

# FINANCIAL SERVICES DEPARTMENT ANNUAL REPORT



Pictured above (left to right) Front Row: Ellen Britton, Linda Poole, Leah Lacasse, Terra Bahrman. Back Row: Gary Simpson, Miles Anderson, Mary Schlicht, Vicky Smith, Amanda Forslund, Diane Giddens, Stacie Stone, Dave Blackburn. Not pictured: Tim Raich



## **FINANCIAL SERVICES DEPARTMENT**

### **2013-2014 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 2013-14 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 28<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.

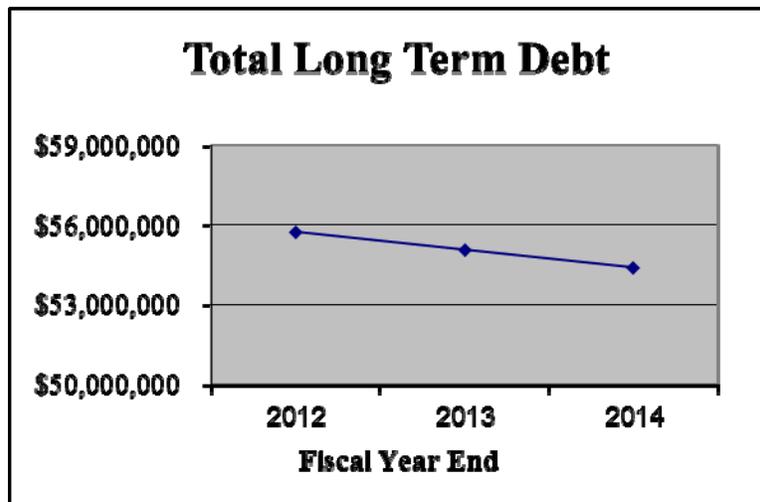
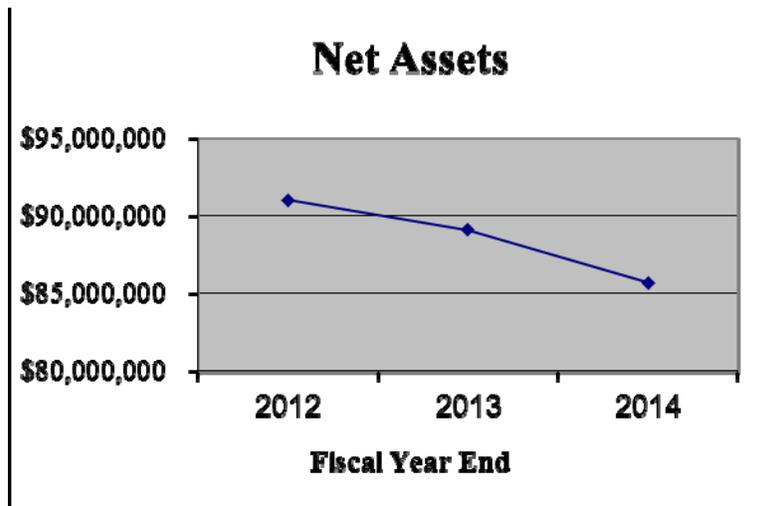
The Financial Services Department is comprised of four divisions: Finance, Treasury, Assessing and Utility Billing. Some of the core functions of the department include: preparation of the Comprehensive Annual Financial Report (CAFR), preparation and monitoring of the budget, cash management and debt 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.

## 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.

| Finance Program Statistics:               | Fiscal Year Ending |               |               |
|---|--------------------|---------------|---------------|
|   | 6/30/12            | 6/30/13       | 9/30/14*      |
| # of Accounts Payable checks issued:      | 5,283              | 4,981         | 6,062         |
| \$ of Accounts Payable checks issued:     | \$33,944,983       | \$31,390,477  | \$53,297,096  |
| # of Accounts Receivable invoices issued: | 1,496              | 1,628         | 2,043         |
| \$ of Accounts Receivable billings:       | \$1,146,661        | \$1,403,111   | \$1,566,519   |
| # of Bids and RFP's administered          | 52                 | 48            | 34            |
| # of Fixed Asset records maintained:      | 1,221              | 1,225         | 1,295         |
| \$ of Fixed Asset records maintained:     | \$222,267,375      | \$227,327,709 | \$231,807,000 |
| # of Funds maintained:                    | 37                 | 37            | 38            |
| \$ of Net Assets maintained:              | \$91,007,950       | \$89,081,040  | \$85,691,000  |
| \$ of Long Term Debt maintained:          | \$55,734,581       | \$55,063,098  | \$54,395,224  |

\* 15 Month Budget Year



## 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.

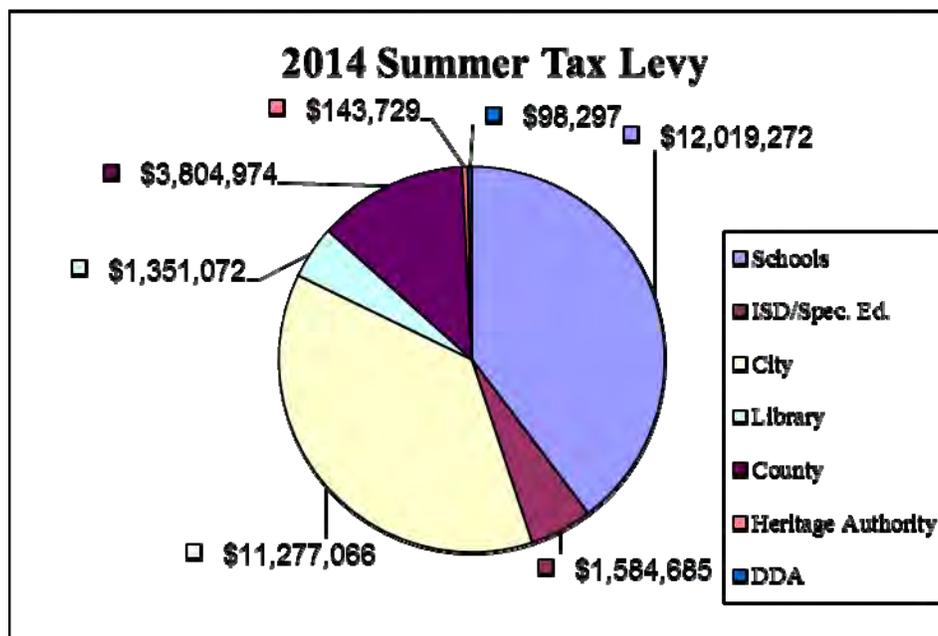
| Treasury Program Statistics:                     | Fiscal Year Ending |              |              |
|--|--------------------|--------------|--------------|
|  | 6/30/12            | 6/30/13      | 9/30/14*     |
| \$ Total Cash Receipts:                          | \$51,711,882       | \$52,424,432 | \$90,190,295 |
| \$ Parking Ticket payments received:             | \$108,831          | \$92,077     | \$108,414    |
| # of Property Tax parcels billed:                | 7,518              | 7,674        | 7,689        |
| % of Tax Billings collected:                     | 96%                | 97%          | 97%          |
| # of Landfill Permits (Commercial/Residential):  | 80                 | 92           | 140          |
| \$ of Landfill Permits (Commercial/Residential): | \$3,165            | \$3,030      | \$3,490      |

\* 15 Month Budget Year

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.

### 2014 Summer Tax Levy

|                    |                   |                |
|--------------------|-------------------|----------------|
| Schools/SET        | 12,019,272        | 39.69%         |
| ISD/Spec. Ed.      | 1,584,685         | 5.23%          |
| City/Sr. Millage   | 11,277,066        | 37.24%         |
| Library            | 1,351,072         | 4.46%          |
| County             | 3,804,974         | 12.57%         |
| Heritage Authority | 143,729           | 0.48%          |
| DDA                | 98,297            | 0.33%          |
|                    | <u>30,279,095</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.

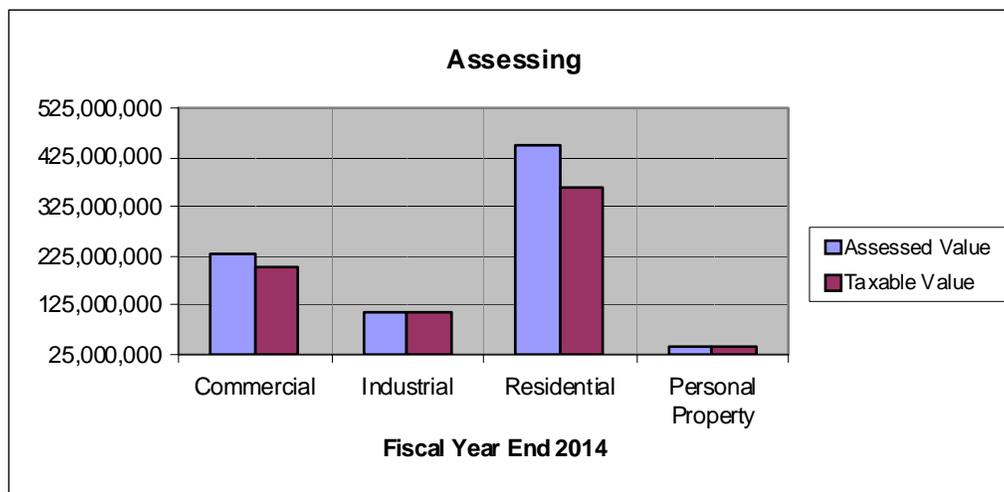
| <u>PROPERTY CLASSIFICATION:</u> | Fiscal Year Ending   |                      |                      |
|---------------------------------|----------------------|----------------------|----------------------|
|                                 | <u>6/30/12</u>       | <u>6/30/13</u>       | <u>9/30/14*</u>      |
| Commercial                      | \$171,901,600        | \$219,296,200        | \$230,491,400        |
| Industrial                      | \$103,563,200        | \$113,594,600        | \$111,207,800        |
| Residential                     | \$437,744,000        | \$441,703,400        | \$451,202,100        |
| Personal Property               | \$37,777,600         | \$46,518,900         | \$43,504,900         |
| <b>TOTALS</b>                   | <b>\$750,986,400</b> | <b>\$821,113,100</b> | <b>\$836,406,200</b> |

\* 15 Month Budget Year

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>6/30/12</u>       | <u>6/30/13</u>       | <u>9/30/14*</u>      |
| Commercial                      | \$139,348,994        | \$194,945,759        | \$201,823,749        |
| Industrial                      | \$103,324,959        | \$113,290,478        | \$111,085,395        |
| Residential                     | \$344,238,272        | \$356,400,519        | \$364,801,686        |
| Personal Property               | \$37,777,600         | \$46,518,900         | \$43,504,900         |
| <b>TOTALS</b>                   | <b>\$624,689,825</b> | <b>\$711,155,656</b> | <b>\$721,215,730</b> |

\* 15 Month Budget Year

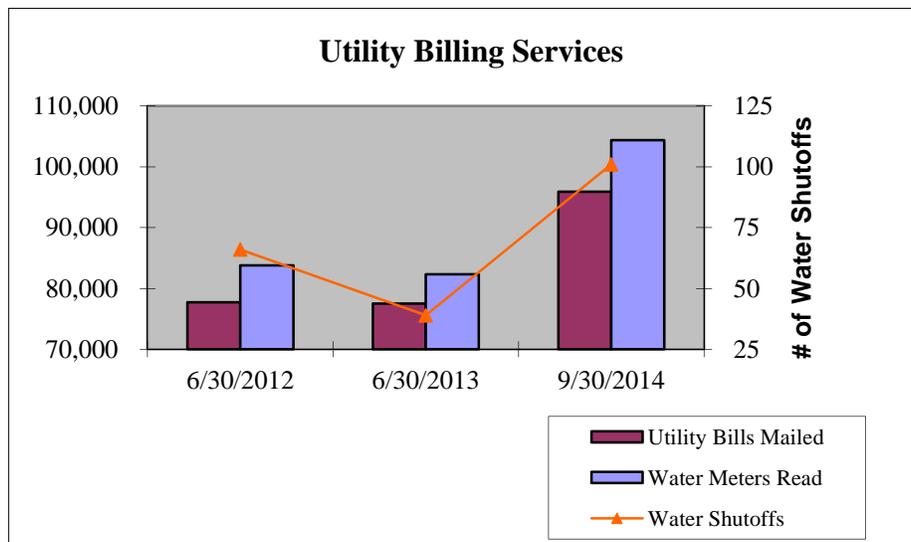


## UTILITY BILLING

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 inquiries.

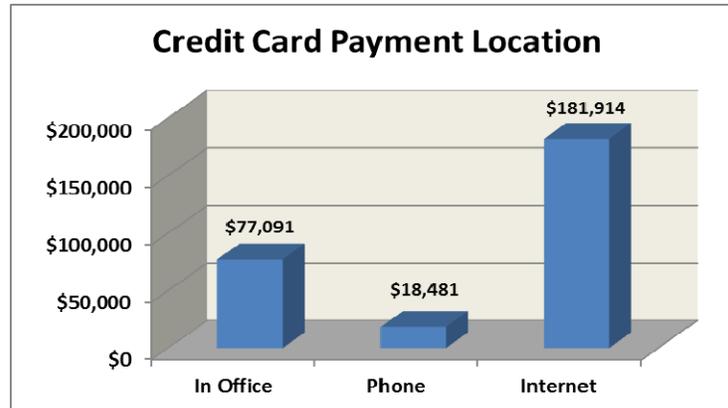
| <u>Utility Billing Program Statistics:</u> | <u>Fiscal Year Ending</u> |                |                 |
|--|---------------------------|----------------|-----------------|
|  | <u>6/30/12</u>            | <u>6/30/13</u> | <u>9/30/14*</u> |
| # of Utility Bills mailed:                 | 77,738                    | 77,528         | 95,928          |
| # of Water Meters read:                    | 83,800                    | 82,332         | 104,402         |
| # of Water Shut-Offs (non-payment)         | 66                        | 39             | 101             |

\* 15 Month Budget Year



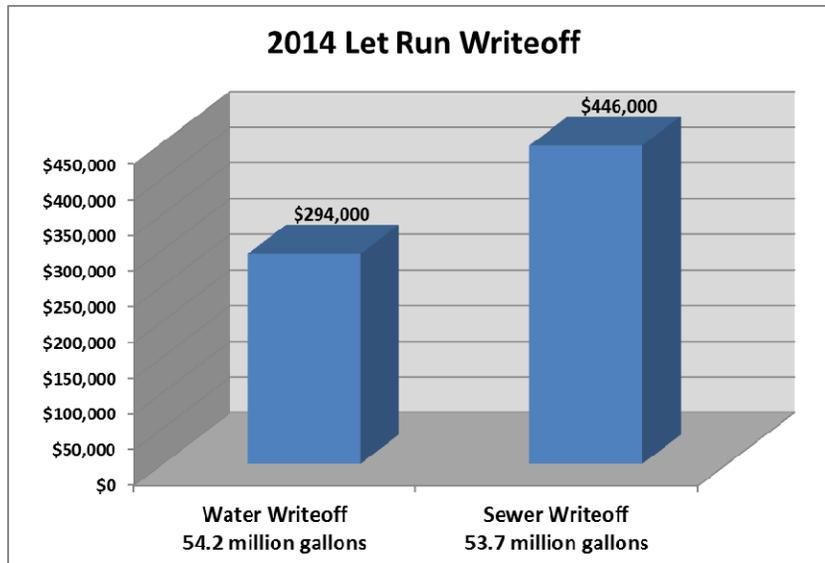
## Department Accomplishments/Statistics/Remarkable Events

- **Credit Card Payments:** Credit card payments are now accepted over-the-counter in the Treasurer's Office. Previously, only third party phone processing or on-line payment was available. The fee for processing credit card transactions continues to be 3%, \$2.00 minimum, regardless of the payment method.



- **On-Line Bill Viewing:** Using the City's website, residents may now search for utility bills, delinquent personal property taxes and miscellaneous invoices. There are no fees for the resident to look-up a current bill or their billing and payment history. This feature has also been available for some time for current tax lookup; however, non-property owners are charged a \$2.00 per parcel lookup fee.
- **Electronic Withdrawal for Tax Payments:** With the start of the 2014 tax season, the Treasurer's Office offered taxpayers an additional option for paying their taxes. In addition to paying by cash, check, or credit card, taxpayers may have an automatic withdrawal from their bank account (similar to paying utility bills). For summer taxes, the payment is withdrawn on the due date of September 14<sup>th</sup>. For winter taxes, the taxpayer may specify either December 30<sup>th</sup> or February 14<sup>th</sup>.

- **Water and Sewer Charge Write-offs:** Due to the bitterly cold winter, many customers were placed on a let run orders to prevent frozen service lines and water mains, as well as to avoid re-freezing of lines that had frozen and required thawing. This resulted in office personnel manually adjusting water bills down to the resident's average water bill amount. In determining the amounts to be adjusted, staff considered historical usage as well as higher use in the summer months. These adjustments were done under the billing line items "Water Let Run" and "Sewer Let Run" so residents would easily be able to verify the bills were adjusted. The graph below shows the amount of charges written off as a result of the let run orders which were issued for over 1,600 locations.



*The volume variance is due to locations that have City water service, but no City sewer.*

- **Financial Management System:** Continued with the implementation of the BS&A financial management system. This implementation allowed for improvement and greater efficiencies in the City's financial management system. Applications include Accounts Payable, Accounts Receivable, Cash Receipting, Utility Billing, General Ledger, Purchasing, Property Taxes, Assessing, and Building Permits.
- **MGH/Duke LifePoint:** Assisted in the negotiations with Duke LifePoint (DLP) to keep the hospital in the City. Many hours were spent in direct negotiations and in providing financial information to both DLP and City negotiating team members. A Memorandum of Understanding (MOU) was formally approved and signed by both the DLP and City on September 8, 2014. While much work remains to be done to implement the terms of the MOU, we now have a formal framework and both parties are committed to keeping the hospital in the City of Marquette.
- **Economic Vitality Incentive Program (EVIP):** Successfully complied with the requirements of the statutory portion of State Revenue Sharing (as required by the Governor's EVIP program). EVIP was designed to help improve accountability and transparency of the state's municipalities to the public. By complying with all three phases, the City received approximately \$330,000 of statutory revenue sharing, the maximum the City was eligible for.

- Grant Administration: Responsible for the financial reporting requirements of approximately \$155,000 in expenditures for various grant programs the City was awarded.
- Project Financing: Maintained the City's AA bond rating as issued by Standard & Poor's.

On September 12, 2013, closed on FY 2013 Capital Improvement Bonds for \$3.4 million of capital projects, which included street/water/sewer/stormwater infrastructure improvements and bridge improvements.

On September 12, 2013, refunded the 2003 Founders Landing Bonds which should result in total savings of approximately \$112,000 over the next 10 years. Also refunded 2003 Water Bonds with total savings of approximately \$45,000 over the next three years.

On September 17, 2014, closed on a Drinking Water Revolving Fund loan of \$330,000 for improvements to Mountain Water Tank.

On September 30, 2014, closed on FY 2014 Capital Improvement Bonds for \$3.8 million of capital projects, which included street/water/sewer/storm water infrastructure improvements, HVAC improvements to City buildings, marina improvements, and park and trail improvements.

Assisted with Brownfield financing activities throughout the year.

- Local Development Finance Authority (LDFA) and SmartZone: Resurrected the City's LDFA and expanded its boundary by complying with the requirements of Act 281. Worked with the LDFA and the MTEC SmartZone to establish a Satellite SmartZone in the City of Marquette, which included participating in Public Forums and other public educational and outreach endeavors, Public Hearings, and producing a Development and Tax Increment Finance Plan.
- New State Reports: As a result of the approval of Proposal 1 in August 2014 by Michigan voters to end the small business equipment tax (also known as personal property tax), several new reports were completed and forwarded to the State Treasurer for reimbursement of lost revenue.
- 15-Month Fiscal Year: With the new fiscal year as required by the newly adopted City Charter, successfully completed a 15-month transitional fiscal year to get the City on an October through September fiscal year. This included many changes to budgetary and financial management system functions, processes and procedures.

#### Contact Information

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