,393,984)
Non-Major Component Units	1,495,403	212,401	48,591	-	-	-	(1,234,411)	(1,234,411)
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 46,290,396</b>	<b>\$ 42,352,255</b>	<b>\$ 721,769</b>	<b>\$ 84,307</b>	<b>(503,670)</b>	<b>(1,393,984)</b>	<b>(1,234,411)</b>	<b>(3,132,065)</b>
General Revenues:								
Property taxes					-	1,570,980	1,509,361	3,080,341
Interest and investment earnings					588,742	136,274	5,911	730,927
Gain on sale of capital assets					-	-	-	-
Amortization of bond premium					33,225	-	-	33,225
Miscellaneous					-	32,693	111,163	143,856
<b>TOTAL GENERAL REVENUES</b>					<b>621,967</b>	<b>1,739,947</b>	<b>1,626,435</b>	<b>3,988,349</b>
<b>CHANGE IN NET POSITION</b>					<b>118,297</b>	<b>345,963</b>	<b>392,024</b>	<b>856,284</b>
Net position, beginning of year, as restated					50,952,434	3,395,978	4,425,942	58,774,354
<b>NET POSITION, END OF YEAR</b>	<b>\$ 51,070,731</b>	<b>\$ 3,741,941</b>	<b>\$ 4,817,966</b>	<b>\$ 59,630,638</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 September 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**

***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.

***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.

***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, 2014, the latest available report, is as follows:

Total Assets	\$ 6,207,699
Total Liabilities	693,143
Total Net Position	5,514,556
Total Operating Revenues	1,793,123
Total Operating Expenses	2,129,569
Total Non-Operating Revenues (Expenses)	(50,851)
Capital Grant Contributions	91,955
Net Increase (Decrease) in Net Position	(295,342)

## **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 July, the City Manager submits to the City Commission a proposed operating budget for the ensuing fiscal year commencing October 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 August, 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. The costs of governmental fund type prepaid items are recorded as expenditures when consumed rather than when purchased.

**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

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

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.

**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:

- 1) 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.
- 2) Receivables for developer obligations in the component unit statement of net position. This deferred receivable results from tax collections that will be levied and collected in future periods.

**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.

- 1) 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.
- 2) The governmental statement of net position and the proprietary statement of net position report for the special assessments that were established for the year that were intended to finance future periods.

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

- 3) The proprietary statement of net position report the deferred amount on refunding. A deferred amount 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.

**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, March 6, 2015, which is the date the financial statements were available to be issued.

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

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

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

**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:

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

	Primary Government	Component Units	Fiduciary Funds	Totals
Unrestricted:				
Cash and cash equivalents	\$ 18,763,166	\$ 11,990,639	\$ 3,221,460	\$ 33,975,265
Investments	5,328,888	769,109	27,475,993	33,573,990
	<u>24,092,054</u>	<u>12,759,748</u>	<u>30,697,453</u>	<u>67,549,255</u>
Restricted:				
Cash and cash equivalents	777,178	2,327,274	-	3,104,452
Investments	1,224,673	-	-	1,224,673
	<u>2,001,851</u>	<u>2,327,274</u>	<u>-</u>	<u>4,329,125</u>
<b>TOTALS</b>	<u>\$ 26,093,905</u>	<u>\$ 15,087,022</u>	<u>\$ 30,697,453</u>	<u>\$ 71,878,380</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 \$37,079,717 and the bank balance was \$44,564,160. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the City in its name	\$ 8,521,759
Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:	
Collateralized and uninsured	<u>36,042,401</u>
	<u>\$ 44,564,160</u>

Investments

As of September 30, 2014 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	\$ 5,328,888	\$ 5,328,888	\$ -	\$ -	\$ -
Restricted Investments:					
U.S. Government Agencies	1,224,673	1,224,673	-	-	-
<b>TOTAL INVESTMENTS</b>	<u>\$ 6,553,561</u>	<u>\$ 6,553,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>COMPONENT UNITS:</b>					
Mutual Bond Funds	\$ 769,109	\$ 769,109	\$ -	\$ -	\$ -
Mutual Equity Funds	-	-	-	-	-
<b>TOTAL INVESTMENTS</b>	<u>\$ 769,109</u>	<u>\$ 769,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FIDUCIARY FUNDS:</b>					
Common, Pooled Fund	\$19,691,387	\$19,691,387	\$ -	\$ -	\$ -
Mutual Equity Funds	2,759,391	2,759,391	-	-	-
Mutual Bond Funds	5,025,032	5,025,032	-	-	-
Government National Mortgage Association	183	-	41	142	-
<b>TOTAL INVESTMENTS</b>	<u>\$27,475,993</u>	<u>\$27,475,810</u>	<u>\$ 41</u>	<u>\$ 142</u>	<u>\$ -</u>

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

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City's investments. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### *Credit Risk*

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

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

7. **Bond Escrow Fund** – Transfers were made to the Bond Escrow Fund to provide for the normal retirement, including interest, of the capitalized leases, and revenue bond issues. Transfers will be made to the Bond and Interest Redemption Fund as the obligations become due.
8. **OPEB Reserve** – Transfers will be made to the OPEB reserve to provide funding for the net OPEB liability.
9. **Vacation, Sick and Benefit Days Reserve** – Transfers will be made to the vacation and sick leave reserve to provide funding for accrued vacation, sick leave, and benefit day liabilities to be paid to employees upon retirement or termination.
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	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Primary Government Total	Component Unit Total
Cash and cash equivalents	\$ 380,064	\$ 159,608	\$ 13,195	\$ 30,095	\$ 56,226	\$ 5,339	\$ 132,651	\$ 777,178	\$ 2,327,274
Investments	216,243	-	-	-	-	-	1,008,430	\$ 1,224,673	-
<b>TOTALS</b>	<b>\$ 596,307</b>	<b>\$ 159,608</b>	<b>\$ 13,195</b>	<b>\$ 30,095</b>	<b>\$ 56,226</b>	<b>\$ 5,339</b>	<b>\$ 1,141,081</b>	<b>\$ 2,001,851</b>	<b>\$ 2,327,274</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 September 30, 2014 by the City is \$3,681,489, 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%.

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

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

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 as of and for the 15-month fiscal year ended September 30, 2014, of the Facility, in the aggregate, is as follows:

Assets	\$ 19,165,587
Deferred outflows of resources	-
Liabilities	13,222,245
Deferred inflows of resources	-
Equity	5,943,342
Operating Revenues	2,246,919
Operating Expenses	3,315,841
Non-operating Revenues	1,612,069
Increase in net position	543,147
City's share of net gain	461,675

**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 September 30, 2014:

	Balance June 30, 2013	Additions	Deductions	Balance September 30, 2014	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES:</b>					
State Infrastructure Bank Note (MDOT Spring Street)	\$ 497,242	\$ -	\$ (82,873)	\$ 414,369	\$ 82,873
2003 Founder's Landing Bonds	2,445,000	-	(2,445,000)	-	-
2006 Street Improvements Bonds	1,832,500	-	(172,500)	1,660,000	180,000
2007 Forestland Bonds	3,985,000	-	(240,000)	3,745,000	250,000
2007 High Street Bonds	180,328	-	(19,986)	160,342	10,263
2008 Street Improvements Bonds	2,222,837	-	(109,344)	2,113,493	114,243
2009 Capital Improvements Bonds:					
Refunding Portion	1,760,000	-	(190,000)	1,570,000	195,000
Street Bonds Portion	2,795,750	-	(206,780)	2,588,970	213,110
Add: deferred amounts on 2009 bonds	123,619	-	(11,238)	112,381	
2011 Capital Improvement Bonds	1,020,000	-	(60,000)	960,000	60,000
2012 Capital Improvement Bonds	1,253,745	-	(69,930)	1,183,815	69,930
Add: deferred amounts on 2012 bonds	65,117	-	(4,341)	60,776	
2013 Capital Improvement Bonds					
Street Bonds Portion	-	1,075,700	(75,950)	999,750	58,900
Refunding Portion - 2003 Founder's Landing Bonds	-	2,315,000	-	2,315,000	225,000
2014 Capital Improvement Bonds	-	1,122,200	-	1,122,200	62,000
Add: deferred amounts on 2014 bonds	-	78,578	-	78,578	
Accrued Compensated Absences	1,564,095	834,936	(756,580)	1,642,451	657,633
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 19,745,233</b>	<b>\$ 5,426,414</b>	<b>\$ (4,444,522)</b>	<b>\$ 20,727,125</b>	<b>\$ 2,178,952</b>

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

	Balance June 30, 2013	Additions	Deductions	Balance September 30, 2014	Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES:</b>					
<u>WATER SUPPLY FUND:</u>					
State Drinking Water Revolving Fund Loan - 2009	\$ 450,058	\$ -	\$ (40,000)	\$ 410,058	\$ -
State Drinking Water Revolving Fund Loan - 2011	503,908	-	(20,000)	483,908	20,000
2003 Refunding Revenue Bonds	1,460,000	-	(1,460,000)	-	-
2006 Water Membrane Bonds	645,000	-	(150,000)	495,000	160,000
2007 High Street Bonds	281,761	-	(31,227)	250,534	-
2008 Street Improvements Bonds	1,672,746	-	(82,745)	1,590,001	86,012
2009 Capital Improvements Bonds	2,365,125	-	(174,930)	2,190,195	180,285
Less: deferred amounts, net	676	-	12,623	13,299	-
2011 Capital Improvements Bonds	280,500	-	(16,500)	264,000	16,500
2012 Capital Improvements Bonds	704,055	-	(39,270)	664,785	39,270
Add: deferred amounts	36,567	-	(2,438)	34,129	-
2013 Refunding Revenue Bonds	-	1,490,000	(490,000)	1,000,000	495,000
2013 Capital Improvements Bonds	-	867,500	(61,250)	806,250	47,500
2014 Capital Improvements Bonds	-	615,400	-	615,400	34,000
Add: deferred amounts	-	43,091	-	43,091	-
Accrued Compensated Absences	234,335	57,773	(69,020)	223,088	89,235
<b>TOTAL WATER SUPPLY FUND</b>	<b>8,634,731</b>	<b>3,073,764</b>	<b>(2,624,757)</b>	<b>9,083,738</b>	<b>1,167,802</b>
<u>SEWAGE DISPOSAL FUND:</u>					
State Act 94 Clean Water Assistance Loan	2,255,000	-	(335,000)	1,920,000	-
State Revolving Fund Loan -2009	605,699	-	(60,000)	545,699	-
State Revolving Fund Loan -2011	676,785	-	(30,000)	646,785	30,000
2008 Street Improvements Bonds	1,545,598	-	(75,576)	1,470,022	79,395
2009 Capital Improvements Bonds	1,192,500	-	(88,200)	1,104,300	90,900
Add: deferred amounts	26,725	-	(2,429)	24,296	-
2011 Capital Improvements Bonds	790,500	-	(46,500)	744,000	46,500
2012 Capital Improvements Bonds	1,223,625	-	(68,250)	1,155,375	68,250
Add: deferred amounts	63,553	-	(4,237)	59,316	-
2013 Capital Improvements Bonds	-	971,600	(68,600)	903,000	53,200
2014 Capital Improvements Bonds	-	1,701,400	-	1,701,400	94,000
Add: deferred amounts	-	119,134	-	119,134	-
Accrued Compensated Absences	93,005	60,954	(52,680)	101,279	40,512
<b>TOTAL SEWAGE DISPOSAL FUND</b>	<b>8,472,990</b>	<b>2,853,088</b>	<b>(831,472)</b>	<b>10,494,606</b>	<b>502,757</b>
<u>STORMWATER UTILITY FUND:</u>					
2006 Street Improvements Bonds	1,832,500	-	(172,500)	1,660,000	180,000
2007 High Street Bonds	101,434	-	(11,241)	90,193	-
2008 Street Improvements Bonds	1,368,820	-	(67,336)	1,301,484	70,350
2009 Capital Improvements Bonds	271,625	-	(20,090)	251,535	20,705
Add: deferred amounts	6,087	-	(554)	5,533	-
2011 Capital Improvements Bonds	459,000	-	(27,000)	432,000	27,000
2012 Capital Improvements Bonds	583,575	-	(32,550)	551,025	32,550
Add: deferred amounts	30,310	-	(2,021)	28,289	-
2013 Capital Improvements Bonds	-	555,200	(39,200)	516,000	30,400
Accrued Compensated Absences	10,426	10,699	(7,930)	13,195	5,278
<b>TOTAL STORMWATER UTILITY FUND</b>	<b>4,663,777</b>	<b>565,899</b>	<b>(380,422)</b>	<b>4,849,254</b>	<b>366,283</b>
<u>TOURIST PARK FUND:</u>					
Accrued Compensated Absences	503	408	(816)	95	38
<b>TOTAL TOURIST PARK FUND</b>	<b>503</b>	<b>408</b>	<b>(816)</b>	<b>95</b>	<b>38</b>
<u>MARINAS FUND:</u>					
2004 Revenue Bonds	85,000	-	(85,000)	-	-
Less: deferred amounts	(3,350)	-	3,350	-	-
2014 Capital Improvements Bonds	-	181,000	-	181,000	10,000
Add: deferred amounts	-	12,674	-	12,674	-
<b>TOTAL MARINAS FUND</b>	<b>81,650</b>	<b>193,674</b>	<b>(81,650)</b>	<b>193,674</b>	<b>10,000</b>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$21,853,651</b>	<b>\$ 6,686,833</b>	<b>\$ (3,919,117)</b>	<b>\$24,621,367</b>	<b>\$ 2,046,880</b>

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

	Balance June 30, 2013	Additions	Deductions	Balance September 30, 2014	Due Within One Year
<b>COMPONENT UNITS:</b>					
Board of Light & Power:					
2011 Electric Utility Revenue Bonds	\$ 5,510,000	\$ -	\$ (795,000)	\$ 4,715,000	\$ 825,000
Less: deferred amounts	212,639	-	(33,225)	179,414	-
Accrued Compensated Absences	932,956	407	-	933,363	933,363
Peter White Public Library:					
2006 Library Improvement Bonds	1,595,000	-	(295,000)	1,300,000	305,000
Accrued Compensated Absences	125,653	-	(25,770)	99,883	-
Downtown Development Authority:					
2011 Tax Increment Bonds	1,500,000	-	(135,000)	1,365,000	-
Brownfield Redevelopment Authority:					
2010 Capital Improvement Bonds	925,000	-	(35,000)	890,000	35,000
2010 Recovery Zone Facility Bonds	415,000	-	(15,000)	400,000	15,000
2013 Capital Improvement Bonds	-	320,000	-	320,000	25,000
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 11,216,248</b>	<b>\$ 320,407</b>	<b>\$ (1,333,995)</b>	<b>\$ 10,202,660</b>	<b>\$ 2,138,363</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, \$94,507 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 September 30, 2014, \$1,040,000 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 September 30, 2014, \$0 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 September 30, 2014, \$3,790,000 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. At September 30, 2014, \$2,250,000 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. 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. 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.

**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, and the 2003 Founders Landing Bonds, dated December 23, 2003. Both 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.

The refunding portion of the 2003 Refunding Revenue Bonds net proceeds of \$1,477,390 (after payment of \$23,049 in issuance expenses, plus \$10,439 transfers from prior issued funds) 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 debt service interest and principal payments on the 2003 Refunding Revenue Bonds. As a result, the 2003 issue bonds maturing 2014 through 2016 are considered defeased and the liability for those bonds has been removed from the Business-Type Activities long-term debt balance.

The irrevocable trust accounts for the assets and the liability for the defeased bonds are not included in the City's financial statements. On September 30, 2014, \$990,000 of bonds outstanding are considered defeased.

The refunding portion of the 2003 Founders Landing Bonds net proceeds \$2,245,000 (after payment of \$70,000 in issuance expenses) were paid to the refund bond escrow agent. As a result, the 2003 issue bonds maturing 2015 through 2023 are considered defeased and the liability for those bonds has been removed from the Governmental Activities long-term debt balance.

The irrevocable trust accounts for the assets and the liability for the defeased bonds are not included in the City's financial statements. On September 30, 2014, \$2,035,000 of the bonds outstanding are considered defeased.

**2014 Capital Improvement Bonds** – On September 30, 2014, the City issued \$3,620,000 in General Obligation Capital Improvement Bonds, Series 2014 with interest rates ranging from 2.0% to 4.0% for the purpose of paying the cost of certain capital improvements including but not limited to major street and/or local street improvements, the construction and installation of sanitary sewer lateral replacements, the Carp River sanitary sewer crossing, and improvements to marina and park systems. The bonds are issued pursuant to the provision of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution

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

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 September 30, 2014, \$1,330,000 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.

**2013 Capital Improvement Bonds** – On October 1, 2013, the City and the Brownfield Redevelopment Authority issued \$320,000 in Tax Increment Bonds with an interest rate of 2.35% for the purpose of paying all or part of the cost of acquiring and constructing certain capital improvements in the City.

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

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

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

Annual maturities on the Governmental Activities debts are as follows:

Year Ending September 30,	State Infrastructure Note	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	2013 Capital Improvements Bonds	2013	
											2013 Founder's Landing Refunding Bonds	2014 Capital Improvements Bonds
2015	\$ 82,873	\$ 180,000	\$ 250,000	\$ 10,263	\$ 114,243	\$ 195,000	\$ 213,110	\$ 60,000	\$ 69,930	\$ 58,900	\$ 225,000	\$ 62,000
2016	82,873	187,500	270,000	10,466	117,506	200,000	211,000	62,000	71,595	60,450	235,000	62,000
2017	82,873	195,000	285,000	10,600	122,403	210,000	227,880	64,000	73,260	62,000	245,000	63,550
2018	82,873	202,500	300,000	10,804	128,931	225,000	242,650	66,000	74,925	63,550	245,000	65,100
2019	82,877	210,000	320,000	11,006	135,459	230,000	251,090	68,000	78,255	66,650	255,000	66,650
2020	-	220,000	340,000	11,141	140,354	245,000	261,640	70,000	79,920	68,200	265,000	68,200
2021	-	227,500	355,000	11,275	146,883	265,000	274,300	72,000	83,250	69,750	275,000	71,300
2022	-	237,500	375,000	11,479	153,412	-	295,400	74,000	84,915	71,300	280,000	72,850
2023	-	-	395,000	11,681	156,676	-	299,620	78,000	88,245	74,400	290,000	74,400
2024	-	-	415,000	11,883	164,836	-	312,280	82,000	89,910	75,950	-	77,500
2025	-	-	440,000	12,086	171,364	-	-	84,000	93,240	79,050	-	80,600
2026	-	-	-	12,289	179,524	-	-	88,000	96,570	80,600	-	83,700
2027	-	-	-	12,491	186,053	-	-	92,000	98,235	83,700	-	88,350
2028	-	-	-	12,878	195,849	-	-	-	101,565	85,250	-	91,450
2029	-	-	-	-	-	-	-	-	-	-	-	94,550
2030	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	-
Principal	414,369	1,660,000	3,745,000	160,342	2,113,493	1,570,000	2,588,970	960,000	1,183,815	999,750	2,315,000	1,122,200
Interest	-	279,300	1,242,236	21,597	718,587	293,353	681,090	253,268	262,251	220,329	321,329	338,538
	<b>\$ 414,369</b>	<b>\$ 1,939,300</b>	<b>\$ 4,987,236</b>	<b>\$ 181,939</b>	<b>\$ 2,832,080</b>	<b>\$ 1,863,353</b>	<b>\$ 3,270,060</b>	<b>\$ 1,213,268</b>	<b>\$ 1,446,066</b>	<b>\$ 1,220,079</b>	<b>\$ 2,636,329</b>	<b>\$ 1,460,738</b>

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

WATER SUPPLY FUND											
Year Ending September 30,	State Drinking Water Revolving Fund Loan	2006 Water State DWRF 2011 Loan	2006 Water Membrane Bonds	2007 High Street Bonds	2008 Street Improvement Bonds	2009 Capital Improvement Bonds	2011 Capital Improvement Bonds	2012 Capital Improvement Bonds	2013 Refunding Revenue Bonds	2013 Capital Improvement Bonds	2014 Capital Improvement Bonds
2016	25,000	20,000	165,000	16,036	88,469	178,500	17,050	40,205	505,000	48,750	34,000
2017	25,000	20,000	170,000	16,353	92,155	192,780	17,600	41,140	-	50,000	34,850
2018	25,000	25,000	-	16,563	97,070	205,275	18,150	42,075	-	51,250	35,700
2019	25,000	25,000	-	16,880	101,986	212,415	18,700	43,945	-	53,750	36,550
2020	25,000	25,000	-	17,197	105,671	221,340	19,250	44,880	-	55,000	37,400
2021	25,000	25,000	-	17,407	110,586	232,050	19,800	46,750	-	56,250	39,100
2022	25,000	25,000	-	17,619	115,501	249,900	20,350	47,685	-	57,500	39,950
2023	25,000	25,000	-	17,935	117,959	253,470	21,450	49,555	-	60,000	40,800
2024	25,000	30,000	-	18,251	124,103	264,180	22,550	50,490	-	61,250	42,500
2025	30,000	30,000	-	18,568	129,018	-	23,100	52,360	-	63,750	44,200
2026	30,000	30,000	-	18,885	135,161	-	24,200	54,230	-	65,000	45,900
2027	30,000	30,000	-	19,201	140,076	-	25,300	55,165	-	67,500	48,450
2028	30,000	30,000	-	19,518	146,234	-	-	57,035	-	68,750	50,150
2029	30,000	30,000	-	20,121	-	-	-	-	-	-	51,850
2030	35,058	30,000	-	-	-	-	-	-	-	-	-
2031	-	30,000	-	-	-	-	-	-	-	-	-
2032	-	33,908	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-
Principal	410,058	483,908	495,000	250,534	1,590,001	2,190,195	264,000	664,785	1,000,000	806,250	615,400
Interest	86,270	118,287	30,100	29,554	541,017	576,202	69,653	147,271	18,812	177,682	185,650
	<b>\$ 496,328</b>	<b>\$ 602,195</b>	<b>\$ 525,100</b>	<b>\$ 280,088</b>	<b>\$ 2,131,018</b>	<b>\$ 2,766,397</b>	<b>\$ 333,653</b>	<b>\$ 812,056</b>	<b>\$ 1,018,812</b>	<b>\$ 983,932</b>	<b>\$ 801,050</b>

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

Year Ending September 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	2013 Capital Improvements Bonds	2014 Capital Improvements Bonds	2014 Capital Improvements Bonds	
2015	\$ -	\$ -	\$ 30,000	\$ 79,395	\$ 90,900	\$ 46,500	\$ 68,250	\$ 53,200	\$ 94,000	\$ 10,000	
2016	175,000	30,000	30,000	81,664	90,000	48,050	69,875	54,600	94,000	10,000	
2017	180,000	30,000	30,000	85,067	97,200	49,600	71,500	56,000	96,350	10,250	
2018	180,000	30,000	30,000	89,604	103,500	51,150	73,125	57,400	98,700	10,500	
2019	185,000	35,000	30,000	94,140	107,100	52,700	76,375	60,200	101,050	10,750	
2020	190,000	35,000	35,000	97,543	111,600	54,250	78,000	61,600	103,400	11,000	
2021	195,000	35,000	35,000	102,080	117,000	55,800	81,250	63,000	108,100	11,500	
2022	200,000	35,000	35,000	106,617	126,000	57,350	82,875	64,400	110,450	11,750	
2023	200,000	35,000	35,000	108,885	127,800	60,450	86,125	67,200	112,800	12,000	
2024	205,000	40,000	35,000	114,556	133,200	63,550	87,750	68,600	117,500	12,500	
2025	210,000	40,000	35,000	119,093	-	65,100	91,000	71,400	122,200	13,000	
2026	-	40,000	40,000	124,764	-	68,200	94,250	72,800	126,900	13,500	
2027	-	40,000	40,000	129,301	-	71,300	95,875	75,600	133,950	14,250	
2028	-	40,000	40,000	137,313	-	-	99,125	77,000	138,650	14,750	
2029	-	40,000	40,000	-	-	-	-	-	143,350	15,250	
2030	-	40,699	40,000	-	-	-	-	-	-	-	
2031	-	-	40,000	-	-	-	-	-	-	-	
2032	-	-	46,785	-	-	-	-	-	-	-	
2033	-	-	-	-	-	-	-	-	-	-	
2034	-	-	-	-	-	-	-	-	-	-	
Principal	1,920,000	545,699	646,785	1,470,022	1,104,300	744,000	1,155,375	903,000	1,701,400	181,000	
Interest	210,802	115,005	155,147	499,401	290,524	196,288	255,955	199,009	513,258	54,604	
	<b>\$ 2,130,802</b>	<b>\$ 660,704</b>	<b>\$ 801,932</b>	<b>\$ 1,969,423</b>	<b>\$ 1,394,824</b>	<b>\$ 940,288</b>	<b>\$ 1,411,330</b>	<b>\$ 1,102,009</b>	<b>\$ 2,214,658</b>	<b>\$ 235,604</b>	

Year Ending September 30,	STORMWATER UTILITY FUND							
	2006 Street Improvements Bonds	2007 High Street Improvements Bonds	2008 Street Improvements Bonds	2009 Capital Improvements Bonds	2011 Capital Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	
2015	\$ 180,000	\$ -	\$ 70,350	\$ 20,705	\$ 27,000	\$ 32,550	\$ 30,400	
2016	187,500	5,773	72,360	20,500	27,900	33,325	31,200	
2017	195,000	5,887	75,375	22,140	28,800	34,100	32,000	
2018	202,500	5,963	79,395	23,575	29,700	34,875	32,800	
2019	210,000	6,077	83,415	24,395	30,600	36,425	34,400	
2020	220,000	6,191	86,431	25,420	31,500	37,200	35,200	
2021	227,500	6,267	90,451	26,650	32,400	38,750	36,000	
2022	237,500	6,343	94,471	28,700	33,300	39,525	36,800	
2023	-	6,457	96,481	29,110	35,100	41,075	38,400	
2024	-	6,571	101,506	30,340	36,900	41,850	39,200	
2025	-	6,684	105,526	-	37,800	43,400	40,800	
2026	-	6,798	110,551	-	39,600	44,950	41,600	
2027	-	6,912	114,571	-	41,400	45,725	43,200	
2028	-	7,026	120,601	-	-	47,275	44,000	
2029	-	7,244	-	-	-	-	-	
2030	-	-	-	-	-	-	-	
2031	-	-	-	-	-	-	-	
2032	-	-	-	-	-	-	-	
2033	-	-	-	-	-	-	-	
2034	-	-	-	-	-	-	-	
Principal	1,660,000	90,193	1,301,484	251,535	432,000	551,025	516,000	
Interest	279,300	10,636	442,510	66,173	113,970	122,070	113,717	
	<b>\$ 1,939,300</b>	<b>\$ 100,829</b>	<b>\$ 1,743,994</b>	<b>\$ 317,708</b>	<b>\$ 545,970</b>	<b>\$ 673,095</b>	<b>\$ 629,717</b>	

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

Annual maturities on Component Unit debt are as follows:

Year Ending September 30,	2011 Electric Utility Revenue Bonds	2006 Library Improvement Bonds	2011 DDA Tax Increment Bonds	2010 Capital Improvement Bonds	2010 Recovery Zone Facility Bonds	2013 Capital Improvement Bonds
2015	\$ 825,000	\$ 305,000	\$ -	\$ 35,000	\$ 15,000	\$ 25,000
2016	860,000	320,000	85,000	40,000	15,000	30,000
2017	895,000	330,000	100,000	40,000	15,000	30,000
2018	935,000	345,000	100,000	40,000	20,000	30,000
2019	380,000	-	100,000	40,000	20,000	30,000
2020	400,000	-	115,000	45,000	20,000	35,000
2021	420,000	-	115,000	45,000	20,000	35,000
2022	-	-	125,000	50,000	20,000	35,000
2023	-	-	125,000	50,000	25,000	35,000
2024	-	-	125,000	55,000	25,000	35,000
2025	-	-	125,000	55,000	25,000	-
2026	-	-	125,000	60,000	25,000	-
2027	-	-	125,000	60,000	30,000	-
2028	-	-	-	65,000	30,000	-
2029	-	-	-	65,000	30,000	-
2030	-	-	-	70,000	30,000	-
2031	-	-	-	75,000	35,000	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
Principal	4,715,000	1,300,000	1,365,000	890,000	400,000	320,000
Interest	720,800	106,600	407,812	401,513	189,075	43,650
	<u>\$ 5,435,800</u>	<u>\$ 1,406,600</u>	<u>\$ 1,772,812</u>	<u>\$ 1,291,513</u>	<u>\$ 589,075</u>	<u>\$ 363,650</u>

Annual principal and interest requirements on indebtedness are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,521,319	\$ 729,043	\$ 1,911,817	\$ 720,303	\$ 1,205,000	\$ 314,966
2016	1,570,390	675,259	2,199,757	735,156	1,350,000	322,607
2017	1,641,566	617,008	1,759,147	671,499	1,410,000	268,905
2018	1,707,333	554,155	1,648,870	613,027	1,470,000	212,250
2019	1,774,987	487,240	1,711,853	554,064	570,000	160,495
2020-2024	7,973,950	1,370,941	8,983,749	1,843,152	1,955,000	437,314
2025-2029	2,643,394	198,232	5,432,306	471,228	820,000	142,163
2030-2034	-	-	296,450	10,438	210,000	10,750
	<u>\$18,832,939</u>	<u>\$4,631,878</u>	<u>\$23,943,949</u>	<u>\$5,618,867</u>	<u>\$ 8,990,000</u>	<u>\$ 1,869,450</u>

**NOTE F – LETTERS OF CREDIT:**

As of September 30, 2014, the City had the following letter of credit with Range Bank.

Date Issued	Amount	Interest Rate	Expiration
7/1/2003	\$ 500,000	n/a *	7/1/2015
12/14/2011	\$ 157,430	n/a *	12/14/2015

\* - 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 September 30, 2014.

**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	\$3,241,612	Major Street	\$1,604,979
		Local Street	1,636,633
Subtotal	<u>3,241,612</u>	Subtotal	<u>3,241,612</u>
TOTAL REPORTING ENTITY	<u>\$3,241,612</u>	TOTAL REPORTING ENTITY	<u>\$3,241,612</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	\$ 274,870	General Fund	\$2,884,954
Local Street	1,028,485		
Non-major Governmental	1,415,189		
Non-major Business-Type	166,410		
Subtotal	<u>2,884,954</u>	Subtotal	<u>2,884,954</u>
Non-major Governmental	1,221,094	Major Street	451,123
General Fund	361,905	Local Street	385,275
		Non-major Governmental	120,251
		Internal Service	626,350
Subtotal	<u>1,582,999</u>	Subtotal	<u>1,582,999</u>
TOTAL REPORTING ENTITY	<u>\$4,467,953</u>	TOTAL REPORTING ENTITY	<u>\$4,467,953</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, 2013	Additions	Disposals	Balance at September 30, 2014
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets Not Being Depreciated				
Land	\$ 11,535,962	\$ -	\$ -	\$ 11,535,962
Construction in progress	968,903	1,529,441	(1,015,348)	1,482,996
Total Capital Assets, not being depreciated	<u>12,504,865</u>	<u>1,529,441</u>	<u>(1,015,348)</u>	<u>13,018,958</u>
Capital Assets Being Depreciated				
Land improvements	7,768,659	-	-	7,768,659
Buildings	5,443,630	19,013	-	5,462,643
Building improvements	13,752,456	54,665	-	13,807,121
Furniture and equipment	12,397,626	340,258	(48,315)	12,689,569
Infrastructure	49,345,140	1,170,004	-	50,515,144
Total Capital Assets, being depreciated	<u>88,707,511</u>	<u>1,583,940</u>	<u>(48,315)</u>	<u>90,243,136</u>
Less Accumulated Depreciation:				
Land improvements	(5,723,648)	(275,469)	-	(5,999,117)
Buildings	(3,883,195)	(241,940)	-	(4,125,135)
Building improvements	(8,950,688)	(489,345)	-	(9,440,033)
Furniture and equipment	(10,308,864)	(804,250)	30,196	(11,082,918)
Infrastructure	(27,779,283)	(2,237,582)	-	(30,016,865)
Total Accumulated Depreciation	<u>(56,645,678)</u>	<u>(4,048,586)</u>	<u>30,196</u>	<u>(60,664,068)</u>
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<u>\$ 44,566,698</u>	<u>\$ (935,205)</u>	<u>\$ (1,033,467)</u>	<u>\$ 42,598,026</u>

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

Governmental Activity:	
General Government	\$ 18,708
Public Health and Safety	33,763
Public Works	146,019
Social Services	1,434
Recreation and Culture	413,098
Depreciation - unallocated	2,502,444
Internal Service Funds charged to above activities	933,120
Total Depreciation Expense - Governmental Activities	<u>\$ 4,048,586</u>

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

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

	Balance at June 30, 2013	Additions	Disposals	Balance at September 30, 2014
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets Not Subject to Depreciation:				
Land	\$ 38,319	-	-	\$ 38,319
Construction in progress	104,149	246,246	(37,241)	313,154
Total Capital Assets, not being depreciated	<u>142,468</u>	<u>246,246</u>	<u>(37,241)</u>	<u>351,473</u>
Capital Assets Subject to Depreciation:				
Land improvements	3,578,555	-	-	3,578,555
Building and building improvements	13,587,184	87,285	(587,122)	13,087,347
Furniture and equipment	4,781,114	150,343	-	4,931,457
Infrastructure	62,113,225	4,021,334	-	66,134,559
Total Capital Assets, being depreciated	<u>84,060,078</u>	<u>4,258,962</u>	<u>(587,122)</u>	<u>87,731,918</u>
Less Accumulated Depreciation:				
Land improvements	(2,080,282)	(185,206)	-	(2,265,488)
Building and building improvements	(5,707,876)	(354,724)	225,064	(5,837,536)
Furniture and equipment	(2,749,015)	(353,559)	-	(3,102,574)
Infrastructure	(18,739,406)	(2,512,345)	-	(21,251,751)
Total Accumulated Depreciation	<u>(29,276,579)</u>	<u>(3,405,834)</u>	<u>225,064</u>	<u>(32,457,349)</u>
<b>Business-Type Activities Capital Assets, net</b>	<u>\$54,925,967</u>	<u>\$ 1,099,374</u>	<u>\$ (399,299)</u>	<u>\$55,626,042</u>

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

Business-Type Activities:	
Water Supply	\$1,294,976
Sewage Disposal	1,142,094
Stormwater Utility	777,210
Recreation and Culture	191,554
Total Depreciation Expense - Business-Type Activities	<u>\$3,405,834</u>

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

A summary of Component Unit’s capital assets as of September 30, 2014 is as follows:

	Board of Light and Power	Peter White Public Library	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
<b>COMPONENT UNITS:</b>					
Land	\$ 1,123,073	\$ 114,704	\$ -	\$ -	\$ 1,237,777
Construction in progress	-	-	-	1,285,857	1,285,857
Total Capital Assets, not being depreciated	<u>1,123,073</u>	<u>114,704</u>	<u>-</u>	<u>1,285,857</u>	<u>2,523,634</u>
Land improvements	-	117,250	4,419,258	-	4,536,508
Buildings and improvements	13,052,536	8,857,000	-	-	21,909,536
Furniture and equipment	125,439,770	1,013,636	141,767	-	126,595,173
Total Capital Assets, being depreciated	<u>138,492,306</u>	<u>9,987,886</u>	<u>4,561,025</u>	<u>-</u>	<u>153,041,217</u>
Less Accumulated Depreciation:					
Land improvements	-	(31,359)	(1,215,753)	-	(1,247,112)
Buildings and improvements	-	(4,961,195)	-	-	(4,961,195)
Furniture and equipment	-	(937,473)	(114,175)	-	(1,051,648)
Unallocated	(94,686,914)	-	-	-	(94,686,914)
Total Accumulated Depreciation	<u>(94,686,914)</u>	<u>(5,930,027)</u>	<u>(1,329,928)</u>	<u>-</u>	<u>(101,946,869)</u>
<b>Component Units Capital Assets, net</b>	<u>\$44,928,465</u>	<u>\$ 4,172,563</u>	<u>\$ 3,231,097</u>	<u>\$ 1,285,857</u>	<u>\$ 53,617,982</u>

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

Component Units:	
Board of Light and Power	\$3,220,226
Peter White Public Library	158,453
Downtown Development Authority	223,184
Total Depreciation Expense - Component Units	<u>\$3,601,863</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 \$7,991,471. Of this amount, \$7,977,357 relates to the 2014 tax levy; and \$14,114 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 \$60,049 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 \$1,923,291 which relates to their portion of the 2014 tax levy.

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

As of September 30, 2014, fund balances of the governmental funds are classified as follows:

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

As of September 30, 2014, fund balances are composed of the following:

	General Fund	Special Revenue Funds	Debt Service Funds	Permanent Funds	Total Governmental Funds
Non-spendable:					
Corpus	\$ -	\$ -	\$ -	\$ 720,771	\$ 720,771
Loan Receivable	-	-	-	-	-
Inventory	206,947	-	-	-	206,947
Prepays	322,587	23,869	-	-	346,456
Total Non-spendable	<u>\$ 529,534</u>	<u>\$ 23,869</u>	<u>\$ -</u>	<u>\$ 720,771</u>	<u>\$ 1,274,174</u>
Restricted:					
Fire Dept. - Lifesaving Equipment	\$ 210,144	\$ -	\$ -	\$ -	\$ 210,144
Drug Dog	13,649	-	-	-	13,649
Public Education Government (PEG) Fund	-	23,481	-	-	23,481
Drug Forfeiture Fund	-	17,633	-	-	17,633
MSHDA Downtown Rental Fund	-	46,398	-	-	46,398
Senior Services Fund	-	396,020	-	-	396,020
Total Restricted	<u>\$ 223,793</u>	<u>\$ 483,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 707,325</u>
Committed:					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned:					
Park Improvements	\$ 9,361	\$ -	\$ -	\$ -	\$ 9,361
Founders Landing	1,495,925	-	-	-	1,495,925
Capital Outlay	1,382,730	-	-	-	1,382,730
Sanitation Fund	-	440,849	-	-	440,849
Lakeview Arena Fund	-	176,099	-	-	176,099
Forestland Debt Service	-	-	1,298,038	-	1,298,038
Total Assigned	<u>\$ 2,888,016</u>	<u>\$ 616,948</u>	<u>\$ 1,298,038</u>	<u>\$ -</u>	<u>\$ 4,803,002</u>
Unassigned:					
	<u>\$ 9,008,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,008,005</u>

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.

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

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 September 30, 2014, the City’s annual pension cost of \$2,300,577 for the plan was equal to the City’s required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2011, using the entry age normal cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8%, (b) projected salary increases of 4.5% a year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percent of projected payroll on an open basis over a period of 30 years.

**Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three-year trend information is stated below, and ten-year trend information may be found at the Required Supplementary Information section (see table of contents for page references).

Fiscal Year Ending	Valuation Date December	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	2009	\$ 1,409,312	100%	\$ -
June 30, 2013	2010	1,621,624	100%	-
September 30, 2014	2011	2,300,577	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
12/31/2011	\$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%
12/31/2013	34,044,484	52,665,315	18,620,831	65%	5,874,079	317%

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 September 30, 2014 was \$4,498,201; the City’s total payroll was \$14,110,156.

Management of the System is vested in Police/Fire Pension Board of the City of Marquette, Michigan Fire-Police Retirement System, which consist of five members: two that are elected (one each representing fire and police employees), two that are appointed by the City Commission of the City of Marquette, and one that is the Treasurer of the City of Marquette.

Current membership in the plan comprises the following as of December 31, 2013, the latest actuarial valuation date:

Group	
Retirees and beneficiaries currently receiving benefits	60
Vested terminated members	2
Active employees:	
Fire	26
Police	34
TOTAL	<u>122</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 September 30, 2014, June 30, 2013 and June 30, 2012 contributions totaling \$1,586,190; \$1,086,388, and \$1,002,287, 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 Ending</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 1,002,287	100%	\$ -
June 30, 2013	1,086,388	100%	\$ -
September 30, 2014	1,586,190	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
12/31/2011	\$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%
12/31/2013	28,108,088	37,672,556	9,564,468	75%	3,390,709	282%

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 Pooled Funds:

Wells Fargo Core Bond CIT F	\$ 4,882,907
Wells Fargo/MFS Value CIT F #1685	\$ 1,367,132
Wells Fargo Multi-Manager Small Cap CIT F #1686	\$ 1,328,792
Wells Fargo/T Row Price Institutional Equity Income Managed CIT F	\$ 1,357,174
Wells Fargo/T Rowe Price Institutional Large-Cap Growth Mangaged CIT F	\$ 1,445,354
Wells Fargo/Blackrock S&P Midcap Index CIT F	\$ 2,346,625
Wells Fargo/Blackrock S&P 500 Index CIT F	\$ 3,879,882

Mutual Funds - Corporate Bonds:

Federated Total Return Bond Fund Institutional Shares #328	\$ 3,005,106
Metropolitan West Total Return Bond Fund Class I #512	\$ 2,019,926

**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 September 30, 2014, the Board's annual pension cost was \$1,790,955. The Board's actual contributions for 2014 were \$2,140,955. The annual required contribution was determined as part of an actuarial valuation at December 31, 2011, using the entry age normal cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0% 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 at the Required Supplementary Information section (see table of contents for page references).

Fiscal Year Ending	Valuation Date December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	2009	\$ 945,840	100%	\$ -
June 30, 2013	2010	1,119,816	100%	-
September 30, 2014	2011	1,790,955	120%	-

***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	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	(a/b) Funded Ratio	( c ) Covered Payroll	Percentage of Covered Payroll
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%
12/31/2013	22,415,323	37,685,265	15,269,942	59%	2,736,100	558%

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 September 30, 2014 there were 15 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 \$129,847 during the current year and employees contributed \$38,076. 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 September 30, 2014 are as follows:

	<u>Benefit Leave and Vacation</u>	<u>Sick</u>	<u>Total</u>
<b>PRIMARY GOVERNMENT:</b>			
Current portion	\$ 403,756	\$ 253,877	\$ 657,633
Long-term portion	866,855	455,621	1,322,476
<b>TOTAL</b>	<u>\$ 1,270,611</u>	<u>\$ 709,498</u>	<u>\$ 1,980,109</u>
<b>COMPONENT UNITS:</b>			
Current portion	\$ 530,195	\$ 403,168	\$ 933,363
Long-term portion	68,628	31,255	99,883
<b>TOTAL</b>	<u>\$ 598,823</u>	<u>\$ 434,423</u>	<u>\$ 1,033,246</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 September 30, 2014, by the City is \$3,273,997. Summary financial information as of and for the fiscal year ended June 30, 2014, the latest available report, is as follows:

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

Total Assets	\$ 11,743,007
Deferred Outflows of Resources	-
Total Liabilities	2,216,833
Deferred Inflows of Resources	-
Total Net Position	9,526,174
Total Operating Revenues	2,377,672
Total Operating Expenses	3,558,009
Total Nonoperating Revenues (Expenses)	208,278
Change in Net Position	(972,059)

**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 \$2,157,454 and \$215,303 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 September 30, 2014 was \$442,964 and represents current benefits and \$0 to prefund benefits. There were 72 participants eligible to receive benefits and 55 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 contribution	\$ 705,290
Interest on net OPEB obligation	81,299
Adjustment to annual required contribution	-
Annual OPEB cost	786,589
Contributions made	(442,964)
Increase in net OPEB obligation	343,625
Net OPEB obligation - beginning of year	2,029,132
Net OPEB obligation - end of year	\$2,372,757

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
6/30/2012	\$ 783,144	44%	\$ 1,625,657
6/30/2013	757,165	47%	2,029,132
9/30/2014	786,589	56%	2,372,759

***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 \$5,874,079, and the ratio of the UAAL to the covered payroll was 186 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 (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.

## **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 September 30, 2014, was 25 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 2014, the Board contributed \$1,312,278 to the plan, represented current premiums and \$293,521 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	\$ 2,068,496
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>2,068,496</u>
Contributions made	<u>(1,605,799)</u>
Increase in net OPEB obligation	462,697
Net OPEB obligation at beginning of year	<u>1,194,588</u>
Net OPEB obligation at end of year	<u><u>\$ 1,657,285</u></u>

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

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 1,540,504	89%	\$ 1,218,366
6/30/2013	1,609,826	101%	1,194,588
9/30/2014	2,068,496	78%	1,657,285

***Funding Status and Funding Progress***

As of December 31, 2012, the most recent actuarial valuation date, the plan was 5.7 percent funded. The actuarial accrued liability for benefits was \$18,564,650, and the actuarial value of assets was \$1,065,569, resulting in an unfunded actuarial accrued liability (UAAL) of \$17,499,081. The covered payroll (annual payroll of active employees covered by the plan) was \$6,062,043, and the ratio of the UAAL to the covered payroll was 289 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 actuarial valuation, the individual entry-age actuarial cost method was used. The actuarial assumptions included an 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. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

**NOTE V – SINGLE AUDIT:**

The City’s audited financial statements report a total amount of federal expenditures that is more than the Single Audit threshold of \$500,000. The City, therefore, is required to have an audit in accordance with OMB Circular A-133 for the fiscal year ended September 30, 2014.

**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 September 30, 2014. The projects include street construction and reconstruction in areas where the sanitary sewer system is being repaired, and other various street reconstruction and street improvement projects throughout the City, as well as land and building improvement projects. At year end, The City’s total construction in progress expenditures in the governmental funds totaled \$1,482,996 with anticipated future expenditures of these projects amount to \$1,153,224. A portion of the various street repairs are being financed with the subsequent issue of the 2014 General Obligation Limited Tax Bonds.

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

During the fiscal year ending September 30, 2014, a redistribution of property taxes was recorded between the Peter White Public Library and the Brownfield Redevelopment Authority. In recognizing this redistributions the beginning of the year net position balances were adjusted as follows:

	Component Unit	
	Net Position	Fund Balance
<b>COMPONENT UNITS:</b>		
<b>Peter White Public Library (1997 Debt Service Fund)</b>		
Net position/Fund balance, beginning of year	\$ 3,379,838	\$ 27,613
Adjust for items previously reported as:		
Property taxes	16,140	16,140
Net position/Fund balance, end of year, as restated	\$ 3,395,978	\$ 43,753
<b>Brownfield Redevelopment Authority (General Fund)</b>		
Net position, beginning of year	\$ 1,215,267	
Adjust for items previously reported as:		
Property taxes	(16,140)	
Net position, as restated	\$ 1,199,127	
Net position, beginning of year, previously stated		\$ 220,287
Adjust for items previously reported as:		
Property taxes		(16,140)
Net position, beginning of year, as restated		\$ 204,147

## **NOTE Z – NEW GASB STANDARDS:**

### Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement No. 66, *2012 Technical Corrections (an Amendment to GASB 10 and GASB 62)*. GASB No. 66 eliminates 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. This Statement is effective for periods beginning after December 15, 2013. The adoption of GASB No. 66 does not have any impact on the City's financial statements.

In June 2012, the GASB issued Statement No. 67 *Financial Reporting for Pension Plans*. GASB No. 67 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. This Statement is effective for periods beginning after June 15, 2013. The City adopted it in fiscal year 2014 for its Fire-Police Retirement System Pension Trust Fund.

### Other Recently Issued Accounting Pronouncements

In April 2013, the GASB issued Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB No. 70 addresses the accounting and disclosure of situations in which one government offers a financial guarantee on behalf of another government, not-for-profit organization, private entity, or individual without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). A government that extends a nonexchange financial guarantee will be required to recognize a liability when qualitative factors and/or historical data indicate that it is "more likely than not" that the government will be required to make a payment on the guarantee. It further requires governments to disclose any outstanding financial guarantees in the notes to the financial statements. This Statement is effective for periods beginning after June 15, 2013. The City has no such arrangements, therefore the adoption of GASB No. 70 does not have any impact on the City's financial statements.

## **NOTE AA – 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 68: Accounting and Financial Reporting for Pensions

*Effective for fiscal years beginning after 06/15/2014 (City's fiscal year 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.

## **NOTE AA – UPCOMING STANDARDS (continued):**

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.

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 68 is 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.

### GASB 71: Pension Transition for Contributions Made Subsequent to the Measurement Date (an Amendment of GASB Statement No. 68) *Effective simultaneously with GASB No. 68 (City's fiscal year 2015)*

This standard is an amendment to GASB 68, and seeks to clarify implementation issues related to amounts that are deferred and amortized at the time GASB 68 is first adopted. It applies to situations in which the measurement date of an actuarial valuation differs from the government's fiscal year.

## **NOTE AB – 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.

**NOTE AC – EXTRAORDINARY LOSS:**

During the 15-month fiscal year ending September 30, 2015, one of the City of Marquette’s marina buildings experienced substantial damage due to heavy winter snow accumulations and prolonged freezing temperatures. The building was deemed unsuitable for current use and the building was demolished. At the time of damage, the building had a book value of \$362,058 and the City had incurred costs of \$207,195 to demolish the building. Insurance proceeds of \$200,105 were received for this loss.

**NOTE AD – BUDGETARY NONCOMPLIANCE:**

Expenditures over appropriations for the individual funds are as follows:

<u>Fund/Account</u>	<u>Final Budget</u>	<u>Actual GAAP</u>	<u>Variance</u>
<b>PRIMARY GOVERNMENT:</b>			
Sanitation Fund:			
Sanitation Services	\$ 1,927,365	\$ 1,946,799	\$ 19,434
Public Education Government (PEG) Fund:			
General Government	15,050	26,001	10,951
Drug Forfeiture Fund:			
Public Health and Safety	6,300	7,612	1,312
Lakeview Arena Fund:			
Debt Service	-	40	40
Water Supply Fund:			
Water Treatment and Distribution	3,123,980	3,210,108	86,128
Interest Expenses	365,100	367,953	2,853
Bond Issuance Expense	750	40,467	39,717
Sewage Disposal Fund:			
Sanitary Sewer Operation and Booster Stations	4,234,025	4,359,044	125,019
Bond Issuance Expense	6,500	6,700	200
Stormwater Fund:			
Interest Expenses	197,420	227,065	29,645
Bond Issuance Expense	2,500	3,990	1,490
Marinas Fund:			
Community Services	742,785	824,831	82,046
Bond Issuance Expense	-	200	200
Technology Services Fund:			
Administration and General	705,960	815,199	109,239
Capital Outlay	-	25,991	25,991
Municipal Service Center Fund:			
Administration and General	446,205	545,157	98,952
Motor Vehicle Equipment Fund:			
Administration and General	3,282,494	3,327,601	45,107
Capital Outlay	-	81,521	81,521
<b>COMPONENT UNIT:</b>			
<b>Peter White Public Library:</b>			
General Fund:			
Recreation and Culture:			
Personnel services	1,447,670	1,447,763	93
Other services and charges	445,475	449,458	3,983

## 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 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
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%
2013	34,044,484	52,665,315	18,620,831	65%	5,874,079	317%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending	Valuation Date December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	2002	\$ 545,201	100%	-
June 30, 2006	2003	625,812	100%	-
June 30, 2007	2004	700,844	100%	-
June 30, 2008	2005	858,658	100%	-
June 30, 2009	2006	1,105,943	100%	-
June 30, 2010	2007	1,114,891	100%	-
June 30, 2011	2008	1,337,337	100%	-
June 30, 2012	2009	1,409,312	100%	-
June 30, 2013	2010	1,621,624	100%	-
September 30, 2014	2011	2,300,577	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%
2011	-	10,953,785	10,953,785	0%	5,874,079	186%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending	Valuation Date December 31	Annual Required Contribution	Percentage Annual OPEB Cost Contributed	Net Pension Obligation
June 30, 2009	2007	\$ 660,645	43%	\$ 377,537
June 30, 2010	2007	633,476	43%	756,035
June 30, 2011	2009	775,329	43%	1,184,329
June 30, 2012	2009	737,684	44%	1,625,657
June 30, 2013	2011	693,202	47%	2,029,132
September 30, 2014	2011	705,290	56%	2,372,757

**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.

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**

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
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%
2013	28,108,088	37,672,556	9,564,468	75%	3,390,709	282.1%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	136,351 *	100%	-
June 30, 2006	265,196 *	100%	-
June 30, 2007	470,018 *	100%	-
June 30, 2008	587,824	100%	-
June 30, 2009	633,852	100%	-
June 30, 2010	662,312	100%	-
June 30, 2011	906,566	100%	-
June 30, 2012	1,002,287	100%	-
June 30, 2013	1,086,388	100%	-
September 30, 2014	1,586,190	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, 2013 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
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%
2013	22,415,323	37,685,265	15,269,942	59%	2,736,100	558%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending	Valuation Date December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2004	2001	\$ 271,728	100%	\$ -
June 30, 2005	2002	352,968	100%	-
June 30, 2006	2003	441,780	100%	-
June 30, 2007	2004	475,320	100%	-
June 30, 2008	2005	527,664	100%	-
June 30, 2009	2006	605,220	100%	-
June 30, 2010	2007	653,904	100%	-
June 30, 2011	2008	804,192	100%	-
June 30, 2012	2009	945,840	100%	-
June 30, 2013	2010	1,119,816	100%	-
September 30, 2014	2011	1,790,955	120%	-

**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 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**

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%
2012	1,065,569	18,564,650	17,499,081	6%	6,062,043	289%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending	Valuation Date December 31	Annual Required Contribution	Percentage Annual OPEB Cost Contributed	Net Pension Obligation
June 30, 2009	2006	\$ 1,917,305	70%	\$ 895,636
June 30, 2010	2006	1,806,950	74%	1,060,728
June 30, 2011	2009	1,474,166	100%	1,055,959
June 30, 2012	2009	1,540,504	89%	1,218,366
June 30, 2013	2009	1,609,826	100%	1,194,588
September 30, 2014	2012	2,068,496	78%	1,657,285

**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

September 30, 2014 and June 30, 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,549,403	\$ 3,116,498
Investments	4,842,557	4,749,940
Receivables:		
Taxes:		
Current	715,992	10,916,876
Delinquent	12,917	15,824
Accounts	252,444	112,157
Special assessment	-	38,666
Allowance for uncollectible accounts	(9,871)	(7,155)
Due from other funds	3,241,612	2,078,884
Due from other governments	512,264	438,868
Due from other authorities	1,151,313	1,335,653
Inventories	206,947	102,846
Prepaid expenditures	<u>322,587</u>	<u>226,577</u>
<b>TOTAL ASSETS</b>	<u>21,798,165</u>	<u>23,125,634</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 21,798,165</u>	<u>\$ 23,125,634</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 414,768	\$ 337,108
Accrued wages payable	240,280	390,846
Accrued compensated absences	656,545	625,303
Due to other governmental units	-	41
Due to other authorities	-	449
Customer deposits payable	<u>23,377</u>	<u>11,190</u>
<b>TOTAL LIABILITIES</b>	<u>1,334,970</u>	<u>1,364,937</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes levied for a subsequent period	7,799,733	10,916,876
Special assessments	<u>14,114</u>	<u>38,666</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>7,813,847</u>	<u>10,955,542</u>
<b>FUND BALANCE</b>		
Non-spendable	529,534	329,423
Restricted	223,793	245,597
Assigned	2,888,016	1,503,235
Unassigned	<u>9,008,005</u>	<u>8,726,900</u>
<b>TOTAL FUND BALANCE</b>	<u>12,649,348</u>	<u>10,805,155</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 21,798,165</u>	<u>\$ 23,125,634</u>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014

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

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Property Taxes:				
Real property taxes	\$ 11,689,125	\$ 11,660,483	\$ (28,642)	\$ 8,288,000
Personal property taxes	776,545	759,976	(16,569)	530,781
Interest and penalty	50,000	30,155	(19,845)	52,893
Administrative collection fees	388,090	384,660	(3,430)	273,842
Total Property Taxes	<u>12,903,760</u>	<u>12,835,274</u>	<u>(68,486)</u>	<u>9,145,516</u>
Industrial Facilities Tax Act	<u>47,280</u>	<u>46,962</u>	<u>(318)</u>	<u>38,970</u>
Payments in Lieu of Taxes:				
MSHDA	61,725	21,642	(40,083)	(62,975)
Board of Light and Power	2,249,815	2,249,816	1	1,791,270
Public Housing Authority	35,000	24,248	(10,752)	16,045
Sault Tribe Housing Authority	1,500	3,000	1,500	1,500
Marquette Area Wastewater Treatment Facility	490,560	490,560	-	411,744
Orianna Ridge	19,000	-	(19,000)	19,649
Whetstone	15,000	-	(15,000)	19,359
Snowberry	41,000	-	(41,000)	41,168
Water Supply Fund	805,515	805,515	-	639,744
Sewage Disposal Fund	630,885	630,885	-	488,736
Total Payment in Lieu of Taxes	<u>4,350,000</u>	<u>4,225,666</u>	<u>(124,334)</u>	<u>3,366,240</u>
Federal and State Grants:				
UPSET	37,065	25,124	(11,941)	26,053
FEMA-Fire Safety	11,000	7,200	(3,800)	-
DELEG-Better Buildings for Michigan Grant	-	16,829	16,829	152,288
UCF - Forestry Program	-	-	-	6,000
DNR - McCarty's Cove	431,000	-	(431,000)	-
OJP - Bullet Proof Vests Program	-	-	-	40,015
DNR - Snowmobile grant	2,000	2,450	450	2,200
NOAA - Coastal Zone Management Program	34,500	11,369	(23,131)	-
MRTF - Land Acquisition	1,842,500	-	(1,842,500)	-
Council for Arts and Culture - Federal	-	2,320	2,320	-
Council for Arts and Culture - State	41,000	16,980	(24,020)	9,400
Total Federal and State Grants	<u>2,399,065</u>	<u>82,272</u>	<u>(2,316,793)</u>	<u>235,956</u>
State-Shared Revenues:				
Fire protection - State facility	147,000	148,537	1,537	215,664
Sales and use tax	1,937,500	2,396,208	458,708	1,836,054
Liquor licenses	31,250	46,392	15,142	23,627
Total State-Shared Revenues	<u>2,115,750</u>	<u>2,591,137</u>	<u>475,387</u>	<u>2,075,345</u>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>Intergovernmental Revenues:</b>				
NMPSA	\$ -	\$ -	\$ -	\$ -
Tribal Revenue Sharing	12,500	4,000	(8,500)	4,000
Shared Services	16,250	16,436	186	11,221
<b>Total Intergovernmental Revenues</b>	<b>28,750</b>	<b>20,436</b>	<b>(8,314)</b>	<b>15,221</b>
<b>Licenses and Permits:</b>				
Business licenses and permits	5,625	6,903	1,278	6,377
Non-business licenses and permits	31,040	40,461	9,421	27,115
<b>Total Licenses and Permits</b>	<b>36,665</b>	<b>47,364</b>	<b>10,699</b>	<b>33,492</b>
<b>Charges for Services:</b>				
Fees	415,875	398,031	(17,844)	343,742
Cemetery foundations and grave openings	54,000	68,073	14,073	55,120
Services to other funds	2,582,155	1,983,517	(598,638)	1,617,268
<b>Total Charges for Services</b>	<b>3,052,030</b>	<b>2,449,621</b>	<b>(602,409)</b>	<b>2,016,130</b>
<b>Sales</b>	<b>42,150</b>	<b>49,080</b>	<b>6,930</b>	<b>48,167</b>
<b>Use and Admission Fees:</b>				
Community Center use	20,275	26,815	6,540	21,251
Ballfields	27,100	28,682	1,582	17,895
Skiing use/passes	20	-	(20)	-
Parking fees	-	-	-	-
Art center and theater	-	-	-	-
<b>Total Use and Admission Fees</b>	<b>47,395</b>	<b>55,497</b>	<b>8,102</b>	<b>39,146</b>
<b>Fines and Forfeits</b>	<b>142,100</b>	<b>127,554</b>	<b>(14,546)</b>	<b>110,526</b>
<b>Rentals:</b>				
Land and building rental	66,600	49,882	(16,718)	27,579
Parking rentals - lots	6,625	10,073	3,448	5,123
Equipment rent	45,585	37,286	(8,299)	36,383
<b>Total Rentals</b>	<b>118,810</b>	<b>97,241</b>	<b>(21,569)</b>	<b>69,085</b>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>Special Assessments:</b>				
Interest	\$ -	\$ -	\$ -	\$ (1,011)
Assessments levied	14,115	14,114	(1)	(22,156)
<b>Total Special Assessments</b>	<b>14,115</b>	<b>14,114</b>	<b>(1)</b>	<b>(23,167)</b>
Sale of Capital Assets	-	9,540	9,540	1,262
Contributions from Private Sources	236,000	177,515	(58,485)	194,481
Investment Income	251,835	136,186	(115,649)	(6,312)
Reimbursements	284,430	206,524	(77,906)	95,185
Other revenues	73,670	79,693	6,023	51,320
<b>TOTAL REVENUES</b>	<b>26,143,805</b>	<b>23,251,676</b>	<b>(2,892,129)</b>	<b>17,506,563</b>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT:</b>				
Central Administration:				
Personnel services	2,628,465	2,327,414	301,051	1,743,620
Supplies and contractual	787,831	663,231	124,600	603,396
Other services and charges	199,500	181,791	17,709	126,885
Capital outlay	-	-	-	-
<b>Total Central Administration</b>	<b>3,615,796</b>	<b>3,172,436</b>	<b>443,360</b>	<b>2,473,901</b>
Community Development:				
Personnel services	1,847,555	1,679,141	168,414	1,296,689
Supplies and contractual	498,770	323,693	175,077	240,973
Other services and charges	-	-	-	-
Capital outlay	-	38,542	(38,542)	-
<b>Total Community Development</b>	<b>2,346,325</b>	<b>2,041,376</b>	<b>304,949</b>	<b>1,537,662</b>
Other General Government:				
Insurance and Bonds:				
Bond issuance costs	-	-	-	127
Other services and charges	151,030	98,305	52,725	72,990
<b>Total Other General Government</b>	<b>151,030</b>	<b>98,305</b>	<b>52,725</b>	<b>73,117</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>6,113,151</b>	<b>5,312,117</b>	<b>801,034</b>	<b>4,084,680</b>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>PUBLIC HEALTH AND SAFETY:</b>				
Police Department:				
Personnel services	\$ 4,704,020	\$ 4,730,427	\$ (26,407)	\$ 3,774,812
Supplies and contractual	659,465	630,438	29,027	451,694
Other services and charges	9,375	6,827	2,548	10,103
Capital outlay	16,000	20,193	(4,193)	39,245
Total Police Department	<u>5,388,860</u>	<u>5,387,885</u>	<u>975</u>	<u>4,275,854</u>
Fire Department:				
Personnel services	2,941,865	2,931,248	10,617	2,401,594
Supplies and contractual	311,220	312,653	(1,433)	273,707
Other services and charges	6,550	10,514	(3,964)	8,457
Capital outlay	14,543	13,257	1,286	7,742
Total Fire Department	<u>3,274,178</u>	<u>3,267,672</u>	<u>6,506</u>	<u>2,691,500</u>
Waterfront Safety:				
Personnel services	134,800	117,718	17,082	65,530
Supplies and contractual	17,535	15,459	2,076	23,834
Other services and charges	200	-	200	-
Capital outlay	-	-	-	-
Total Waterfront Safety	<u>152,535</u>	<u>133,177</u>	<u>19,358</u>	<u>89,364</u>
<b>TOTAL PUBLIC HEALTH AND SAFETY</b>	<u>8,815,573</u>	<u>8,788,734</u>	<u>26,839</u>	<u>7,056,718</u>
<b>PUBLIC WORKS:</b>				
Public Works Maintenance:				
Personnel services	2,277,190	2,054,611	222,579	1,541,055
Supplies and contractual	1,705,146	1,503,069	202,077	1,177,729
Other services and charges	-	-	-	-
Capital outlay	810,445	201,398	609,047	226,957
Total Public Works Maintenance	<u>4,792,781</u>	<u>3,759,078</u>	<u>1,033,703</u>	<u>2,945,741</u>
City Hall and Grounds:				
Personnel services	131,425	57,706	73,719	72,332
Supplies and contractual	213,980	252,728	(38,748)	144,891
Other services and charges	-	-	-	-
Capital outlay	-	-	-	9,476
Total City Hall and Grounds	<u>345,405</u>	<u>310,434</u>	<u>34,971</u>	<u>226,699</u>
Cemetery:				
Personnel services	131,985	158,600	(26,615)	122,930
Supplies and contractual	156,905	117,305	39,600	75,160
Other services and charges	-	-	-	-
Capital outlay	5,000	5,076	(76)	36,926
Total Cemetery	<u>293,890</u>	<u>280,981</u>	<u>12,909</u>	<u>235,016</u>
<b>TOTAL PUBLIC WORKS</b>	<u>5,432,076</u>	<u>4,350,493</u>	<u>1,081,583</u>	<u>3,407,456</u>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>COMMUNITY SERVICES:</b>				
Promotional Services:				
Personnel services	\$ -	\$ -	\$ -	\$ -
Supplies and contractual	-	-	-	-
Other services and charges	46,130	23,238	22,892	87,664
Capital outlay	-	-	-	-
<b>Total Promotional Services</b>	<b>46,130</b>	<b>23,238</b>	<b>22,892</b>	<b>87,664</b>
Parks and Recreation Administration:				
Personnel services	301,500	323,052	(21,552)	242,105
Supplies and contractual	93,690	94,615	(925)	35,097
Other services and charges	-	-	-	-
Capital outlay	2,207,000	9,057	2,197,943	-
<b>Total Parks and Recreation Administration</b>	<b>2,602,190</b>	<b>426,724</b>	<b>2,175,466</b>	<b>277,202</b>
Arts and Cultural:				
Personnel services	142,120	133,478	8,642	104,430
Supplies and contractual	141,495	107,114	34,381	64,432
Other services and charges	8,750	10,702	(1,952)	8,287
Capital outlay	4,000	2,977	1,023	877
<b>Total Arts and Cultural</b>	<b>296,365</b>	<b>254,271</b>	<b>42,094</b>	<b>178,026</b>
<b>TOTAL COMMUNITY SERVICES</b>	<b>2,944,685</b>	<b>704,233</b>	<b>2,240,452</b>	<b>542,892</b>
<b>TOTAL EXPENDITURES</b>	<b>23,305,485</b>	<b>19,155,577</b>	<b>4,149,908</b>	<b>15,091,746</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,838,320</b>	<b>4,096,099</b>	<b>1,257,779</b>	<b>2,414,817</b>

**CITY OF MARQUETTE, MICHIGAN**

GENERAL FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from bond issuance	\$ 253,285	\$ 253,400	\$ 115	\$ 11,295
Premium on bond issuance	-	17,743	17,743	587
Refunding bonds	2,315,000	2,315,000	-	-
Payment to refunded bond escrow agent	(2,245,000)	(2,245,000)	-	-
Bond issuance expense	(70,000)	(70,000)	-	-
Transfers in:				
Cemetery Trust Fund	18,750	-	(18,750)	-
Motor Pool Fund	361,905	361,905	-	140,000
Transfers (out):				
Major Street and Trunkline Fund	(571,910)	(274,870)	297,040	(274,649)
Local Street Fund	(1,118,185)	(1,028,485)	89,700	(706,839)
Lakeview Arena Fund	(441,025)	(196,372)	244,653	(374,772)
2007 Street Projects Debt Service Fund	(63,010)	(63,011)	(1)	(62,816)
2004 Spring Street Debt Service Fund	(82,875)	(82,873)	2	(82,873)
2003 Founders Landing Debt Service Fund	(352,350)	(323,921)	28,429	(301,273)
Forestland Debt Service Fund	(668,000)	(665,000)	3,000	(589,000)
High Street Debt Service Fund	(400)	(757)	(357)	(400)
2008 Street Projects Debt Service Fund	(73,610)	(73,610)	-	(73,773)
2009 Capital Improvements Debt Service Fund	(3,105)	(3,104)	1	(3,096)
2012 Capital Improvements Debt Service Fund	(940)	(937)	3	(190)
Cemetery Trust Fund	-	(5,604)	(5,604)	(45,131)
Marinas Fund	(96,850)	(166,410)	(69,560)	(50,247)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,838,320)</b>	<b>(2,251,906)</b>	<b>586,414</b>	<b>(2,413,177)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>1,844,193</b>	<b>1,844,193</b>	<b>1,640</b>
Fund balance, beginning of year	10,805,155	10,805,155	-	10,803,515
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 10,805,155</b>	<b>\$ 12,649,348</b>	<b>\$ 1,844,193</b>	<b>\$ 10,805,155</b>

**CITY OF MARQUETTE, MICHIGAN**  
**MAJOR STREET AND TRUNKLINE FUND**  
**COMPARATIVE BALANCE SHEET**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,601,986	\$ 956,282
Due from State	172,668	165,623
<b>TOTAL ASSETS</b>	1,774,654	1,121,905
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 1,774,654	\$ 1,121,905
<b>LIABILITIES</b>		
Accounts payable	\$ 165,739	\$ 26,946
Accrued wages payable	3,936	2,394
Due to other funds	1,604,979	1,092,565
<b>TOTAL LIABILITIES</b>	1,774,654	1,121,905
<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>	\$ 1,774,654	\$ 1,121,905

**CITY OF MARQUETTE, MICHIGAN**

**MAJOR STREET AND TRUNKLINE FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	1,410,170	1,601,615	191,445	1,175,002
Reimbursements	31,720	32,694	974	35,224
Investment income	-	1,938	1,938	1,323
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>1,441,890</b>	<b>1,636,247</b>	<b>194,357</b>	<b>1,211,549</b>
<b>EXPENDITURES:</b>				
Highways, Streets and Bridges:				
Routine maintenance	871,876	693,235	178,641	455,583
Winter maintenance	804,010	800,458	3,552	532,290
State trunkline	57,170	55,240	1,930	60,146
Administration	296,280	135,527	160,753	103,401
Total Highways, Streets and Bridges	<u>2,029,336</u>	<u>1,684,460</u>	<u>344,876</u>	<u>1,151,420</u>
Capital Outlay:				
Construction	736,587	736,598	(11)	444,217
Total Capital Outlay	<u>736,587</u>	<u>736,598</u>	<u>(11)</u>	<u>444,217</u>
Debt Service:				
Bond issuance costs	8,500	8,114	386	5,016
<b>TOTAL EXPENDITURES</b>	<b>2,774,423</b>	<b>2,429,172</b>	<b>345,251</b>	<b>1,600,653</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,332,533)</b>	<b>(792,925)</b>	<b>539,608</b>	<b>(389,104)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	1,111,793	948,900	(162,893)	448,035
Premium on bond issuance	-	20,278	20,278	23,270
Transfers in	671,920	274,870	(397,050)	274,649
Transfers (out)	(451,180)	(451,123)	57	(356,850)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,332,533</b>	<b>792,925</b>	<b>(539,608)</b>	<b>389,104</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**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,928,591	\$ 953,559
Due from State	60,895	57,787
<b>TOTAL ASSETS</b>	1,989,486	1,011,346
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 1,989,486	\$ 1,011,346
<b>LIABILITIES</b>		
Accounts payable	\$ 346,145	\$ 21,584
Accrued wages payable	6,708	3,443
Due to other funds	1,636,633	986,319
<b>TOTAL LIABILITIES</b>	1,989,486	1,011,346
<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>	\$ 1,989,486	\$ 1,011,346

**CITY OF MARQUETTE, MICHIGAN**

**LOCAL STREET FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Federal sources	\$ -	\$ 653	\$ 653	\$ -
State sources	578,750	687,789	109,039	481,501
Reimbursements	-	50,806	50,806	3,600
Investment income	-	983	983	781
<b>TOTAL REVENUES</b>	<b>578,750</b>	<b>740,231</b>	<b>161,481</b>	<b>485,882</b>
<b>EXPENDITURES:</b>				
Highways, Streets and Bridges:				
Routine maintenance	742,515	740,923	1,592	468,365
Winter maintenance	726,480	726,333	147	476,698
Administration	341,670	54,355	287,315	40,410
Total Highways, Streets and Bridges	<u>1,810,665</u>	<u>1,521,611</u>	<u>289,054</u>	<u>985,473</u>
Capital Outlay:				
Construction	908,300	853,730	54,570	754,170
Total Capital Outlay	<u>908,300</u>	<u>853,730</u>	<u>54,570</u>	<u>754,170</u>
Debt Service:				
Bond issuance costs	5,600	5,522	78	8,894
Total Debt Service	<u>5,600</u>	<u>5,522</u>	<u>78</u>	<u>8,894</u>
<b>TOTAL EXPENDITURES</b>	<b>2,724,565</b>	<b>2,380,863</b>	<b>343,702</b>	<b>1,748,537</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,145,815)</b>	<b>(1,640,632)</b>	<b>505,183</b>	<b>(1,262,655)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	1,223,000	959,400	(263,600)	794,415
Premium on bond issuance	-	38,022	38,022	41,260
Transfers in	1,308,185	1,028,485	(279,700)	706,839
Transfers (out)	(385,370)	(385,275)	95	(279,859)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,145,815</b>	<b>1,640,632</b>	<b>(505,183)</b>	<b>1,262,655</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**  
September 30, 2014

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,404,741	\$ 1,298,038	\$ 234,440	\$ 2,937,219
Investments	-	-	486,331	486,331
Taxes receivable	15,348	-	-	15,348
Accounts receivable	349,263	-	-	349,263
Prepaid expenditures	23,869	-	-	23,869
<b>TOTAL ASSETS</b>	<u>1,793,221</u>	<u>1,298,038</u>	<u>720,771</u>	<u>3,812,030</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,793,221</u>	<u>\$ 1,298,038</u>	<u>\$ 720,771</u>	<u>\$ 3,812,030</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 475,806	\$ -	\$ -	\$ 475,806
Accrued wages payable	14,354	-	-	14,354
Accrued compensated absences	1,088	-	-	1,088
<b>TOTAL LIABILITIES</b>	<u>491,248</u>	<u>-</u>	<u>-</u>	<u>491,248</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes levied for a subsequent period	177,624	-	-	177,624
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>177,624</u>	<u>-</u>	<u>-</u>	<u>177,624</u>
<b>FUND BALANCE</b>				
Non-spendable	23,869	-	720,771	744,640
Restricted	483,532	-	-	483,532
Assigned	616,948	1,298,038	-	1,914,986
<b>TOTAL FUND BALANCE</b>	<u>1,124,349</u>	<u>1,298,038</u>	<u>720,771</u>	<u>3,143,158</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 1,793,221</u>	<u>\$ 1,298,038</u>	<u>\$ 720,771</u>	<u>\$ 3,812,030</u>

**CITY OF MARQUETTE, MICHIGAN**

**NON-MAJOR GOVERNMENTAL FUNDS**

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

For the 15-Month Fiscal Period Ended September 30, 2014

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
<b>REVENUES:</b>				
Taxes and penalties	\$ 293,090	\$ -	\$ -	\$ 293,090
State sources	33,399	-	-	33,399
Federal sources	-	-	-	-
Charges for services	2,081,421	-	34,445	2,115,866
Use and admission fees	391,198	-	-	391,198
Rentals	87,987	-	-	87,987
Licenses and permits	-	-	-	-
Fines and forfeiture	8,685	-	-	8,685
Sales of assets	-	-	-	-
Reimbursements	13,644	45,413	-	59,057
Investment income	2,345	-	(5,359)	(3,014)
Payment in lieu of taxes	-	-	-	-
Private contribution	31,125	-	-	31,125
Intergovernmental revenue	363,544	-	-	363,544
Special assessments	-	-	-	-
Other revenues	16,199	-	-	16,199
	<u>3,322,637</u>	<u>45,413</u>	<u>29,086</u>	<u>3,397,136</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
Current operations:				
General government	6,048	-	-	6,048
Public health and safety	14,030	-	-	14,030
Social services	634,993	-	-	634,993
Sanitation	1,946,799	-	-	1,946,799
Community services	733,159	-	-	733,159
Capital outlay	39,147	-	-	39,147
Debt service:				
Professional services	40	18,274	-	18,314
Principal retirement	-	1,427,363	-	1,427,363
Interest and fiscal charges	-	795,144	-	795,144
	<u>3,374,216</u>	<u>2,240,781</u>	<u>-</u>	<u>5,614,997</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(51,579)	(2,195,368)	29,086	(2,217,861)
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond issuance	36,200	-	-	36,200
Premium on bond issuance	2,535	-	-	2,535
Transfers in	196,372	2,434,307	5,604	2,636,283
Transfers (out)	(120,251)	-	-	(120,251)
	<u>114,856</u>	<u>2,434,307</u>	<u>5,604</u>	<u>2,554,767</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>CHANGE IN FUND BALANCE</b>	63,277	238,939	34,690	336,906
Fund balance, beginning of year	1,061,072	1,059,099	686,081	2,806,252
	<u>\$ 1,124,349</u>	<u>\$ 1,298,038</u>	<u>\$ 720,771</u>	<u>\$ 3,143,158</u>
<b>FUND BALANCE, END OF YEAR</b>				

## CITY OF MARQUETTE, MICHIGAN

## NON-MAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

September 30, 2014

	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	\$ 515,875	\$ 20,349	\$ 17,890	\$ 46,398	\$ 40	\$ 570,208	\$ 233,981	\$ 1,404,741
Taxes receivable	-	-	-	-	-	15,348	-	15,348
Accounts receivable	342,961	3,132	-	-	-	-	3,170	349,263
Prepaid expenditures	-	-	-	-	-	6,163	17,706	23,869
<b>TOTAL ASSETS</b>	<b>858,836</b>	<b>23,481</b>	<b>17,890</b>	<b>46,398</b>	<b>40</b>	<b>591,719</b>	<b>254,857</b>	<b>1,793,221</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 858,836</b>	<b>\$ 23,481</b>	<b>\$ 17,890</b>	<b>\$ 46,398</b>	<b>\$ 40</b>	<b>\$ 591,719</b>	<b>\$ 254,857</b>	<b>\$ 1,793,221</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 417,230	\$ -	\$ 257	\$ -	\$ 40	\$ 3,009	\$ 55,270	\$ 475,806
Accrued wages payable	757	-	-	-	-	8,903	4,694	14,354
Accrued compensated absences	-	-	-	-	-	-	1,088	1,088
<b>TOTAL LIABILITIES</b>	<b>417,987</b>	<b>-</b>	<b>257</b>	<b>-</b>	<b>40</b>	<b>11,912</b>	<b>61,052</b>	<b>491,248</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Taxes levied for a subsequent period	-	-	-	-	-	177,624	-	177,624
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177,624</b>	<b>-</b>	<b>177,624</b>
<b>FUND BALANCE</b>								
Non-spendable	-	-	-	-	-	6,163	17,706	23,869
Restricted	-	23,481	17,633	46,398	-	396,020	-	483,532
Assigned	440,849	-	-	-	-	-	176,099	616,948
<b>TOTAL FUND BALANCE</b>	<b>440,849</b>	<b>23,481</b>	<b>17,633</b>	<b>46,398</b>	<b>-</b>	<b>402,183</b>	<b>193,805</b>	<b>1,124,349</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 858,836</b>	<b>\$ 23,481</b>	<b>\$ 17,890</b>	<b>\$ 46,398</b>	<b>\$ 40</b>	<b>\$ 591,719</b>	<b>\$ 254,857</b>	<b>\$ 1,793,221</b>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the 15-Month Fiscal Period Ended September 30, 2014

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 293,090	\$ -	\$ 293,090
State sources	-	-	-	-	6,417	26,982	-	33,399
Charges for services	2,048,511	15,607	-	-	-	-	17,303	2,081,421
Use and admission fees	-	-	-	-	-	-	391,198	391,198
Rentals	-	-	-	-	-	-	87,987	87,987
Fines and forfeiture	-	-	8,685	-	-	-	-	8,685
Reimbursements	-	-	-	-	-	-	13,644	13,644
Investment income	384	23	11	40	1	388	1,498	2,345
Private contribution	-	-	-	-	-	31,125	-	31,125
Intergovernmental revenues	-	-	-	-	-	363,544	-	363,544
Other revenues	5,676	-	-	-	-	698	9,825	16,199
<b>TOTAL REVENUES</b>	<b>2,054,571</b>	<b>15,630</b>	<b>8,696</b>	<b>40</b>	<b>6,418</b>	<b>715,827</b>	<b>521,455</b>	<b>3,322,637</b>
<b>EXPENDITURES:</b>								
Current operations:								
General government	-	6,048	-	-	-	-	-	6,048
Public health and safety	-	-	7,612	-	6,418	-	-	14,030
Social services	-	-	-	-	-	634,993	-	634,993
Sanitation services	1,946,799	-	-	-	-	-	-	1,946,799
Community services	-	-	-	-	-	-	733,159	733,159
Capital outlay	-	19,953	-	-	-	3,458	15,736	39,147
Debt service:								
Professional services	-	-	-	-	-	-	40	40
<b>TOTAL EXPENDITURES</b>	<b>1,946,799</b>	<b>26,001</b>	<b>7,612</b>	<b>-</b>	<b>6,418</b>	<b>638,451</b>	<b>748,935</b>	<b>3,374,216</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>107,772</b>	<b>(10,371)</b>	<b>1,084</b>	<b>40</b>	<b>-</b>	<b>77,376</b>	<b>(227,480)</b>	<b>(51,579)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond issuance	-	-	-	-	-	-	36,200	36,200
Premium on bond issuance	-	-	-	-	-	-	2,535	2,535
Transfers in	-	-	-	-	-	-	196,372	196,372
Transfers (out)	-	-	-	-	-	-	(120,251)	(120,251)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,856</b>	<b>114,856</b>
<b>CHANGE IN FUND BALANCE</b>	<b>107,772</b>	<b>(10,371)</b>	<b>1,084</b>	<b>40</b>	<b>-</b>	<b>77,376</b>	<b>(112,624)</b>	<b>63,277</b>
Fund balance, beginning of year	333,077	33,852	16,549	46,358	-	324,807	306,429	1,061,072
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 440,849</b>	<b>\$ 23,481</b>	<b>\$ 17,633</b>	<b>\$ 46,398</b>	<b>\$ -</b>	<b>\$ 402,183</b>	<b>\$ 193,805</b>	<b>\$ 1,124,349</b>

**CITY OF MARQUETTE, MICHIGAN**  
**SANITATION FUND**  
**COMPARATIVE BALANCE SHEET**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 515,875	\$ 344,108
Accounts receivable	342,961	112,586
Due from other funds	-	-
<b>TOTAL ASSETS</b>	<b>858,836</b>	<b>456,694</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 858,836</b>	<b>\$ 456,694</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 417,230	\$ 122,321
Accrued wages payable	757	1,296
<b>TOTAL LIABILITIES</b>	<b>417,987</b>	<b>123,617</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>FUND BALANCE</b>		
Assigned	440,849	333,077
<b>TOTAL FUND BALANCE</b>	<b>440,849</b>	<b>333,077</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 858,836</b>	<b>\$ 456,694</b>

**CITY OF MARQUETTE, MICHIGAN**

SANITATION FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Charges for services	\$ 1,926,740	\$ 2,048,511	\$ 121,771	\$ 1,478,213
Investment income	625	384	(241)	1,293
Other revenues	-	5,676	5,676	-
<b>TOTAL REVENUES</b>	<u>1,927,365</u>	<u>2,054,571</u>	<u>127,206</u>	<u>1,479,506</u>
<b>EXPENDITURES:</b>				
Sanitation Services;				
Personnel services	157,830	129,773	28,057	116,173
Supplies and contractual	1,769,535	1,817,026	(47,491)	1,399,517
Other supplies and charges	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,927,365</u>	<u>1,946,799</u>	<u>(19,434)</u>	<u>1,515,690</u>
<b>CHANGE IN FUND BALANCE</b>	-	107,772	107,772	(36,184)
Fund balance, beginning of year	<u>333,077</u>	<u>333,077</u>	-	<u>369,261</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 333,077</u>	<u>\$ 440,849</u>	<u>\$ 107,772</u>	<u>\$ 333,077</u>

**CITY OF MARQUETTE, MICHIGAN**  
**PUBLIC EDUCATION GOVERNMENT (PEG) FUND**  
**COMPARATIVE BALANCE SHEET**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,349	\$ 31,610
Accounts receivable	3,132	3,142
<b>TOTAL ASSETS</b>	23,481	34,752
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 23,481	\$ 34,752
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 900
<b>TOTAL LIABILITIES</b>	-	900
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>FUND BALANCE</b>		
Restricted	23,481	33,852
<b>TOTAL FUND BALANCE</b>	23,481	33,852
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	\$ 23,481	\$ 34,752

**CITY OF MARQUETTE, MICHIGAN**

PUBLIC EDUCATION GOVERNMENT (PEG) FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Charges for services	\$ 15,000	\$ 15,607	\$ 607	\$ 12,423
Investment income	50	23	(27)	32
<b>TOTAL REVENUES</b>	<u>15,050</u>	<u>15,630</u>	<u>580</u>	<u>12,455</u>
<b>EXPENDITURES:</b>				
General Government:				
Supplies and contractual	9,335	6,048	3,287	10,876
Other supplies and charges	-	-	-	-
Capital outlay	5,715	19,953	(14,238)	-
<b>TOTAL EXPENDITURES</b>	<u>15,050</u>	<u>26,001</u>	<u>(10,951)</u>	<u>10,876</u>
<b>CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>(10,371)</u>	<u>(10,371)</u>	<u>1,579</u>
Fund balance, beginning of year	<u>33,852</u>	<u>33,852</u>	<u>-</u>	<u>32,273</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 33,852</u>	<u>\$ 23,481</u>	<u>\$ (10,371)</u>	<u>\$ 33,852</u>

**CITY OF MARQUETTE, MICHIGAN**  
**DRUG FORFEITURE FUND**  
**COMPARATIVE BALANCE SHEET**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 17,890	\$ 17,730
<b>TOTAL ASSETS</b>	17,890	17,730
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 17,890	\$ 17,730
<b>LIABILITIES</b>		
Accounts payable	\$ 257	\$ 1,181
<b>TOTAL LIABILITIES</b>	257	1,181
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>FUND BALANCE</b>		
Restricted	17,633	16,549
<b>TOTAL FUND BALANCE</b>	17,633	16,549
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	\$ 17,890	\$ 17,730

**CITY OF MARQUETTE, MICHIGAN**

**DRUG FORFEITURE FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Fines and forfeiture	\$ 6,250	\$ 8,685	\$ 2,435	\$ 2,545
Investment income	50	11	(39)	22
<b>TOTAL REVENUES</b>	<u>6,300</u>	<u>8,696</u>	<u>2,396</u>	<u>2,567</u>
<b>EXPENDITURES:</b>				
Public Health and Safety:				
Supplies and contractual	6,300	7,612	(1,312)	15,933
<b>TOTAL EXPENDITURES</b>	<u>6,300</u>	<u>7,612</u>	<u>(1,312)</u>	<u>15,933</u>
<b>CHANGE IN FUND BALANCE</b>	-	1,084	1,084	(13,366)
Fund balance, beginning of year	16,549	16,549	-	29,915
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 16,549</u>	<u>\$ 17,633</u>	<u>\$ 1,084</u>	<u>\$ 16,549</u>

**CITY OF MARQUETTE, MICHIGAN**  
**MSHDA DOWNTOWN RENTAL FUND**  
**COMPARATIVE BALANCE SHEET**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 46,398	\$ 46,358
Accounts receivable	-	-
Due from State	-	-
<b>TOTAL ASSETS</b>	46,398	46,358
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 46,398	\$ 46,358
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>FUND BALANCE</b>		
Restricted	46,398	46,358
<b>TOTAL FUND BALANCE</b>	46,398	46,358
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	\$ 46,398	\$ 46,358

**CITY OF MARQUETTE, MICHIGAN**

**MSHDA DOWNTOWN RENTAL FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ 40	\$ 40	\$ 51
<b>TOTAL REVENUES</b>	<b>-</b>	<b>40</b>	<b>40</b>	<b>51</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>40</b>	<b>40</b>	<b>51</b>
Fund balance, beginning of year	46,358	46,358	-	46,307
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 46,358</b>	<b>\$ 46,398</b>	<b>\$ 40</b>	<b>\$ 46,358</b>

**CITY OF MARQUETTE, MICHIGAN**  
**CRIMINAL JUSTICE TRAINING FUND**  
**COMPARATIVE BALANCE SHEET**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 40	\$ 1,291
<b>TOTAL ASSETS</b>	40	1,291
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 40	\$ 1,291
<b>LIABILITIES</b>		
Accounts payable	\$ 40	\$ 1,291
<b>TOTAL LIABILITIES</b>	40	1,291
<b>FUND BALANCE</b>		
Restricted	-	-
<b>TOTAL FUND BALANCE</b>	-	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	\$ 40	\$ 1,291

**CITY OF MARQUETTE, MICHIGAN**  
**CRIMINAL JUSTICE TRAINING FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
State sources	\$ 9,375	\$ 6,417	\$ (2,958)	\$ 6,185
Investment income	-	1	1	1
<b>TOTAL REVENUES</b>	<u>9,375</u>	<u>6,418</u>	<u>(2,957)</u>	<u>6,186</u>
<b>EXPENDITURES:</b>				
Public Health and Safety:				
Supplies and contractual	9,375	1,318	8,057	4,485
Other supplies and charges	-	5,100	(5,100)	1,701
<b>TOTAL EXPENDITURES</b>	<u>9,375</u>	<u>6,418</u>	<u>2,957</u>	<u>6,186</u>
<b>CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF MARQUETTE, MICHIGAN**  
**SENIOR SERVICES FUND**  
**COMPARATIVE BALANCE SHEET**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 570,208	\$ 331,564
Taxes receivable	15,348	248,269
Prepaid expenditures	6,163	5,468
<b>TOTAL ASSETS</b>	<b>591,719</b>	<b>585,301</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 591,719</b>	<b>\$ 585,301</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 3,009	\$ 1,669
Accrued wages payable	8,903	10,837
<b>TOTAL LIABILITIES</b>	<b>11,912</b>	<b>12,506</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes levied for a subsequent period	177,624	247,988
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>177,624</b>	<b>247,988</b>
<b>FUND BALANCE</b>		
Non-spendable	6,163	5,468
Restricted	396,020	319,339
<b>TOTAL FUND BALANCE</b>	<b>402,183</b>	<b>324,807</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 591,719</b>	<b>\$ 585,301</b>

**CITY OF MARQUETTE, MICHIGAN**

**SENIOR SERVICES FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Property Taxes:				
Real property tax	\$ 274,160	\$ 273,456	\$ (704)	\$ 195,366
Personal property tax	18,235	17,912	(323)	12,488
Interest and penalty on taxes	1,500	621	(879)	431
Administrative collection fees	-	-	-	753
Total Property Taxes	<u>293,895</u>	<u>291,989</u>	<u>(1,906)</u>	<u>209,038</u>
Industrial Facilities Tax Act	<u>1,105</u>	<u>1,101</u>	<u>(4)</u>	<u>914</u>
State sources	31,815	26,982	(4,833)	34,077
Investment income	500	388	(112)	401
Private contribution	30,800	31,125	325	21,716
Intergovernmental revenues	363,470	363,544	74	276,043
Other revenues	<u>460</u>	<u>698</u>	<u>238</u>	<u>12</u>
<b>TOTAL REVENUES</b>	<u>722,045</u>	<u>715,827</u>	<u>(6,218)</u>	<u>542,201</u>
<b>EXPENDITURES:</b>				
Social Services:				
State Home Care Service:				
Personnel services	63,840	59,641	4,199	43,176
Supplies and contractual	14,425	13,645	780	10,650
Other supplies and charges	-	-	-	-
Total State Home Care Service	<u>78,265</u>	<u>73,286</u>	<u>4,979</u>	<u>53,826</u>
MCCOA - Allocation to Senior Services:				
Personnel services	502,235	498,195	4,040	348,019
Supplies and contractual	102,445	62,531	39,914	56,993
Other supplies and charges	37,100	981	36,119	25
Capital outlay	2,000	3,458	(1,458)	-
Total MCCOA - Allocation to Senior Services	<u>643,780</u>	<u>565,165</u>	<u>78,615</u>	<u>405,037</u>
<b>TOTAL EXPENDITURES</b>	<u>722,045</u>	<u>638,451</u>	<u>83,594</u>	<u>458,863</u>
<b>CHANGE IN FUND BALANCE</b>	-	77,376	77,376	83,338
Fund balance, beginning of year	<u>324,807</u>	<u>324,807</u>	-	<u>241,469</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 324,807</u>	<u>\$ 402,183</u>	<u>\$ 77,376</u>	<u>\$ 324,807</u>

**CITY OF MARQUETTE, MICHIGAN**  
**LAKEVIEW ARENA FUND**  
**COMPARATIVE BALANCE SHEET**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 233,981	\$ 283,378
Accounts receivable	3,170	41,299
Prepaid expenses	17,706	2,375
<b>TOTAL ASSETS</b>	<b>254,857</b>	<b>327,052</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 254,857</b>	<b>\$ 327,052</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 55,270	\$ 16,035
Accrued wages payable	4,694	3,751
Accrued compensated absences	1,088	837
<b>TOTAL LIABILITIES</b>	<b>61,052</b>	<b>20,623</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>FUND BALANCE</b>		
Non-spendable	17,706	2,375
Assigned	176,099	304,054
<b>TOTAL FUND BALANCE</b>	<b>193,805</b>	<b>306,429</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 254,857</b>	<b>\$ 327,052</b>

**CITY OF MARQUETTE, MICHIGAN**

LAKEVIEW ARENA FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
State sources	\$ -	\$ -	\$ -	\$ -
Charges for services	15,000	17,303	2,303	9,301
Use and admission fees:				
Ice arena use	341,000	366,118	25,118	352,938
Arena events	29,000	25,080	(3,920)	23,836
Total use and admission fees	<u>370,000</u>	<u>391,198</u>	<u>21,198</u>	<u>376,774</u>
Rentals	77,000	87,987	10,987	53,074
Sale of assets	-	-	-	-
Reimbursements	34,000	13,644	(20,356)	14,432
Investment income	1,000	1,498	498	1,075
Other revenues	3,400	9,825	6,425	3,479
	<u>500,400</u>	<u>521,455</u>	<u>21,055</u>	<u>458,135</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES:</b>				
Community Services				
Personnel services	265,310	205,356	59,954	191,682
Supplies and contractual	495,480	527,803	(32,323)	386,259
Other supplies and charges	6,750	-	6,750	-
Total Community Services	<u>767,540</u>	<u>733,159</u>	<u>34,381</u>	<u>577,941</u>
Capital Outlay	53,630	15,736	37,894	134,985
Debt Service:				
Professional services	-	40	(40)	-
	<u>821,170</u>	<u>748,935</u>	<u>72,235</u>	<u>712,926</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(320,770)</u>	<u>(227,480)</u>	<u>93,290</u>	<u>(254,791)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuance	-	36,200	36,200	-
Premium on bond issuance	-	2,535	2,535	-
Transfers in	441,025	196,372	(244,653)	374,772
Transfers (out)	<u>(120,255)</u>	<u>(120,251)</u>	<u>4</u>	<u>(119,981)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>320,770</u>	<u>114,856</u>	<u>(205,914)</u>	<u>254,791</u>
<b>CHANGE IN FUND BALANCE</b>	-	(112,624)	(112,624)	-
Fund balance, beginning of year	<u>306,429</u>	<u>306,429</u>	<u>-</u>	<u>306,429</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 306,429</u>	<u>\$ 193,805</u>	<u>\$ (112,624)</u>	<u>\$ 306,429</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

September 30, 2014

	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	2013 Capital Improve- ments Fund	2003 Founders Landing Fund	Forestland Fund	Total
<b>ASSETS</b>												
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,298,038	\$ 1,298,038
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,298,038</u>	<u>\$ 1,298,038</u>
<b>FUND BALANCE</b>												
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,298,038	\$ 1,298,038
<b>TOTAL FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,298,038</u>	<u>\$ 1,298,038</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the 15-Month Fiscal Period Ended September 30, 2014

	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	2013 Capital Improve- ments Fund	2003 Founders Landing Fund	Forestland Fund	Total
<b>REVENUES:</b>												
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	-	-	-	-	-	-	3,599	41,814	45,413
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,599</b>	<b>41,814</b>	<b>45,413</b>
<b>EXPENDITURES:</b>												
Debt Service:												
Professional services	-	-	-	-	-	-	-	-	-	-	18,274	18,274
Principal payments	190,000	172,500	19,986	109,344	82,873	206,780	60,000	69,930	75,950	200,000	240,000	1,427,363
Interest and fiscal charges	74,445	69,850	4,231	93,410	-	120,615	34,495	34,066	26,911	127,520	209,601	795,144
<b>TOTAL EXPENDITURES</b>	<b>264,445</b>	<b>242,350</b>	<b>24,217</b>	<b>202,754</b>	<b>82,873</b>	<b>327,395</b>	<b>94,495</b>	<b>103,996</b>	<b>102,861</b>	<b>327,520</b>	<b>467,875</b>	<b>2,240,781</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(264,445)</b>	<b>(242,350)</b>	<b>(24,217)</b>	<b>(202,754)</b>	<b>(82,873)</b>	<b>(327,395)</b>	<b>(94,495)</b>	<b>(103,996)</b>	<b>(102,861)</b>	<b>(323,921)</b>	<b>(426,061)</b>	<b>(2,195,368)</b>
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	264,445	242,350	24,217	202,754	82,873	327,395	94,495	103,996	102,861	323,921	665,000	2,434,307
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>264,445</b>	<b>242,350</b>	<b>24,217</b>	<b>202,754</b>	<b>82,873</b>	<b>327,395</b>	<b>94,495</b>	<b>103,996</b>	<b>102,861</b>	<b>323,921</b>	<b>665,000</b>	<b>2,434,307</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>-</b>	<b>238,939</b>	<b>238,939</b>
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	-	1,059,099	1,059,099
<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>\$ -</b>	<b>\$ 1,298,038</b>	<b>\$ 1,298,038</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 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	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	-	175,000
Interest and fiscal charges	74,445	74,445	-	83,195
<b>TOTAL EXPENDITURES</b>	<u>264,445</u>	<u>264,445</u>	<u>-</u>	<u>258,195</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(264,445)	(264,445)	-	(258,195)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in:				
Municipal Service Center Fund	264,445	264,445	-	258,195
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>264,445</u>	<u>264,445</u>	<u>-</u>	<u>258,195</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 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	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	172,500	172,500	-	165,000
Interest and fiscal charges	69,850	69,850	-	76,600
<b>TOTAL EXPENDITURES</b>	<u>242,350</u>	<u>242,350</u>	<u>-</u>	<u>241,600</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(242,350)	(242,350)	-	(241,600)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in:				
General Fund	63,010	63,011	1	62,816
Major Street and Trunkline Fund	111,480	111,481	1	111,136
Local Street Fund	67,860	67,858	(2)	67,648
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>242,350</u>	<u>242,350</u>	<u>-</u>	<u>241,600</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 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	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	20,025	19,986	39	9,790
Interest and fiscal charges	4,250	4,231	19	3,008
<b>TOTAL EXPENDITURES</b>	<u>24,275</u>	<u>24,217</u>	<u>58</u>	<u>12,798</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(24,275)	(24,217)	58	(12,798)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in:				
General Fund	400	757	357	400
Local Street Fund	23,875	23,460	(415)	12,398
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>24,275</u>	<u>24,217</u>	<u>(58)</u>	<u>12,798</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**

2008 STREET PROJECTS - DEBT SERVICE FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	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	109,345	109,344	1	106,080
Interest and fiscal charges	93,410	93,410	-	97,124
<b>TOTAL EXPENDITURES</b>	<u>202,755</u>	<u>202,754</u>	<u>1</u>	<u>203,204</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(202,755)	(202,754)	1	(203,204)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in:				
General Fund	73,610	73,610	-	73,773
Major Street Fund	62,800	62,802	2	62,941
Local Street Fund	66,345	66,342	(3)	66,490
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>202,755</u>	<u>202,754</u>	<u>(1)</u>	<u>203,204</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 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	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 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	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	206,780	206,780	-	196,230
Interest and fiscal charges	120,615	120,615	-	130,426
<b>TOTAL EXPENDITURES</b>	<b>327,395</b>	<b>327,395</b>	<b>-</b>	<b>326,656</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(327,395)</b>	<b>(327,395)</b>	<b>-</b>	<b>(326,656)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in:				
General Fund	3,105	3,104	(1)	3,096
Major Street and Trunkline Fund	141,200	141,198	(2)	140,880
Local Street Fund	62,840	62,842	2	62,699
Lakeview Arena Fund	120,250	120,251	1	119,981
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>327,395</b>	<b>327,395</b>	<b>-</b>	<b>326,656</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 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	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	60,000	60,000	-	56,000
Interest and fiscal charges	34,495	34,495	-	35,655
<b>TOTAL EXPENDITURES</b>	<u>94,495</u>	<u>94,495</u>	<u>-</u>	<u>91,655</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(94,495)	(94,495)	-	(91,655)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in:				
Major Street and Trunkline Fund	35,435	35,435	-	34,370
Local Street Fund	59,060	59,060	-	57,285
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>94,495</u>	<u>94,495</u>	<u>-</u>	<u>91,655</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 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	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	69,930	69,930	-	-
Interest and fiscal charges	34,070	34,066	4	21,052
<b>TOTAL EXPENDITURES</b>	<u>104,000</u>	<u>103,996</u>	<u>4</u>	<u>21,052</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(104,000)	(103,996)	4	(21,052)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in:				
General Fund	940	937	(3)	190
Major Street and Trunkline Fund	37,165	37,164	(1)	7,523
Local Street Fund	65,895	65,895	-	13,339
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>104,000</u>	<u>103,996</u>	<u>(4)</u>	<u>21,052</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**  
**2013 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	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	75,950	75,950	-	-
Interest and fiscal charges	26,920	26,911	9	-
<b>TOTAL EXPENDITURES</b>	<b>102,870</b>	<b>102,861</b>	<b>9</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(102,870)</b>	<b>(102,861)</b>	<b>9</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in:				
General Fund	-	-	-	-
Major Street and Trunkline Fund	63,050	63,044	(6)	-
Local Street Fund	39,820	39,817	(3)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>102,870</b>	<b>102,861</b>	<b>(9)</b>	<b>-</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**

2003 FOUNDERS LANDING - DEBT SERVICE FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	3,599	3,599	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>3,599</b>	<b>3,599</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal payments	200,000	200,000	-	190,000
Interest and fiscal charges	152,350	127,520	24,830	111,273
<b>TOTAL EXPENDITURES</b>	<b>352,350</b>	<b>327,520</b>	<b>24,830</b>	<b>301,273</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(352,350)</b>	<b>(323,921)</b>	<b>28,429</b>	<b>(301,273)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in:				
General Fund	352,350	323,921	(28,429)	301,273
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>352,350</b>	<b>323,921</b>	<b>(28,429)</b>	<b>301,273</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**

**FORESTLAND - DEBT SERVICE FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	41,814	41,814	-
Other	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>41,814</b>	<b>41,814</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Debt Service:				
Professional services	218,395	18,274	200,121	22,332
Principal payments	240,000	240,000	-	225,000
Interest and fiscal charges	209,605	209,601	4	221,809
<b>TOTAL EXPENDITURES</b>	<b>668,000</b>	<b>467,875</b>	<b>200,125</b>	<b>469,141</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(668,000)</b>	<b>(426,061)</b>	<b>241,939</b>	<b>(469,141)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in:				
General Fund	668,000	665,000	(3,000)	589,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>668,000</b>	<b>665,000</b>	<b>(3,000)</b>	<b>589,000</b>
<b>CHANGES IN FUND BALANCE</b>	<b>-</b>	<b>238,939</b>	<b>238,939</b>	<b>119,859</b>
Fund balance, beginning of year	1,059,099	1,059,099	-	939,240
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,059,099</b>	<b>\$ 1,298,038</b>	<b>\$ 238,939</b>	<b>\$ 1,059,099</b>

**CITY OF MARQUETTE, MICHIGAN**  
**CEMETERY FUND**  
**COMPARATIVE BALANCE SHEET**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 234,440	\$ 192,676
Investments	486,331	491,860
Accounts receivable	-	1,545
<b>TOTAL ASSETS</b>	<b>\$ 720,771</b>	<b>\$ 686,081</b>
 <b>FUND BALANCE</b>		
Non-spendable	\$ 720,771	\$ 686,081

**CITY OF MARQUETTE, MICHIGAN**

**CEMETERY FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
<b>REVENUES:</b>		
Charges for services	\$ 34,445	\$ 26,205
Investment income	<u>(5,359)</u>	<u>(45,131)</u>
<b>TOTAL REVENUES</b>	<u>29,086</u>	<u>(18,926)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfer in (out)	<u>5,604</u>	<u>45,131</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>5,604</u>	<u>45,131</u>
<b>CHANGE IN FUND BALANCE</b>	34,690	26,205
Fund balance, beginning of year	<u>686,081</u>	<u>659,876</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 720,771</u></u>	<u><u>\$ 686,081</u></u>

**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.

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

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

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

**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

WATER SUPPLY FUND

COMPARATIVE STATEMENT OF NET POSITION

September 30, 2014 and June 30, 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 590,883	\$ 1,170,486
Delinquent utility bills on taxes	-	14,513
Accounts receivable	480,578	740,827
Special assessments receivable	6,495	9,936
Due from State	597,089	11,533
Prepaid expense	<u>38,377</u>	<u>17,876</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,713,422</u>	<u>1,965,171</u>
Non-current Assets:		
Restricted Assets:		
Bond and Interest Redemption Fund	216,243	211,294
OPEB Reserve	156,976	146,057
Compensated absences reserve	<u>223,088</u>	<u>234,335</u>
Total Restricted Assets	<u>596,307</u>	<u>591,686</u>
Land and other non-depreciable assets	17,725	17,725
Other capital assets, net of depreciation	25,017,799	24,503,073
Construction in progress	<u>-</u>	<u>27,747</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>25,631,831</u>	<u>25,140,231</u>
<b>TOTAL ASSETS</b>	<u>27,345,253</u>	<u>27,105,402</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	<u>45,512</u>	<u>68,269</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>45,512</u>	<u>68,269</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	280,635	105,919
Accrued wages payable	25,647	46,528
Accrued interest payable	95,612	54,573
Current portion of long-term debt	<u>1,078,567</u>	<u>988,534</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,480,461</u>	<u>1,195,554</u>
Non-current Liabilities:		
Other post-employment benefits (OPEB)	156,976	146,057
Accrued compensated absences	223,088	234,335
Bonds payable	6,817,599	6,460,650
Loan payable	873,965	913,965
Unamortized bond premium	<u>125,407</u>	<u>89,572</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>8,197,035</u>	<u>7,844,579</u>
<b>TOTAL LIABILITIES</b>	<u>9,677,496</u>	<u>9,040,133</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Special assessments	8,540	9,936
Deferred charge on refunding	<u>10,629</u>	<u>15,944</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>19,169</u>	<u>25,880</u>
<b>NET POSITION</b>		
Net investment in capital assets	16,790,269	16,148,149
Restricted for:		
Capital outlay	615,400	-
Debt Services	216,243	211,294
Unrestricted	<u>72,188</u>	<u>1,748,215</u>
<b>TOTAL NET POSITION</b>	<u>\$ 17,694,100</u>	<u>\$ 18,107,658</u>

**CITY OF MARQUETTE, MICHIGAN**

**WATER SUPPLY FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
General customers	\$ 3,381,250	\$ 3,012,891	\$ (368,359)	\$ 2,719,332
Public authorities	113,750	99,381	(14,369)	77,662
Non-tax customers	1,887,500	1,700,569	(186,931)	1,343,707
City departments	90,000	85,102	(4,898)	56,742
Charges for services	21,200	38,070	16,870	13,917
Reimbursements	-	18,973	18,973	3,650
Other operating revenue	86,720	106,923	20,203	66,038
<b>TOTAL OPERATING REVENUES</b>	<b>5,580,420</b>	<b>5,061,909</b>	<b>(518,511)</b>	<b>4,281,048</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	114,270	120,530	(6,260)	85,551
Supplies and contractual	279,285	270,079	9,206	222,051
Amortization	22,500	10,185	12,315	12,623
Capital outlay	457,040	4,649	452,391	-
Provision for depreciation	1,187,500	1,294,976	(107,476)	987,515
Other supplies and charges	805,515	805,515	-	767,650
Total Administrative and General	2,866,110	2,505,934	360,176	2,075,390
Water Treatment and Distribution:				
Personnel services	1,587,030	1,833,109	(246,079)	1,225,018
Supplies and contractual	1,536,950	1,376,999	159,951	660,552
Capital outlay	-	-	-	-
Total Water Treatment and Distribution	3,123,980	3,210,108	(86,128)	1,885,570
<b>TOTAL OPERATING EXPENSES</b>	<b>5,990,090</b>	<b>5,716,042</b>	<b>274,048</b>	<b>3,960,960</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(409,670)</b>	<b>(654,133)</b>	<b>(244,463)</b>	<b>320,088</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income	9,180	10,065	885	2,232
Premium on bond issuance	-	-	-	-
Federal and State grants	766,340	638,930	(127,410)	400,334
Gain on sale of capital assets	-	-	-	5,942
Interest expenses	(365,100)	(367,953)	(2,853)	(336,173)
Bond issuance expense	(750)	(40,467)	(39,717)	(8,132)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>409,670</b>	<b>240,575</b>	<b>(169,095)</b>	<b>64,203</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>-</b>	<b>(413,558)</b>	<b>(413,558)</b>	<b>384,291</b>
Transfers in	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>(413,558)</b>	<b>(413,558)</b>	<b>384,291</b>
Net position, beginning of year, as restated	18,107,658	18,107,658	-	17,723,367
<b>NET POSITION, END OF YEAR, AS RESTATED</b>	<b>\$ 18,107,658</b>	<b>\$ 17,694,100</b>	<b>\$ (413,558)</b>	<b>\$ 18,107,658</b>

**CITY OF MARQUETTE, MICHIGAN**

SEWAGE DISPOSAL FUND

COMPARATIVE STATEMENT OF NET POSITION

September 30, 2014 and June 30, 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ -	\$ -
Delinquent utility bills on taxes	-	3,501
Accounts receivable	589,744	808,762
Special assessments receivable	41,641	56,647
Due from other authorities	502,389	-
Inventory	196,223	146,854
Prepaid expense	<u>39,669</u>	<u>11,046</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,369,666</u>	<u>1,026,810</u>
Non-current Assets:		
Restricted Assets:		
OPEB Reserve	58,328	50,607
Compensated absences reserve	<u>101,280</u>	<u>93,005</u>
Total Restricted Assets	<u>159,608</u>	<u>143,612</u>
Land and other non-depreciable assets	20,594	20,594
Other capital assets, net of depreciation	19,082,507	18,699,618
Construction in progress	180,383	6,493
Investment in Wastewater Facility	<u>3,681,489</u>	<u>3,275,616</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>23,124,581</u>	<u>22,145,933</u>
<b>TOTAL ASSETS</b>	<u>24,494,247</u>	<u>23,172,743</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Cash overdraft	931,015	1,728,643
Accounts payable	485,668	167,123
Accrued wages payable	17,408	19,824
Customer deposits payable	(1,230)	(1,230)
Accrued interest payable	75,287	49,023
Current portion of long-term debt	<u>462,245</u>	<u>503,943</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,970,393</u>	<u>2,467,326</u>
Non-current Liabilities:		
Other post-employment benefits (OPEB)	58,327	50,607
Accrued compensated absences	101,279	93,005
Bonds payable	6,645,852	4,473,280
Loan payable	3,082,484	3,312,484
Unamortized bond premium	<u>202,746</u>	<u>90,278</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>10,090,688</u>	<u>8,019,654</u>
<b>TOTAL LIABILITIES</b>	<u>12,061,081</u>	<u>10,486,980</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Special assessments	<u>51,509</u>	<u>56,647</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>51,509</u>	<u>56,647</u>
<b>NET POSITION</b>		
Net investment in capital assets	10,591,557	10,346,720
Restricted for:		
Capital outlay	1,701,400	-
Unrestricted	<u>88,700</u>	<u>2,282,396</u>
<b>TOTAL NET POSITION</b>	<u>\$ 12,381,657</u>	<u>\$ 12,629,116</u>

**CITY OF MARQUETTE, MICHIGAN**

SEWAGE DISPOSAL FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
General customers	\$ 4,375,000	\$ 4,006,018	\$ (368,982)	\$ 3,406,760
Public authorities	136,250	117,493	(18,757)	96,749
Non-tax customers	2,200,000	1,991,571	(208,429)	1,596,981
City departments	40,000	40,217	217	25,289
Charges for services	22,500	10,280	(12,220)	7,818
Rentals	1,000	1,250	250	1,000
Reimbursements	-	10,224	10,224	4,087
Other operating revenue	30,885	26,667	(4,218)	25,140
<b>TOTAL OPERATING REVENUES</b>	<b>6,805,635</b>	<b>6,203,720</b>	<b>(601,915)</b>	<b>5,163,824</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	108,085	102,668	5,417	74,641
Supplies and contractual	288,015	274,145	13,870	220,648
Amortization	-	-	-	-
Capital outlay	239,880	4,489	235,391	-
Provision for depreciation	950,000	1,142,094	(192,094)	845,135
Other supplies and charges	630,885	630,885	-	548,280
Total Administrative and General	2,216,865	2,154,281	62,584	1,688,704
Sanitary Sewer Operation and Booster Stations:				
Personnel services	741,135	695,180	45,955	546,511
Supplies and contractual	3,492,890	3,663,852	(170,962)	2,884,733
Capital outlay	-	12	(12)	-
Total Sanitary Sewer Operation and Booster Stations	4,234,025	4,359,044	(125,019)	3,431,244
<b>TOTAL OPERATING EXPENSES</b>	<b>6,450,890</b>	<b>6,513,325</b>	<b>(62,435)</b>	<b>5,119,948</b>
<b>OPERATING INCOME (LOSS)</b>	<b>354,745</b>	<b>(309,605)</b>	<b>(664,350)</b>	<b>43,876</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income	5,330	4,813	(517)	5,148
Operating income from Marquette Area Wastewater Treatment Facility	-	405,873	405,873	-
Interest expenses	(353,575)	(341,840)	11,735	(252,543)
Bond issuance expense	(6,500)	(6,700)	(200)	(13,699)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(354,745)</b>	<b>62,146</b>	<b>416,891</b>	<b>(261,094)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>-</b>	<b>(247,459)</b>	<b>(247,459)</b>	<b>(217,218)</b>
Transfers in	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>(247,459)</b>	<b>(247,459)</b>	<b>(217,218)</b>
Net position, beginning of year, as restated	12,629,116	12,629,116	-	12,846,334
<b>NET POSITION, END OF YEAR</b>	<b>\$ 12,629,116</b>	<b>\$ 12,381,657</b>	<b>\$ (247,459)</b>	<b>\$ 12,629,116</b>

**CITY OF MARQUETTE, MICHIGAN**  
**STORMWATER UTILITY FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 270,596	\$ 67,450
Accounts receivable	7,355	53,717
Due from other governments	61,500	-
Prepaid expense	138	139
<b>TOTAL CURRENT ASSETS</b>	<b>339,589</b>	<b>121,306</b>
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	13,195	10,426
Total Restricted Assets	13,195	10,426
Other capital assets, net of depreciation	9,850,708	9,703,642
Construction in progress	65,863	3,001
<b>TOTAL NON-CURRENT ASSETS</b>	<b>9,929,766</b>	<b>9,717,069</b>
<b>TOTAL ASSETS</b>	<b>10,269,355</b>	<b>9,838,375</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	223,199	8,871
Accrued wages payable	4,713	7,938
Accrued interest payable	70,565	30,239
Current portion of long-term debt	361,005	325,059
<b>TOTAL CURRENT LIABILITIES</b>	<b>659,482</b>	<b>372,107</b>
Non-current Liabilities:		
Bonds payable	4,441,232	4,291,895
Unamortized bond premium	33,823	36,397
Accrued compensated absences	13,195	10,426
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,488,250</b>	<b>4,338,718</b>
<b>TOTAL LIABILITIES</b>	<b>5,147,732</b>	<b>4,710,825</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	-	-
<b>NET POSITION</b>		
Net investment in capital assets	5,080,511	5,053,292
Restricted for:		
Debt Services	-	-
Unrestricted	41,112	74,258
<b>TOTAL NET POSITION</b>	<b>\$ 5,121,623</b>	<b>\$ 5,127,550</b>

**CITY OF MARQUETTE, MICHIGAN**

STORMWATER UTILITY FUND

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
General customers	\$ 831,390	\$ 721,132	\$ (110,258)	\$ 484,630
Public authorities	47,225	47,644	419	37,762
Non-tax customers	225,625	228,346	2,721	196,949
City departments	366,360	397,790	31,430	307,046
Reimbursements	-	17,711	17,711	-
Other operating revenue	1,250	2,020	770	19,106
<b>TOTAL OPERATING REVENUES</b>	<b>1,471,850</b>	<b>1,414,643</b>	<b>(57,207)</b>	<b>1,045,493</b>
<b>OPERATING EXPENSES:</b>				
Routine Maintenance and Administration:				
Personnel services	347,775	317,793	29,982	233,867
Supplies and contractual	257,850	180,791	77,059	144,770
Capital outlay	99,015	4,489	94,526	-
Provision for depreciation	750,000	777,210	(27,210)	579,107
Other supplies and charges	-	-	-	195,512
<b>TOTAL OPERATING EXPENSES</b>	<b>1,454,640</b>	<b>1,280,283</b>	<b>174,357</b>	<b>1,153,256</b>
<b>OPERATING INCOME (LOSS)</b>	<b>17,210</b>	<b>134,360</b>	<b>117,150</b>	<b>(107,763)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Investment income	500	568	68	528
Premium on bond issuance	-	-	-	-
Federal grant	182,210	90,200	(92,010)	-
Interest expenses	(197,420)	(227,065)	(29,645)	(176,396)
Bond issuance expense	(2,500)	(3,990)	(1,490)	(6,533)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(17,210)</b>	<b>(140,287)</b>	<b>(123,077)</b>	<b>(182,401)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>-</b>	<b>(5,927)</b>	<b>(5,927)</b>	<b>(290,164)</b>
Transfers in	-	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>(5,927)</b>	<b>(5,927)</b>	<b>(290,164)</b>
Net position, beginning of year	5,127,550	5,127,550	-	5,417,714
<b>NET POSITION, END OF YEAR</b>	<b>\$ 5,127,550</b>	<b>\$ 5,121,623</b>	<b>\$ (5,927)</b>	<b>\$ 5,127,550</b>

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

September 30, 2014

	Tourist Park Fund	Marinas Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 248,330	\$ 361,375	\$ 609,705
Accounts receivable	1,905	19,268	21,173
Inventory	-	30,539	30,539
Prepaid expense	331	4,611	4,942
	<b>TOTAL CURRENT ASSETS</b>	<b>415,793</b>	<b>666,359</b>
Non-current Assets:			
Restricted Assets:			
Replacement Maintenance Fund	-	30,000	30,000
Compensated absences reserve	95	-	95
	Total Restricted Assets	30,000	30,095
Other capital assets, net of depreciation	-	1,323,555	1,323,555
Construction in progress	-	66,908	66,908
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,420,463</b>	<b>1,420,558</b>
	<b>TOTAL ASSETS</b>	<b>1,836,256</b>	<b>2,086,917</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	-	-
	<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	10,382	22,004	32,386
Accrued wages payable	2,230	2,283	4,513
Customer deposits payable	-	11,938	11,938
Current portion of long-term debt	-	10,000	10,000
Accrued interest payable	-	-	-
	<b>TOTAL CURRENT LIABILITIES</b>	<b>46,225</b>	<b>58,837</b>
Non-current Liabilities:			
Accrued compensated absences	95	-	95
Bonds payable	-	171,000	171,000
Unamortized bond premium	-	12,674	12,674
	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>183,674</b>	<b>183,769</b>
	<b>TOTAL LIABILITIES</b>	<b>229,899</b>	<b>242,606</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>			
Net investment in capital assets	-	1,390,463	1,390,463
Restricted for:			
Capital outlay	-	181,000	181,000
Unrestricted	237,954	34,894	272,848
	<b>TOTAL NET POSITION</b>	<b>\$ 1,606,357</b>	<b>\$ 1,844,311</b>

**CITY OF MARQUETTE, MICHIGAN**

**NON-MAJOR ENTERPRISE FUNDS**

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

For the 15-Month Fiscal Period Ended September 30, 2014

	<u>Tourist Park Fund</u>	<u>Marinas Fund</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 26,530	\$ 3,982	\$ 30,512
Sales	25,026	145,247	170,273
Use and admission fees	310,095	49,147	359,242
Rentals	-	239,886	239,886
Fines and forfeiture	-	590	590
Reimbursements	220	213,017	213,237
Other revenues	<u>6,872</u>	<u>4,625</u>	<u>11,497</u>
<b>TOTAL OPERATING REVENUES</b>	<u>368,743</u>	<u>656,494</u>	<u>1,025,237</u>
<b>OPERATING EXPENSES:</b>			
Community Services:			
Personnel services	87,783	134,962	222,745
Supplies and contractual	126,060	276,633	402,693
Amortization	-	3,351	3,351
Capital outlay	35,120	218,331	253,451
Provision for depreciation	-	191,554	191,554
Other supplies and charges	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>248,963</u>	<u>824,831</u>	<u>1,073,794</u>
<b>OPERATING INCOME (LOSS)</b>	<u>119,780</u>	<u>(168,337)</u>	<u>(48,557)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
State grant	-	296	296
Investment income	131	2,964	3,095
Interest expense	-	(1,133)	(1,133)
Bond issuance expense	<u>-</u>	<u>(200)</u>	<u>(200)</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>131</u>	<u>1,927</u>	<u>2,058</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	119,911	(166,410)	(46,499)
Transfers in	<u>-</u>	<u>166,410</u>	<u>166,410</u>
<b>INCOME (LOSS) BEFORE EXTRAORDINARY ITEM</b>	119,911	-	119,911
Loss on storm damage to capital asset - building	<u>-</u>	<u>(362,058)</u>	<u>(362,058)</u>
<b>CHANGE IN NET POSITION</b>	119,911	(362,058)	(242,147)
Net position, beginning of year	<u>118,043</u>	<u>1,968,415</u>	<u>2,086,458</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 237,954</u>	<u>\$ 1,606,357</u>	<u>\$ 1,844,311</u>

**CITY OF MARQUETTE, MICHIGAN**

NON-MAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the 15-Month Fiscal Period Ended September 30, 2014

	Tourist Park Fund	Marinas Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from fees and charges for services	\$ 42,170	\$ (136)	\$ 42,034
Other operating revenues	342,213	652,512	994,725
Cash payments to employees for services	(90,993)	(139,579)	(230,572)
Cash payments to suppliers for goods and services	<u>(156,645)</u>	<u>(958,536)</u>	<u>(1,115,181)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>136,745</u>	<u>(445,739)</u>	<u>(308,994)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	166,410	166,410
State and Federal grants	<u>-</u>	<u>295,470</u>	<u>295,470</u>
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>461,880</u>	<u>461,880</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal payments on bonds	-	(85,000)	(85,000)
Interest paid on bonds	-	(1,702)	(1,702)
Proceeds from issuance of bonds	-	181,000	181,000
Premium on issuance of bonds	-	12,674	12,674
Cash payments for bond issuance expenses	<u>-</u>	<u>(200)</u>	<u>(200)</u>
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>106,772</u>	<u>106,772</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	131	2,964	3,095
(Increase) decrease in restricted assets:			
Bond reserve	-	49,711	49,711
Bond and interest redemption reserve	-	89,594	89,594
Replacement maintenance reserve	-	(5,000)	(5,000)
Compensated absences reserve	<u>408</u>	<u>-</u>	<u>408</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>539</u>	<u>137,269</u>	<u>137,808</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	137,284	260,182	397,466
Cash and cash equivalents, beginning of year	<u>111,046</u>	<u>101,193</u>	<u>212,239</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 248,330</u>	<u>\$ 361,375</u>	<u>\$ 609,705</u>
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Loss on storm damage to capital asset - building	<u>\$ -</u>	<u>\$ (362,058)</u>	<u>\$ (362,058)</u>
<b>TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	<u>\$ -</u>	<u>\$ (362,058)</u>	<u>\$ (362,058)</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income	\$ 119,780	\$ (168,337)	\$ (48,557)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	-	191,554	191,554
Amortization	-	3,351	3,351
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	15,640	(4,519)	11,121
(Increase) decrease in inventory	-	(3,056)	(3,056)
(Increase) decrease in prepaid expenses	12	(4,083)	(4,071)
Increase (decrease) in accounts payable	4,523	(456,433)	(451,910)
(Decrease) in accrued wages payable	(2,802)	(4,617)	(7,419)
Increase in customer deposits payable	-	401	401
(Decrease) in accrued compensated absences	<u>(408)</u>	<u>-</u>	<u>(408)</u>
<b>NET ADJUSTMENTS</b>	<u>16,965</u>	<u>(277,402)</u>	<u>(260,437)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 136,745</u>	<u>\$ (445,739)</u>	<u>\$ (308,994)</u>

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR ENTERPRISE FUND - TOURIST PARK FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 248,330	\$ 111,046
Accounts receivable	1,905	17,545
Prepaid expense	331	343
<b>TOTAL CURRENT ASSETS</b>	<b>250,566</b>	<b>128,934</b>
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	95	503
Total Restricted Assets	95	503
<b>TOTAL NON-CURRENT ASSETS</b>	<b>95</b>	<b>503</b>
<b>TOTAL ASSETS</b>	<b>250,661</b>	<b>129,437</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	10,382	5,859
Accrued wages payable	2,230	5,032
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,612</b>	<b>10,891</b>
Non-current Liabilities:		
Accrued compensated absences	95	503
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>95</b>	<b>503</b>
<b>TOTAL LIABILITIES</b>	<b>12,707</b>	<b>11,394</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
Unrestricted	237,954	118,043
<b>TOTAL NET POSITION</b>	<b>\$ 237,954</b>	<b>\$ 118,043</b>

**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 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 6,500	\$ 26,530	\$ 20,030	\$ 13,945
Sales	14,000	25,026	11,026	10,143
Use and admission fees	270,000	310,095	40,095	194,992
Reimbursements	-	220	220	1,998
Other revenues	-	6,872	6,872	3
<b>TOTAL OPERATING REVENUES</b>	<b>290,500</b>	<b>368,743</b>	<b>78,243</b>	<b>221,081</b>
<b>OPERATING EXPENSES:</b>				
Community Services:				
Personnel services	102,955	87,783	15,172	75,203
Supplies and contractual	107,285	126,060	(18,775)	85,972
Other supplies and charges	72,360	-	72,360	-
Capital outlay	8,000	35,120	(27,120)	-
<b>TOTAL OPERATING EXPENSES</b>	<b>290,600</b>	<b>248,963</b>	<b>41,637</b>	<b>161,175</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(100)</b>	<b>119,780</b>	<b>119,880</b>	<b>59,906</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	100	131	31	103
<b>TOTAL NON-OPERATING REVENUES</b>	<b>100</b>	<b>131</b>	<b>31</b>	<b>103</b>
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>119,911</b>	<b>119,911</b>	<b>60,009</b>
Net position, beginning of year	118,043	118,043	-	58,034
<b>NET POSITION, END OF YEAR</b>	<b>\$ 118,043</b>	<b>\$ 237,954</b>	<b>\$ 119,911</b>	<b>\$ 118,043</b>

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR ENTERPRISE FUND - MARINAS FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 361,375	\$ 101,193
Due from State	-	295,174
Accounts receivable	19,268	14,749
Inventory	30,539	27,483
Prepaid expense	4,611	528
<b>TOTAL CURRENT ASSETS</b>	<b>415,793</b>	<b>439,127</b>
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	-	49,711
Bond and Interest Redemption Fund	-	89,594
Replacement Maintenance Fund	30,000	25,000
Total Restricted Assets	30,000	164,305
Other capital assets, net of depreciation	1,323,555	1,877,166
Construction in progress	66,908	66,908
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,420,463</b>	<b>2,108,379</b>
<b>TOTAL ASSETS</b>	<b>1,836,256</b>	<b>2,547,506</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	-	3,350
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>3,350</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	22,004	478,437
Accrued wages payable	2,283	6,900
Customer deposits payable	11,938	11,537
Current portion of long-term debt	10,000	85,000
Accrued interest payable	-	567
<b>TOTAL CURRENT LIABILITIES</b>	<b>46,225</b>	<b>582,441</b>
Non-current Liabilities:		
Bonds payable	171,000	-
Unamortized bond premium	12,674	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>183,674</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>229,899</b>	<b>582,441</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets	1,390,463	1,855,724
Restricted for:		
Capital outlay	181,000	-
Unrestricted	34,894	112,691
<b>TOTAL NET POSITION</b>	<b>\$ 1,606,357</b>	<b>\$ 1,968,415</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 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Charges for services	\$ -	\$ 3,982	\$ 3,982	\$ 6,517
Sales	113,000	145,247	32,247	90,101
Use and admission fees	40,200	49,147	8,947	36,656
Rentals	205,700	239,886	34,186	138,447
Fines and forfeiture	1,200	590	(610)	815
Reimbursements	281,000	213,017	(67,983)	908
Other revenues	3,850	4,625	775	2,437
<b>TOTAL OPERATING REVENUES</b>	<b>644,950</b>	<b>656,494</b>	<b>11,544</b>	<b>275,881</b>
<b>OPERATING EXPENSES:</b>				
Community Services:				
Personnel services	125,605	134,962	(9,357)	92,314
Supplies and contractual	229,600	276,633	(47,033)	173,952
Amortization	880	3,351	(2,471)	3,351
Capital outlay	211,895	218,331	(6,436)	-
Provision for depreciation	168,105	191,554	(23,449)	130,288
Other supplies and charges	6,700	-	6,700	-
<b>TOTAL OPERATING EXPENSES</b>	<b>742,785</b>	<b>824,831</b>	<b>(82,046)</b>	<b>399,905</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(97,835)</b>	<b>(168,337)</b>	<b>(70,502)</b>	<b>(124,024)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
State grant	-	296	296	349,651
Investment income	2,685	2,964	279	(669)
Interest expense	(1,700)	(1,133)	567	(4,400)
Bond issuance expense	-	(200)	(200)	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>985</b>	<b>1,927</b>	<b>942</b>	<b>344,582</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(96,850)</b>	<b>(166,410)</b>	<b>(69,560)</b>	<b>220,558</b>
Transfers in	96,850	166,410	69,560	50,247
<b>INCOME (LOSS) BEFORE EXTRAORDINARY ITEM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270,805</b>
Loss on storm damage to capital asset - building	-	(362,058)	(362,058)	-
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>(362,058)</b>	<b>(362,058)</b>	<b>270,805</b>
Net position, beginning of year	1,968,415	1,968,415	-	1,697,610
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,968,415</b>	<b>\$ 1,606,357</b>	<b>\$ (362,058)</b>	<b>\$ 1,968,415</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**  
September 30, 2014

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 188,606	\$ 599,423	\$ 417,769	\$ 1,205,798
Accounts receivable	2,967	320	20,132	23,419
Due from local units	-	-	1,658	1,658
Inventory	-	-	18,050	18,050
Prepaid expenses	6,043	7,499	67,259	80,801
<b>TOTAL CURRENT ASSETS</b>	<b>197,616</b>	<b>607,242</b>	<b>524,868</b>	<b>1,329,726</b>
Non-current Assets:				
Restricted Assets:				
Equipment reserve	-	-	1,008,591	1,008,591
Fuel system reserve	-	-	31,024	31,024
OPEB reserve	37,897	2,888	27,739	68,524
Compensated absences reserve	18,329	2,451	73,727	94,507
Total Restricted Assets	56,226	5,339	1,141,081	1,202,646
Land and other non-depreciable assets	-	245,566	-	245,566
Other capital assets, net of depreciation	160,557	2,576,889	1,371,763	4,109,209
<b>TOTAL NON-CURRENT ASSETS</b>	<b>216,783</b>	<b>2,827,794</b>	<b>2,512,844</b>	<b>5,557,421</b>
<b>TOTAL ASSETS</b>	<b>414,399</b>	<b>3,435,036</b>	<b>3,037,712</b>	<b>6,887,147</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	48,264	10,817	89,652	148,733
Accrued wages payable	4,948	1,876	10,756	17,580
<b>TOTAL CURRENT LIABILITIES</b>	<b>53,212</b>	<b>12,693</b>	<b>100,408</b>	<b>166,313</b>
Non-current Liabilities:				
Accrued compensated absences	18,329	2,451	73,727	94,507
Other post-employment benefits (OPEB)	37,897	2,888	27,739	68,524
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>56,226</b>	<b>5,339</b>	<b>101,466</b>	<b>163,031</b>
<b>TOTAL LIABILITIES</b>	<b>109,438</b>	<b>18,032</b>	<b>201,874</b>	<b>329,344</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION:</b>				
Net investment in capital assets	160,557	2,822,455	1,371,763	4,354,775
Restricted:				
Capital outlay	-	-	31,024	31,024
Unrestricted	144,404	594,549	1,433,051	2,172,004
<b>TOTAL NET POSITION</b>	<b>\$ 304,961</b>	<b>\$ 3,417,004</b>	<b>\$ 2,835,838</b>	<b>\$ 6,557,803</b>

**CITY OF MARQUETTE, MICHIGAN**

INTERNAL SERVICE FUNDS

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

For the 15-Month Fiscal Period Ended September 30, 2014

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 5,581	\$ -	\$ -	\$ 5,581
Sales	-	-	204,643	204,643
Rentals	700,380	707,040	3,486,740	4,894,160
Reimbursements	503	1,788	59,239	61,530
Other	1,196	3,466	34,350	39,012
	<u>707,660</u>	<u>712,294</u>	<u>3,784,972</u>	<u>5,204,926</u>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	322,256	116,349	817,651	1,256,256
Supplies and contractual	339,469	261,304	1,897,808	2,498,581
Provision for depreciation	153,474	167,504	612,142	933,120
Total Administrative and General	<u>815,199</u>	<u>545,157</u>	<u>3,327,601</u>	<u>4,687,957</u>
Capital outlay	25,991	-	81,521	107,512
	<u>841,190</u>	<u>545,157</u>	<u>3,409,122</u>	<u>4,795,469</u>
	<u>(133,530)</u>	<u>167,137</u>	<u>375,850</u>	<u>409,457</u>
<b>NON-OPERATING REVENUES:</b>				
Investment income	183	527	3,818	4,528
Gain (loss) on sale of capital asset	-	-	(12,389)	(12,389)
	<u>183</u>	<u>527</u>	<u>(8,571)</u>	<u>(7,861)</u>
<b>INCOME BEFORE TRANSFERS</b>	(133,347)	167,664	367,279	401,596
Transfers (out)	-	(264,445)	(361,905)	(626,350)
<b>CHANGE IN NET POSITION</b>	(133,347)	(96,781)	5,374	(224,754)
Net position, beginning of year	438,308	3,513,785	2,830,464	6,782,557
<b>NET POSITION, END OF YEAR</b>	<u>\$ 304,961</u>	<u>\$ 3,417,004</u>	<u>\$ 2,835,838</u>	<u>\$ 6,557,803</u>

## CITY OF MARQUETTE, MICHIGAN

## INTERNAL SERVICE FUNDS

## COMBINING STATEMENT OF CASH FLOWS

For the 15-Month Fiscal Period Ended September 30, 2014

	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	\$ 4,162	\$ -	\$ -	\$ 4,162
Other operating revenues	702,079	712,102	3,792,553	5,206,734
Cash payments to employees for services	(317,183)	(116,537)	(816,054)	(1,249,774)
Cash payments to suppliers for goods and services	(378,891)	(274,634)	(2,034,447)	(2,687,972)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>10,167</b>	<b>320,931</b>	<b>942,052</b>	<b>1,273,150</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers in (out)	-	(264,445)	(361,905)	(626,350)
(Increase) in due from local units and other funds	-	-	-	-
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>(264,445)</b>	<b>(361,905)</b>	<b>(626,350)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Cash payments for capital assets	-	(54,665)	(325,281)	(379,946)
Proceeds from sale of capital assets	-	-	5,730	5,730
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>(54,665)</b>	<b>(319,551)</b>	<b>(374,216)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest income	183	527	3,818	4,528
(Increase) decrease in restricted assets:				
Equipment reserve	-	-	(3,151)	(3,151)
Fuel system reserve	-	-	2,306	2,306
OPEB reserve	(1,030)	(514)	(6,404)	(7,948)
Compensated absences reserve	(5,918)	1,157	(2,100)	(6,861)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(6,765)</b>	<b>1,170</b>	<b>(5,531)</b>	<b>(11,126)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,402</b>	<b>2,991</b>	<b>255,065</b>	<b>261,458</b>
Cash and cash equivalents, beginning of year	185,204	596,432	162,704	944,340
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 188,606</b>	<b>\$ 599,423</b>	<b>\$ 417,769</b>	<b>\$ 1,205,798</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income	\$ (133,530)	\$ 167,137	\$ 375,850	\$ 409,457
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	153,474	167,504	612,142	933,120
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,419)	(192)	3,193	1,582
(Increase) decrease in due from local units	-	-	4,388	4,388
(Increase) in inventory	-	-	21,840	21,840
(Increase) in prepaid expenses	(1,215)	(6,085)	(57,097)	(64,397)
Increase (decrease) in accounts payable	(12,216)	(7,245)	(19,861)	(39,322)
Increase (decrease) in accrued wages payable	(1,875)	455	(6,907)	(8,327)
Increase (decrease) in accrued compensated absences	5,918	(1,157)	2,100	6,861
Increase (decrease) in other post-employment benefits (OPEB)	1,030	514	6,404	7,948
<b>NET ADJUSTMENTS</b>	<b>143,697</b>	<b>153,794</b>	<b>566,202</b>	<b>863,693</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 10,167</b>	<b>\$ 320,931</b>	<b>\$ 942,052</b>	<b>\$ 1,273,150</b>

**CITY OF MARQUETTE, MICHIGAN**  
**TECHNOLOGY SERVICES FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 188,606	\$ 185,204
Accounts receivable	2,967	1,548
Prepaid expenses	6,043	4,828
<b>TOTAL CURRENT ASSETS</b>	197,616	191,580
Non-current Assets:		
Restricted Assets:		
OPEB reserve	37,897	36,867
Compensated absences reserve	18,329	12,411
Total Restricted Assets	56,226	49,278
Other capital assets, net of depreciation	160,557	314,031
<b>TOTAL NON-CURRENT ASSETS</b>	216,783	363,309
<b>TOTAL ASSETS</b>	414,399	554,889
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	48,264	60,480
Accrued wages payable	4,948	6,823
<b>TOTAL CURRENT LIABILITIES</b>	53,212	67,303
Non-current Liabilities:		
Accrued compensated absences	18,329	12,411
Other post-employment benefits (OPEB)	37,897	36,867
<b>TOTAL NON-CURRENT LIABILITIES</b>	56,226	49,278
<b>TOTAL LIABILITIES</b>	109,438	116,581
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
Net investment in capital assets	160,557	314,031
Unrestricted	144,404	124,277
<b>TOTAL NET POSITION</b>	\$ 304,961	\$ 438,308

**CITY OF MARQUETTE, MICHIGAN**

**TECHNOLOGY SERVICES FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 5,600	\$ 5,581	\$ (19)	\$ 5,802
Rentals	700,360	700,380	20	626,664
Reimbursements	-	503	503	4,544
Other	-	1,196	1,196	5
<b>TOTAL OPERATING REVENUES</b>	<b>705,960</b>	<b>707,660</b>	<b>1,700</b>	<b>637,015</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	328,785	322,256	6,529	212,676
Supplies and contractual	347,260	339,469	7,791	453,465
Provision for depreciation	29,915	153,474	(123,559)	47,646
Total Administrative and General	<u>705,960</u>	<u>815,199</u>	<u>(109,239)</u>	<u>713,787</u>
Capital outlay	-	25,991	(25,991)	-
<b>TOTAL OPERATING EXPENSES</b>	<b>705,960</b>	<b>841,190</b>	<b>(135,230)</b>	<b>713,787</b>
<b>OPERATING INCOME (LOSS)</b>	<b>-</b>	<b>(133,530)</b>	<b>(133,530)</b>	<b>(76,772)</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	-	183	183	389
<b>TOTAL NON-OPERATING REVENUES</b>	<b>-</b>	<b>183</b>	<b>183</b>	<b>389</b>
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>(133,347)</b>	<b>(133,347)</b>	<b>(76,383)</b>
Net position, beginning of year	438,308	438,308	-	514,691
<b>NET POSITION, END OF YEAR</b>	<b>\$ 438,308</b>	<b>\$ 304,961</b>	<b>\$ (133,347)</b>	<b>\$ 438,308</b>

**CITY OF MARQUETTE, MICHIGAN**  
**MUNICIPAL SERVICE CENTER FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 599,423	\$ 596,432
Accounts receivable	320	128
Prepaid expenses	7,499	1,414
<b>TOTAL CURRENT ASSETS</b>	<b>607,242</b>	<b>597,974</b>
Non-current Assets:		
Restricted Assets:		
OPEB reserve	2,888	2,374
Compensated absences reserve	2,451	3,608
Total Restricted Assets	5,339	5,982
Land and other non-depreciable assets	245,566	245,566
Other capital assets, net of depreciation	2,576,889	2,689,728
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,827,794</b>	<b>2,941,276</b>
<b>TOTAL ASSETS</b>	<b>3,435,036</b>	<b>3,539,250</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	10,817	18,062
Accrued wages payable	1,876	1,421
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,693</b>	<b>19,483</b>
Non-current Liabilities:		
Accrued compensated absences	2,451	3,608
Other post-employment benefits (OPEB)	2,888	2,374
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,339</b>	<b>5,982</b>
<b>TOTAL LIABILITIES</b>	<b>18,032</b>	<b>25,465</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
Net investment in capital assets	2,822,455	2,935,294
Unrestricted	594,549	578,491
<b>TOTAL NET POSITION</b>	<b>\$ 3,417,004</b>	<b>\$ 3,513,785</b>

**CITY OF MARQUETTE, MICHIGAN**

**MUNICIPAL SERVICE CENTER FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014			2013
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Rentals	707,025	707,040	15	622,700
Reimbursements	-	1,788	1,788	908
Other	3,000	3,466	466	3,142
<b>TOTAL OPERATING REVENUES</b>	<b>710,025</b>	<b>712,294</b>	<b>2,269</b>	<b>626,750</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	128,170	116,349	11,821	95,185
Supplies and contractual	283,035	261,304	21,731	229,748
Provision for depreciation	35,000	167,504	(132,504)	230,830
Other services and charges	-	-	-	-
Total Administrative and General	<u>446,205</u>	<u>545,157</u>	<u>(98,952)</u>	<u>555,763</u>
Capital outlay	-	-	-	165
<b>TOTAL OPERATING EXPENSES</b>	<b>446,205</b>	<b>545,157</b>	<b>(98,952)</b>	<b>555,928</b>
<b>OPERATING INCOME (LOSS)</b>	<b>263,820</b>	<b>167,137</b>	<b>(96,683)</b>	<b>70,822</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	625	527	(98)	713
Gain on sale of capital asset	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES</b>	<b>625</b>	<b>527</b>	<b>(98)</b>	<b>713</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>264,445</b>	<b>167,664</b>	<b>(96,781)</b>	<b>71,535</b>
Transfers (out)	<u>(264,445)</u>	<u>(264,445)</u>	<u>-</u>	<u>(258,195)</u>
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>(96,781)</b>	<b>(96,781)</b>	<b>(186,660)</b>
Net position, beginning of year	<u>3,513,785</u>	<u>3,513,785</u>	<u>-</u>	<u>3,700,445</u>
<b>NET POSITION, END OF YEAR</b>	<b><u>\$ 3,513,785</u></b>	<b><u>\$ 3,417,004</u></b>	<b><u>\$ (96,781)</u></b>	<b><u>\$ 3,513,785</u></b>

**CITY OF MARQUETTE, MICHIGAN**  
**MOTOR VEHICLE EQUIPMENT FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 417,769	\$ 162,704
Accounts receivable	20,132	23,325
Due from local units	1,658	6,046
Inventory	18,050	39,890
Prepaid expenses	67,259	10,162
<b>TOTAL CURRENT ASSETS</b>	<b>524,868</b>	<b>242,127</b>
Non-current Assets:		
Restricted Assets:		
Equipment reserve	1,008,591	1,005,440
Fuel system reserve	31,024	33,330
OPEB reserve	27,739	21,335
Compensated absences reserve	73,727	71,627
Total Restricted Assets	1,141,081	1,131,732
Land and other non-depreciable assets	-	-
Other capital assets, net of depreciation	1,371,763	1,676,743
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,512,844</b>	<b>2,808,475</b>
<b>TOTAL ASSETS</b>	<b>3,037,712</b>	<b>3,050,602</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	89,652	109,513
Accrued wages payable	10,756	17,663
<b>TOTAL CURRENT LIABILITIES</b>	<b>100,408</b>	<b>127,176</b>
Non-current Liabilities:		
Accrued compensated absences	73,727	71,627
Other post-employment benefits (OPEB)	27,739	21,335
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>101,466</b>	<b>92,962</b>
<b>TOTAL LIABILITIES</b>	<b>201,874</b>	<b>220,138</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
Net investment in capital assets	1,371,763	1,676,743
Restricted:		
Capital outlay	31,024	33,330
Unrestricted	1,433,051	1,120,391
<b>TOTAL NET POSITION</b>	<b>\$ 2,835,838</b>	<b>\$ 2,830,464</b>

**CITY OF MARQUETTE, MICHIGAN**

**MOTOR VEHICLE EQUIPMENT FUND**

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

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014		Variance with Final Budget Positive (Negative)	2013
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
<b>OPERATING REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Sales	244,000	204,643	(39,357)	191,881
Rentals	3,358,795	3,486,740	127,945	2,299,787
Reimbursements	10,000	59,239	49,239	37,300
Other	21,600	34,350	12,750	22,831
<b>TOTAL OPERATING REVENUES</b>	<b>3,634,395</b>	<b>3,784,972</b>	<b>150,577</b>	<b>2,551,799</b>
<b>OPERATING EXPENSES:</b>				
Administrative and General:				
Personnel services	793,365	817,651	(24,286)	599,738
Supplies and contractual	1,982,129	1,897,808	84,321	1,509,596
Provision for depreciation	507,000	612,142	(105,142)	616,774
Total Administrative and General	<u>3,282,494</u>	<u>3,327,601</u>	<u>(45,107)</u>	<u>2,726,108</u>
Capital outlay	-	81,521	(81,521)	27,203
<b>TOTAL OPERATING EXPENSES</b>	<b>3,282,494</b>	<b>3,409,122</b>	<b>(126,628)</b>	<b>2,753,311</b>
<b>OPERATING INCOME (LOSS)</b>	<b>351,901</b>	<b>375,850</b>	<b>23,949</b>	<b>(201,512)</b>
<b>NON-OPERATING REVENUES:</b>				
Investment income	2,500	3,818	1,318	4,313
Gain (loss) on sale of capital asset	3,000	(12,389)	(15,389)	-
<b>TOTAL NON-OPERATING REVENUES</b>	<b>5,500</b>	<b>(8,571)</b>	<b>(14,071)</b>	<b>4,313</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>357,401</b>	<b>367,279</b>	<b>9,878</b>	<b>(197,199)</b>
Transfers (out)	(357,401)	(361,905)	(4,504)	(140,000)
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>5,374</b>	<b>5,374</b>	<b>(337,199)</b>
Net position, beginning of year	2,830,464	2,830,464	-	3,167,663
<b>NET POSITION, END OF YEAR</b>	<b>\$ 2,830,464</b>	<b>\$ 2,835,838</b>	<b>\$ 5,374</b>	<b>\$ 2,830,464</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**

September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 48,095
Accounts receivable	-	-
<b>TOTAL ASSETS</b>	-	48,095
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>LIABILITIES</b>		
Accounts payable	-	-
<b>TOTAL LIABILITIES</b>	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-
<b>NET POSITION</b>		
L.G. Kaufman Ski Hill	-	13,055
Tourist Park Development	-	35,040
<b>TOTAL NET POSITION</b>	\$ -	\$ 48,095

**CITY OF MARQUETTE, MICHIGAN**  
**FIRE-POLICE RETIREMENT SYSTEM PENSION TRUST FUND**  
**COMPARATIVE STATEMENT OF PLAN NET POSITION**  
September 30, 2014 and June 30, 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 689,556	\$ 2,051,001
Investments:		
United States Government Securities	-	999,392
Domestic Corporation Bonds	5,025,032	3,933,997
Common, Pooled Mutual Fund	22,450,778	19,124,279
Government National Mortgage Association	183	307
Accounts receivable	-	80
Accrued interest receivable	88	52,809
	<u>28,165,637</u>	<u>26,161,865</u>
<b>TOTAL ASSETS</b>		
	<u>-</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>		
Accounts payable	-	4,710
	<u>-</u>	<u>4,710</u>
<b>TOTAL LIABILITIES</b>		
	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Held in trust for pension benefits	28,165,637	26,157,155
	<u>28,165,637</u>	<u>26,157,155</u>
<b>TOTAL NET POSITION</b>	<u>\$ 28,165,637</u>	<u>\$ 26,157,155</u>

**CITY OF MARQUETTE, MICHIGAN**  
**AGENCY FUND**  
**COMPARATIVE BALANCE SHEET**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 2,531,904	\$ 2,426,519
Accounts receivable	-	54
Taxes receivable - current	2,005,770	-
Taxes receivable - delinquent personal	19,588	25,217
<b>TOTAL ASSETS</b>	<b>\$ 4,557,262</b>	<b>\$ 2,451,790</b>
<b>LIABILITIES:</b>		
Contract retainage payable	\$ 22,123	\$ 50,902
Accrued wages	2,131,280	2,072,625
Due to State	321,041	14,397
Due to other governments	1,014,995	15,749
Due to local units	829,176	22,275
Other liabilities	238,647	275,842
<b>TOTAL LIABILITIES</b>	<b>\$ 4,557,262</b>	<b>\$ 2,451,790</b>

**CITY OF MARQUETTE, MICHIGAN**

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

September 30, 2014 and June 30, 2013

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at September 30, 2014</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 2,426,519	\$ 69,736,369	\$ 69,630,984	\$ 2,531,904
Accounts receivable	54	-	54	-
Taxes receivable - current	-	61,913,678	59,907,908	2,005,770
Taxes receivable - delinquent personal	<u>25,217</u>	<u>57,942</u>	<u>63,571</u>	<u>19,588</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,451,790</u>	<u>\$ 131,707,989</u>	<u>\$ 129,602,517</u>	<u>\$ 4,557,262</u>
<b>LIABILITIES:</b>				
Contract retainage payable	\$ 50,902	\$ 218,446	\$ 247,225	\$ 22,123
Accrued wages	2,072,625	9,822,465	9,763,810	2,131,280
Due to State	14,397	8,543,317	8,236,673	321,041
Due to other governments	15,749	31,733,110	30,733,864	1,014,995
Due to local units	22,275	23,168,408	22,361,507	829,176
Other liabilities	<u>275,842</u>	<u>35,834,092</u>	<u>35,871,287</u>	<u>238,647</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,451,790</u>	<u>\$ 109,319,838</u>	<u>\$ 107,214,366</u>	<u>\$ 4,557,262</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**

September 30, 2014

	<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	-	5,451,870	-	-	5,451,870
Building improvements	-	6,737,888	-	-	6,737,888
Furniture and equipment	-	-	1,448,508	-	1,448,508
Infrastructure	-	-	-	50,489,724	50,489,724
Construction in progress	-	-	-	1,482,996	1,482,996
<b>TOTAL</b>	<b><u>\$ 19,045,852</u></b>	<b><u>\$ 12,189,758</u></b>	<b><u>\$ 1,448,508</u></b>	<b><u>\$ 51,972,720</u></b>	<b><u>\$ 84,656,838</u></b>
<b>Investments in Governmental Capital Assets From:</b>					
General fund	\$ 14,352,744	\$ 5,028,044	\$ 854,396	\$ 32,221,994	\$ 52,457,178
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	19,202,964	22,058,163
<b>TOTAL</b>	<b><u>\$ 19,045,852</u></b>	<b><u>\$ 12,189,758</u></b>	<b><u>\$ 1,448,508</u></b>	<b><u>\$ 51,972,720</u></b>	<b><u>\$ 84,656,838</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 15-Month Fiscal Period Ended September 30, 2014

Function and Activity	Balance June 30, 2013	Additions	Deductions	Transfers	Balance September 30, 2014
<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	-	-	-	280,829
City Hall and Grounds	2,648,441	-	-	-	2,648,441
Other City Property	5,007,754	-	-	-	5,007,754
<b>Total General Government</b>	<b>7,970,188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,970,188</b>
<b>Public Health and Safety:</b>					
Police Department	288,091	14,977	-	-	303,068
Fire Department	555,159	-	-	-	555,159
<b>Total Public Health and Safety</b>	<b>843,250</b>	<b>14,977</b>	<b>-</b>	<b>-</b>	<b>858,227</b>
<b>Highways, Streets and Bridges:</b>					
City Engineer	130,834	-	-	-	130,834
Public Works	8,635,709	19,013	-	-	8,654,722
Infrastructure	49,319,720	154,656	-	1,015,348	50,489,724
Parking System	2,475,516	-	-	-	2,475,516
<b>Total Highways, Streets and Bridges</b>	<b>60,561,779</b>	<b>173,669</b>	<b>-</b>	<b>1,015,348</b>	<b>61,750,796</b>
<b>Other:</b>					
Sanitation	14,932	-	-	-	14,932
Recreation	12,536,535	-	-	-	12,536,535
Other	43,164	-	-	-	43,164
<b>Total Other</b>	<b>12,594,631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,594,631</b>
<b>TOTAL GOVERNMENTAL CAPITAL ASSETS</b>	<b>81,969,848</b>	<b>188,646</b>	<b>-</b>	<b>1,015,348</b>	<b>83,173,842</b>
Construction in progress	968,903	1,529,441	-	(1,015,348)	1,482,996
<b>GRAND TOTAL</b>	<b>\$ 82,938,751</b>	<b>\$ 1,718,087</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 84,656,838</b>

CITY OF MARQUETTE, MICHIGAN

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

September 30, 2014

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	303,068	-	-	-	-	303,068	-
Fire Department	555,159	32,296	14,663	154,155	205,899	148,146	-
<b>Total Public Health and Safety</b>	<b>858,227</b>	<b>32,296</b>	<b>14,663</b>	<b>154,155</b>	<b>205,899</b>	<b>451,214</b>	<b>-</b>
<b>Highways, Streets and Bridges:</b>							
City Engineer	130,834	-	-	-	-	130,834	-
Public Works	8,654,722	4,487,500	3,390,147	542,795	213,880	20,400	-
Infrastructure	50,489,724	-	-	-	-	-	50,489,724
Parking System	2,475,516	753,874	70,131	1,320,171	235,396	95,944	-
<b>Total Highways, Streets and Bridges</b>	<b>61,750,796</b>	<b>5,241,374</b>	<b>3,460,278</b>	<b>1,862,966</b>	<b>449,276</b>	<b>247,178</b>	<b>50,489,724</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>83,173,842</b>	<b>\$ 11,290,396</b>	<b>\$ 7,755,456</b>	<b>\$ 5,451,870</b>	<b>\$ 6,737,888</b>	<b>\$ 1,448,508</b>	<b>\$ 50,489,724</b>
Construction in progress	1,482,996						
<b>GRAND TOTAL</b>	<b>\$ 84,656,838</b>						

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

CITY OF MARQUETTE, MICHIGAN

SCHEDULE OF BONDS, AND NOTES PAYABLE -  
ENTERPRISE FUNDS

For the 15-Month Fiscal Period Ended September 30, 2014

Maturities Year Ending September 30,	WATER SUPPLY FUND											MARINAS FUND
	State Drinking Water Revolving Fund Loan	State Drinking Water Revolving Fund Loan	2006 Water Membrane Revenue Bonds (A)	2007 High Street Bonds	2008 Street Improvements Bonds (B)	2009 Capital Improvements Bonds (D)	2011 Street Improvements Bonds	2012 Capital Improvements Bonds	2013 Refunding Revenue Bonds	2013 Capital Improvements Bonds	2014 Capital Improvements Bonds	2014 Capital Improvements Bonds
	2009	2011	(A)	(B)	(B)	(D)						
2015	\$ -	\$ 20,000	\$ 160,000	\$ -	\$ 86,012	\$ 180,285	\$ 16,500	\$ 39,270	\$ 495,000	\$ 47,500	\$ 34,000	\$ 10,000
2016	25,000	20,000	165,000	16,036	88,469	178,500	17,050	40,205	505,000	48,750	34,000	10,000
2017	25,000	20,000	170,000	16,353	92,155	192,780	17,600	41,140	-	50,000	34,850	10,250
2018	25,000	25,000	-	16,563	97,070	205,275	18,150	42,075	-	51,250	35,700	10,500
2019	25,000	25,000	-	16,880	101,986	212,415	18,700	43,945	-	53,750	36,550	10,750
2020	25,000	25,000	-	17,197	105,671	221,340	19,250	44,880	-	55,000	37,400	11,000
2021	25,000	25,000	-	17,407	110,586	232,050	19,800	46,750	-	56,250	39,100	11,500
2022	25,000	25,000	-	17,619	115,501	249,900	20,350	47,685	-	57,500	39,950	11,750
2023	25,000	25,000	-	17,935	117,959	253,470	21,450	49,555	-	60,000	40,800	12,000
2024	25,000	30,000	-	18,251	124,103	264,180	22,550	50,490	-	61,250	42,500	12,500
2025	30,000	30,000	-	18,568	129,018	-	23,100	52,360	-	63,750	44,200	13,000
2026	30,000	30,000	-	18,885	135,161	-	24,200	54,230	-	65,000	45,900	13,500
2027	30,000	30,000	-	19,201	140,076	-	25,300	55,165	-	67,500	48,450	14,250
2028	30,000	30,000	-	19,518	146,234	-	-	57,035	-	68,750	50,150	14,750
2029	30,000	30,000	-	20,121	-	-	-	-	-	-	51,850	15,250
2030	35,058	30,000	-	-	-	-	-	-	-	-	-	-
2031	30,000	30,000	-	-	-	-	-	-	-	-	-	-
2032	-	33,908	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 410,058	\$ 483,908	\$ 495,000	\$ 250,534	\$ 1,590,001	\$ 2,190,195	\$ 264,000	\$ 664,785	\$ 1,000,000	\$ 806,250	\$ 615,400	\$ 181,000
Interest Rates	3%	3%	4%	2%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.0 - 3.0%	1.25%	2.95%	2.0 - 4.0%	2.0 - 4.0%
Interest Dates	April and October	April and October	May and November	April and October	May and November	May and November	April and October	May and November	May and November	February and August	April and October	April and October
Date of original issue	1/11/2010	6/24/2010	12/20/2006	3/29/2007	6/26/2008	5/5/2009	9/22/2012	8/7/2012	7/18/2013	9/13/2013	9/30/2014	9/30/2014
Amount of original issue *	\$ 391,439	\$ 44,072	\$ 1,440,000	\$ 342,318	\$ 2,058,137	\$ 2,989,875	\$ 295,900	\$ 704,055	\$ 1,490,000	\$ 867,500	\$ 615,400	\$ 181,000

Maturities Year Ending September 30,	SEWAGE DISPOSAL FUND										STORMWATER UTILITY FUND					
	State Act 94 Clean Water Assistance Loan Payable	State Revolving Fund Loan	State Revolving Fund Loan	2008 Street Improvements Bonds (B)	2009 Capital Improvements Bonds (D)	2011 Street Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	2014 Capital Improvements Bonds	2006 Street Improvements Bonds (B)	2007 High Street Bonds	2008 Street Improvements Bonds (C)	2009 Capital Improvements Bonds (C)	2011 Street Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds
	2009	2011		(B)	(D)					(B)		(C)	(C)			
2015	\$ -	\$ -	\$ 30,000	\$ 79,395	\$ 90,900	\$ 46,500	\$ 68,250	\$ 53,200	\$ 94,000	\$ 180,000	\$ -	\$ 70,350	\$ 20,705	\$ 27,000	\$ 32,550	\$ 30,400
2016	175,000	30,000	30,000	81,664	90,000	48,050	69,875	54,600	94,000	187,500	5,773	72,360	20,500	27,900	33,325	31,200
2017	180,000	30,000	30,000	85,067	97,200	49,600	71,500	56,000	96,350	195,000	5,887	75,375	22,140	28,800	34,100	32,000
2018	180,000	30,000	30,000	89,604	103,500	51,150	73,125	57,400	98,700	202,500	5,963	79,395	23,575	29,700	34,875	32,800
2019	185,000	35,000	30,000	94,140	107,100	52,700	76,375	60,200	101,050	210,000	6,077	83,415	24,395	30,600	36,425	34,400
2020	190,000	35,000	35,000	97,543	111,600	54,250	78,000	61,600	103,400	220,000	6,191	86,431	25,420	31,500	37,200	35,200
2021	195,000	35,000	35,000	102,080	117,000	55,800	81,250	63,000	108,100	227,500	6,267	90,451	26,550	32,400	38,750	36,000
2022	200,000	35,000	35,000	106,617	126,000	57,350	82,875	64,400	110,450	-	6,343	94,471	28,700	33,300	39,525	36,800
2023	200,000	35,000	35,000	108,885	127,800	60,450	86,125	67,200	112,800	-	6,457	96,481	29,110	35,100	41,075	38,400
2024	205,000	40,000	35,000	114,556	133,200	63,550	87,750	68,600	117,500	-	6,571	101,506	30,340	36,900	41,850	39,200
2025	210,000	40,000	35,000	119,093	-	65,100	91,000	71,400	122,200	-	6,684	105,526	-	37,800	43,400	40,800
2026	-	40,000	40,000	124,764	-	68,200	94,250	72,800	126,900	-	6,798	110,551	-	39,600	44,950	41,600
2027	-	40,000	40,000	129,301	-	71,300	95,875	75,600	133,950	-	6,912	114,571	-	41,400	45,725	43,200
2028	-	40,000	40,000	137,313	-	-	99,125	77,000	138,650	-	7,026	120,601	-	-	47,275	44,000
2029	-	40,000	40,000	-	-	-	-	143,350	-	-	7,244	-	-	-	-	-
2030	-	40,699	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	46,785	-	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 1,920,000	\$ 545,699	\$ 646,785	\$ 1,470,022	\$ 1,104,300	\$ 744,000	\$ 1,155,375	\$ 903,000	\$ 1,701,400	\$ 1,660,000	\$ 90,193	\$ 1,301,484	\$ 251,535	\$ 432,000	\$ 551,025	\$ 516,000
Interest Rates	2%	3%	3%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.0 - 3.0%	2.95%	2.0 - 4.0%	4%	2%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.0 - 3.0%	2.95%
Interest Dates	April and October	April and October	April and October	May and November	May and November	April and October	May and November	February and August	April and October	May and November	April and October	May and November	May and November	April and October	May and November	February and August
Date of original	3/9/2004	1/11/2010	6/24/2010	6/26/2008	5/5/2009	9/22/2012	8/7/2012	9/13/2013	9/30/2014	10/31/2006	3/29/2007	6/26/2008	5/5/2009	9/22/2012	8/7/2012	9/13/2013
Amount of original issue *	\$ 3,470,000	\$ 234,385	\$ 29,496	\$ 1,899,819	\$ 1,507,500	\$ 833,900	\$ 1,223,625	\$ 971,600	\$ 1,701,400	\$ 2,737,500	\$ 123,234	\$ 1,683,385	\$ 343,375	\$ 484,200	\$ 583,575	\$ 555,200

\* Applicable to fund

(A) Outstanding bonds are not subject to optional redemption.

(B) The bonds maturing in the years 2009 to 2018, inclusive, shall not be subject to optional redemption prior to maturity. The bonds, or portions of bonds in multiples of \$5,000 maturing in the years 2019 to 2028, inclusive, shall be subject to redemption at the option of the City in such order of maturity as the City shall determine and within a single maturity by lot on any date on or after May 1, 2018 at par plus accrued interest to the date fixed for redemption.

(C) 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.

(D) The bonds maturing in the years 2009 to 2018, inclusive, shall not be subject to optional redemption prior to maturity. The bonds, or portions of bonds in multiples of \$5,000 maturing in the years 2019 to 2028, inclusive, shall be subject to redemption at the option of the City in such order of maturity as the City shall determine and within a single maturity by lot on any date on or after May 1, 2018 at par plus accrued interest to the date fixed for redemption.

**CITY OF MARQUETTE, MICHIGAN**  
**COMPONENT UNITS**

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**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

September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,607,636	\$ 1,589,087
Internally designated assets:		
Customer electric rate stabilization fund	313,911	538,220
Coal imbursement fund	3,829,304	1,845,205
Turbine and major generating equipment overhaul fund	1,402,092	95,364
Replacement-risk retention fund	471,727	844,320
Improvement fund	500,000	690,697
Future generation fund	350,000	-
Accounts receivable, net	1,659,686	1,611,691
Inventory	4,181,322	3,909,204
Prepaid expenses	292,741	94,535
	<u>14,608,419</u>	<u>11,218,323</u>
<b>TOTAL CURRENT ASSETS</b>		
Non-current Assets:		
Restricted Assets:		
Bond and interest redemption fund	287,582	2,121
Bond reserve fund	724,970	720,003
Customer deposits	1,300,911	1,112,417
Pinehill landfill fund	13,811	13,804
	<u>2,327,274</u>	<u>1,848,345</u>
<b>TOTAL RESTRICTED ASSETS</b>		
Investment in UPPPA	3,126,008	2,931,855
Property, plant, and equipment	139,615,379	138,024,261
Accumulated depreciation	(94,686,914)	(91,628,022)
	<u>50,381,747</u>	<u>51,176,439</u>
<b>TOTAL NON-CURRENT ASSETS</b>		
	<u>64,990,166</u>	<u>62,394,762</u>
<b>TOTAL ASSETS</b>		
	<u>-</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	2,499,723	1,334,762
Accrued liabilities	322,392	147,476
Compensated absences	933,363	932,956
Customer deposits payable	1,325,503	1,217,322
Other current liabilities	384,073	336,765
	<u>5,465,054</u>	<u>3,969,281</u>
<b>TOTAL CURRENT LIABILITIES</b>		
Current Liabilities (payable from restricted assets):		
Current maturities on revenue bonds	825,000	795,000
Revenue bond accrued interest payable	50,150	-
	<u>875,150</u>	<u>795,000</u>
<b>TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)</b>		
Non-current Liabilities:		
Bonds payable	3,890,000	4,715,000
Unamortized bond premium	179,414	212,639
Other post-employment benefits (OPEB)	1,657,285	1,194,588
Reserve for turbine and major generating equipment overhaul	1,402,092	95,364
Postclosure costs - Landfill	450,440	460,456
	<u>7,579,231</u>	<u>6,678,047</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		
	<u>13,919,435</u>	<u>11,442,328</u>
<b>TOTAL LIABILITIES</b>		
	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	40,034,051	40,673,600
Restricted for:		
Other activities	2,327,274	735,928
Unrestricted	8,709,406	9,542,906
	<u>51,070,731</u>	<u>50,952,434</u>
<b>TOTAL NET POSITION</b>		
	<u>\$ 51,070,731</u>	<u>\$ 50,952,434</u>

**CITY OF MARQUETTE, MICHIGAN**  
**BOARD OF LIGHT AND POWER ELECTRIC UTILITY**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014	2013
<b>OPERATING REVENUES:</b>		
Electricity Sales:		
Urban	\$ 22,620,277	\$ 17,156,611
Rural	14,796,627	11,303,388
Sales to Alger-Delta Co-op	1,119,413	860,743
Sales to Wisconsin Electric Power Company	677,707	314,569
Street lighting	481,989	457,189
Other municipal departments	1,184,125	909,705
Rent and other	996,753	825,019
<b>TOTAL OPERATING REVENUES</b>	<b>41,876,891</b>	<b>31,827,224</b>
<b>OPERATING EXPENSES:</b>		
Administrative and general	9,540,627	7,267,507
Production	22,164,851	17,276,282
Purchased power	2,742,616	3,719,340
Distribution and transmission	1,616,403	1,304,687
Customer accounting	789,550	605,370
Payment in lieu of property taxes - City of Marquette	2,252,254	1,792,601
Provision for depreciation, excluding amounts charged to other operating expenses (2014 - \$144,209; 2013 - \$115,846)	3,076,017	2,386,068
<b>TOTAL OPERATING EXPENSES</b>	<b>42,182,318</b>	<b>34,351,855</b>
<b>INCOME/(LOSS) FROM OPERATIONS</b>	<b>(305,427)</b>	<b>(2,524,631)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Investment income	588,742	454,809
Delayed payment fees	-	43,050
Amortization of bond premium	33,225	26,580
Interest on refunding bonds	(282,550)	(263,000)
Other interest expense	-	(28,696)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>339,417</b>	<b>232,743</b>
<b>NET INCOME/(LOSS)</b>	<b>33,990</b>	<b>(2,291,888)</b>
Capital contributions from customers	84,307	54,912
<b>CHANGE IN NET POSITION</b>	<b>118,297</b>	<b>(2,236,976)</b>
Net position, beginning of year	50,952,434	53,189,410
<b>NET POSITION, END OF YEAR</b>	<b>\$ 51,070,731</b>	<b>\$ 50,952,434</b>

**CITY OF MARQUETTE, MICHIGAN**

BOARD OF LIGHT AND POWER ELECTRIC UTILITY

STATEMENT OF CASH FLOWS

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 41,828,896	\$ 31,425,088
Cash paid to suppliers and employees	<u>(36,177,234)</u>	<u>(33,144,741)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>5,651,662</u>	<u>(1,719,653)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(1,752,452)	(3,401,379)
Proceeds from sale of equipment	-	-
Principal payment on revenue bonds, notes payable and capital lease obligations	(795,000)	(765,000)
Capital contributions	84,307	54,912
Proceeds from issuance of bonds	-	-
Interest paid on revenue bonds and notes payable	<u>(232,400)</u>	<u>(263,000)</u>
<b>NET CASH (USED) FOR CAPITAL AND FINANCING ACTIVITIES</b>	<u>(2,695,545)</u>	<u>(4,374,467)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	579,281	479,778
Proceeds from maturities and sales of investment securities	14,419,256	5,659,807
Purchase of investments	<u>(17,936,105)</u>	<u>(1,433,258)</u>
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>(2,937,568)</u>	<u>4,706,327</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	18,549	(1,387,793)
Cash and cash equivalents, beginning of year	<u>1,589,087</u>	<u>2,976,880</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,607,636</u>	<u>\$ 1,589,087</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	<u>\$ (305,427)</u>	<u>\$ (2,524,631)</u>
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	3,220,226	2,501,914
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	(47,995)	(390,136)
(Increase) in inventory	(272,118)	(560,869)
(Increase)/Decrease in prepaid expenses	(198,206)	43,580
Increase/(Decrease) in accounts payable	1,164,961	262,256
Increase/(Decrease) in accrued wages and related liabilities	174,916	21,245
Increase/(Decrease) in accrued sick and vacation	407	6,099
Increase in customer deposits, including accrued interest	108,181	89,050
(Decrease) in landfill site postclosure care cost liability	(10,016)	(8,070)
Increase/(Decrease) in other post-employment benefits (OPEB)	462,697	(23,778)
Increase in reserve for turbine overhaul	1,306,728	(1,222,919)
Increase/(Decrease) in energy optimization program liability	<u>47,308</u>	<u>86,606</u>
<b>NET ADJUSTMENTS</b>	<u>5,957,089</u>	<u>804,978</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 5,651,662</u>	<u>\$ (1,719,653)</u>

**CITY OF MARQUETTE, MICHIGAN**

PETER WHITE PUBLIC LIBRARY

STATEMENT OF NET POSITION

September 30, 2014

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,091,183
Investments	769,109
Taxes receivable, net	88,369
Accounts receivable, net	13,783
Prepaid expenses	<u>14,616</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,977,060</u>
Non-current assets:	
Land and construction in progress	114,704
Other capital assets, net of depreciation	<u>4,057,859</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>4,172,563</u>
<b>TOTAL ASSETS</b>	<u>6,149,623</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	18,608
Accrued liabilities	24,177
Due to others	5,556
Bonds payable - due in one year	<u>305,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>353,341</u>
Non-current liabilities:	
Bonds payable - due in more than one year	995,000
Compensated absences	<u>99,883</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>1,094,883</u>
<b>TOTAL LIABILITIES</b>	<u>1,448,224</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Taxes levied for a subsequent period	<u>959,458</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>959,458</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,872,563
Restricted for:	
Debt services	117,693
Other activities	787,981
Unrestricted	<u>(36,296)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,741,941</u>

CITY OF MARQUETTE, MICHIGAN

PETER WHITE PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

For the 15-Month Fiscal Period Ended September 30, 2014

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
Recreation and culture	\$ 2,272,225	\$ 262,963	\$ 673,178	\$ (1,336,084)
Interest on long-term debt	57,900	-	-	(57,900)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 2,330,125</u>	<u>\$ 262,963</u>	<u>\$ 673,178</u>	<u>(1,393,984)</u>
		<b>General revenues:</b>		
		Property taxes		1,570,980
		Interest and investment earnings		136,274
		Proceeds on the sale of fixed assets		-
		Miscellaneous		<u>32,693</u>
		Total General Revenues		<u>1,739,947</u>
		<b>CHANGE IN NET POSITION</b>		345,963
		Net position, beginning of year, as restated		<u>3,395,978</u>
		<b>NET POSITION, END OF YEAR</b>		<u>\$ 3,741,941</u>

CITY OF MARQUETTE, MICHIGAN

PETER WHITE PUBLIC LIBRARY

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2014

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 727,364	\$ 4,256	\$ 359,563	\$ 1,091,183
Investments	-	769,109	-	769,109
Taxes receivable, net	64,358	-	24,011	88,369
Accounts receivable, net	13,783	-	-	13,783
Prepaid expenditures	14,616	-	-	14,616
<b>TOTAL ASSETS</b>	<u>820,121</u>	<u>773,365</u>	<u>383,574</u>	<u>1,977,060</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 820,121</u>	<u>\$ 773,365</u>	<u>\$ 383,574</u>	<u>\$ 1,977,060</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 18,440	\$ -	\$ 168	\$ 18,608
Accrued salaries and wages	24,177	-	-	24,177
Due to other funds	4,073	-	1,483	5,556
<b>TOTAL LIABILITIES</b>	<u>46,690</u>	<u>-</u>	<u>1,651</u>	<u>48,341</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes levied for a subsequent period	695,228	-	264,230	959,458
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>695,228</u>	<u>-</u>	<u>264,230</u>	<u>959,458</u>
<b>FUND BALANCE</b>				
Non-spendable	14,616	-	-	14,616
Restricted for:				
Debt service	-	-	117,693	117,693
Endowments	-	773,365	-	773,365
Unassigned	63,587	-	-	63,587
<b>TOTAL FUND BALANCE</b>	<u>78,203</u>	<u>773,365</u>	<u>117,693</u>	<u>969,261</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 820,121</u>	<u>\$ 773,365</u>	<u>\$ 383,574</u>	<u>\$ 1,977,060</u>

**CITY OF MARQUETTE, MICHIGAN**

**PETER WHITE PUBLIC LIBRARY**

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

September 30, 2014

Total Fund Balances for Governmental Funds \$ 969,261

*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	10,102,590	
Accumulated depreciation	<u>(5,930,027)</u>	4,172,563

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	(305,000)	
Bonds payable - due in more than one year	(995,000)	
Compensated absences	<u>(99,883)</u>	<u>(1,399,883)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,741,941**

CITY OF MARQUETTE, MICHIGAN

PETER WHITE PUBLIC LIBRARY

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the 15-Month Fiscal Period Ended September 30, 2014

	<b>General Fund</b>	<b>Carroll Paul Memorial Trust Fund</b>	<b>1997 Library Improvement Debt Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 1,146,829	\$ -	\$ 424,151	\$ 1,570,980
State sources	44,767	-	-	44,767
Local sources	458,086	-	-	458,086
Charges for services	67,982	-	-	67,982
Fine and forfeiture	150,680	-	-	150,680
Rentals	44,301	-	-	44,301
Contributions from private sources	170,325	-	-	170,325
Investment income	12,418	123,856	-	136,274
Other revenues	29,484	-	3,209	32,693
	<u>2,124,872</u>	<u>123,856</u>	<u>427,360</u>	<u>2,676,088</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES</b>				
Recreation and Culture:				
Personnel services	1,447,763	-	-	1,447,763
Supplies	145,261	-	-	145,261
Other services and charges	449,458	-	-	449,458
Capital outlay	139,067	6,228	520	145,815
Debt service:				
Principal retirement	-	-	295,000	295,000
Interest and fiscal charges	-	-	57,900	57,900
	<u>2,181,549</u>	<u>6,228</u>	<u>353,420</u>	<u>2,541,197</u>
<b>TOTAL EXPENDITURES</b>				
<b>NET REVENUES OVER EXPENDITURES</b>	(56,677)	117,628	73,940	134,891
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	56,250	-	-	56,250
Transfers (out)	-	(56,250)	-	(56,250)
	<u>56,250</u>	<u>(56,250)</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>NET CHANGE IN FUND BALANCE</b>	(427)	61,378	73,940	134,891
Fund balance, beginning of year, as restated	78,630	711,987	43,753	834,370
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 78,203</u>	<u>\$ 773,365</u>	<u>\$ 117,693</u>	<u>\$ 969,261</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 15-Month Fiscal Period Ended September 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 134,891

*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.

	\$	48,755	
Capital outlays		(158,453)	
Depreciation expense		-	
Net book value of disposals		-	(109,698)

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. 295,000

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 25,770

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 345,963**

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**  
September 30, 2014

	<b>Downtown Development Authority</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,735,002	\$ 689,784	\$ 2,424,786
Taxes receivable, net	380,422	-	380,422
Accounts receivable, net	24,250	-	24,250
Other assets	714	16	730
<b>TOTAL CURRENT ASSETS</b>	<b>2,140,388</b>	<b>689,800</b>	<b>2,830,188</b>
Non-current assets:			
Taxes receivable, net	-	1,589	1,589
Land and construction in progress	-	1,285,857	1,285,857
Other capital assets, net of depreciation	3,231,097	-	3,231,097
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,231,097</b>	<b>1,287,446</b>	<b>4,518,543</b>
<b>TOTAL ASSETS</b>	<b>5,371,485</b>	<b>1,977,246</b>	<b>7,348,731</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Receivables for developer obligations	-	2,842,400	2,842,400
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>2,842,400</b>	<b>2,842,400</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	154,085	32,584	186,669
Accrued liabilities	9,345	970	10,315
Accrued interest	4,948	36,775	41,723
Bonds payable - due in one year	-	75,000	75,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>168,378</b>	<b>145,329</b>	<b>313,707</b>
Non-current liabilities:			
Bonds payable	1,365,000	1,535,000	2,900,000
Long term obligations to developers	-	1,195,625	1,195,625
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,365,000</b>	<b>2,730,625</b>	<b>4,095,625</b>
<b>TOTAL LIABILITIES</b>	<b>1,533,378</b>	<b>2,875,954</b>	<b>4,409,332</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes levied for a subsequent period	518,390	445,443	963,833
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>518,390</b>	<b>445,443</b>	<b>963,833</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,866,097	105,000	1,971,097
Restricted	-	1,393,249	1,393,249
Unrestricted	1,453,620	-	1,453,620
<b>TOTAL NET POSITION</b>	<b>\$ 3,319,717</b>	<b>\$ 1,498,249</b>	<b>\$ 4,817,966</b>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

For the 15-Month Fiscal Period Ended September 30, 2014

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Governmental Activities:</b>						
Downtown Development Authority	\$ 1,190,407	\$ 212,401	\$ 48,591	\$ (929,415)	\$ -	\$ (929,415)
Brownfield Redevelopment Authority	304,996	-	-	-	(304,996)	(304,996)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,495,403</b>	<b>\$ 212,401</b>	<b>\$ 48,591</b>	<b>(929,415)</b>	<b>(304,996)</b>	<b>(1,234,411)</b>
<b>General revenues:</b>						
Property taxes				910,501	598,860	1,509,361
Interest and investment earnings				5,653	258	5,911
Miscellaneous				106,163	5,000	111,163
Total General Revenues				1,022,317	604,118	1,626,435
<b>CHANGE IN NET POSITION</b>				92,902	299,122	392,024
Net position, beginning of year, as restated				3,226,815	1,199,127	4,425,942
<b>NET POSITION, END OF YEAR</b>				<b>\$ 3,319,717</b>	<b>\$ 1,498,249</b>	<b>\$ 4,817,966</b>

**CITY OF MARQUETTE, MICHIGAN**

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

**STATEMENT OF NET POSITION**

September 30, 2014

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,735,002
Taxes receivable, net	380,422
Accounts receivable, net	24,250
Due from primary government	-
Other assets	<u>714</u>
<b>TOTAL CURRENT ASSETS</b>	<u>2,140,388</u>
Non-current assets:	
Other capital assets, net of depreciation	<u>3,231,097</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>3,231,097</u>
<b>TOTAL ASSETS</b>	<u>5,371,485</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	154,085
Accrued liabilities	9,345
Accrued interest	4,948
Bonds payable - due in one year	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>168,378</u>
Non-current liabilities:	
Bonds payable - due in more than one year	<u>1,365,000</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>1,365,000</u>
<b>TOTAL LIABILITIES</b>	<u>1,533,378</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Taxes levied for a subsequent period	<u>518,390</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>518,390</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,866,097
Unrestricted	<u>1,453,620</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,319,717</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the 15-Month Fiscal Period Ended September 30, 2014

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	\$ 1,111,509	\$ 212,401	\$ 48,591	\$ (850,517)
Interest on long-term debt	78,898	-	-	(78,898)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 1,190,407</u>	<u>\$ 212,401</u>	<u>\$ 48,591</u>	<u>(929,415)</u>
		<b>General revenues:</b>		
		Property taxes		910,501
		Interest and investment earnings		5,653
		Gain on the sale of capital assets		-
		Miscellaneous		106,163
				<u>1,022,317</u>
		Total General Revenues		<u>1,022,317</u>
		<b>CHANGE IN NET POSITION</b>		92,902
		Net position, beginning of year		<u>3,226,815</u>
		<b>NET POSITION, END OF YEAR</b>		<u>\$ 3,319,717</u>

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
September 30, 2014

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,735,002	\$ 1,735,002
Taxes receivable, net	380,422	380,422
Accounts receivable, net	24,250	24,250
Other assets	714	714
<b>TOTAL ASSETS</b>	<b>2,140,388</b>	<b>2,140,388</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,140,388</b>	<b>\$ 2,140,388</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 154,085	\$ 154,085
Accrued salaries and wages	9,345	9,345
<b>TOTAL LIABILITIES</b>	<b>163,430</b>	<b>163,430</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes levied for a subsequent period	518,390	518,390
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>518,390</b>	<b>518,390</b>
<b>FUND BALANCE</b>		
Restricted	-	-
Unassigned	1,458,568	1,458,568
<b>TOTAL FUND BALANCE</b>	<b>1,458,568</b>	<b>1,458,568</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 2,140,388</b>	<b>\$ 2,140,388</b>

**CITY OF MARQUETTE, MICHIGAN**

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

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

September 30, 2014

Total Fund Balances for Governmental Funds \$ 1,458,568

*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	4,561,025	
Accumulated depreciation	<u>(1,329,928)</u>	3,231,097

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	-
Bonds payable	(1,365,000)
Accrued interest on bonds	<u>(4,948)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,319,717**

**CITY OF MARQUETTE, MICHIGAN**  
NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the 15-Month Fiscal Period Ended September 30, 2014

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>		
Property taxes	\$ 910,501	\$ 910,501
State sources	38,591	38,591
Intergovernmental revenues	10,000	10,000
Charges for services	50,134	50,134
Rentals	162,267	162,267
Investment income	5,653	5,653
Other	106,163	106,163
<b>TOTAL REVENUES</b>	1,283,309	1,283,309
<b>EXPENDITURES</b>		
Current operations:		
General government	874,854	874,854
Capital outlay	142,194	142,194
Debt service		
Principal retirement	135,000	135,000
Interest and fiscal charges	128,325	128,325
<b>TOTAL EXPENDITURES</b>	1,280,373	1,280,373
<b>NET REVENUES OVER EXPENDITURES</b>	2,936	2,936
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	-
Transfers (out)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-
<b>NET CHANGE IN FUND BALANCE</b>	2,936	2,936
Fund balance, beginning of year	1,455,632	1,455,632
<b>FUND BALANCE, END OF YEAR</b>	\$ 1,458,568	\$ 1,458,568

**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 15-Month Fiscal Period Ended September 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	2,936
 <i>Amounts reported for governmental activities in the statement of activities is different because:</i>		
 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	\$ 128,723
	Depreciation expense	(223,184)
	Net book value of disposals	<u>-</u>
		(94,461)
 Interest on long-term debt is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount of accrued interest recognized in the Statement of Activities.		
		49,427
 Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of net Position.		
		135,000
		<hr/>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>92,902</u></b>

**CITY OF MARQUETTE, MICHIGAN**

NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

September 30, 2014

	Governmental Activities
	<u>                    </u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 689,784
Taxes receivable, net	-
Accounts receivable, net	-
Due from primary government	-
Other assets	<u>16</u>
<b>TOTAL CURRENT ASSETS</b>	<u>689,800</u>
Non-current assets:	
Taxes receivable, net	1,589
Land and construction in progress	<u>1,285,857</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,287,446</u>
<b>TOTAL ASSETS</b>	<u>1,977,246</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Receivables for developer obligations	<u>2,842,400</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,842,400</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	32,584
Accrued liabilities	970
Accrued interest	36,775
Bonds payable for capital assets- due in one year	60,000
Bonds payable for developer - due in one year	<u>15,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>145,329</u>
Non-current liabilities:	
Bonds payable for capital assets - due in more than one year	1,150,000
Bonds payable for developer - due in more than one year	385,000
Long term obligations to developers	<u>1,195,625</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>2,730,625</u>
<b>TOTAL LIABILITIES</b>	<u>2,875,954</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Taxes levied for a subsequent period	<u>445,443</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>445,443</u>
<b>NET POSITION</b>	
Net investment in capital assets	105,000
Restricted	<u>1,393,249</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,498,249</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the 15-Month Fiscal Period Ended September 30, 2014

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	\$ 224,409	\$ -	\$ -	\$ (224,409)
Interest on long-term debt	80,587	-	-	(80,587)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 304,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(304,996)</u>
		<b>General revenues:</b>		
		Property taxes		598,860
		Interest and investment earnings		258
		Miscellaneous		<u>5,000</u>
			Total General Revenues	<u>604,118</u>
			<b>CHANGE IN NET POSITION</b>	299,122
		Net position, beginning of year, as restated		<u>1,199,127</u>
		<b>NET POSITION, END OF YEAR</b>		<u>\$ 1,498,249</u>

**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**COMPARATIVE BALANCE SHEET**  
September 30, 2014 and June 30, 2013

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 689,784	\$ 244,020
Taxes receivable, net	1,589	-
Other assets	16	288
<b>TOTAL ASSETS</b>	<b>691,389</b>	<b>244,308</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 691,389</b>	<b>\$ 244,308</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 32,584	\$ 39,249
Accrued salaries and wages	970	932
<b>TOTAL LIABILITIES</b>	<b>33,554</b>	<b>40,181</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes levied for a subsequent period	445,443	-
<b>FUND BALANCE</b>		
Restricted	212,392	204,127
Unassigned	-	-
<b>TOTAL FUND BALANCE</b>	<b>212,392</b>	<b>204,127</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 691,389</b>	<b>\$ 244,308</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

September 30, 2014

Total Fund Balances for Governmental Funds \$ 212,392

*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	1,285,857	
Accumulated depreciation	<u>-</u>	1,285,857

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	2,842,400
---------------------------------------	-----------

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	(60,000)	
Current portion of bonds payable for developer	(15,000)	
Accrued interest on bonds	(36,775)	
Bonds payable for capital assets	(1,150,000)	
Bonds payable for developer	(385,000)	
Long term obligations to developers	<u>(1,195,625)</u>	<u>(2,842,400)</u>

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,498,249</u></b>
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**CITY OF MARQUETTE, MICHIGAN**  
**NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the 15-Month Fiscal Period Ended September 30, 2014  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2013

	2014	2013
<b>REVENUES</b>		
Property taxes	\$ 598,860	\$ 246,422
Private contribution	5,000	-
Investment income	258	478
	<b>TOTAL REVENUES</b>	<b>246,900</b>
	604,118	246,900
<b>EXPENDITURES</b>		
Current operations:		
General government	30,973	20,722
Economic development:		
Supplies and contractual	474,705	61,526
Capital outlay	290,857	127,449
Debt service		
Principal retirement	50,000	50,000
Interest and fiscal charges	58,662	60,138
	<b>TOTAL EXPENDITURES</b>	<b>319,835</b>
	905,197	319,835
<b>NET REVENUES OVER EXPENDITURES</b>	(301,079)	(72,935)
<b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of debt	320,000	-
Bond issuance expense	(10,656)	-
	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>
	309,344	-
<b>NET CHANGE IN FUND BALANCE</b>	8,265	(72,935)
Fund balance, beginning of year, as restated	204,127	277,062
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 212,392</b>	<b>\$ 204,127</b>

**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 15-Month Fiscal Period Ended September 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 8,265

*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	\$ 290,857	
Depreciation expense	-	
Net book value of disposals	<u>-</u>	290,857

Proceeds from debt issues are an other financing source in the fund, but a debt issue increases long-term liabilities in the statement of net position (320,000)

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental fund, an interest expenditure is reported when due. (21,925)

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

Payment of long-term obligations to developers is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position 291,925

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 299,122**

# 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.	216 - 220
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	221 - 225
<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	226 - 230
<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.	231 - 233
<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.	234 - 235

**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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 24,635,549	\$ 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
Restricted	1,873,995	719,411	1,593,378	4,606,252	4,007,127	4,892,891	585,942	568,371	548,317	528,637
Unrestricted	15,046,757	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
Total Governmental Activities										
Net Position / Net Assets	<u>\$ 41,556,301</u>	<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>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 33,852,800	\$ 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
Restricted	2,714,043	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
Unrestricted	474,848	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
Total Business-Type Activities										
Net Position / Net Assets	<u>\$ 37,041,691</u>	<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>
<b>Primary Government</b>										
Net investment in capital assets	\$ 58,488,349	\$ 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
Restricted	4,588,038	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
Unrestricted	15,521,605	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
Total Primary Government										
Net Position / Net Assets	<u>\$ 78,597,992</u>	<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>

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

Table 2

	Fiscal Year									
	2014 *	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 5,581,640	\$ 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
Public health & Safety	8,866,452	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
Public works	4,302,325	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
Highway and streets	3,089,215	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
Social services	642,198	462,412	436,476	492,859	731,239	343,338	355,193	511,948	503,334	503,334
Sanitation	1,914,121	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
Community services / Recreation and culture	1,866,955	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
Interest on long-term debt	887,454	761,123	804,326	834,359	851,422	772,285	853,910	750,760	845,767	504,304
Depreciation - unallocated	2,502,444	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
Total Governmental Activities Expenses	29,652,804	23,619,682	22,760,784	21,731,080	21,862,290	20,868,136	20,234,384	19,231,088	18,982,655	17,735,834
<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
Water supply	6,124,462	4,305,265	3,930,948	3,808,792	3,618,265	-	-	-	-	-
Sewage disposal	6,861,865	5,386,190	5,175,685	4,487,815	4,514,472	-	-	-	-	-
Storm water utility	1,511,338	1,336,185	1,030,096	977,864	1,039,131	868,957	1,032,765	891,632	866,257	680,791
Community services / Recreation and culture	1,075,127	565,480	564,667	652,173	385,378	390,939	381,359	394,386	374,433	364,786
Intermodal transportation terminal	-	-	-	-	-	-	-	959,368	86,003	156,177
Total Business-Type Activities Expenses	15,572,792	11,593,120	10,701,396	9,926,644	9,557,246	8,582,340	7,994,516	8,757,859	7,666,524	7,096,855
Total Primary Government Expenses	\$ 45,225,596	\$ 35,212,802	\$ 33,462,180	\$ 31,657,724	\$ 31,419,536	\$ 29,450,476	\$ 28,228,900	\$ 27,988,947	\$ 26,649,179	\$ 24,832,689
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<b>Charges for Services</b>										
General government	\$ 1,359,826	\$ 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
Public health	245,345	128,350	189,761	205,175	418,443	290,421	279,723	202,071	202,388	183,381
Public works	1,295,786	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
Sanitation	2,048,511	1,478,213	1,249,960	1,377,460	1,240,711	1,363,959	1,470,423	1,255,621	1,157,631	2,065,969
Community services / Recreation and culture	676,196	544,566	532,742	467,299	834,142	817,726	786,183	905,996	809,727	803,526
Operating grants and contributions	2,953,384	934,124	2,493,779	2,274,909	2,522,298	2,656,662	2,560,546	2,392,818	5,446,027	2,185,688
Capital grants and contributions	51,348	202,303	135,860	353,012	93,471	91,364	68,771	114,702	647,205	265,770
Total Governmental Activities Program Revenues	8,630,396	5,466,188	7,156,228	7,346,024	7,543,563	7,674,911	7,450,752	7,283,711	10,541,913	8,129,380
<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
Water supply	5,061,909	4,281,048	4,266,009	3,868,444	3,693,265	-	-	-	-	-
Sewage disposal	6,609,593	5,163,824	5,038,605	4,628,946	3,617,124	-	-	-	-	-
Storm water utility	1,414,643	1,045,493	1,097,036	999,570	1,030,634	936,336	862,805	867,963	709,859	649,034
Community services / Recreation and culture	1,025,237	496,962	518,836	562,924	343,235	260,882	268,309	284,838	281,296	258,940
Intermodal transportation terminal	-	-	-	-	-	-	-	26,631	35,531	63,963
Operating grants and contributions	-	-	69,271	346,411	11,111	6,830	18,095	25,057	9,000	173,320
Capital grants and contributions	729,426	749,985	-	-	-	533,000	-	-	-	-
Total Business-Type Activities Program Revenues	14,840,808	11,737,312	10,989,757	10,406,295	8,695,369	8,208,573	7,244,681	7,229,848	6,950,416	6,872,125
Total Primary Government Program Revenues	\$ 23,471,204	\$ 17,203,500	\$ 18,145,985	\$ 17,752,319	\$ 16,238,932	\$ 15,883,484	\$ 14,695,433	\$ 14,513,559	\$ 17,492,329	\$ 15,001,605
<b>Net (Expense) Revenue</b>										
Governmental Activities	\$ (21,022,408)	\$ (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)
Business-Type Activities	(731,984)	144,192	288,361	479,651	(861,877)	(373,767)	(749,835)	(1,528,011)	(716,108)	(224,730)
Total Primary Government Net Expense	\$ (21,754,392)	\$ (18,009,302)	\$ (15,316,195)	\$ (13,905,405)	\$ (15,180,604)	\$ (13,566,992)	\$ (13,533,467)	\$ (13,475,388)	\$ (9,156,850)	\$ (9,831,184)
<b>General Revenues and Other Changes in Net Position / Net Assets</b>										
<b>Governmental Activities</b>										
<b>Taxes</b>										
Property taxes	\$ 13,128,364	\$ 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
Payments in lieu of taxes	4,225,696	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
Unrestricted state sources	2,544,745	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
Interest and investment earnings	134,258	(47,473)	251,226	119,309	251,949	242,842	482,029	827,856	255,506	88,521
Gain on sale of capital assets	9,539	1,262	(51,757)	61,862	1,543,022	1,025,349	-	-	-	-
Miscellaneous	352,322	154,680	265,949	112,539	350,313	410,760	432,952	138,306	133,747	69,510
Transfers	(166,410)	(50,247)	(35,321)	(106,128)	(40,056)	(69,625)	(1,718,975)	1,551,006	(842,977)	(420,516)
Total Governmental Activities	20,228,484	16,191,889	14,582,522	13,782,976	15,618,862	14,361,335	12,616,767	14,763,322	11,289,646	10,282,492
<b>Business-Type Activities</b>										
Interest and investment earnings	18,541	7,342	9,934	18,001	29,350	58,724	61,743	74,054	230,576	233,480
Gain on sale of capital assets	-	5,942	-	-	-	-	-	-	-	-
Miscellaneous	-	-	16,864	497,871	-	80	15,217	3,838	91,116	-
Extraordinary item - Winter Storm Damage	(362,058)	-	-	-	-	-	-	-	-	-
Transfers	166,410	50,247	35,321	106,128	40,056	69,625	1,718,975	(1,551,006)	842,977	420,516
Total Business-Type Activities	(177,107)	63,531	62,119	106,128	69,406	128,429	1,795,935	(1,473,114)	1,164,669	653,996
Total Primary Government	\$ 20,051,377	\$ 16,255,420	\$ 14,644,641	\$ 14,404,976	\$ 15,688,268	\$ 14,489,764	\$ 14,412,702	\$ 13,290,208	\$ 12,454,315	\$ 10,936,488
<b>Change in Net Position / Net Assets</b>										
Governmental activities	\$ (793,924)	\$ (1,961,605)	\$ (1,022,034)	\$ (602,080)	\$ 1,300,135	\$ 1,168,110	\$ (166,865)	\$ 2,815,945	\$ 2,848,904	\$ 676,038
Business-type activities	(909,091)	207,723	350,480	1,101,651	(782,471)	(245,338)	1,046,100	(3,001,125)	449,561	429,286
Total Primary Government	\$ (1,703,015)	\$ (1,753,882)	\$ (671,554)	\$ 499,571	\$ 507,664	\$ 922,772	\$ 879,235	\$ (185,180)	\$ 3,297,465	\$ 1,105,304

\* 2014 is a 15-month fiscal year

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Reserved	n/a	n/a	n/a	n/a	\$ 691,862	\$ 378,019	\$ 155,423	\$ 362,919	\$ 507,146	\$ 639,116
Unreserved	n/a	n/a	n/a	n/a	8,905,813	7,914,661	7,525,536	6,212,319	3,858,518	3,501,239
Non-spendable*	\$ 529,534	\$ 329,423	\$ 307,355	\$ 496,921	n/a	n/a	n/a	n/a	n/a	n/a
Restricted*	223,793	245,597	240,180	3,159,710	n/a	n/a	n/a	n/a	n/a	n/a
Assigned*	2,888,016	1,503,235	1,501,129	1,498,974	n/a	n/a	n/a	n/a	n/a	n/a
Unassigned*	9,008,005	8,726,900	8,754,851	4,184,567	n/a	n/a	n/a	n/a	n/a	n/a
Total General Fund	<u>\$ 12,649,348</u>	<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>
All Other Governmental Funds										
Reserved	n/a	n/a	n/a	n/a	\$ 1,275,722	\$ 1,653,133	\$ 630,978	\$ 738,103	\$ 1,005,637	\$ 1,374,127
Unreserved, reported in:										
Special revenue funds	n/a	n/a	n/a	n/a	229,228	1,587,331	1,552,428	2,435,075	2,689,965	42,347
Capital projects funds	n/a	n/a	n/a	n/a	-	108,103	108,103	4,472,029	-	-
Debt service funds	n/a	n/a	n/a	n/a	509,681	394,785	298,078	-	-	-
Non-spendable*	\$ 744,640	\$ 693,924	\$ 669,565	\$ 659,186	n/a	n/a	n/a	n/a	n/a	n/a
Restricted*	483,532	416,098	343,358	259,636	n/a	n/a	n/a	n/a	n/a	n/a
Assigned*	1,914,986	1,696,230	1,611,847	1,348,749	n/a	n/a	n/a	n/a	n/a	n/a
Total All Other Governmental Funds	<u>\$ 3,143,158</u>	<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>

\* - 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									
	2014 *	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues</b>										
Taxes	\$ 17,400,992	\$ 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
Federal and state sources	4,996,865	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
Fines and penalties	136,239	113,071	158,192	175,456	298,052	192,373	143,942	99,652	95,917	137,572
Charges for services	4,565,487	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
Special assessments	14,114	(23,167)	24,903	32,747	57,507	57,896	61,428	44,179	89,813	63,506
Intergovernmental	383,980	291,264	275,607	261,402	266,980	229,846	205,282	162,210	143,489	128,399
Investment income	136,093	(46,464)	251,125	118,982	265,207	231,468	502,924	838,865	255,506	88,521
Other revenues	1,391,520	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
<b>Total Revenues</b>	<b>29,025,290</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>Expenditures</b>										
General government	5,318,165	4,095,556	3,404,021	3,299,714	3,310,799	3,778,091	3,277,349	3,148,954	3,032,209	3,143,688
Public health and safety	8,802,764	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
Public works	4,350,493	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
Highway and streets	3,206,071	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
Social services and community development	634,993	458,863	435,328	489,211	818,720	730,012	341,963	355,193	511,948	503,334
Sanitation	1,946,799	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
Community services / Recreation and culture	1,437,392	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
Capital outlay	1,629,475	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
Other expenditures	-	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-	-
Debt Service										
Professional and contractual	31,950	36,242	15,595	345	877	59,114	-	298,796	-	-
Principal	1,427,363	1,205,973	1,111,502	1,042,166	1,228,215	2,270,127	1,437,359	952,788	918,575	874,138
Interest	795,144	780,142	789,076	813,055	853,446	799,126	906,149	628,993	855,638	499,388
<b>Total Expenditures</b>	<b>29,580,609</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>
Excess of revenues over (under) expenditures	(555,319)	(1,483,688)	496,796	(231,067)	(945,289)	(2,232,117)	(5,445,451)	(1,515,527)	2,966,300	(7,351,388)
<b>Other Financing Sources (Uses)</b>										
Proceeds from borrowing	4,512,900	1,253,745	1,076,000	-	-	5,959,250	3,209,234	10,819,061	-	5,000,000
Premium on bond issuance	78,578	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	(2,315,000)	-	-	-	-	(2,447,038)	-	-	-	-
Transfers in	4,301,543	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
Transfers out	(3,841,603)	(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)
Extraordinary item - Flood Costs	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,736,418</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>Net change in fund balances</b>	<b>\$ 2,181,099</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>
Debt Service as a Percentage of Non-capital Expenditures	7.98%	9.15%	9.46%	9.18%	10.00%	14.23%	11.85%	8.75%	9.94%	5.95%

\* 2014 is a 15-month fiscal year

CITY OF MARQUETTE, MICHIGAN  
General Governmental Expenditures by Functions <sup>(A)</sup>

Last Ten Fiscal Years

	2014 *	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government	\$ 5,318,165	\$ 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
Public Health and Safety	8,802,764	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
Highways, Streets and Bridges	7,556,564	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
Sanitation	1,946,799	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
Social Services	634,993	458,863	435,328	489,211	818,720	730,012	341,963	355,193	511,948	503,334
Recreation and Culture	1,437,392	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
Capital Outlay	1,629,475	1,333,372	1,268,591	1,031,817	2,825,517	798,282	299,780	367,866	40,497	69,390
Debt Service	13,676	13,910	15,250	-	199,631	462,000	485,028	485,595	486,078	484,231
<b>TOTALS</b>	<b>\$ 27,339,828</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>

<sup>(A)</sup> Includes General and Special Revenue Funds  
\* 2014 is a 15-month fiscal year

## CITY OF MARQUETTE, MICHIGAN

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

## Last Ten Fiscal Years

	2014 *	2013	2012	2011	2010	2009	2008	2007	2006	2005
Property Taxes	\$ 13,175,326	\$ 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
Payments in lieu of property taxes	4,225,666	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
State and Federal sources	4,996,865	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
Intergovernmental revenue	383,980	291,264	275,607	261,402	266,980	229,846	205,282	162,210	143,489	128,399
Licenses and permits	47,364	33,492	35,076	37,472	36,928	35,078	33,354	33,574	28,250	36,243
Charges for services	4,531,042	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
Sales	49,080	48,167	18,415	23,379	159,410	170,526	162,349	177,963	173,771	166,466
Use and admission fees	446,695	415,920	445,101	442,141	667,473	635,285	622,400	680,392	580,624	592,834
Fines and forfeits	136,239	113,071	158,192	175,456	298,052	192,373	143,942	99,652	95,917	137,572
Rentals	185,228	122,159	130,515	119,710	90,949	88,727	83,776	158,526	135,111	126,317
Special assessments	14,114	(23,167)	24,903	32,747	57,507	57,896	61,428	44,179	89,813	63,506
Sale of assets	9,540	1,262	201,614	61,862	1,543,122	1,025,349	251,171	-	908	11,721
Contribution from private sources	208,640	216,197	173,332	403,618	131,814	92,542	103,756	124,718	107,630	21,915
Reimbursements	303,668	148,441	87,621	36,037	44,632	124,190	268,727	49,910	53,771	40,090
Investment income	141,452	(1,313)	234,182	131,691	250,856	241,972	402,363	614,673	172,377	21,945
Other revenue	95,892	54,791	256,903	165,692	368,254	377,068	253,355	192,255	113,380	53,029
<b>TOTAL</b>	<b>\$ 28,950,791</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>

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

\* 2014 is a 15-month fiscal year

CITY OF MARQUETTE, MICHIGAN  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years

<u>Fiscal Year Ended</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct</u>
June 30, 2005	\$ 518,825,918	\$ 919,595,096	\$ 200,286,600	\$ 670,000,000	\$ 968,707,614	15.948
June 30, 2006	599,036,634	893,544,328	198,964,000	669,738,800	1,021,806,162	16.923
June 30, 2007	677,157,600	942,051,800	201,124,600	671,612,000	1,148,722,000	17.458
June 30, 2008	745,172,800	972,932,800	201,442,400	671,485,600	1,248,062,400	17.342
June 30, 2009	807,892,400	1,015,862,600	193,538,600	671,909,200	1,345,384,400	17.283
June 30, 2010	830,577,700	1,031,887,000	201,423,800	672,005,600	1,391,882,900	17.283
June 30, 2011	838,863,600	1,028,459,800	200,971,400	672,231,000	1,396,063,800	17.263
June 30, 2012	847,599,900	1,030,654,000	201,107,200	675,404,400	1,403,956,700	17.253
June 30, 2013	875,868,800	1,018,676,400	207,203,800	675,331,400	1,426,417,600	17.243
September 30, 2014	883,211,800	1,113,465,600	220,136,800	675,331,400	1,541,482,800	17.143

**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	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		
June 30, 2005	13.710	-	1.418	0.820	15.948	7.600	9.762	33.310	
June 30, 2006	14.710	-	1.413	0.800	16.923	7.600	9.678	34.201	
June 30, 2007	15.273	-	1.405	0.780	17.458	7.500	9.622	34.580	
June 30, 2008	15.273	-	1.389	0.680	17.342	7.300	9.520	34.162	
June 30, 2009	15.273	-	1.370	0.640	17.283	7.200	9.421	33.904	
June 30, 2010	14.923	0.350	1.370	0.640	17.283	7.200	9.447	33.930	
June 30, 2011	14.923	0.350	1.370	0.620	17.263	6.950	9.721	33.934	
June 30, 2012	14.923	0.350	1.370	0.620	17.263	6.950	9.910	34.123	
June 30, 2013	14.923	0.350	1.370	0.600	17.243	6.900	9.945	34.088	
September 30, 2014	14.923	0.350	1.370	0.500	17.143	6.550	9.844	33.537	

**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	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WE Energies	\$ 108,347,000	1	15.29%	\$ 95,794,700	1	20.07%
DLP Marquette General Hospital	\$ 59,176,100	2	8.35%			
Marquette Medical Dental Center	11,738,448	3	1.66%	9,321,214	2	1.95%
Pioneer Laboratories, Inc.	5,069,625	4	0.72%			
American Transmission Co. LLC	5,025,500	5	0.71%			
O'Dovero Properties	4,670,628	6	0.66%	4,225,475	3	0.89%
HJ Larson & Associates, Inc	4,552,962	7	0.64%	3,732,098	5	0.78%
Tourville, Inc.	4,395,942	8	0.62%	3,828,265	4	0.80%
TJ & RM Larson, Inc	3,476,700	9	0.49%			
Mill Creek Community LLC	3,141,199	10	0.44%			
Shopko Properties Spe. Real Estate				2,701,499	6	0.57%
Wells Fargo Bank				2,681,332	7	0.56%
Marquette General Hospital				2,282,474	8	0.48%
Centrup Properties, LLC				2,067,115	9	0.43%
Tourville North Apartments				2,042,573	10	0.43%
Total	<u>\$ 209,594,104</u>		<u>29.58%</u>	<u>\$ 128,676,745</u>		<u>26.96%</u>

Source: City of Marquette Assessor's Department.

## CITY OF MARQUETTE, MICHIGAN

## Property Tax Levies and Collections

## Last Ten Fiscal Years

Fiscal Year Ended	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
June 30, 2005	\$ 7,259,943	\$ 7,259,943	100.00%	\$ 5,722	\$ 7,259,943	100.00%
June 30, 2006	8,075,509	8,075,509	100.00%	34,008	8,075,509	100.00%
June 30, 2007	8,812,414	8,812,414	100.00%	4,529	8,812,414	100.00%
June 30, 2008	9,252,961	9,252,961	100.00%	7,450	9,252,961	100.00%
June 30, 2009	9,996,011	9,996,011	100.00%	5,209	9,996,011	100.00%
June 30, 2010	10,531,476	10,509,182	99.79%	12,073	10,521,255	99.90%
June 30, 2011	10,550,308	10,480,552	99.34%	25,204	10,505,757	99.58%
June 30, 2012	10,742,698	10,678,804	99.41%	22,401	10,701,205	99.61%
June 30, 2013	11,085,214	11,026,051	99.47%	15,856	11,041,907	99.61%
September 30, 2014	12,431,713	12,407,485	99.81%	20,697	12,428,182	99.97%

**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			
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
2014	18,509,963	-	-	-	414,369	160,342	-	8,860,650	10,393,327	193,674	4,836,059	43,368,384	6.24%	2,031

\* - 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>
2005	\$ 16,332,371	1.69%	\$ 790.38
2006	15,413,795	1.51%	748.93
2007	20,280,068	1.77%	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
2014	19,084,674	1.24%	892.52

**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 September 30, 2014

Governmental Unit	Overlapping Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Overlapping Debt
<b>DIRECT DEBT</b>			
City of Marquette	\$ 19,084,674	100.00%	\$ 19,084,674
		TOTAL DIRECT DEBT	<u>19,084,674</u>
<b>OVERLAPPING DEBT</b>			
County School District	2,730,000	62.31%	1,701,063
Library Improvements	130,000	100.00%	130,000
Tax Increment Bonds - DDA	1,365,000	100.00%	1,365,000
2010 Capital Improvement - BRFA	890,000	100.00%	890,000
2010 Recovery Zone Facility - BRFA	400,000	100.00%	400,000
2013 Capital Improvement - BRFA	320,000	100.00%	<u>320,000</u>
		TOTAL OVERLAPPING DEBT	<u>4,806,063</u>
		<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u><u>\$ 23,890,737</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	\$ 77,218,149	\$ 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
Total net debt applicable to limit	19,084,674	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
Legal Debt Margin	<u>\$ 58,133,475</u>	<u>\$ 53,328,481</u>	<u>\$ 52,253,205</u>	<u>\$ 51,823,058</u>	<u>\$ 48,878,080</u>	<u>\$ 46,553,156</u>	<u>\$ 40,351,177</u>	<u>\$ 29,993,107</u>	<u>\$ 28,794,429</u>	<u>\$ 24,864,536</u>
Total net debt applicable to the limit as a percentage of debt limit	24.72%	25.23%	25.56%	25.76%	29.77%	30.80%	35.34%	40.34%	39.66%	45.38%

Legal Debt margin Calculation for Fiscal Year 2013:

State Equalized Assessed Value (SEV)	\$ 772,181,486
Debt limit (10% of total assessed value)	77,218,149
Debt applicable to limit:	
General obligation bonds	19,084,674
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>19,084,674</u>
Legal debt margin	<u>\$ 58,133,475</u>

**Note:** Under State finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value.

CITY OF MARQUETTE, MICHIGAN  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

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	
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 <sup>(A)</sup>									
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)
2014 <sup>(B)</sup>	5,071,974	5,716,042	(644,068)	490,000	39,469	(1.22)	659,458	824,831	(165,373)	85,000	1,700	(1.91)

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	
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)
2014 <sup>(B)</sup>	1,415,211	1,280,283	134,928	-	-	-	41,876,891	42,182,318	(305,427)	795,000	232,400	(0.30)

**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.

(A) Water Supply and Sewage Disposal Funds split in the fiscal year ending June 30, 2010

(B) Fiscal year 2014 is a 15-month fiscal period.

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>
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	31,940	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%
2014	21,383	730,037,003	34,141	30.7	12.8	3,242	5.1%

**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	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Marquette General Health Systems	2,619	1	7.62%	2,398	1	6.99%
Cleveland Cliffs	1,600	2	4.65%	1,300	2	3.79%
Northern Michigan University	918	3	2.67%	1,155	3	3.37%
Peninsula Medical Center	625	4	1.82%	630	4	1.84%
Westwood Mall Merchants	500	5	1.45%	500	5	1.46%
Michigan Department of Corrections	388	6	1.13%	425	7	1.24%
Marquette Area Public School District	382	7	1.11%	425	6	1.24%
Wal-Mart Stores, Inc.	380	8	1.11%			0.00%
Bell Memorial Health System	370	9	1.08%	335	8	0.98%
American Eagle Airlines, Inc.	253	10	0.74%	225	10	0.66%
County of Marquette				283	9	0.83%
Total	<u>8,035</u>		<u>23.38%</u>	<u>7,676</u>		<u>22.40%</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,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Administration Services	27	28	27	27	26	24	26	26	21	23
Public Health and Safety										
Police Officers	38	39	39	38	38	38	37	39	39	41
Firefighters and Officers	26	26	26	26	26	26	25	25	25	26
Public Works	37	36	28	29	29	31	32	33	35	37
Highway and Streets	8	8	9	12	12	11	11	11	6	8
Social Services	4	4	4	4	4	4	4	4	4	5
Recreation and Culture	4	4	5	6	6	7	7	6	6	7
Storm Water	1	1	1	1	1	1	1	1	1	1
Motor Pool	7	7	8	8	7	7	7	7	9	10
Water	13	13	13	14	13	15	15	15	15	17
Wastewater	9	8	9	9	9	9	9	9	8	9
Library	13	12	13	14	14	14	15	14	14	14
Total	<u>187</u>	<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>

**Source:** City Human Resources Department

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

Function/Program	Fiscal Year									
	2014 *	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Physical arrests	1,418	1,228	1,398	1,544	1,447	1,571	1,411	1,424	1,401	909
Parking violations	7,057	7,348	6,234	7,434	7,932	9,512	9,870	8,888	10,039	9,699
Traffic violations	4,916	2,666	2,963	2,333	2,262	2,542	2,105	2,910	2,484	2,607
Fire										
Emergency responses	1,030	842	803	783	681	630	562	638	540	535
Fires extinguished	31	34	35	41	28	57	22	29	29	32
Inspections	1,852	3,256	2,239	1,247	914	741	781	1,705,000	841	127
Refuse collection										
Refuse collected (tons per week)	54.8	51.9	49.2	53.7	55.2	55.4	56.8	57.4	31.8	53.2
Recycling (tons per week)	15.0	15.1	15.0	16.1	12.6	13.0	15.3	17.2		
Other public works										
Street resurfacing (miles)	5.6	2.6	2.9	3.0	2.6	1.6	0.3	2.3	1.0	1.0
Potholes repaired	-	-	-	-	-	-	-	108	1	1
Parks and recreation										
Total Campers	18,744	17,014	11,592	11,592	10,380	8,771	8,756	9,308	10,202	9,243
Beach Attendance	16,943	28,687	21,989	35,389	24,317	33,939	28,939	29,557	34,381	41,498
Library										
Volumes in collection	248,447	250,022	246,979	241,924	234,018	224,821	220,812	214,802	200,000	195,406
Total volumes borrowed	353,038	311,041	356,154	362,099	355,489	343,002	327,787	335,991	335,008	300,443
Water										
Consumers	6,178	6,144	6,101	5,911	5,871	5,832	5,801	5,739	5,697	5,683
Water mains breaks	-	-	-	4	15	15	12			
Average daily consumption (millions of gallons)	2.62	2.45	2.45	2.35	2.55	2.58	2.75	2.77	2.93	3.41
Wastewater										
Average daily sewage treatment (millions of gallons)	3.19	2.83	2.67	2.77	2.71	2.58	3.09	3.04	3.30	3.29

\* 2014 is a 15-month fiscal year

Source: Various City Departments

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

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
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	91.5	99.0	99.0	98.0
Streetlights	2,345	2,345	2,345	2,345	2,345	2,345	2,317	2,317	2,358	2,358
Parks and recreation										
Parks	19	19	19	19	19	19	19	19	19	19
Playfields	12	12	12	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	98.7	98.1	98.1	98.1	98.1	98.1	96.5	96.5	96.5
Wastewater										
Sanitary sewers (miles)	88.7	88.7	88.7	88.3	88.3	88.3	88.3	93.0	93.0	93.0
Storm sewers (miles)	52.6	52.6	52.1	61.7	50.2	50.2	49.0	59.0	59.0	59.0

Source: Various City Departments

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**CITY OF MARQUETTE, MICHIGAN  
COMPLIANCE SUPPLEMENT**



**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**

Honorable Mayor, Members of the City  
Commission and the City Manager of the  
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, the budgetary comparison information, and the aggregate remaining fund information of City of Marquette, Michigan, as of and for the year ended September 30, 2014, 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 March 6, 2015.

**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

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

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 2014-001.

### **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.

### **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

March 6, 2015

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