

**CITY OF MARQUETTE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2015**

CITY OF MARQUETTE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2015

CITY COMMISSION
Michael Coyne, Mayor

Sarah Reynolds
Sara Cambensy
Dave Campana
Tom Baldini
Mike Conley
Pete Frazier

CITY MANAGER
William Vajda (at 09/30/15)
Leonard Angeli (effective 10/05/15)

PREPARED BY
Financial Services Department

CHIEF FINANCIAL OFFICER
Gary Simpson

CITY OF MARQUETTE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2015

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March 28, 2016



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, 2015.

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.” This means that fiscal year 2015 is the first twelve month year on the new cycle and making comparisons to fiscal year 2014 is difficult because it was a fifteen month year.

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, 2015. 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, the Local Development Finance 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 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 DLP Marquette General Hospital, LLC, 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. DLP Marquette General Hospital, LLC 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 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 budget which provides a comparative understanding of the local budget between fiscal years, the 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 City continues to face significant reductions from non-municipal discretionary revenue sources, new pension reporting requirements, 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 2015 INITIATIVES

The major themes which guided projects and initiatives for FY 2015 were:

- 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 2015:

- ✓ Stormwater Drainage Improvements - \$385,658
- ✓ Water System Improvements - \$1,410,369
- ✓ Sewer System Improvements - \$1,181,151
- ✓ Street/Road Reconstruction & Improvements - \$963,734

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 AA credit rating, which helps keep borrowing costs low, and demonstrates a commitment to maintain adequate reserves for necessary financial stability and long-term fiscal planning.

OTHER INFORMATION

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marquette, Michigan for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This is the 29th 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,



L. Michael Angeli
City Manager



Gary W. Simpson
Chief Financial Officer



Government Finance Officers Association

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

Presented to

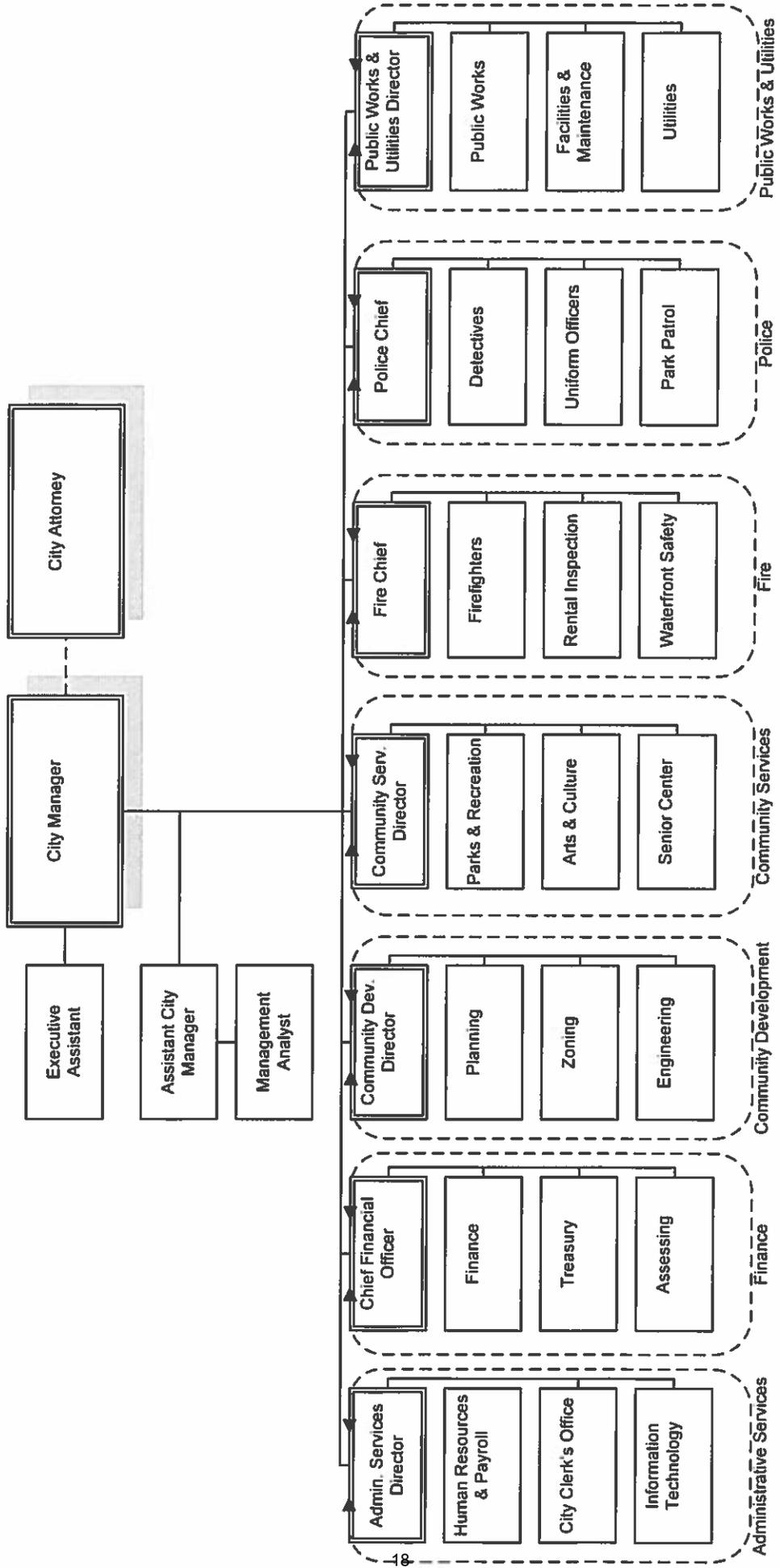
**City of Marquette
Michigan**

For its Comprehensive Annual
Financial Report
for the Fifteen Months Ended

September 30, 2014

Executive Director/CEO

City of Marquette



CITY OF MARQUETTE, MICHIGAN
ADMINISTRATIVE STAFF

CITY MANAGER

William Vajda (at 9/30/15)
Leonard Angeli (effective 10/05/15)

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

Kris Hazeres

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 and the aggregate remaining fund information of City of Marquette, Michigan, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 83 percent, and 91 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. 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.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marquette, Michigan, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note Z to the financial statements, in 2015 the City of Marquette, Michigan adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an Amendment of GASB No. 27)* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an Amendment of GASB No. 68)*. 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.

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, individual major fund financial statements, combining and individual non-major fund financial statements, capital asset schedules, long-term debt schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual major fund financial statements, combining and individual non-major fund financial statements, capital asset schedules, and long-term debt schedules are the responsibility of

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Commission and the City Manager of the
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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 individual major fund financial statements, combining and individual non-major fund financial statements, 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 September 30, 2014, 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, 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, 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. The individual major fund financial statements and individual non-major fund financial statements, for the year ended September 30, 2014, 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 2014 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 accepted in the United States of America. In our opinion, the 2014 individual major fund financial statements and individual 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 28, 2016, 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

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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 28, 2016

City of Marquette, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Marquette, we offer readers of the City of Marquette's financial statements this narrative overview and analysis of the financial activities of the City of Marquette for the fiscal year ended September 30, 2015. The prior fiscal year ended September 30, 2014 was a fifteen-month fiscal year. This was 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. 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 2015 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 \$(1,967,278) as a result of this fiscal year's operations. Net position of our business-type activities decreased by \$(1,052,118) or (3.11)%, and net position of our governmental activities decreased by \$(915,160) or (4.96)%.
- During the year, the City had expenses for governmental activities that were \$17,157,014 more than the \$8,839,498 generated in program revenues.
- The City's business-type activities had expenses that were \$1,075,025 more than the \$10,887,413 generated in program revenues.
- The general fund reported a net change in fund balance of \$261,424. This is \$261,424 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, 2015 and 2014.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 33,214,103	\$ 31,939,092	\$ 6,843,002	\$ 7,638,715	\$ 40,057,105	\$ 39,577,807
Capital assets, net	41,605,899	42,598,026	56,361,129	55,626,042	97,967,028	98,224,068
Total Assets	<u>74,820,002</u>	<u>74,537,118</u>	<u>63,204,131</u>	<u>63,264,757</u>	<u>138,024,133</u>	<u>137,801,875</u>
Deferred outflows of resources	1,393,845	-	364,381	45,512	1,758,226	45,512
Current liabilities	4,426,449	4,283,715	3,714,119	3,238,158	8,140,568	7,521,873
Noncurrent liabilities	46,223,744	20,705,631	27,057,382	22,959,742	73,281,126	43,665,373
Total Liabilities	<u>50,650,193</u>	<u>24,989,346</u>	<u>30,771,501</u>	<u>26,197,900</u>	<u>81,421,694</u>	<u>51,187,246</u>
Deferred inflows of resources	8,058,084	7,991,471	55,640	70,678	8,113,724	8,062,149
Net Position:						
Net investment in capital assets	23,971,445	24,635,549	33,683,601	33,852,800	57,655,046	58,488,349
Restricted	1,482,626	1,873,995	1,661,848	2,714,043	3,144,474	4,588,038
Unrestricted	(7,948,501)	15,046,757	(2,604,078)	474,848	(10,552,579)	15,521,605
Total Net Position	<u>\$ 17,505,570</u>	<u>\$ 41,556,301</u>	<u>\$ 32,741,371</u>	<u>\$ 37,041,691</u>	<u>\$ 50,246,941</u>	<u>\$ 78,597,992</u>

Net position of the City's governmental activities stood at \$17,505,570. *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 \$(7,948,501).

The \$(7,948,501) 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 \$32,741,371. 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 2015 and 2014.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 5,124,630	\$ 5,625,664	\$ 10,769,324	\$ 14,111,382	\$ 15,893,954	\$ 19,737,046
Operating grants and contributions	2,983,180	2,953,384	-	-	2,983,180	2,953,384
Capital grants and contributions	731,688	51,348	118,089	729,426	849,777	780,774
General revenues:						
Property taxes	13,771,890	17,354,030	-	-	13,771,890	17,354,030
Unrestricted State sources	2,089,213	2,544,745	-	-	2,089,213	2,544,745
Investment earnings	219,202	134,258	22,907	18,541	242,109	152,799
Sale of capital assets	7,384	9,539	-	-	7,384	9,539
Miscellaneous	154,165	352,322	-	-	154,165	352,322
Total Revenues	<u>25,081,352</u>	<u>29,025,290</u>	<u>10,910,320</u>	<u>14,859,349</u>	<u>35,991,672</u>	<u>43,884,639</u>
Program Expenses:						
General government	5,324,952	5,581,640	-	-	5,324,952	5,581,640
Public health and safety	8,058,601	8,866,452	-	-	8,058,601	8,866,452
Public works	3,457,197	4,302,325	-	-	3,457,197	4,302,325
Highways and streets	2,688,985	3,089,215	-	-	2,688,985	3,089,215
Social services	540,432	642,198	-	-	540,432	642,198
Sanitation services	1,915,016	1,914,121	-	-	1,915,016	1,914,121
Community services	1,396,090	1,866,955	-	-	1,396,090	1,866,955
Interest on long-term debt	702,786	887,454	-	-	702,786	887,454
Depreciation - unallocated	1,912,453	2,502,444	-	-	1,912,453	2,502,444
Water supply	-	-	4,578,855	6,124,462	4,578,855	6,124,462
Sewage disposal	-	-	5,554,168	6,861,865	5,554,168	6,861,865
Stormwater utility	-	-	1,242,712	1,511,338	1,242,712	1,511,338
Recreation and culture	-	-	586,703	1,075,127	586,703	1,075,127
Total Expenses	<u>25,996,512</u>	<u>29,652,804</u>	<u>11,962,438</u>	<u>15,572,792</u>	<u>37,958,950</u>	<u>45,225,596</u>
Excess (deficiency) before transfers	(915,160)	(627,514)	(1,052,118)	(713,443)	(1,967,278)	(1,340,957)
Transfers	-	(166,410)	-	166,410	-	-
Increase (decrease) in net position before extraordinary loss	(915,160)	(793,924)	(1,052,118)	(547,033)	(1,967,278)	(1,340,957)
Extraordinary loss	-	-	-	(362,058)	-	(362,058)
Increase (decrease) in net position after extraordinary loss	(915,160)	(793,924)	(1,052,118)	(909,091)	(1,967,278)	(1,703,015)
Net position, beginning	41,556,301	42,350,225	37,041,691	37,950,782	78,597,992	80,301,007
Prior Year, Net Pension Liability Adjustment	(23,135,571)	-	(3,248,202)	-	(26,383,773)	-
Net Position, Ending	<u>\$ 17,505,570</u>	<u>\$ 41,556,301</u>	<u>\$ 32,741,371</u>	<u>\$ 37,041,691</u>	<u>\$ 50,246,941</u>	<u>\$ 78,597,992</u>

The net position restatements were made from the adoption of GASB No. 68 and GASB No. 71. Further details can be found in Note Y.

The City's total revenues were \$35,991,672. The total cost of all programs and services was \$37,958,950 leaving a decrease in net position of \$(1,967,278). 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 \$19,197,663, a decrease of \$(4,054,013), or (17.44)%, from the prior fiscal year. This decrease is discussed below:

- Property Tax revenue decreased \$(2,771,631), or (21.59)%, which was the result of a fifteen-month fiscal year in the prior year. Total taxable valuations of property increased 1.43% in fiscal year 2015 and the tax millage rate was unchanged from the previous fiscal year.
- Payments in Lieu of Taxes (PILT) decreased \$(773,495), or (18.30)%, mostly due to the fifteen-month fiscal year 2014. 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 increased \$360,140, or 438%, which was due to Michigan Department of Natural Resource grants for Park Restroom Facilities for \$250,000 and FEMA grants for the Fire Department's SCBA Tanks and Exhaust Capture System for \$110,000. Grants revenue, 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 decreased \$(465,767), or (17.98)%. State Shared Revenues are comprised of: Sales & Use tax distributions decreased \$(484,282), or (20.21)%; Liquor License distributions decreased \$(10,235), or (22.06)%; and Fire Protection of State Facilities increased \$28,750, or 19.36%. 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. For fiscal year 2015, the decreases are due to being compared to the fifteen-month fiscal year 2014. The Fire Protection of State Facilities increased due to increased funding from the State's "Bad Driver" program.
- Service/Use/Sales/Rental fees, excluding Internal Service fees, decreased \$(190,443), or (28.51)%. 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. Comparing fiscal year 2015 with the fifteen-month fiscal year 2014 was the biggest reason for the decrease in revenue.
- Fines and Forfeits decreased \$(10,234), or (8.02)%, mostly due to comparing fiscal year 2015 with the fifteen-month fiscal year 2014. This revenue source is comprised of Civil Infraction fines and parking tickets.
- Sale of Capital Assets decreased \$(9,540), or (100)%. Surplus equipment from the City's various departments are sold at auction and there weren't as many auctionable items in fiscal year 2015.
- Investment Income increased \$78,397. Interest rates continue to remain low but compliance with GASB's mark-to-market accounting rules for investments did not have as big of an impact in fiscal year 2015 as it did in fiscal year 2014. The City typically holds investments until maturity but 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 investment pool but also largely on investment market conditions as of the date at the end of each fiscal year.

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

- Other revenue sources decreased \$(158,540), or (34.19)%, in large part due to the fifteen-month fiscal year 2014 when compared to fiscal year 2015. The largest components of this revenue source are KBIC 2% pass-thru grants, reimbursement for providing a School Safety Officer, and a reimbursement from MSHDA for a Third Street Corridor study.

General Fund expenditures (excluding transfers out) decreased \$(3,339,882), or (17.44)%, from the prior fiscal year. This decrease is discussed below:

- ❖ General Government decreased \$(935,772), or (17.62)%. This decrease is mostly attributable to the fifteen-month fiscal year 2014 versus the twelve month fiscal year 2015. Slight increases were seen in wages, approximately 2%, 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 was for a Robotic Total Station for the Engineering Department.
- ❖ Public Health and Safety decreased \$(1,524,139), or (17.34)%. The decrease is mostly due to the fifteen-month fiscal year 2014 as compared to fiscal year 2015. Slight increases were seen in wages, approximately 2%, for both negotiated labor contracts and non-represented personnel and increases for fringe benefits such as Health Insurance and Defined Benefit Pension Plans. The Fire Department had grant funded Capital Outlay for Exhaust Capture System and SCBA Tanks.
- ❖ Public Works decreased \$(715,716), or (16.45)%. The decrease is mostly due to the fifteen-month fiscal year 2014 as compared to fiscal year 2015. Slight increases were seen in wages, approximately 2%, 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 was for Restroom Facilities in the City's Parks and Bike Path Extensions.
- ❖ Community Services decreased \$(164,255), or (23.32)%. The decrease is mostly due to the fifteen-month fiscal year 2014 as compared to fiscal year 2015. Slight increases were seen in wages, approximately 2%, 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 was for a Point of Sale System.
- ❖ Net Other Financing Uses increased \$868,638, or 38.57%, mostly due to an increase in transfers out to the Major Street and Lakeview Arena Funds when comparing fiscal years 2014 and 2015.

Fund Balance increased \$261,424, or 2.07%, from the previous fiscal year due to the reasons described above.

Major and Local Street Funds

The Major and Local Street Funds had revenues, excluding Transfers-In, decrease \$(329,249), or (20.12)%, and \$(166,935), or (22.55)%, respectively.

The Major Street Fund had Gas & Weight Tax distributions decrease \$(67,000), or (5.8)%, and the Winter Maintenance allocation decreased \$(55,000), or (55.3)%, 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 decreases are due to comparing fifteen-month fiscal year 2014 with twelve month fiscal year 2015.

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

The Local Street Fund had Gas & Weight Tax distributions increase \$17,000, or 4.2%, and the Winter Maintenance allocation decreased \$(33,867), or (45.7)%, 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 decreased \$(524,244), or (21.58)%, and \$(717,924), or (30.15)%, respectively.

The Major Street Fund had Winter Maintenance activities decrease \$(151,381), or (18.91)%, and capital outlay activities (Road Reconstruction Projects) decrease \$(258,575), or (35.10)%, when compared to the previous fiscal year. The fifteen-month fiscal year 2014 when compared to fiscal year 2015 was a factor as was the harsh winter the area experienced in 2014 for Winter Maintenance activities. Capital Outlay activities were focused on the Street Improvement & Maintenance Program (SIMP).

The Local Street Fund had Winter Maintenance activities decrease \$(148,284), or (20.42)%, and capital outlay activities (Road Reconstruction Projects) decrease \$(368,019), or (43.11)%, when compared to the previous fiscal year. The fifteen-month fiscal year 2014 when compared to fiscal year 2015 was a factor as was the harsh winter the area experienced in 2014 for Winter Maintenance activities. Capital Outlay activities were focused on the Street Improvement & Maintenance Program (SIMP).

Sanitation Fund

The Sanitation Fund had revenues decrease \$(86,082), or (4.19)%, as compared to the previous fiscal year mostly due to the fifteen-month fiscal year 2014 when compared to the twelve month fiscal year 2015. Landfill Disposal Fees increased \$232,000, or 37.1%, and is based on the number of permits sold for landfill disposal. This fee is then passed on to the County Landfill Authority as the City is only a pass-thru agent in this regard.

Expenditures in the Sanitation Fund decreased \$(54,521), or (2.80)%, from the previous fiscal year due to the fifteen-month fiscal year 2014 when compared to the twelve month fiscal year 2015. Trash Collection Services are contracted out and the service is billed to customers based on the contract terms.

The Fund Balance increased \$76,211, or 22.88% from the previous fiscal year due to factors described above.

Senior Services Fund

The Senior Services Fund had revenues decrease \$(107,568), or (15.03)%, as compared to the previous fiscal year due to State and County Contract Revenues decreasing \$(36,898) or (9.45)% and Property Tax Revenue (0.35 mills voted in by the citizens) decreasing \$(63,338), or (21.69)%, from the previous fiscal year. These decreases are due to the fifteen-month fiscal year 2014 when compared to the twelve month fiscal year 2015. Total taxable valuations of property increased 1.43% in fiscal year 2015 and the tax millage rate was unchanged from the previous fiscal year. Other revenues are contracted services with the State and the County.

Expenditures in the Senior Services Fund decreased \$(105,414), or (16.51)%, from the previous fiscal year due mostly to comparing the fifteen-month fiscal year 2014 with fiscal year 2015 which included

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

contractual wage and fringe benefit increases. No significant Capital Outlay was made during fiscal year 2015.

The Fund Balance increased \$75,222, or 18.70%, from the previous fiscal year due to the factors described above.

Lakeview Arena Fund

The Lakeview Arena Fund had revenues, excluding Transfers-In, decrease \$(50,114), or (9.61)%, as compared to the previous fiscal year due mostly to the fifteen-month fiscal year 2014. Use and Admission fees were down \$(78,000), or (21.5)%, when comparing fiscal year 2015 with fiscal year 2014.

Expenditures in the Lakeview Arena Fund, excluding transfers out, decreased \$(42,655), or (5.70)%, from the previous fiscal year largely due to the fifteen-month fiscal year 2014. Capital Outlay was for Door Replacements, Glycol Pump Upgrade, and HVAC Upgrade. Concession Services continue to be contracted out.

The Fund Balance stayed the same due to the factors described above. The transfer-in from the General Fund increased to \$355,467 in fiscal year 2015 from \$196,372 in fiscal year 2014.

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 2014 being the factor for any decreases.

Net Cost of Governmental Activity Funds

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

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	\$ 5,324,952	\$ 3,891,846
Public health and safety	8,058,601	7,682,093
Public works	3,457,197	1,404,828
Highways and streets	2,688,985	628,511
Sanitation	1,915,016	(58,837)
Community services	1,396,090	830,387

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

Business-type Activities – Analysis of Individual Funds:

Water Supply Fund

The Water Supply Fund had operating revenues decrease \$(871,562), or (17.22)%, from the previous fiscal year. This was mostly due to the fifteen-month fiscal year 2014. Water Utility Rates were increased 5% in fiscal year 2015. Billable usage continues its downward trend as 2015 is down (6.1)% when compared with 2010.

Operating expenses decreased \$(1,451,039), or (25.39)% from the previous fiscal year. The decrease was due in part to the fifteen-month fiscal year 2014 and maintenance and repair activities in 2014 due to the harsh winter causing pipe freeze-ups and water main breaks. Capital Outlay for 2015 focused on Mountain Water Tank Improvements and Membrane Replacement at the Filtration Plant.

Net Non-Operating Revenues decreased \$(536,036), or (222.81)% from the previous fiscal year mostly due to State-aid partial reimbursement for activities related to the Winter Emergency Declaration in 2014.

Net Position decreased \$(2,280,140), or (12.89)% from the previous fiscal year due to the factors described above and adjustment for Net Pension Liability.

Sewage Disposal Fund

The Sewage Disposal Fund had operating revenues decrease \$(1,019,897), or (16.44)%, from the previous fiscal year. This was mostly due to the fifteen-month fiscal year 2014. Sewer Utility Rates were increased 5% in fiscal year 2015. Billable usage continues its downward trend as 2015 is down (19.4)% when compared with 2010.

Operating expenses decreased \$(1,273,357), or (19.55)%, from the previous fiscal year. The decrease was due in part to the fifteen-month fiscal year 2014 and maintenance and repair activities in 2014 due to the harsh winter. Capital Outlay for 2015 focused on Carp River Sanitary Sewer Crossing and Lift Station Retrofits.

Net Non-Operating Expenses increased \$1,388,246, or 2,234% from the previous fiscal year due to the ownership in the Marquette Area Wastewater Treatment Facility operations.

Net Position decreased \$(2,720,424), or (21.97)% from the previous fiscal year due to factors described above and adjustment for Net Pension Liability.

Stormwater Fund

The Stormwater Fund had operating revenues decrease \$(200,731), or (14.19)%, from the previous fiscal year. This was mostly due to the fifteen-month fiscal year 2014. Stormwater Utility Rates were increased 5% in fiscal year 2015.

Operating expenses decreased \$(209,404), or (16.36)%, from the previous fiscal year primarily due to the fifteen-month fiscal year 2014. Capital Outlay for 2015 focused on the Safer Beaches Project.

Net Non-Operating Expenses decreased \$(58,334), or (41.58)% from the previous fiscal year due to a grant received from EPA for the Safer Beaches project.

Net Position increased \$61,080, or 1.19% from the previous fiscal year due to the factors described above.

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

Tourist Park (Campground) Fund

The Tourist Park Fund had operating revenues decrease \$(64,294), or (17.44)%, from the previous fiscal year. The fifteen-month fiscal year 2014 is the reason for the decrease. Usage of the campground remains steady.

Operating Expenses decreased \$(72,308), or (29.04)%, from the previous fiscal year. The fifteen-month fiscal year 2014 is the reason for the decrease. Capital Outlay was for a Point of Sale System.

Net Non-Operating Revenues increased \$43 from the previous fiscal year due to increased interest revenue.

Net Position increased \$127,968, or 53.78% from the previous fiscal year due to factors described above.

Marinas Fund

The Marinas Fund had operating revenues increase \$259,705, or 39.56%, from the previous fiscal year. This is due to scheduled increases in the slip rental rates and insurance reimbursement for winter damage.

Operating Expenses decreased \$(420,880), or (51.03)%, from the previous fiscal year. This decrease was mostly due to the fifteen-month fiscal year 2014 and repairs and maintenance related to the winter damage. Capital Outlay focused on Phase 2 Improvements.

Net Non-Operating Revenues decreased \$(2,979), or (151.06)%, from the previous fiscal year due to debt service for the Improvements project. No transfer-in from the General Fund was needed for fiscal year 2015.

Net Position increased \$511,196, or 31.82% from the previous fiscal year due to factors described above.

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet, see table of contents for page reference) reported a *combined* fund balance of \$17,022,333, an increase of \$1,229,827 from the beginning of the year. The reasons for this increase are discussed above.

General Fund Budgetary Highlights

During the year, there was a \$641,924 increase in total expenditure appropriations between the original and final amended budget. Following are the main components of this increase:

\$ 424,514 for grant opportunities occurring in the year.

\$ 217,410 for encumbrance rollovers from the previous fiscal year for Tax Tribunal Defense, HVAC Upgrades, Ore Dock Analysis, and Sidewalk Replacement 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.

Actual 2015 Total General Fund revenues were \$561,000 below final budget mostly due to the settlement of a tax tribunal case. This is not expected to impact future liquidity. General Fund revenues exceeded

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

expenditures and other financing uses by \$261,424.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015 the City had \$97,967,028 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)

	2015			Totals 2014
	Governmental Activities	Business-type Activities	Totals	
Land and construction in progress	\$ 13,286,765	\$ 901,765	\$ 14,188,530	\$ 13,370,431
Land improvements	1,566,039	1,164,903	2,730,942	3,082,609
Buildings and improvements	5,703,251	7,429,066	13,132,317	12,954,407
Furniture and equipment	1,432,048	2,279,051	3,711,099	3,435,534
Infrastructure	19,617,796	44,586,344	64,204,140	65,381,087
Totals	<u>\$ 41,605,899</u>	<u>\$ 56,361,129</u>	<u>\$ 97,967,028</u>	<u>\$ 98,224,068</u>

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

Debt

At year-end, the City had \$42,483,417 in bonds, notes and capital lease obligations outstanding as depicted in Table 5 below, which shows total bonded debt as of September 30, 2015.

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 2016 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

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

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. The State has promised to fully reimburse the loss to municipalities. The City’s revenue loss, if not reimbursed, will be approximately \$101,000 in fiscal year 2016. It is possible that additional changes to the Personal Property Tax structure could be made in future years but this cannot be quantified at the current 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.

DLP Marquette General Hospital, LLC has announced its intentions to build a new hospital facility within the City limits and has purchased a site that was owned by the City. Proposed plans show a construction start in 2016 and completion in 2018. The purchased site currently contains a major City building which will require new construction. A site for this construction has been selected. This project 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.

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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 18,897,575	\$ 879,136	\$ 19,776,711	\$ 14,048,350
Investments	5,012,340	-	5,012,340	-
Receivables (net)	4,270,649	1,404,752	5,675,401	2,007,577
Inventory	132,821	148,710	281,531	3,268,114
Primary government internal balances	-	-	-	-
Prepaid expenses and other assets	408,406	85,809	494,215	124,721
TOTAL CURRENT ASSETS	28,721,791	2,518,407	31,240,198	19,448,762
Non-current Assets:				
Restricted assets	1,218,315	865,302	2,083,617	2,376,849
Investment in UPPPA	-	-	-	3,206,905
Investment in joint venture	3,273,997	3,459,293	6,733,290	-
Capital assets:				
Land and construction in progress	13,286,765	901,765	14,188,530	1,605,968
Other capital assets, net of depreciation	28,319,134	55,459,364	83,778,498	51,591,528
Total Capital Assets	41,605,899	56,361,129	97,967,028	53,197,496
TOTAL NON-CURRENT ASSETS	46,098,211	60,685,724	106,783,935	58,781,250
TOTAL ASSETS	74,820,002	63,204,131	138,024,133	78,230,012
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	22,756	22,756	-
Change in pension investment projections	332,719	81,548	414,267	341,052
Employer contributions subsequent to measurement date	1,061,126	260,077	1,321,203	1,948,490
Receivables for developer obligations	-	-	-	3,276,741
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,393,845	364,381	1,758,226	5,566,283
LIABILITIES				
Current Liabilities:				
Accounts payable	1,509,107	2,011,313	3,520,420	642,073
Accrued wages payable	346,386	59,911	406,297	-
Accrued liabilities	239,286	274,466	513,752	364,024
Compensated absences	687,182	-	687,182	1,007,290
Customer deposits payable	74,098	10,887	84,985	1,372,769
Current portion of bonds payable	1,487,517	2,175,188	3,662,705	505,000
Current portion of contracts and notes payable	82,873	-	82,873	-
Current maturities on revenue bonds	-	-	-	901,206
Other current liabilities	-	-	-	540,059
TOTAL CURRENT LIABILITIES	4,426,449	4,531,765	8,958,214	5,332,421
Non-current Liabilities:				
Compensated absences	1,111,478	342,315	1,453,793	114,842
Other post-employment benefits (OPEB)	3,075,263	267,891	3,343,154	1,656,978
Net pension liability	25,260,702	3,667,999	28,928,701	16,994,688
Bonds payable	16,527,678	18,209,206	34,736,884	6,779,635
Long-term contracts and notes payable	248,623	3,752,325	4,000,948	1,710,050
Other	-	-	-	3,147,590
TOTAL NON-CURRENT LIABILITIES	46,223,744	26,239,736	72,463,480	30,403,783
TOTAL LIABILITIES	50,650,193	30,771,501	81,421,694	35,736,204
DEFERRED INFLOWS OF RESOURCES				
Deferred amount on refunding	-	5,315	5,315	-
Taxes levied for a subsequent period	8,058,084	-	8,058,084	1,959,292
Special assessments	-	50,325	50,325	-
TOTAL DEFERRED INFLOWS OF RESOURCES	8,058,084	55,640	8,113,724	1,959,292
NET POSITION				
Net investment in capital assets	23,971,445	33,683,601	57,655,046	45,553,398
Restricted for:				
Debt services	-	220,098	220,098	110,114
Capital outlay	744,570	1,441,750	2,186,320	-
Perpetual care	738,056	-	738,056	-
Other activities:				
Board of Light and Power	-	-	-	2,376,849
Peter White Public Library	-	-	-	738,321
Non-major component units	-	-	-	1,365,626
Unrestricted	(7,948,501)	(2,604,078)	(10,552,579)	(4,043,509)
TOTAL NET POSITION	\$ 17,505,570	\$ 32,741,371	\$ 50,246,941	\$ 46,100,799

CITY OF MARQUETTE, MICHIGAN

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2015

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	
Primary Government:								
Governmental Activities:								
General government	\$ 5,324,952	\$ 1,127,711	\$ 282,264	\$ 23,131	\$ (3,891,846)	\$ -	\$ (3,891,846)	\$ -
Public health and safety	8,058,601	198,196	62,681	115,631	(7,682,093)	-	(7,682,093)	-
Public works	3,457,197	1,278,331	184,825	589,213	(1,404,828)	-	(1,404,828)	-
Highway and streets	2,688,985	-	2,060,474	-	(628,511)	-	(628,511)	-
Social services	540,432	-	377,485	-	(162,947)	-	(162,947)	-
Sanitation services	1,915,016	1,973,853	-	-	58,837	-	58,837	-
Community services	1,396,090	546,539	15,451	3,713	(830,387)	-	(830,387)	-
Interest on long-term debt	702,786	-	-	-	(702,786)	-	(702,786)	-
Depreciation - unallocated	1,912,453	-	-	-	(1,912,453)	-	(1,912,453)	-
Total Governmental Activities	25,996,512	5,124,630	2,983,180	731,688	(17,157,014)	-	(17,157,014)	-
Business-Type Activities:								
Water supply	4,578,855	4,190,347	-	6,089	-	(382,419)	(382,419)	-
Sewage disposal	5,554,168	4,144,417	-	22,500	-	(1,387,251)	(1,387,251)	-
Stormwater utility	1,242,712	1,213,912	-	89,500	-	60,700	60,700	-
Community services	586,703	1,220,648	-	-	-	633,945	633,945	-
Total Business-Type Activities	11,962,438	10,769,324	-	118,089	-	(1,075,025)	(1,075,025)	-
TOTAL PRIMARY GOVERNMENT	\$ 37,958,950	\$ 15,893,954	\$ 2,983,180	\$ 849,777	(17,157,014)	(1,075,025)	(18,232,039)	-
Component Units:								
Board of Light and Power	\$ 33,532,248	\$ 35,047,774	\$ -	\$ 79,538	\$ -	\$ -	\$ -	\$ 1,595,064
Peter White Public Library	1,949,492	218,765	663,052	-	-	-	-	(1,067,675)
Non-Major Component Units	1,430,586	180,909	60,584	-	-	-	-	(1,189,093)
TOTAL COMPONENT UNITS	\$ 36,912,326	\$ 35,447,448	\$ 723,636	\$ 79,538	-	-	-	(661,704)
General Revenues:								
Taxes:								
Property taxes					10,319,719	-	10,319,719	2,193,226
Payment in lieu of taxes					3,452,171	-	3,452,171	-
Unrestricted State sources					2,089,213	-	2,089,213	-
Interest and investment earnings					219,202	22,907	242,109	272,145
Gain on sale of capital assets					7,384	-	7,384	(37,844)
Miscellaneous					154,165	-	154,165	392,540
Transfers					-	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					16,241,854	22,907	16,264,761	2,820,067
CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEM					(915,160)	(1,052,118)	(1,967,278)	2,158,363
Extraordinary Item:								
Loss on storm damage					-	-	-	-
CHANGE IN NET POSITION AFTER EXTRAORDINARY ITEM					(915,160)	(1,052,118)	(1,967,278)	2,158,363
Net position, beginning of year, as restated					18,420,730	33,793,489	52,214,219	43,942,436
NET POSITION, END OF YEAR	\$ 17,505,570	\$ 32,741,371	\$ 50,246,941	\$ 46,100,799				

CITY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2015

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 11,331,592	\$ 1,465,914	\$ 1,217,394	\$ 3,869,369	\$ 17,884,269
Investments	4,501,485	-	-	510,855	5,012,340
Taxes receivable, net	745,360	-	-	20,559	765,919
Special assessments receivable	-	-	-	-	-
Accounts receivable	266,511	-	-	179,731	446,242
Due from other authorities	2,191,034	-	-	-	2,191,034
Due from other funds	2,189,682	-	-	-	2,189,682
Due from other governments	597,315	184,110	64,165	-	845,590
Inventory	107,320	-	-	-	107,320
Prepaid expenditures	306,768	-	-	23,331	330,099
TOTAL ASSETS	22,237,067	1,650,024	1,281,559	4,603,845	29,772,495
DEFERRED OUTFLOWS OF RESOURCES					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 22,237,067	\$ 1,650,024	\$ 1,281,559	\$ 4,603,845	\$ 29,772,495
LIABILITIES					
Accounts payable	\$ 468,720	\$ 474,608	\$ 254,805	\$ 215,558	\$ 1,413,691
Accrued wages payable	298,309	2,450	10,038	16,628	327,425
Accrued compensated absences	684,999	-	-	2,183	687,182
Due to other funds	-	1,172,966	1,016,716	-	2,189,682
Due to other governmental units	322	-	-	-	322
Due to other authorities	52,310	-	-	-	52,310
Customer deposits payable	21,466	-	-	-	21,466
TOTAL LIABILITIES	1,526,126	1,650,024	1,281,559	234,369	4,692,078
DEFERRED INFLOWS OF RESOURCES					
Taxes levied for a subsequent period	7,800,169	-	-	257,915	8,058,084
Special assessments	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	7,800,169	-	-	257,915	8,058,084
FUND BALANCE					
Non-spendable	414,088	-	-	761,387	1,175,475
Restricted	177,559	-	-	675,770	853,329
Assigned	3,863,930	-	-	2,674,404	6,538,334
Unassigned	8,455,195	-	-	-	8,455,195
TOTAL FUND BALANCE	12,910,772	-	-	4,111,561	17,022,333
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 22,237,067	\$ 1,650,024	\$ 1,281,559	\$ 4,603,845	\$ 29,772,495

CITY OF MARQUETTE, MICHIGAN

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

September 30, 2015

Total Fund Balances for Governmental Funds \$ 17,022,333

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). 44,879,896

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	\$ 1,138,978	
Restricted assets	1,218,315	
Current liabilities	<u>(114,377)</u>	
		2,242,916

Net pension liability, and related deferred (outflows)/inflows of resources, is not due and payable in the current period and is not reported in the funds.

Net pension liability	14,965,597	
Net pension liability - Fire/Police Retirement System	10,295,105	
Deferred (outflows) of resources related to net pension liability	(332,719)	
Employer contributions subsequent to measurement date	(1,061,126)	
Deferred inflows of resrouces related to net pension liability	<u>-</u>	
		(23,866,857)

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	\$ 1,487,517	
Current portion of notes and contracts payable	82,873	
Accrued interest on bonds	239,286	
Other post-employment benefits	3,075,263	
Compensated absences	1,111,478	
Bonds payable	16,527,678	
Long-term contracts and notes payable	<u>248,623</u>	
		<u>(22,772,718)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 17,505,570

CITY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2015

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Other Governmental Funds	Total
REVENUES:					
Taxes and penalties	\$ 10,099,943	\$ -	\$ -	\$ 256,075	\$ 10,356,018
State sources	2,329,177	1,279,669	547,471	40,164	4,196,481
Federal sources	238,605	-	-	-	238,605
Charges for services	2,270,888	-	-	1,994,772	4,265,660
Sales	34,753	-	-	-	34,753
Use and admission fees	16,640	-	-	380,456	397,096
Rentals	42,985	-	-	65,250	108,235
Licenses and permits	49,129	-	-	-	49,129
Fines and forfeiture	117,320	-	-	692	118,012
Sales of assets	-	-	-	-	-
Reimbursements	86,137	25,231	24,692	6,492	142,552
Investment income	214,583	2,098	1,133	26,980	244,794
Payment in lieu of taxes	3,452,171	-	-	-	3,452,171
Private contribution	152,023	-	-	257,191	409,214
Intergovernmental revenue	12,163	-	-	319,906	332,069
Special assessments	14,114	-	-	-	14,114
Other revenues	67,032	-	-	529,090	596,122
TOTAL REVENUES	19,197,663	1,306,998	573,296	3,877,068	24,955,025
EXPENDITURES:					
Current operations:					
General government	4,376,345	-	-	40,952	4,417,297
Public health and safety	7,264,595	-	-	13,443	7,278,038
Public works	3,634,777	-	-	108,130	3,742,907
Highway and streets	-	1,422,766	1,164,810	-	2,587,576
Social services	-	-	-	532,432	532,432
Sanitation services	-	-	-	1,892,278	1,892,278
Community services	539,978	-	-	571,837	1,111,815
Capital outlay	-	478,023	485,711	162,548	1,126,282
Debt service:					
Professional services	-	4,139	12,418	570	17,127
Principal retirement	-	-	-	1,459,316	1,459,316
Interest and fiscal charges	-	-	-	710,837	710,837
TOTAL EXPENDITURES	15,815,695	1,904,928	1,662,939	5,492,343	24,875,905
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,381,968	(597,930)	(1,089,643)	(1,615,275)	79,120
OTHER FINANCING SOURCES (USES):					
Bond issuance	-	180,276	531,961	-	712,237
Premium on bond issuance	-	6,245	18,430	-	24,675
Transfers in	175,674	857,025	915,152	2,728,880	4,676,731
Transfers (out)	(3,296,218)	(445,616)	(375,900)	(145,202)	(4,262,936)
TOTAL OTHER FINANCING SOURCES (USES)	(3,120,544)	597,930	1,089,643	2,583,678	1,150,707
CHANGE IN FUND BALANCE	261,424	-	-	968,403	1,229,827
Fund balance, beginning of year	12,649,348	-	-	3,143,158	15,792,506
FUND BALANCE, END OF YEAR	\$ 12,910,772	\$ -	\$ -	\$ 4,111,561	\$ 17,022,333

CITY OF MARQUETTE, MICHIGAN

GENERAL FUND

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

For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 13,882,605	\$ 13,882,605	\$ 13,552,114	\$ (330,491)
Federal grants	25,125	192,125	238,605	46,480
State grants and shared revenue	1,836,630	2,016,630	2,329,177	312,547
Intergovernmental revenues	28,000	28,000	12,163	(15,837)
Licenses and permits	44,550	44,550	49,129	4,579
Charges for services	2,480,535	2,480,535	2,270,888	(209,647)
Fines and forfeits	121,280	121,280	117,320	(3,960)
Interest and rentals	302,360	302,360	257,568	(44,792)
Other revenues	561,265	690,530	370,699	(319,831)
	<u>19,282,350</u>	<u>19,758,615</u>	<u>19,197,663</u>	<u>(560,952)</u>
TOTAL REVENUES				
EXPENDITURES:				
General government	4,634,900	4,831,953	4,376,345	455,608
Public health and safety	7,277,475	7,342,529	7,264,595	77,934
Public works	3,334,090	3,695,505	3,634,777	60,728
Community services	598,255	616,657	539,978	76,679
	<u>15,844,720</u>	<u>16,486,644</u>	<u>15,815,695</u>	<u>670,949</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,437,630</u>	<u>3,271,971</u>	<u>3,381,968</u>	<u>109,997</u>
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	-
Bond issuance expense	-	(51,750)	-	51,750
Transfers in	166,000	166,000	175,674	9,674
Transfers (out)	(3,603,630)	(3,386,221)	(3,296,218)	90,003
	<u>(3,437,630)</u>	<u>(3,271,971)</u>	<u>(3,120,544)</u>	<u>151,427</u>
TOTAL OTHER FINANCING SOURCES (USES)				
CHANGE IN FUND BALANCE	-	-	261,424	261,424
Fund balance, beginning of year	<u>12,649,348</u>	<u>12,649,348</u>	<u>12,649,348</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 12,649,348</u>	<u>\$ 12,649,348</u>	<u>\$ 12,910,772</u>	<u>\$ 261,424</u>

CITY OF MARQUETTE, MICHIGAN

MAJOR SPECIAL REVENUE FUNDS

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

For the Fiscal Year Ended September 30, 2015

	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		
REVENUES:								
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	1,410,170	1,271,760	1,279,669	7,909	578,750	529,000	547,471	18,471
Reimbursements	-	25,000	25,231	231	-	-	24,692	24,692
Investment income	-	1,000	2,098	1,098	-	500	1,133	633
Other revenues	31,720	33,580	-	(33,580)	-	-	-	-
TOTAL REVENUES	1,441,890	1,331,340	1,306,998	(24,342)	578,750	529,500	573,296	43,796
EXPENDITURES:								
Highways Streets and Bridges	2,075,730	1,864,820	1,904,928	(40,108)	2,520,565	1,717,335	1,662,939	54,396
TOTAL EXPENDITURES	2,075,730	1,864,820	1,904,928	(40,108)	2,520,565	1,717,335	1,662,939	54,396
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(633,840)	(533,480)	(597,930)	(64,450)	(1,941,815)	(1,187,835)	(1,089,643)	98,192
OTHER FINANCING SOURCES (USES):								
Bond issuance	350,000	368,000	186,521	(181,479)	968,000	540,000	550,391	10,391
Transfers in	671,920	606,205	857,025	250,820	1,308,185	1,014,570	915,152	(99,418)
Transfers (out)	(388,080)	(440,725)	(445,616)	(4,891)	(334,370)	(366,735)	(375,900)	(9,165)
TOTAL OTHER FINANCING SOURCES (USES)	633,840	533,480	597,930	64,450	1,941,815	1,187,835	1,089,643	(98,192)
CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

September 30, 2015

	Business-Type Activities Enterprise Funds				Total	Governmental
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds		Internal Service Fund
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 613,125	\$ -	\$ 87,154	\$ 982,947	\$ 1,683,226	\$ 1,013,306
Delinquent utility bills on taxes	-	-	-	-	-	-
Accounts receivable	574,325	660,463	31,804	1,879	1,268,471	17,862
Special assessments receivable	5,664	35,028	-	-	40,692	-
Due from other governments	6,089	-	89,500	-	95,589	-
Due from local units	-	-	-	-	-	4,002
Due from other authorities	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Inventory	-	133,867	-	14,843	148,710	25,501
Prepaid expense	36,957	43,571	119	5,162	85,809	78,307
TOTAL CURRENT ASSETS	1,236,160	872,929	208,577	1,004,831	3,322,497	1,138,978
Non-current Assets:						
Restricted Assets:						
Bond reserve fund	-	-	-	-	-	-
Replacement and maintenance fund	-	-	-	35,000	35,000	1,011,115
Bond and interest redemption fund	220,098	-	-	-	220,098	-
Water filtration reserve	-	-	-	-	-	-
Bond escrow fund	-	-	-	-	-	-
Fuel system reserve	-	-	-	-	-	32,333
OPEB reserve	187,812	80,077	-	-	267,889	90,886
Compensated absences reserve	219,445	104,967	17,168	735	342,315	83,981
Total Restricted Assets	627,355	185,044	17,168	35,735	865,302	1,218,315
Investment in joint venture	-	3,459,293	-	-	3,459,293	-
Land and other non-depreciable assets	26,732	78,982	28,618	767,433	901,765	245,566
Other capital assets, net of depreciation	25,282,875	19,386,509	9,608,709	1,181,271	55,459,364	3,658,135
TOTAL NON-CURRENT ASSETS	25,936,962	23,109,828	9,654,495	1,984,439	60,685,724	5,122,016
TOTAL ASSETS	27,173,122	23,982,757	9,863,072	2,989,270	64,008,221	6,260,994
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	22,756	-	-	-	22,756	-
Change in pension investment projections	47,952	33,596	-	-	81,548	32,960
Employer contributions subsequent to measurement date	152,932	107,145	-	-	260,077	105,118
TOTAL DEFERRED OUTFLOWS OF RESOURCES	223,640	140,741	-	-	364,381	138,078
LIABILITIES						
Current Liabilities:						
Cash overdraft	-	804,090	-	-	804,090	-
Accounts payable	62,911	1,614,499	42,796	291,107	2,011,313	95,416
Accrued wages payable	30,475	19,109	4,360	5,967	59,911	18,961
Compensated absences	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Customer deposits payable	-	(1,230)	-	12,117	10,887	-
Accrued interest payable	99,620	104,007	67,799	3,040	274,466	-
Current portion of long-term debt	1,138,327	648,189	378,672	10,000	2,175,188	-
TOTAL CURRENT LIABILITIES	1,331,333	3,188,664	493,627	322,231	5,335,855	114,377
Non-current Liabilities:						
Compensated absences	219,445	104,967	17,168	735	342,315	83,981
Other post employment benefits (OPEB)	187,814	80,077	-	-	267,891	90,886
Net pension liability	2,156,874	1,511,125	-	-	3,667,999	1,482,531
Bonds payable	6,990,467	6,866,336	4,169,574	182,829	18,209,206	-
Loan payable	1,084,841	2,667,484	-	-	3,752,325	-
TOTAL NON-CURRENT LIABILITIES	10,639,441	11,229,989	4,186,742	183,564	26,239,736	1,657,398
TOTAL LIABILITIES	11,970,774	14,418,653	4,680,369	505,795	31,575,591	1,771,775
DEFERRED INFLOWS OF RESOURCES						
Deferred amount on refunding	5,315	-	-	-	5,315	-
Special assessment	6,713	43,612	-	-	50,325	-
TOTAL DEFERRED INFLOWS OF RESOURCES	12,028	43,612	-	-	55,640	-
NET POSITION						
Net investment in capital assets	17,199,853	9,588,601	5,139,272	1,755,875	33,683,601	3,903,701
Restricted for:						
Debt service	220,098	-	-	-	220,098	-
Capital outlay	1,086,440	305,119	50,191	-	1,441,750	32,333
Unrestricted	(3,092,431)	(232,487)	(6,760)	727,600	(2,604,078)	691,263
TOTAL NET POSITION	\$ 15,413,960	\$ 9,661,233	\$ 5,182,703	\$ 2,483,475	\$ 32,741,371	\$ 4,627,297

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended September 30, 2015

	Business-Type Activities Enterprise Funds				Total	Governmental
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds		Internal Service Fund
OPERATING REVENUES:						
Water sales	\$ 4,089,887	\$ -	\$ -	\$ -	\$ 4,089,887	\$ -
Sewage disposal	-	5,148,468	-	-	5,148,468	-
Charges for services	30,648	9,668	1,211,041	16,646	1,268,003	5,003
Other operating revenue	69,812	25,687	2,871	1,204,002	1,302,372	3,814,866
TOTAL OPERATING REVENUES	4,190,347	5,183,823	1,213,912	1,220,648	11,808,730	3,819,869
OPERATING EXPENSES:						
Administrative and general	1,006,230	3,192,261	-	-	4,198,491	3,258,598
Water treatment and distribution	2,122,487	-	-	-	2,122,487	-
Sanitary sewer operation and booster stations	-	1,048,563	-	-	1,048,563	-
Stormwater	-	-	405,977	-	405,977	-
Community services	-	-	-	438,323	438,323	-
Capital outlay	-	-	-	-	-	41,375
Provision for depreciation	1,136,286	999,144	664,902	142,283	2,942,615	734,774
TOTAL OPERATING EXPENSES	4,265,003	5,239,968	1,070,879	580,606	11,156,456	4,034,747
OPERATING INCOME (LOSS)	(74,656)	(56,145)	143,033	640,042	652,274	(214,878)
NON-OPERATING REVENUES (EXPENSES):						
Investment income	12,302	5,006	380	5,219	22,907	3,639
Premium on bond issuance	-	-	-	-	-	-
Federal grant	6,089	-	89,500	-	95,589	-
State grant	-	22,500	-	-	22,500	-
Gain (loss) on sale of capital assets	-	-	-	-	-	7,384
Operating income from Marquette Area Wastewater Treatment Facility	-	(1,039,406)	-	-	(1,039,406)	-
Interest expenses	(288,198)	(306,439)	(169,763)	(6,097)	(770,497)	-
Bond issuance expense	(25,654)	(7,761)	(2,070)	-	(35,485)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(295,461)	(1,326,100)	(81,953)	(878)	(1,704,392)	11,023
INCOME (LOSS) BEFORE TRANSFERS	(370,117)	(1,382,245)	61,080	639,164	(1,052,118)	(203,855)
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	(413,795)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	(370,117)	(1,382,245)	61,080	639,164	(1,052,118)	(617,650)
Loss on storm damage to capital asset - building	-	-	-	-	-	-
CHANGE IN NET POSITION	(370,117)	(1,382,245)	61,080	639,164	(1,052,118)	(617,650)
Net position, beginning of year, as restated	15,784,077	11,043,478	5,121,623	1,844,311	33,793,489	5,244,947
NET POSITION, END OF YEAR	\$ 15,413,960	\$ 9,661,233	\$ 5,182,703	\$ 2,483,475	\$ 32,741,371	\$ 4,627,297

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2015

	Business-Type Activities				Total	Governmental Activities Internal Service Fund
	Enterprise Funds					
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from fees and charges for services	\$ 4,625,073	\$ 5,588,522	\$ 1,158,592	\$ 36,119	\$ 11,408,306	\$ 5,730
Other operating revenues	61,531	25,687	2,871	1,204,002	1,294,091	3,817,352
Cash payments to employees for services	(1,465,627)	(728,097)	(207,336)	(163,263)	(2,564,323)	(1,101,963)
Cash payments to suppliers for goods and services	(1,794,092)	(3,083,308)	(375,405)	386	(5,252,419)	(2,211,471)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,426,885	1,802,804	578,722	1,077,244	4,885,655	509,648
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Increase (decrease) in cash overdraft	-	(126,925)	-	-	(126,925)	-
Transfers in	-	-	-	-	-	(413,795)
State and Federal grants	6,089	22,500	89,500	-	118,089	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	6,089	(104,425)	89,500	-	(8,836)	(413,795)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments on bonds	(1,096,041)	(572,810)	(366,778)	-	(2,035,629)	-
Interest paid on bonds	(284,196)	(292,328)	(175,104)	(3,057)	(754,685)	-
Proceeds from the issuance of bonds	1,386,322	363,507	78,809	-	1,828,638	-
Premium on bond issuance	37,952	12,594	2,730	-	53,276	-
Cash payments for bond issuance expenses	(25,654)	(7,761)	(2,070)	-	(35,485)	-
Cash payments for capital assets	(1,410,369)	(1,181,151)	(385,658)	(700,524)	(3,677,702)	(283,699)
Proceeds from sale of capital assets	-	-	-	-	-	7,384
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,391,986)	(1,677,949)	(848,071)	(703,581)	(4,621,587)	(276,315)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest income	12,302	5,006	380	5,219	22,907	3,639
(Increase) decrease in restricted assets:						
Bond reserve	-	-	-	-	-	-
Bond and interest redemption reserve	(3,855)	-	-	-	(3,855)	-
Replacement maintenance reserve	-	-	-	(5,000)	(5,000)	(3,833)
OPEB reserve	(30,836)	(21,749)	-	-	(52,585)	(22,362)
Compensated absences reserve	3,643	(3,687)	(3,973)	(640)	(4,657)	10,526
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(18,746)	(20,430)	(3,593)	(421)	(43,190)	(12,030)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,242	-	(183,442)	373,242	212,042	(192,492)
Cash and cash equivalents, beginning of year	590,883	-	270,596	609,705	1,471,184	1,205,798
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 613,125	\$ -	\$ 87,154	\$ 982,947	\$ 1,683,226	\$ 1,013,306
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Loss on investment from Marquette Wastewater Treatment Facility	\$ -	\$ (222,196)	\$ -	\$ -	\$ (222,196)	\$ -
TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ (222,196)	\$ -	\$ -	\$ (222,196)	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income	\$ (74,656)	\$ (56,145)	\$ 143,033	\$ 640,042	\$ 652,274	\$ (214,878)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	1,136,286	999,144	664,902	142,283	2,942,615	734,774
Amortization	7,312	-	-	(845)	6,467	-
Change in assets and liabilities:						
(Increase)/Decrease in accounts receivable	(93,747)	(70,719)	(24,449)	19,294	(169,621)	5,557
(Increase)/Decrease in special assessments receivable	831	6,613	-	-	7,444	-
(Increase)/Decrease in due from other funds	-	-	-	-	-	-
(Increase)/Decrease in due from other governments	591,000	-	(28,000)	-	563,000	(2,344)
(Increase)/Decrease in due from other authorities	-	502,389	-	-	502,389	-
(Increase)/Decrease in inventory	-	62,356	-	15,696	78,052	(7,451)
(Increase)/Decrease in prepaid expenses	1,420	(3,902)	19	(220)	(2,683)	2,494
Increase/(Decrease) in accounts payable	(217,724)	311,621	(180,403)	258,721	172,215	(53,317)
Increase/(Decrease) in accrued wages payable	4,828	1,701	(353)	1,454	7,630	1,381
Increase/(Decrease) in due to other funds	-	-	-	-	-	-
Increase/(Decrease) in customer deposits payable	-	-	-	179	179	-
Increase/(Decrease) in compensated absences	(3,643)	3,688	3,973	640	4,658	(10,526)
Increase/(Decrease) in net pension liability and other post-employment benefits (OPEB)	76,805	53,955	-	-	130,760	53,958
Increase/(Decrease) in deferred inflows - special assessments	(1,827)	(7,897)	-	-	(9,724)	-
NET ADJUSTMENTS	1,501,541	1,858,949	435,689	437,202	4,233,381	724,526
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,426,885	\$ 1,802,804	\$ 578,722	\$ 1,077,244	\$ 4,885,655	\$ 509,648

CITY OF MARQUETTE, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2015

	Private- Purpose Trust Funds	Pension Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,017,071	\$ 2,532,368
Investments			
United States Government Securities	-	-	-
Domestic Corporation Bonds	-	2,392,913	-
Common, Pooled Fund	-	24,161,395	-
Government National Mortgage Association	-	15	-
Taxes receivable	-	-	2,143,776
Accounts receivable	-	-	-
Accrued interest receivable	-	187	-
	-	27,571,581	\$ 4,676,144
TOTAL ASSETS	-	27,571,581	\$ 4,676,144
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	
LIABILITIES			
Accounts payable	-	107	315,249
Accrued wages payable	-	-	1,976,057
Due to State	-	-	292,100
Due to other governments	-	-	1,019,156
Due to local units	-	-	833,925
Other liabilities	-	-	239,657
	-	107	239,657
TOTAL LIABILITIES	-	107	\$ 4,676,144
DEFERRED INFLOWS OF RESOURCES			
	-	-	
NET POSITION			
Held in trust for pension benefits	-	27,571,474	
Held in trust for individuals, organizations, and other governments	-	-	
	-	-	
TOTAL NET POSITION	\$ -	\$ 27,571,474	

CITY OF MARQUETTE, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended September 30, 2015

	<u>Private- Purpose Trust Funds</u>	<u>Pension Trust Funds</u>
ADDITIONS		
Contributions:		
Employer	\$ -	\$ 1,347,814
Employee	-	167,220
Gifts, bequests and endowments	-	-
Total Contributions	-	1,515,034
Investment Income:		
Net appreciation (depreciation) in fair value of investments	-	(298,797)
Interest and dividends	-	26,739
Net Investment Income	-	(272,058)
TOTAL ADDITIONS	-	1,242,976
DEDUCTIONS		
Benefits and annuity withdrawals	-	1,828,055
Administrative expenses	-	9,084
Payments in accordance with trust agreements	-	-
TOTAL DEDUCTIONS	-	1,837,139
CHANGE IN NET POSITION	-	(594,163)
Net position, beginning of year	-	28,165,637
NET POSITION, END OF YEAR	\$ -	\$ 27,571,474

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF NET POSITION

September 30, 2015

	Board of Light and Power	Peter White Public Library	Non-Major Component Units	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 9,597,383	\$ 1,976,043	\$ 2,474,924	\$ 14,048,350
Investments	-	-	-	-
Receivables (net)	1,768,329	104,383	134,865	2,007,577
Inventory	3,268,114	-	-	3,268,114
Primary government internal balances	-	-	-	-
Prepaid expenses and other assets	107,451	16,353	917	124,721
TOTAL CURRENT ASSETS	14,741,277	2,096,779	2,610,706	19,448,762
Non-current Assets:				
Restricted assets	2,376,849	-	-	2,376,849
Investment in UPPPA	3,206,905	-	-	3,206,905
Capital assets:				
Land and construction in progress	-	114,704	1,491,264	1,605,968
Other capital assets, net of depreciation	44,549,876	3,926,029	3,115,623	51,591,528
Total Capital Assets	44,549,876	4,040,733	4,606,887	53,197,496
TOTAL NON-CURRENT ASSETS	50,133,630	4,040,733	4,606,887	58,781,250
TOTAL ASSETS	64,874,907	6,137,512	7,217,593	78,230,012
DEFERRED OUTFLOWS OF RESOURCES				
Change in pension investment projections	319,975	21,077	-	341,052
Employer contributions subsequent to measurement date	1,880,524	67,966	-	1,948,490
Receivables for developer obligations	-	-	3,276,741	3,276,741
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	2,200,499	89,043	3,276,741	5,566,283
LIABILITIES				
Current Liabilities:				
Accounts payable	563,723	19,782	58,568	642,073
Accrued liabilities	286,417	27,766	49,841	364,024
Compensated absences	990,140	-	17,150	1,007,290
Customer deposits payable	1,372,769	-	-	1,372,769
Current portion of bonds payable	-	320,000	185,000	505,000
Current maturities on revenue bonds	901,206	-	-	901,206
Other current liabilities	536,414	3,645	-	540,059
TOTAL CURRENT LIABILITIES	4,650,669	371,193	310,559	5,332,421
Non-current Liabilities:				
Compensated absences	-	114,842	-	114,842
Other post-employment benefits (OPEB)	1,656,978	-	-	1,656,978
Net pension liability	16,046,663	948,025	-	16,994,688
Bonds payable	3,474,635	675,000	2,630,000	6,779,635
Long-term contract and notes payable	-	-	1,710,050	1,710,050
Other	3,147,590	-	-	3,147,590
TOTAL NON-CURRENT LIABILITIES	24,325,866	1,623,025	4,340,050	30,288,941
TOTAL LIABILITIES	28,976,535	1,994,218	4,650,609	35,621,362
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for subsequent period	-	962,858	996,434	1,959,292
TOTAL DEFERRED INFLOWS OF RESOURCES	-	962,858	996,434	1,959,292
NET POSITION				
Net investment in capital assets	40,507,042	3,045,733	2,000,623	45,553,398
Restricted for:				
Debt Services	-	110,114	-	110,114
Capital Assets	-	-	-	-
Perpetual Care	-	-	-	-
Other activities	2,376,849	738,321	1,365,626	4,480,796
Unrestricted	(4,785,020)	(739,531)	1,481,042	(4,043,509)
TOTAL NET POSITION	\$ 38,098,871	\$ 3,154,637	\$ 4,847,291	\$ 46,100,799

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2015

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
Component Units:								
Board of Light and Power	\$ 33,532,248	\$ 35,047,774	\$ -	\$ 79,538	\$ 1,595,064	\$ -	\$ -	\$ 1,595,064
Peter White Public Library	1,949,492	218,765	663,052	-	-	(1,067,675)	-	(1,067,675)
Non-Major Component Units	1,430,586	180,909	60,584	-	-	-	(1,189,093)	(1,189,093)
TOTAL COMPONENT UNITS	\$ 36,912,326	\$ 35,447,448	\$ 723,636	\$ 79,538	1,595,064	(1,067,675)	(1,189,093)	(661,704)
General Revenues:								
Property taxes					-	1,237,717	955,509	2,193,226
Interest and investment earnings					293,017	(23,173)	2,301	272,145
Loss on sale of capital assets					(37,844)	-	-	(37,844)
Amortization of bond premium					26,580	-	-	26,580
Miscellaneous					-	105,352	260,608	365,960
TOTAL GENERAL REVENUES					281,753	1,319,896	1,218,418	2,820,067
CHANGE IN NET POSITION					1,876,817	252,221	29,325	2,158,363
Net position, beginning of year, as restated					36,222,054	2,902,416	4,817,966	43,942,436
NET POSITION, END OF YEAR	\$ 38,098,871	\$ 3,154,637	\$ 4,847,291	\$ 46,100,799				

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, 2015, the latest available report, is as follows:

Total Assets	\$ 6,598,929
Deferred Outflows of Resources	62,630
Total Liabilities	1,187,250
Total Net Position	5,474,309
Total Operating Revenues	1,853,140
Total Operating Expenses	2,101,614
Total Non-Operating Revenues (Expenses)	(16,405)
Capital Grant Contributions	676,697
Net Increase (Decrease) in Net Position	411,818

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.

Capital Projects Fund – Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds.

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.
- 3) The government reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.
- 4) The City's Pension Plan has a plan year of January 1 to December 31 while the City has a fiscal year of October 1 to September 30. Under GASB 71, the contributions made to the plan subsequent to the measurement date are reported as deferred outflows of resources.

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

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

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.
- 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 28, 2016, 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	\$ 19,776,711	\$ 14,048,350	\$ 3,549,439	\$ 37,374,500
Investments	5,012,340	-	26,554,323	31,566,663
	<u>24,789,051</u>	<u>14,048,350</u>	<u>30,103,762</u>	<u>68,941,163</u>
Restricted:				
Cash and cash equivalents	846,257	2,376,849	-	3,223,106
Investments	1,237,360	-	-	1,237,360
	<u>2,083,617</u>	<u>2,376,849</u>	<u>-</u>	<u>4,460,466</u>
TOTALS	<u>\$ 26,872,668</u>	<u>\$ 16,425,199</u>	<u>\$ 30,103,762</u>	<u>\$ 73,401,629</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 \$40,597,606 and the bank balance was \$41,190,483. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the City in its name	\$ 15,684,470
Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:	
Collateralized and uninsured	<u>25,506,013</u>
	<u>\$ 41,190,483</u>

Investments

As of September 30, 2015 the City had the following investments:

	Fair Value	Investment Maturities (in years)			More than 10
		Less than 1	1 - 5	6 - 10	
PRIMARY GOVERNMENT:					
Unrestricted Investments:					
U.S. Government Agencies	\$ 5,012,340	\$ 3,651,830	\$ 384,085	\$ -	\$ 976,425
Restricted Investments:					
U.S. Government Agencies	<u>1,237,360</u>	<u>1,237,360</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL INVESTMENTS	<u>\$ 6,249,700</u>	<u>\$ 4,889,190</u>	<u>\$ 384,085</u>	<u>\$ -</u>	<u>\$ 976,425</u>
COMPONENT UNITS:					
Mutual Bond Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Mutual Equity Funds	-	-	-	-	-
TOTAL INVESTMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FIDUCIARY FUNDS:					
Common, Pooled Fund	\$21,591,136	\$21,591,136	\$ -	\$ -	\$ -
Mutual Equity Funds	2,570,259	2,570,259	-	-	-
Mutual Bond Funds	2,392,913	2,392,913	-	-	-
Government National Mortgage Association	15	15	-	-	-
TOTAL INVESTMENTS	<u>\$26,554,323</u>	<u>\$26,554,323</u>	<u>\$ -</u>	<u>\$ -</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	\$ 407,257	\$ 185,044	\$ 17,168	\$ 35,735	\$ 55,308	\$ 6,535	\$ 139,210	\$ 846,257	\$ 2,376,849
Investments	220,098	-	-	-	-	-	1,017,262	\$ 1,237,360	-
TOTALS	\$ 627,355	\$ 185,044	\$ 17,168	\$ 35,735	\$ 55,308	\$ 6,535	\$ 1,156,472	\$ 2,083,617	\$ 2,376,849

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, 2015 by the City is \$3,459,293, including local contributions and its proportionate share of the net equity of the facility.

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

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

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

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 fiscal year ended September 30, 2015, of the Facility, in the aggregate, is as follows:

Assets	\$19,824,174
Deferred outflows of resources	109,772
Liabilities	14,122,829
Deferred inflows of resources	-
Equity	5,811,117
Operating Revenues	1,897,874
Operating Expenses	2,759,926
Non-operating Revenues	729,827
Decrease in net position	(132,225)
City's share of net loss	(112,391)

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, 2015:

	Balance September 30, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
State Infrastructure Bank Note (MDOT Spring Street)	\$ 414,369	\$ -	\$ (82,873)	\$ 331,496	\$ 82,873
2006 Street Improvements Bonds	1,660,000	-	(180,000)	1,480,000	187,500
2007 Forestland Bonds	3,745,000	-	(250,000)	3,495,000	270,000
2007 High Street Bonds	160,342	-	(10,263)	150,079	10,466
2008 Street Improvements Bonds	2,113,493	-	(114,240)	1,999,253	117,506
2009 Capital Improvements Bonds:					
Refunding Portion	1,570,000	-	(195,000)	1,375,000	200,000
Street Bonds Portion	2,588,970	-	(213,110)	2,375,860	211,000
Add: deferred amounts on 2009 bonds	112,381	-	(11,238)	101,143	
2011 Capital Improvement Bonds	960,000	-	(60,000)	900,000	62,000
2012 Capital Improvement Bonds	1,183,815	-	(69,930)	1,113,885	71,595
Add: deferred amounts on 2012 bonds	60,776	-	(4,341)	56,435	
2013 Capital Improvement Bonds					
Street Bonds Portion	999,750	-	(58,900)	940,850	60,450
Refunding Portion - 2003 Founder's Landing Bonds	2,315,000	-	(225,000)	2,090,000	235,000
2014 Capital Improvement Bonds	1,122,200	-	-	1,122,200	62,000
Add: deferred amounts on 2014 bonds	78,578	-	-	78,578	
2015 Capital Improvement Bonds	-	712,237	-	712,237	-
Add: deferred amounts on 2014 bonds	-	24,675	-	24,675	
Accrued Compensated Absences	1,642,451	607,608	(451,399)	1,798,660	687,182
TOTAL GOVERNMENTAL ACTIVITIES	\$ 20,727,125	\$ 1,344,520	\$ (1,926,294)	\$ 20,145,351	\$ 2,257,572

NOTE E – LONG-TERM DEBT (Continued):

	Balance September 30, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
BUSINESS-TYPE ACTIVITIES:					
<u>WATER SUPPLY FUND:</u>					
State Drinking Water Revolving Fund Loan - 2009	\$ 410,058	\$ -	\$ (20,000)	\$ 390,058	\$ 25,000
State Drinking Water Revolving Fund Loan - 2011	483,908	-	(20,000)	463,908	20,000
State Drinking Water Revolving Fund Loan - 2015	-	290,875	(15,000)	275,875	-
2006 Water Membrane Bonds	495,000	-	(160,000)	335,000	165,000
2007 High Street Bonds	250,534	-	(16,036)	234,498	16,353
2008 Street Improvements Bonds	1,590,001	-	(86,450)	1,503,551	88,469
2009 Capital Improvements Bonds	2,190,195	-	(180,285)	2,009,910	178,500
Less: deferred amounts, net	13,299	-	12,622	25,921	-
2011 Capital Improvements Bonds	264,000	-	(16,500)	247,500	17,050
2012 Capital Improvements Bonds	664,785	-	(39,270)	625,515	40,205
Add: deferred amounts	34,129	-	(2,438)	31,691	-
2013 Refunding Revenue Bonds	1,000,000	-	(495,000)	505,000	505,000
2013 Capital Improvements Bonds	806,250	-	(47,500)	758,750	48,750
2014 Capital Improvements Bonds	615,400	-	-	615,400	34,000
Add: deferred amounts	43,091	-	(2,873)	40,218	-
2015 Capital Improvements Bonds	-	1,095,447	-	1,095,447	-
Add: deferred amounts	-	37,952	-	37,952	-
Accrued Compensated Absences	223,088	41,620	(45,263)	219,445	87,778
TOTAL WATER SUPPLY FUND	9,083,738	1,465,894	(1,133,993)	9,415,639	1,226,105
<u>SEWAGE DISPOSAL FUND:</u>					
State Act 94 Clean Water Assistance Loan	1,920,000	-	(175,000)	1,745,000	180,000
State Revolving Fund Loan -2009	575,699	-	(30,000)	545,699	30,000
State Revolving Fund Loan -2011	616,785	-	(30,000)	586,785	-
2008 Street Improvements Bonds	1,470,022	-	(78,960)	1,391,062	81,664
2009 Capital Improvements Bonds	1,104,300	-	(90,900)	1,013,400	90,000
Add: deferred amounts	24,296	-	(2,430)	21,866	-
2011 Capital Improvements Bonds	744,000	-	(46,500)	697,500	48,050
2012 Capital Improvements Bonds	1,155,375	-	(68,250)	1,087,125	69,875
Add: deferred amounts	59,316	-	(4,237)	55,079	-
2013 Capital Improvements Bonds	903,000	-	(53,200)	849,800	54,600
2014 Capital Improvements Bonds	1,701,400	-	-	1,701,400	94,000
Add: deferred amounts	119,134	-	(7,942)	111,192	-
2015 Capital Improvements Bonds	-	363,507	-	363,507	-
Add: deferred amounts	-	12,594	-	12,594	-
Accrued Compensated Absences	101,279	30,084	(26,396)	104,967	41,987
TOTAL SEWAGE DISPOSAL FUND	10,494,606	406,185	(613,815)	10,286,976	690,176
<u>STORMWATER UTILITY FUND:</u>					
2006 Street Improvements Bonds	1,660,000	-	(180,000)	1,480,000	187,500
2007 High Street Bonds	90,193	-	(5,773)	84,420	5,887
2008 Street Improvements Bonds	1,301,484	-	(70,350)	1,231,134	72,360
2009 Capital Improvements Bonds	251,535	-	(20,705)	230,830	20,500
Add: deferred amounts	5,533	-	(553)	4,980	-
2011 Capital Improvements Bonds	432,000	-	(27,000)	405,000	27,900
2012 Capital Improvements Bonds	551,025	-	(32,550)	518,475	33,325
Add: deferred amounts	28,289	-	(2,021)	26,268	-
2013 Capital Improvements Bonds	516,000	-	(30,400)	485,600	31,200
2015 Capital Improvements Bonds	-	78,809	-	78,809	-
Add: deferred amounts	-	2,730	-	2,730	-
Accrued Compensated Absences	13,195	8,762	(4,789)	17,168	6,867
TOTAL STORMWATER UTILITY FUND	4,849,254	90,301	(374,141)	4,565,414	385,539
<u>TOURIST PARK FUND:</u>					
Accrued Compensated Absences	95	640	-	735	294
TOTAL TOURIST PARK FUND	95	640	-	735	294
<u>MARINAS FUND:</u>					
2014 Capital Improvements Bonds	181,000	-	-	181,000	10,000
Add: deferred amounts	12,674	-	(845)	11,829	-
TOTAL MARINAS FUND	193,674	-	(845)	192,829	10,000
TOTAL BUSINESS-TYPE ACTIVITIES	\$24,621,367	\$ 1,963,020	\$ (2,122,794)	\$24,461,593	\$ 2,312,114

NOTE E – LONG-TERM DEBT (Continued):

	Balance September 30, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
COMPONENT UNITS:					
Board of Light & Power:					
2011 Electric Utility Revenue Bonds	\$ 4,715,000	\$ -	\$ (825,000)	\$ 3,890,000	\$ 860,000
Less: deferred amounts	179,414	-	(26,580)	152,834	
Capital Lease	-	339,775	(6,768)	333,007	41,206
Compensated Absences	933,363	56,777	-	990,140	990,140
Peter White Public Library:					
2006 Library Improvement Bonds	1,300,000	-	(305,000)	995,000	320,000
Compensated Absences	99,883	14,959	-	114,842	-
Downtown Development Authority:					
2011 Tax Increment Bonds	1,365,000	-	(85,000)	1,280,000	100,000
Compensated Absences	-	17,150	-	17,150	
Brownfield Redevelopment Authority:					
2010 Capital Improvement Bonds	890,000	-	(35,000)	855,000	40,000
2010 Recovery Zone Facility Bonds	400,000	-	(15,000)	385,000	15,000
2013 Capital Improvement Bonds	320,000	-	(25,000)	295,000	30,000
TOTAL COMPONENT UNITS	\$ 10,202,660	\$ 428,661	\$ (1,323,348)	\$ 9,307,973	\$ 2,396,346

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, \$83,981 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, Brownfield Redevelopment Authority, Downtown Development Authority 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, 2015, \$535,000 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.

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 earnings on investments as described in the Ordinances and in Section 3 of Act 94.

2007 Forestland Bonds - On March 29, 2007, the City issued \$5,135,000 in General Obligation Unlimited Tax Refunding Bonds, Series 2007 with interest rates varying from 5.25% to 5.5% to advance refund \$5,000,000 of outstanding General Obligation Limited Tax Bonds, Series 2005 maturing in fiscal years 2008 through 2025. The 2007 issue net proceeds of \$4,996,644 (after payment of \$142,148 in underwriting fees, insurance, and other issuance costs plus an additional \$3,792 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 2005 General Obligation Unlimited Refunding Bonds. As a result, the 2005 General Obligation Unlimited Tax Refunding Bonds are considered to be defeased and the liability for those has been removed from the Governmental Activities long-term debt balance. At September 30, 2015, \$3,555,000 of the bonds outstanding are considered to be defeased.

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

NOTE E – LONG-TERM DEBT (Continued):

2007 High Street Bonds - 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 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, 2015, \$1,975,000 of bonds outstanding are considered defeased.

NOTE E – LONG-TERM DEBT (Continued):

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

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

NOTE E – LONG-TERM DEBT (Continued):

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 Revenue 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 the 2003 Founders Landing Bonds, dated December 23, 2003. 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.

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, 2015, \$2,035,000 of the bonds outstanding are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$130,000. 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 \$108,160.

2013 Refunding Revenue Bonds – On July 18, 2013, the City issued \$1,490,000 in Water Supply and Sewage Disposal System Revenue Refunding Bonds, Series 2013 with interest rates of 1.25% for the purpose of refunding the 2003 Refunding Revenue Bonds, dated November 4, 2003, which mature in the years 2015 through 2023. The Bonds were issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended, and a bond authorizing resolution adopted by the City.

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, 2015, \$505,000 of bonds outstanding are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$30,000. 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 \$46,489.

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.

2015 Capital Improvement Bonds – On September 17, 2015, the City issued \$2,250,000 in General Obligation Capital Improvement Bonds, Series 2015 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, acquisition and construction of park, sewer lift station and marina improvements; acquisition and installation of water membranes for the water supply system; water main improvements; and construction and installation of sanitary sewer lateral replacements and sewer pipe.

The bonds are issued pursuant to the provision of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution adopted by the City. The City has pledged its limited tax, full faith and credit as a security of the payment of the principal and interest on the Bonds.

2006 Library Improvement Bonds - On October 3, 2006, the City issued \$2,935,000 in General Obligation Unlimited Tax Refunding Bonds, Series 2006 with an interest rate of 4.0% to advance refund \$2,885,000 of outstanding General Obligation Unlimited Tax Library Improvement Bonds, Series 1997 maturing in fiscal years 2009 through 2018. The 2006 issue net proceeds of \$2,896,462 (after payment of \$81,939 in underwriting fees, insurance, and other issuance costs plus an additional \$43,401 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 1997 General Obligation Unlimited Tax Library Improvement Bonds. As a result, the 1997 General Obligation Unlimited Tax Library Improvement Bonds are considered to be defeased and the liability for those has been removed from the Governmental Activities long-term debt balance. At September 30, 2015, \$1,025,000 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

NOTE E – LONG-TERM DEBT (Continued):

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.

Capital Lease BLP – In August 2015, the Marquette Board of Light and Power purchased a Caterpillar 980K Wheeled Loader under a lease purchase agreement through Caterpillar Financial Services. The original purchase price was \$370,000 with a trade-in credit of \$18,000, rental fee credit of \$12,500, and financing fee of \$275, resulting in an original financed amount of \$339,775. This obligation is for 60 monthly payments at an interest rate of 2.49 percent.

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 Founder's Landing Refunding Bonds	2014 Capital Improvements Bonds	2015 Capital Improvements Bonds
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	62,000	66,424
2018	82,873	202,500	300,000	10,804	128,931	225,000	242,650	66,000	74,925	63,550	245,000	63,550	66,424
2019	82,877	210,000	320,000	11,006	135,459	230,000	251,090	68,000	78,255	66,650	255,000	65,100	68,024
2020	-	220,000	340,000	11,141	140,354	245,000	261,640	70,000	79,920	68,200	265,000	66,650	68,024
2021	-	227,500	355,000	11,275	146,883	265,000	274,300	72,000	83,250	69,750	275,000	68,200	69,624
2022	-	237,500	375,000	11,479	153,412	-	295,400	74,000	84,915	71,300	280,000	71,300	71,224
2023	-	-	395,000	11,681	156,676	-	299,620	78,000	88,245	74,400	290,000	72,850	72,824
2024	-	-	415,000	11,883	164,836	-	312,280	82,000	89,910	75,950	-	74,400	74,424
2025	-	-	440,000	12,086	171,364	-	-	84,000	93,240	79,050	-	77,500	76,024
2026	-	-	-	12,289	179,524	-	-	88,000	96,570	80,600	-	80,600	79,221
2027	-	-	-	12,491	186,053	-	-	92,000	98,235	83,700	-	83,700	-
2028	-	-	-	12,878	195,852	-	-	-	101,565	85,250	-	88,350	-
2029	-	-	-	-	-	-	-	-	-	-	-	91,450	-
2030	-	-	-	-	-	-	-	-	-	-	-	94,550	-
Principal Interest	331,496	1,480,000	3,495,000	150,079	1,999,253	1,375,000	2,375,860	900,000	1,113,885	940,850	2,090,000	1,122,200	712,237
	-	216,500	1,045,496	18,912	629,277	225,558	567,712	220,273	229,584	191,702	256,356	338,538	104,476
	\$ 331,496	\$ 1,696,500	\$ 4,540,496	\$ 168,991	\$ 2,628,530	\$ 1,600,558	\$ 2,943,572	\$ 1,120,273	\$ 1,343,469	\$ 1,132,552	\$ 2,346,356	\$ 1,460,738	\$ 816,713

NOTE E – LONG-TERM DEBT (Continued):

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

WATER SUPPLY FUND													
Year Ending September 30,	State Drinking Water Revolving Fund Loan	State DWRP 2011 Loan	State DWRP 2015 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	2015 Capital Improvement Bonds
2016	\$ 25,000	\$ 20,000	\$ -	\$ 165,000	\$ 16,353	\$ 88,469	\$ 178,500	\$ 17,050	\$ 40,205	\$ 505,000	\$ 48,750	\$ 34,000	\$ -
2017	25,000	20,000	20,000	170,000	16,563	92,155	192,780	17,600	41,140	-	50,000	34,000	102,195
2018	25,000	25,000	20,000	-	16,880	97,070	205,275	18,150	42,075	-	51,250	34,850	102,195
2019	25,000	25,000	20,000	-	17,197	101,986	212,415	18,700	43,945	-	53,750	35,700	104,645
2020	25,000	25,000	20,000	-	17,407	105,671	221,340	19,250	44,880	-	55,000	36,550	104,645
2021	25,000	25,000	20,000	-	17,619	110,586	232,050	19,800	46,750	-	56,250	37,400	107,095
2022	25,000	25,000	25,000	-	17,935	115,501	249,900	20,350	47,685	-	57,500	39,100	109,545
2023	25,000	25,000	25,000	-	18,251	117,959	253,470	21,450	49,555	-	60,000	39,950	111,995
2024	25,000	30,000	25,000	-	18,568	124,103	264,180	22,550	50,490	-	61,250	40,800	114,445
2025	30,000	30,000	25,000	-	18,885	129,018	-	23,100	52,360	-	63,750	42,500	116,895
2026	30,000	30,000	25,000	-	19,201	135,161	-	24,200	54,230	-	65,000	44,200	121,792
2027	30,000	30,000	25,000	-	19,518	140,076	-	25,300	55,165	-	67,500	45,900	-
2028	30,000	30,000	25,875	-	20,121	145,796	-	-	57,035	-	68,750	48,450	-
2029	30,000	30,000	-	-	-	-	-	-	-	-	-	50,150	-
2030	15,058	30,000	-	-	-	-	-	-	-	-	-	51,850	-
2031	-	30,000	-	-	-	-	-	-	-	-	-	-	-
2032	-	33,908	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	390,058	463,908	275,875	335,000	234,498	1,503,551	2,009,910	247,500	625,515	505,000	758,750	615,400	1,095,447
Interest	86,270	106,399	40,534	13,500	29,554	473,776	480,288	60,579	128,926	6,312	154,598	165,318	159,979
	\$ 476,328	\$ 570,307	\$ 316,409	\$ 348,500	\$ 264,052	\$ 1,977,327	\$ 2,490,198	\$ 308,079	\$ 754,441	\$ 511,312	\$ 913,348	\$ 780,718	\$ 1,255,426

NOTE E – LONG-TERM DEBT (Continued):

SEWAGE DISPOSAL FUND

MARINAS FUND

Year Ending September 30,	State Act	2009	2011	2008	2009	2011	2012	2013	2014	2015	2014
	94 Clean Water Assistance Loan	State Revolving Loan	State Revolving Loan	Street Improvements Bond	Capital Improvements Bond	Capital Improvements Bonds	Capital Improvements Bonds	Capital Improvements Bonds	Capital Improvements Bonds	Capital Improvements Bonds	Capital Improvements Bonds
2016	\$ 180,000	\$ 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	94,000	33,951	10,000
2018	185,000	30,000	30,000	89,604	103,500	51,150	73,125	57,400	96,350	33,951	10,250
2019	190,000	35,000	30,000	94,140	107,100	52,700	76,375	60,200	98,700	34,751	10,500
2020	195,000	35,000	35,000	97,543	111,600	54,250	78,000	61,600	101,050	34,751	10,750
2021	200,000	35,000	35,000	102,080	117,000	55,800	81,250	63,000	103,400	35,551	11,000
2022	200,000	35,000	35,000	106,617	126,000	57,350	82,875	64,400	108,100	36,351	11,500
2023	205,000	35,000	35,000	108,885	127,800	60,450	86,125	67,200	110,450	37,151	11,750
2024	210,000	40,000	35,000	114,556	133,200	63,550	87,750	68,600	112,800	37,951	12,000
2025	-	40,000	35,000	119,093	-	65,100	91,000	71,400	117,500	38,751	12,500
2026	-	40,000	40,000	124,764	-	68,200	94,250	72,800	122,200	40,348	13,000
2027	-	40,000	40,000	129,301	-	71,300	95,875	75,600	126,900	-	13,500
2028	-	40,000	40,000	137,748	-	-	99,125	77,000	133,950	-	14,250
2029	-	40,000	40,000	-	-	-	-	-	138,650	-	14,750
2030	-	40,699	40,000	-	-	-	-	-	143,350	-	15,250
2031	-	-	40,000	-	-	-	-	-	-	-	-
2032	-	-	46,785	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-
Principal	1,745,000	545,699	586,785	1,391,062	1,013,400	697,500	1,087,125	849,800	1,701,400	363,507	181,000
Interest	210,802	115,005	139,392	437,332	242,164	170,717	224,072	173,155	457,046	52,238	48,624
	<u>\$ 1,955,802</u>	<u>\$ 660,704</u>	<u>\$ 726,177</u>	<u>\$ 1,828,394</u>	<u>\$ 1,255,564</u>	<u>\$ 868,217</u>	<u>\$ 1,311,197</u>	<u>\$ 1,022,955</u>	<u>\$ 2,158,446</u>	<u>\$ 415,745</u>	<u>\$ 229,624</u>

STORMWATER UTILITY FUND

Year Ending September 30,	2006 Street	2007 High Street	2008 Street	2009 Capital	2011 Capital	2012 Capital	2013 Capital	2015 Capital
	Improvements Bonds							
2016	\$ 187,500	\$ 5,887	\$ 72,360	\$ 20,500	\$ 27,900	\$ 33,325	\$ 31,200	\$ -
2017	195,000	5,963	75,375	22,140	28,800	34,100	32,000	7,430
2018	202,500	6,077	79,395	23,575	29,700	34,875	32,800	7,430
2019	210,000	6,191	83,415	24,395	30,600	36,425	34,400	7,580
2020	220,000	6,267	86,431	25,420	31,500	37,200	35,200	7,580
2021	227,500	6,343	90,451	26,650	32,400	38,750	36,000	7,730
2022	237,500	6,457	94,471	28,700	33,300	39,525	36,800	7,880
2023	-	6,571	96,481	29,110	35,100	41,075	38,400	8,030
2024	-	6,684	101,506	30,340	36,900	41,850	39,200	8,180
2025	-	6,798	105,526	-	37,800	43,400	40,800	8,330
2026	-	6,912	110,551	-	39,600	44,950	41,600	8,639
2027	-	7,026	114,571	-	41,400	45,725	43,200	-
2028	-	7,244	120,601	-	-	47,275	44,000	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
Principal	1,480,000	84,420	1,231,134	230,830	405,000	518,475	485,600	78,809
Interest	216,500	10,636	387,512	55,157	99,123	106,864	98,943	9,793
	<u>\$ 1,696,500</u>	<u>\$ 95,056</u>	<u>\$ 1,618,646</u>	<u>\$ 285,987</u>	<u>\$ 504,123</u>	<u>\$ 625,339</u>	<u>\$ 584,543</u>	<u>\$ 88,602</u>

NOTE E – LONG-TERM DEBT (Continued):

Annual maturities on Component Unit debt are as follows:

Year Ending September 30,	2011 Electric Utility Revenue Bonds	Electric Utility Capital Lease	2006 Library Improvement Bonds	2011 DDA Tax Increment Bonds	2010 Capital Improvement Bonds	2010 Recovery Zone Facility Bonds	2013 Capital Improvement Bonds
2016	\$ 860,000	\$ 41,206	\$ 320,000	\$ 100,000	\$ 40,000	\$ 15,000	\$ 30,000
2017	895,000	42,244	330,000	100,000	40,000	15,000	30,000
2018	935,000	43,308	345,000	100,000	40,000	20,000	30,000
2019	380,000	44,398	-	115,000	40,000	20,000	30,000
2020	400,000	161,851	-	115,000	45,000	20,000	35,000
2021	420,000	-	-	125,000	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	-	-	-	-	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	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-
Principal	3,890,000	333,007	995,000	1,280,000	855,000	385,000	295,000
Interest	520,200	27,970	60,700	407,812	362,775	170,625	32,372
	<u>\$ 4,410,200</u>	<u>\$ 360,977</u>	<u>\$ 1,055,700</u>	<u>\$ 1,687,812</u>	<u>\$ 1,217,775</u>	<u>\$ 555,625</u>	<u>\$ 327,372</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
2016	\$ 1,570,390	\$ 686,903	\$ 2,175,188	\$ 762,781	\$ 1,406,206	\$ 330,431
2017	1,706,440	634,310	1,919,559	710,719	1,452,244	275,691
2018	1,772,207	570,471	1,814,427	648,991	1,513,308	217,972
2019	1,841,461	502,562	1,880,810	586,738	629,398	165,126
2020	1,835,929	422,118	1,938,885	514,768	776,851	136,888
2021-2025	7,516,555	1,100,034	9,290,964	1,629,190	1,555,000	350,059
2026-2030	1,842,878	127,986	4,566,432	304,019	590,000	103,537
2031-2035	-	-	150,693	3,902	110,000	2,750
	<u>\$ 18,085,860</u>	<u>\$ 4,044,384</u>	<u>\$ 23,736,958</u>	<u>\$ 5,161,108</u>	<u>\$ 8,033,007</u>	<u>\$ 1,582,454</u>

NOTE F – LETTERS OF CREDIT:

As of September 30, 2015, 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, 2015.

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:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
PRIMARY GOVERNMENT:			
General	\$ 2,189,682	Major Street	\$ 1,172,966
		Local Street	1,016,716
Subtotal	<u>2,189,682</u>	Subtotal	<u>2,189,682</u>
TOTAL REPORTING ENTITY	<u>\$ 2,189,682</u>	TOTAL REPORTING ENTITY	<u>\$ 2,189,682</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:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
PRIMARY GOVERNMENT:			
Major Street	\$ 857,025	General Fund	\$ 3,296,218
Local Street	915,152		
Non-major Governmental	1,524,041		
Non-major Business-Type	-		
Subtotal	<u>3,296,218</u>	Subtotal	<u>3,296,218</u>
Non-major Governmental	1,204,839	Major Street	445,616
General Fund	175,674	Local Street	375,900
		Non-major Governmental	145,202
		Internal Service	413,795
Subtotal	<u>1,380,513</u>	Subtotal	<u>1,380,513</u>
TOTAL REPORTING ENTITY	<u>\$ 4,676,731</u>	TOTAL REPORTING ENTITY	<u>\$ 4,676,731</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 September 30, 2014	Additions	Disposals	Balance at September 30, 2015
GOVERNMENTAL ACTIVITIES:				
Capital Assets Not Being Depreciated				
Land	\$ 11,535,962	\$ -	\$ -	\$ 11,535,962
Construction in progress	1,482,996	794,402	(526,595)	1,750,803
Total Capital Assets, not being depreciated	<u>13,018,958</u>	<u>794,402</u>	<u>(526,595)</u>	<u>13,286,765</u>
Capital Assets Being Depreciated				
Land improvements	7,768,659	-	-	7,768,659
Buildings	5,462,643	376,465	-	5,839,108
Building improvements	13,807,121	182,047	-	13,989,168
Furniture and equipment	12,689,569	439,076	(117,690)	13,010,955
Infrastructure	50,515,144	844,289	-	51,359,433
Total Capital Assets, being depreciated	<u>90,243,136</u>	<u>1,841,877</u>	<u>(117,690)</u>	<u>91,967,323</u>
Less Accumulated Depreciation:				
Land improvements	(5,999,117)	(203,503)	-	(6,202,620)
Buildings	(4,125,135)	(175,670)	-	(4,300,805)
Building improvements	(9,440,033)	(384,187)	-	(9,824,220)
Furniture and equipment	(11,082,918)	(613,679)	117,690	(11,578,907)
Infrastructure	(30,016,865)	(1,724,772)	-	(31,741,637)
Total Accumulated Depreciation	<u>(60,664,068)</u>	<u>(3,101,811)</u>	<u>117,690</u>	<u>(63,648,189)</u>
Governmental Activities				
Capital Assets, net	<u>\$ 42,598,026</u>	<u>\$ (465,532)</u>	<u>\$ (526,595)</u>	<u>\$ 41,605,899</u>

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

Governmental Activity:	
General Government	\$ 13,428
Public Health and Safety	29,565
Public Works	123,407
Social Services	860
Recreation and Culture	287,323
Depreciation - unallocated	1,912,454
Internal Service Funds charged to above activities	734,774
Total Depreciation Expense - Governmental Activities	<u>\$ 3,101,811</u>

NOTE I – CAPITAL ASSETS (Continued):

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

	Balance at September 30, 2014	Additions	Disposals	Balance at September 30, 2015
BUSINESS-TYPE ACTIVITIES:				
Capital Assets Not Subject to Depreciation:				
Land	\$ 38,319	-	-	\$ 38,319
Construction in progress	313,154	796,538	(246,246)	863,446
Total Capital Assets, not being depreciated	<u>351,473</u>	<u>796,538</u>	<u>(246,246)</u>	<u>901,765</u>
Capital Assets Subject to Depreciation:				
Land improvements	3,578,555	-	-	3,578,555
Building and building improvements	13,087,347	460,222	-	13,547,569
Furniture and equipment	4,931,457	772,762	-	5,704,219
Infrastructure	66,134,559	1,894,426	-	68,028,985
Total Capital Assets, being depreciated	<u>87,731,918</u>	<u>3,127,410</u>	<u>-</u>	<u>90,859,328</u>
Less Accumulated Depreciation:				
Land improvements	(2,265,488)	(148,164)	-	(2,413,652)
Building and building improvements	(5,837,536)	(280,967)	-	(6,118,503)
Furniture and equipment	(3,102,574)	(322,594)	-	(3,425,168)
Infrastructure	(21,251,751)	(2,190,890)	-	(23,442,641)
Total Accumulated Depreciation	<u>(32,457,349)</u>	<u>(2,942,615)</u>	<u>-</u>	<u>(35,399,964)</u>
Business-Type Activities Capital Assets, net	<u>\$55,626,042</u>	<u>\$ 981,333</u>	<u>\$ (246,246)</u>	<u>\$56,361,129</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	\$ 1,136,286
Sewage Disposal	999,144
Stormwater Utility	664,902
Recreation and Culture	142,283
Total Depreciation Expense - Business-Type Activities	<u>\$2,942,615</u>

NOTE I – CAPITAL ASSETS (Continued):

A summary of Component Unit’s capital assets as of September 30, 2015 is as follows:

	Board of Light and Power	Peter White Public Library	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
COMPONENT UNITS:					
Land	\$ 1,123,073	\$ 114,704	\$ -	\$ -	\$ 1,237,777
Construction in progress	17,889	-	205,407	1,285,857	1,509,153
Total Capital Assets, not being depreciated	<u>1,140,962</u>	<u>114,704</u>	<u>205,407</u>	<u>1,285,857</u>	<u>2,746,930</u>
Land improvements	-	117,250	4,490,604	-	4,607,854
Buildings and improvements	13,132,402	8,865,580	-	-	21,997,982
Furniture and equipment	126,824,926	1,013,636	141,767	-	127,980,329
Total Capital Assets, being depreciated	<u>139,957,328</u>	<u>9,996,466</u>	<u>4,632,371</u>	<u>-</u>	<u>154,586,165</u>
Less Accumulated Depreciation:					
Land improvements	-	(37,621)	(1,395,768)	-	(1,433,389)
Buildings and improvements	-	(5,079,725)	-	-	(5,079,725)
Furniture and equipment	-	(953,091)	(120,980)	-	(1,074,071)
Unallocated	(96,548,414)	-	-	-	(96,548,414)
Total Accumulated Depreciation	<u>(96,548,414)</u>	<u>(6,070,437)</u>	<u>(1,516,748)</u>	<u>-</u>	<u>(104,135,599)</u>
Component Units Capital Assets, net	<u>\$44,549,876</u>	<u>\$ 4,040,733</u>	<u>\$ 3,321,030</u>	<u>\$ 1,285,857</u>	<u>\$ 53,197,496</u>

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

Component Units:	
Board of Light and Power	\$2,612,081
Peter White Public Library	140,410
Downtown Development Authority	186,820
Total Depreciation Expense - Component Units	<u>\$2,939,311</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 \$8,058,084. This amount, relates to the 2015 tax levy.
2. The Business-Type Funds have reported deferred inflows of \$55,640. Of this amount, \$50,325 represents the portion of special assessment receivables which are not available resources within the next year; and \$5,315 relates to deferred amounts on refunding.
3. The Component Units have reported deferred inflows of \$1,959,292 which relates to their portion of the 2015 tax levy.

NOTE K – FUND BALANCES – GOVERNMENTAL FUNDS:

As of September 30, 2015, 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, 2015, fund balances are composed of the following:

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Permanent Funds	Total Governmental Funds
Non-spendable:						
Corpus	\$ -	\$ -	\$ -	\$ -	\$ 738,056	\$ 738,056
Loan Receivable	-	-	-	-	-	-
Inventory	107,320	-	-	-	-	107,320
Prepays	306,768	23,331	-	-	-	330,099
Total Non-spendable	\$ 414,088	\$ 23,331	\$ -	\$ -	\$ 738,056	\$ 1,175,475
Restricted:						
Fire Dept. - Lifesaving Equipment	\$ 164,836	\$ -	\$ -	\$ -	\$ -	\$ 164,836
Drug Dog	12,723	-	-	-	-	12,723
Public Education Government (PEG) Fund	-	21,818	-	-	-	21,818
Drug Forfeiture Fund	-	11,333	-	-	-	11,333
MSHDA Downtown Rental Fund	-	46,427	-	-	-	46,427
Road Maintenance Fund	-	112,677	-	-	-	112,677
Road Safety Improvement Fund	-	12,527	-	-	-	12,527
Senior Services Fund	-	470,988	-	-	-	470,988
Total Restricted	\$ 177,559	\$ 675,770	\$ -	\$ -	\$ -	\$ 853,329
Committed:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned:						
Park Improvements	\$ 11,160	\$ -	\$ -	\$ -	\$ -	\$ 11,160
Founders Landing	1,495,925	-	-	-	-	1,495,925
Capital Outlay	2,356,845	-	-	472,699	-	2,829,544
Recycling System Fund	-	7,026	-	-	-	7,026
Sanitation Fund	-	517,060	-	-	-	517,060
Lakeview Arena Fund	-	176,891	-	-	-	176,891
Forestland Debt Service	-	-	1,500,728	-	-	1,500,728
Total Assigned	\$ 3,863,930	\$ 700,977	\$ 1,500,728	\$ 472,699	\$ -	\$ 6,538,334
Unassigned:	\$ 8,455,195	\$ -	\$ -	\$ -	\$ -	\$ 8,455,195

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:

Summary of Significant Accounting Policies Pensions:

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS’ fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan:

Plan Description

The employer’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

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

Benefits Provided:

2014 Valuation

	<u>01-Public Works - Closed</u>	<u>02-Police Clerical - Open</u>	<u>7-PW Lbry Snr - Open</u>	<u>10-Union - Closed</u>
Benefit Multiplier	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age	60	60	60	60
Vesting	10 years	10 years	10 years	6 years
Early Retirement (Unreduced)	55/25	50/25	55/25	55/25
Early Retirement (Reduced)	50/25 55/15	55/15	50/25 55/15	50/25 55/15
Final Average Compensation	3 years	3 years	5 years	3 years
COLA for Future Retirees	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions	5%	5%	0%	5%
DC Plan for New Hires	---	---	---	---
Act 88	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)
	<u>11-PW Supervisor - Open</u>	<u>12-P White Lby - Open</u>	<u>15-Senior Mgmt - Closed</u>	<u>16-Middle Mgmt - Closed</u>
Benefit Multiplier	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age	60	60	60	60
Vesting	10 years	10 years	6 years	6 years
Early Retirement (Unreduced)	55/25	55/25	55/25	55/25
Early Retirement (Reduced)	50/25 55/15	50/25 55/15	50/25 55/15	50/25 55/15
Final Average Compensation	3 years	5 years	3 years	3 years
COLA for Future Retirees	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions	5%	5%	0%	3% under \$4,200; 5% over \$4,200
DC Plan for New Hires	---	7/1/1998	7/1/1998	7/1/1998
Act 88	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)
	<u>70-PW Lbry Adm - Open</u>	<u>90-Admin - Closed</u>	<u>91-PW & Union aft 10/1/12 - Open</u>	
Benefit Multiplier	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.25% Multiplier (80% max)	
Normal Retirement Age	60	60	60	
Vesting	10 years	6 years	10 years	
Early Retirement (Unreduced)	55/25	55/25	55/25	
Early Retirement (Reduced)	50/25 55/15	50/25 55/15	50/25 55/15	
Final Average Compensation	5 years	3 years	3 years	
COLA for Future Retirees	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)	
Employee Contributions	4.70%	5%	5%	
DC Plan for New Hires	---	---	---	
Act 88	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)	

Employees covered by benefit terms:

At the December 31, 2014 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	111
Inactive employees entitled to but not yet receiving benefits	14
Active employees	114
Total	<u><u>239</u></u>

Contributions:

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount

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

to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer and employee contribution rates are as follows as of December 31, 2014:

Division	Employer ¹	Employee
01 - Public Works	\$64,873	5.00%
02 - Police Clerical	29.03%	5.00%
07 - PW Lbry Snr	16.07%	0.00%
10 - Union	\$28,405	5.00%
11 - PW Supervisor	31.14%	5.00%
12 - Pwhite Lby	13.27%	5.00%
15 - Senior Mgmt	\$46,316	0.00%
16 - Middle Mgmt	\$7,697	4.88%
70 - PW Lbry Admin	17.28%	4.70%
90 - Admin	\$0	0.00%
91 - PW & Union aft 10/1/12	5.83%	5.00%

¹ For open division, a percent of pay contribution is shown. For closed division, a monthly dollar contribution is shown.

Net Pension Liability:

The employer's Net Pension Liability was measured as of December 31, 2014, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation: 3%-4% Salary Increases: 4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively) Investment rate of return: 8.0%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount rate:

The discount rate used to measure the total pension liability is 8.25% for 2014. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Changes in Net Pension Liability

Calculating the Net Pension Liability - Primary Government			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
	(a)	(b)	(a)-(b)
Changes in Net Pension Liability			
Balances at 12/31/13	\$ 45,882,064	\$ 28,156,751	\$ 17,725,313
Changes for the Year:			
Service costs	800,374	-	800,374
Interest on total pension liability	3,719,179	-	3,719,179
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumption	-	-	-
Employer contributions	-	1,685,684	(1,685,684)
Employee contributions	-	242,337	(242,337)
Net investment income	-	1,782,826	(1,782,826)
Benefit payments, including employee refunds	(2,402,573)	(2,402,573)	-
Administrative expense	-	(65,367)	65,367
Other changes	31,851	(2,359)	34,210
Net Changes	<u>2,148,831</u>	<u>1,240,548</u>	<u>908,283</u>
Balances as of 12/31/14	<u>\$ 48,030,895</u>	<u>\$ 29,397,299</u>	<u>\$ 18,633,596</u>

Calculating the Net Pension Liability - Component Unit - Peter White Public Library			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
	(a)	(b)	(a)-(b)
Changes in Net Pension Liability			
Balances at 12/31/13	\$ 2,860,850	\$ 1,956,156	\$ 904,694
Changes for the Year:			
Service costs	40,728	-	40,728
Interest on total pension liability	232,437	-	232,437
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumption	-	-	-
Employer contributions	-	86,041	(86,041)
Employee contributions	-	23,982	(23,982)
Net investment income	-	134,124	(134,124)
Benefit payments, including employee refunds	(127,594)	(127,594)	-
Administrative expense	-	(4,565)	4,565
Other changes	(236)	(9,984)	9,748
Net Changes	<u>145,335</u>	<u>102,004</u>	<u>43,331</u>
Balances as of 12/31/14	<u>\$ 3,006,185</u>	<u>\$ 2,058,160</u>	<u>\$ 948,025</u>

Net Pension Liability (NPL):	
MERS - Primary Government	\$ 18,633,596
MERS - Component Unit - PWPL	948,025
Total MERS NPL	<u>\$ 19,581,621</u>

Fire-Police - Primary Government NPL reported in statement of net position	\$ 10,295,105	(See Note M)
	<u>\$ 29,876,726</u>	

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

Sensitivity of the Net Pension Liability to changes in the discount rate:

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.25%, as well as what the employer’s Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.25%) or 1% higher (9.25%) than the current rate.

	1% Decrease 7.25%	Current Discount Rate 8.25%	1% Increase 9.25%
Net Pension Liability at 12/31/14	\$ 19,581,621	\$ 19,581,621	\$ 19,581,621
Change in Net Pension liability (NPL)	5,758,653	-	(4,892,640)
Calculated NPL	<u>\$ 25,340,274</u>	<u>\$ 19,581,621</u>	<u>\$ 14,688,981</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2015, the employer recognized pension expense of \$416,586. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Primary Government Deferred Outflows of Resources	Deferred (Inflows) of Resources	Component Unit - Peter White Public Library Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences in experience	\$ -	\$ -	\$ -	\$ -
Differences in assumptions	-	-	-	-
(Excess) Deficit Investment Returns	414,267	-	21,077	-
Subtotal	<u>414,267</u>	<u>-</u>	<u>21,077</u>	<u>-</u>
Contributions subsequent to the measurement date*	1,321,203	-	67,966	-
Total	<u>\$ 1,735,470</u>	<u>\$ -</u>	<u>\$ 89,043</u>	<u>\$ -</u>

* - The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2015.

Deferred amounts related to pension	
Primary government	\$ 414,267
Component Unit - Peter White Public Library	21,077
	<u>\$ 435,344</u>
Contributions subsequent to the measurement date	
Primary government	\$ 1,321,203
Component Unit - Peter White Public Library	67,966
	<u>\$ 1,389,169</u>

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

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflows) and Deferred Outflows of Resources by Year (To Be Recognized in Future Pension Expenses)		
Plan Year Ended December 31,	Primary Government Amount	Component Unit - Peter White Public Library Amount
2015	\$ 103,567	\$ 5,269
2016	103,567	5,269
2017	103,567	5,269
2018	103,566	5,270
2019	-	-
Thereafter	-	-
Total	<u>\$ 414,267</u>	<u>\$ 21,077</u>

Payable to Pension Plan:

At September 30, 2015, the City reported a payable of \$0 for the outstanding amount of the contributions to the pension plan required for the year ended September 30, 2015.

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 Fire/Police Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the City Treasurer. The City’s payroll for employees covered by the System for the year ended September 30, 2015 was \$3,454,423; the City’s total payroll was \$11,151,706.

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

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

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, 2014, the latest actuarial valuation date:

Group	
Retirees and beneficiaries currently receiving benefits	62
Vested terminated members	2
Active employees:	
Fire	25
Police	33
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.

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.

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

During the year ended September 30, 2015, September 30, 2014 and June 30, 2013 contributions totaling \$1,347,814; \$1,586,190, and \$1,086,388, 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).

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
June 30, 2013	\$ 1,086,388	100%	\$ -
September 30, 2014	1,586,190	100%	\$ -
September 30, 2015	1,347,814	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
12/31/2012	\$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%
12/31/2014	29,292,825	39,061,795	9,768,970	75%	3,350,191	292%

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

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

Concentrations of Investments

Wells Fargo Pooled Funds:	
Wells Fargo Core Bond CIT F	\$ 2,414,609
Wells Fargo/Dodge & Cox Intermediate Bond CIT F	\$ 2,364,059
Wells Fargo/Federated Total Return Bond CIT F	\$ 2,382,398
Wells Fargo/Blackrock S&P Midcap Index CIT F	\$ 2,243,862
Wells Fargo/Blackrock S&P 500 Index CIT F	\$ 3,921,346
Mutual Funds - Corporate Bonds:	
Metropolitan West Total Return Bond Fund Class I #512	\$ 2,392,913

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

Plan Description

The Board's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Board participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com, or writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

The Board's defined benefit pension plan includes a hybrid division. The hybrid division is effective as of January 1, 2015, covering all bargaining, non-bargaining, and management employees hired on or after January 1, 2015. The hybrid division includes a defined benefit portion as well as a defined contribution portion.

Benefits Provided

Benefits provided include plans with multipliers ranging from 2.0 percent to 2.5 percent.

Vesting periods for the plan range from eight years to ten years.

Normal retirement age is 60. The plan provides for early retirement benefits for all active employees at age 55 with 25 years of service without reduced benefits, at age 50 with 25 years of service at a reduced benefit, and at age 55 with 15 years of service at a reduced benefit.

Final average compensation is calculated based on five years, with the exception of the defined benefit division that is included within the Board's hybrid division which is calculated based on three years.

Employees Covered by Benefit Terms

At the December 31, 2014, measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	108
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>34</u>
Total inactive and active plan members	<u>142</u>

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

Contributions

The Board is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board may establish contribution rates to be paid by its covered employees. Active plan members are required to contribute amounts ranging from 4.7 percent to 4.8 percent of their annual salary to the plan. For the year ended September 30, 2015, contributions made by the Board totaled \$2,506,123.

Net Pension Liability

The Board's Net Pension Liability was measured as of December 31, 2014, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:

3 percent – 4 percent

Salary increases:

The pay increase assumption used in the actuarial valuation projects annual pay increases of 4.5 percent in the long term (1 percent, 2 percent and 3 percent for calendar years 2014, 2015 and 2016, respectively) plus a percentage based on an age-related scale to reflect merit, longevity, and promotional pay increases.

Investment rate of return:

Funding plan benefits involves the accumulation of assets to pay benefits in the future. These assets are invested and the net rate of investment earnings is a significant factor in determining the contributions required to support the ultimate cost of benefits. For the 2014 actuarial valuation, the long-term investment yield is assumed to be 8 percent annually, net of administrative and investment expenses.

Although no specific price inflation assumptions are needed for the valuation, the 4.5 percent long-term wage inflation assumption would be consistent with a price inflation of 3 percent to 4 percent.

Current, active Board bargaining, non-bargaining, and management employees covered by the defined benefit plan hired prior to July 1, 1999, are entitled to an annual cost of living benefit upon retirement.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008.

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

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global Equity	57.50%	5.02%	2.89%
Global Fixed Income	20.00%	2.18%	0.43%
Real Assets	12.50%	4.23%	0.53%
Diversifying Strategies	10.00%	6.56%	0.65%
	100.00%		
Inflation			3.50%
Administrative expenses netted above			0.25%
Investment rate of return			8.25%

Discount Rate

The discount rate used to measure the total pension liability is 8.25 percent for 2014. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability during the measurement year were as follows:

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2013	\$ 37,404,342	\$ 21,109,888	\$ 16,294,454
Changes for the Year:			
Service Cost	275,493	-	275,493
Interest on Total Pension Liability	2,981,383	-	2,981,383
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer Contributions	-	2,071,376	(2,071,376)
Employee Contributions	-	165,536	(165,536)
Net investment income	-	1,316,039	(1,316,039)
Benefit payments, including employee refunds	(2,808,219)	(2,808,219)	-
Administrative expense	-	(48,283)	48,283
Other changes	1	-	1
Net changes	<u>448,658</u>	<u>696,449</u>	<u>(247,791)</u>
Balances as of December 31, 2014	<u>\$ 37,853,000</u>	<u>\$ 21,806,337</u>	<u>\$ 16,046,663</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the Board, calculated using the discount rate of 8.25 percent, as well as what the Board's Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent) or one percentage point higher (9.25 percent) than the current rate:

	Current		
	1% Decrease (7.25%)	Discount Rate (8.25%)	1% Increase (9.25%)
Net Pension Liability at December 31, 2014	\$ 19,843,150	\$ 16,046,663	\$ 12,797,504

The current discount rate shown for GASB No. 68 purposes (8.25 percent) is higher than the MERS assumed rate of return (8 percent). This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the Board recognized pension expense of \$1,503,610. The employer reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ -
Differences in assumptions	-	-
Excess/Deficit in investment returns	319,975	-
Subtotal	319,975	-
Contributions subsequent to the measurement date*	1,880,524	-
Total	<u>\$ 2,200,499</u>	<u>\$ -</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending 9/30/16.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflows) and Deferred Outflows of Resources by Year (To Be Recognized in Future Pension Expenses)	
Plan Year Ended December 31,	Amount
2015	\$ 79,994
2016	79,994
2017	79,994
2018	79,993
2019	-
Thereafter	-
Total	<u>\$ 319,975</u>

NOTE O – DEFINED CONTRIBUTION PENSION PLAN:

CITY OF MARQUETTE:

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, 2015 there were 18 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 \$113,789 during the current year and employees contributed \$33,480. The employees under the Plan are immediately vested.

NOTE O – DEFINED CONTRIBUTION PENSION PLAN (Continued):

BOARD OF LIGHT AND POWER – COMPONENT UNIT:

The Board adopted a defined contribution pension plan effective August 1, 1998, covering all salaried employees hired on or after July 1, 1998. All union employees hired after July 1, 2006, will be enrolled in the 401(a) Money Purchase Plan (Defined Contribution Plan). The Board is required to contribute 13.0 percent and covered employees are each required to contribute 5.0 percent of annual covered payroll. Employees may voluntarily contribute up to an additional 10.0 percent of their annual salary up to the maximum allowed under the Internal Revenue Code.

The Board adopted a hybrid pension division effective January 1, 2015, covering all bargaining, non-bargaining, and management employees hired on or after January 1, 2015. The hybrid division includes a defined benefit portion as well as a defined contribution portion. For the defined contribution portion, employees will be enrolled in the 401(a) Money Purchase Plan (Defined Contribution Plan). The Board is required to contribute 5.0 percent and covered employees are each required to contribute 6.0 percent of annual covered payroll. See Note N for details on the defined benefit portion of the hybrid plan.

For the fiscal year ended September 30, 2015, combined contributions by the Board totaled \$428,388 and combined contributions by the employees totaled \$164,990.

NOTE P – DEFERRED COMPENSATION PLAN:

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

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

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

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

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

NOTE Q – ACCUMULATED COMPENSATED ABSENCES:

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

Vacation Leave – Employees earn vacation leave at various schedules dependent upon their length of employment. Upon retirement or termination, employees are paid for such vacation accumulated at that time up to a maximum accrual of 400 hours. Certain supervisory employees are paid for such vacation accumulated at that time up to a maximum accrual of 408 hours. Management employees whose accrued vacation balances were greater than 400 hours for the pay period of June 9, 1997 through June 22, 1997 have their vacation balance capped at the higher hours for payout purposes at the time of retirement or termination. Management employees hired after June 30, 1998 have a maximum accrual of 200 vacation hours for payout purposes at the time of retirement or termination. Fire and Police employees are paid for all accrued vacation hours accumulated at the time of retirement or termination up to certain capped levels.

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

The liabilities for accumulated, unpaid vacation, sick and benefit leave at September 30, 2015 are as follows:

	Benefit Leave and Vacation	Sick	Total
PRIMARY GOVERNMENT:			
Current portion	\$ 426,138	\$ 261,044	\$ 687,182
Long-term portion	995,781	458,012	1,453,793
TOTAL	<u>\$ 1,421,919</u>	<u>\$ 719,056</u>	<u>\$ 2,140,975</u>
COMPONENT UNITS:			
Current portion	\$ 578,896	\$ 428,394	\$ 1,007,290
Long-term portion	82,517	32,325	114,842
TOTAL	<u>\$ 661,413</u>	<u>\$ 460,719</u>	<u>\$ 1,122,132</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, 2015, by the City is \$3,273,997. Summary financial information as of and for the fiscal year ended June 30, 2015, the latest available report, is as follows:

Total Assets	\$ 11,629,192
Deferred Outflows of Resources	60,285
Total Liabilities	2,279,084
Deferred Inflows of Resources	-
Total Net Position	9,410,393
Total Operating Revenues	3,145,315
Total Operating Expenses	3,361,515
Total Nonoperating Revenues (Expenses)	182,199
Change in Net Position	(34,001)

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

NOTE S – RISK MANAGEMENT:

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 \$3,075,263 and \$267,889 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, 2015 was \$298,586 and represents current benefits and \$0 to prefund benefits. There were 67 participants eligible to receive benefits and 54 are participating. This benefit is accounted for on the “pay-as-you-go” method, whereby the City is reporting the amounts paid as expenditures in the year the amounts are paid for the benefit provided.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribuion	\$ 1,625,132
Interest on net OPEB obligation	94,910
Adjustment to annual required contribution	(451,061)
Annual OPEB cost	<u>1,268,981</u>
Contributions made	(298,586)
Increase in net OPEB obligation	970,395
Net OPEB obligation - beginning of year	<u>2,372,759</u>
Net OPEB obligation - end of year	<u><u>\$ 3,343,154</u></u>

NOTE T – OTHER POST EMPLOYMENT BENEFITS (Continued):

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation - End of Year</u>
6/30/2013	\$ 757,165	47%	\$ 2,029,132
9/30/2014	786,589	56%	2,372,759
9/30/2015	1,268,981	24%	3,343,154

Funding Status and Funding Progress

As of June 30, 2015 the most recent actuarial valuation date, the Plan was zero percent funded. The actuarial accrued liability for benefits equaled \$8,187,912, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,187,912 and a funded ratio of 0.0%. The covered payroll (annual payroll of active employees covered by the Plan) was \$6,217,387, and the ratio of the UAAL to the covered payroll was 132 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.

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 June 30, 2015, 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, 2015, was 5 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

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

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 2015, the Board contributed \$1,070,403 to the plan representing current premiums and \$360,000 to prefund benefits.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 1,397,358
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>1,397,358</u>
Contributions made	<u>(1,397,665)</u>
Increase in net OPEB obligation	(307)
Net OPEB obligation at beginning of year	<u>1,657,285</u>
Net OPEB obligation at end of year	<u><u>\$ 1,656,978</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
6/30/2013	\$ 1,609,826	101%	\$ 1,194,588
9/30/2014	2,068,496	78%	1,657,285
9/30/2015	1,397,358	100%	1,656,978

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

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

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 less than the Single Audit threshold of \$500,000. The City, therefore, is not required to have an audit in accordance with OMB Circular A-133 for the fiscal year ended September 30, 2015.

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, 2015. 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 \$1,750,803 with anticipated future expenditures of these projects amount

NOTE X – CONSTRUCTION IN PROGRESS (Continued):

to \$744,570. A portion of the various street repairs are being financed with the subsequent issue of the 2015 General Obligation Limited Tax Bonds.

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

The following net position restatements were made resulting from the adoption of GASB No. 68 and GASB No. 71. The adjustments record the beginning proportionate share of net pension liability and related deferred outflows of resources as listed below.

	Governmental Activities		
	September 30, 2015		
	As Previously Reported	Adjustments	As Restated
Governmental Activities			
Net position, beginning of year	\$ 41,556,301		
Changes in Accounting Principle			
Net pension liability - City		(13,252,805)	
Net pension liability - Fire/Police		(9,882,766)	
Net position, end of year, as restated			<u>\$ 18,420,730</u>

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. 68, *Accounting and Financial Reporting for Pensions*. GASB 68 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. It 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. This Statement is effective for periods beginning after June 15, 2014. The adoption of GASB No. 68 required the City to record a prior period adjustment for the City's net pension liability at the beginning of the year as detailed in Note O of the financial statements.

NOTE Z – NEW GASB STANDARDS (Continued):

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an Amendment of GASB Statement No. 68)*. 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. This Statement is effective at the same time GASB 68 is adopted. The adoption of GASB No. 71 required the City to record a prior period adjustment resulting from timing differences between the City's fiscal year and the actuarial valuation measurement date as detailed in Note O of the financial statements.

Other Recently Issued Accounting Pronouncements:

In January 2013, the GASB issued Statement No. 69 *Government Combinations and Disposals of Government Operations*. GASB No. 69 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. This Statement is effective for periods beginning after December 15, 2013. The adoption of GASB No. 69 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 72: Fair Value Measurement and Application:

Effective for fiscal years beginning after June 15, 2015 (City's fiscal year 2016)

This standard addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard provides guidance for determining a fair value measurement for financial reporting purposes. It also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB 73: Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68:

Effective for fiscal years beginning after June 15, 2015 (City's fiscal year 2016)

This standard establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68

NOTE AA – UPCOMING STANDARDS (Continued):

be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

GASB 74: Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans:

Effective for fiscal years beginning after June 15, 2016 (City's fiscal year 2017)

This standard replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet certain criteria. It also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria.

GASB 75: Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans:

Effective for fiscal years beginning after June 15, 2017 (City's fiscal year 2018)

This standard replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

GASB 75 also requires more extensive note disclosures and required supplementary information, including 10 years of historical information. The particular accounting and financial reporting requirements and footnote disclosures are dependent upon the type of plan being used (defined benefit, defined contribution, or special funding situations) and whether the OPEB plans are administered through trusts meeting certain criteria.

GASB 76: The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments:

Effective for fiscal years beginning after June 15, 2015 (City's fiscal year 2016)

This standard supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to

NOTE AA – UPCOMING STANDARDS (Continued):

prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB 77: Tax Abatement Disclosures:

Effective for fiscal years beginning after December 15, 2015 (City's fiscal year 2017)

This standard requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

Governments will be required to disclose information about tax abatement agreements including the taxes being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanisms by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments being made by tax abatement recipients. Additionally the gross dollar amount of taxes abated during the period will have to be disclosed along with any other commitments made by a government, other than to abate taxes, as part of the tax abatement agreement.

NOTE AB – CHANGE IN PRIOR 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 – BUDGETARY NONCOMPLIANCE:

Expenditures over appropriations for the individual funds are as follows:

Fund/Account	Final Budget	Actual GAAP	Variance
PRIMARY GOVERNMENT:			
Major Street & Trunkline Fund			
Highways, Streets and Bridges	\$ 1,377,660	\$ 1,422,766	\$ 45,106
Debt Service	-	4,139	4,139
Local Street Fund			
Debt Service	-	12,418	12,418
Transfers Out	366,735	375,900	9,165
Water Supply Fund			
Water Treatment and Distribution	1,890,326	2,122,487	232,161
Interest Expenses	269,935	288,198	18,263
Bond Issuance Expense	750	25,654	24,904
Sewage Disposal Fund			
Sanitary Sewer Operation and Booster Stations	949,548	1,048,563	99,015
Interest Expenses	271,150	306,439	35,289
Bond Issuance Expense	-	7,761	7,761
Stormwater Utility Fund			
Bond Issuance Expense	-	2,070	2,070
Technology Services Fund			
Administration and General	656,490	698,120	41,630
Motor Vehicle Equipment Fund			
Administration and General	2,641,555	2,784,702	143,147
Capital Outlay	-	29,174	29,174
Transfers Out	55,775	151,000	95,225

NOTE AD – UNRESTRICTED NET POSITION DEFICIT:

In accordance with Public Act 140 of 1970, the City is required to file a deficit elimination plan for all funds that have a deficit at the end of the fiscal year. As of September 30, 2015 the City had unrestricted net position deficits as follows: Water Supply Fund - \$3,092,425; Sewage Disposal Fund - \$232,487; Stormwater Utility Fund - \$6,759; and Technology Services Fund - \$58,432.

For purposes of determining if a fund is in a deficit position, the Michigan Department of Treasury's Local Audit and Finance Division issued Numbered Letter 2014-1. For governmental funds, "unrestricted fund balance" is the sum of the Committed, Assigned, and Unassigned balances.

NOTE AD – UNRESTRICTED NET POSITION DEFICIT (Continued):

For proprietary funds, fiduciary funds, and discretely presented component units the Department of Treasury created a deficit test for determining if a fund is in a deficit position and the deficit amount for which a deficit elimination plan must be submitted. The test is summarized as below:

- Step 1: Does the “unrestricted net position” or “total net position” have a deficit? If both are “no”, no plan is necessary. If one is “yes”, is the “deferred inflows of resources minus taxes and special assessments receivable” greater than either deficit? If “yes”, no plan is necessary. If “no”, proceed to Step 2.
- Step 2: Calculated current assets minus current liabilities. For this calculation, current liabilities should not include the current portion of long-term obligations. If the answer is positive, no plan is necessary. If the answer is negative, proceed to Step 3.
- Step 3: Compare A) the larger deficit between the “unrestricted net position” and the “total net position”, and B) current assets minus current liabilities.
- Step 4: Submit a plan to eliminate the smaller deficit between A and B.

The results of performing the deficit test revealed the Sewage Disposal Fund is required and a deficit elimination plan has been filed with the Department of Treasury.

REQUIRED SUPPLEMENTARY INFORMATION

City of Marquette Michigan
Municipal Employees Retirement System of Michigan
Required Supplementary Information

Schedule of Changes in the Net Pension Liability
and Related Ratios

(Ultimately ten years will be displayed)

	2015
Change in total pension liability	
Service cost	\$ 841,102
Interest	3,951,616
Change in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of member contributions	(2,530,167)
Other	31,615
Net change in total pension liability	2,294,166
 Total pension liability, beginning of year	 48,742,914
Total pension liability, end of year (a)	51,037,080
 Change in plan fiduciary net position	
Contributions – employer	1,771,725
Contributions – member	266,319
Net investment income	1,916,950
Benefit payments, including refunds of member contributions	(2,530,167)
Administrative expense	(69,932)
Other	(12,343)
Net change in plan fiduciary net position	1,342,552
 Plan fiduciary net position, beginning of year	 30,112,907
Plan fiduciary net position, end of year (b)	31,455,459
 Net pension liability, end of year	 (a)-(b) \$ 19,581,621
 Plan fiduciary net position as a percentage of the total pension liability	 61.63%
 Covered-employee payroll	 \$ 5,838,134
 Net pension liability as a percentage of covered payroll	 335.41%

City of Marquette Michigan
Municipal Employees Retirement System of Michigan
Required Supplementary Information

SCHEDULE OF CONTRIBUTIONS

Fiscal Year/Period Ending	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency	Covered Payroll	Contribution as Percentage of Covered Payroll
9/30/2015	\$ 1,871,408	\$ 1,871,408	\$ -	\$ 5,838,134	32.05%

**City of Marquette Michigan
Fire/Police Retirement System
Required Supplementary Information**

**Schedule of Changes in the Net Pension Liability
and Related Ratios**

(Ultimately ten years will be displayed)

	<u>2015</u>
Change in total pension liability	
Service cost	\$ 1,363,210
Interest	1,308,833
Change in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of member contributions	(1,917,861)
Other	635,057
Net change in total pension liability	<u>1,389,239</u>
Total pension liability, beginning of year	<u>37,672,556</u>
Total pension liability, end of year (a)	<u>39,061,795</u>
Change in plan fiduciary net position	
Contributions – employer	1,300,887
Contributions – member	171,472
Net investment income	1,523,786
Benefit payments, including refunds of member contributions	(1,917,861)
Administrative expense	(101,384)
Other	-
Net change in plan fiduciary net position	<u>976,900</u>
Plan fiduciary net position, beginning of year	<u>27,789,790</u>
Plan fiduciary net position, end of year (b)	<u>28,766,690</u>
Net pension liability, end of year	(a)-(b) <u>\$ 10,295,105</u>
Plan fiduciary net position as a percentage of the total pension liability	73.64%
Covered-employee payroll	\$ 3,350,191
Net pension liability as a percentage of covered payroll	307.30%

**City of Marquette Michigan
Fire/Police Retirement System
Required Supplementary Information**

SCHEDULE OF CONTRIBUTIONS

Fiscal Year/Period Ending	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency	Covered Payroll	Contribution as Percentage of Covered Payroll
9/30/2015	\$ 1,347,814	\$ 1,347,814	\$ -	\$ 3,454,423	39.02%

**City of Marquette Michigan
Marquette Board of Light and Power
Required Supplementary Information**

**Schedule of Changes in the Net Pension Liability
and Related Ratios**

(Ultimately ten years will be displayed)

	2015
Change in total pension liability	
Service cost	\$ 275,493
Interest	2,981,383
Change in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of member contributions	(2,808,219)
Other	1
Net change in total pension liability	448,658
Total pension liability, beginning of year	37,404,342
Total pension liability, end of year (a)	37,853,000
Change in plan fiduciary net position	
Contributions – employer	2,071,376
Contributions – member	165,536
Net investment income	1,316,039
Benefit payments, including refunds of member contributions	(2,808,219)
Administrative expense	(48,283)
Other	-
Net change in plan fiduciary net position	696,449
Plan fiduciary net position, beginning of year	21,109,888
Plan fiduciary net position, end of year (b)	21,806,337
Net pension liability, end of year	(a)-(b) \$ 16,046,663
Plan fiduciary net position as a percentage of the total pension liability	57.61%
Covered-employee payroll	\$ 2,861,350
Net pension liability as a percentage of covered payroll	560.81%

**City of Marquette Michigan
Marquette Board of Light and Power
Required Supplementary Information**

SCHEDULE OF CONTRIBUTIONS

Fiscal Year/Period Ending	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency	Covered Payroll	Contribution as Percentage of Covered Payroll
9/30/2015	\$ 1,496,376	\$ 2,071,376	\$ (575,000)	\$ 2,861,350	72.39%

City of Marquette, Michigan

SCHEDULE OF INVESTMENT RETURNS

Annual Money-Weighted Rate of Return, Net of Investment Expense

Fiscal Year Ended	MERS	Board of Light and Power	Police/Fire
6/30/2015	8.25%	8.25%	7.00%

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%
2015	-	8,187,912	8,187,912	0%	6,217,387	132%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Valuation Date June 30	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB 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
September 30, 2015	2015	1,268,981	24%	3,343,154

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

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(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
December 31 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	3%	5,929,296	347%
2009	562,398	21,166,012	20,603,614	3%	5,929,296	347%
2012	1,065,569	18,564,650	17,499,081	6%	6,062,043	289%
2012	1,065,569	18,564,650	17,499,081	6%	6,330,267	276%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Valuation Date December 31	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB 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	101%	1,194,588
September 30, 2014	2012	2,068,496	78%	1,657,285
September 30, 2015	2012	1,397,358	100%	1,656,978

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 11,331,592	\$ 10,549,403
Investments	4,501,485	4,842,557
Receivables:		
Taxes:		
Current	742,596	715,992
Delinquent	2,764	3,046
Accounts	266,511	252,444
Special assessment	-	-
Allowance for uncollectible accounts	-	-
Due from other authorities	2,191,034	1,151,313
Due from other funds	2,189,682	3,241,612
Due from other governments	597,315	512,264
Inventories	107,320	206,947
Prepaid expenditures	<u>306,768</u>	<u>322,587</u>
	TOTAL ASSETS	21,798,165
	<u>22,237,067</u>	<u>21,798,165</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
	TOTAL ASSETS AND DEFERRED	
	OUTFLOWS OF RESOURCES	
	<u>\$ 22,237,067</u>	<u>\$ 21,798,165</u>
LIABILITIES		
Accounts payable	\$ 468,720	\$ 414,768
Accrued wages payable	298,309	240,280
Accrued compensated absences	684,999	656,545
Due to other governmental units	322	-
Due to other authorities	52,310	-
Customer deposits payable	<u>21,466</u>	<u>23,377</u>
	TOTAL LIABILITIES	1,334,970
	<u>1,526,126</u>	<u>1,334,970</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	7,800,169	7,799,733
Special assessments	<u>-</u>	<u>14,114</u>
	TOTAL DEFERRED INFLOWS OF RESOURCES	7,813,847
	<u>7,800,169</u>	<u>7,813,847</u>
FUND BALANCE		
Non-spendable	414,088	529,534
Restricted	177,559	223,793
Assigned	3,863,930	2,888,016
Unassigned	<u>8,455,195</u>	<u>9,008,005</u>
	TOTAL FUND BALANCE	12,649,348
	<u>12,910,772</u>	<u>12,649,348</u>
	TOTAL LIABILITIES, DEFERRED INFLOWS	
	OF RESOURCES, AND FUND BALANCE	
	<u>\$ 22,237,067</u>	<u>\$ 21,798,165</u>

CITY OF MARQUETTE, MICHIGAN

GENERAL FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		2014	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Property Taxes:				
Real property taxes	\$ 9,506,605	\$ 9,113,881	\$ (392,724)	\$ 11,660,483
Personal property taxes	596,315	605,183	8,868	759,976
Interest and penalty	32,000	31,408	(592)	30,155
Administrative collection fees	316,960	313,171	(3,789)	384,660
	<u>10,451,880</u>	<u>10,063,643</u>	<u>(388,237)</u>	<u>12,835,274</u>
Total Property Taxes				
Industrial Facilities Tax Act	36,725	36,300	(425)	46,962
Payments in Lieu of Taxes:				
MSHDA	(55,440)	21,535	76,975	21,642
Board of Light and Power	1,804,157	1,836,845	32,688	2,249,816
Public Housing Authority	35,405	59,733	24,328	24,248
Sault Tribe Housing Authority	1,500	1,500	-	3,000
Marquette Area Wastewater Treatment Facility	381,959	381,959	-	490,560
Orianna Ridge	19,650	-	(19,650)	-
Whetstone	15,000	-	(15,000)	-
Snowberry	41,170	-	(41,170)	-
Water Supply Fund	647,102	647,102	-	805,515
Sewage Disposal Fund	503,497	503,497	-	630,885
	<u>3,394,000</u>	<u>3,452,171</u>	<u>58,171</u>	<u>4,225,666</u>
Total Payment in Lieu of Taxes				
Federal and State Grants:				
UPSET	25,125	27,331	2,206	25,124
FEMA - SCBA	53,265	63,896	10,631	7,200
FEMA - Vehicle Exhaust Capture	48,735	48,735	-	-
DELEG-Better Buildings for Michigan Grant	-	-	-	16,829
MDNRE - Hawley St. Pathway	65,000	74,182	9,182	-
DNR - Snowmobile grant	2,400	2,500	100	2,450
NOAA - Coastal Zone Management Program	-	23,131	23,131	11,369
MDNR - Restroom Facility Construction	135,000	135,742	742	-
PI Bandshell Replacement	-	3,510	3,510	-
MDNR - McCarty's Restroom Construction	45,000	45,572	572	-
State Grant - Rec Authority	-	3,713	3,713	-
Council for Arts and Culture - Federal	-	1,330	1,330	2,320
Council for Arts and Culture - State	17,000	12,770	(4,230)	16,980
	<u>391,525</u>	<u>442,412</u>	<u>50,887</u>	<u>82,272</u>
Total Federal and State Grants				
State-Shared Revenues:				
Fire protection - State facility	147,000	177,287	30,287	148,537
Sales and use tax	1,645,230	1,911,926	266,696	2,396,208
Liquor licenses	25,000	36,157	11,157	46,392
	<u>1,817,230</u>	<u>2,125,370</u>	<u>308,140</u>	<u>2,591,137</u>
Total State-Shared Revenues				

CITY OF MARQUETTE, MICHIGAN

GENERAL FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
Intergovernmental Revenues:				
NMPSA	\$ -	\$ -	\$ -	\$ -
Tribal Revenue Sharing	10,000	10,000	-	4,000
Shared Services	18,000	2,163	(15,837)	16,436
Total Intergovernmental Revenues	28,000	12,163	(15,837)	20,436
Licenses and Permits:				
Business licenses and permits	7,500	5,772	(1,728)	6,903
Non-business licenses and permits	37,050	43,357	6,307	40,461
Total Licenses and Permits	44,550	49,129	4,579	47,364
Charges for Services:				
Fees	360,705	336,491	(24,214)	398,031
Cemetery foundations and grave openings	55,000	46,610	(8,390)	68,073
Services to other funds	2,064,830	1,887,787	(177,043)	1,983,517
Total Charges for Services	2,480,535	2,270,888	(209,647)	2,449,621
Sales	43,285	34,753	(8,532)	49,080
Use and Admission Fees:				
Community Center use	21,000	10,285	(10,715)	26,815
Ballfields	22,000	6,305	(15,695)	28,682
Skiing use/passes	-	50	50	-
Parking fees	-	-	-	-
Art center and theater	-	-	-	-
Total Use and Admission Fees	43,000	16,640	(26,360)	55,497
Fines and Forfeits	121,280	117,320	(3,960)	127,554
Rentals:				
Land and building rental	55,145	36,525	(18,620)	49,882
Parking rentals - lots	5,300	5,272	(28)	10,073
Equipment rent	41,000	1,188	(39,812)	37,286
Total Rentals	101,445	42,985	(58,460)	97,241

CITY OF MARQUETTE, MICHIGAN

GENERAL FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
Special Assessments:				
Interest	\$ -	\$ -	\$ -	\$ -
Assessments levied	14,115	14,114	(1)	14,114
Total Special Assessments	14,115	14,114	(1)	14,114
Sale of Capital Assets	-	-	-	9,540
Contributions from Private Sources	159,765	152,023	(7,742)	177,515
Investment Income	200,915	214,583	13,668	136,186
Reimbursements	365,250	86,137	(279,113)	206,524
Other revenues	65,115	67,032	1,917	79,693
TOTAL REVENUES	19,758,615	19,197,663	(560,952)	23,251,676
EXPENDITURES:				
GENERAL GOVERNMENT:				
Central Administration:				
Personnel services	2,108,880	1,959,926	148,954	2,327,414
Supplies and contractual	696,913	599,021	97,892	663,231
Other services and charges	125,765	118,758	7,007	181,791
Capital outlay	-	-	-	-
Total Central Administration	2,931,558	2,677,705	253,853	3,172,436
Community Development:				
Personnel services	1,488,105	1,356,095	132,010	1,679,141
Supplies and contractual	288,750	226,101	62,649	323,693
Other services and charges	-	-	-	-
Capital outlay	40,000	33,969	6,031	38,542
Total Community Development	1,816,855	1,616,165	200,690	2,041,376
Other General Government:				
Insurance and Bonds:				
Bond issuance costs	-	-	-	-
Other services and charges	83,540	82,475	1,065	98,305
Total Other General Government	83,540	82,475	1,065	98,305
TOTAL GENERAL GOVERNMENT	4,831,953	4,376,345	455,608	5,312,117

CITY OF MARQUETTE, MICHIGAN

GENERAL FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with	2014
	Final	Actual	Final Budget	Actual
	Budget	GAAP	Positive	GAAP
		Basis	(Negative)	Basis
PUBLIC HEALTH AND SAFETY:				
Police Department:				
Personnel services	\$ 3,924,250	\$ 3,871,224	\$ 53,026	\$ 4,730,427
Supplies and contractual	414,380	413,535	845	630,438
Other services and charges	7,500	3,529	3,971	6,827
Capital outlay	-	-	-	20,193
Total Police Department	<u>4,346,130</u>	<u>4,288,288</u>	<u>57,842</u>	<u>5,387,885</u>
Fire Department:				
Personnel services	2,536,265	2,433,967	102,298	2,931,248
Supplies and contractual	262,974	261,417	1,557	312,653
Other services and charges	3,950	49,319	(45,369)	10,514
Capital outlay	82,685	121,408	(38,723)	13,257
Total Fire Department	<u>2,885,874</u>	<u>2,866,111</u>	<u>19,763</u>	<u>3,267,672</u>
Waterfront Safety:				
Personnel services	93,735	92,484	1,251	117,718
Supplies and contractual	16,790	17,117	(327)	15,459
Other services and charges	-	595	(595)	-
Capital outlay	-	-	-	-
Total Waterfront Safety	<u>110,525</u>	<u>110,196</u>	<u>329</u>	<u>133,177</u>
TOTAL PUBLIC HEALTH AND SAFETY	<u>7,342,529</u>	<u>7,264,595</u>	<u>77,934</u>	<u>8,788,734</u>
PUBLIC WORKS:				
Public Works Maintenance:				
Personnel services	1,925,450	1,693,678	231,772	2,054,611
Supplies and contractual	936,782	895,647	41,135	1,503,069
Other services and charges	-	-	-	-
Capital outlay	297,895	536,704	(238,809)	201,398
Total Public Works Maintenance	<u>3,160,127</u>	<u>3,126,029</u>	<u>34,098</u>	<u>3,759,078</u>
City Hall and Grounds:				
Personnel services	50,600	43,927	6,673	57,706
Supplies and contractual	223,847	208,035	15,812	252,728
Other services and charges	-	-	-	-
Capital outlay	45,357	42,207	3,150	-
Total City Hall and Grounds	<u>319,804</u>	<u>294,169</u>	<u>25,635</u>	<u>310,434</u>
Cemetery:				
Personnel services	118,490	132,796	(14,306)	158,600
Supplies and contractual	97,084	81,616	15,468	117,305
Other services and charges	-	-	-	-
Capital outlay	-	167	(167)	5,076
Total Cemetery	<u>215,574</u>	<u>214,579</u>	<u>995</u>	<u>280,981</u>
TOTAL PUBLIC WORKS	<u>3,695,505</u>	<u>3,634,777</u>	<u>60,728</u>	<u>4,350,493</u>

CITY OF MARQUETTE, MICHIGAN

GENERAL FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
COMMUNITY SERVICES:				
Promotional Services:				
Personnel services	\$ -	\$ -	\$ -	\$ -
Supplies and contractual	-	-	-	-
Other services and charges	20,235	20,235	-	23,238
Capital outlay	-	-	-	-
Total Promotional Services	20,235	20,235	-	23,238
Parks and Recreation Administration:				
Personnel services	275,165	253,629	21,536	323,052
Supplies and contractual	79,695	63,868	15,827	94,615
Other services and charges	-	-	-	-
Capital outlay	6,652	3,155	3,497	9,057
Total Parks and Recreation Administration	361,512	320,652	40,860	426,724
Arts and Cultural:				
Personnel services	123,255	119,456	3,799	133,478
Supplies and contractual	91,938	66,374	25,564	107,114
Other services and charges	17,500	12,146	5,354	10,702
Capital outlay	2,217	1,115	1,102	2,977
Total Arts and Cultural	234,910	199,091	35,819	254,271
TOTAL COMMUNITY SERVICES	616,657	539,978	76,679	704,233
TOTAL EXPENDITURES	16,486,644	15,815,695	670,949	19,155,577
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,271,971	3,381,968	109,997	4,096,099

CITY OF MARQUETTE, MICHIGAN

GENERAL FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final	Actual	Variance with	Actual
	Budget	GAAP	Final Budget	GAAP
		Basis	Positive	Basis
			(Negative)	
OTHER FINANCING SOURCES (USES):				
Proceeds from bond issuance	\$ -	\$ -	\$ -	\$ 253,400
Premium on bond issuance	-	-	-	17,743
Bond issuance expense	(51,750)	-	51,750	-
Transfers in:				
Cemetery Trust Fund	15,000	24,674	9,674	-
Motor Pool Fund	151,000	151,000	-	361,905
Transfers (out):				
Major Street and Trunkline Fund	(861,326)	(857,025)	4,301	(274,870)
Local Street Fund	(1,014,570)	(915,152)	99,418	(1,028,485)
Lakeview Arena Fund	(231,500)	(355,467)	(123,967)	(196,372)
2007 Street Projects Debt Service Fund	(63,130)	(63,128)	2	(63,011)
2004 Spring Street Debt Service Fund	(82,875)	(82,873)	2	(82,873)
2003 Founders Landing Debt Service Fund	(289,975)	(289,974)	1	(323,921)
Forestland Debt Service Fund	(677,000)	(650,000)	27,000	(665,000)
High Street Debt Service Fund	(400)	(402)	(2)	(757)
2008 Street Projects Debt Service Fund	(73,900)	(73,899)	1	(73,610)
2009 Capital Improvements Debt Service Fund	(3,095)	(3,094)	1	(3,104)
2012 Capital Improvements Debt Service Fund	(925)	(924)	1	(937)
2013 Capital Improvements Debt Service Fund	(87,525)	-	87,525	-
2014 Capital Improvements Debt Service Fund	-	(4,280)	(4,280)	-
Cemetery Trust Fund	-	-	-	(5,604)
Marinas Fund	-	-	-	(166,410)
TOTAL OTHER FINANCING SOURCES (USES)	(3,271,971)	(3,120,544)	151,427	(2,251,906)
CHANGE IN FUND BALANCE	-	261,424	261,424	1,844,193
Fund balance, beginning of year	12,649,348	12,649,348	-	10,805,155
FUND BALANCE, END OF YEAR	\$ 12,649,348	\$ 12,910,772	\$ 261,424	\$ 12,649,348

CITY OF MARQUETTE, MICHIGAN
MAJOR STREET AND TRUNKLINE FUND
COMPARATIVE BALANCE SHEET
September 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,465,914	\$ 1,601,986
Due from State	184,110	172,668
TOTAL ASSETS	1,650,024	1,774,654
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,650,024	\$ 1,774,654
LIABILITIES		
Accounts payable	\$ 474,608	\$ 165,739
Accrued wages payable	2,450	3,936
Due to other funds	1,172,966	1,604,979
TOTAL LIABILITIES	1,650,024	1,774,654
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Restricted	-	-
TOTAL FUND BALANCE	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,650,024	\$ 1,774,654

CITY OF MARQUETTE, MICHIGAN

MAJOR STREET AND TRUNKLINE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	1,271,760	1,279,669	7,909	1,601,615
Reimbursements	25,000	25,231	231	32,694
Investment income	1,000	2,098	1,098	1,938
Other revenues	33,580	-	(33,580)	-
TOTAL REVENUES	1,331,340	1,306,998	(24,342)	1,636,247
EXPENDITURES:				
Highways, Streets and Bridges:				
Routine maintenance	558,470	615,413	(56,943)	693,235
Winter maintenance	660,430	649,077	11,353	800,458
State trunkline	49,760	49,248	512	55,240
Administration	109,000	109,028	(28)	135,527
Total Highways, Streets and Bridges	1,377,660	1,422,766	(45,106)	1,684,460
Capital Outlay:				
Construction	487,160	478,023	9,137	736,598
Total Capital Outlay	487,160	478,023	9,137	736,598
Debt Service:				
Bond issuance costs	-	4,139	(4,139)	8,114
TOTAL EXPENDITURES	1,864,820	1,904,928	(40,108)	2,429,172
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(533,480)	(597,930)	(64,450)	(792,925)
OTHER FINANCING SOURCES (USES):				
Bond issuance	368,000	180,276	(187,724)	948,900
Premium on bond issuance	-	6,245	6,245	20,278
Transfers in	606,205	857,025	250,820	274,870
Transfers (out)	(440,725)	(445,616)	(4,891)	(451,123)
TOTAL OTHER FINANCING SOURCES (USES)	533,480	597,930	64,450	792,925
CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

LOCAL STREET FUND

COMPARATIVE BALANCE SHEET

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 1,217,394	\$ 1,928,591
Due from State	64,165	60,895
	<u>1,281,559</u>	<u>1,989,486</u>
TOTAL ASSETS	<u>1,281,559</u>	<u>1,989,486</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,281,559</u>	<u>\$ 1,989,486</u>
LIABILITIES		
Accounts payable	\$ 254,805	\$ 346,145
Accrued wages payable	10,038	6,708
Due to other funds	1,016,716	1,636,633
	<u>1,281,559</u>	<u>1,989,486</u>
TOTAL LIABILITIES	<u>1,281,559</u>	<u>1,989,486</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,281,559</u>	<u>\$ 1,989,486</u>

CITY OF MARQUETTE, MICHIGAN

LOCAL STREET FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ -	\$ -	\$ -	\$ 653
State sources	529,000	547,471	18,471	687,789
Reimbursements	-	24,692	24,692	50,806
Investment income	500	1,133	633	983
TOTAL REVENUES	529,500	573,296	43,796	740,231
EXPENDITURES:				
Highways, Streets and Bridges:				
Routine maintenance	548,250	541,761	6,489	740,923
Winter maintenance	576,675	578,049	(1,374)	726,333
Administration	45,000	45,000	-	54,355
Total Highways, Streets and Bridges	<u>1,169,925</u>	<u>1,164,810</u>	<u>5,115</u>	<u>1,521,611</u>
Capital Outlay:				
Construction	547,410	485,711	61,699	853,730
Total Capital Outlay	<u>547,410</u>	<u>485,711</u>	<u>61,699</u>	<u>853,730</u>
Debt Service:				
Bond issuance costs	-	12,418	(12,418)	5,522
Total Debt Service	<u>-</u>	<u>12,418</u>	<u>(12,418)</u>	<u>5,522</u>
TOTAL EXPENDITURES	1,717,335	1,662,939	54,396	2,380,863
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,187,835)	(1,089,643)	98,192	(1,640,632)
OTHER FINANCING SOURCES (USES):				
Bond issuance	540,000	531,961	(8,039)	959,400
Premium on bond issuance	-	18,430	18,430	38,022
Transfers in	1,014,570	915,152	(99,418)	1,028,485
Transfers (out)	(366,735)	(375,900)	(9,165)	(385,275)
TOTAL OTHER FINANCING SOURCES (USES)	1,187,835	1,089,643	(98,192)	1,640,632
CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

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.

RECYCLING SYSTEM FUND: Recyclable materials are divided into two separate “streams” which are collected on alternating weeks at the same time as garbage. These materials are transported to the Marquette County Solid Waste Management Authority’s headquarters in Sands Township, where they are sorted, processed and marketed through regional networks. Revenue generated by marketing recyclables is shared with the MCSWMA.

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

LOCAL DEVELOPMENT FINANCE AUTHORITY FUND: The Local Development Finance Authority is a public authority of the City of Marquette created pursuant to the provisions of the Local Development Financing Act, Public Act 281 of 1986. Act 281 as amended, allows LDFA’s to capture tax increments to invest in activities which create and maintain jobs as well as promote growth in the tax base of the City.

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.

ROAD MAINTENANCE FUND: Eagle Mine is the owner and developer of a metallic mineral mine facility in Michigamme Township, Marquette County, Michigan. Eagle Mine utilizes certain streets in the City for transportation of its ore. Mining, timber and other trucking in the City requires ongoing repairs, safety modifications and capital improvements to City streets along this route. The parties have reached an agreement whereby Eagle Mine will provide \$500,000 to the City of Marquette for the maintenance expenses incurred, or to be incurred, as a result of the maintenance operations described above as a public benefit, and the City shall allow and not impede access to the route by Eagle Mine trucks.

ROAD SAFETY IMPROVEMENT FUND: Development and maintenance of annual safety plan for the Lundin Trucking Corridor. Coordinate multiple stakeholder interest in planning effort. Ensure planning efforts are implemented along the corridor dependent on funding.

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)

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.

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.

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)

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.

2013 CAPITAL IMPROVEMENTS DEBT SERVICE FUND: This fund was established to account for the retirement of the Limited Tax General Obligation Bonds, Series 2013. These bonds, totaling \$3,470,000 were issued for the purpose of paying the cost of certain capital improvements including major street and local street improvements, construction and installation of sanitary sewer lateral replacements, and bridge repairs.

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.

2014 CAPITAL IMPROVEMENTS DEBT SERVICE FUND: This fund was established in 2014 to account for the retirement of the Limited Tax General Obligation Bonds, Series 2014. These bonds, totaling \$3,620,000 were issued for the purpose of paying the cost of certain capital improvements including major street and local street improvements, the construction and installation of sanitary sewer lateral replacements, the Carp River sanitary sewer crossing, and improvements to the marina and park systems.

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.

CAPITAL PROJECTS FUNDS

The function of Capital Projects Funds is to account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds.

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

MSC RELOCATION PROJECT FUND: This fund records the activities associated with the relocation of the Municipal Service Center. Proceeds from the sale of the existing service center have been used to finance the current project.

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, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Permanent Fund	Total
ASSETS					
Cash and cash equivalents	\$ 1,665,941	\$ 1,501,028	\$ 475,199	\$ 227,201	\$ 3,869,369
Investments	-	-	-	510,855	510,855
Taxes receivable	20,559	-	-	-	20,559
Accounts receivable	179,731	-	-	-	179,731
Prepaid expenditures	23,331	-	-	-	23,331
TOTAL ASSETS	<u>1,889,562</u>	<u>1,501,028</u>	<u>475,199</u>	<u>738,056</u>	<u>4,603,845</u>
DEFERRED OUTFLOWS OF RESOURCES					
	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,889,562</u>	<u>\$ 1,501,028</u>	<u>\$ 475,199</u>	<u>\$ 738,056</u>	<u>\$ 4,603,845</u>
LIABILITIES					
Accounts payable	\$ 212,758	\$ 300	\$ 2,500	\$ -	\$ 215,558
Accrued wages payable	16,628	-	-	-	16,628
Accrued compensated absences	2,183	-	-	-	2,183
TOTAL LIABILITIES	<u>231,569</u>	<u>300</u>	<u>2,500</u>	<u>-</u>	<u>234,369</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes levied for a subsequent period	257,915	-	-	-	257,915
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>257,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,915</u>
FUND BALANCE					
Non-spendable	23,331	-	-	738,056	761,387
Restricted	675,770	-	-	-	675,770
Assigned	700,977	1,500,728	472,699	-	2,674,404
TOTAL FUND BALANCE	<u>1,400,078</u>	<u>1,500,728</u>	<u>472,699</u>	<u>738,056</u>	<u>4,111,561</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,889,562</u>	<u>\$ 1,501,028</u>	<u>\$ 475,199</u>	<u>\$ 738,056</u>	<u>\$ 4,603,845</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Permanent Fund	Total
REVENUES:					
Taxes and penalties	\$ 256,075	\$ -	\$ -	\$ -	\$ 256,075
State sources	40,164	-	-	-	40,164
Federal sources	-	-	-	-	-
Charges for services	1,977,487	-	-	17,285	1,994,772
Use and admission fees	380,456	-	-	-	380,456
Rentals	65,250	-	-	-	65,250
Licenses and permits	-	-	-	-	-
Fines and forfeiture	692	-	-	-	692
Sales of assets	-	-	-	-	-
Reimbursements	6,492	-	-	-	6,492
Investment income	2,107	-	199	24,674	26,980
Payment in lieu of taxes	-	-	-	-	-
Private contribution	257,191	-	-	-	257,191
Intergovernmental revenue	319,906	-	-	-	319,906
Special assessments	-	-	-	-	-
Other revenues	29,090	-	500,000	-	529,090
TOTAL REVENUES	3,334,910	-	500,199	41,959	3,877,068
EXPENDITURES:					
Current operations:					
General government	40,952	-	-	-	40,952
Public health and safety	13,443	-	-	-	13,443
Public works	108,130	-	-	-	108,130
Social services	532,432	-	-	-	532,432
Sanitation	1,892,278	-	-	-	1,892,278
Community services	571,837	-	-	-	571,837
Capital outlay	135,048	-	27,500	-	162,548
Debt service:					
Professional services	-	570	-	-	570
Principal retirement	-	1,459,316	-	-	1,459,316
Interest and fiscal charges	-	710,837	-	-	710,837
TOTAL EXPENDITURES	3,294,120	2,170,723	27,500	-	5,492,343
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	40,790	(2,170,723)	472,699	41,959	(1,615,275)
OTHER FINANCING SOURCES (USES):					
Bond issuance	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-
Transfers in	355,467	2,373,413	-	-	2,728,880
Transfers (out)	(120,528)	-	-	(24,674)	(145,202)
TOTAL OTHER FINANCING SOURCES (USES)	234,939	2,373,413	-	(24,674)	2,583,678
CHANGE IN FUND BALANCE	275,729	202,690	472,699	17,285	968,403
Fund balance, beginning of year	1,124,349	1,298,038	-	720,771	3,143,158
FUND BALANCE, END OF YEAR	\$ 1,400,078	\$ 1,500,728	\$ 472,699	\$ 738,056	\$ 4,111,561

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2015

	Recycling System Fund	Sanitation Fund	Local Development Finance Authority Fund	Public Education Government (PEG) Fund	Drug Forfeiture Fund	MSHDA Downtown Rental Fund	Road Maintenance Fund	Road Safety Improvement Fund	Criminal Justice Training Fund	Senior Services Fund	Lakeview Arena Fund	Total
ASSETS												
Cash and cash equivalents	\$ 7,026	\$ 486,910	\$ 75,486	\$ 18,890	\$ 12,311	\$ 46,427	\$ 112,809	\$ 25,817	\$ 200	\$ 639,621	\$ 240,444	\$ 1,665,941
Taxes receivable	-	-	4,235	-	-	-	-	-	-	16,324	-	20,559
Accounts receivable	-	165,666	-	3,141	-	-	-	-	-	5,571	5,353	179,731
Prepaid expenditures	-	-	-	-	-	-	-	-	-	6,417	16,914	23,331
TOTAL ASSETS	7,026	652,576	79,721	22,031	12,311	46,427	112,809	25,817	200	667,933	262,711	1,889,562
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 7,026	\$ 652,576	\$ 79,721	\$ 22,031	\$ 12,311	\$ 46,427	\$ 112,809	\$ 25,817	\$ 200	\$ 667,933	\$ 262,711	\$ 1,889,562
LIABILITIES												
Accounts payable	\$ -	\$ 134,316	\$ -	\$ 213	\$ 978	\$ -	\$ 132	\$ 13,290	\$ 200	\$ 2,218	\$ 61,411	\$ 212,758
Accrued wages payable	-	1,200	-	-	-	-	-	-	-	10,116	5,312	16,628
Accrued compensated absences	-	-	-	-	-	-	-	-	-	-	2,183	2,183
TOTAL LIABILITIES	-	135,516	-	213	978	-	132	13,290	200	12,334	68,906	231,569
DEFERRED INFLOWS OF RESOURCES												
Taxes levied for a subsequent period	-	-	79,721	-	-	-	-	-	-	178,194	-	257,915
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	79,721	-	-	-	-	-	-	178,194	-	257,915
FUND BALANCE												
Non-spendable	-	-	-	-	-	-	-	-	-	6,417	16,914	23,331
Restricted	-	-	-	21,818	11,333	46,427	112,677	12,527	-	470,988	-	675,770
Assigned	7,026	517,060	-	-	-	-	-	-	-	-	176,891	700,977
TOTAL FUND BALANCE	7,026	517,060	-	21,818	11,333	46,427	112,677	12,527	-	477,405	193,805	1,400,078
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 7,026	\$ 652,576	\$ 79,721	\$ 22,031	\$ 12,311	\$ 46,427	\$ 112,809	\$ 25,817	\$ 200	\$ 667,933	\$ 262,711	\$ 1,889,562

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2015

	Recycling System Fund	Sanitation Fund	Local Development Finance Authority Fund	Public Education Government (PEG) Fund	Drug Forfeiture Fund	MSHDA Downtown Rental Fund	Road Maintenance Fund	Road Safety Improvement Fund	Criminal Justice Training Fund	Senior Services Fund	Lakeview Arena Fund	Total
REVENUES:												
Taxes and penalties	\$ -	\$ -	\$ 26,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,502	\$ -	\$ 256,075
State sources	-	-	-	-	-	-	-	-	6,442	33,722	-	40,164
Charges for services	7,026	1,947,174	-	12,704	-	-	-	-	-	-	10,583	1,977,487
Use and admission fees	-	-	-	-	-	-	-	-	-	-	380,456	380,456
Rentals	-	-	-	-	-	-	-	-	-	-	65,250	65,250
Fines and forfeiture	-	-	-	-	692	-	-	-	-	-	-	692
Reimbursements	-	-	-	-	-	-	-	-	-	-	6,492	6,492
Investment income	-	298	-	12	8	29	-	-	1	322	-	2,107
Private contribution	-	-	-	-	-	-	166,667	66,667	-	23,857	-	257,191
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	319,906	-	319,906
Other revenues	-	21,017	-	-	-	-	-	-	-	950	7,123	29,090
TOTAL REVENUES	7,026	1,968,489	26,573	12,716	700	29	166,667	66,667	6,443	608,259	471,341	3,334,910
EXPENDITURES:												
Current operations:												
General government	-	-	26,573	14,379	-	-	-	-	-	-	-	40,952
Public health and safety	-	-	-	-	7,000	-	-	-	6,443	-	-	13,443
Public works	-	-	-	-	-	-	53,990	54,140	-	-	-	108,130
Social services	-	-	-	-	-	-	-	-	-	532,432	-	532,432
Sanitation services	-	1,892,278	-	-	-	-	-	-	-	-	-	1,892,278
Community services	-	-	-	-	-	-	-	-	-	-	571,837	571,837
Capital outlay	-	-	-	-	-	-	-	-	-	605	134,443	135,048
Debt service:												
Professional services	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	1,892,278	26,573	14,379	7,000	-	53,990	54,140	6,443	533,037	706,280	3,294,120
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,026	76,211	-	(1,663)	(6,300)	29	112,677	12,527	-	75,222	(234,939)	40,790
OTHER FINANCING SOURCES (USES):												
Bond issuance	-	-	-	-	-	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	355,467	355,467
Transfers (out)	-	-	-	-	-	-	-	-	-	-	(120,528)	(120,528)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-	234,939	234,939
CHANGE IN FUND BALANCE	7,026	76,211	-	(1,663)	(6,300)	29	112,677	12,527	-	75,222	-	275,729
Fund balance, beginning of year	-	440,849	-	23,481	17,633	46,398	-	-	-	402,183	193,805	1,124,349
FUND BALANCE, END OF YEAR	\$ 7,026	\$ 517,060	\$ -	\$ 21,818	\$ 11,333	\$ 46,427	\$ 112,677	\$ 12,527	\$ -	\$ 477,405	\$ 193,805	\$ 1,400,078

CITY OF MARQUETTE, MICHIGAN

RECYCLING SYSTEM FUND

COMPARATIVE BALANCE SHEET

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 7,026	\$ -
Accounts receivable	-	-
Due from other funds	-	-
	<hr/>	<hr/>
TOTAL ASSETS	<u>7,026</u>	<u>-</u>
 DEFERRED OUTFLOWS OF RESOURCES	 -	 -
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,026</u>	<u>\$ -</u>
 LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued wages payable	-	-
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
 DEFERRED INFLOWS OF RESOURCES	 -	 -
	<hr/>	<hr/>
FUND BALANCE		
Assigned	<u>7,026</u>	<u>-</u>
	<hr/>	<hr/>
TOTAL FUND BALANCE	<u>7,026</u>	<u>-</u>
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 7,026</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN

RECYCLING SYSTEM FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
REVENUES:				
Charges for services	\$ 7,025	\$ 7,026	\$ 1	\$ -
Investment income	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	7,025	7,026	1	-
EXPENDITURES:				
Sanitation Services:				
Personnel services	-	-	-	-
Supplies and contractual	7,025	-	7,025	-
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	7,025	-	7,025	-
CHANGE IN FUND BALANCE	-	7,026	7,026	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 7,026	\$ 7,026	\$ -

CITY OF MARQUETTE, MICHIGAN

SANITATION FUND

COMPARATIVE BALANCE SHEET

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 486,910	\$ 515,875
Accounts receivable	165,666	342,961
Due from other funds	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>652,576</u>	<u>858,836</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 652,576</u></u>	<u><u>\$ 858,836</u></u>
 LIABILITIES		
Accounts payable	\$ 134,316	\$ 417,230
Accrued wages payable	<u>1,200</u>	<u>757</u>
TOTAL LIABILITIES	<u>135,516</u>	<u>417,987</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>
 FUND BALANCE		
Assigned	<u>517,060</u>	<u>440,849</u>
TOTAL FUND BALANCE	<u>517,060</u>	<u>440,849</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 652,576</u></u>	<u><u>\$ 858,836</u></u>

CITY OF MARQUETTE, MICHIGAN

SANITATION FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Charges for services	\$ 1,504,467	\$ 1,947,174	\$ 442,707	\$ 2,048,511
Investment income	500	298	(202)	384
Other revenues	640	21,017	20,377	5,676
TOTAL REVENUES	1,505,607	1,968,489	462,882	2,054,571
EXPENDITURES:				
Sanitation Services;				
Personnel services	133,115	136,708	(3,593)	129,773
Supplies and contractual	1,372,492	1,755,570	(383,078)	1,817,026
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	1,505,607	1,892,278	(386,671)	1,946,799
CHANGE IN FUND BALANCE	-	76,211	76,211	107,772
Fund balance, beginning of year	440,849	440,849	-	333,077
FUND BALANCE, END OF YEAR	\$ 440,849	\$ 517,060	\$ 76,211	\$ 440,849

CITY OF MARQUETTE, MICHIGAN
LOCAL DEVELOPMENT FINANCE AUTHORITY FUND
COMPARATIVE BALANCE SHEET
September 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 75,486	\$ -
Taxes receivable	4,235	-
	79,721	-
TOTAL ASSETS		
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 79,721	\$ -
LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	-	-
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	79,721	-
TOTAL DEFERRED INFLOWS OF RESOURCES	79,721	-
FUND BALANCE		
Restricted	-	-
TOTAL FUND BALANCE	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 79,721	\$ -

CITY OF MARQUETTE, MICHIGAN

LOCAL DEVELOPMENT FINANCE AUTHORITY FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Property Taxes:				
Taxes and penalties	\$ 26,575	\$ 26,573	\$ (2)	\$ -
TOTAL REVENUES	<u>26,575</u>	<u>26,573</u>	<u>(2)</u>	<u>-</u>
EXPENDITURES:				
General Government:				
Supplies and contractual	26,575	26,573	2	-
TOTAL EXPENDITURES	<u>26,575</u>	<u>26,573</u>	<u>2</u>	<u>-</u>
CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN
PUBLIC EDUCATION GOVERNMENT (PEG) FUND
COMPARATIVE BALANCE SHEET
September 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 18,890	\$ 20,349
Accounts receivable	3,141	3,132
TOTAL ASSETS	22,031	23,481
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 22,031	\$ 23,481
LIABILITIES		
Accounts payable	\$ 213	\$ -
TOTAL LIABILITIES	213	-
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Restricted	21,818	23,481
TOTAL FUND BALANCE	21,818	23,481
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 22,031	\$ 23,481

CITY OF MARQUETTE, MICHIGAN

PUBLIC EDUCATION GOVERNMENT (PEG) FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
REVENUES:				
Charges for services	\$ 14,355	\$ 12,704	\$ (1,651)	\$ 15,607
Investment income	25	12	(13)	23
TOTAL REVENUES	\$ 14,380	\$ 12,716	\$ (1,664)	\$ 15,630
EXPENDITURES:				
General Government:				
Supplies and contractual	14,380	14,379	1	6,048
Other supplies and charges	-	-	-	-
Capital outlay	-	-	-	19,953
TOTAL EXPENDITURES	14,380	14,379	1	26,001
CHANGE IN FUND BALANCE	-	(1,663)	(1,663)	(10,371)
Fund balance, beginning of year	23,481	23,481	-	33,852
FUND BALANCE, END OF YEAR	\$ 23,481	\$ 21,818	\$ (1,663)	\$ 23,481

CITY OF MARQUETTE, MICHIGAN

DRUG FORFEITURE FUND

COMPARATIVE BALANCE SHEET

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 12,311	\$ 17,890
TOTAL ASSETS	<u>12,311</u>	<u>17,890</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 12,311</u>	<u>\$ 17,890</u>
LIABILITIES		
Accounts payable	\$ 978	\$ 257
TOTAL LIABILITIES	<u>978</u>	<u>257</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>11,333</u>	<u>17,633</u>
TOTAL FUND BALANCE	<u>11,333</u>	<u>17,633</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 12,311</u>	<u>\$ 17,890</u>

CITY OF MARQUETTE, MICHIGAN

DRUG FORFEITURE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
REVENUES:				
Fines and forfeiture	\$ 6,960	\$ 692	\$ (6,268)	\$ 8,685
Investment income	40	8	(32)	11
TOTAL REVENUES	<u>7,000</u>	<u>700</u>	<u>(6,300)</u>	<u>8,696</u>
EXPENDITURES:				
Public Health and Safety:				
Supplies and contractual	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,612</u>
TOTAL EXPENDITURES	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,612</u>
CHANGE IN FUND BALANCE	-	(6,300)	(6,300)	1,084
Fund balance, beginning of year	<u>17,633</u>	<u>17,633</u>	<u>-</u>	<u>16,549</u>
FUND BALANCE, END OF YEAR	<u>\$ 17,633</u>	<u>\$ 11,333</u>	<u>\$ (6,300)</u>	<u>\$ 17,633</u>

CITY OF MARQUETTE, MICHIGAN
MSHDA DOWNTOWN RENTAL FUND
COMPARATIVE BALANCE SHEET
September 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 46,427	\$ 46,398
Accounts receivable	-	-
Due from State	-	-
TOTAL ASSETS	46,427	46,398
 DEFERRED OUTFLOWS OF RESOURCES	 -	 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 46,427	\$ 46,398
 LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	-	-
 DEFERRED INFLOWS OF RESOURCES	 -	 -
 FUND BALANCE		
Restricted	46,427	46,398
TOTAL FUND BALANCE	46,427	46,398
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 46,427	\$ 46,398

CITY OF MARQUETTE, MICHIGAN

MSHDA DOWNTOWN RENTAL FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ 29	\$ 29	\$ 40
TOTAL REVENUES	<u>-</u>	<u>29</u>	<u>29</u>	<u>40</u>
EXPENDITURES:				
Community Development:				
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	-	29	29	40
Fund balance, beginning of year	46,398	46,398	-	46,358
FUND BALANCE, END OF YEAR	<u>\$ 46,398</u>	<u>\$ 46,427</u>	<u>\$ 29</u>	<u>\$ 46,398</u>

CITY OF MARQUETTE, MICHIGAN
ROAD MAINTENANCE FUND
COMPARATIVE BALANCE SHEET
September 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 112,809	\$ -
TOTAL ASSETS	112,809	-
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 112,809	\$ -
LIABILITIES		
Accounts payable	\$ 132	\$ -
TOTAL LIABILITIES	132	-
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Restricted	112,677	-
TOTAL FUND BALANCE	112,677	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 112,809	\$ -

CITY OF MARQUETTE, MICHIGAN

ROAD MAINTENANCE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Private contribution	\$ 166,665	\$ 166,667	\$ 2	\$ -
TOTAL REVENUES	<u>166,665</u>	<u>166,667</u>	<u>2</u>	<u>-</u>
EXPENDITURES:				
Public Works:				
Supplies and contractual	166,665	53,990	112,675	-
TOTAL EXPENDITURES	<u>166,665</u>	<u>53,990</u>	<u>112,675</u>	<u>-</u>
CHANGE IN FUND BALANCE	-	112,677	112,677	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 112,677</u>	<u>\$ 112,677</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN
ROAD SAFETY IMPROVEMENT FUND
COMPARATIVE BALANCE SHEET
September 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 25,817	\$ -
TOTAL ASSETS	25,817	-
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 25,817	\$ -
LIABILITIES		
Accounts payable	\$ 13,290	\$ -
TOTAL LIABILITIES	13,290	-
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Restricted	12,527	-
TOTAL FUND BALANCE	12,527	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 25,817	\$ -

CITY OF MARQUETTE, MICHIGAN

ROAD SAFETY IMPROVEMENT FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
REVENUES:				
Private contribution	\$ 66,665	\$ 66,667	\$ 2	\$ -
TOTAL REVENUES	<u>66,665</u>	<u>66,667</u>	<u>2</u>	<u>-</u>
EXPENDITURES:				
Public Works:				
Supplies and contractual	66,665	54,140	12,525	-
TOTAL EXPENDITURES	<u>66,665</u>	<u>54,140</u>	<u>12,525</u>	<u>-</u>
CHANGE IN FUND BALANCE	-	12,527	12,527	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 12,527</u>	<u>\$ 12,527</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN
CRIMINAL JUSTICE TRAINING FUND
COMPARATIVE BALANCE SHEET
September 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 200	\$ 40
TOTAL ASSETS	200	40
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 200	\$ 40
LIABILITIES		
Accounts payable	\$ 200	\$ 40
TOTAL LIABILITIES	200	40
FUND BALANCE		
Restricted	-	-
TOTAL FUND BALANCE	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 200	\$ 40

CITY OF MARQUETTE, MICHIGAN
CRIMINAL JUSTICE TRAINING FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
REVENUES:				
State sources	\$ 7,500	\$ 6,442	\$ (1,058)	\$ 6,417
Investment income	-	1	1	1
TOTAL REVENUES	7,500	6,443	(1,057)	6,418
EXPENDITURES:				
Public Health and Safety:				
Supplies and contractual	7,500	6,443	1,057	1,318
Other supplies and charges	-	-	-	5,100
TOTAL EXPENDITURES	7,500	6,443	1,057	6,418
CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

SENIOR SERVICES FUND

COMPARATIVE BALANCE SHEET

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 639,621	\$ 570,208
Taxes receivable	16,324	15,348
Accounts receivable	5,571	-
Prepaid expenditures	<u>6,417</u>	<u>6,163</u>
TOTAL ASSETS	<u>667,933</u>	<u>591,719</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 667,933</u>	<u>\$ 591,719</u>
LIABILITIES		
Accounts payable	\$ 2,218	\$ 3,009
Accrued wages payable	<u>10,116</u>	<u>8,903</u>
TOTAL LIABILITIES	<u>12,334</u>	<u>11,912</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	<u>178,194</u>	<u>177,624</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>178,194</u>	<u>177,624</u>
FUND BALANCE		
Non-spendable	6,417	6,163
Restricted	<u>470,988</u>	<u>396,020</u>
TOTAL FUND BALANCE	<u>477,405</u>	<u>402,183</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 667,933</u>	<u>\$ 591,719</u>

CITY OF MARQUETTE, MICHIGAN

SENIOR SERVICES FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with	2014
	Final	Actual	Final Budget	Actual
	Budget	GAAP	Positive	GAAP
		Basis	(Negative)	Basis
REVENUES:				
Property Taxes:				
Real property tax	\$ 221,925	\$ 213,960	\$ (7,965)	\$ 273,456
Personal property tax	13,980	14,043	63	17,912
Interest and penalty on taxes	640	648	8	621
Administrative collection fees	-	-	-	-
Total Property Taxes	<u>236,545</u>	<u>228,651</u>	<u>(7,894)</u>	<u>291,989</u>
Industrial Facilities Tax Act	<u>855</u>	<u>851</u>	<u>(4)</u>	<u>1,101</u>
State sources	22,575	33,722	11,147	26,982
Investment income	400	322	(78)	388
Private contribution	22,400	23,857	1,457	31,125
Intergovernmental revenues	296,205	319,906	23,701	363,544
Other revenues	<u>3,705</u>	<u>950</u>	<u>(2,755)</u>	<u>698</u>
TOTAL REVENUES	<u>582,685</u>	<u>608,259</u>	<u>25,574</u>	<u>715,827</u>
EXPENDITURES:				
Social Services:				
State Home Care Service:				
Personnel services	50,250	54,140	(3,890)	59,641
Supplies and contractual	7,585	9,223	(1,638)	13,645
Other supplies and charges	-	-	-	-
Total State Home Care Service	<u>57,835</u>	<u>63,363</u>	<u>(5,528)</u>	<u>73,286</u>
MCCOA - Allocation to Senior Services:				
Personnel services	436,615	404,688	31,927	498,195
Supplies and contractual	75,095	56,143	18,952	62,531
Other supplies and charges	13,140	8,238	4,902	981
Capital outlay	-	605	(605)	3,458
Total MCCOA - Allocation to Senior Services	<u>524,850</u>	<u>469,674</u>	<u>55,176</u>	<u>565,165</u>
TOTAL EXPENDITURES	<u>582,685</u>	<u>533,037</u>	<u>49,648</u>	<u>638,451</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>75,222</u>	<u>75,222</u>	<u>77,376</u>
Fund balance, beginning of year	<u>402,183</u>	<u>402,183</u>	<u>-</u>	<u>324,807</u>
FUND BALANCE, END OF YEAR	<u>\$ 402,183</u>	<u>\$ 477,405</u>	<u>\$ 75,222</u>	<u>\$ 402,183</u>

CITY OF MARQUETTE, MICHIGAN

LAKEVIEW ARENA FUND

COMPARATIVE BALANCE SHEET

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 240,444	\$ 233,981
Accounts receivable	5,353	3,170
Prepaid expenses	<u>16,914</u>	<u>17,706</u>
TOTAL ASSETS	<u>262,711</u>	<u>254,857</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 262,711</u>	<u>\$ 254,857</u>
LIABILITIES		
Accounts payable	\$ 61,411	\$ 55,270
Accrued wages payable	5,312	4,694
Accrued compensated absences	<u>2,183</u>	<u>1,088</u>
TOTAL LIABILITIES	<u>68,906</u>	<u>61,052</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Non-spendable	16,914	17,706
Assigned	<u>176,891</u>	<u>176,099</u>
TOTAL FUND BALANCE	<u>193,805</u>	<u>193,805</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 262,711</u>	<u>\$ 254,857</u>

CITY OF MARQUETTE, MICHIGAN

LAKEVIEW ARENA FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
REVENUES:				
State sources	\$ -	\$ -	\$ -	\$ -
Charges for services	20,500	10,583	(9,917)	17,303
Use and admission fees:				
Ice arena use	395,000	298,819	(96,181)	366,118
Arena events	22,750	81,637	58,887	25,080
Total use and admission fees	<u>417,750</u>	<u>380,456</u>	<u>(37,294)</u>	<u>391,198</u>
Rentals	80,600	65,250	(15,350)	87,987
Sale of assets	-	-	-	-
Reimbursements	9,500	6,492	(3,008)	13,644
Investment income	1,000	1,437	437	1,498
Other revenues	6,500	7,123	623	9,825
TOTAL REVENUES	<u>535,850</u>	<u>471,341</u>	<u>(64,509)</u>	<u>521,455</u>
EXPENDITURES:				
Community Services				
Personnel services	226,720	152,869	73,851	205,356
Supplies and contractual	415,601	418,968	(3,367)	527,803
Other supplies and charges	6,500	-	6,500	-
Total Community Services	<u>648,821</u>	<u>571,837</u>	<u>76,984</u>	<u>733,159</u>
Capital Outlay	131,264	134,443	(3,179)	15,736
Debt Service:				
Professional services	-	-	-	40
TOTAL EXPENDITURES	<u>780,085</u>	<u>706,280</u>	<u>73,805</u>	<u>748,935</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(244,235)</u>	<u>(234,939)</u>	<u>9,296</u>	<u>(227,480)</u>
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	-	-	36,200
Premium on bond issuance	-	-	-	2,535
Transfers in	364,155	355,467	(8,688)	196,372
Transfers (out)	<u>(119,920)</u>	<u>(120,528)</u>	<u>(608)</u>	<u>(120,251)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>244,235</u>	<u>234,939</u>	<u>(9,296)</u>	<u>114,856</u>
CHANGE IN FUND BALANCE	-	-	-	(112,624)
Fund balance, beginning of year	<u>193,805</u>	<u>193,805</u>	-	<u>306,429</u>
FUND BALANCE, END OF YEAR	<u>\$ 193,805</u>	<u>\$ 193,805</u>	<u>\$ -</u>	<u>\$ 193,805</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

September 30, 2015

	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	2014 Capital Improve- ments Fund	Forestland Fund	Total
ASSETS													
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,501,028	\$ 1,501,028
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,501,028</u>	<u>\$ 1,501,028</u>
LIABILITIES													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 300
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
FUND BALANCE													
Assigned	-	-	-	-	-	-	-	-	-	-	-	1,500,728	1,500,728
TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500,728</u>	<u>\$ 1,500,728</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2015

	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	2014 Capital Improve- ments Fund	Forestland Fund	Total
REVENUES:													
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	-	-	-	-	-	-	-
EXPENDITURES:													
Debt Service:													
Professional services	-	-	-	-	-	-	-	-	-	-	-	570	570
Principal payments	195,000	180,000	10,263	114,240	82,873	213,110	60,000	69,930	58,900	225,000	-	250,000	1,459,316
Interest and fiscal charges	67,795	62,800	2,603	89,310	-	113,376	32,995	32,667	28,624	64,974	18,953	196,740	710,837
TOTAL EXPENDITURES	262,795	242,800	12,866	203,550	82,873	326,486	92,995	102,597	87,524	289,974	18,953	447,310	2,170,723
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(262,795)	(242,800)	(12,866)	(203,550)	(82,873)	(326,486)	(92,995)	(102,597)	(87,524)	(289,974)	(18,953)	(447,310)	(2,170,723)
OTHER FINANCING SOURCES (USES):													
Transfers in	262,795	242,800	12,866	203,550	82,873	326,486	92,995	102,597	87,524	289,974	18,953	650,000	2,373,413
TOTAL OTHER FINANCING SOURCES (USES)	262,795	242,800	12,866	203,550	82,873	326,486	92,995	102,597	87,524	289,974	18,953	650,000	2,373,413
CHANGES IN FUND BALANCE	-	-	-	-	-	-	-	-	-	-	-	202,690	202,690
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	-	-	1,298,038	1,298,038
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500,728	\$ 1,500,728

CITY OF MARQUETTE, MICHIGAN

1998 BUILDING AUTHORITY MUNICIPAL SERVICE CENTER - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt Service:				
Principal payments	195,000	195,000	-	190,000
Interest and fiscal charges	<u>67,795</u>	<u>67,795</u>	<u>-</u>	<u>74,445</u>
TOTAL EXPENDITURES	<u>262,795</u>	<u>262,795</u>	<u>-</u>	<u>264,445</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(262,795)	(262,795)	-	(264,445)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
Municipal Service Center Fund	<u>262,795</u>	<u>262,795</u>	<u>-</u>	<u>264,445</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>262,795</u>	<u>262,795</u>	<u>-</u>	<u>264,445</u>
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF MARQUETTE, MICHIGAN

2007 STREET PROJECTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal payments	180,000	180,000	-	172,500
Interest and fiscal charges	62,805	62,800	5	69,850
TOTAL EXPENDITURES	242,805	242,800	5	242,350
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(242,805)	(242,800)	5	(242,350)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	63,130	63,128	(2)	63,011
Major Street and Trunkline Fund	111,690	111,688	(2)	111,481
Local Street Fund	67,985	67,984	(1)	67,858
TOTAL OTHER FINANCING SOURCES (USES)	242,805	242,800	(5)	242,350
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

HIGH STREET - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal payments	10,060	10,263	(203)	19,986
Interest and fiscal charges	2,690	2,603	87	4,231
TOTAL EXPENDITURES	12,750	12,866	(116)	24,217
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,750)	(12,866)	(116)	(24,217)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	400	402	2	757
Local Street Fund	12,350	12,464	114	23,460
TOTAL OTHER FINANCING SOURCES (USES)	12,750	12,866	116	24,217
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

2008 STREET PROJECTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal payments	114,240	114,240	-	109,344
Interest and fiscal charges	89,315	89,310	5	93,410
TOTAL EXPENDITURES	203,555	203,550	5	202,754
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(203,555)	(203,550)	5	(202,754)
OTHER FINANCING SOURCES (USES)				
Transfer in:				
General Fund	73,900	73,899	(1)	73,610
Major Street Fund	63,050	63,048	(2)	62,802
Local Street Fund	66,605	66,603	(2)	66,342
TOTAL OTHER FINANCING SOURCES (USES)	203,555	203,550	(5)	202,754
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

2004 SPRING STREET - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt Service:				
Principal payments	<u>82,875</u>	<u>82,873</u>	<u>2</u>	<u>82,873</u>
TOTAL EXPENDITURES	<u>82,875</u>	<u>82,873</u>	<u>2</u>	<u>82,873</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(82,875)	(82,873)	2	(82,873)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	<u>82,875</u>	<u>82,873</u>	<u>(2)</u>	<u>82,873</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>82,875</u>	<u>82,873</u>	<u>(2)</u>	<u>82,873</u>
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN

2009 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal payments	213,110	213,110	-	206,780
Interest and fiscal charges	113,385	113,376	9	120,615
TOTAL EXPENDITURES	326,495	326,486	9	327,395
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(326,495)	(326,486)	9	(327,395)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	3,095	3,094	(1)	3,104
Major Street and Trunkline Fund	140,810	140,808	(2)	141,198
Local Street Fund	62,670	62,667	(3)	62,842
Lakeview Arena Fund	119,920	119,917	(3)	120,251
TOTAL OTHER FINANCING SOURCES (USES)	326,495	326,486	(9)	327,395
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

2011 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal payments	60,000	60,000	-	60,000
Interest and fiscal charges	33,000	32,995	5	34,495
TOTAL EXPENDITURES	93,000	92,995	5	94,495
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(93,000)	(92,995)	5	(94,495)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
Major Street and Trunkline Fund	34,875	34,873	(2)	35,435
Local Street Fund	58,125	58,122	(3)	59,060
TOTAL OTHER FINANCING SOURCES (USES)	93,000	92,995	(5)	94,495
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

2012 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal payments	69,930	69,930	-	69,930
Interest and fiscal charges	32,670	32,667	3	34,066
TOTAL EXPENDITURES	102,600	102,597	3	103,996
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(102,600)	(102,597)	3	(103,996)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	925	924	(1)	937
Major Street and Trunkline Fund	36,665	36,664	(1)	37,164
Local Street Fund	65,010	65,009	(1)	65,895
TOTAL OTHER FINANCING SOURCES (USES)	102,600	102,597	(3)	103,996
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN
2013 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015
 With Comparative Actual Amounts for the 15-Month Fiscal Year Ended September 30, 2014

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt Service:				
Principal payments	58,900	58,900	-	75,950
Interest and fiscal charges	28,625	28,624	1	26,911
TOTAL EXPENDITURES	<u>87,525</u>	<u>87,524</u>	<u>1</u>	<u>102,861</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(87,525)	(87,524)	1	(102,861)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	-	-	-	-
Major Street and Trunkline Fund	53,645	53,644	(1)	63,044
Local Street Fund	33,880	33,880	-	39,817
TOTAL OTHER FINANCING SOURCES (USES)	<u>87,525</u>	<u>87,524</u>	<u>(1)</u>	<u>102,861</u>
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN

2003 FOUNDERS LANDING - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	3,599
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,599</u>
EXPENDITURES:				
Debt Service:				
Principal payments	225,000	225,000	-	200,000
Interest and fiscal charges	64,975	64,974	1	127,520
TOTAL EXPENDITURES	<u>289,975</u>	<u>289,974</u>	<u>1</u>	<u>327,520</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(289,975)	(289,974)	1	(323,921)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	289,975	289,974	(1)	323,921
TOTAL OTHER FINANCING SOURCES (USES)	<u>289,975</u>	<u>289,974</u>	<u>(1)</u>	<u>323,921</u>
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN
2014 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015
 With Comparative Actual Amounts for the 15-Month Fiscal Year Ended September 30, 2014

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal payments	-	-	-	-
Interest and fiscal charges	18,955	18,953	2	-
TOTAL EXPENDITURES	18,955	18,953	2	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18,955)	(18,953)	2	-
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	4,285	4,280	(5)	-
Major Street and Trunkline Fund	4,890	4,891	1	-
Local Street Fund	9,170	9,171	1	-
Lakeview Arena Fund	610	611	1	-
TOTAL OTHER FINANCING SOURCES (USES)	18,955	18,953	(2)	-
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

FORESTLAND - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	41,814
Other	-	-	-	-
TOTAL REVENUES	-	-	-	41,814
EXPENDITURES:				
Debt Service:				
Professional services	230,140	570	229,570	18,274
Principal payments	250,000	250,000	-	240,000
Interest and fiscal charges	196,740	196,740	-	209,601
TOTAL EXPENDITURES	676,880	447,310	229,570	467,875
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(676,880)	(447,310)	229,570	(426,061)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	676,880	650,000	(26,880)	665,000
TOTAL OTHER FINANCING SOURCES (USES)	676,880	650,000	(26,880)	665,000
CHANGES IN FUND BALANCE	-	202,690	202,690	238,939
Fund balance, beginning of year	1,298,038	1,298,038	-	1,059,099
FUND BALANCE, END OF YEAR	\$ 1,298,038	\$ 1,500,728	\$ 202,690	\$ 1,298,038

CITY OF MARQUETTE, MICHIGAN

MSC RELOCATION FUND

COMPARATIVE BALANCE SHEET

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 475,199	\$ -
Investments	-	-
Accounts receivable	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 475,199</u>	<u>\$ -</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 2,500	\$ -
	<u> </u>	<u> </u>
TOTAL CURRENT LIABILITIES	<u>2,500</u>	<u>-</u>
FUND BALANCE		
Assigned	\$ 472,699	\$ -
	<u> </u>	<u> </u>

CITY OF MARQUETTE, MICHIGAN

MSC RELOCATION FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ 199	\$ 199	\$ -
Other revenues	500,000	500,000	-	-
TOTAL REVENUES	500,000	500,199	199	-
EXPENDITURES:				
Capital Outlay:				
Construction	500,000	2,500	497,500	-
Other services and charges	-	25,000	(25,000)	-
Total Capital Outlay	500,000	27,500	472,500	-
TOTAL EXPENDITURES	500,000	27,500	472,500	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	472,699	472,699	-
CHANGES IN FUND BALANCE	-	472,699	472,699	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 472,699	\$ 472,699	\$ -

CITY OF MARQUETTE, MICHIGAN

CEMETERY FUND

COMPARATIVE BALANCE SHEET

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 227,201	\$ 234,440
Investments	510,855	486,331
Accounts receivable	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 738,056</u>	<u>\$ 720,771</u>
FUND BALANCE		
Non-spendable	<u>\$ 738,056</u>	<u>\$ 720,771</u>

CITY OF MARQUETTE, MICHIGAN

CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2015

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

	<u>2015</u>	<u>2014</u>
REVENUES:		
Charges for services	\$ 17,285	\$ 34,445
Investment income	<u>24,674</u>	<u>(5,359)</u>
TOTAL REVENUES	<u>41,959</u>	<u>29,086</u>
OTHER FINANCING SOURCES (USES):		
Transfer in (out)	<u>(24,674)</u>	<u>5,604</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(24,674)</u>	<u>5,604</u>
CHANGE IN FUND BALANCE	17,285	34,690
Fund balance, beginning of year	<u>720,771</u>	<u>686,081</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 738,056</u></u>	<u><u>\$ 720,771</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, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 613,125	\$ 590,883
Delinquent utility bills on taxes	-	-
Accounts receivable	574,325	480,578
Special assessments receivable	5,664	6,495
Due from State	6,089	597,089
Prepaid expense	36,957	38,377
TOTAL CURRENT ASSETS	1,236,160	1,713,422
Non-current Assets:		
Restricted Assets:		
Bond and Interest Redemption Fund	220,098	216,243
OPEB Reserve	187,812	156,976
Compensated absences reserve	219,445	223,088
Total Restricted Assets	627,355	596,307
Land and other non-depreciable assets	17,725	17,725
Construction in progress	9,007	-
Other capital assets, net of depreciation	25,282,875	25,017,799
TOTAL NON-CURRENT ASSETS	25,936,962	25,631,831
TOTAL ASSETS	27,173,122	27,345,253
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	22,756	45,512
Change in pension investment projections	47,952	-
Employer contributions subsequent to measurement	152,932	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	223,640	45,512
LIABILITIES		
Current Liabilities:		
Accounts payable	62,911	280,635
Accrued wages payable	30,475	25,647
Accrued interest payable	99,620	95,612
Current portion of long-term debt	1,138,327	1,078,567
TOTAL CURRENT LIABILITIES	1,331,333	1,480,461
Non-current Liabilities:		
Compensated absences	219,445	223,088
Other post-employment benefits (OPEB)	187,814	156,976
Net pension liability	2,156,874	-
Bonds payable	6,837,244	6,817,599
Loan payable	1,084,841	873,965
Unamortized bond premium	153,223	125,407
TOTAL NON-CURRENT LIABILITIES	10,639,441	8,197,035
TOTAL LIABILITIES	11,970,774	9,677,496
DEFERRED INFLOWS OF RESOURCES		
Special assessments	6,713	8,540
Deferred amount on refunding	5,315	10,629
TOTAL DEFERRED INFLOWS OF RESOURCES	12,028	19,169
NET POSITION		
Net investment in capital assets	17,199,853	16,790,269
Restricted for:		
Debt Services	220,098	216,243
Capital outlay	1,086,440	615,400
Unrestricted	(3,092,431)	72,188
TOTAL NET POSITION	\$ 15,413,960	\$ 17,694,100

CITY OF MARQUETTE, MICHIGAN

WATER SUPPLY FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 2,835,000	\$ 2,838,428	\$ 3,428	\$ 3,012,891
Public authorities	96,800	81,297	(15,503)	99,381
Non-tax customers	1,522,500	1,115,256	(407,244)	1,700,569
City departments	68,250	54,906	(13,344)	85,102
Charges for services	18,000	30,648	12,648	38,070
Reimbursements	-	8,281	8,281	18,973
Other operating revenue	74,720	61,531	(13,189)	106,923
TOTAL OPERATING REVENUES	4,615,270	4,190,347	(424,923)	5,061,909
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	96,820	97,657	(837)	120,530
Supplies and contractual	273,985	254,161	19,824	270,079
Amortization	18,000	7,312	10,688	10,185
Capital outlay	207,279	-	207,279	4,649
Provision for depreciation	1,220,000	1,136,286	83,714	1,294,976
Other supplies and charges	647,105	647,100	5	805,515
Total Administrative and General	<u>2,463,189</u>	<u>2,142,516</u>	<u>320,673</u>	<u>2,505,934</u>
Water Treatment and Distribution:				
Personnel services	1,200,810	1,369,155	(168,345)	1,833,109
Supplies and contractual	689,516	753,332	(63,816)	1,376,999
Capital outlay	-	-	-	-
Total Water Treatment and Distribution	<u>1,890,326</u>	<u>2,122,487</u>	<u>(232,161)</u>	<u>3,210,108</u>
TOTAL OPERATING EXPENSES	4,353,515	4,265,003	88,512	5,716,042
OPERATING INCOME (LOSS)	261,755	(74,656)	(336,411)	(654,133)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	7,430	12,302	4,872	10,065
Premium on bond issuance	-	-	-	-
Federal and State grants	1,500	6,089	4,589	638,930
Gain on sale of capital assets	-	-	-	-
Interest expenses	(269,935)	(288,198)	(18,263)	(367,953)
Bond issuance expense	(750)	(25,654)	(24,904)	(40,467)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(261,755)	(295,461)	(33,706)	240,575
INCOME (LOSS) BEFORE TRANSFERS	-	(370,117)	(370,117)	(413,558)
Transfers in	-	-	-	-
CHANGE IN NET POSITION	-	(370,117)	(370,117)	(413,558)
Net position, beginning of year	17,694,100	17,694,100	-	18,107,658
Adjustment for Net Pension Liability	(1,910,023)	(1,910,023)	-	-
Net position, beginning of year, as restated	<u>15,784,077</u>	<u>15,784,077</u>	<u>-</u>	<u>18,107,658</u>
NET POSITION, END OF YEAR	\$ 15,784,077	\$ 15,413,960	\$ (370,117)	\$ 17,694,100

CITY OF MARQUETTE, MICHIGAN

SEWAGE DISPOSAL FUND

COMPARATIVE STATEMENT OF NET POSITION

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Accounts receivable	\$ 660,463	\$ 589,744
Special assessments receivable	35,028	41,641
Due from other authorities	-	502,389
Inventory	133,867	196,223
Prepaid expense	<u>43,571</u>	<u>39,669</u>
TOTAL CURRENT ASSETS	<u>872,929</u>	<u>1,369,666</u>
Non-current Assets:		
Restricted Assets:		
OPEB Reserve	80,077	58,328
Compensated absences reserve	<u>104,967</u>	<u>101,280</u>
Total Restricted Assets	<u>185,044</u>	<u>159,608</u>
Investment in Wastewater Facility	3,459,293	3,681,489
Land and other non-depreciable assets	20,594	20,594
Construction in progress	58,388	180,383
Other capital assets, net of depreciation	<u>19,386,509</u>	<u>19,082,507</u>
TOTAL NON-CURRENT ASSETS	<u>23,109,828</u>	<u>23,124,581</u>
TOTAL ASSETS	<u>23,982,757</u>	<u>24,494,247</u>
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	33,596	-
Employer contributions subsequent to measurement date	<u>107,145</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>140,741</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Cash overdraft	804,090	931,015
Accounts payable	1,614,499	485,668
Accrued wages payable	19,109	17,408
Customer deposits payable	(1,230)	(1,230)
Accrued interest payable	104,007	75,287
Current portion of long-term debt	<u>648,189</u>	<u>462,245</u>
TOTAL CURRENT LIABILITIES	<u>3,188,664</u>	<u>1,970,393</u>
Non-current Liabilities:		
Compensated absences	104,967	101,279
Other post-employment benefits (OPEB)	80,077	58,327
Net pension liability	1,511,125	-
Bonds payable	6,665,605	6,645,852
Loan payable	2,667,484	3,082,484
Unamortized bond premium	<u>200,731</u>	<u>202,746</u>
TOTAL NON-CURRENT LIABILITIES	<u>11,229,989</u>	<u>10,090,688</u>
TOTAL LIABILITIES	<u>14,418,653</u>	<u>12,061,081</u>
DEFERRED INFLOWS OF RESOURCES		
Special assessments	<u>43,612</u>	<u>51,509</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>43,612</u>	<u>51,509</u>
NET POSITION		
Net investment in capital assets	9,588,601	10,591,557
Restricted for:		
Capital outlay	305,119	1,701,400
Unrestricted	<u>(232,487)</u>	<u>88,700</u>
TOTAL NET POSITION	<u>\$ 9,661,233</u>	<u>\$ 12,381,657</u>

CITY OF MARQUETTE, MICHIGAN

SEWAGE DISPOSAL FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with	2014
	Final Budget	Actual GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 3,500,000	\$ 3,668,693	\$ 168,693	\$ 4,006,018
Public authorities	118,000	99,698	(18,302)	117,493
Non-tax customers	1,890,000	1,345,316	(544,684)	1,991,571
City departments	21,000	34,761	13,761	40,217
Charges for services	10,000	9,668	(332)	10,280
Rentals	1,000	1,000	-	1,250
Reimbursements	-	8,938	8,938	10,224
Other operating revenue	21,788	15,749	(6,039)	26,667
TOTAL OPERATING REVENUES	5,561,788	5,183,823	(377,965)	6,203,720
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	91,510	86,343	5,167	102,668
Supplies and contractual	2,550,540	2,602,422	(51,882)	274,145
Capital outlay	432,450	-	432,450	4,489
Provision for depreciation	767,810	999,144	(231,334)	1,142,094
Other supplies and charges	503,500	503,496	4	630,885
Total Administrative and General	4,345,810	4,191,405	154,405	2,154,281
Sanitary Sewer Operation and Booster Stations:				
Personnel services	610,098	701,098	(91,000)	695,180
Supplies and contractual	339,450	347,465	(8,015)	3,663,852
Capital outlay	-	-	-	12
Total Sanitary Sewer Operation and Booster Stations	949,548	1,048,563	(99,015)	4,359,044
TOTAL OPERATING EXPENSES	5,295,358	5,239,968	55,390	6,513,325
OPERATING INCOME (LOSS)	266,430	(56,145)	(322,575)	(309,605)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	4,720	5,006	286	4,813
State grant	-	22,500	22,500	-
Operating income from Marquette Area Wastewater Treatment Facility	-	(1,039,406)	(1,039,406)	405,873
Interest expenses	(271,150)	(306,439)	(35,289)	(341,840)
Bond issuance expense	-	(7,761)	(7,761)	(6,700)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(266,430)	(1,326,100)	(1,059,670)	62,146
INCOME (LOSS) BEFORE TRANSFERS	-	(1,382,245)	(1,382,245)	(247,459)
Transfers in	-	-	-	-
CHANGE IN NET POSITION	-	(1,382,245)	(1,382,245)	(247,459)
Net position, beginning of year	12,381,657	12,381,657	-	12,629,116
Adjustment for Net Pension Liability	(1,338,179)	(1,338,179)	-	-
Net position, beginning of year, as restated	11,043,478	11,043,478	-	12,629,116
NET POSITION, END OF YEAR	\$ 11,043,478	\$ 9,661,233	\$ (1,382,245)	\$ 12,381,657

CITY OF MARQUETTE, MICHIGAN
STORMWATER UTILITY FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 87,154	\$ 270,596
Accounts receivable	31,804	7,355
Due from other governments	89,500	61,500
Prepaid expense	119	138
TOTAL CURRENT ASSETS	208,577	339,589
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	17,168	13,195
Total Restricted Assets	17,168	13,195
Construction in progress	28,618	65,863
Other capital assets, net of depreciation	9,608,709	9,850,708
TOTAL NON-CURRENT ASSETS	9,654,495	9,929,766
TOTAL ASSETS	9,863,072	10,269,355
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Current Liabilities:		
Accounts payable	42,796	223,199
Accrued wages payable	4,360	4,713
Accrued interest payable	67,799	70,565
Current portion of long-term debt	378,672	361,005
TOTAL CURRENT LIABILITIES	493,627	659,482
Non-current Liabilities:		
Compensated absences	17,168	13,195
Bonds payable	4,135,596	4,441,232
Unamortized bond premium	33,978	33,823
TOTAL NON-CURRENT LIABILITIES	4,186,742	4,488,250
TOTAL LIABILITIES	4,680,369	5,147,732
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	5,139,272	5,080,511
Restricted for:		
Capital outlay	50,191	-
Unrestricted	(6,760)	41,112
TOTAL NET POSITION	\$ 5,182,703	\$ 5,121,623

CITY OF MARQUETTE, MICHIGAN

STORMWATER UTILITY FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 630,450	\$ 626,050	\$ (4,400)	\$ 721,132
Public authorities	39,900	39,883	(17)	47,644
Non-tax customers	234,150	186,633	(47,517)	228,346
City departments	327,400	331,830	4,430	397,790
Reimbursements	-	26,645	26,645	17,711
Other operating revenue	1,004	2,871	1,867	2,020
TOTAL OPERATING REVENUES	1,232,904	1,213,912	(18,992)	1,414,643
OPERATING EXPENSES:				
Routine Maintenance and Administration:				
Personnel services	279,824	210,956	68,868	317,793
Supplies and contractual	215,461	195,021	20,440	180,791
Capital outlay	560,869	-	560,869	4,489
Provision for depreciation	110,000	664,902	(554,902)	777,210
TOTAL OPERATING EXPENSES	1,166,154	1,070,879	95,275	1,280,283
OPERATING INCOME (LOSS)	66,750	143,033	76,283	134,360
NON-OPERATING REVENUES (EXPENSES):				
Investment income	400	380	(20)	568
Premium on bond issuance	-	-	-	-
Federal grant	110,000	89,500	(20,500)	90,200
Interest expenses	(177,150)	(169,763)	7,387	(227,065)
Bond issuance expense	-	(2,070)	(2,070)	(3,990)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(66,750)	(81,953)	(15,203)	(140,287)
INCOME (LOSS) BEFORE TRANSFERS	-	61,080	61,080	(5,927)
Transfers in	-	-	-	-
CHANGE IN NET POSITION	-	61,080	61,080	(5,927)
Net position, beginning of year	5,121,623	5,121,623	-	5,127,550
NET POSITION, END OF YEAR	\$ 5,121,623	\$ 5,182,703	\$ 61,080	\$ 5,121,623

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

September 30, 2015

	Tourist Park Fund	Marinas Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 375,302	\$ 607,645	\$ 982,947
Accounts receivable	500	1,379	1,879
Inventory	-	14,843	14,843
Prepaid expense	621	4,541	5,162
	TOTAL CURRENT ASSETS	628,408	1,004,831
Non-current Assets:			
Restricted Assets:			
Replacement Maintenance Fund	-	35,000	35,000
Compensated absences reserve	735	-	735
Total Restricted Assets	735	35,000	35,735
Other capital assets, net of depreciation	-	1,181,271	1,181,271
Construction in progress	-	767,433	767,433
	TOTAL NON-CURRENT ASSETS	1,983,704	1,984,439
	TOTAL ASSETS	2,612,112	2,989,270
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	-	-
	TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES			
Current Liabilities:			
Accounts payable	7,588	283,519	291,107
Accrued wages payable	2,913	3,054	5,967
Customer deposits payable	-	12,117	12,117
Current portion of long-term debt	-	10,000	10,000
Accrued interest payable	-	3,040	3,040
	TOTAL CURRENT LIABILITIES	311,730	322,231
Non-current Liabilities:			
Compensated absences	735	-	735
Bonds payable	-	171,000	171,000
Unamortized bond premium	-	11,829	11,829
	TOTAL NON-CURRENT LIABILITIES	182,829	183,564
	TOTAL LIABILITIES	494,559	505,795
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	-	1,755,875	1,755,875
Restricted for:			
Capital outlay	-	-	-
Unrestricted	365,922	361,678	727,600
	TOTAL NET POSITION	\$ 2,117,553	\$ 2,483,475

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended September 30, 2015

	<u>Tourist Park Fund</u>	<u>Marinas Fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 12,664	\$ 3,982	\$ 16,646
Sales	20,464	70,085	90,549
Use and admission fees	271,115	28,709	299,824
Rentals	-	208,316	208,316
Fines and forfeiture	-	245	245
Reimbursements	206	603,057	603,263
Other revenues	-	1,805	1,805
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUES	304,449	916,199	1,220,648
OPERATING EXPENSES:			
Community Services:			
Personnel services	70,541	94,816	165,357
Supplies and contractual	103,979	166,451	270,430
Amortization	-	(845)	(845)
Capital outlay	2,135	1,246	3,381
Provision for depreciation	-	142,283	142,283
Other supplies and charges	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	176,655	403,951	580,606
	<hr/>	<hr/>	<hr/>
OPERATING INCOME (LOSS)	127,794	512,248	640,042
NON-OPERATING REVENUES (EXPENSES):			
State grant	-	-	-
Investment income	174	5,045	5,219
Interest expense	-	(6,097)	(6,097)
Bond issuance expense	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL NON-OPERATING REVENUES (EXPENSES)	174	(1,052)	(878)
	<hr/>	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	127,968	511,196	639,164
Transfers in	-	-	-
	<hr/>	<hr/>	<hr/>
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	127,968	511,196	639,164
Loss on storm damage to capital asset - building	-	-	-
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION	127,968	511,196	639,164
Net position, beginning of year	237,954	1,606,357	1,844,311
	<hr/>	<hr/>	<hr/>
NET POSITION, END OF YEAR	\$ 365,922	\$ 2,117,553	\$ 2,483,475
	<hr/>	<hr/>	<hr/>

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2015

	Tourist Park Fund	Marinas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from fees and charges for services	\$ 14,069	\$ 22,050	\$ 36,119
Other operating revenues	291,785	912,217	1,204,002
Cash payments to employees for services	(69,218)	(94,045)	(163,263)
Cash payments to suppliers for goods and services	(109,198)	109,584	386
NET CASH PROVIDED BY OPERATING ACTIVITIES	127,438	949,806	1,077,244
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers in	-	-	-
State and Federal grants	-	-	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal payments on bonds	-	-	-
Interest paid on bonds	-	(3,057)	(3,057)
Proceeds from issuance of bonds	-	-	-
Premium on issuance of bonds	-	-	-
Cash payments for bond issuance expenses	-	-	-
Cash payments for capital assets	-	(700,524)	(700,524)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(703,581)	(703,581)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	174	5,045	5,219
(Increase) decrease in restricted assets:			
Bond reserve	-	-	-
Bond and interest redemption reserve	-	-	-
Replacement maintenance reserve	-	(5,000)	(5,000)
Compensated absences reserve	(640)	-	(640)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(466)	45	(421)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	126,972	246,270	373,242
Cash and cash equivalents, beginning of year	248,330	361,375	609,705
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 375,302	\$ 607,645	\$ 982,947
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Loss on storm damage to capital asset - building	\$ -	\$ -	\$ -
TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income	\$ 127,794	\$ 512,248	\$ 640,042
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	-	142,283	142,283
Amortization	-	(845)	(845)
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	1,405	17,889	19,294
(Increase) decrease in inventory	-	15,696	15,696
(Increase) decrease in prepaid expenses	(290)	70	(220)
Increase (decrease) in accounts payable	(2,794)	261,515	258,721
Increase (decrease) in accrued wages payable	683	771	1,454
Increase (decrease) in customer deposits payable	-	179	179
Increase (decrease) in compensated absences	640	-	640
NET ADJUSTMENTS	(356)	437,558	437,202
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 127,438	\$ 949,806	\$ 1,077,244

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUND - TOURIST PARK FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 375,302	\$ 248,330
Accounts receivable	500	1,905
Prepaid expense	621	331
TOTAL CURRENT ASSETS	376,423	250,566
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	735	95
Total Restricted Assets	735	95
TOTAL NON-CURRENT ASSETS	735	95
TOTAL ASSETS	377,158	250,661
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Current Liabilities:		
Accounts payable	7,588	10,382
Accrued wages payable	2,913	2,230
TOTAL CURRENT LIABILITIES	10,501	12,612
Non-current Liabilities:		
Compensated absences	735	95
TOTAL NON-CURRENT LIABILITIES	735	95
TOTAL LIABILITIES	11,236	12,707
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Unrestricted	365,922	237,954
TOTAL NET POSITION	\$ 365,922	\$ 237,954

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR ENTERPRISE FUND - TOURIST PARK FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 10,000	\$ 12,664	\$ 2,664	\$ 26,530
Sales	9,000	20,464	11,464	25,026
Use and admission fees	170,000	271,115	101,115	310,095
Reimbursements	-	206	206	220
Other revenues	45,000	-	(45,000)	6,872
TOTAL OPERATING REVENUES	234,000	304,449	70,449	368,743
OPERATING EXPENSES:				
Community Services:				
Personnel services	79,150	70,541	8,609	87,783
Supplies and contractual	94,055	103,979	(9,924)	126,060
Other supplies and charges	1,925	-	1,925	-
Capital outlay	58,971	2,135	56,836	35,120
TOTAL OPERATING EXPENSES	234,101	176,655	57,446	248,963
OPERATING INCOME (LOSS)	(101)	127,794	127,895	119,780
NON-OPERATING REVENUES:				
Investment income	101	174	73	131
TOTAL NON-OPERATING REVENUES	101	174	73	131
CHANGE IN NET POSITION	-	127,968	127,968	119,911
Net position, beginning of year	237,954	237,954	-	118,043
NET POSITION, END OF YEAR	\$ 237,954	\$ 365,922	\$ 127,968	\$ 237,954

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUND - MARINAS FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 607,645	\$ 361,375
Due from State	-	-
Accounts receivable	1,379	19,268
Inventory	14,843	30,539
Prepaid expense	4,541	4,611
TOTAL CURRENT ASSETS	628,408	415,793
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	-	-
Bond and Interest Redemption Fund	-	-
Replacement Maintenance Fund	35,000	30,000
Total Restricted Assets	35,000	30,000
Other capital assets, net of depreciation	1,181,271	1,323,555
Construction in progress	767,433	66,908
TOTAL NON-CURRENT ASSETS	1,983,704	1,420,463
TOTAL ASSETS	2,612,112	1,836,256
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Current Liabilities:		
Accounts payable	283,519	22,004
Accrued wages payable	3,054	2,283
Customer deposits payable	12,117	11,938
Current portion of long-term debt	10,000	10,000
Accrued interest payable	3,040	-
TOTAL CURRENT LIABILITIES	311,730	46,225
Non-current Liabilities:		
Bonds payable	171,000	171,000
Unamortized bond premium	11,829	12,674
TOTAL NON-CURRENT LIABILITIES	182,829	183,674
TOTAL LIABILITIES	494,559	229,899
DEFERRED INFLOWS OF RESOURCES		
	-	-
NET POSITION		
Net investment in capital assets	1,755,875	1,390,463
Restricted for:		
Capital outlay	-	181,000
Unrestricted	361,678	34,894
TOTAL NET POSITION	\$ 2,117,553	\$ 1,606,357

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR ENTERPRISE FUND - MARINAS FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 4,350	\$ 3,982	\$ (368)	\$ 3,982
Sales	108,250	70,085	(38,165)	145,247
Use and admission fees	28,902	28,709	(193)	49,147
Rentals	221,020	208,316	(12,704)	239,886
Fines and forfeiture	1,000	245	(755)	590
Reimbursements	-	603,057	603,057	213,017
Other revenues	2,380	1,805	(575)	4,625
TOTAL OPERATING REVENUES	365,902	916,199	550,297	656,494
OPERATING EXPENSES:				
Community Services:				
Personnel services	92,157	94,816	(2,659)	134,962
Supplies and contractual	215,745	166,451	49,294	276,633
Amortization	-	(845)	845	3,351
Capital outlay	32,215	1,246	30,969	218,331
Provision for depreciation	70,000	142,283	(72,283)	191,554
Other supplies and charges	151,735	-	151,735	-
TOTAL OPERATING EXPENSES	561,852	403,951	157,901	824,831
OPERATING INCOME (LOSS)	(195,950)	512,248	708,198	(168,337)
NON-OPERATING REVENUES (EXPENSES):				
State grant	200,000	-	(200,000)	296
Investment income	2,050	5,045	2,995	2,964
Interest expense	(6,100)	(6,097)	3	(1,133)
Bond issuance expense	-	-	-	(200)
TOTAL NON-OPERATING REVENUES (EXPENSES)	195,950	(1,052)	(197,002)	1,927
INCOME (LOSS) BEFORE TRANSFERS	-	511,196	511,196	(166,410)
Transfers in	-	-	-	166,410
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	-	511,196	511,196	-
Loss on storm damage to capital asset - building	-	-	-	(362,058)
CHANGE IN NET POSITION	-	511,196	511,196	(362,058)
Net position, beginning of year	1,606,357	1,606,357	-	1,968,415
NET POSITION, END OF YEAR	\$ 1,606,357	\$ 2,117,553	\$ 511,196	\$ 1,606,357

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, 2015

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 190,192	\$ 566,198	\$ 256,916	\$ 1,013,306
Accounts receivable	2,240	291	15,331	17,862
Due from local units	-	-	4,002	4,002
Inventory	-	-	25,501	25,501
Prepaid expenses	6,637	7,397	64,273	78,307
TOTAL CURRENT ASSETS	<u>199,069</u>	<u>573,886</u>	<u>366,023</u>	<u>1,138,978</u>
Non-current Assets:				
Restricted Assets:				
Equipment reserve	-	-	1,011,115	1,011,115
Fuel system reserve	-	-	32,333	32,333
OPEB reserve	40,756	4,318	45,812	90,886
Compensated absences reserve	14,552	2,217	67,212	83,981
Total Restricted Assets	<u>55,308</u>	<u>6,535</u>	<u>1,156,472</u>	<u>1,218,315</u>
Land and other non-depreciable assets	-	245,566	-	245,566
Other capital assets, net of depreciation	58,832	2,430,293	1,169,010	3,658,135
TOTAL NON-CURRENT ASSETS	<u>114,140</u>	<u>2,682,394</u>	<u>2,325,482</u>	<u>5,122,016</u>
TOTAL ASSETS	<u>313,209</u>	<u>3,256,280</u>	<u>2,691,505</u>	<u>6,260,994</u>
DEFERRED OUTFLOWS OF RESOURCES				
Change in pension investment projections	5,916	2,169	24,875	32,960
Employer contributions subsequent to measurement date	18,868	6,916	79,334	105,118
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>24,784</u>	<u>9,085</u>	<u>104,209</u>	<u>138,078</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	10,418	9,810	75,188	95,416
Accrued wages payable	5,762	1,581	11,618	18,961
TOTAL CURRENT LIABILITIES	<u>16,180</u>	<u>11,391</u>	<u>86,806</u>	<u>114,377</u>
Non-current Liabilities:				
Compensated absences	14,552	2,217	67,212	83,981
Other post-employment benefits (OPEB)	40,756	4,318	45,812	90,886
Net pension liability	266,105	97,540	1,118,886	1,482,531
TOTAL NON-CURRENT LIABILITIES	<u>321,413</u>	<u>104,075</u>	<u>1,231,910</u>	<u>1,657,398</u>
TOTAL LIABILITIES	<u>337,593</u>	<u>115,466</u>	<u>1,318,716</u>	<u>1,771,775</u>
DEFERRED INFLOWS OF RESOURCES				
	-	-	-	-
NET POSITION:				
Net investment in capital assets	58,832	2,675,859	1,169,010	3,903,701
Restricted:				
Capital outlay	-	-	32,333	32,333
Unrestricted	(58,432)	474,040	275,655	691,263
TOTAL NET POSITION	<u>\$ 400</u>	<u>\$ 3,149,899</u>	<u>\$ 1,476,998</u>	<u>\$ 4,627,297</u>

CITY OF MARQUETTE, MICHIGAN

INTERNAL SERVICE FUNDS

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

For the Fiscal Year Ended September 30, 2015

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 5,003	\$ -	\$ -	\$ 5,003
Sales	-	-	137,121	137,121
Rentals	631,096	588,108	2,414,017	3,633,221
Reimbursements	4,007	1,083	14,736	19,826
Other	1,153	3,062	20,483	24,698
TOTAL OPERATING REVENUES	641,259	592,253	2,586,357	3,819,869
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	285,331	103,934	757,511	1,146,776
Supplies and contractual	311,064	260,019	1,540,739	2,111,822
Provision for depreciation	101,725	146,597	486,452	734,774
Total Administrative and General	698,120	510,550	2,784,702	3,993,372
Capital outlay	12,201	-	29,174	41,375
TOTAL OPERATING EXPENSES	710,321	510,550	2,813,876	4,034,747
OPERATING INCOME (LOSS)	(69,062)	81,703	(227,519)	(214,878)
NON-OPERATING REVENUES:				
Investment income	150	363	3,126	3,639
Gain (loss) on sale of capital asset	-	-	7,384	7,384
TOTAL NON-OPERATING REVENUES	150	363	10,510	11,023
INCOME BEFORE TRANSFERS	(68,912)	82,066	(217,009)	(203,855)
Transfers (out)	-	(262,795)	(151,000)	(413,795)
CHANGE IN NET POSITION	(68,912)	(180,729)	(368,009)	(617,650)
Net position, beginning of year	304,961	3,417,004	2,835,838	6,557,803
Adjustment for Net Pension Liability	(235,649)	(86,376)	(990,831)	(1,312,856)
Net position, beginning of year, as restated	69,312	3,330,628	1,845,007	5,244,947
NET POSITION, END OF YEAR	\$ 400	\$ 3,149,899	\$ 1,476,998	\$ 4,627,297

CITY OF MARQUETTE, MICHIGAN

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2015

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from fees and charges for services	\$ 5,730	\$ -	\$ -	\$ 5,730
Other operating revenues	636,256	592,282	2,588,814	3,817,352
Cash payments to employees for services	(279,763)	(100,955)	(721,245)	(1,101,963)
Cash payments to suppliers for goods and services	(361,705)	(260,924)	(1,588,842)	(2,211,471)
NET CASH PROVIDED BY OPERATING ACTIVITIES	518	230,403	278,727	509,648
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers in (out)	-	(262,795)	(151,000)	(413,795)
(Increase) in due from local units and other funds	-	-	-	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-	(262,795)	(151,000)	(413,795)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash payments for capital assets	-	-	(283,699)	(283,699)
Proceeds from sale of capital assets	-	-	7,384	7,384
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	(276,315)	(276,315)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	150	363	3,126	3,639
(Increase) decrease in restricted assets:				
Equipment reserve	-	-	(2,524)	(2,524)
Fuel system reserve	-	-	(1,309)	(1,309)
OPEB reserve	(2,859)	(1,430)	(18,073)	(22,362)
Compensated absences reserve	3,777	234	6,515	10,526
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,068	(833)	(12,265)	(12,030)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,586	(33,225)	(160,853)	(192,492)
Cash and cash equivalents, beginning of year	188,606	599,423	417,769	1,205,798
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 190,192	\$ 566,198	\$ 256,916	\$ 1,013,306
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income	\$ (69,062)	\$ 81,703	\$ (227,519)	\$ (214,878)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	101,725	146,597	486,452	734,774
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	727	29	4,801	5,557
(Increase) decrease in due from local units	-	-	(2,344)	(2,344)
(Increase) decrease in inventory	-	-	(7,451)	(7,451)
(Increase) decrease in prepaid expenses	(594)	102	2,986	2,494
Increase (decrease) in accounts payable	(37,846)	(1,007)	(14,464)	(53,317)
Increase (decrease) in accrued wages payable	814	(295)	862	1,381
Increase (decrease) in compensated absences	(3,777)	(234)	(6,515)	(10,526)
Increase (decrease) in net pension liability and other post-employment benefits (OPEB)	8,531	3,508	41,919	53,958
NET ADJUSTMENTS	69,580	148,700	506,246	724,526
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 518	\$ 230,403	\$ 278,727	\$ 509,648

CITY OF MARQUETTE, MICHIGAN
TECHNOLOGY SERVICES FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 190,192	\$ 188,606
Accounts receivable	2,240	2,967
Prepaid expenses	6,637	6,043
TOTAL CURRENT ASSETS	199,069	197,616
Non-current Assets:		
Restricted Assets:		
OPEB reserve	40,756	37,897
Compensated absences reserve	14,552	18,329
Total Restricted Assets	55,308	56,226
Other capital assets, net of depreciation	58,832	160,557
TOTAL NON-CURRENT ASSETS	114,140	216,783
TOTAL ASSETS	313,209	414,399
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	5,916	-
Employer contributions subsequent to measurement date	18,868	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	24,784	-
LIABILITIES		
Current Liabilities:		
Accounts payable	10,418	48,264
Accrued wages payable	5,762	4,948
TOTAL CURRENT LIABILITIES	16,180	53,212
Non-current Liabilities:		
Compensated absences	14,552	18,329
Other post-employment benefits (OPEB)	40,756	37,897
Net pension liability	266,105	-
TOTAL NON-CURRENT LIABILITIES	321,413	56,226
TOTAL LIABILITIES	337,593	109,438
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	58,832	160,557
Unrestricted	(58,432)	144,404
TOTAL NET POSITION	\$ 400	\$ 304,961

CITY OF MARQUETTE, MICHIGAN

TECHNOLOGY SERVICES FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015			2014
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 5,810	\$ 5,003	\$ (807)	\$ 5,581
Rentals	733,780	631,096	(102,684)	700,380
Reimbursements	-	4,007	4,007	503
Other	-	1,153	1,153	1,196
TOTAL OPERATING REVENUES	739,590	641,259	(98,331)	707,660
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	281,990	285,331	(3,341)	322,256
Supplies and contractual	324,500	311,064	13,436	339,469
Provision for depreciation	50,000	101,725	(51,725)	153,474
Total Administrative and General	<u>656,490</u>	<u>698,120</u>	<u>(41,630)</u>	<u>815,199</u>
Capital outlay	83,200	12,201	70,999	25,991
TOTAL OPERATING EXPENSES	739,690	710,321	29,369	841,190
OPERATING INCOME (LOSS)	(100)	(69,062)	(68,962)	(133,530)
NON-OPERATING REVENUES:				
Investment income	100	150	50	183
TOTAL NON-OPERATING REVENUES	100	150	50	183
CHANGE IN NET POSITION	-	(68,912)	(68,912)	(133,347)
Net position, beginning of year	304,961	304,961	-	438,308
Adjustment for Net Pension Liability	(235,649)	(235,649)	-	-
Net position, beginning of year, as restated	<u>69,312</u>	<u>69,312</u>	<u>-</u>	<u>438,308</u>
NET POSITION, END OF YEAR	\$ 69,312	\$ 400	\$ (68,912)	\$ 304,961

CITY OF MARQUETTE, MICHIGAN
MUNICIPAL SERVICE CENTER FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 566,198	\$ 599,423
Accounts receivable	291	320
Prepaid expenses	7,397	7,499
TOTAL CURRENT ASSETS	573,886	607,242
Non-current Assets:		
Restricted Assets:		
OPEB reserve	4,318	2,888
Compensated absences reserve	2,217	2,451
Total Restricted Assets	6,535	5,339
Land and other non-depreciable assets	245,566	245,566
Other capital assets, net of depreciation	2,430,293	2,576,889
TOTAL NON-CURRENT ASSETS	2,682,394	2,827,794
TOTAL ASSETS	3,256,280	3,435,036
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	2,169	-
Employer contributions subsequent to measurement date	6,916	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,085	-
LIABILITIES		
Current Liabilities:		
Accounts payable	9,810	10,817
Accrued wages payable	1,581	1,876
TOTAL CURRENT LIABILITIES	11,391	12,693
Non-current Liabilities:		
Compensated absences	2,217	2,451
Other post-employment benefits (OPEB)	4,318	2,888
Net pension liability	97,540	-
TOTAL NON-CURRENT LIABILITIES	104,075	5,339
TOTAL LIABILITIES	115,466	18,032
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	2,675,859	2,822,455
Unrestricted	474,040	594,549
TOTAL NET POSITION	\$ 3,149,899	\$ 3,417,004

CITY OF MARQUETTE, MICHIGAN

MUNICIPAL SERVICE CENTER FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with Final Budget Positive (Negative)	2014
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Rentals	863,985	588,108	(275,877)	707,040
Reimbursements	-	1,083	1,083	1,788
Other	2,620	3,062	442	3,466
TOTAL OPERATING REVENUES	866,605	592,253	(274,352)	712,294
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	103,005	103,934	(929)	116,349
Supplies and contractual	266,305	260,019	6,286	261,304
Provision for depreciation	235,000	146,597	88,403	167,504
Other services and charges	-	-	-	-
Total Administrative and General	<u>604,310</u>	<u>510,550</u>	<u>93,760</u>	<u>545,157</u>
Capital outlay	-	-	-	-
TOTAL OPERATING EXPENSES	604,310	510,550	93,760	545,157
OPERATING INCOME (LOSS)	262,295	81,703	(180,592)	167,137
NON-OPERATING REVENUES:				
Investment income	500	363	(137)	527
Gain on sale of capital asset	-	-	-	-
TOTAL NON-OPERATING REVENUES	500	363	(137)	527
INCOME BEFORE TRANSFERS	262,795	82,066	(180,729)	167,664
Transfers (out)	(262,795)	(262,795)	-	(264,445)
CHANGE IN NET POSITION	-	(180,729)	(180,729)	(96,781)
Net position, beginning of year	3,417,004	3,417,004	-	3,513,785
Adjustment for Net Pension Liability	(86,376)	(86,376)	-	-
Net position, beginning of year, as restated	<u>3,330,628</u>	<u>3,330,628</u>	<u>-</u>	<u>3,513,785</u>
NET POSITION, END OF YEAR	\$ 3,330,628	\$ 3,149,899	\$ (180,729)	\$ 3,417,004

CITY OF MARQUETTE, MICHIGAN
MOTOR VEHICLE EQUIPMENT FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 256,916	\$ 417,769
Accounts receivable	15,331	20,132
Due from local units	4,002	1,658
Inventory	25,501	18,050
Prepaid expenses	64,273	67,259
TOTAL CURRENT ASSETS	366,023	524,868
Non-current Assets:		
Restricted Assets:		
Equipment reserve	1,011,115	1,008,591
Fuel system reserve	32,333	31,024
OPEB reserve	45,812	27,739
Compensated absences reserve	67,212	73,727
Total Restricted Assets	1,156,472	1,141,081
Land and other non-depreciable assets	-	-
Other capital assets, net of depreciation	1,169,010	1,371,763
TOTAL NON-CURRENT ASSETS	2,325,482	2,512,844
TOTAL ASSETS	2,691,505	3,037,712
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	24,875	-
Employer contributions subsequent to measurement date	79,334	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	104,209	-
LIABILITIES		
Current Liabilities:		
Accounts payable	75,188	89,652
Accrued wages payable	11,618	10,756
TOTAL CURRENT LIABILITIES	86,806	100,408
Non-current Liabilities:		
Compensated absences	67,212	73,727
Other post-employment benefits (OPEB)	45,812	27,739
Net pension liability	1,118,886	-
TOTAL NON-CURRENT LIABILITIES	1,231,910	101,466
TOTAL LIABILITIES	1,318,716	201,874
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	1,169,010	1,371,763
Restricted:		
Capital outlay	32,333	31,024
Unrestricted	275,655	1,433,051
TOTAL NET POSITION	\$ 1,476,998	\$ 2,835,838

CITY OF MARQUETTE, MICHIGAN

MOTOR VEHICLE EQUIPMENT FUND

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

For the Fiscal Year Ended September 30, 2015

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

	2015		Variance with	2014
	Final	Actual	Final Budget	Actual
	Budget	GAAP	Positive	GAAP
		Basis	(Negative)	Basis
OPERATING REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Sales	216,000	137,121	(78,879)	204,643
Rentals	2,443,830	2,414,017	(29,813)	3,486,740
Reimbursements	10,000	14,736	4,736	59,239
Other	22,000	20,483	(1,517)	34,350
TOTAL OPERATING REVENUES	2,691,830	2,586,357	(105,473)	3,784,972
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	691,335	757,511	(66,176)	817,651
Supplies and contractual	1,615,825	1,540,739	75,086	1,897,808
Provision for depreciation	334,395	486,452	(152,057)	612,142
Total Administrative and General	<u>2,641,555</u>	<u>2,784,702</u>	<u>(143,147)</u>	<u>3,327,601</u>
Capital outlay	-	29,174	(29,174)	81,521
TOTAL OPERATING EXPENSES	2,641,555	2,813,876	(172,321)	3,409,122
OPERATING INCOME (LOSS)	50,275	(227,519)	(277,794)	375,850
NON-OPERATING REVENUES:				
Investment income	2,500	3,126	626	3,818
Gain (loss) on sale of capital asset	3,000	7,384	4,384	(12,389)
TOTAL NON-OPERATING REVENUES	5,500	10,510	5,010	(8,571)
INCOME BEFORE TRANSFERS	55,775	(217,009)	(272,784)	367,279
Transfers (out)	(55,775)	(151,000)	(95,225)	(361,905)
CHANGE IN NET POSITION	-	(368,009)	(368,009)	5,374
Net position, beginning of year	2,835,838	2,835,838	-	2,830,464
Adjustment for Net Pension Liability	(990,831)	(990,831)	-	-
Net position, beginning of year, as restated	<u>1,845,007</u>	<u>1,845,007</u>	<u>-</u>	<u>2,830,464</u>
NET POSITION, END OF YEAR	\$ 1,845,007	\$ 1,476,998	\$ (368,009)	\$ 2,835,838

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, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable	-	-
TOTAL ASSETS	-	-
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Accounts payable	-	-
TOTAL LIABILITIES	-	-
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
L.G. Kaufman Ski Hill	-	-
Tourist Park Development	-	-
TOTAL NET POSITION	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN
FIRE-POLICE RETIREMENT SYSTEM PENSION TRUST FUND
COMPARATIVE STATEMENT OF PLAN NET POSITION
September 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 1,017,071	\$ 689,556
Investments:		
United States Government Securities	-	-
Domestic Corporation Bonds	2,392,913	5,025,032
Common, Pooled Mutual Fund	24,161,395	22,450,778
Government National Mortgage Association	15	183
Accounts receivable	-	-
Accrued interest receivable	187	88
TOTAL ASSETS	27,571,581	28,165,637
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Accounts payable	107	-
TOTAL LIABILITIES	107	-
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Held in trust for pension benefits	27,571,474	28,165,637
TOTAL NET POSITION	\$ 27,571,474	\$ 28,165,637

CITY OF MARQUETTE, MICHIGAN

AGENCY FUND

COMPARATIVE BALANCE SHEET

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS:		
Cash and cash equivalents	\$ 2,532,368	\$ 2,531,904
Accounts receivable	-	-
Taxes receivable - current	2,127,242	2,005,770
Taxes receivable - delinquent personal	<u>16,534</u>	<u>19,588</u>
TOTAL ASSETS	<u>\$ 4,676,144</u>	<u>\$ 4,557,262</u>
LIABILITIES:		
Contract retainage payable	\$ 315,249	\$ 22,123
Accrued wages	1,976,057	2,131,280
Due to State	292,100	321,041
Due to other governments	1,019,156	1,014,995
Due to local units	833,925	829,176
Other liabilities	<u>239,657</u>	<u>238,647</u>
TOTAL LIABILITIES	<u>\$ 4,676,144</u>	<u>\$ 4,557,262</u>

CITY OF MARQUETTE, MICHIGAN

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

September 30, 2015 and 2014

	Balance at September 30, 2014	Additions	Deductions	Balance at September 30, 2015
ASSETS:				
Cash and cash equivalents	\$ 2,531,904	\$ 43,910,774	\$ 43,910,310	\$ 2,532,368
Accounts receivable	-	353,993	353,993	-
Taxes receivable - current	2,005,770	34,038,214	33,916,742	2,127,242
Taxes receivable - delinquent personal	19,588	21,418	24,472	16,534
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 4,557,262	\$ 78,324,399	\$ 78,205,517	\$ 4,676,144
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES:				
Contract retainage payable	\$ 22,123	\$ 21,372,061	\$ 21,078,935	\$ 315,249
Accrued wages	2,131,280	7,961,385	8,116,608	1,976,057
Due to State	321,041	4,377,416	4,406,357	292,100
Due to other governments	1,014,995	19,031,116	19,026,955	1,019,156
Due to local units	829,176	14,766,575	14,761,826	833,925
Other liabilities	238,647	86,367	85,357	239,657
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TOTAL LIABILITIES	\$ 4,557,262	\$ 67,594,920	\$ 67,476,038	\$ 4,676,144
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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, 2015

	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Other</u>	<u>Totals</u>
Governmental Capital Assets:					
Land	\$ 11,290,396	\$ -	\$ -	\$ -	\$ 11,290,396
Land improvements	7,755,456	-	-	-	7,755,456
Buildings	-	5,828,333	-	-	5,828,333
Building improvements	-	6,919,935	-	-	6,919,935
Furniture and equipment	-	-	1,603,885	-	1,603,885
Infrastructure	-	-	-	51,334,013	51,334,013
Construction in progress	-	-	-	1,750,803	1,750,803
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	<u>\$ 19,045,852</u>	<u>\$ 12,748,268</u>	<u>\$ 1,603,885</u>	<u>\$ 53,084,816</u>	<u>\$ 86,482,821</u>
Investments in Governmental Capital Assets From:					
General fund	\$ 14,352,744	\$ 5,277,052	\$ 1,009,773	\$ 32,221,994	\$ 52,861,563
Federal grants	1,901,291	3,489,840	150,579	547,762	6,089,472
State grants	705,189	676,179	161,232	-	1,542,600
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	1,935,996	164,920	20,315,060	23,298,449
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	<u>\$ 19,045,852</u>	<u>\$ 12,748,268</u>	<u>\$ 1,603,885</u>	<u>\$ 53,084,816</u>	<u>\$ 86,482,821</u>

CITY OF MARQUETTE, MICHIGAN

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

For the Fiscal Year Ended September 30, 2015

Function and Activity	Balance September 30, 2014	Additions	Deductions	Transfers	Balance September 30, 2015
General Government					
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	42,207	-	-	2,690,648
Other City Property	5,007,754	-	-	-	5,007,754
Total General Government	7,970,188	42,207	-	-	8,012,395
Public Health and Safety:					
Police Department	303,068	-	-	-	303,068
Fire Department	555,159	121,408	-	-	676,567
Total Public Health and Safety	858,227	121,408	-	-	979,635
Highways, Streets and Bridges:					
City Engineer	130,834	33,969	-	-	164,803
Public Works	8,654,722	11,650	-	-	8,666,372
Infrastructure	50,489,724	317,694	-	526,595	51,334,013
Parking System	2,475,516	-	-	-	2,475,516
Total Highways, Streets and Bridges	61,750,796	363,313	-	526,595	62,640,704
Other:					
Sanitation	14,932	-	-	-	14,932
Recreation	12,536,535	504,653	-	-	13,041,188
Other	43,164	-	-	-	43,164
Total Other	12,594,631	504,653	-	-	13,099,284
TOTAL GOVERNMENTAL CAPITAL ASSETS	83,173,842	1,031,581	-	526,595	84,732,018
Construction in progress	1,482,996	794,402	-	(526,595)	1,750,803
GRAND TOTAL	\$ 84,656,838	\$ 1,825,983	\$ -	\$ -	\$ 86,482,821

CITY OF MARQUETTE, MICHIGAN

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

September 30, 2015

Function and Activity	Total	Land	Land Improvements	Buildings	Buildings Improvements	Furniture and Equipment	Infrastructure
General Government							
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	2,690,648	100,008	128,596	1,395,545	988,641	77,858	-
Other City Property	5,007,754	4,942,779	19,817	45,158	-	-	-
Total General Government	8,012,395	5,140,789	279,987	1,449,751	1,030,846	111,022	-
Public Health and Safety:							
Police Department	303,068	-	-	-	-	303,068	-
Fire Department	676,567	32,296	14,663	154,155	205,899	269,554	-
Total Public Health and Safety	979,635	32,296	14,663	154,155	205,899	572,622	-
Highways, Streets and Bridges:							
City Engineer	164,803	-	-	-	-	164,803	-
Public Works	8,666,372	4,487,500	3,390,147	542,795	225,530	20,400	-
Infrastructure	51,334,013	-	-	-	-	-	51,334,013
Parking System	2,475,516	753,874	70,131	1,320,171	235,396	95,944	-
Total Highways, Streets and Bridges	62,640,704	5,241,374	3,460,278	1,862,966	460,926	281,147	51,334,013
Other:							
Sanitation	14,932	14,932	-	-	-	-	-
Recreation	13,041,188	861,005	4,000,528	2,361,461	5,204,348	613,846	-
Other	43,164	-	-	-	17,916	25,248	-
Total Other	13,099,284	875,937	4,000,528	2,361,461	5,222,264	639,094	-
TOTAL GOVERNMENTAL CAPITAL ASSETS ASSOCIATED TO FUNCTIONS	84,732,018	\$ 11,290,396	\$ 7,755,456	\$ 5,828,333	\$ 6,919,935	\$ 1,603,885	\$ 51,334,013
Construction in progress	1,750,803						
GRAND TOTAL	<u>\$ 86,482,821</u>						

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

CITY OF MARQUETTE, MICHIGAN

SCHEDULE OF BONDS, AND NOTES PAYABLE -
ENTERPRISE FUNDS

For the Fiscal Year Ended September 30, 2015

Maturities Year Ending September 30,	WATER SUPPLY FUND													MARINAS FUND
	State Drinking Water Revolving Fund Loan 2009	State Drinking Water Revolving Fund Loan 2011	State Drinking Water Revolving Fund Loan 2015	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	2015 Capital Improvements Bonds	2014 Capital Improvements Bonds
	2016	\$ 25,000	\$ 20,000	\$ -	\$ 165,000	\$ 16,353	\$ 88,469	\$ 178,500	\$ 17,050	\$ 40,205	\$ 505,000	\$ 48,750	\$ 34,000	\$ -
2017	25,000	20,000	20,000	170,000	16,563	92,155	192,780	17,600	41,140	-	50,000	34,000	102,195	10,000
2018	25,000	25,000	20,000	-	16,880	97,070	205,275	18,150	42,075	-	51,250	34,850	102,195	10,250
2019	25,000	25,000	20,000	-	17,197	101,986	212,415	18,700	43,945	-	53,750	35,700	104,645	10,500
2020	25,000	25,000	20,000	-	17,407	105,671	221,340	19,250	44,880	-	55,000	36,550	104,645	10,750
2021	25,000	25,000	20,000	-	17,619	110,586	232,050	19,800	46,750	-	56,250	37,400	107,095	11,000
2022	25,000	25,000	25,000	-	17,935	115,501	249,900	20,350	47,685	-	57,500	39,100	109,545	11,500
2023	25,000	25,000	25,000	-	18,251	117,959	253,470	21,450	49,555	-	60,000	39,950	111,995	11,750
2024	25,000	30,000	25,000	-	18,568	124,103	264,180	22,550	50,490	-	61,250	40,800	114,445	12,000
2025	30,000	30,000	25,000	-	18,885	129,018	-	23,100	52,360	-	63,750	42,500	116,895	12,500
2026	30,000	30,000	25,000	-	19,201	135,161	-	24,200	54,230	-	65,000	44,200	121,792	13,000
2027	30,000	30,000	25,000	-	19,518	140,076	-	25,300	55,165	-	67,500	45,900	-	13,500
2028	30,000	30,000	25,875	-	20,121	145,796	-	-	57,035	-	68,750	48,450	-	14,250
2029	30,000	30,000	-	-	-	-	-	-	-	-	-	50,150	-	14,750
2030	15,058	30,000	-	-	-	-	-	-	-	-	-	51,850	-	15,250
2031	-	30,000	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	33,908	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 390,058	\$ 463,908	\$ 275,875	\$ 335,000	\$ 234,498	\$ 1,503,551	\$ 2,009,910	\$ 247,500	\$ 625,515	\$ 505,000	\$ 758,750	\$ 615,400	\$ 1,095,447	\$ 181,000
Interest Rates	3%	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 - 3.0%	2.0 - 4.0%
Interest Dates	April and October	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	May and November	April and October
Date of original issue	1/11/2010	6/24/2010	9/29/2014	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	9/17/2015	9/30/2014
Amount of original issue *	\$ 511,058	\$ 529,507	\$ 330,000	\$ 1,440,000	\$ 342,318	\$ 2,058,137	\$ 2,989,875	\$ 295,900	\$ 704,055	\$ 1,490,000	\$ 867,500	\$ 615,400	\$ 1,095,447	\$ 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 2009	State Revolving Fund Loan 2011	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	2015 Capital Improvements Bonds	2006 Street Improvements Bonds (B)	2007 High Street Improvements Bonds (C)	2008 Street Improvements Bonds (C)	2009 Capital Improvements Bonds (C)	2011 Street Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	2015 Capital Improvements Bonds
	2015	\$ 180,000	\$ 30,000	\$ -	\$ 81,664	\$ 90,000	\$ 48,050	\$ 69,875	\$ 54,600	\$ 94,000	\$ -	\$ 187,500	\$ 5,887	\$ 72,360	\$ 20,500	\$ 27,900	\$ 33,325	\$ 31,200
2016	180,000	30,000	30,000	85,067	97,200	49,600	71,500	56,000	94,000	33,951	195,000	5,963	75,375	22,140	28,800	34,100	32,000	7,430
2017	185,000	30,000	30,000	89,604	103,500	51,150	73,125	57,400	96,350	33,951	202,500	6,077	79,395	23,575	29,700	34,875	32,800	7,430
2018	190,000	35,000	30,000	94,140	107,100	52,700	76,375	60,200	98,700	34,751	210,000	6,191	83,415	24,395	30,600	36,425	34,400	7,580
2019	195,000	35,000	35,000	97,543	111,600	54,250	78,000	61,600	101,050	34,751	220,000	6,267	86,431	25,420	31,500	37,200	35,200	7,580
2020	200,000	35,000	35,000	102,080	117,000	55,800	81,250	63,000	103,400	35,551	227,500	6,343	90,451	26,650	32,400	38,750	36,000	7,730
2021	200,000	35,000	35,000	106,617	126,000	57,350	82,875	64,400	108,100	36,351	237,500	6,457	94,471	28,700	33,300	39,525	36,800	7,880
2022	205,000	35,000	35,000	108,885	127,800	60,450	86,125	67,200	110,450	37,151	-	6,571	96,481	29,110	35,100	41,075	38,400	8,030
2023	210,000	40,000	35,000	114,556	133,200	63,550	87,750	68,600	112,800	37,951	-	6,684	101,506	30,340	36,900	41,850	39,200	8,180
2024	-	40,000	35,000	119,093	-	65,100	91,000	71,400	117,500	38,751	-	6,798	105,526	-	37,800	43,400	40,800	8,330
2025	-	40,000	40,000	124,764	-	68,200	94,250	72,800	122,200	40,348	-	6,912	110,551	-	39,600	44,950	41,600	8,639
2026	-	40,000	40,000	129,301	-	71,300	95,875	75,600	126,900	-	-	7,026	114,571	-	41,400	45,725	43,200	-
2027	-	40,000	40,000	137,748	-	-	99,125	77,000	133,950	-	-	7,244	120,601	-	-	47,275	44,000	-
2028	-	40,000	40,000	-	-	-	-	-	138,650	-	-	-	-	-	-	-	-	-
2029	-	40,699	40,000	-	-	-	-	-	143,350	-	-	-	-	-	-	-	-	-
2030	-	-	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2031	-	-	46,785	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 1,745,000	\$ 545,699	\$ 586,785	\$ 1,391,062	\$ 1,013,400	\$ 697,500	\$ 1,087,125	\$ 849,800	\$ 1,701,400	\$ 363,507	\$ 1,480,000	\$ 84,420	\$ 1,231,134	\$ 230,830	\$ 405,000	\$ 518,475	\$ 485,600	\$ 78,809
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%	2.0 - 3.0%	4%	2%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.0 - 3.0%	2.95%	2.0 - 3.0%
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	May and November	April and October	May and November	May and November	April and October	May and November	February and August	May and November
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	9/17/2015	10/31/2006	3/29/2007	6/26/2008	5/5/2009	9/22/2012	8/7/2012	9/13/2013	9/17/2015
Amount of original issue	\$ 3,470,000	\$ 695,699	\$ 706,785	\$ 1,899,819	\$ 1,507,500	\$ 833,900	\$ 1,223,625	\$ 971,600	\$ 1,701,400	\$ 363,507	\$ 2,737,500	\$ 123,234	\$ 1,683,385	\$ 343,375	\$ 484,200	\$ 583,575	\$ 555,200	\$ 78,809

* 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, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,866,116	\$ 1,607,636
Internally designated assets:		
Customer electric rate stabilization fund	415,025	313,911
Fuel imbursement fund	2,434,790	3,829,304
Turbine and major generating equipment overhaul fund	2,707,092	1,402,092
Replacement-risk retention fund	574,360	471,727
Improvement fund	600,000	500,000
Future generation fund	1,000,000	350,000
Accounts receivable, net	1,768,329	1,659,686
Inventory	3,268,114	4,181,322
Prepaid expenses	107,451	292,741
	<u>14,741,277</u>	<u>14,608,419</u>
TOTAL CURRENT ASSETS		
Non-current Assets:		
Restricted Assets:		
Bond and interest redemption fund	261,881	287,582
Bond reserve fund	723,973	724,970
Customer deposits	1,377,177	1,300,911
Pinehill landfill fund	13,818	13,811
	<u>2,376,849</u>	<u>2,327,274</u>
TOTAL RESTRICTED ASSETS		
Investment in UPPPA	3,206,905	3,126,008
Property, plant, and equipment	141,098,290	139,615,379
Accumulated depreciation	<u>(96,548,414)</u>	<u>(94,686,914)</u>
	<u>50,133,630</u>	<u>50,381,747</u>
TOTAL NON-CURRENT ASSETS		
	<u>64,874,907</u>	<u>64,990,166</u>
TOTAL ASSETS		
	<u>64,874,907</u>	<u>64,990,166</u>
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	319,975	-
Employer contributions subsequent to measurement	1,880,524	-
	<u>2,200,499</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES		
	<u>2,200,499</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	563,723	2,499,723
Accrued liabilities	286,417	322,392
Compensated absences	990,140	933,363
Customer deposits payable	1,372,769	1,325,503
Other current liabilities	494,514	384,073
	<u>3,707,563</u>	<u>5,465,054</u>
TOTAL CURRENT LIABILITIES		
	<u>3,707,563</u>	<u>5,465,054</u>
Current Liabilities (payable from restricted assets):		
Current maturities on bonds and capital lease	901,206	825,000
Revenue bond accrued interest payable	41,900	50,150
	<u>943,106</u>	<u>875,150</u>
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
	<u>943,106</u>	<u>875,150</u>
Non-current Liabilities:		
Other post-employment benefits (OPEB)	1,656,978	1,657,285
Net pension liability	16,046,663	-
Bonds payable	3,321,801	3,890,000
Unamortized bond premium	152,834	179,414
Reserve for turbine and major generating equipment overhaul	2,707,092	1,402,092
Postclosure costs - Landfill	440,498	450,440
	<u>24,325,866</u>	<u>7,579,231</u>
TOTAL NON-CURRENT LIABILITIES		
	<u>24,325,866</u>	<u>7,579,231</u>
TOTAL LIABILITIES		
	<u>28,976,535</u>	<u>13,919,435</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>-</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	40,507,042	40,034,051
Restricted for:		
Other activities	2,376,849	2,327,274
Unrestricted	<u>(4,785,020)</u>	<u>8,709,406</u>
	<u>40,507,042</u>	<u>40,034,051</u>
TOTAL NET POSITION		
	<u>\$ 38,098,871</u>	<u>\$ 51,070,731</u>

CITY OF MARQUETTE, MICHIGAN

BOARD OF LIGHT AND POWER ELECTRIC UTILITY

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended September 30, 2015

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

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Electricity Sales:		
Urban	\$ 19,271,393	\$ 22,620,277
Rural	12,425,749	14,796,627
Sales to Alger-Delta Co-op	974,811	1,119,413
Sales to Wisconsin Electric Power Company	249,329	677,707
Street lighting	412,353	481,989
Other municipal departments	977,082	1,184,125
Rent and other	<u>737,057</u>	<u>996,753</u>
TOTAL OPERATING REVENUES	<u>35,047,774</u>	<u>41,876,891</u>
OPERATING EXPENSES:		
Administrative and general	7,228,168	9,540,627
Production	18,460,828	22,164,851
Purchased power	1,230,472	2,742,616
Distribution and transmission	1,534,718	1,616,403
Customer accounting	534,873	789,550
Payment in lieu of property taxes - City of Marquette	1,838,030	2,252,254
Provision for depreciation, excluding amounts charged to other operating expenses (2015 - \$100,675; 2014 - \$144,209)	<u>2,511,406</u>	<u>3,076,017</u>
TOTAL OPERATING EXPENSES	<u>33,338,495</u>	<u>42,182,318</u>
INCOME/(LOSS) FROM OPERATIONS	<u>1,709,279</u>	<u>(305,427)</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income	293,017	588,742
Delayed payment fees	-	-
Amortization of bond premium	26,580	33,225
Interest on long term debt	(193,753)	(282,550)
Loss on disposal of equipment	(37,844)	-
Other interest expense	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>88,000</u>	<u>339,417</u>
NET INCOME/(LOSS)	1,797,279	33,990
Capital contributions from customers	<u>79,538</u>	<u>84,307</u>
CHANGE IN NET POSITION	1,876,817	118,297
Net position, beginning of year	51,070,731	50,952,434
Adjustment for Net Pension Liability	<u>(14,848,677)</u>	<u>-</u>
Net position, beginning of year, as restated	<u>36,222,054</u>	<u>50,952,434</u>
NET POSITION, END OF YEAR	<u>\$ 38,098,871</u>	<u>\$ 51,070,731</u>

CITY OF MARQUETTE, MICHIGAN

BOARD OF LIGHT AND POWER ELECTRIC UTILITY

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2015

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

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 34,974,397	\$ 41,828,896
Cash paid to suppliers and employees	<u>(31,128,435)</u>	<u>(36,177,234)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,845,962</u>	<u>5,651,662</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(2,271,336)	(1,752,452)
Proceeds from sale of equipment	-	-
Principal payment on revenue bonds, notes payable and capital lease obligations	(831,768)	(795,000)
Capital contributions	79,538	84,307
Proceeds from issuance of long term debt	339,775	-
Interest paid on revenue bonds and notes payable	<u>(202,003)</u>	<u>(232,400)</u>
NET CASH (USED) FOR CAPITAL AND FINANCING ACTIVITIES	<u>(2,885,794)</u>	<u>(2,695,545)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	280,462	579,281
Proceeds from maturities and sales of investment securities	13,020,514	14,419,256
Purchase of investments	<u>(14,002,664)</u>	<u>(17,936,105)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(701,688)</u>	<u>(2,937,568)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	258,480	18,549
Cash and cash equivalents, beginning of year	<u>1,607,636</u>	<u>1,589,087</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,866,116</u>	<u>\$ 1,607,636</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	<u>\$ 1,709,279</u>	<u>\$ (305,427)</u>
Operating income		
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	2,612,081	3,220,226
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	(108,643)	(47,995)
(Increase)/Decrease in inventory	913,208	(272,118)
(Increase)/Decrease in prepaid expenses	185,290	(198,206)
Increase/(Decrease) in accounts payable	(1,936,000)	1,164,961
Increase/(Decrease) in accrued wages and related liabilities	(35,975)	174,916
Increase/(Decrease) in accrued sick and vacation	56,777	407
Increase in customer deposits, including accrued interest	47,266	108,181
(Decrease) in landfill site postclosure care cost liability	(9,942)	(10,016)
Increase/(Decrease) in other post-employment benefits (OPEB), and net pension liability	(1,002,820)	462,697
Increase in reserve for turbine overhaul	1,305,000	1,306,728
Increase/(Decrease) in energy optimization program liability	<u>110,441</u>	<u>47,308</u>
NET ADJUSTMENTS	<u>2,136,683</u>	<u>5,957,089</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,845,962</u>	<u>\$ 5,651,662</u>

CITY OF MARQUETTE, MICHIGAN

PETER WHITE PUBLIC LIBRARY

STATEMENT OF NET POSITION

September 30, 2015

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,976,043
Investments	-
Taxes receivable, net	91,465
Accounts receivable, net	12,918
Prepaid expenses	<u>16,353</u>
TOTAL CURRENT ASSETS	<u>2,096,779</u>
Non-current assets:	
Land and construction in progress	114,704
Other capital assets, net of depreciation	<u>3,926,029</u>
TOTAL NON-CURRENT ASSETS	<u>4,040,733</u>
TOTAL ASSETS	<u>6,137,512</u>
DEFERRED OUTFLOWS OF RESOURCES	
Change in pension investment projections	21,077
Employer contributions subsequent to measurement date	<u>67,966</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>89,043</u>
LIABILITIES	
Current liabilities:	
Accounts payable	19,782
Accrued liabilities	27,766
Due to others	3,645
Bonds payable - due in one year	<u>320,000</u>
TOTAL CURRENT LIABILITIES	<u>371,193</u>
Non-current liabilities:	
Compensated absences	114,842
Net pension liability	948,025
Bonds payable - due in more than one year	<u>675,000</u>
TOTAL NON-CURRENT LIABILITIES	<u>1,062,867</u>
TOTAL LIABILITIES	<u>1,434,060</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes levied for a subsequent period	<u>962,858</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>962,858</u>
NET POSITION	
Net investment in capital assets	3,045,733
Restricted for:	
Debt services	110,114
Other activities	738,321
Unrestricted	<u>(739,531)</u>
TOTAL NET POSITION	<u>\$ 3,154,637</u>

CITY OF MARQUETTE, MICHIGAN

PETER WHITE PUBLIC LIBRARY

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2015

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 902,484	\$ 721,968	\$ 351,591	\$ 1,976,043
Investments	-	-	-	-
Taxes receivable, net	66,618	-	24,847	91,465
Accounts receivable, net	12,918	-	-	12,918
Prepaid expenditures	16,353	-	-	16,353
TOTAL ASSETS	998,373	721,968	376,438	2,096,779
DEFERRED OUTFLOWS OF RESOURCES				
	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 998,373	\$ 721,968	\$ 376,438	\$ 2,096,779
LIABILITIES				
Accounts payable	\$ 19,782	\$ -	\$ -	\$ 19,782
Accrued salaries and wages	27,766	-	-	27,766
Due to other funds	2,726	-	919	3,645
TOTAL LIABILITIES	50,274	-	919	51,193
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	697,453	-	265,405	962,858
TOTAL DEFERRED INFLOWS OF RESOURCES	697,453	-	265,405	962,858
FUND BALANCE				
Non-spendable	16,353	-	-	16,353
Restricted for:				
Debt service	-	-	110,114	110,114
Endowments	-	721,968	-	721,968
Unassigned	234,293	-	-	234,293
TOTAL FUND BALANCE	250,646	721,968	110,114	1,082,728
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 998,373	\$ 721,968	\$ 376,438	\$ 2,096,779

CITY OF MARQUETTE, MICHIGAN

PETER WHITE PUBLIC LIBRARY

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

September 30, 2015

Total Fund Balances for Governmental Funds \$ 1,082,728

*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	10,111,170	
	Accumulated depreciation	<u>(6,070,437)</u>	4,040,733

Net pension liability, and related deferred (outflows)/inflows of
resources, is not due and payable in the current period and is
not reported in the funds.

Net pension liability	(948,025)		
Deferred (outflows) of resources related to net pension liability	21,077		
Employer contributions subsequent to measurement date	67,966		
Deferred inflows of resources related to net pension liability	<u>-</u>		(858,982)

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	(320,000)		
Bonds payable - due in more than one year	(675,000)		
Compensated absences	<u>(114,842)</u>		<u>(1,109,842)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,154,637

CITY OF MARQUETTE, MICHIGAN

PETER WHITE PUBLIC LIBRARY

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2015

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 898,022	\$ -	\$ 339,695	\$ 1,237,717
State sources	32,958	-	-	32,958
Local sources	444,440	-	-	444,440
Charges for services	60,682	-	-	60,682
Fine and forfeiture	124,060	-	-	124,060
Rentals	34,023	-	-	34,023
Contributions from private sources	185,654	-	-	185,654
Investment income	(9,026)	(14,147)	-	(23,173)
Other revenues	101,206	-	4,146	105,352
	<u>1,872,019</u>	<u>(14,147)</u>	<u>343,841</u>	<u>2,201,713</u>
TOTAL REVENUES	1,872,019	(14,147)	343,841	2,201,713
EXPENDITURES				
Recreation and Culture:				
Personnel services	1,161,656	-	-	1,161,656
Supplies	128,222	-	-	128,222
Other services and charges	348,238	3,500	520	352,258
Capital outlay	95,210	-	-	95,210
Debt service:				
Principal retirement	-	-	305,000	305,000
Interest and fiscal charges	-	-	45,900	45,900
	<u>1,733,326</u>	<u>3,500</u>	<u>351,420</u>	<u>2,088,246</u>
TOTAL EXPENDITURES	1,733,326	3,500	351,420	2,088,246
NET REVENUES OVER EXPENDITURES	138,693	(17,647)	(7,579)	113,467
OTHER FINANCING SOURCES (USES)				
Transfers in	33,750	-	-	33,750
Transfers (out)	-	(33,750)	-	(33,750)
	<u>33,750</u>	<u>(33,750)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	33,750	(33,750)	-	-
NET CHANGE IN FUND BALANCE	172,443	(51,397)	(7,579)	113,467
Fund balance, beginning of year, as restated	78,203	773,365	117,693	969,261
	<u>78,203</u>	<u>773,365</u>	<u>117,693</u>	<u>969,261</u>
FUND BALANCE, END OF YEAR	\$ 250,646	\$ 721,968	\$ 110,114	\$ 1,082,728

CITY OF MARQUETTE, MICHIGAN

PETER WHITE PUBLIC LIBRARY

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

For the Fiscal Year Ended September 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 113,467

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	\$ 8,580	
	Depreciation expense	(140,410)	
	Net book value of disposals	-	(131,830)

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. 305,000

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 (14,959)

Net pension liability reported in the statement of activities does not require the use of current resources, and therefore, is not reported in the fund statements until it is due for payment.

	Pension expense	\$ (19,457)	
	Change in deferred outflows related to timing of pension contributions	-	(19,457)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 252,221

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
September 30, 2015

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,766,202	\$ 708,722	\$ 2,474,924
Taxes receivable, net	46,809	-	46,809
Accounts receivable, net	20,223	-	20,223
Due from Federal	60,584	-	60,584
Other assets	300	617	917
TOTAL CURRENT ASSETS	1,894,118	709,339	2,603,457
Non-current assets:			
Taxes receivable, net	-	7,249	7,249
Land and construction in progress	205,407	1,285,857	1,491,264
Other capital assets, net of depreciation	3,115,623	-	3,115,623
TOTAL NON-CURRENT ASSETS	3,321,030	1,293,106	4,614,136
TOTAL ASSETS	5,215,148	2,002,445	7,217,593
DEFERRED OUTFLOWS OF RESOURCES			
Receivables for developer obligations	-	3,276,741	3,276,741
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	3,276,741	3,276,741
LIABILITIES			
Current liabilities:			
Accounts payable	51,179	7,389	58,568
Accrued liabilities	12,401	1,109	13,510
Accrued interest	4,640	31,691	36,331
Compensated absences	17,150	-	17,150
Bonds payable - due in one year	100,000	85,000	185,000
TOTAL CURRENT LIABILITIES	185,370	125,189	310,559
Non-current liabilities:			
Bonds payable	1,180,000	1,450,000	2,630,000
Long term obligations to developers	-	1,710,050	1,710,050
TOTAL NON-CURRENT LIABILITIES	1,180,000	3,160,050	4,340,050
TOTAL LIABILITIES	1,365,370	3,285,239	4,650,609
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for a subsequent period	533,113	463,321	996,434
TOTAL DEFERRED INFLOWS OF RESOURCES	533,113	463,321	996,434
NET POSITION			
Net investment in capital assets	1,835,623	165,000	2,000,623
Restricted	-	1,365,626	1,365,626
Unrestricted	1,481,042	-	1,481,042
TOTAL NET POSITION	\$ 3,316,665	\$ 1,530,626	\$ 4,847,291

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2015

<u>Function / Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Downtown Development Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
Governmental Activities:						
Downtown Development Authority	\$ 1,235,474	\$ 180,909	\$ 60,584	\$ (993,981)	\$ -	\$ (993,981)
Brownfield Redevelopment Authority	195,112	-	-	-	(195,112)	(195,112)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,430,586</u>	<u>\$ 180,909</u>	<u>\$ 60,584</u>	<u>(993,981)</u>	<u>(195,112)</u>	<u>(1,189,093)</u>
General revenues:						
Property taxes				753,149	202,360	955,509
Interest and investment earnings				2,172	129	2,301
Miscellaneous				235,608	25,000	260,608
Total General Revenues				<u>990,929</u>	<u>227,489</u>	<u>1,218,418</u>
CHANGE IN NET POSITION				(3,052)	32,377	29,325
Net position, beginning of year,				<u>3,319,717</u>	<u>1,498,249</u>	<u>4,817,966</u>
NET POSITION, END OF YEAR				<u>\$ 3,316,665</u>	<u>\$ 1,530,626</u>	<u>\$ 4,847,291</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

September 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,766,202
Taxes receivable, net	46,809
Accounts receivable, net	20,223
Due from Federal government	60,584
Due from primary government	-
Other assets	<u>300</u>
TOTAL CURRENT ASSETS	<u>1,894,118</u>
Non-current assets:	
Land and construction in progress	205,407
Other capital assets, net of depreciation	<u>3,115,623</u>
TOTAL NON-CURRENT ASSETS	<u>3,321,030</u>
TOTAL ASSETS	<u>5,215,148</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable	51,179
Accrued liabilities	12,401
Accrued interest	4,640
Compensated absences	17,150
Bonds payable - due in one year	<u>100,000</u>
TOTAL CURRENT LIABILITIES	<u>185,370</u>
Non-current liabilities:	
Bonds payable - due in more than one year	<u>1,180,000</u>
TOTAL NON-CURRENT LIABILITIES	<u>1,180,000</u>
TOTAL LIABILITIES	<u>1,365,370</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes levied for a subsequent period	<u>533,113</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>533,113</u>
NET POSITION	
Net investment in capital assets	1,835,623
Unrestricted	<u>1,481,042</u>
TOTAL NET POSITION	<u>\$ 3,316,665</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2015

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 1,176,405	\$ 180,909	\$ 60,584	\$ (934,912)
Interest on long-term debt	59,069	-	-	(59,069)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,235,474</u>	<u>\$ 180,909</u>	<u>\$ 60,584</u>	<u>(993,981)</u>
		General revenues:		
		Property taxes		753,149
		Interest and investment earnings		2,172
		Gain on the sale of capital assets		-
		Miscellaneous		<u>235,608</u>
			Total General Revenues	<u>990,929</u>
			CHANGE IN NET POSITION	<u>(3,052)</u>
			Net position, beginning of year	<u>3,319,717</u>
			NET POSITION, END OF YEAR	<u>\$ 3,316,665</u>

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2015

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,766,202	\$ 1,766,202
Taxes receivable, net	46,809	46,809
Accounts receivable, net	20,223	20,223
Grants receivable, net	60,584	60,584
Other assets	300	300
	TOTAL ASSETS	1,894,118
DEFERRED OUTFLOWS OF RESOURCES		
	-	-
	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,894,118
	\$ 1,894,118	\$ 1,894,118
LIABILITIES		
Accounts payable	\$ 51,179	\$ 51,179
Accrued salaries and wages	12,401	12,401
	TOTAL LIABILITIES	63,580
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	533,113	533,113
	TOTAL DEFERRED INFLOWS OF RESOURCES	533,113
FUND BALANCE		
Restricted	-	-
Unassigned	1,297,425	1,297,425
	TOTAL FUND BALANCE	1,297,425
	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,894,118
	\$ 1,894,118	\$ 1,894,118

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, 2015

Total Fund Balances for Governmental Funds \$ 1,297,425

*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	4,837,778	
Accumulated depreciation	<u>(1,516,748)</u>	3,321,030

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	(100,000)	
Bonds payable	(1,180,000)	
Compensated absences	(17,150)	
Accrued interest on bonds	<u>(4,640)</u>	

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,316,665

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2015

	General Fund	Total Governmental Funds
REVENUES		
Property taxes	\$ 753,149	\$ 753,149
Federal sources	60,584	60,584
State sources	-	-
Intergovernmental revenues	-	-
Charges for services	43,533	43,533
Rentals	137,376	137,376
Investment income	2,172	2,172
Other	235,608	235,608
	TOTAL REVENUES	1,232,422
EXPENDITURES		
Current operations:		
General government	794,851	794,851
Capital outlay	454,337	454,337
Debt service		
Principal retirement	85,000	85,000
Interest and fiscal charges	59,377	59,377
	TOTAL EXPENDITURES	1,393,565
	NET REVENUES OVER EXPENDITURES	(161,143)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	-
	NET CHANGE IN FUND BALANCE	(161,143)
Fund balance, beginning of year	1,458,568	1,458,568
	FUND BALANCE, END OF YEAR	\$ 1,297,425

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

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

For the Fiscal Year Ended September 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (161,143)

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	\$ 276,753	
	Depreciation expense	(186,820)	
	Net book value of disposals	<u>-</u>	89,933

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. 308

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. 85,000

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 the governmental funds.

Compensated absences (17,150)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (3,052)

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

September 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 708,722
Taxes receivable, net	-
Accounts receivable, net	-
Due from primary government	-
Other assets	<u>617</u>
TOTAL CURRENT ASSETS	<u>709,339</u>
Non-current assets:	
Taxes receivable, net	7,249
Land and construction in progress	<u>1,285,857</u>
TOTAL NON-CURRENT ASSETS	<u>1,293,106</u>
TOTAL ASSETS	<u>2,002,445</u>
DEFERRED OUTFLOWS OF RESOURCES	
Receivables for developer obligations	<u>3,276,741</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,276,741</u>
LIABILITIES	
Current liabilities:	
Accounts payable	7,389
Accrued liabilities	1,109
Accrued interest	31,691
Bonds payable for capital assets- due in one year	70,000
Bonds payable for developer - due in one year	<u>15,000</u>
TOTAL CURRENT LIABILITIES	<u>125,189</u>
Non-current liabilities:	
Bonds payable for capital assets - due in more than one year	1,080,000
Bonds payable for developer - due in more than one year	370,000
Long term obligations to developers	<u>1,710,050</u>
TOTAL NON-CURRENT LIABILITIES	<u>3,160,050</u>
TOTAL LIABILITIES	<u>3,285,239</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes levied for a subsequent period	<u>463,321</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>463,321</u>
NET POSITION	
Net investment in capital assets	165,000
Restricted	<u>1,365,626</u>
TOTAL NET POSITION	<u>\$ 1,530,626</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2015

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 131,730	\$ -	\$ -	\$ (131,730)
Interest on long-term debt	63,382	-	-	(63,382)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 195,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(195,112)</u>
		General revenues:		
		Property taxes		202,360
		Interest and investment earnings		129
		Miscellaneous		25,000
			Total General Revenues	<u>227,489</u>
			CHANGE IN NET POSITION	32,377
			Net position, beginning of year	<u>1,498,249</u>
			NET POSITION, END OF YEAR	<u>\$ 1,530,626</u>

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
COMPARATIVE BALANCE SHEET
September 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 708,722	\$ 689,784
Taxes receivable, net	7,249	1,589
Other assets	617	16
TOTAL ASSETS	716,588	691,389
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 716,588	\$ 691,389
LIABILITIES		
Accounts payable	\$ 7,389	\$ 32,584
Accrued salaries and wages	1,109	970
TOTAL LIABILITIES	8,498	33,554
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	463,321	445,443
FUND BALANCE		
Restricted	244,769	212,392
Unassigned	-	-
TOTAL FUND BALANCE	244,769	212,392
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 716,588	\$ 691,389

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, 2015

Total Fund Balances for Governmental Funds \$ 244,769

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	3,276,741
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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	(70,000)	
Current portion of bonds payable for developer	(15,000)	
Accrued interest on bonds	(31,691)	
Bonds payable for capital assets	(1,080,000)	
Bonds payable for developer	(370,000)	
Long term obligations to developers	<u>(1,710,050)</u>	<u>(3,276,741)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,530,626</u>
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CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY

GOVERNMENTAL FUNDS

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2015

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

	<u>2015</u>	<u>2014</u>
REVENUES		
Property taxes	\$ 632,444	\$ 598,860
Private contribution	25,000	5,000
Investment income	<u>129</u>	<u>258</u>
TOTAL REVENUES	<u>657,573</u>	<u>604,118</u>
EXPENDITURES		
Current operations:		
General government	36,383	30,973
Economic development:		
Supplies and contractual	445,347	474,705
Capital outlay	-	290,857
Debt service		
Principal retirement	75,000	50,000
Interest and fiscal charges	<u>68,466</u>	<u>58,662</u>
TOTAL EXPENDITURES	<u>625,196</u>	<u>905,197</u>
NET REVENUES OVER EXPENDITURES	32,377	(301,079)
OTHER FINANCING SOURCES (USES)		
Issuance of debt	-	320,000
Bond issuance expense	<u>-</u>	<u>(10,656)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>309,344</u>
NET CHANGE IN FUND BALANCE	32,377	8,265
Fund balance, beginning of year	<u>212,392</u>	<u>204,127</u>
FUND BALANCE, END OF YEAR	<u>\$ 244,769</u>	<u>\$ 212,392</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY

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

For the Fiscal Year Ended September 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 32,377

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

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

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

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 -

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental fund, an interest expenditure is reported when due. 5,084

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 75,000

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 350,000

Payments of bond principal, bond interest, and long-term obligations to developers decreases the deferred receivable for developer obligations at the statement of net position, but the revenue is already recognized as property taxes in the statement of activities (430,084)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	32,377

CITY OF MARQUETTE, MICHIGAN

STATISTICAL SECTION

This part of the City of Marquette's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS

TABLE

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

1 - 5

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

6 - 10

Debt Capacity

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

11 - 15

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

16 - 18

Operating Information

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.

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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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Net investment in capital assets	\$ 23,971,445	\$ 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
Restricted	1,482,626	1,873,995	719,411	1,593,378	4,606,252	4,007,127	4,892,891	585,942	568,371	548,317
Unrestricted	(7,948,501)	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
Total Governmental Activities										
Net Position / Net Assets	<u>\$ 17,505,570</u>	<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>
Business-Type Activities										
Net investment in capital assets	\$ 33,683,601	\$ 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
Restricted	1,661,848	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
Unrestricted	(2,604,078)	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
Total Business-Type Activities										
Net Position / Net Assets	<u>\$ 32,741,371</u>	<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>
Primary Government										
Net investment in capital assets	\$ 57,655,046	\$ 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
Restricted	3,144,474	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
Unrestricted	(10,552,579)	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
Total Primary Government										
Net Position / Net Assets	<u>\$ 50,246,941</u>	<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>

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

Table 2

	Fiscal Year									
	2015	2014 *	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities										
General government	\$ 5,324,952	\$ 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
Public health & Safety	8,058,801	8,866,452	7,287,784	6,588,969	6,386,366	6,135,828	5,453,911	5,246,740	4,948,192	4,919,863
Public works	3,457,197	4,302,325	3,615,570	3,811,888	3,636,858	3,574,999	3,415,669	3,378,242	3,038,550	3,546,425
Highway and streets	2,688,985	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
Social services	540,432	642,198	462,412	436,476	492,859	821,821	731,239	343,338	355,193	511,948
Sanitation	1,915,016	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
Community services / Recreation and culture	1,396,090	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
Interest on long-term debt	702,786	887,454	761,123	804,326	834,359	851,422	772,285	853,910	750,760	845,767
Depreciation - unallocated	1,912,453	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
Total Governmental Activities Expenses	25,996,512	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
Business-Type Activities										
Water supply and sewage disposal	-	-	-	-	-	-	7,322,444	6,580,392	6,512,473	6,339,831
Water supply	4,578,855	6,124,462	4,305,265	3,930,948	3,808,792	3,618,265	-	-	-	-
Sewage disposal	5,554,168	6,861,865	5,386,190	5,175,685	4,487,815	4,514,472	-	-	-	-
Storm water utility	1,242,712	1,511,338	1,336,185	1,030,096	977,864	1,039,131	868,957	1,032,765	891,632	866,257
Community services / Recreation and culture	586,703	1,075,127	565,480	564,667	652,173	385,378	390,939	381,359	394,386	374,433
Intermodal transportation terminal	-	-	-	-	-	-	-	-	959,368	86,003
Total Business-Type Activities Expenses	11,962,438	15,572,792	11,593,120	10,701,396	9,926,644	9,557,246	8,582,340	7,994,516	8,757,859	7,866,524
Total Primary Government Expenses	\$ 37,958,950	\$ 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
Program Revenues										
Governmental Activities										
Charges for Services										
General government	\$ 1,127,711	\$ 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
Public health	198,196	245,345	128,350	189,761	205,175	418,443	290,421	279,723	202,071	202,388
Public works	1,278,331	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
Sanitation	1,973,853	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
Community services / Recreation and culture	546,539	676,196	544,566	532,742	467,299	834,142	817,726	786,183	905,996	809,727
Operating grants and contributions	2,983,180	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
Capital grants and contributions	731,688	51,348	202,303	135,860	353,012	93,471	91,364	68,771	114,702	647,205
Total Governmental Activities Program Revenues	8,839,498	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
Business-Type Activities										
Charges for Services										
Water supply and sewage disposal	-	-	-	-	-	-	6,471,525	6,095,472	6,025,359	5,914,730
Water supply	4,190,347	5,061,909	4,281,048	4,266,009	3,868,444	3,693,265	-	-	-	-
Sewage disposal	4,144,417	6,609,593	5,163,824	5,038,605	4,628,946	3,617,124	-	-	-	-
Storm water utility	1,213,912	1,414,643	1,045,493	1,097,036	999,570	1,030,634	936,336	862,805	867,983	709,859
Community services / Recreation and culture	1,220,648	1,025,237	496,962	518,836	562,924	343,235	260,882	268,309	284,838	281,296
Intermodal transportation terminal	-	-	-	-	-	-	-	-	26,631	55,531
Operating grants and contributions	-	-	-	69,271	346,411	11,111	6,830	18,095	25,057	9,000
Capital grants and contributions	118,089	729,426	749,985	-	-	-	533,000	-	-	-
Total Business-Type Activities Program Revenues	10,887,413	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
Total Primary Government Program Revenues	\$ 19,726,911	\$ 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
Net (Expense) Revenue										
Governmental Activities	\$ (17,157,014)	\$ (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)
Business-Type Activities	(1,075,025)	(731,984)	144,192	288,361	479,651	(861,877)	(373,767)	(749,835)	(1,528,011)	(716,108)
Total Primary Government Net Expense	\$ (18,232,039)	\$ (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)
General Revenues and Other Changes in Net Position / Net Assets										
Governmental Activities										
Taxes										
Property taxes	\$ 10,319,719	\$ 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
Payments in lieu of taxes	3,452,171	4,225,666	3,367,177	3,139,168	2,717,597	2,638,076	2,332,778	2,647,876	2,375,979	2,353,273
Unrestricted state sources	2,089,213	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
Interest and investment earnings	219,202	134,258	(47,473)	251,226	119,309	251,949	242,842	482,029	827,856	255,506
Gain (loss) on sale of capital assets	7,384	9,539	1,262	(51,757)	61,862	1,543,022	1,025,349	-	-	-
Miscellaneous	154,165	352,322	154,680	265,949	112,539	350,313	410,760	432,952	138,306	133,747
Transfers	-	(166,410)	(50,247)	(35,321)	(106,128)	(40,059)	(69,625)	(1,718,975)	(1,551,006)	(842,977)
Total Governmental Activities	16,241,854	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
Business-Type Activities										
Interest and investment earnings	22,907	18,541	7,342	9,934	18,001	29,350	58,724	61,743	74,054	230,576
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
Total Business-Type Activities	22,907	(177,107)	63,531	62,119	69,406	69,406	128,429	1,795,935	(1,473,114)	1,164,669
Total Primary Government	\$ 16,264,761	\$ 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
Change in Net Position / Net Assets										
Governmental activities	\$ (915,160)	\$ (793,924)	\$ (1,961,605)	\$ (1,022,034)	\$ (602,080)	\$ 1,300,135	\$ 1,168,110	\$ (166,865)	\$ 2,815,945	\$ 2,848,904
Business-type activities	(1,052,118)	(909,091)	207,723	350,480	1,101,651	(792,471)	(245,338)	1,046,100	(3,001,125)	448,561
Total Primary Government	\$ (1,967,278)	\$ (1,703,015)	\$ (1,753,882)	\$ (671,554)	\$ 499,571	\$ 507,664	\$ 922,772	\$ 879,235	\$ (185,180)	\$ 3,297,465

* 2014 is a 15-month fiscal year

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	n/a	n/a	n/a	n/a	n/a	\$ 691,862	\$ 378,019	\$ 155,423	\$ 362,919	\$ 507,146
Unreserved	n/a	n/a	n/a	n/a	n/a	8,905,813	7,914,661	7,525,536	6,212,319	3,858,518
Non-spendable*	\$ 414,088	\$ 529,534	\$ 329,423	\$ 307,355	\$ 496,921	n/a	n/a	n/a	n/a	n/a
Restricted*	177,559	223,793	245,597	240,180	3,159,710	n/a	n/a	n/a	n/a	n/a
Assigned*	3,863,930	2,888,016	1,503,235	1,501,129	1,498,974	n/a	n/a	n/a	n/a	n/a
Unassigned*	8,455,195	9,008,005	8,726,900	8,754,851	4,184,567	n/a	n/a	n/a	n/a	n/a
Total General Fund	<u>\$ 12,910,772</u>	<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>
All Other Governmental Funds										
Reserved	n/a	n/a	n/a	n/a	n/a	\$ 1,275,722	\$ 1,653,133	\$ 630,978	\$ 738,103	\$ 1,005,637
Unreserved, reported in:										
Special revenue funds	n/a	n/a	n/a	n/a	n/a	229,228	1,587,331	1,552,428	2,435,075	2,689,965
Capital projects funds	n/a	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	n/a	509,681	394,785	298,078	-	-
Non-spendable*	\$ 761,387	\$ 744,640	\$ 693,924	\$ 669,565	\$ 659,186	n/a	n/a	n/a	n/a	n/a
Restricted*	675,770	483,532	416,098	343,358	259,636	n/a	n/a	n/a	n/a	n/a
Assigned*	2,674,404	1,914,986	1,696,230	1,611,847	1,348,749	n/a	n/a	n/a	n/a	n/a
Total All Other Governmental Funds	<u>\$ 4,111,561</u>	<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>

* - 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									
	2015	2014 *	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	\$ 13,808,189	\$ 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
Federal and state sources	4,435,086	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
Fines and penalties	118,012	136,239	113,071	158,192	175,456	298,052	192,373	143,942	99,652	95,917
Charges for services	4,265,660	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
Special assessments	14,114	14,114	(23,167)	24,903	32,747	57,507	57,896	61,428	44,179	89,813
Intergovernmental	332,069	383,980	291,264	275,607	261,402	266,980	229,846	205,282	162,210	143,489
Investment income	244,794	136,093	(46,464)	251,125	118,982	265,207	231,468	502,924	838,865	255,506
Other revenues	1,737,101	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
Total Revenues	24,955,025	29,025,290	21,686,169	22,006,069	21,452,225	23,282,154	22,080,132	21,766,027	20,496,027	22,710,961
Expenditures										
General government	4,417,297	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
Public health and safety	7,278,038	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
Public works	3,742,907	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
Highway and streets	2,587,576	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
Social services and community development	532,432	634,993	458,863	435,328	489,211	818,720	730,012	341,963	355,193	511,948
Sanitation	1,892,278	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
Community services / Recreation and culture	1,111,815	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
Capital outlay	1,126,282	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
Other expenditures	-	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-	-
Debt Service										
Professional and contractual	17,127	31,950	36,242	15,595	345	877	59,114	-	298,796	-
Principal	1,459,316	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
Interest	710,837	795,144	780,142	789,076	813,055	853,446	799,126	906,149	628,993	855,638
Total Expenditures	24,875,905	29,580,609	23,169,857	21,509,273	21,683,292	24,227,443	24,312,249	27,211,478	22,011,554	19,744,661
Excess of revenues over (under) expenditures	79,120	(555,319)	(1,483,688)	496,796	(231,067)	(945,289)	(2,232,117)	(5,445,451)	(1,515,527)	2,966,300
Other Financing Sources (Uses)										
Proceeds from borrowing	712,237	4,512,900	1,253,745	1,076,000	-	-	5,959,250	3,209,234	10,819,061	-
Premium on bond issuance	24,675	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	4,676,731	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
Transfers out	(4,262,936)	(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)
Total Other Financing Sources (Uses)	1,150,707	2,736,418	1,666,810	1,323,746	158,817	218,377	3,997,603	1,495,552	7,674,706	(461,863)
Net change in fund balances	\$ 1,229,827	\$ 2,181,099	\$ 183,122	\$ 1,820,542	\$ (72,250)	\$ (726,912)	\$ 1,765,486	\$ (3,949,899)	\$ 6,159,179	\$ 2,504,437
Debt Service as a Percentage of Non-capital Expenditures	9.42%	7.98%	9.15%	9.46%	9.18%	10.00%	14.23%	11.85%	8.75%	9.94%

* 2014 is a 15-month fiscal year

CITY OF MARQUETTE, MICHIGAN

General Governmental Expenditures by Functions ^(A)

Last Ten Fiscal Years

	2015	2014 *	2013	2012	2011	2010	2009	2008	2007	2006
General Government	\$ 4,417,297	\$ 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
Public Health and Safety	7,278,038	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
Highways, Streets and Bridges	6,330,483	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
Sanitation	1,892,278	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
Social Services	532,432	634,993	458,863	435,328	489,211	818,720	730,012	341,963	355,193	511,948
Recreation and Culture	1,111,815	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
Capital Outlay	1,098,782	1,629,475	1,333,372	1,268,591	1,031,817	2,825,517	798,282	299,780	367,866	40,497
Debt Service	16,557	13,676	13,910	15,250	-	199,631	462,000	485,028	485,595	486,078
TOTALS	<u>\$ 22,677,682</u>	<u>\$ 27,339,828</u>	<u>\$ 21,161,410</u>	<u>\$ 19,608,350</u>	<u>\$ 19,827,726</u>	<u>\$ 22,344,442</u>	<u>\$ 20,081,140</u>	<u>\$ 18,610,572</u>	<u>\$ 17,223,713</u>	<u>\$ 16,661,723</u>

^(A) Includes General and Special Revenue Funds

* 2014 is a 15-month fiscal year

CITY OF MARQUETTE, MICHIGAN

General Revenues by Sources ^(A)

Last Ten Fiscal Years

	2015	2014 *	2013	2012	2011	2010	2009	2008	2007	2006
Property Taxes	\$ 10,356,018	\$ 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
Payments in lieu of property taxes	3,452,171	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
State and Federal sources	4,435,086	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
Intergovernmental revenue	332,069	383,980	291,264	275,607	261,402	266,980	229,846	205,282	162,210	143,489
Licenses and permits	49,129	47,364	33,492	35,076	37,472	36,928	35,078	33,354	33,574	28,250
Charges for services	4,248,375	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
Sales	34,753	49,080	48,167	18,415	23,379	159,410	170,526	162,349	177,963	173,771
Use and admission fees	397,096	446,695	415,920	445,101	442,141	667,473	635,285	622,400	680,392	580,624
Fines and forfeits	118,012	136,239	113,071	158,192	175,456	298,052	192,373	143,942	99,652	95,917
Rentals	108,235	185,228	122,159	130,515	119,710	90,949	88,727	83,776	158,526	135,111
Special assessments	14,114	14,114	(23,167)	24,903	32,747	57,507	57,896	61,428	44,179	89,813
Sale of assets	-	9,540	1,262	201,614	61,862	1,543,122	1,025,349	251,171	-	908
Contribution from private sources	409,214	208,640	216,197	173,332	403,618	131,814	92,542	103,756	124,718	107,630
Reimbursements	142,552	303,668	148,441	87,621	36,037	44,632	124,190	268,727	49,910	53,771
Investment income	219,921	141,452	(1,313)	234,182	131,691	250,856	241,972	402,363	614,673	172,377
Other revenue	96,122	95,892	54,791	256,903	165,692	368,254	377,068	253,355	192,255	113,380
TOTAL	\$ 24,412,867	\$ 28,950,791	\$ 21,705,095	\$ 21,974,911	\$ 21,447,639	\$ 23,248,675	\$ 22,067,245	\$ 21,643,738	\$ 20,210,139	\$ 22,058,442

^(A) 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

Fiscal Year Ended	Residential Property	Commercial Property	Industrial Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct
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
September 30, 2015	902,211,400	1,136,314,200	215,601,400	675,331,400	1,578,795,600	17.153

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	
September 30, 2015	14.923	0.350	1.370	0.510	17.153	7.500	9.940	34.593	

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	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WE Energies	\$ 105,000,000	1	14.61%	\$ 98,123,100	1	16.10%
DLP Marquette General Hospital	\$ 62,701,816	2	8.72%			
Marquette Medical Dental Center	11,909,417	3	1.66%	10,190,463	2	1.67%
American Transmission Co. LLC	5,377,100	4	0.75%			
O'Dovero Properties	4,932,402	5	0.69%	4,364,502	3	0.72%
HJ Larson & Associates, Inc	4,625,809	6	0.64%	3,855,256	5	0.63%
Tourville, Inc.	4,466,277	7	0.62%	3,948,800	4	0.65%
Veridea Group LLC	4,092,529	8	0.57%			
TJ & RM Larson, Inc	3,532,327	9	0.49%			
Pioneer Laboratories	3,407,100	10	0.47%			
Shopko Properties Spe. Real Estate				2,850,800	6	0.47%
Centrup Properties, LLC				2,679,502	7	0.44%
Marquette Golf & Country Club				2,605,392	8	0.43%
Marquette General Hospital				2,354,824	9	0.39%
Dagnais Real Estate Inc.				2,198,904	10	0.36%
Total	<u>\$ 210,044,777</u>		<u>29.22%</u>	<u>\$ 133,171,543</u>		<u>21.86%</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, 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%
September 30, 2015	12,626,455	12,143,370	96.17%	16,908	12,160,278	96.31%

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 ^a	Per Capita ^a
	General Obligation Bonds	Installment Purchase	Building Authority Bonds	Transportation Bonds	State Infrastructure Bank Note	State Revolving Loan	Water & Sewer Bonds*	Water Bonds*	Sewer Bonds*	Storm Water Bond	Marina Bond			
2006	\$ 8,709,037	\$ 312,404	\$ 4,240,000	\$ 1,075,000	\$ 1,077,354	\$ -	\$ 8,809,610	\$ -	\$ -	\$ 1,065,000	\$ 600,000	\$ 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	-	-	820,000	530,000	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	-	-	2,248,385	460,000	36,909,934	6.80%	1,802
2009	19,007,695	-	-	195,000	828,734	684,636	15,544,376	-	-	4,707,930	385,000	41,353,371	7.15%	1,990
2010	18,067,143	-	-	-	745,861	209,294	-	9,278,496	6,159,092	4,310,842	315,000	39,085,728	6.71%	1,869
2011	17,117,371	-	-	-	662,988	199,773	-	8,635,862	6,320,349	4,075,262	240,000	37,251,605	5.75%	1,774
2012	17,174,397	-	-	-	580,115	190,118	-	8,926,946	7,447,313	4,313,476	165,000	38,797,365	5.77%	1,844
2013	17,314,829	-	-	-	497,242	180,328	-	8,363,149	8,289,707	4,616,954	85,000	39,347,209	5.80%	1,843
2014	18,509,963	-	-	-	414,369	160,342	-	8,860,650	10,393,327	4,836,059	193,674	43,368,384	6.24%	2,031
2015	17,865,116	-	-	-	331,496	150,079	-	9,196,194	10,182,009	4,548,246	192,829	42,465,969	5.82%	1,986

* - 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.

^a 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 ^a of Property	Per Capita ^b
	General Obligation Bonds			
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
2015	18,346,691		1.16%	858.65

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

^a See Table 7 for property value data.

^b Population data can be found in Table 16.

CITY OF MARQUETTE, MICHIGAN
Direct and Overlapping Governmental Activities Debt
As of September 30, 2015

Governmental Unit	Overlapping Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
DIRECT DEBT			
City of Marquette	\$ 18,346,691	100.00%	\$ 18,346,691
		TOTAL DIRECT DEBT	<u>18,346,691</u>
OVERLAPPING DEBT			
County School District	2,186,554	62.31%	1,362,442
Library Improvements	995,000	100.00%	995,000
Tax Increment Bonds - DDA	1,280,000	100.00%	1,280,000
2010 Capital Improvement - BRFA	855,000	100.00%	855,000
2010 Recovery Zone Facility - BRFA	385,000	100.00%	385,000
2013 Capital Improvement - BRFA	295,000	100.00%	<u>295,000</u>
		TOTAL OVERLAPPING DEBT	<u>5,172,442</u>
		TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$ 23,519,133</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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 83,141,190	\$ 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
Total net debt applicable to limit	<u>19,084,674</u>	<u>19,084,674</u>	<u>17,992,399</u>	<u>17,944,630</u>	<u>17,980,132</u>	<u>20,716,065</u>	<u>20,716,065</u>	<u>22,051,943</u>	<u>20,280,068</u>	<u>18,927,940</u>
Legal Debt Margin	<u>\$ 64,056,516</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	22.95%	24.72%	25.23%	25.56%	25.76%	29.77%	30.80%	35.34%	40.34%	39.66%

Legal Debt margin Calculation for Fiscal Year 2013:

State Equalized Assessed Value (SEV)	\$ 831,411,900
Debt limit (10% of total assessed value)	83,141,190
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>\$ 64,056,516</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	
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 ^(A)									
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 ^(B)	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)
2015	4,202,649	4,265,003	(62,354)	495,000	12,500	(0.12)	921,244	403,951	517,293	-	-	-

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	
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 ^(B)	1,415,211	1,280,283	134,928	-	-	-	41,876,891	42,182,318	(305,427)	795,000	232,400	(0.30)
2015	1,214,292	1,070,879	143,413	-	-	-	35,047,774	33,338,495	1,709,279	831,768	202,003	1.65

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

Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level In Years of Schooling	School Enrollment	Unemployment Rate
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%
2015	21,367	750,216,737	35,111	29.1	12.8	3,251	4.0%

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	2015			2006		
	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

(Full-Time Equivalent Employees)

Function/Program	September 30,					June 30,				
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Administration Services	27	27	28	27	27	26	24	26	26	21
Public Health and Safety										
Police Officers	39	38	39	39	38	38	38	37	39	39
Firefighters and Officers	26	26	26	26	26	26	26	25	25	25
Public Works	36	37	36	28	29	29	31	32	33	35
Highway and Streets	8	8	8	9	12	12	11	11	11	6
Social Services	4	4	4	4	4	4	4	4	4	4
Recreation and Culture	4	4	4	5	6	6	7	7	6	6
Storm Water	1	1	1	1	1	1	1	1	1	1
Motor Pool	7	7	7	8	8	7	7	7	7	9
Water	13	13	13	13	14	13	15	15	15	15
Wastewater	10	9	8	9	9	9	9	9	9	8
Library	13	13	12	13	14	14	14	15	14	14
Total	188	187	186	182	188	185	187	189	190	183

Source: City Human Resources Department

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

Function/Program	Fiscal Year									
	2015	2014 *	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Physical arrests	903	1,418	1,228	1,398	1,544	1,447	1,571	1,411	1,424	1,401
Parking violations	5,401	7,057	7,348	6,234	7,434	7,932	9,512	9,870	8,888	10,039
Traffic violations	4,299	4,916	2,666	2,963	2,333	2,262	2,542	2,105	2,910	2,484
Fire										
Emergency responses	923	1,030	842	803	783	681	630	562	638	540
Fires extinguished	22	31	34	35	41	28	57	22	29	29
Inspections	782	1,852	3,256	2,239	1,247	914	741	781	1,705,000	841
Refuse collection										
Refuse collected (tons per week)	47.6	54.8	51.9	49.2	53.7	55.2	55.4	56.8	57.4	31.8
Recycling (tons per week)	14.9	15.0	15.1	15.0	16.1	12.6	13.0	15.3	17.2	
Other public works										
Street resurfacing (miles)	3.0	5.6	2.6	2.9	3.0	2.6	1.6	0.3	2.3	1.0
Potholes repaired	-	-	-	-	-	-	-	-	108	1
Parks and recreation										
Total Campers	22,867	18,744	17,014	11,592	11,592	10,380	8,771	8,756	9,308	10,202
Beach Attendance	32,952	16,943	28,687	21,989	35,389	24,317	33,939	28,939	29,557	34,381
Library										
Volumes in collection	243,147	248,447	250,022	246,979	241,924	234,018	224,821	220,812	214,802	200,000
Total volumes borrowed	274,698	353,038	311,041	356,154	362,099	355,489	343,002	327,787	335,991	335,008
Water										
Consumers	6,193	6,178	6,144	6,101	5,911	5,871	5,832	5,801	5,739	5,697
Water mains breaks	-	-	-	-	4	15	15	12		
Average daily consumption (millions of gallons)	2.31	2.62	2.45	2.45	2.35	2.55	2.58	2.75	2.77	2.93
Wastewater										
Average daily sewage treatment (millions of gallons)	3.22	3.19	2.83	2.67	2.77	2.71	2.58	3.09	3.04	3.30

* 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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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	91.5	99.0	99.0
Streetlights	2,345	2,345	2,345	2,345	2,345	2,345	2,345	2,317	2,317	2,358
Parks and recreation										
Parks	19	19	19	19	19	19	19	19	19	19
Playfields	12	12	12	12	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	98.7	98.1	98.1	98.1	98.1	98.1	96.5	96.5
Wastewater										
Sanitary sewers (miles)	88.7	88.7	88.7	88.7	88.3	88.3	88.3	88.3	93.0	93.0
Storm sewers (miles)	52.6	52.6	52.6	52.1	61.7	50.2	50.2	49.0	59.0	59.0

Source: Various City Departments

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 the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Marquette, Michigan, as of and for the year ended September 30, 2015, 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 28, 2016. We conducted our audit 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. Our report includes a reference to other auditors who audited the financial statements of the Board of Light and Power, as described in our report on the City of Marquette, Michigan's financial statements. The financial statements of the Board of Light and Power were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instance of reportable noncompliance associated with the Board of Light and Power.

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. 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Marquette, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying report to management as items 2015-001 and 2015-002.

City of Marquette, Michigan's Response to Findings

City of Marquette, Michigan's response to the findings in our audit is described in the accompanying report to management. City of Marquette, Michigan'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 28, 2016