

## FINANCIAL SERVICES DEPARTMENT



Pictured above (left to right) Front Row: Melanie Coats, Stacie Stone, Diane Giddens, Linda Poole, Terra Bahrman, Ellen Britton, Tim Raich, Lacey Tasson.  
Back Row: Gary Simpson, Mary Schlicht, Vicky Smith, Susan Bovan, Amanda Forslund, Casey Taylor.



## FINANCIAL SERVICES DEPARTMENT

### 2012-2013 ANNUAL REPORT

**In accordance with Section 2-80 of the City Code, listed below is a summary of activities for the Financial Services Department for the 2012-13 fiscal year.**

#### Department Overview

The Financial Services Department provides administrative support to the City of Marquette government. It maintains excellence in the accounting of all financial activity and provides support to City departments with financial, budgetary and procurement issues. The goal of the department is to provide relevant, timely and accurate financial reporting, and to exhibit fiscal accountability in accordance with Generally Accepted Accounting Principles (GAAP). The department has received its 27<sup>th</sup> consecutive *Certificate of Achievement for Excellence in Financial Reporting* by the Government Finance Officers Association (GFOA) of the United States and Canada.

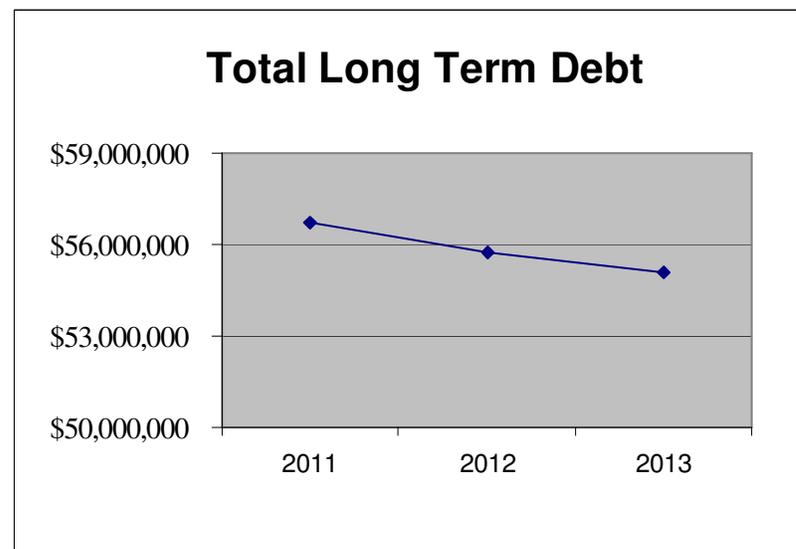
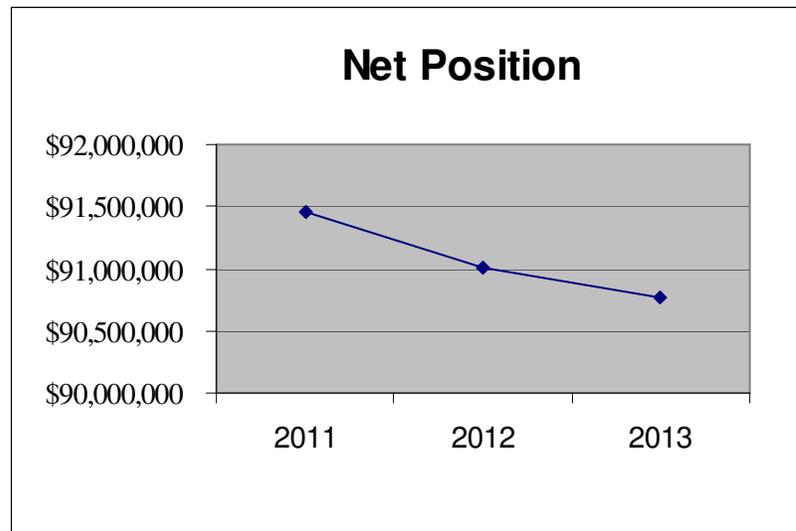
The Financial Services Department is comprised of four divisions: Finance, Treasury, Assessing and Utility Billing. Some of the core functions of the department include: preparation of the Comprehensive Annual Financial Report (CAFR), preparation and monitoring of the budget, cash management and debt management, tax billing and disbursements, utility billing, parking ticket violation notification, City revenue collection, property appraisal and valuation and the administration of the Police and Fire Retirement System. The department also provides administrative services to the Peter White Public Library.

The department had a momentous year as it implemented new financial management software in August of 2012. The financial software included new applications in accounts payable, accounts receivable, cash receipting, utility billing, purchase order and general ledger, while the other applications (Tax, Assessing and Permit) were updated to the .Net version. Much of the year was spent addressing issues that resulted from converting data from the previous financial management system to the new system. The department spent several months training each City employee that utilizes the financial management system on each of the new applications. By fiscal year end, the benefits of the new software became apparent as the original vision of potential departmental improvements came to fruition. The software implementation has allowed current processes to be improved upon and efficiencies to be greatly increased, as well as allowed for significant enhancements to financial reporting.

## **FINANCE**

The Finance division provides a wide range of services which include: accounts payable, accounts receivable, central office supplies, bid administration, fixed asset accounting, budget administration, financial reporting, cash management and debt management. This division is also responsible for the annual preparation of the CAFR.

# of Accounts Payable checks issued:	5,345	5,283	4,981
\$ of Accounts Payable checks issued:	\$32,091,902	\$33,944,983	\$31,390,477
# of Accounts Receivable invoices issued:	1,635	1,496	1,628
\$ of Accounts Receivable billings:	\$1,692,843	\$1,146,661	\$1,403,111
# of Bids and RFP's administered	53	52	48
# of Fixed Asset records maintained:	1,184	1,221	1,251
\$ of Fixed Asset records maintained:	\$216,421,338	\$222,267,375	\$226,322,375
# of Funds maintained:	38	37	37
\$ of Net Assets maintained:	\$91,452,064	\$91,007,950	\$90,765,000
\$ of Long Term Debt maintained:	\$56,727,435	\$55,734,581	\$55,063,098



## TREASURY

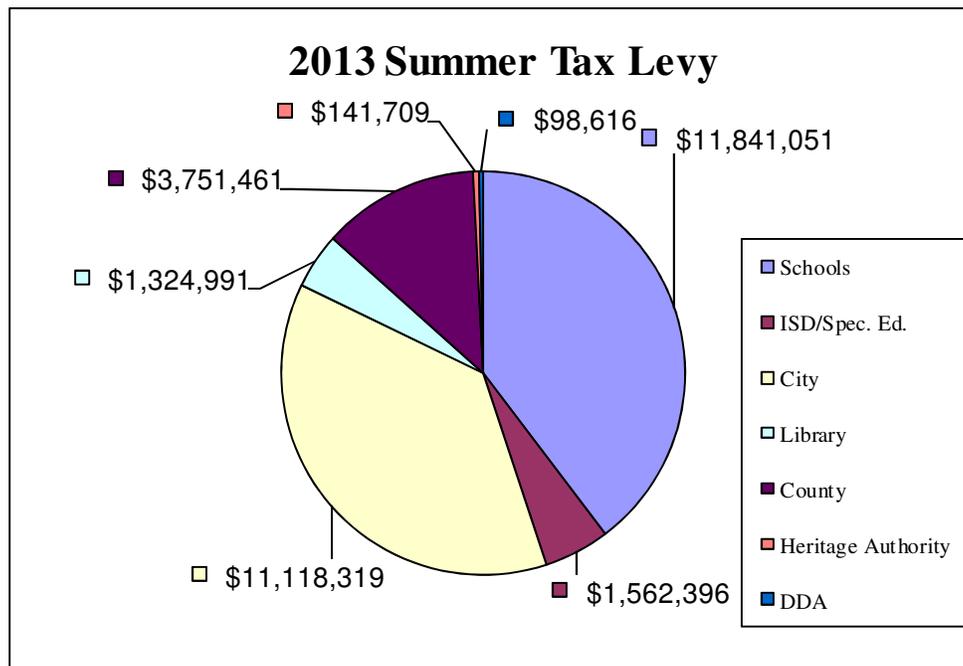
The Treasury division oversees the collection and distribution of City revenues and maintains appropriate accounting and financial records to document these transactions. This division also administers the Police and Fire Retirement System.

Treasury Program Statistics:	Fiscal Year Ending		
	6/30/11	6/30/12	6/30/13
\$ Total Cash Receipts:	\$50,601,467	\$51,711,882	\$52,424,432
\$ Parking Ticket payments received:	\$147,688	\$108,831	\$92,077
# of Property Tax parcels billed:	7,654	7,518	7,674
% of Tax Billings collected:	95%	96%	97%
# of Landfill Permits (Commercial/Residential):	61	80	92
\$ of Landfill Permits (Commercial/Residential):	\$3,140	\$3,165	\$3,030

Because the City bills and collects taxes on behalf of other governmental units, it is important to note that the City does not keep all of the taxes that are billed out. When a taxpayer receives the summer tax bill, for instance, the City's portion is actually only a little over one-third. The rest is distributed to the other taxing jurisdictions that the City bills. The following chart and graph illustrates this.

### 2013 Summer Tax Levy

Schools/SET	11,841,051	39.68%
ISD/Spec. Ed.	1,562,396	5.24%
City/Sr. Millage	11,118,319	37.26%
Library	1,324,991	4.44%
County	3,751,461	12.57%
Heritage Authority	141,709	0.48%
DDA	98,616	0.33%
	<u>29,838,543</u>	<u>100.00%</u>



## ASSESSING

The Assessing division appraises the value of each property within the City limits, including Real (land and buildings) and Personal\* (tangible) property. The division establishes assessed and taxable values. It provides the City Treasurer with taxable values on all City properties which are used to produce annual tax bills. Assessment rolls are prepared annually which identify all known property owners, legal descriptions, assessed values, state equalized values and taxable values.

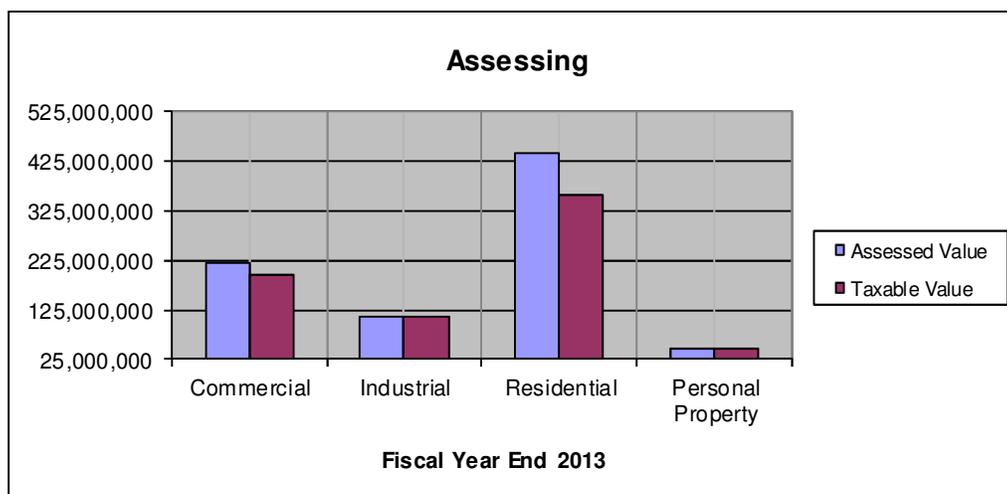
The assessed value is 50% of the true cash value (market value) of the property as of December 31<sup>st</sup> of the preceding year. Listed below is the change in assessed value by *property classification* type.

<u>PROPERTY CLASSIFICATION:</u>	Fiscal Year Ending		
	<u>6/30/11</u>	<u>6/30/12</u>	<u>6/30/13</u>
Commercial	\$ 177,890,400	\$ 171,901,600	\$ 219,296,200
Industrial	\$ 100,514,900	\$ 103,563,200	\$ 110,068,400
Residential	\$ 423,573,050	\$ 437,744,000	\$ 441,605,900
Personal Property*	\$ 37,527,900	\$ 37,777,600	\$ 44,881,000
<b>TOTALS</b>	<b>\$ 739,506,250</b>	<b>\$ 750,986,400</b>	<b>\$ 815,851,500</b>

\* Personal Property includes most machinery, equipment, furniture and fixtures used in daily business operations.

The taxable value is a value based on a formula which was set in March of 1994 when voters approved Proposal A. This value is used as a factor against which the tax rate is applied. Listed below is the change in taxable value by *property classification* type.

<u>PROPERTY CLASSIFICATION:</u>	Fiscal Year Ending		
	<u>6/30/11</u>	<u>6/30/12</u>	<u>6/30/13</u>
Commercial	\$137,126,007	\$139,348,994	\$194,945,759
Industrial	\$100,267,964	\$103,324,959	\$109,858,753
Residential	\$330,425,847	\$344,238,272	\$356,303,019
Personal Property	\$37,527,900	\$37,777,600	\$44,881,000
<b>TOTALS</b>	<b>\$605,347,718</b>	<b>\$624,692,825</b>	<b>\$705,988,531</b>

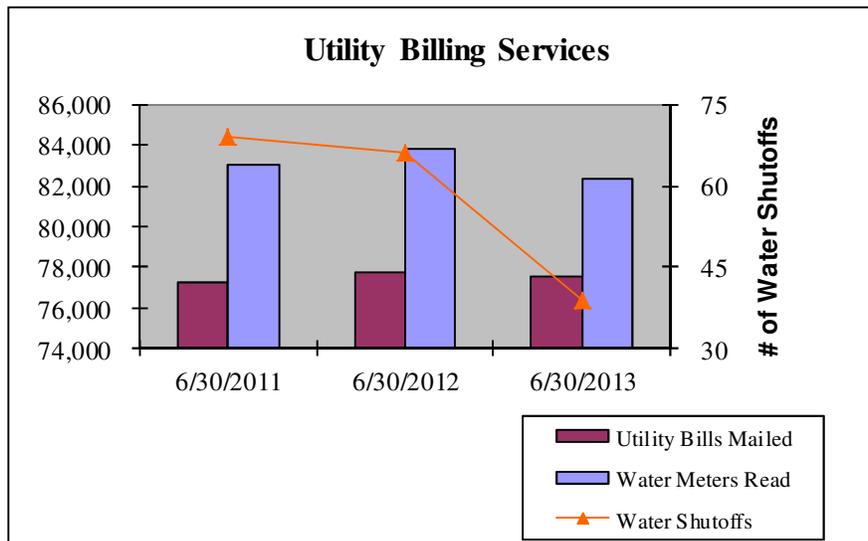


## UTILITY BILLING

The Utility Billing division is responsible for obtaining and processing water/sewer readings, preparing utility bills, and collecting and recording payments. The division also prepares and processes service requests, maintains customer records, and handles customer complaints.

Utility Billing Program Statistics:	Fiscal Year Ending		
	6/30/11	6/30/12	6/30/13
# of Utility Bills mailed:	77,281	77,738	77,528
# of Water Meters read:	83,000	83,800	82,332
# of Water Shut-Offs (non-payment)	69	66	39*

\* no shut-offs during winter months



## Department Accomplishments/Statistics/Remarkable Events

- Implementation of a paperless accounts payable (A/P) process: Invoices are now scanned in to the Financial Management System, which allows for an automated approval workflow. This process has accelerated invoice processing resulting in a more rapid payment of vendor invoices. This process has provided a stronger internal control by establishing an audit trail for all A/P activity. It has also reduced the risk of lost invoices and improved staff productivity.

- Improved codification of accounts: The improved codification will change the face of the 2013 CAFR. Fiscal Year 2013 figures will be reported in groups that follow the budget report(s). The financial statement will more closely mirror the budget to improve management analysis.
- Implementation of GASB 63 and early implementation of GASB 65: New pronouncements will restate the City's financial statements to report "net position" instead of "net assets," as well as reclassify items formerly reported as deferred revenue.
- Electronic tax payments: There are four (4) mortgage companies, banks, and financial institutions paying customer tax bills via electronic payment. The two (2) largest institutions are paying between 400 and 500 tax bills electronically.
- Check-by-phone: City customers are using the check-by-phone payment method as an alternative to paying their bills by credit card. Customers may electronically pay on parking tickets, civil infractions, invoices, utility bills, or summer and winter taxes by calling the Treasurer's Office and requesting to the "check-by-phone" method to pay bills.
- Parking program: New parking enforcement software and hardware was installed in May 2013. The system provides for ease in ticket writing and administration of delinquent parking tickets. Management reports with up-to-date information are now accessible.
- Over the counter (OTC) debit/credit card acceptance: Treasury seminars continue to address solutions to the dilemma of municipalities accepting OTC credit card payments as more and more customers prefer using their debit/credit cards instead of cash or check.
- Residential re-appraisal: The site review which began in 2007, of approximately 5,350 residential class properties, was completed in 2012. Residential classed properties consist of three living units or less. This was a monumental task since many properties had not been viewed in over 20 years.
- Duke LifePoint: On August 31, 2012, Marquette General Hospital was sold to Duke LifePoint, which removed the property from a tax exempt property to a taxable property for 2013. An appraisal was conducted by the New Jersey firm, MR Valuation Consulting, LLC. The real property appraisal value was \$102,453,000, which resulted in a 2013 taxable value of \$51,226,500. The cost of the appraisal was \$72,500; however, the 2013 City operating millage of 14.9225 mills will result in revenue of \$764,427.
- Economic Vitality Incentive Program (EVIP): Successfully complied with the new requirements of the statutory portion of State Revenue Sharing as outlined by the Governor's EVIP program to help improve accountability and transparency of municipalities to the public. By complying with all three phases, the City received approximately \$330,000.

- Project financing: Closed on one bond issue during the fiscal year. On August 23, 2012, the City issued \$3,765,000 in bonds for 2012 Capital Improvements. The purpose of these bonds was to pay for street improvements, Mattson Park Lift Station improvements, and the construction and installation of sanitary sewer lateral replacements and slip lining. The current AA bond rating for the City was maintained through consultations with Standard & Poor's Rating Agency. Began the process for issuing bonds for the fiscal year 2013 capital improvement projects, currently estimated to be approximately \$4 million. The projects included for fiscal year 2013 are for street improvements, sanitary sewer lateral replacements and bridge reconstruction. These bonds are expected to be issued in September 2013. Also began the process to refund Water Bonds issued in 2003. Closing is scheduled for July 2013 with anticipated savings of approximately \$45,000 over the next three years. Continued to be involved in discussions/negotiations with the Founders Landing Development Group and Marquette Brownfield Authority for the next phase of development and financing of the Founders Landing project. Also involved in discussions with Marquette Brownfield Authority regarding potential financing of a street improvement project related to the Liberty Way project.
- Grant administration: Assisted in the financial reporting requirements for approximately \$0.75 million in grant money received by or passed-thru the City. Successfully completed and complied with an audit by the State of Michigan on the Better Buildings for Michigan grant program.
- City Charter review: Continued participation in the City Charter revision project by reviewing the current City Charter, providing language for suggested changes, and attending several City Charter review meetings to supply information and answer questions.
- Budget for 15-month fiscal year: As required by the newly adopted City Charter, we successfully completed the process of a 15-month fiscal year budget to transition to the new fiscal year period of October through September.

#### Contact Information

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