

CITY OF MARQUETTE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2017

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CITY COMMISSION
Dave Campana, Mayor

Sarah Reynolds
Sara Cambensy
Mike Plourde
Tom Baldini
Mike Conley
Pete Frazier

CITY MANAGER
Leonard Angeli

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, 2017

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March 26, 2018

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, 2017.

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 unmodified (“clean”) opinion on the City of Marquette’s financial statements for the year ended September 30, 2017. 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 Marquette Brownfield

Redevelopment Authority, and the Peter White Public Library are reported as discretely presented component units in this CAFR.

CITY PROFILE

The City of Marquette is the county seat of Marquette County and is the largest community in Michigan's Upper Peninsula. The County contains the largest geographic area of all Michigan counties, encompassing 1,878 square miles. The City is located on the south shore of Lake Superior and is one of the oldest communities in Michigan's Upper Peninsula. Founded in 1849 with the discovery of high grade iron ore, the City has been a major port for shipping for more than 160 years. It was incorporated as a village in 1859 and as a city in 1871 under the provision of Act 279, PS 1909, as amended (Home Rule City Act).

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

In addition, the City conducts business-like operations for water and sewer utilities, marina services, stormwater management, and parks services. These services are financed via user-fees, and managed through "enterprise funds" with separate accounting and financial reporting mechanisms. City enterprises are expected to operate without substantial General Fund subsidies, and revenues and expenditures are not commingled with the revenues and expenses of all other government activities. Enterprise accounting provides the public with greater insight as to the portions of total costs of a service that is recovered through user charges and, if any, the portion that is subsidized by tax levy or other available funds. At year-end, the performance of a City enterprise is measured in terms of positive and negative funding generated.

The City of Marquette is organized under the Commission-Manager form of government. The Commission consists of seven members, elected at large, who are residents of the City and qualified to vote under the constitution and laws of the State of Michigan. The members of the Commission are elected to serve staggered terms of three years with a maximum of six consecutive years. The Mayor and Mayor Pro-Tem of the City are elected annually by Commission members. The Commission appoints the City Manager and the City Attorney. All other administrative appointments are the responsibility of the City Manager.

The 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 approximately \$300M+ of new construction has commenced to expand facilities necessary for continued growth as a regional medical facility. Hospital construction is expected to be completed in late 2018 and be fully operational in early 2019.

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. Innovate Marquette SmartZone has been created for this endeavor.

The City continues to garner global recognition and continues to benefit economically as a popular tourism and vacation spot. 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 is a nationally recognized destination for trails 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. 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 revenue volatility, to the extent possible, and identify balanced budget requirements for considering potential amendments as financial conditions stabilize or improve.

Federal and State government budgets along with associated local revenue sharing remain highly volatile and mostly in decline. 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 Review and Michigan Tax Tribunal cases with the City’s largest taxpayers. 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, is looking more likely towards shutting down operations by the end of this decade. It is anticipated that the plant will continue “must-run” operations for the near term. City officials continue to work with Federal, State, and private organizational officials in order to identify best possible solutions for this event. It should be noted that the loss of this tax payer would result in an approximate 10% decrease in annual general fund revenue. Should the plant close as anticipated, efforts will be made to put the property in condition to be developed and increase the tax base to normal levels as quickly as possible.

The City continues to face significant reductions from non-municipal discretionary revenue sources, new pension and other post-employment benefit 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 2017 INITIATIVES

The major themes which guided projects and initiatives for FY 2017 were:

- Infrastructure Repairs, Replacements and Improvements
- Brownfield Redevelopment
- Satellite SmartZone Development
- Next Michigan Zone Development
- Hospital and Municipal Service Center Relocations
- Continued 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 2017:

- ✓ Stormwater Drainage Improvements - \$1,098,342
- ✓ Water System Improvements - \$1,799,336
- ✓ Sewer System Improvements - \$1,454,941
- ✓ Street/Road Reconstruction & Improvements - \$8,822,488
- ✓ New Municipal Service Center - \$17,000,000

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). These policies demonstrate a commitment to maintain adequate reserves for necessary financial stability and long-term fiscal planning.

For example, the City Commission adopted a policy that helps eliminate 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 \$5 million for capital improvement projects. Exceptions are made for Brownfield or other projects which have a separate funding source.

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, 2016. This is the 31st consecutive year that the City has achieved this prestigious award. In order to be awarded a 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**

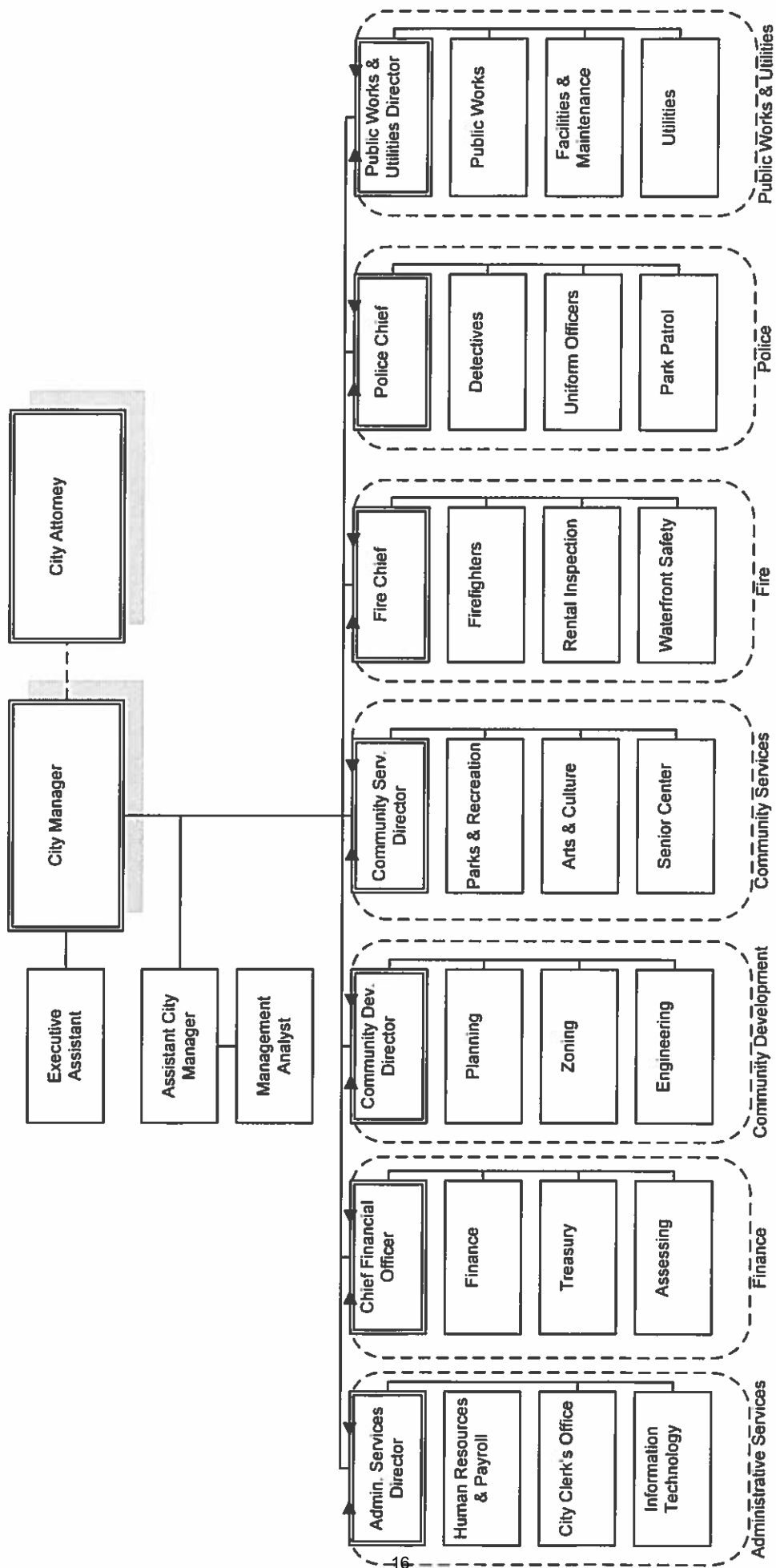
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

City of Marquette



CITY OF MARQUETTE, MICHIGAN
ADMINISTRATIVE STAFF

CITY MANAGER

Leonard Angeli

ASSISTANT CITY MANAGER

Jennifer LePage

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

Mikael Kilpela

James Compton

Planning & Zoning Division

David Stensaas

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

Ian Davis

POLICE CHIEF

R. Blake Rieboldt

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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 (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Board of Light and Power, which is a discretely presented component unit and 91 percent, 84 percent, and 86 percent, respectively of the assets, net position, and revenues of the discretely presented component units.

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 91 percent, 84 percent, and 86 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.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, 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.

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'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 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

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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's basic financial statements for the year ended September 30, 2016, 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's basic financial statements as a whole. We did not audit the financial statements of the Board of Light and Power, which represent 82 percent, 67 percent, and 68 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, 2016, 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 2016 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 2016 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 26, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is

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an integral part of an audit performed in accordance with *Government Auditing Standards* in
considering City's internal control over financial reporting and compliance.

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

March 26, 2018

City of Marquette, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Marquette, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and 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 increased by \$16,423,267 as a result of this fiscal year's operations. Net position of our business-type activities decreased by \$(493,999) or (1.54)%, and net position of our governmental activities increased by \$16,917,266 or 80.85%.
- During the year, the City had expenses for governmental activities that were \$565,480 less than the \$28,435,783 generated in program revenues.
- The City's business-type activities had expenses that were \$542,435 more than the \$12,181,355 generated in program revenues.
- The general fund reported a net change in fund balance of \$778,897. This is \$778,897 higher than the forecasted net change of \$-0-.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are also presented (see Table of Contents for page references). For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the City as a Whole

One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's *net position* and changes in them. You can think of the City's net position - the difference between assets plus deferred outflows, and liabilities plus deferred inflows - as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's patron base and the condition of the City's capital assets, to assess the *overall financial health* of the City.

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

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- *Governmental activities* – Most of the City's basic services are reported here, including the police, fire, public works and parks departments, and general administration. Property taxes, charges for services and state sources fund most of these activities.
- *Business-type activities* – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water system, sewer system, stormwater, marinas, and recreational park activities are reported here.
- *Component units* – The City includes four separate legal entities in its report – the Board of Light and Power, the Peter White Public Library, the Downtown Development Authority, and the Brownfield Redevelopment Authority. Although legally separate, these "component units" are important because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds follows. The fund financial statements (see Table of Contents for page references) provide detailed information on the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Commission establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The City's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the Motor Vehicle Equipment Fund.

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

The City as Trustee

The City is the trustee, or fiduciary, for its Fire-Police Retirement System pension plan. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position (see Table of Contents for page references). We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The City as a Whole

Table 1 provides a summary of the City's net position as of September 30, 2017 and 2016.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 39,618,677	\$ 36,490,998	\$ 9,384,802	\$ 6,712,551	\$ 49,003,479	\$ 43,203,549
Capital assets, net	67,010,458	45,628,700	56,819,375	55,621,485	123,829,833	101,250,185
Total Assets	106,629,135	82,119,698	66,204,177	62,334,036	172,833,312	144,453,734
Deferred outflows of resources	3,726,798	4,847,020	901,871	1,177,172	4,628,669	6,024,192
Current liabilities	6,536,006	5,910,436	4,522,342	3,733,200	11,058,348	9,643,636
Noncurrent liabilities	55,931,210	51,917,078	30,922,462	26,526,478	86,853,672	78,443,556
Total Liabilities	62,467,216	57,827,514	35,444,804	30,259,678	97,912,020	88,087,192
Deferred inflows of resources	10,048,026	8,215,779	34,680	1,130,967	10,082,706	9,346,746
Net Position:						
Net investment in capital assets	48,649,613	30,048,214	31,098,570	32,644,974	79,748,183	62,693,188
Restricted	2,861,425	792,364	837,004	-	3,698,429	792,364
Unrestricted	(13,670,347)	(9,917,153)	(309,010)	(524,411)	(13,979,357)	(10,441,564)
Total Net Position	\$ 37,840,691	\$ 20,923,425	\$ 31,626,564	\$ 32,120,563	\$ 69,467,255	\$ 53,043,988

Net position of the City's governmental activities stood at \$37,840,691. *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 \$(13,670,347).

The \$(13,670,347) 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 \$31,626,564. 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 2017 and 2016.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 5,234,532	\$ 5,755,771	\$ 11,913,436	\$ 11,469,999	\$ 17,147,968	\$ 17,225,770
Operating grants and contributions	3,708,396	4,702,797	-	-	3,708,396	4,702,797
Capital grants and contributions	19,492,855	6,560,733	267,919	275,033	19,760,774	6,835,766
General revenues:						
Property taxes	13,778,618	14,376,477	-	-	13,778,618	14,376,477
Unrestricted State sources	2,250,026	2,063,647	-	-	2,250,026	2,063,647
Investment earnings	3,197	252,962	48,436	21,866	51,633	274,828
Sale of capital assets	-	854,166	-	-	-	854,166
Miscellaneous	319,945	358,389	-	-	319,945	358,389
Total Revenues	<u>44,787,569</u>	<u>34,924,942</u>	<u>12,229,791</u>	<u>11,766,898</u>	<u>57,017,360</u>	<u>46,691,840</u>
Program Expenses:						
General government	5,963,346	6,592,257	-	-	5,963,346	6,592,257
Public health and safety	8,373,965	10,154,891	-	-	8,373,965	10,154,891
Public works	4,810,726	3,425,157	-	-	4,810,726	3,425,157
Highways and streets	2,100,708	3,288,402	-	-	2,100,708	3,288,402
Social services	673,013	672,878	-	-	673,013	672,878
Sanitation services	2,012,645	2,960,919	-	-	2,012,645	2,960,919
Community services	1,460,830	1,472,744	-	-	1,460,830	1,472,744
Interest on long-term debt	659,470	765,649	-	-	659,470	765,649
Depreciation - unallocated	1,815,600	1,814,190	-	-	1,815,600	1,814,190
Water supply	-	-	4,704,339	4,968,514	4,704,339	4,968,514
Sewage disposal	-	-	5,960,709	5,942,079	5,960,709	5,942,079
Stormwater utility	-	-	1,348,498	1,245,744	1,348,498	1,245,744
Recreation and culture	-	-	710,244	591,369	710,244	591,369
Total Expenses	<u>27,870,303</u>	<u>31,147,087</u>	<u>12,723,790</u>	<u>12,747,706</u>	<u>40,594,093</u>	<u>43,894,793</u>
Excess (deficiency) before transfers	16,917,266	3,777,855	(493,999)	(980,808)	16,423,267	2,797,047
Transfers	<u>-</u>	<u>(360,000)</u>	<u>-</u>	<u>360,000</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	16,917,266	3,417,855	(493,999)	(620,808)	16,423,267	2,797,047
Net position, beginning	<u>20,923,425</u>	<u>17,505,570</u>	<u>32,120,563</u>	<u>32,741,371</u>	<u>53,043,988</u>	<u>50,246,941</u>
Net Position, Ending	<u>\$ 37,840,691</u>	<u>\$ 20,923,425</u>	<u>\$ 31,626,564</u>	<u>\$ 32,120,563</u>	<u>\$ 69,467,255</u>	<u>\$ 53,043,988</u>

The City's total revenues were \$57,017,360. The total cost of all programs and services was \$40,594,093 leaving an increase in net position of \$16,423,267. 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 \$18,817,258, a decrease of \$(1,739,712), or (8.46)%, from the prior fiscal year. This decrease is discussed below:

- Property Tax revenue decreased \$(675,558), or (6.39)%, which was the result of the settlement of various tax tribunal cases. The millage rate was unchanged from the previous fiscal year, at 14.9225 mills.
- Payments in Lieu of Taxes (PILT) increased \$14,268, or 0.42%, mostly due to increases in asset valuation for the Marquette Board of Light and Power. Other sources of this revenue are based on asset valuations for the Marquette Area Wastewater Treatment Facility, and the City's Water and Sewer Utilities and applying the tax millage rate to those valuations.
- Grants decreased \$(78,359), or (43.28)%. 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 increased \$210,858, or 10.09%. State Shared Revenues are comprised of: Sales & Use tax distributions increased \$125,067, or 6.53%; Liquor License distributions increased \$24,480, or 94.61%; and Fire Protection of State Facilities increased \$61,311, or 41.43%. These revenue sources are distributed based upon formulas set by the State and the amount of money appropriated for each purpose by the State. In addition, Sales & Use tax is largely dependent upon overall economic conditions in the State.
- Service/Use/Sales/Rental fees, excluding Internal Service fees, increased \$40,904, or 7.13%. These revenues are based upon a Fee Schedule adopted by the City Commission each year and are dependent upon the amount of services requested and provided.
- Fines and Forfeits increased \$115,758, or 166.05%. This revenue source is comprised of Civil Infraction fines and parking tickets.
- Sale of Capital Assets decreased \$(8,800), or (100)%. Surplus equipment from the City's various departments are sold at auction and there wasn't any revenue from this source in FY 2017.
- Investment Income decreased \$(246,716). Interest rates continue to remain low but compliance with GASB's mark-to-market accounting rules for investments did require a write-down to the market value of investments this fiscal year. This write-down is a "paper" loss only. Since the City holds investments until maturity, there is no actual loss.
- Other revenue sources increased \$10,507, or 12.25%. The largest components of this revenue source are KBIC 2% pass-thru grants and reimbursement for providing a School Safety Officer.

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

General Fund expenditures (excluding transfers out) decreased \$(41,546), or (0.24)%, from the prior fiscal year. This decrease is discussed below:

- ❖ General Government decreased \$(728,811), or (13.44)%. This decrease is attributable to a pass-thru grant on behalf of the Downtown Development Authority for the Delft Dinner Theatre Façade.
- ❖ Public Health and Safety increased \$242,128, or 3.29%. The increase is due to increases in fees for technology services. Increases were also due to wage increases (2.0%) for negotiated labor contracts.
- ❖ Public Works increased \$433,665, or 11.46%. The increase is due to an increase in fees for technology services. Increases were also due to an increase in sidewalk improvement projects throughout the City, and due to columbarium improvements at one of the City cemeteries.
- ❖ Community Services increased \$11,472, or 2.03%. The increase is due to increases in fees for technology services. Increases were also due to improvements made to benches at the Presque Isle Park bandshell.
- ❖ Net Other Financing Uses decreased \$(2,034,945), or (68.71)%, mostly due to a decrease in transfers out to the Major Street and Local Street Funds. The General Fund typically makes transfers to balance other Funds, such as Lakeview Arena, the Marinas, and also payments to Debt Service Funds.

Fund Balance increased \$778,897, or 5.83%, 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 Bond Proceeds and Transfers-In, increase \$163,070, or 10.65%, and \$62,059, or 9.21%, respectively, from the prior fiscal year.

Gas & Weight Tax distributions were increased by the State, which accounts for the revenue increases in both the Major and Local Street Funds. Gas & Weight Tax is 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.

Major and Local Street Fund expenditures increased \$423,350, or 31.01%, and \$405,809, or 28.44%, respectively. The increase is mostly due to the increase in capital outlay activities (Road Construction Projects) that incurred in each fund.

Construction Fund

The Construction Fund had revenues decrease \$(2,535,344), or (25.40)% from the prior fiscal year. The decrease is mostly due to the prior year sales proceeds of the Municipal Service Center. Those revenues are a one-time revenue to help fund the construction of a new service center.

Construction Fund expenditures decreased \$(884,548), or (10.71)% from the prior fiscal year. This decrease is mostly due to the complete of the new Municipal Service Center construction. That asset has now been transferred to the Municipal Service Center Fund. Construction expenditures that remain in the Construction Fund are for the street improvements surrounding the new hospital construction.

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

Sanitation Fund

The Sanitation Fund had revenues decrease \$(710,908), or (26.67)% from the prior fiscal year. Landfill Disposal Fees are the reason for the decrease 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. These revenues, and corresponding expenditures, are variable from year-to-year based on the permitted landfill activity during the year.

Expenditures in the Sanitation Fund decreased \$(673,931), or (25.49)% from the prior fiscal year. Trash Collection Services are contracted out and the service is billed to customers based on the contract terms. The decrease is due to the pass-thru Landfill Disposal Fees mentioned above.

The Fund Balance decreased \$(14,547), or (2.7)% from the previous fiscal year due to factors described above.

Senior Services Fund

The Senior Services Fund had revenues increase \$31,040, or 4.76%, as compared to the previous fiscal year due to State and County Contract Revenues increasing \$39,882 or 10.29% and Property Tax Revenue (0.35 mills voted in by the citizens) increasing \$8,351, or 3.65%, from the previous fiscal year. The tax millage rate remained unchanged from the previous fiscal year and other revenues are contracted services with the State and the County.

Expenditures in the Senior Services Fund increased \$24,705, or 4.23%, from the previous fiscal year due to increased contractual funding being provided by the State and the County.

The Fund Balance increased \$74,662, or 13.68%, from the previous fiscal year due to the factors described above.

Lakeview Arena Fund

The Lakeview Arena Fund had revenues, excluding Bond Proceeds and Transfers-In, decrease \$(108,934), or (17.76)%, as compared to the previous fiscal year. Lakeview Arena was the winner of the national Kraft Hockeyville USA competition which resulted in a grant of money to make upgrades and maintenance to the Arena and to also host an NHL exhibition game. This revenue was received in the prior fiscal year.

Expenditures in the Lakeview Arena Fund, excluding bond refunding and transfers out, decreased \$(65,909), or (9.06)%, from the previous fiscal year largely due to Kraft Hockeyville USA funding mentioned above.

The Fund Balance decreased due to the factors described above. The transfer-in from the General Fund increased to \$278,590 in fiscal year 2017 from \$234,174 in fiscal year 2016.

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.

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

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	\$ 5,963,346	\$ 4,587,105
Public health and safety	8,373,965	8,056,006
Public works	4,810,726	(15,873,978)
Highways and streets	2,100,708	(926,545)
Sanitation	2,012,645	64,415
Community services	1,460,830	836,710

Business-type Activities – Analysis of Individual Funds:

Water Supply Fund

The Water Supply Fund had operating revenues decrease \$(31,568), or (0.73)%, from the previous fiscal year. Water Utility Rates were increased 10% in fiscal year 2017. Billable usage continues its downward trend as 2017 was down (10.2)% when compared with 2016. Compared to 2013, billable usage is down (25.2)%. This downward trend is due to conservation efforts amongst the utility's customers.

Operating expenses decreased \$(308,123), or (6.58)% from the previous fiscal year. The decrease was mostly due to a decrease in the pension liability accrual as required by GASB, and a decrease in the OPEB liability accrual.

Net Non-Operating Revenues/(Expenses) increased \$2,689, or 1.02% from the previous fiscal year mostly due to increased bond related activities.

Net Position decreased \$(328,887), or (2.22)% from the previous fiscal year due to the factors described above.

Sewage Disposal Fund

The Sewage Disposal Fund had operating revenues increase \$224,428, or 4.25%, from the previous fiscal year. Sewer Utility Rates were increased 10% in fiscal year 2017. Billable usage saw a drop of (3.9)% when compared to 2016 and is down (18.2)% when compared to 2013. As with the Water Utility, conservation efforts are the reason for this downward trend.

Operating expenses decreased \$(8,124), or (0.14)%, from the previous fiscal year. The decrease was mostly due to a decrease in the pension liability accrual as required by GASB, and a decrease in the OPEB liability accrual.

Net Non-Operating Revenues/(Expenses) increased \$251,532, or 70.97% from the previous fiscal year due to increased funding through State grants.

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

Net Position decreased \$(236,236), or (2.54)% from the previous fiscal year due to factors described above.

Stormwater Fund

The Stormwater Fund had operating revenues increase \$78,519, or 6.33%, from the previous fiscal year. Stormwater Utility Rates were increased 7% in fiscal year 2017.

Operating expenses increased \$54,050, or 4.95%, from the previous fiscal year primarily due to an increase in depreciation for the Stormwater System, and due to capital outlay activities that were below the capitalization threshold policy.

Net Non-Operating Revenues/(Expenses) decreased \$(66,189), or (62.18)% from the previous fiscal year due to decreased grant activity and costs to issue bonds.

Net Position increased \$2,129, or 0.04% from the previous fiscal year due to the factors described above.

Tourist Park (Campground) Fund

The Tourist Park Fund had operating revenues increase \$48,873, or 13.94%, from the previous fiscal year due to increased usage of the campground facility.

Operating Expenses increased \$47,930, or 25.06%, from the previous fiscal year due to increased Personnel Services related to increased usage of the facility. The increase is also due to additional expenses to develop family restroom facilities at the park.

Net Non-Operating Revenues decreased \$(30) from the previous fiscal year due to decreased interest revenue.

Net Position increased \$160,515, or 30.54% from the previous fiscal year due to factors described above.

Marinas Fund

The Marinas Fund had operating revenues increase \$27,862, or 8.17%, from the previous fiscal year due to increased usage of the marina facilities. The increase is also due to a one-time contribution to fund improvements to the pump-out equipment.

Operating Expenses increased \$73,985, or 18.77%, from the previous fiscal year. This increase was mostly due to an increase in depreciation, and due to the improvements to the pump-out facilities, as mentioned above.

Net Non-Operating Revenues/(Expenses) decreased \$(184,211), or (95.99)%, from the previous fiscal year due to decreased State grant activity. For the third year in a row, no transfer-in from the General Fund was needed.

Net Position decreased \$(91,520), or (4.06)% 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

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

contents for page reference) reported a *combined* fund balance of \$21,799,229, an increase of \$3,263,342 from the beginning of the year. The reasons for this increase are discussed above.

General Fund Budgetary Highlights

During the year, there was a \$217,487 increase in total expenditure appropriations between the original and final amended budget. Following are the main components of this increase:

\$ 200,000 for pass-thru opportunities occurring in the year.

\$ 10,000 for funding special event activities through the City Promotional Fund program.

Actual 2017 Total General Fund revenues were \$745,207 below final budget mostly due to the settlement of a tax tribunal. General Fund revenues exceeded expenditures and other financing uses by \$778,897.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017 the City had \$123,829,833 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)

	2017			Totals 2016
	Governmental Activities	Business-type Activities	Totals	
Land and construction in progress	\$ 24,945,750	\$ 2,857,715	\$ 27,803,465	\$ 22,297,783
Land improvements	1,303,334	1,252,952	2,556,286	2,854,121
Buildings and improvements	20,362,332	7,729,817	28,092,149	10,853,907
Furniture and equipment	1,562,604	1,838,234	3,400,838	3,214,409
Infrastructure	18,836,438	43,140,657	61,977,095	62,029,965
Totals	<u>\$ 67,010,458</u>	<u>\$ 56,819,375</u>	<u>\$ 123,829,833</u>	<u>\$ 101,250,185</u>

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

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

Debt

At year-end, the City had \$47,295,407 in bonds, notes and capital lease obligations outstanding as depicted in Table 5 below, which shows total bonded debt as of September 30, 2017.

Table 5
Outstanding Debt at Year-End

	2017			Totals
	Governmental Activities	Business-type Activities	Totals	2016
General obligation bonds	\$ 20,257,779	\$ 23,766,199	\$ 44,023,978	\$ 33,337,589
Revenue bonds	-	-	-	170,000
Contracts and notes payable	165,750	3,097,324	3,263,074	3,960,948
Totals	<u>\$ 20,423,529</u>	<u>\$ 26,863,523</u>	<u>\$ 47,287,052</u>	<u>\$ 37,468,537</u>

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

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

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

Further details on long-term debt can be found in Note E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City's elected and appointed officials considered many factors when setting the fiscal year 2018 budget, including the global and national economies. Below are a few of these factors:

State Revenue Sharing remains a budgetary concern although recent trends are starting to show slight increases. 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 \$357,000. Prior to EVIP, the City was receiving \$450,000 of statutory payments. Qualification is an annual process which the City must show compliance with the State-mandated criteria. In fiscal year 2015, the EVIP program was changed to City Village Township Revenue Sharing (CVTRS) and left just the first phase to be complied with in order to receive the "full" allocation of Statutory Revenue Sharing. It is still unclear what additional program modifications or legislative action will bring. As a result, the Administration views statutory revenue sharing as "speculative", and no longer considers this to be a reliable revenue source within the City baseline budget formulation. It should be noted that based upon previous years distributions, it is estimated that the City has "lost" almost \$1 million per year due to cutbacks by the State since fiscal year 2000.

Property Taxes (Real and Personal) are another big factor in the City's General Fund budget. Property Taxes are calculated on taxable value. Taxable value growth is capped, by State constitution, at the

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

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. 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 scheduled to close at the end of the decade. Discussions have begun with WE Energies to mitigate the loss of jobs and taxable value. We anticipate there will be an initial loss of taxable value but efforts will be made to get the property in developable condition as quickly as possible. Efforts are also being made with several State agencies to assist with job retention. The full impact is yet to be known but is being monitored closely.

DLP Marquette General Hospital, LLC has commenced construction of a new hospital facility within the City limits on a site that was owned by the City and home to the City's Municipal Service Center (MSC). Current plans show a construction completion in late 2018 for the new hospital. This project required the City to build a new MSC. Construction of the new MSC has been completed and was funded by a Brownfield Redevelopment Authority Tax Increment Financing district, which captures property taxes from the new hospital to pay for the construction of the new MSC. 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. This is important because the City could be forced to deal with reduced federal funding. We are also monitoring the discussions regarding Infrastructure Rehabilitation funding. The City has been addressing its infrastructure needs via the Capital Improvement Plan and has mostly been issuing debt to cover these costs. We would welcome programs that would allow the City to issue less debt and still be able to address its infrastructure rehabilitation needs. Until sources for federal funding become certain, we will remain prepared to continue as is for the short-term future.

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.marquettetmi.gov.

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, 2017

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 17,167,617	\$ 3,752,040	\$ 20,919,657	\$ 15,619,895
Investments	5,674,909	-	5,674,909	13,088,450
Receivables (net)	11,642,329	1,349,871	12,992,200	3,113,876
Inventory	188,359	170,260	358,619	4,743,935
Prepaid expenses and other assets	430,934	84,992	515,926	381,841
TOTAL CURRENT ASSETS	35,104,148	5,357,163	40,461,311	36,947,997
Non-current Assets:				
Restricted assets	1,240,532	711,801	1,952,333	19,990,444
Investment in UPPPA	-	-	-	3,724,641
Investment in joint venture	3,273,997	3,315,838	6,589,835	-
Capital assets:				
Land and construction in progress	24,945,750	2,857,715	27,803,465	2,523,634
Other capital assets, net of depreciation	42,064,708	53,961,660	96,026,368	112,090,183
Total Capital Assets	67,010,458	56,819,375	123,829,833	114,613,817
TOTAL NON-CURRENT ASSETS	71,524,987	60,847,014	132,372,001	138,328,902
TOTAL ASSETS	106,629,135	66,204,177	172,833,312	175,276,899
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	131,776	305,714	437,490	27,660
Change in pension investment projections	906,861	249,437	1,156,298	865,330
Change in pension assumptions	1,232,696	315,453	1,548,149	792,999
Change in pension experience	1,455,465	31,267	1,486,732	325,231
Employer contributions subsequent to measurement date	-	-	-	3,461,089
Receivables for developer obligations	-	-	-	40,856,267
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,726,798	901,871	4,628,669	46,328,576
LIABILITIES				
Current Liabilities:				
Accounts payable	3,248,334	1,988,942	5,237,276	3,738,825
Accrued wages payable	449,702	83,317	533,019	-
Accrued liabilities	240,804	258,578	499,382	569,214
Compensated absences	626,220	-	626,220	1,067,930
Customer deposits payable	83,336	13,617	96,953	1,664,538
Due to primary government	-	-	-	244,250
Current portion of bonds payable	1,804,737	2,177,888	3,982,625	585,000
Current portion of contracts and notes payable	82,873	-	82,873	-
Current maturities on revenue bonds	-	-	-	1,194,740
Other current liabilities	-	-	-	1,617,159
TOTAL CURRENT LIABILITIES	6,536,006	4,522,342	11,058,348	10,681,656
Non-current Liabilities:				
Compensated absences	1,087,734	309,010	1,396,744	64,130
Other post-employment benefits (OPEB)	4,731,626	362,791	5,094,417	-
Net pension liability	31,575,931	4,806,402	36,382,333	18,965,886
Bonds payable	18,453,042	21,588,311	40,041,353	97,931,976
Long-term contracts and notes payable	82,877	3,097,324	3,180,201	18,911,984
Other	-	758,624	758,624	4,689,602
TOTAL NON-CURRENT LIABILITIES	55,931,210	30,922,462	86,853,672	140,563,578
TOTAL LIABILITIES	62,467,216	35,444,804	97,912,020	151,245,234
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	8,107,836	-	8,107,836	2,385,367
Special assessments	-	34,680	34,680	-
Deferred amounts related to pension	1,940,190	-	1,940,190	-
TOTAL DEFERRED INFLOWS OF RESOURCES	10,048,026	34,680	10,082,706	2,385,367
NET POSITION				
Net investment in capital assets	48,649,613	31,098,570	79,748,183	35,569,396
Restricted for:				
Debt services	-	-	-	-
Capital outlay	2,062,684	837,004	2,899,688	-
Perpetual care	798,741	-	798,741	-
Other activities:				
Board of Light and Power	-	-	-	18,667,435
Brownfield Redevelopment Authority	-	-	-	-
Non-major component units	-	-	-	1,058,711
Unrestricted	(13,670,347)	(309,010)	(13,979,357)	12,679,332
TOTAL NET POSITION	\$ 37,840,691	\$ 31,626,564	\$ 69,467,255	\$ 67,974,874

CITY OF MARQUETTE, MICHIGAN

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2017

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		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	\$ 5,963,346	\$ 1,208,318	\$ 149,673	\$ 18,250	\$ (4,587,105)	\$ -	\$ (4,587,105)	\$ -
Public health and safety	8,373,965	269,667	37,784	10,508	(8,056,006)	-	(8,056,006)	-
Public works	4,810,726	1,220,582	25	19,464,097	15,873,978	-	15,873,978	-
Highway and streets	2,100,708	-	3,027,253	-	926,545	-	926,545	-
Social services	673,013	-	457,276	-	(215,737)	-	(215,737)	-
Sanitation services	2,012,645	1,941,845	6,385	-	(64,415)	-	(64,415)	-
Community services	1,460,830	594,120	30,000	-	(836,710)	-	(836,710)	-
Interest on long-term debt	659,470	-	-	-	(659,470)	-	(659,470)	-
Depreciation - unallocated	1,815,600	-	-	-	(1,815,600)	-	(1,815,600)	-
Total Governmental Activities	27,870,303	5,234,532	3,708,396	19,492,855	565,480	-	565,480	-
Business-Type Activities:								
Water supply	4,704,339	4,310,181	-	21,554	-	(372,604)	(372,604)	-
Sewage disposal	5,960,709	5,515,000	-	205,016	-	(240,693)	(240,693)	-
Stormwater utility	1,348,498	1,319,804	-	29,720	-	1,026	1,026	-
Community services	710,244	768,451	-	11,629	-	69,836	69,836	-
Total Business-Type Activities	12,723,790	11,913,436	-	267,919	-	(542,435)	(542,435)	-
TOTAL PRIMARY GOVERNMENT	\$ 40,594,093	\$ 17,147,968	\$ 3,708,396	\$ 19,760,774	565,480	(542,435)	23,045	-
Component Units:								
Board of Light and Power	\$ 33,402,423	\$ 47,342,427	\$ -	\$ 459,115	-	-	-	14,399,119
Brownfield Redevelopment Authority	13,130,137	-	-	-	-	-	-	(13,130,137)
Non-Major Component Units	4,016,001	452,834	983,743	-	-	-	-	(2,579,424)
TOTAL COMPONENT UNITS	\$ 50,548,561	\$ 47,795,261	\$ 983,743	\$ 459,115	-	-	-	(1,310,442)
General Revenues:								
Taxes:								
Property taxes					10,327,997	-	10,327,997	4,732,345
Payment in lieu of taxes					3,450,621	-	3,450,621	-
Unrestricted State sources					2,250,026	-	2,250,026	-
Interest and investment earnings					3,197	48,436	51,633	1,021,636
Gain on sale of capital assets					-	-	-	(46,410)
Miscellaneous					319,945	-	319,945	778,408
Transfers					-	-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					16,351,786	48,436	16,400,222	6,485,979
CHANGE IN NET POSITION					16,917,266	(493,999)	16,423,267	5,175,537
Net position, beginning of year, as restated					20,923,425	32,120,563	53,043,988	62,799,337
NET POSITION, END OF YEAR					\$ 37,840,691	\$ 31,626,564	\$ 69,467,255	\$ 67,974,874

CITY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2017

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Construction Fund	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 15,148,724	\$ 670,786	\$ 192,620	\$ -	\$ 7,385,713	\$ 23,397,843
Investments	5,152,550	-	-	-	522,359	5,674,909
Taxes receivable, net	533,895	-	-	-	17,130	551,025
Accounts receivable	299,396	1,340	596	-	401,911	703,243
Due from other authorities	1,090,128	-	-	7,448,186	-	8,538,314
Due from other governments	561,932	127,386	44,608	-	6,000	739,926
Inventory	158,063	-	-	-	-	158,063
Prepaid expenditures	312,286	-	-	-	24,361	336,647
TOTAL ASSETS	23,256,974	799,512	237,824	7,448,186	8,357,474	40,099,970
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 23,256,974	\$ 799,512	\$ 237,824	\$ 7,448,186	\$ 8,357,474	\$ 40,099,970
LIABILITIES						
Cash overdraft	\$ -	\$ -	\$ -	\$ 5,910,523	\$ -	\$ 5,910,523
Accounts payable	347,468	443,655	232,463	1,129,313	1,003,488	3,156,387
Accrued wages payable	378,430	4,246	5,361	-	28,402	416,439
Accrued compensated absences	623,557	-	-	-	2,663	626,220
Due to other governmental units	283	-	-	-	-	283
Due to other authorities	57,666	-	-	-	-	57,666
Customer deposits payable	25,387	-	-	-	-	25,387
TOTAL LIABILITIES	1,432,791	447,901	237,824	7,039,836	1,034,553	10,192,905
DEFERRED INFLOWS OF RESOURCES						
Taxes levied for a subsequent period	7,692,396	-	-	-	415,440	8,107,836
Special assessments	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	7,692,396	-	-	-	415,440	8,107,836
FUND BALANCE						
Non-spendable	470,349	-	-	-	823,102	1,293,451
Restricted	47,996	351,611	-	-	3,428,420	3,828,027
Assigned	3,108,348	-	-	408,350	2,655,959	6,172,657
Unassigned	10,505,094	-	-	-	-	10,505,094
TOTAL FUND BALANCE	14,131,787	351,611	-	408,350	6,907,481	21,799,229
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 23,256,974	\$ 799,512	\$ 237,824	\$ 7,448,186	\$ 8,357,474	\$ 40,099,970

CITY OF MARQUETTE, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

September 30, 2017

Total Fund Balances for Governmental Funds **\$ 21,799,229**

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). 70,284,455

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	\$ 1,751,020	
Restricted assets	1,240,532	
Current liabilities	<u>(961,529)</u>	
		2,030,023

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	19,671,109	
Net pension liability - Fire/Police Retirement System	11,904,822	
Deferred (outflows) of resources related to net pension liability	(3,595,022)	
Employer contributions subsequent to measurement date	-	
Deferred inflows of resources related to net pension liability	<u>1,940,190</u>	
		(29,921,099)

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	\$ 1,804,737	
Current portion of notes and contracts payable	82,873	
Accrued interest on bonds	240,804	
Other post-employment benefits	4,731,626	
Compensated absences	1,087,734	
Bonds payable	18,321,266	
Long-term contracts and notes payable	<u>82,877</u>	
		<u>(26,351,917)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 37,840,691**

CITY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2017

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Construction Fund	Other Governmental Funds	Total
REVENUES:						
Taxes and penalties	\$ 9,929,055	\$ -	\$ -	\$ -	\$ 430,123	\$ 10,359,178
State sources	2,356,860	1,593,960	733,293	-	85,228	4,769,341
Federal sources	46,231	-	-	-	-	46,231
Charges for services	2,163,872	-	-	-	2,001,190	4,165,062
Sales	54,986	-	-	-	-	54,986
Use and admission fees	29,939	-	-	-	392,715	422,654
Rentals	90,423	-	-	-	54,429	144,852
Licenses and permits	80,353	-	-	-	-	80,353
Fines and forfeiture	185,471	-	-	-	5,078	190,549
Sales of assets	-	-	-	-	-	-
Reimbursements	162,454	30,189	862	7,448,186	39,317	7,681,008
Investment income	(5,345)	2,581	1,456	-	(5,760)	(7,068)
Payment in lieu of taxes	3,450,621	-	-	-	-	3,450,621
Private contribution	164,760	-	-	-	729,799	894,559
Intergovernmental revenue	11,326	-	-	-	354,696	366,022
Special assessments	-	-	-	-	-	-
Other revenues	96,252	67,387	-	-	14,126	177,765
TOTAL REVENUES	18,817,258	1,694,117	735,611	7,448,186	4,100,941	32,796,113
EXPENDITURES:						
Current operations:						
General government	4,713,965	-	-	-	221,586	4,935,551
Public health and safety	7,601,231	-	-	-	6,665	7,607,896
Public works	4,218,541	-	-	-	1,637,201	5,855,742
Highway and streets	-	1,117,755	1,017,946	-	-	2,135,701
Social services	-	-	-	-	608,234	608,234
Sanitation services	-	-	-	-	1,969,565	1,969,565
Community services	577,918	-	-	-	661,287	1,239,205
Capital outlay	-	657,553	790,512	7,374,423	-	8,822,488
Debt service:						
Professional services	-	13,169	24,256	-	42,113	79,538
Principal retirement	-	-	-	-	1,572,463	1,572,463
Interest and fiscal charges	-	-	-	-	597,847	597,847
TOTAL EXPENDITURES	17,111,655	1,788,477	1,832,714	7,374,423	7,316,961	35,424,230
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,705,603	(94,360)	(1,097,103)	73,763	(3,216,020)	(2,628,117)
OTHER FINANCING SOURCES (USES):						
Bond issuance	728,300	849,300	1,402,700	-	2,658,000	5,638,300
Refunding bonds	1,588,733	1,074,759	765,411	-	515,375	3,944,278
Premium on bond issuance	79,293	90,868	161,556	-	276,493	608,210
Premium on refunded bond issuance	176,083	136,915	102,912	-	58,121	474,031
Payment to refunded bond escrow agent	(1,737,718)	(1,195,776)	(856,440)	-	(566,655)	(4,356,589)
Refunding bond issuance expense	(27,098)	(15,898)	(11,883)	-	(6,841)	(61,720)
Transfers in	-	-	77,279	-	2,818,115	2,895,394
Transfers (out)	(1,734,299)	(494,197)	(544,432)	(355,051)	(122,466)	(3,250,445)
TOTAL OTHER FINANCING SOURCES (USES)	(926,706)	445,971	1,097,103	(355,051)	5,630,142	5,891,459
CHANGE IN FUND BALANCE	778,897	351,611	-	(281,288)	2,414,122	3,263,342
Fund balance, beginning of year	13,352,890	-	-	689,638	4,493,359	18,535,887
FUND BALANCE, END OF YEAR	\$ 14,131,787	\$ 351,611	\$ -	\$ 408,350	\$ 6,907,481	\$ 21,799,229

CITY OF MARQUETTE, MICHIGAN

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

For the Fiscal Year Ended September 30, 2017

Net Change in Fund Balances - Total Governmental Funds **\$ 3,263,342**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. Includes Internal Service Funds depreciation expense of \$318,069

Capital outlays	\$ 23,918,806	
Basis of disposed asset	-	
Depreciation expense	<u>(2,537,048)</u>	21,381,758

Investments in joint ventures is reported on entity wide statements but not in individual governmental funds. Changes in value of investments in joint ventures does not appear in governmental funds.

-

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.

(9,582,578)

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

5,875,384

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

(1,004,083)

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

(25,068)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Other post-employment benefits (OPEB)	\$ (675,229)	
Pension liability expense	(1,494,749)	
Pension liability expense - Fire/Police Retirement	(469,511)	
Compensated absences	<u>(114,948)</u>	(2,754,437)

Internal service funds are used by management to charge costs of certain activities, such as the purchase and maintenance of equipment and vehicles and the operation of the Municipal Service Center, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities net of depreciation expense.

Change in net position	\$ 19,928,251	
Capital outlays	(13,154,116)	
Capital contribution	(7,491,723)	
Basis of disposed asset	-	
Depreciation expense	318,069	
Other post-employment benefits (OPEB)	16,453	
Pension liability expense	139,940	
Compensated absences	6,074	
	<u></u>	<u>(237,052)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 16,917,266**

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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Property taxes	\$ 14,100,680	\$ 14,100,680	\$ 13,379,676	\$ (721,004)
Federal grants	75,405	75,405	46,231	(29,174)
State grants and shared revenue	2,146,500	2,146,500	2,356,860	210,360
Intergovernmental revenues	12,000	12,000	11,326	(674)
Licenses and permits	44,175	44,175	80,353	36,178
Charges for services	2,215,735	2,225,735	2,163,872	(61,863)
Fines and forfeits	102,900	102,900	185,471	82,571
Interest and rentals	376,100	376,100	85,078	(291,022)
Other revenues	278,970	478,970	508,391	29,421
TOTAL REVENUES	19,352,465	19,562,465	18,817,258	(745,207)
EXPENDITURES:				
General government	4,631,055	4,838,542	4,713,965	124,577
Public health and safety	7,766,115	7,766,115	7,601,231	164,884
Public works	4,519,635	4,519,635	4,218,541	301,094
Community services	834,465	844,465	577,918	266,547
TOTAL EXPENDITURES	17,751,270	17,968,757	17,111,655	857,102
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,601,195	1,593,708	1,705,603	111,895
OTHER FINANCING SOURCES (USES):				
Bond issuance	1,289,925	1,297,412	728,300	(569,112)
Refunding bonds	-	1,776,410	1,588,733	(187,677)
Premium on bond issuance	-	-	79,293	79,293
Premium on refunded bond issuance	-	-	176,083	176,083
Payment to refunded bond escrow agent	-	(1,749,312)	(1,737,718)	11,594
Refunding bond issuance expense	-	(27,098)	(27,098)	-
Transfers in	15,000	15,000	-	(15,000)
Transfers (out)	(2,906,120)	(2,906,120)	(1,734,299)	1,171,821
TOTAL OTHER FINANCING SOURCES (USES)	(1,601,195)	(1,593,708)	(926,706)	667,002
CHANGE IN FUND BALANCE	-	-	778,897	778,897
Fund balance, beginning of year	13,352,890	13,352,890	13,352,890	-
FUND BALANCE, END OF YEAR	\$ 13,352,890	\$ 13,352,890	\$ 14,131,787	\$ 778,897

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, 2017

	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	1,600,885	1,600,885	1,593,960	(6,925)	698,500	698,500	733,293	34,793
Reimbursements	-	-	30,189	30,189	-	-	862	862
Investment income	500	500	2,581	2,081	500	500	1,456	956
Other revenues	-	-	67,387	67,387	-	-	-	-
TOTAL REVENUES	<u>1,601,385</u>	<u>1,601,385</u>	<u>1,694,117</u>	<u>92,732</u>	<u>699,000</u>	<u>699,000</u>	<u>735,611</u>	<u>36,611</u>
EXPENDITURES:								
Highways Streets and Bridges	<u>4,526,185</u>	<u>4,539,354</u>	<u>1,788,477</u>	<u>2,750,877</u>	<u>1,916,330</u>	<u>1,940,586</u>	<u>1,832,714</u>	<u>107,872</u>
TOTAL EXPENDITURES	<u>4,526,185</u>	<u>4,539,354</u>	<u>1,788,477</u>	<u>2,750,877</u>	<u>1,916,330</u>	<u>1,940,586</u>	<u>1,832,714</u>	<u>107,872</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,924,800)</u>	<u>(2,937,969)</u>	<u>(94,360)</u>	<u>2,843,609</u>	<u>(1,217,330)</u>	<u>(1,241,586)</u>	<u>(1,097,103)</u>	<u>144,483</u>
OTHER FINANCING SOURCES (USES):								
Bond issuance	3,063,625	3,063,625	849,300	(2,214,325)	637,280	637,280	1,402,700	765,420
Refunding bonds	-	997,060	1,074,759	77,699	-	892,579	765,411	(127,168)
Premium on bond issuance	-	90,868	90,868	-	-	-	161,556	161,556
Premium on refunded bond issuance	-	136,915	136,915	-	-	-	102,912	102,912
Payment to refunded bond escrow agent	-	(1,195,776)	(1,195,776)	-	-	(856,440)	(856,440)	-
Refunding bond issuance	-	(15,898)	(15,898)	-	-	(11,883)	(11,883)	-
Transfers in	346,675	375,850	-	(375,850)	1,056,050	1,141,700	77,279	(1,064,421)
Transfers (out)	<u>(485,500)</u>	<u>(514,675)</u>	<u>(494,197)</u>	<u>20,478</u>	<u>(476,000)</u>	<u>(561,650)</u>	<u>(544,432)</u>	<u>17,218</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,924,800</u>	<u>2,937,969</u>	<u>445,971</u>	<u>(2,491,998)</u>	<u>1,217,330</u>	<u>1,241,586</u>	<u>1,097,103</u>	<u>(144,483)</u>
CHANGE IN FUND BALANCE	-	-	351,611	351,611	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351,611</u>	<u>\$ 351,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

September 30, 2017

	Business-Type Activities Enterprise Funds				Governmental Activities	
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds	Total	Internal Service Fund
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 1,611,537	\$ -	\$ 1,339,617	\$ 949,347	\$ 3,900,501	\$ 516,616
Accounts receivable	568,111	690,322	49,281	-	1,307,714	12,748
Special assessments receivable	4,002	21,802	-	-	25,804	-
Due from other governments	3,348	1,376	-	11,629	16,353	-
Due from local units	-	-	-	-	-	2,286
Due from other authorities	-	-	-	-	-	1,094,787
Inventory	-	151,805	-	18,455	170,260	30,296
Prepaid expense	38,416	40,933	101	5,542	84,992	94,287
TOTAL CURRENT ASSETS	2,225,414	906,238	1,388,999	984,973	5,505,624	1,751,020
Non-current Assets:						
Restricted Assets:						
Replacement and maintenance fund	-	-	-	40,000	40,000	1,016,189
OPEB reserve	243,463	119,328	-	-	362,791	131,243
Compensated absences reserve	216,824	65,142	25,085	1,959	309,010	93,100
Total Restricted Assets	460,287	184,470	25,085	41,959	711,801	1,240,532
Investment in joint venture	-	3,315,838	-	-	3,315,838	-
Land and other non-depreciable assets	1,134,884	939,754	716,169	66,908	2,857,715	2,326,936
Other capital assets, net of depreciation	24,031,489	18,526,179	9,411,001	1,992,991	53,961,660	19,113,869
TOTAL NON-CURRENT ASSETS	25,626,660	22,966,241	10,152,255	2,101,858	60,847,014	22,681,337
TOTAL ASSETS	27,852,074	23,872,479	11,541,254	3,086,831	66,352,638	24,432,357
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount on refunding	154,653	90,867	60,194	-	305,714	-
Change in pension investment projections	156,446	92,991	-	-	249,437	108,586
Change in pension assumptions	210,532	104,921	-	-	315,453	139,601
Change in pension experience	22,524	8,743	-	-	31,267	13,218
Employer contributions subsequent to measurement date	-	-	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	544,155	297,522	60,194	-	901,871	261,405
LIABILITIES						
Current Liabilities:						
Cash overdraft	-	148,461	-	-	148,461	836,319
Accounts payable	475,707	1,194,368	279,628	39,239	1,988,942	91,947
Accrued wages payable	47,014	16,571	9,801	9,931	83,317	33,263
Customer deposits payable	-	-	-	13,617	13,617	-
Accrued interest payable	89,289	101,241	68,048	-	258,578	-
Current portion of long-term debt	780,828	862,947	523,863	10,250	2,177,888	-
TOTAL CURRENT LIABILITIES	1,392,838	2,323,588	881,340	73,037	4,670,803	961,529
Non-current Liabilities:						
Compensated absences	216,824	65,142	25,085	1,959	309,010	93,100
Other post employment benefits (OPEB)	243,463	119,328	-	-	362,791	131,243
Net pension liability	2,950,379	1,856,023	-	-	4,806,402	1,991,410
Long term payable to other authorities	-	758,624	-	-	758,624	-
Bonds payable	8,160,601	7,800,419	5,466,342	160,949	21,588,311	-
Loan payable	944,840	2,152,484	-	-	3,097,324	-
TOTAL NON-CURRENT LIABILITIES	12,516,107	12,752,020	5,491,427	162,908	30,922,462	2,215,753
TOTAL LIABILITIES	13,908,945	15,075,608	6,372,767	235,945	35,593,265	3,177,282
DEFERRED INFLOWS OF RESOURCES						
Special assessment	4,964	29,716	-	-	34,680	-
TOTAL DEFERRED INFLOWS OF RESOURCES	4,964	29,716	-	-	34,680	-
NET POSITION						
Net investment in capital assets	15,626,262	8,773,618	4,809,990	1,888,700	31,098,570	21,440,805
Restricted for:						
Debt service	-	-	-	-	-	-
Fuel system reserve	-	-	-	-	-	-
Capital outlay	191,505	32,668	612,831	-	837,004	-
Unrestricted	(1,335,447)	258,391	(194,140)	962,186	(309,010)	75,675
TOTAL NET POSITION	\$ 14,482,320	\$ 9,064,677	\$ 5,228,681	\$ 2,850,886	\$ 31,626,564	\$ 21,516,480

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended September 30, 2017

	Business-Type Activities Enterprise Funds				Governmental Activities Internal Service Fund
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds	Total
OPERATING REVENUES:					
Water sales	\$ 4,196,675	\$ -	\$ -	\$ -	\$ 4,196,675
Sewage disposal	-	5,477,155	-	-	5,477,155
Charges for services	31,087	9,585	1,317,811	23,614	1,382,097
Other operating revenue	82,419	23,033	1,993	744,837	852,282
TOTAL OPERATING REVENUES	4,310,181	5,509,773	1,319,804	768,451	11,908,209
OPERATING EXPENSES:					
Administrative and general	1,000,890	823,729	-	-	1,824,619
Water treatment and distribution	2,116,093	-	-	-	2,116,093
Sanitary sewer operation and booster stations	-	3,795,727	-	-	3,795,727
Stormwater	-	-	445,659	-	445,659
Community services	-	-	-	530,362	530,362
Capital outlay	-	-	-	-	-
Provision for depreciation	1,254,635	1,023,675	699,377	177,042	3,154,729
TOTAL OPERATING EXPENSES	4,371,618	5,643,131	1,145,036	707,404	11,867,189
OPERATING INCOME (LOSS)	(61,437)	(133,358)	174,768	61,047	41,020
NON-OPERATING REVENUES (EXPENSES):					
Investment income	43,717	4,457	1,103	(841)	48,436
Federal grant - capital grant	21,554	-	-	-	21,554
State grant - capital grant	-	205,016	29,720	11,629	246,365
Gain (loss) on sale of capital assets	-	-	-	-	-
Operating income from Marquette Area Wastewater Treatment Facility	-	5,227	-	-	5,227
Interest expenses	(262,151)	(263,367)	(136,431)	(2,840)	(664,789)
Bond issuance expense	(70,570)	(54,211)	(67,031)	-	(191,812)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(267,450)	(102,878)	(172,639)	7,948	(535,019)
INCOME (LOSS) BEFORE TRANSFERS	(328,887)	(236,236)	2,129	68,995	(493,999)
Capital contributions	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
CHANGE IN NET POSITION	(328,887)	(236,236)	2,129	68,995	(493,999)
Net position, beginning of year	14,811,207	9,300,913	5,226,552	2,781,891	32,120,563
NET POSITION, END OF YEAR	\$ 14,482,320	\$ 9,064,677	\$ 5,228,681	\$ 2,850,886	\$ 31,626,564

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2017

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds	Internal Service Fund
				Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from fees and charges for services	\$ 4,226,580	\$ 5,469,904	\$ 1,357,989	\$ 24,275	\$ 11,078,748
Other operating revenues	76,575	23,033	1,993	733,208	834,809
Cash payments to employees for services	(1,492,136)	(693,525)	(223,071)	(192,987)	(2,601,719)
Cash payments to suppliers for goods and services	(1,016,449)	(3,721,673)	(91,024)	(315,185)	(5,144,331)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,794,570	1,077,739	1,045,887	249,311	4,167,507
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Increase (decrease) in cash overdraft	-	(817,310)	(198,661)	-	(1,015,971)
Transfers in	-	-	-	-	836,319
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-	(817,310)	(198,661)	-	355,051
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal payments on bonds	(815,717)	(756,250)	(439,928)	(10,000)	(2,021,895)
Interest paid on bonds	(302,580)	(299,675)	(155,277)	(5,781)	(763,313)
Proceeds from the issuance of bonds	2,249,700	1,806,700	1,975,300	-	6,031,700
Proceeds from the issuance of refunding bonds	2,334,340	1,646,412	2,094,970	-	6,075,722
Premium on bond issuance	544,229	417,241	463,075	-	1,424,545
Cash payments for bond issuance expenses	(70,570)	(54,211)	(67,031)	-	(191,812)
Cash payments to bond escrow agents	(2,600,999)	(1,750,774)	(2,305,813)	-	(6,657,586)
Cash payments for capital assets	(1,799,336)	(1,454,941)	(1,098,342)	11,629	(4,340,990)
Proceeds from sale of capital assets	-	-	-	-	30,569
State and Federal grants	21,554	205,016	29,720	-	256,290
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(460,933)	(445,498)	466,954	(4,152)	(13,123,547)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	43,717	4,457	1,103	(841)	48,436
(Increase) decrease in restricted assets:					
Replacement maintenance reserve	-	-	-	-	26,326
OPEB reserve	(22,687)	(16,002)	-	-	(38,689)
Compensated absences reserve	21,093	(8,402)	(5,386)	(842)	6,463
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	42,123	(19,947)	(4,283)	(1,683)	7,561
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,375,760	(205,016)	1,309,897	243,476	(531,974)
Cash and cash equivalents, beginning of year	214,223	-	-	705,871	920,094
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,589,983	\$ (205,016)	\$ 1,309,897	\$ 949,347	\$ 3,644,211
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Loss on investment from Marquette Wastewater Treatment Facility	\$ -	\$ 5,227	\$ -	\$ -	\$ 5,227
Capital contribution	-	-	-	-	7,491,723
TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ 5,227	\$ -	\$ -	\$ 7,491,723
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income	\$ (61,437)	\$ (133,358)	\$ 174,768	\$ 61,047	\$ 41,020
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	1,254,635	1,023,675	699,377	177,042	3,154,729
Amortization	-	-	-	(784)	(784)
Change in assets and liabilities:					
(Increase)/Decrease in accounts receivable	248,398	283,203	504,023	292	1,035,916
(Increase)/Decrease in special assessments receivable	831	6,613	-	-	7,444
(Increase)/Decrease in due from other governments	2,961	18,874	47,700	(11,629)	57,906
(Increase)/Decrease in inventory	-	(29,419)	-	(2,810)	(32,229)
(Increase)/Decrease in prepaid expenses	(374)	1,414	(1)	675	1,714
Increase/(Decrease) in accounts payable	368,146	201,023	127,746	22,418	719,333
Increase/(Decrease) in accrued wages payable	12,614	(1,630)	(1,567)	1,849	11,266
Increase/(Decrease) in customer deposits payable	-	1,230	-	369	1,599
Increase/(Decrease) in compensated absences	(21,093)	8,402	5,386	842	(6,463)
Increase/(Decrease) in net pension liability and other post-employment benefits (OPEB)	249,105	23,238	-	-	272,343
Increase/(Decrease) in deferred inflows - special assessments	(875)	(6,952)	-	-	(7,827)
Increase/(Decrease) in deferred inflows for capital activities	(258,341)	(318,574)	(511,545)	-	(1,088,460)
NET ADJUSTMENTS	1,856,007	1,211,097	871,119	188,264	4,126,487
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,794,570	\$ 1,077,739	\$ 1,045,887	\$ 249,311	\$ 4,167,507

CITY OF MARQUETTE, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2017

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 776,995	\$ 3,157,226
Investments		
United States Government Securities	-	-
Domestic Corporation Bonds	3,030,054	-
Common, Pooled Fund	28,506,931	-
Taxes receivable	-	1,455,176
Accrued interest receivable	774	-
	<hr/>	<hr/>
TOTAL ASSETS	32,314,754	<u><u>\$ 4,612,402</u></u>
DEFERRED OUTFLOWS OF RESOURCES	<hr/> -	
LIABILITIES		
Accounts payable	10,400	1,454,256
Accrued wages payable	-	1,390,399
Due to State	-	211,393
Due to other governments	-	726,214
Due to local units	-	583,507
Other liabilities	-	246,633
	<hr/>	<hr/>
TOTAL LIABILITIES	10,400	<u><u>\$ 4,612,402</u></u>
DEFERRED INFLOWS OF RESOURCES	<hr/> -	
NET POSITION		
Net position restricted for pensions	<hr/> 32,304,354	
TOTAL NET POSITION	<u><u>\$ 32,304,354</u></u>	

CITY OF MARQUETTE, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended September 30, 2017

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 1,489,696
Employee	<u>197,431</u>
Total Contributions	<u>1,687,127</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	3,431,984
Interest and dividends	<u>16,290</u>
Net Investment Income	<u>3,448,274</u>
TOTAL ADDITIONS	<u><u>5,135,401</u></u>
DEDUCTIONS	
Benefits and annuity withdrawals	2,227,030
Administrative expenses	19,483
Payments in accordance with trust agreements	<u>-</u>
TOTAL DEDUCTIONS	<u>2,246,513</u>
CHANGE IN NET POSITION	2,888,888
Net position, beginning of year	<u>29,415,466</u>
NET POSITION, END OF YEAR	<u><u>\$ 32,304,354</u></u>

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF NET POSITION

September 30, 2017

	Board of Light and Power	Brownfield Redevelopment Authority	Non-Major Component Units	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 8,884,761	\$ 3,768,913	\$ 2,966,221	\$ 15,619,895
Investments	13,088,450	-	-	13,088,450
Receivables (net)	2,866,176	21,782	225,918	3,113,876
Inventory	4,743,935	-	-	4,743,935
Prepaid expenses and other assets	364,864	1,118	15,859	381,841
TOTAL CURRENT ASSETS	29,948,186	3,791,813	3,207,998	36,947,997
Non-current Assets:				
Restricted assets	19,065,024	-	925,420	19,990,444
Investment in UPPPA	3,724,641	-	-	3,724,641
Capital assets:				
Land and construction in progress	1,123,073	1,285,857	114,704	2,523,634
Other capital assets, net of depreciation	105,208,707	-	6,881,476	112,090,183
Total Capital Assets	106,331,780	1,285,857	6,996,180	114,613,817
TOTAL NON-CURRENT ASSETS	129,121,445	1,285,857	7,921,600	138,328,902
TOTAL ASSETS	159,069,631	5,077,670	11,129,598	175,276,899
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	27,660	-	-	27,660
Deferred outflows related to pension	1,821,762	-	161,798	1,983,560
Employer contributions subsequent to measurement date	3,410,569	-	50,520	3,461,089
Receivables for developer obligations	-	40,856,267	-	40,856,267
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	5,259,991	40,856,267	212,318	46,328,576
LIABILITIES				
Current Liabilities:				
Accounts payable	3,713,235	3,439	22,151	3,738,825
Accrued liabilities	453,114	1,443	114,657	569,214
Compensated absences	1,009,996	-	57,934	1,067,930
Customer deposits payable	1,664,538	-	-	1,664,538
Due to primary government	-	240,150	4,100	244,250
Current portion of bonds payable	-	140,000	445,000	585,000
Current maturities on revenue bonds	1,194,740	-	-	1,194,740
Other current liabilities	1,222,511	394,648	-	1,617,159
TOTAL CURRENT LIABILITIES	9,258,134	779,680	643,842	10,681,656
Non-current Liabilities:				
Compensated absences	-	-	64,130	64,130
Net pension liability	17,770,099	-	1,195,787	18,965,886
Bonds payable	75,542,341	21,409,635	980,000	97,931,976
Long-term contract and notes payable	-	18,911,984	-	18,911,984
Other	4,689,602	-	-	4,689,602
TOTAL NON-CURRENT LIABILITIES	98,002,042	40,321,619	2,239,917	140,563,578
TOTAL LIABILITIES	107,260,176	41,101,299	2,883,759	151,245,234
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for subsequent period	-	907,604	1,477,763	2,385,367
TOTAL DEFERRED INFLOWS OF RESOURCES	-	907,604	1,477,763	2,385,367
NET POSITION				
Net investment in capital assets	29,622,359	375,857	5,571,180	35,569,396
Restricted for:				
Debt Services	-	-	-	-
Capital Assets	-	-	-	-
Perpetual Care	-	-	-	-
Other activities	18,667,435	-	1,058,711	19,726,146
Unrestricted	8,779,652	3,549,177	350,503	12,679,332
TOTAL NET POSITION	\$ 57,069,446	\$ 3,925,034	\$ 6,980,394	\$ 67,974,874

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2017

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	Brownfield Redevelopment Authority	Non-Major Component Units	Total
Component Units:								
Board of Light and Power	\$ 33,402,423	\$ 47,342,427	\$ -	\$ 459,115	\$ 14,399,119	\$ -	\$ -	\$ 14,399,119
Brownfield Redevelopment Authority	13,130,137	-	-	-	-	(13,130,137)	-	(13,130,137)
Non-Major Component Units	4,016,001	452,834	983,743	-	-	-	(2,579,424)	(2,579,424)
TOTAL COMPONENT UNITS	\$ 50,548,561	\$ 47,795,261	\$ 983,743	\$ 459,115	14,399,119	(13,130,137)	(2,579,424)	(1,310,442)
General Revenues:								
Property taxes					-	2,732,665	1,999,680	4,732,345
Interest and investment earnings					874,007	23,643	123,986	1,021,636
Loss on sale of capital assets					(49,067)	-	2,657	(46,410)
Amortization of bond premium					-	-	-	-
Miscellaneous					-	-	778,408	778,408
TOTAL GENERAL REVENUES					824,940	2,756,308	2,904,731	6,485,979
CHANGE IN NET POSITION					15,224,059	(10,373,829)	325,307	5,175,537
Net position, beginning of year, as restated					41,845,387	14,298,863	6,655,087	62,799,337
NET POSITION, END OF YEAR	\$ 57,069,446	\$ 3,925,034	\$ 6,980,394	\$ 67,974,874				

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.

Separately issued financial statements of the Fire and Police Retirement System can be obtained from the City's Finance Department located at 300 West Baraga Avenue, Marquette, Michigan 49855.

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

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 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.

Peter White Public Library Development Fund

The Peter White Public Library Development Fund (the Development Fund) is a legally separate, tax-exempt component unit of the Peter White Public Library (the Library). The Development Fund acts primarily as a fund-raising organization to supplement the resources that are available to the Library in support of its programs. The six-member board of the Development Fund consists of one (1) member from the Library's Board of Trustees, one (1) member servicing as Treasurer of the Development Fund, three (3) community members appointed by the Library's Board of Trustees, and one (1) member from the Friends of the PWPL Board. Although the Library does not control the timing or amount of receipts from the Development Fund, the majority of resources, or income thereon that the Development Fund holds and invests are restricted to the activities of the Library by the donors. Because these restricted resources held by the Development Fund can only be used by, or for the benefit of, the Library, the Development Fund is considered a component unit of the Library and is discretely presented in the Library's financial statements.

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

The Development Fund is a private nonprofit organization and as such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The Development Fund has a calendar year end and its most recent financial information is as of December 31, 2016. No modifications have been made to the Development Fund's financial information in the Library's financial reporting entity for these differences. Under GASB 80, the Development Fund is required to be presented as a blended component unit of the Library.

During the year ended September 30, 2017, the Development Fund distributed \$72,012 to the Library for both restricted and unrestricted purposes. Separate financial statements for the Development Fund are not developed; however, information can be obtained from the Peter White Public Library upon request, located at 217 North Front Street, 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 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

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

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, 2017, the latest available report, is as follows:

Total Assets	\$ 4,242,670
Deferred Outflows of Resources	167,024
Total Liabilities	1,084,188
Deferred Inflows of Resources	10,755
Total Net Position	5,060,939
Total Operating Revenues	1,866,643
Total Operating Expenses	2,323,749
Total Non-Operating Revenues (Expenses)	21,666
Capital Grant Contributions	180,434
Net Increase (Decrease) in Net Position	(255,006)

(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

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

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:

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.

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

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.

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 **Construction Fund** records the activities associated with the street improvements in relation to the new hospital construction. Reimbursement transfers from bonds issued

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

by the Brownfield Redevelopment Authority, a component unit, have been used to finance the current project.

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 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.

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.

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

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.
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. The fair value measurements of investments is based on the hierarchy established by generally accepted accounting principles, which has three levels based on the valuation inputs used to measure an asset's fair value.

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

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 acquisition value on the date donated. The cost of construction in progress includes interest costs incurred during the construction period. The amount of capitalized interest is determined using the weighted average amount of accumulated expenditures multiplied by the interest rate for the obligation incurred specifically to finance the construction of the asset.

Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	20 years
Building, structures and improvements	50 years
Furniture and Equipment	5 – 35 years
Water and Sewage System	25 – 75 years
Electric System – Component Unit	5 – 80 years
Stormwater System	25 years
Infrastructure	20 – 50 years

The cost of normal maintenance and repairs is charged to operations as incurred. Renewals and betterments are capitalized and depreciated over the remaining useful lives of the related properties.

A portion of the depreciation provision for the electric component unit is being charged to the cost of fuel for those vehicles which groom and work the coal pile.

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 four items that qualify for reporting in this category:

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

- 1) Deferred amount on refunding reported in the statement of net position. 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.
- 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 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 proceeds for capital activities. These amounts are deferred and recognized as an inflow of resources in the period that the proceeds become available, which is upon the issuance of capital improvement bonds in a subsequent period.

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

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

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 26, 2018, 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:

	Primary Government	Component Units	Fiduciary Funds	Totals
Unrestricted:				
Cash and cash equivalents	\$ 20,919,657	\$ 15,619,895	\$ 3,934,221	\$ 40,473,773
Investments	5,674,909	13,088,450	31,536,985	50,300,344
	<u>26,594,566</u>	<u>28,708,345</u>	<u>35,471,206</u>	<u>90,774,117</u>
Restricted:				
Cash and cash equivalents	936,144	19,990,444	-	20,926,588
Investments	1,016,189	-	-	1,016,189
	<u>1,952,333</u>	<u>19,990,444</u>	<u>-</u>	<u>21,942,777</u>
TOTALS	<u>\$ 28,546,899</u>	<u>\$ 48,698,789</u>	<u>\$ 35,471,206</u>	<u>\$ 112,716,894</u>

NOTE B – DEPOSITS AND INVESTMENTS (Continued):*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 \$61,400,361 and the bank balance was \$64,939,499. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the City in its name	\$ 31,741,784
Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:	
Collateralized and uninsured	33,197,715
	<u>\$ 64,939,499</u>

Investments

As of September 30, 2017, the City had the following investments:

	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
PRIMARY GOVERNMENT:				
Unrestricted Investments:				
Investment type 1*	\$ 3,689,860	\$ 3,689,860	\$ -	\$ -
Investment type 1**	299,855	299,855	-	-
Fixed income securities***	1,685,194	1,685,194	-	-
Restricted Investments:				
Investment type 1*	1,016,189	1,016,189	-	-
TOTAL INVESTMENTS	<u>\$ 6,691,098</u>	<u>\$ 6,691,098</u>	<u>\$ -</u>	<u>\$ -</u>
COMPONENT UNITS:				
Repurchase agreements*	<u>\$13,088,450</u>		<u>\$13,088,450</u>	<u>\$ -</u>
TOTAL INVESTMENTS	<u>\$13,088,450</u>	<u>\$ -</u>	<u>\$13,088,450</u>	<u>\$ -</u>
FIDUCIARY FUNDS:				
Investment type 1*	<u>\$31,536,985</u>	<u>\$31,536,985</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL INVESTMENTS	<u>\$31,536,985</u>	<u>\$31,536,985</u>	<u>\$ -</u>	<u>\$ -</u>

* Investment matures within one year

** Investment matures in 1-5 years

*** Investment matures in 6-10 years

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.

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

6. **Bond and Interest Redemption** – Transfers will be made from the Receiving Fund in amounts sufficient to pay the current bond and interest maturities.
7. **Bond Escrow Fund** – Transfers were made to the Bond Escrow Fund to provide for the normal retirement, including interest, of the capitalized leases, and revenue bond issues. Transfers will be made to the Bond and Interest Redemption Fund as the obligations become due.
8. **OPEB Reserve** – Transfers will be made to the OPEB reserve to provide funding for the net OPEB liability.
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	\$ 460,287	\$ 184,470	\$ 25,085	\$ 41,959	\$ 58,242	\$ 6,898	\$ 159,203	\$ 936,144	\$ 19,990,444
Investments	-	-	-	-	-	-	1,016,189	\$ 1,016,189	-
TOTALS	\$ 460,287	\$ 184,470	\$ 25,085	\$ 41,959	\$ 58,242	\$ 6,898	\$ 1,175,392	\$ 1,952,333	\$ 19,990,444

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, 2017 by the City is \$3,315,838, 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, 2017, of the Facility, in the aggregate, is as follows:

Assets	\$ 17,849,434
Deferred outflows of resources	177,389
Liabilities	12,320,811
Deferred inflows of resources	-
Equity	5,706,012
Operating Revenues	2,186,649
Operating Expenses	3,040,869
Non-operating Revenues	1,164,746
Non-operating Expenses	(215,463)
Increase in net position	95,063
City's share of net loss	80,804

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, 2017:

	Balance September 30, 2016	Additions	Deductions	Balance September 30, 2017	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
State Infrastructure Bank Note (MDOT Spring Street)	\$ 248,623	\$ -	\$ (82,873)	\$ 165,750	\$ 82,873
2006 Street Improvements Bonds	1,292,500	-	(1,292,500)	-	-
2007 Forestland Bonds	3,225,000	-	(285,000)	2,940,000	300,000
2007 High Street Bonds	139,613	-	(10,600)	129,013	10,804
2008 Street Improvements Bonds	1,881,749	-	(1,752,815)	128,934	128,934
2009 Capital Improvements Bonds					
Street Bonds Portion	2,164,860	-	(1,671,120)	493,740	242,650
Add: deferred amounts on 2009 bonds	89,905	-	(29,968)	59,937	
2011 Capital Improvement Bonds	838,000	-	(64,000)	774,000	66,000
2012 Capital Improvement Bonds	1,042,290	-	(73,260)	969,030	74,925
Add: deferred amounts on 2012 bonds	52,094	-	(4,341)	47,753	
2013 Capital Improvement Bonds					
Street Bonds Portion	880,400	-	(62,000)	818,400	63,550
Refunding Portion - 2003 Founder's Landing Bonds	1,855,000	-	(245,000)	1,610,000	245,000
2014 Capital Improvement Bonds	1,060,200	-	(62,000)	998,200	63,550
Add: deferred amounts on 2014 bonds	73,340	-	(5,239)	68,101	
2015 Capital Improvement Bonds	712,237	-	(67,200)	645,037	66,424
Add: deferred amounts on 2015 bonds	24,675	-	(2,468)	22,207	
2016 Capital Improvement Bonds					
Street Bonds Portion	-	1,208,300	(75,250)	1,133,050	62,350
Add: deferred amount on 2016 bonds	-	147,388	(9,826)	137,562	
Refunding Portion - 2006 & 2008 Street Bonds	-	2,541,128	-	2,541,128	192,500
Add: deferred amount on 2006 & 2008 refundings	-	315,791	(26,316)	289,475	
2017 Capital Improvement Bonds					
Street Bonds Portion	-	4,430,000	-	4,430,000	277,500
Add: deferred amount on 2017 bonds	-	460,823	-	460,823	
Refunding Portion - 2009 Capital Imp. Bonds	-	1,403,150	-	1,403,150	10,550
Add: deferred amount on 2009 refunding	-	158,239	-	158,239	
Accrued Compensated Absences	1,565,679	387,462	(239,187)	1,713,954	626,220
TOTAL GOVERNMENTAL ACTIVITIES	\$ 17,146,165	\$ 11,052,281	\$ (6,060,963)	\$ 22,137,483	\$ 2,513,830

NOTE E – LONG-TERM DEBT (Continued):

	Balance September 30, 2016	Additions	Deductions	Balance September 30, 2017	Due Within One Year
BUSINESS-TYPE ACTIVITIES:					
<u>WATER SUPPLY FUND:</u>					
State Drinking Water Revolving Fund Loan - 2009	\$ 365,058	\$ -	\$ (25,000)	\$ 340,058	\$ 25,000
State Drinking Water Revolving Fund Loan - 2011	443,908	-	(25,000)	418,908	25,000
State Drinking Water Revolving Fund Loan - 2015	265,875	-	(10,000)	255,875	20,000
2006 Water Membrane Bonds	170,000	-	(170,000)	-	-
2007 High Street Bonds	218,145	-	(16,563)	201,582	16,563
2008 Street Improvements Bonds	1,414,631	-	(1,318,031)	96,600	96,600
2009 Capital Improvements Bonds	1,831,410	-	(1,413,720)	417,690	205,275
Less: deferred amounts, net	38,543	-	(12,850)	25,693	
2011 Capital Improvements Bonds	230,450	-	(17,600)	212,850	18,150
2012 Capital Improvements Bonds	585,310	-	(41,140)	544,170	42,075
Add: deferred amounts	29,253	-	(2,438)	26,815	
2013 Capital Improvements Bonds	710,000	-	(50,000)	660,000	51,250
2014 Capital Improvements Bonds	581,400	-	(34,000)	547,400	34,850
Add: deferred amounts	37,345	-	(2,668)	34,677	
2015 Capital Improvements Bonds	1,095,447	-	(102,900)	992,547	101,490
Add: deferred amounts	34,164	-	(3,416)	30,748	
2016 Capital Improvement Bonds					
Capital Improvement Portion	-	477,700	(29,750)	447,950	24,650
Add: deferred amounts	-	58,270	(3,885)	54,385	
Refunding Portion - 2008 Street Bonds	-	1,147,315	-	1,147,315	-
Add: deferred amounts - 2008 Refunding, net	-	97,307	(13,980)	83,327	
2017 Capital Improvement Bonds					
Capital Improvement Portion	-	1,772,000	-	1,772,000	111,000
Add: deferred amounts	-	184,329	-	184,329	
Refunding Portion - 2009 Capital Imp. Bonds	-	1,187,025	-	1,187,025	8,925
Add: deferred amounts - 2009 Refunding, net	-	49,672	-	49,672	
Accrued Compensated Absences	237,917	26,231	(47,324)	216,824	86,730
TOTAL WATER SUPPLY FUND	8,288,856	4,999,849	(3,340,265)	9,948,440	867,558
<u>SEWAGE DISPOSAL FUND:</u>					
State Act 94 Clean Water Assistance Loan	1,565,000	-	(180,000)	1,385,000	185,000
State Revolving Fund Loan -2009	515,699	-	(30,000)	485,699	30,000
State Revolving Fund Loan -2011	556,785	-	(30,000)	526,785	30,000
2008 Street Improvements Bonds	1,309,846	-	(1,219,775)	90,071	90,071
2009 Capital Improvements Bonds	923,400	-	(712,800)	210,600	103,500
Add: deferred amounts	19,436	-	(6,479)	12,957	
2011 Capital Improvements Bonds	649,450	-	(49,600)	599,850	51,150
2012 Capital Improvements Bonds	1,017,250	-	(71,500)	945,750	73,125
Add: deferred amounts	50,842	-	(4,237)	46,605	
2013 Capital Improvements Bonds	795,200	-	(56,000)	739,200	57,400
2014 Capital Improvements Bonds	1,607,400	-	(94,000)	1,513,400	96,350
Add: deferred amounts	103,250	-	(7,375)	95,875	
2015 Capital Improvements Bonds	363,507	-	(33,600)	329,907	33,951
Add: deferred amounts	11,335	-	(1,133)	10,202	
2016 Capital Improvement Bonds					
Capital Improvement Portion	-	477,700	(29,750)	447,950	24,650
Add: deferred amounts	-	58,270	(3,885)	54,385	
Refunding Portion - 2008 Street Bonds	-	1,047,912	-	1,047,912	-
Add: deferred amounts - 2008 Refunding, net	-	104,813	(12,769)	92,044	
2017 Capital Improvement Bonds					
Capital Improvement Portion	-	1,329,000	-	1,329,000	83,250
Add: deferred amounts	-	138,247	-	138,247	
Refunding Portion - 2009 Capital Imp. Bonds	-	598,500	-	598,500	4,500
Add: deferred amounts - 2009 Refunding, net	-	25,044	-	25,044	
Accrued Compensated Absences	56,740	36,303	(27,901)	65,142	26,057
TOTAL SEWAGE DISPOSAL FUND	9,545,140	3,815,789	(2,570,804)	10,790,125	889,004

NOTE E – LONG-TERM DEBT (Continued):

	Balance September 30, 2016	Additions	Deductions	Balance September 30, 2017	Due Within One Year
STORMWATER UTILITY FUND:					
2006 Street Improvements Bonds	\$ 1,292,500	\$ -	\$ (1,292,500)	\$ -	\$ -
2007 High Street Bonds	78,533	-	(5,963)	72,570	5,963
2008 Street Improvements Bonds	1,158,774	-	(1,079,379)	79,395	79,395
2009 Capital Improvements Bonds	210,330	-	(162,360)	47,970	23,575
Add: deferred amounts	4,427	-	(1,476)	2,951	-
2011 Capital Improvements Bonds	377,100	-	(28,800)	348,300	29,700
2012 Capital Improvements Bonds	485,150	-	(34,100)	451,050	34,875
Add: deferred amounts	24,248	-	(2,021)	22,227	-
2013 Capital Improvements Bonds	454,400	-	(32,000)	422,400	32,800
2015 Capital Improvements Bonds	78,809	-	(6,300)	72,509	7,430
Add: deferred amounts	2,457	-	(246)	2,211	-
2016 Capital Improvement Bonds	-	-	-	-	-
Capital Improvement Portion	-	646,300	(40,250)	606,050	33,350
Add: deferred amounts	-	78,835	(5,256)	73,579	-
Refunding Portion - 2006 & 2008 Street Bonds	-	1,958,645	-	1,958,645	192,500
Add: deferred amounts - 2006 & 2008 Refunding, net	-	180,093	(19,218)	160,875	-
2017 Capital Improvement Bonds	-	-	-	-	-
Capital Improvement Portion	-	1,329,000	-	1,329,000	83,250
Add: deferred amounts	-	138,247	-	138,247	-
Refunding Portion - 2009 Capital Imp. Bonds	-	136,325	-	136,325	1,025
Add: deferred amounts - 2009 Refunding, net	-	5,707	-	5,707	-
Accrued Compensated Absences	19,699	9,517	(4,131)	25,085	10,034
TOTAL STORMWATER UTILITY FUND	4,186,427	4,482,669	(2,714,000)	5,955,096	533,897
TOURIST PARK FUND:					
Accrued Compensated Absences	1,117	842	-	1,959	784
TOTAL TOURIST PARK FUND	1,117	842	-	1,959	784
MARINAS FUND:					
2014 Capital Improvements Bonds	171,000	-	(10,000)	161,000	10,250
Add: deferred amounts	10,984	-	(785)	10,199	-
TOTAL MARINAS FUND	181,984	-	(10,785)	171,199	10,250
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 22,203,524	\$ 13,299,149	\$ (8,635,854)	\$ 26,866,819	\$ 2,301,493

	Balance September 30, 2016	Additions	Deductions	Balance September 30, 2017	Due Within One Year
COMPONENT UNITS:					
Board of Light & Power:					
2016 Electric Utility Revenue Bonds	\$ 67,435,000	\$ -	\$ (700,000)	\$ 66,735,000	\$ 1,155,000
Add: deferred amounts	10,281,082	-	(524,991)	9,756,091	-
Capital Lease	291,801	-	(45,811)	245,990	39,740
Compensated Absences	1,117,138	-	(107,142)	1,009,996	1,117,138
Peter White Public Library:					
2006 Library Improvement Bonds	675,000	-	(330,000)	345,000	345,000
Compensated Absences	91,817	54,328	(82,015)	64,130	-
Downtown Development Authority:					
2011 Tax Increment Bonds	1,180,000	-	(100,000)	1,080,000	100,000
Compensated Absences	51,737	6,197	-	57,934	-
Brownfield Redevelopment Authority:					
2010 Capital Improvement Bonds	815,000	-	(40,000)	775,000	40,000
2010 Recovery Zone Facility Bonds	370,000	-	(15,000)	355,000	20,000
2013 Capital Improvement Bonds	265,000	-	(30,000)	235,000	30,000
2016 Tax Increment Bonds	17,195,000	-	-	17,195,000	-
Add: deferred amounts	2,182,378	-	(109,119)	2,073,259	-
2017 Tax Increment Bonds	-	830,000	-	830,000	50,000
Add: deferred amounts	-	86,376	-	86,376	-
TOTAL COMPONENT UNITS	\$ 101,950,953	\$ 976,901	\$ (2,084,078)	\$ 100,843,776	\$ 2,896,878

NOTE E – LONG-TERM DEBT (Continued):

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, \$93,100 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 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.

NOTE E – LONG-TERM DEBT (Continued):

2007 Forestland Bonds - On March 29, 2007, the City issued \$5,135,000 in General Obligation Unlimited Tax Refunding Bonds, Series 2007 with interest rates varying from 5.25% to 5.5% to advance refund \$5,000,000 of outstanding General Obligation Limited Tax Bonds, Series 2005 maturing in fiscal years 2008 through 2025. The 2007 issue net proceeds of \$4,996,644 (after payment of \$142,148 in underwriting fees, insurance, and other issuance costs plus an additional \$3,792 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 2005 General Obligation Unlimited Refunding Bonds. As a result, the 2005 General Obligation Unlimited Tax Refunding Bonds are considered to be defeased and the liability for those has been removed from the Governmental Activities long-term debt balance. At September 30, 2017, \$3,030,000 of the bonds outstanding are considered to be defeased.

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

2007 High Street Bonds - On March 29, 2007, the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, Series 2007, are approved for issue in the aggregate principal sum of not to exceed \$1,852,000 for the purpose of paying the costs for the High Street sewer replacement and related street reconstruction. The Series 2007 Bonds shall bear interest at a rate of 1.625%. Principal installments of the Series 2007 Bonds shall be payable on October 1 of the years 2009 to 2028. Interest on the Series 2007 Bonds shall be payable on April 1 and October 1 of each year, commencing on October 1, 2007.

The total liability of \$684,636 is the total of all draw downs received on this project.

During the fiscal year ending June 30, 2010, the construction of infrastructure assets funded with the Water Supply and Sewage Disposal System Junior Lien Revenue Bonds, as noted above, was completed. A portion of these constructed assets included stormwater infrastructure and water distribution system infrastructure and thus these assets were removed from the Governmental Activities infrastructure assets and long term debt balance. A total of \$123,234 of these infrastructure assets were transferred to the Stormwater Fund and, correspondingly, the \$123,234 of debt relating to those assets was also transferred to the Stormwater Fund. A total of \$342,318 of these infrastructure assets were transferred to the Water Fund and, correspondingly, the \$342,318 of debt relating to those assets was also transferred to the Water Fund.

2008 Street Improvements Bonds - On June 26, 2008, the City issued \$8,375,000 in Limited Tax General Obligation Bonds, Series 2008 with interest rates ranging from 3.0% to 5.0% for the purpose of paying the cost of certain capital improvements including major and local street improvements, construction and installation of water treatment and distribution lines, construction and installation of wastewater and storm water collection lines, and acquisition of other City equipment. The bonds are issued pursuant to the provision of Act 34, Public Acts of Michigan, 2001, as amended and a resolution adopted by the City. The City has pledged its limited tax, full faith and credit as a security for the payment of the principal and interest on the Bonds.

2009 Capital Improvements Bonds - On May 5, 2009, the City issued \$10,800,000 in Limited Tax General Obligation and Refunding Bonds, Series 2009 with interest rates ranging from 3.0% to 5.0% for the purpose of paying the cost of capital improvement items in the City including major and local street improvements, reconstruction of water and sewer lines, renovating and equipping Lakeview Arena, construction and installation of wastewater and storm water collection lines, and acquisition of other City equipment, and to refund the City of Marquette Building Authority's 1998 Building Authority Refunding Bonds, dated June 16, 1998, which mature in the years 2010 through 2021. The Bonds

NOTE E – LONG-TERM DEBT (Continued):

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, 2017, \$1,390,000 of bonds outstanding are considered defeased.

State Drinking Water Revolving Fund Loan – 2009 - On January 11, 2010, the City entered into an agreement with the State of Michigan to utilize funds from the State Drinking Water Revolving Fund. The agreement set forth that the City is approved to receive \$960,000 in funding from the State Drinking Water Revolving Fund for the purpose of constructing water mains and of purchasing a new sodium hypochlorite generator at the water filtration plant. Upon completion of this project, the agreement further states a loan forgiveness amount not to exceed \$384,000. Funding is received and the liability is established based upon the amount that the City "draws down" on this available funding. During the interim, interest shall accrue on the portion of principal that has been disbursed by the State at the rate of 2.5% per annum, payable October 1, 2010 and semi-annually thereafter. The City has received a total of \$851,764 in draws from the State, and has received \$340,706 in loan forgiveness.

State Revolving Fund Loan – 2009 - On January 11, 2010, the City entered into an agreement with the State of Michigan to utilize funds from the State Revolving Fund to construct and replace sanitary sewer lines. The agreement set forth that the City is approved to receive \$800,000 in funding from the State Revolving Fund for the purpose of constructing sewer infrastructure. Funding is received and the liability is established based upon the amount that the City "draws down" on this available funding. During the interim, interest shall accrue on the portion of principal that has been disbursed by the State at a rate of 2.5% per annum, payable October 1, 2010 and semi-annually thereafter. The City has received a total of \$695,699 in draws from the State.

State Drinking Water Revolving Fund Loan – 2011 – On June 24, 2011, the City entered into an agreement with the State of Michigan to utilize funds from the State Drinking Water Revolving Fund. The agreement set forth that the City is approved to receive \$1,600,000 in funding from the State Drinking Water Revolving Fund for the purpose of constructing water mains. Funding is received and the liability is established based upon the amount that the City "draws down" on this available funding. During the interim, interest shall accrue on the portion of principal that has been disbursed by the State at the rate of 2.5% per annum, payable October 1, 2011 and semi-annually thereafter. The City received a total of \$882,511 in draws from the State, and has received \$353,004 in loan forgiveness.

State Revolving Fund Loan – 2011 – On June 24, 2011, the City entered into an agreement with the State of Michigan to utilize funds from the State Revolving Fund to construct and replace sanitary sewer lines. The agreement set forth that the City is approved to receive \$1,020,000 in funding from the State Revolving Fund for the purpose of constructing sewer infrastructure. Funding is received and the liability is established based upon the amount that the City "draws down" on this available funding. During the interim, interest shall accrue on the portion of principal that has been disbursed by the State at a rate of 2.5% per annum, payable October 1, 2011 and semi-annually thereafter. The City received a total of \$706,785 in draws from the State.

NOTE E – LONG-TERM DEBT (Continued):

2011 Capital Improvements Bonds – On September 22, 2011, the City issued \$2,690,000 in Limited Tax General Obligation Bonds, Series 2011 with interest rates ranging from 2.0% to 4.125% for the purpose of paying the cost of certain capital improvements including major street and/or local street improvements, construction of Lake Street bike path, and the construction and installation of sanitary sewer lateral replacements. The bonds are issued pursuant to the provision of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution adopted by the City. The City has pledged its limited tax, full faith and credit as a security of the payment of the principal and interest on the Bonds.

2012 Capital Improvements Bonds – On August 7, 2012, the City issued \$3,765,000 in Limited Tax General Obligation Bonds, Series 2012 with interest rates ranging from 2.0% to 3.0% for the purpose of paying the cost of certain capital improvements including but not limited to major street and/or local street improvements, construction improvements to the Mattson Park Lift Station, and the construction and installation of sanitary sewer lateral replacements. The bonds are issued pursuant to the provision of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution adopted by the City.

The City has pledged its limited tax, full faith and credit as a security of the payment of the principal and interest on the Bonds.

2013 Capital Improvement 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, 2017, \$1,585,000 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.

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 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.

NOTE E – LONG-TERM DEBT (Continued):

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.

2016 Capital Improvement Bonds – On October 5, 2016, the City issued \$9,505,000, in General Obligation Capital Improvement Bonds, Series 2016 with interest rates ranging from 2.0% to 5.0% for the purpose of paying the costs of certain capital improvements including, but not limited to major street and/or local street improvements, and the construction and installation of sanitary sewer lateral replacements, and to refund the 2006 Street Improvement Bonds and to refund the 2008 Street Improvement Bonds.

The refunding portion of the 2006 Street Improvement Bonds net proceeds of \$2,202,790, were paid to the refund bond escrow agent. As a result, the 2006 issue bonds maturing 2018 through 2022 are considered defeased and the liability for those bonds has been removed from the Governmental Activities and Business-Type Activities long term debt balances.

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On September 30, 2017, \$2,195,000 of the bonds outstanding are considered defeased.

The refunding portion of the 2008 Street Improvement Bonds net proceeds of \$5,246,413, were paid to the refund bond escrow agent. As a result, the 2008 issue bonds maturing 2019 through 2028 are considered defeased and the liability for those bonds has been removed from the Governmental Activities and Business-Type Activities long term debt balances.

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On September 30, 2017, \$4,995,000 of the bonds outstanding are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt in the amount of \$495,000. This difference has been deferred and amortized over the shorter of the life of the refunded or refunding debt. This transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$525,642.

2017 Capital Improvement Bonds – On August 23, 2017, the City issued \$12,185,000 in General Obligation Capital Improvement Bonds, Series 2017 with interest rates ranging from 2.0% to 4.0% for the purpose of paying the costs of certain capital improvements including, but not limited to making major and/or local street improvements, including related water, sewer and storm water infrastructure improvements; sidewalk extensions and improvements; reconstruction of a pathway bridge; construction and installation of sanitary sewer lateral replacements and sewer pipe; acquisition and installation of boiler replacements at various City buildings, and to refund the 2009 Capital Improvement Bonds.

The refunding portion of the 2009 Capital Improvement Bonds net proceeds of \$3,655,840, were paid to the refund bond escrow agent. As a result, the 2009 issue bonds maturing 2020 through 2024 are

NOTE E – LONG-TERM DEBT (Continued):

considered defeased and the liability for those bonds has been removed from the Governmental Activities and Business-Type Activities long term debt balances.

The irrevocable trust accounts for the assets and liability for the defeased bonds are not included in the City's financial statements. On September 30, 2017, \$4,385,000 of the bonds outstanding are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt in the amount of \$95,000. This difference has been deferred and amortized over the shorter of the life of the refunded or refunding debt. This transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$231,940.

State Drinking Water Revolving Fund Loan – 2015 – On March 1, 2014, 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 \$330,000 in funding from the State Drinking Water Revolving Fund for the purpose of repairs and maintenance to the Mountain Tank. Funding is received and the liability is established based on the amount that the City “draws down” on this available funding. The City has received a total of \$290,875 in draws from the State.

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, 2017, \$360,000 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 Limited Tax General Obligation 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.

NOTE E – LONG-TERM DEBT (Continued):

2016 Tax Increment Bonds – On September 21, 2016, the City and the Brownfield Redevelopment Authority issued \$17,195,000 in Tax Increment Limited Tax General Obligation Bonds with an interest rate of 4.00%-5.00% for the purpose of paying the costs of relocating the City's Municipal Service Center in conjunction with a concurrent Brownfield project.

2017 Tax Increment Bonds - Brownfield – On August 23, 2017, the City and the Brownfield Redevelopment Authority issued \$830,000 in Tax Increment Limited Tax General Obligation Bonds with interest rates ranging from 2.0% to 4.0% for the purpose of extending/improving Baraga Avenue.

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

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

2016 Electric Utility Revenue Bonds – During fiscal year 2016, the Marquette Board of Light and Power issued 2016A Electric Utility System Revenue and Refunding Bonds. The financing provided bond proceeds of \$67,435,000 and an unamortized net premium of \$10,499,829, which totaled \$77,934,829. As part of the 2016A bond issue, the Board advance refunded \$3,890,000 of the 2011A Electric Utility System Revenue Bonds to provide resources to purchase United States government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments of the 2011A refunded debt. As a result, the 2011A bonds are considered defeased and the related liability has been removed from the statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt in the amount of \$79,907. This was recorded on the statement of financial position and amortized over a period of three years.

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 Capital Improvements Bonds	2011 Capital Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	2013 Founder's Lending Refunding Bonds	2014 Capital Improvements Bonds	2015 Capital Improvements Bonds	2016 Street Improvements Bonds	2016 Refunding Bonds	2017 Street Improvements Bonds	2017 Refunding Bonds
2018	\$ 82,873	\$ -	\$ 300,000	\$ 10,804	\$ 128,934	\$ 242,650	\$ 66,000	\$ 74,925	\$ 63,550	\$ 245,000	\$ 63,550	\$ 66,424	\$ 62,350	\$ 192,500	\$ 277,500	\$ 10,550
2019	82,877	-	320,000	11,006	-	251,090	68,000	78,255	66,650	255,000	65,100	68,024	64,500	323,164	232,500	-
2020	-	-	340,000	11,141	-	-	70,000	79,920	68,200	265,000	66,650	68,024	66,650	335,560	235,000	255,310
2021	-	-	355,000	11,275	-	-	72,000	83,250	69,750	275,000	68,200	69,624	68,800	345,456	245,000	265,860
2022	-	-	375,000	11,479	-	-	74,000	84,915	71,300	280,000	71,300	71,224	70,950	360,352	255,000	284,850
2023	-	-	395,000	11,691	-	-	76,000	86,245	74,400	290,000	72,850	72,824	75,250	145,248	265,000	286,960
2024	-	-	415,000	11,893	-	-	82,000	89,910	75,950	-	74,400	74,424	79,550	155,040	275,000	299,620
2025	-	-	440,000	12,086	-	-	84,000	93,240	79,050	-	77,500	76,024	81,700	159,936	287,500	-
2026	-	-	-	12,289	-	-	88,000	96,570	80,600	-	80,600	78,445	86,000	168,096	300,000	-
2027	-	-	-	12,491	-	-	92,000	98,235	83,700	-	83,700	-	88,150	172,992	310,000	-
2028	-	-	-	12,878	-	-	-	101,565	85,250	-	88,350	-	92,450	182,784	322,500	-
2029	-	-	-	-	-	-	-	-	-	-	91,450	-	94,600	-	335,000	-
2030	-	-	-	-	-	-	-	-	-	-	94,550	-	98,900	-	350,000	-
2031	-	-	-	-	-	-	-	-	-	-	-	-	103,200	-	362,500	-
2032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	377,500	-
Principal	165,750	-	2,940,000	129,013	128,934	493,740	774,000	969,030	818,400	1,610,000	998,200	645,037	1,133,050	2,541,128	4,430,000	1,403,150
Interest	-	-	693,956	14,041	73,032	164,208	159,833	168,529	139,781	147,058	265,626	78,024	350,267	504,730	1,428,550	255,164
	\$ 165,750	\$ -	\$ 3,633,956	\$ 143,054	\$ 201,966	\$ 657,948	\$ 933,833	\$ 1,137,559	\$ 958,181	\$ 1,757,058	\$ 1,263,826	\$ 723,061	\$ 1,483,317	\$ 3,045,858	\$ 5,858,550	\$ 1,658,314

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 DWRF 2011 Loan	State DWRF 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 Capital Improvement Bonds	2014 Capital Improvement Bonds	2015 Capital Improvement Bonds	2016 Capital Improvement Bonds	2016 Refunding Bonds	2017 Capital Improvement Bonds	2017 Refunding Bonds	
2018	\$ 25,000	\$ 25,000	\$ 20,000	\$ -	\$ 16,563	\$ 96,600	\$ 205,275	\$ 18,150	\$ 42,075	\$ 51,250	\$ 34,850	\$ 101,490	\$ 24,650	\$ -	\$ 111,000	\$ 8,925	
2019	25,000	25,000	20,000	-	16,880	-	212,415	18,700	43,945	53,750	35,700	104,645	25,500	95,095	93,000	-	
2020	25,000	25,000	20,000	-	17,197	-	-	19,250	44,880	55,000	36,550	104,645	26,350	98,800	94,000	215,985	
2021	25,000	25,000	20,000	-	17,407	-	-	19,800	46,750	56,250	37,400	107,095	27,200	102,505	98,000	224,910	
2022	25,000	25,000	25,000	-	17,619	-	-	20,350	47,685	57,500	39,100	109,545	28,050	106,210	102,000	240,975	
2023	25,000	25,000	25,000	-	17,935	-	-	21,450	49,555	60,000	39,950	111,995	29,750	109,915	106,000	242,760	
2024	25,000	30,000	25,000	-	18,251	-	-	22,550	50,490	61,250	40,800	114,445	31,450	117,325	110,000	253,470	
2025	30,000	30,000	25,000	-	18,568	-	-	23,100	52,360	63,750	42,500	116,895	32,300	121,030	115,000	-	
2026	30,000	30,000	25,000	-	18,885	-	-	24,200	54,230	65,000	44,200	121,792	34,000	127,205	120,000	-	
2027	30,000	30,000	25,000	-	19,201	-	-	25,300	55,165	67,500	45,900	-	34,850	130,910	124,000	-	
2028	30,000	30,000	25,875	-	19,518	-	-	-	57,035	68,750	48,450	-	36,550	138,320	129,000	-	
2029	30,000	30,000	-	-	3,558	-	-	-	-	-	50,150	-	37,400	-	134,000	-	
2030	15,058	30,000	-	-	-	-	-	-	-	-	51,850	-	39,100	-	140,000	-	
2031	-	30,000	-	-	-	-	-	-	-	-	-	-	40,800	-	145,000	-	
2032	-	28,908	-	-	-	-	-	-	-	-	-	-	-	-	151,000	-	
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Principal Interest	340,058 66,392	418,908 84,123	255,875 29,898	-	201,582 21,941	96,600 54,985	417,690 73,820	212,850 43,959	544,170 94,639	660,000 112,725	547,400 126,702	992,547 119,476	447,950 147,220	1,147,315 324,088	1,772,000 584,038	1,187,025 224,794	
	\$ 406,450	\$ 503,031	\$ 285,773	\$ -	\$ 223,523	\$ 151,585	\$ 491,510	\$ 256,809	\$ 638,809	\$ 772,725	\$ 674,102	\$ 1,112,023	\$ 595,170	\$ 1,471,403	\$ 2,356,038	\$ 1,411,819	

SEWAGE DISPOSAL FUND																	MARINAS FUND
Year Ending September 30,	State Act 94 Clean Water Assistance Loan	2009 State Revolving Loan	2011 State Revolving Loan	2008 Street Improvements Bond	2009 Capital Improvements Bond	2011 Capital Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	2014 Capital Improvements Bonds	2015 Capital Improvements Bonds	2016 Capital Improvements Bonds	2016 Refunding Bonds	2017 Capital Improvements Bonds	2017 Refunding Bonds	2014 Capital Improvements Bonds		
2018	\$ 185,000	\$ 30,000	\$ 30,000	\$ 90,071	\$ 103,500	\$ 51,150	\$ 73,125	\$ 57,400	\$ 96,350	\$ 33,951	\$ 24,650	\$ -	\$ 83,250	\$ 4,500	\$ 10,250		
2019	190,000	35,000	35,000	-	107,100	52,700	76,375	80,200	98,700	34,751	25,500	86,856	69,750	-	10,500		
2020	195,000	35,000	35,000	-	-	54,250	78,000	61,600	101,050	34,751	26,350	90,240	70,500	108,900	10,750		
2021	200,000	35,000	35,000	-	-	55,800	81,250	63,000	103,400	35,551	27,200	93,624	73,500	113,400	11,000		
2022	200,000	35,000	35,000	-	-	57,350	82,875	64,400	108,100	36,351	28,050	97,008	76,500	121,500	11,500		
2023	205,000	35,000	35,000	-	-	60,450	86,125	67,200	110,450	37,151	29,750	100,392	79,500	122,400	11,750		
2024	210,000	40,000	35,000	-	-	63,550	87,750	68,600	112,800	37,951	31,450	107,160	82,500	127,800	12,000		
2025	-	40,000	40,000	-	-	65,100	91,000	71,400	117,500	38,751	32,300	110,544	86,250	-	12,500		
2026	-	40,000	40,000	-	-	68,200	94,250	72,800	122,200	40,699	34,000	116,184	90,000	-	13,000		
2027	-	40,000	40,000	-	-	71,300	95,875	75,600	126,900	-	34,850	119,568	93,000	-	13,500		
2028	-	40,000	40,000	-	-	-	99,125	77,000	133,950	-	36,550	126,336	96,750	-	14,250		
2029	-	40,000	40,000	-	-	-	-	-	138,650	-	37,400	-	100,500	-	14,750		
2030	-	40,699	40,000	-	-	-	-	-	143,350	-	39,100	-	105,000	-	15,250		
2031	-	-	46,785	-	-	-	-	-	-	-	40,800	-	108,750	-	-		
2032	-	-	-	-	-	-	-	-	-	-	-	-	113,250	-	-		
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Principal Interest	1,385,000 136,692	485,699 88,471	526,785 110,132	90,071 50,755	210,600 37,220	599,850 123,876	945,750 164,484	739,200 126,259	1,513,400 350,288	329,907 39,012	447,950 147,220	1,047,912 296,010	1,329,000 438,028	598,500 113,342	161,000 37,266		
	\$ 1,521,692	\$ 574,170	\$ 636,917	\$ 140,826	\$ 247,820	\$ 723,726	\$ 1,110,234	\$ 865,459	\$ 1,863,688	\$ 368,919	\$ 595,170	\$ 1,343,922	\$ 1,767,028	\$ 711,842	\$ 198,266		

STORMWATER UTILITY FUND													
Year Ending September 30,	2006 Street Improvements Bonds	2007 High Street Improvements Bonds	2008 Street Improvements Bonds	2009 Capital Improvements Bonds	2011 Capital Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	2015 Capital Improvements Bonds	2016 Capital Improvements Bonds	2016 Refunding Bonds	2017 Capital Improvements Bonds	2017 Refunding Bonds	
2018	\$ -	\$ 5,963	\$ 79,395	\$ 23,575	\$ 29,700	\$ 34,875	\$ 32,800	\$ 7,430	\$ 33,350	\$ 192,500	\$ 83,250	\$ 1,025	
2019	-	6,077	-	24,395	30,600	36,425	34,400	7,580	34,500	274,885	69,750	-	
2020	-	6,191	-	-	31,500	37,200	35,200	7,580	35,650	285,400	70,500	24,805	
2021	-	6,267	-	-	32,400	38,750	36,000	7,730	36,800	293,415	73,500	25,830	
2022	-	6,343	-	-	33,300	39,525	36,800	7,880	37,950	306,430	76,500	27,675	
2023	-	6,457	-	-	35,100	41,075	38,400	8,030	40,250	89,445	79,500	27,880	
2024	-	6,571	-	-	36,900	41,850	39,200	8,180	42,550	95,475	82,500	29,110	
2025	-	6,684	-	-	37,800	43,400	40,800	8,330	43,700	98,490	86,250	-	
2026	-	6,798	-	-	39,600	44,950	41,600	9,769	46,000	103,515	90,000	-	
2027	-	6,912	-	-	41,400	45,725	43,200	-	47,150	106,530	93,000	-	
2028	-	8,307	-	-	-	47,275	44,000	-	49,450	112,560	96,750	-	
2029	-	-	-	-	-	-	-	-	50,600	-	100,500	-	
2030	-	-	-	-	-	-	-	-	52,900	-	105,000	-	
2031	-	-	-	-	-	-	-	-	55,200	-	108,750	-	
2032	-	-	-	-	-	-	-	-	-	-	113,250	-	
Principal Interest	-	72,570	79,395	47,970	348,300	451,050	422,400	72,509	606,050	1,958,645	1,329,000	136,325	
	-	7,897	44,973	8,478	71,925	78,444	72,146	7,313	199,180	389,482	438,029	25,816	
	\$ -	\$ 80,467	\$ 124,368	\$ 56,448	\$ 420,225	\$ 529,494	\$ 494,546	\$ 79,822	\$ 805,230	\$ 2,348,127	\$ 1,767,029	\$ 162,141	

NOTE E – LONG-TERM DEBT (Continued):

Annual maturities on Component Unit debt are as follows:

Year Ending September 30,	2016 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 MBRA Tax Increment Bonds	2017 MBRA Tax Increment Bonds
2018	\$ 1,155,000	\$ 43,308	\$ 345,000	\$ 100,000	\$ 40,000	\$ 20,000	\$ 30,000	\$ -	\$ 50,000
2019	1,210,000	44,398	-	115,000	40,000	20,000	30,000	-	45,000
2020	2,505,000	161,851	-	115,000	45,000	20,000	35,000	-	45,000
2021	2,630,000	-	-	125,000	45,000	20,000	35,000	50,000	45,000
2022	2,760,000	-	-	125,000	50,000	20,000	35,000	90,000	45,000
2023	2,895,000	-	-	125,000	50,000	25,000	35,000	105,000	50,000
2024	3,040,000	-	-	125,000	55,000	25,000	35,000	155,000	50,000
2025	3,195,000	-	-	125,000	55,000	25,000	-	100,000	55,000
2026	3,355,000	-	-	125,000	60,000	25,000	-	145,000	55,000
2027	3,520,000	-	-	-	60,000	30,000	-	200,000	60,000
2028	3,695,000	-	-	-	65,000	30,000	-	230,000	60,000
2029	3,880,000	-	-	-	65,000	30,000	-	290,000	65,000
2030	4,075,000	-	-	-	70,000	30,000	-	360,000	65,000
2031	4,280,000	-	-	-	75,000	35,000	-	2,055,000	70,000
2032	4,495,000	-	-	-	-	-	-	2,250,000	70,000
2033	4,720,000	-	-	-	-	-	-	2,390,000	-
2034	4,955,000	-	-	-	-	-	-	2,615,000	-
2035	5,105,000	-	-	-	-	-	-	2,990,000	-
2036	5,265,000	-	-	-	-	-	-	3,170,000	-
2037	-	-	-	-	-	-	-	-	-
Principal	66,735,000	249,557	345,000	1,080,000	775,000	355,000	235,000	17,195,000	830,000
Interest	33,927,707	15,110	6,900	292,755	288,475	135,525	19,917	11,368,650	274,662
	<u>\$ 100,662,707</u>	<u>\$ 264,667</u>	<u>\$ 351,900</u>	<u>\$ 1,372,755</u>	<u>\$ 1,063,475</u>	<u>\$ 490,525</u>	<u>\$ 254,917</u>	<u>\$ 28,563,650</u>	<u>\$ 1,104,662</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
2018	\$ 1,887,610	\$ 847,345	\$ 2,177,888	\$ 1,000,346	\$ 1,783,308	\$ 3,903,962
2019	1,886,166	717,093	2,170,674	767,981	1,504,398	3,840,594
2020	1,861,455	579,562	2,218,074	719,653	2,926,851	3,771,581
2021	1,929,215	507,129	2,285,734	647,571	2,950,000	3,631,069
2022	2,010,370	428,007	2,370,071	570,632	3,125,000	3,487,019
2023-2027	6,811,139	1,127,997	9,741,258	1,664,358	17,960,000	14,981,445
2028-2032	2,793,477	235,666	4,213,109	340,997	26,340,000	10,013,512
2033-2037	-	-	-	-	31,210,000	2,700,519
	<u>\$ 19,179,432</u>	<u>\$ 4,442,799</u>	<u>\$ 25,176,808</u>	<u>\$ 5,711,538</u>	<u>\$ 87,799,557</u>	<u>\$ 46,329,701</u>

NOTE F – LETTERS OF CREDIT:

As of September 30, 2017, the City had the following letter of credit with Range Bank.

Date Issued	Amount	Interest Rate	Expiration
7/1/2003	\$ 500,000	n/a *	7/1/2018
12/14/2011	\$ 157,430	n/a *	12/14/2018

* - 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, 2017.

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 Fund	\$ -	Not applicable	\$ -
Subtotal	-	Subtotal	-
TOTAL REPORTING ENTITY	<u>\$ -</u>	TOTAL REPORTING ENTITY	<u>\$ -</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:			
Local Street	\$ 77,279	General Fund	\$ 1,734,299
Non-major Governmental	1,657,020		
Non-major Business-Type	-		
Subtotal	<u>1,734,299</u>	Subtotal	<u>1,734,299</u>
Non-major Governmental	1,161,095	Major Street	494,197
General Fund	-	Local Street	544,432
Sewage Disposal	-	Construction	355,051
Internal Service Funds	355,051	Non-major Governmental	122,466
Subtotal	<u>1,516,146</u>	Subtotal	<u>1,516,146</u>
TOTAL REPORTING ENTITY	<u>\$3,250,445</u>	TOTAL REPORTING ENTITY	<u>\$ 3,250,445</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, 2016	Additions	Disposals	Balance at September 30, 2017
GOVERNMENTAL ACTIVITIES:				
Capital Assets Not Being Depreciated				
Land	\$ 13,322,872	\$ 446,858	\$ -	\$ 13,769,730
Construction in progress	7,752,802	10,205,459	(6,782,241)	11,176,020
Total Capital Assets, not being depreciated	21,075,674	10,652,317	(6,782,241)	24,945,750
Capital Assets Being Depreciated				
Land improvements	7,801,797	40,000	-	7,841,797
Buildings	5,884,260	17,692,415	-	23,576,675
Building improvements	6,939,022	-	-	6,939,022
Furniture and equipment	12,891,805	639,049	(352,037)	13,178,817
Infrastructure	52,250,091	1,677,266	-	53,927,357
Total Capital Assets, being depreciated	85,766,975	20,048,730	(352,037)	105,463,668
Less Accumulated Depreciation:				
Land improvements	(6,369,022)	(169,441)	-	(6,538,463)
Buildings	(4,437,100)	(155,554)	-	(4,592,654)
Building improvements	(5,384,263)	(176,448)	-	(5,560,711)
Furniture and equipment	(11,611,335)	(356,915)	352,037	(11,616,213)
Infrastructure	(33,412,229)	(1,678,690)	-	(35,090,919)
Total Accumulated Depreciation	(61,213,949)	(2,537,048)	352,037	(63,398,960)
Governmental Activities Capital Assets, net	\$ 45,628,700	\$ 28,163,999	\$ (6,782,241)	\$ 67,010,458

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

Governmental Activity:	
General Government	\$ 13,183
Public Health and Safety	37,792
Public Works	164,686
Social Services	-
Recreation and Culture	187,718
Depreciation - unallocated	1,815,600
Internal Service Funds charged to above activities	318,069
Total Depreciation Expense - Governmental Activities	<u>\$ 2,537,048</u>

NOTE I – CAPITAL ASSETS (Continued):

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

	Balance at September 30, 2016	Additions	Disposals	Balance at September 30, 2017
BUSINESS-TYPE ACTIVITIES:				
Capital Assets Not Subject to Depreciation:				
Land	\$ 38,319	-	-	\$ 38,319
Construction in progress	1,183,790	2,752,489	(1,116,883)	2,819,396
Total Capital Assets, not being depreciated	1,222,109	2,752,489	(1,116,883)	2,857,715
Capital Assets Subject to Depreciation:				
Land improvements	3,983,162	-	-	3,983,162
Building and building improvements	14,281,208	203,975	-	14,485,183
Furniture and equipment	5,773,393	273,270	-	6,046,663
Infrastructure	68,903,578	2,239,768	-	71,143,346
Total Capital Assets, being depreciated	92,941,341	2,717,013	-	95,658,354
Less Accumulated Depreciation:				
Land improvements	(2,561,816)	(168,394)	-	(2,730,210)
Building and building improvements	(6,429,220)	(326,146)	-	(6,755,366)
Furniture and equipment	(3,839,454)	(368,975)	-	(4,208,429)
Infrastructure	(25,711,475)	(2,291,214)	-	(28,002,689)
Total Accumulated Depreciation	(38,541,965)	(3,154,729)	-	(41,696,694)
Business-Type Activities				
Capital Assets, net	<u>\$ 55,621,485</u>	<u>\$ 2,314,773</u>	<u>\$ (1,116,883)</u>	<u>\$ 56,819,375</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	\$ 1,254,635
Sewage Disposal	1,023,675
Stormwater Utility	699,377
Recreation and Culture	177,042
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,154,729</u>

NOTE I – CAPITAL ASSETS (Continued):

A summary of Component Unit's capital assets as of September 30, 2017 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	-	17,251	-	1,285,857	1,303,108
Total Capital Assets, not being depreciated	<u>1,123,073</u>	<u>131,955</u>	<u>-</u>	<u>1,285,857</u>	<u>2,540,885</u>
Land improvements	-	117,250	4,971,253	-	5,088,503
Buildings and improvements	25,231,696	8,909,599	-	-	34,141,295
Furniture and equipment	<u>181,402,973</u>	<u>1,013,636</u>	<u>141,767</u>	<u>-</u>	<u>182,558,376</u>
Total Capital Assets, being depreciated	<u>206,634,669</u>	<u>10,040,485</u>	<u>5,113,020</u>	<u>-</u>	<u>221,788,174</u>
Less Accumulated Depreciation:					
Land improvements	-	(50,145)	(1,787,330)	-	(1,837,475)
Buildings and improvements	-	(5,336,837)	-	-	(5,336,837)
Furniture and equipment	-	(979,634)	(135,334)	-	(1,114,968)
Unallocated	<u>(101,425,962)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,425,962)</u>
Total Accumulated Depreciation	<u>(101,425,962)</u>	<u>(6,366,616)</u>	<u>(1,922,664)</u>	<u>-</u>	<u>(109,715,242)</u>
Component Units Capital Assets, net	<u>\$ 106,331,780</u>	<u>\$ 3,805,824</u>	<u>\$ 3,190,356</u>	<u>\$ 1,285,857</u>	<u>\$ 114,613,817</u>

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

Component Units:	
Board of Light and Power	\$2,577,600
Peter White Public Library	150,961
Downtown Development Authority	204,552
Total Depreciation Expense - Component Units	<u>\$2,933,113</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 \$8,107,836. This amount, relates to the 2017 tax levy.
2. The Business-Type Funds have reported deferred inflows of \$34,680. This amount, represents the portion of special assessment receivables which are not available resources within the next year.
3. The Component Units have reported deferred inflows of \$2,385,367 which relates to their portion of the 2017 tax levy.

NOTE K – FUND BALANCES – GOVERNMENTAL FUNDS:

As of September 30, 2017, 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. The General Fund is the only fund that can report a positive unassigned fund balance amount. However, in other governmental funds, other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

As of September 30, 2017, 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	\$ -	\$ -	\$ -	\$ -	\$ 798,741	\$ 798,741
Loan Receivable	-	-	-	-	-	-
Inventory	158,063	-	-	-	-	158,063
Prepays	312,286	24,361	-	-	-	336,647
Total Non-spendable	<u>\$ 470,349</u>	<u>\$ 24,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 798,741</u>	<u>\$ 1,293,451</u>
Restricted:						
Major Street	\$ -	\$ 351,611	\$ -	\$ -	\$ -	\$ 351,611
Fire Dept. - Lifesaving Equipment	38,276	-	-	-	-	38,276
Drug Dog	9,720	-	-	-	-	9,720
Local Development Finance Authority Fund	-	130,250	-	-	-	130,250
Public Education Government (PEG) Fund	-	17,622	-	-	-	17,622
Drug Forfeiture Fund	-	14,557	-	-	-	14,557
MSHDA Downtown Rental Fund	-	46,478	-	-	-	46,478
Road Maintenance Fund	-	2,019,087	-	-	-	2,019,087
Road Safety Improvement Fund	-	585,844	-	-	-	585,844
Criminal Justice Training Fund	-	935	-	-	-	935
Senior Services Fund	-	613,647	-	-	-	613,647
Total Restricted	<u>\$ 47,996</u>	<u>\$ 3,780,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,828,027</u>
Committed:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned:						
Park Improvements	\$ 12,423	\$ -	\$ -	\$ -	\$ -	\$ 12,423
Founders Landing	1,495,925	-	-	-	-	1,495,925
NMU Property	600,000	-	-	-	-	600,000
Capital Outlay	1,000,000	-	-	408,350	-	1,408,350
Recycling System Fund	-	15,537	-	-	-	15,537
Sanitation Fund	-	524,943	-	-	-	524,943
Lakeview Arena Fund	-	176,231	-	-	-	176,231
Forestland Debt Service	-	-	1,939,248	-	-	1,939,248
Total Assigned	<u>\$ 3,108,348</u>	<u>\$ 716,711</u>	<u>\$ 1,939,248</u>	<u>\$ 408,350</u>	<u>\$ -</u>	<u>\$ 6,172,657</u>
Unassigned:	<u>\$ 10,505,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,505,094</u>

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

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Finance Director.

Under the adopted policy, the City established guidelines for maintaining adequate levels of unrestricted fund balance, the portion that reflects expendable available financial resources, in the General Fund. The policy stipulates that the unrestricted fund balance shall not be less than two months of regular general fund operating expenditures and transfers out (i.e. “60-day Benchmark”), and not more than six months of regular general fund operating expenditures and transfers out (i.e. “180-day Benchmark”). The policy further establishes that the unrestricted fund balance will be spent down in the following order; committed amounts, assigned amounts, and then unassigned amounts.

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

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:

2016 Valuation				
Primary Government	<u>01-Public Works - Closed</u>	<u>02-Police Clerical - Closed</u>	<u>10-Union - Closed</u>	<u>11-PW Supervisor - Closed</u>
	Benefit Multiplier	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
	Normal Retirement Age	60	60	60
	Vesting	10 years	10 years	6 years
	Early Retirement (Unreduced)	55/25	50/25	55/25
	Early Retirement (Reduced)	50/25	55/15	50/25
		55/15	55/15	55/15
	Final Average Compensation	3 years	3 years	3 years
	COLA for Future Retirees	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)
	Employee Contributions	6%	5%	6%
	DC Plan for New Hires	---	---	---
	Act 88	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)
	<u>15-Senior Mgmt - Closed</u>	<u>16-Middle Mgmt - 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
Component Unit - Peter White Public Library	Vesting	6 years	6 years	10 years
	Early Retirement (Unreduced)	55/25	55/25	55/25
	Early Retirement (Reduced)	50/25	50/25	50/25
		55/15	55/15	55/15
	Final Average Compensation	3 years	3 years	3 years
	COLA for Future Retirees	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)
	Employee Contributions	0%	3% under \$4,200; 5% over \$4,200	6%
	DC Plan for New Hires	7/1/1998	7/1/1998	---
	Act 88	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)
	<u>7-PW Lbry Snr - Closed</u>	<u>12-P White Lby - Open</u>	<u>70-PW Lbry Adm - Open</u>	
	Benefit Multiplier	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
	Normal Retirement Age	60	60	60
	Vesting	10 years	10 years	10 years
	Early Retirement (Unreduced)	55/25	55/25	55/25
	Early Retirement (Reduced)	50/25	50/25	50/25
		55/15	55/15	55/15
	Final Average Compensation	5 years	5 years	5 years
	COLA for Future Retirees	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)
	Employee Contributions	0%	5%	4.70%
	DC Plan for New Hires	6/1/2016	7/1/1998	---
	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, 2016 valuation date, the following employees were covered by the benefit terms:

	Primary Government	Component Unit PWPL
Inactive employees or beneficiaries currently receiving benefits	103	10
Inactive employees entitled to but not yet receiving benefits	13	1
Active employees	88	13
Total	204	24

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

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 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, 2016:

<u>Division</u>	<u>Employer¹</u>	<u>Employee</u>
Primary Government:		
01 - Public Works	\$72,439	6.00%
02 - Police Clerical	\$6,108	5.00%
10 - Union	\$33,193	6.00%
11 - PW Supervisor	\$27,032	5.00%
15 - Senior Mgmt	\$55,400	0.00%
16 - Middle Mgmt	\$12,064	5.00%
91 - PW & Union aft 10/1/12	6.86%	6.00%
Component Unit - Peter White		
Public Library:		
07 - PW Lbry Snr	\$711	0.00%
12 - Pwhite Lby	18.50%	5.00%
70 - PW Lbry Admin	22.09%	4.70%

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, 2016, 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, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation: 2.5% Salary Increases: 3.75% in the long-term. Investment rate of return: 7.75%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study completed in 2016.

NOTE L – DEFINED BENEFIT PENSION PLAN – MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN (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
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 8.00% for 2016. 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 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 12/31/15	\$ 53,062,838	\$ 27,276,474	\$ 25,786,364
Changes for the Year:			
Service costs	771,441	-	771,441
Interest on total pension liability	4,130,063	-	4,130,063
Changes in benefits	(8,853)	-	(8,853)
Difference between expected and actual experience	408,568	-	408,568
Changes in assumption	-	-	-
Employer contributions	-	3,272,268	(3,272,268)
Employee contributions	-	303,659	(303,659)
Net investment income	-	3,095,445	(3,095,445)
Benefit payments, including employee refunds	(2,653,291)	(2,653,291)	-
Administrative expense	-	(61,304)	61,304
Other changes	-	4	(4)
Net Changes	2,647,928	3,956,781	(1,308,853)
Balances as of 12/31/16	\$ 55,710,766	\$ 31,233,255	\$ 24,477,511

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

Changes in Net Pension Liability (Continued):

Calculating the Net Pension Liability - Component Unit - Peter White Public Library			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a)-(b)
Changes in Net Pension Liability			
Balances at 12/31/15	\$ 3,238,415	\$ 2,006,395	\$ 1,232,020
Changes for the Year:			
Service costs	47,489	-	47,489
Interest on total pension liability	254,241	-	254,241
Changes in benefits	(545)	-	(545)
Difference between expected and actual experience	25,151	-	25,151
Changes in assumption	-	-	-
Employer contributions	-	114,790	(114,790)
Employee contributions	-	25,132	(25,132)
Net investment income	-	227,136	(227,136)
Benefit payments, including employee refunds	(178,595)	(178,595)	-
Administrative expense	-	(4,489)	4,489
Other changes	-	-	-
Net Changes	147,741	183,974	(36,233)
Balances as of 12/31/16	<u>\$ 3,386,156</u>	<u>\$ 2,190,369</u>	<u>\$ 1,195,787</u>
Net Pension Liability (NPL):			
MERS - Primary Government	\$ 24,477,511		
Fire-Police - Primary Government	11,904,822	(See Note M)	
NPL reported in statement of net position	<u>\$ 36,382,333</u>		
Net Pension Liability (NPL):			
MERS - Component Unit - PWPL	\$ 1,195,787		
MERS - Component Unit - BLP	17,770,099	(See Note N)	
NPL reported in statement of net position	<u>\$ 18,965,886</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 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

	Primary Government		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	7.00%	8.00%	9.00%
Net Pension Liability at 12/31/16	\$ 24,477,511	\$ 24,477,511	\$ 24,477,511
Change in Net Pension liability (NPL)	6,357,578	-	(5,366,727)
Calculated NPL	<u>\$ 30,835,089</u>	<u>\$ 24,477,511</u>	<u>\$ 19,110,784</u>

	Component Unit - Peter White Public Library		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	7.00%	8.00%	9.00%
Net Pension Liability at 12/31/16	\$ 1,195,787	\$ 1,195,787	\$ 1,195,787
Change in Net Pension liability (NPL)	386,420	-	(326,195)
Calculated NPL	<u>\$ 1,582,207</u>	<u>\$ 1,195,787</u>	<u>\$ 869,592</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, 2017, the employer recognized pension expense of \$1,911,908 (\$1,819,266 for the primary government and \$92,642 for the component unit – Peter White Public Library). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit - Peter White Public Library	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences in experience	\$ 191,625	\$ -	\$ 72,855	\$ -
Differences in assumptions	1,548,149	-	75,692	-
(Excess) Deficit Investment Returns	1,156,298	-	13,251	-
Subtotal	<u>2,896,072</u>	<u>-</u>	<u>161,798</u>	<u>-</u>
Contributions subsequent to the measurement date*	<u>-</u>	<u>-</u>	<u>50,520</u>	<u>-</u>
Total	<u>\$ 2,896,072</u>	<u>\$ -</u>	<u>\$ 212,318</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, 2018.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Deferred amounts related to pension:		
Primary government - MERS	\$ 2,896,072	\$ -
Primary government - Fire-Police (See Note M)	1,295,107	(1,940,190)
Deferred amounts related to pension reported in Statement of Net Position	<u>\$ 4,191,179</u>	<u>\$ (1,940,190)</u>

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	
Deferred amounts related to pension:			
Component Unit - Peter White Public Library	\$ 161,798	\$ -	
Component Unit - Board of Light and Power	1,821,762	-	
Deferred amounts related to pension reported in Statement of Net Position	<u>\$ 1,983,560</u>	<u>\$ -</u>	(See Note N)

Contributions subsequent to the measurement date	
Component Unit - Peter White Public Library	\$ 50,520
Component Unit - Board of Light and Power	3,410,569
Contributions subsequent to measurement date reported in Statement of Net Position	<u>\$ 3,461,089</u>

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
2017	\$ 1,297,363	\$ 71,925
2018	1,297,362	71,928
2019	477,121	31,616
2020	(175,774)	(13,671)
2021	-	-
Thereafter	-	-
Total	<u>\$ 2,896,072</u>	<u>\$ 161,798</u>

Payable to Pension Plan:

At September 30, 2017, the City and component unit – Peter White Public Library reported a payable of \$0 and \$0, respectively, for the outstanding amount of the contributions to the pension plan required for the year ended September 30, 2017.

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, 2017 was \$3,558,782; the City's total payroll was \$12,452,380.

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

Current membership in the plan comprises the following as of December 31, 2016, the latest actuarial valuation date:

Group	
Retirees and beneficiaries currently receiving benefits	67
Vested terminated members	4
Active employees:	
Fire	33
Police	26
TOTAL	<u>130</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

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

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.

During the year ended September 30, 2017, September 30, 2016, and September 30, 2015, contributions totaling \$1,489,696; \$1,465,489, and \$1,347,814, 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.

Concentrations of Investments

Wells Fargo Pooled Funds:

Wells Fargo Core Bond CIT F	\$ 3,040,895
Wells Fargo/Dodge & Cox Intermediate Bond CIT F	\$ 3,045,774
Wells Fargo/Federated Total Return Bond CIT F	\$ 3,043,303
Wells Fargo/Blackrock S&P Midcap Index CIT F	\$ 2,766,148
Wells Fargo/Blackrock S&P 500 Index CIT F	\$ 4,095,380

Mutual Funds - Corporate Bonds:

Metropolitan West Total Return Bond Fund Class I #512	\$ 3,030,054
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NOTE M – DEFINED BENEFIT PENSION PLAN – FIRE-POLICE RETIREMENT SYSTEM (Continued):

Net Pension Liability of the City (Under GASB 67):

The components of the net pension liability of the City at December 31, 2016, the most recent actuarial, is as follows:

	2016
Total pension liability	\$ 44,209,176
Plan fiduciary net position	32,304,354
City's net pension liability	<u>\$ 11,904,822</u>
Plan fiduciary net position as a percentage of the total pension liability	73.1%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	4.0 percent
Salary increases	4.0 – 7.5 percent, average, including inflation
Investment rate of return	7.0 percent, net of Plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB, set back 0 years.

The long-term expected rate of return on the Systems investments is determined using a calculation of a Single Discount Rate. GASB 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the Fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a municipal bond rate is required, as described in the following paragraph.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by Fidelity) as a measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

The long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.50%; and the resulting Single Discount Rate is 7.00%

Discount Rate. The single discount rate of 7.00% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all

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

projected future benefit payments of current plan members. 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 Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
Changes in Net Pension Liability	(a)	(b)	(a)-(b)
Balances at 12/31/15	\$ 41,495,860	\$ 29,415,466	\$ 12,080,394
Changes for the Year:			
Service costs	902,641	-	902,641
Interest on total pension liability	2,858,357	-	2,858,357
Changes in benefits	-	-	-
Difference between expected and actual experience	1,606,199	-	1,606,199
Changes in assumption	(426,851)	-	(426,851)
Employer contributions	-	1,489,696	(1,489,696)
Employee contributions	-	197,431	(197,431)
Net investment income	-	3,448,273	(3,448,273)
Benefit payments, including employee refunds	(2,227,030)	(2,227,030)	-
Administrative expense	-	(19,482)	19,482
Other changes	-	-	-
Net Changes	2,713,316	2,888,888	(175,572)
Balances as of 12/31/16	\$ 44,209,176	\$ 32,304,354	\$ 11,904,822

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences in experience	\$ 1,295,107	\$ (32,260)
Differences in assumptions	-	(344,178)
(Excess) Deficit Investment Returns	-	(1,563,752)
Subtotal	1,295,107	(1,940,190)
Contributions subsequent to the measurement	-	-
Total	\$ 1,295,107	\$ (1,940,190)

Deferred (Inflows) and Deferred Outflows
of Resources by Year (To Be Recognized
in Future Pension Expenses)

Plan Year Ended	Amount
December 31,	
2018	\$ (209,611)
2019	(209,611)
2020	(209,611)
2021	(53,503)
2022	37,253
Thereafter	-
Total	\$ (645,083)

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

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability, calculated using the discount rate of 7.0%, as well as what the Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability at 12/31/16	\$ 11,904,822	\$ 11,904,822	\$ 11,904,822
Change in Net Pension Liability (NPL)	5,705,707	-	(4,754,442)
Calculated NPL	<u>\$ 17,610,529</u>	<u>\$ 11,904,822</u>	<u>\$ 7,150,380</u>

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, 2016, 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	1
Active plan members	<u>37</u>
Total inactive and active plan members	<u>146</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, 2017, contributions made by the Board totaled \$4,212,988.

Net Pension Liability

The Board's Net Pension Liability was measured as of December 31, 2016, 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, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:

2.5 percent

Salary increases:

The pay increase assumption used in the actuarial valuation projects annual pay increases of 3.75 percent in the long term.

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 2016 actuarial valuation, the long-term investment yield is assumed to be 7.75 percent annually, net of administrative and investment expenses.

Although no specific price inflation assumptions are needed for the valuation, the 2.5 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 RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2009-2013.

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.

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

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
Global Equity	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%
	<u>100.00%</u>	

Inflation

Administrative expenses netted above

Investment rate of return

Discount Rate

The discount rate used to measure the total pension liability is 8.00 percent for 2016. 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:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2015	\$40,790,825	\$21,193,095	\$19,597,730
Changes for the Year:			
Service Cost	263,370	-	263,370
Interest on Total Pension Liability	3,153,469	-	3,153,469
Changes in benefits	-	-	-
Difference between expected and actual experience	161,831	-	161,831
Changes in assumptions	-	-	-
Employer Contributions	-	2,874,280	(2,874,280)
Employee Contributions	-	165,913	(165,913)
Net investment income	-	2,413,771	(2,413,771)
Benefit payments, including employee refunds	(3,008,305)	(3,008,305)	-
Administrative expense	-	(47,663)	47,663
Other changes	-	-	-
Net changes	<u>570,365</u>	<u>2,397,996</u>	<u>(1,827,631)</u>
Balances as of December 31, 2016	<u>\$41,361,190</u>	<u>\$23,591,091</u>	<u>\$17,770,099</u>

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

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 8.00 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 (7.00 percent) or one percentage point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability at December 31, 2016	\$ 21,954,555	\$ 17,770,099	\$ 14,195,249

The current discount rate shown for GASB No. 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, 2017, the Board recognized pension expense of \$2,878,134. The employer reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 252,376	\$ -
Differences in assumptions	717,307	-
Excess/Deficit in investment returns	852,079	-
Subtotal	1,821,762	-
Contributions subsequent to the measurement date*	3,410,569	-
Total	<u>\$ 5,232,331</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 9/30/18.

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
2017	\$ 1,274,362
2018	412,564
2019	278,626
2020	(143,790)
2021	-
Thereafter	-
Total	<u>\$ 1,821,762</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, 2017 there were 21 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 \$118,995 during the current year and employees contributed \$37,174. The employees under the Plan are immediately vested.

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, 2017, combined contributions by the Board totaled \$471,384 and combined contributions by the employees totaled \$199,588.

PETER WHITE PUBLIC LIBRARY – COMPONENT UNIT:

The Library provides pension plan benefits to 110409 Division through a defined contribution pension plan. In a defined contribution pension plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. The Library established the MERS Benefit Program DS in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust, as amended by and authorized by Section 19A of the Municipal Employees' Retirement System of Michigan Plan Document. The ICMA Retirement Corporation is the Plan Administrator and the Library has agreed to the commingled investment of assets of the plan with the ICMA Retirement Trust.

At September 30, 2017, there was 1 plan member. Plan members are required to contribute 3% of covered earnings and the Library is required to contribute 13% of covered earnings. In accordance with these requirements, the Library contributed \$9,854 during the current year and employee contributed \$2,274. The employees under the plan are immediately vested.

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.

NOTE Q – ACCUMULATED COMPENSATED ABSENCES (Continued):

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, 2017 are as follows:

	Benefit Leave and Vacation	Sick	Total
PRIMARY GOVERNMENT:			
Current portion	\$ 400,865	\$ 225,355	\$ 626,220
Long-term portion	1,058,711	338,033	1,396,744
TOTAL	<u>\$ 1,459,576</u>	<u>\$ 563,388</u>	<u>\$ 2,022,964</u>
COMPONENT UNITS:			
Current portion	\$ 577,217	\$ 490,713	\$ 1,067,930
Long-term portion	16,725	47,405	64,130
TOTAL	<u>\$ 593,942</u>	<u>\$ 538,118</u>	<u>\$ 1,132,060</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.

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

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, 2017, by the City is \$3,273,997.

Summary financial information as of and for the fiscal year ended June 30, 2017, the latest available report, is as follows:

Total Assets	\$ 13,625,188
Deferred Outflows of Resources	192,557
Total Liabilities	3,152,954
Deferred Inflows of Resources	64,945
Total Net Position	10,599,846
Total Operating Revenues	3,641,072
Total Operating Expenses	3,728,965
Total Nonoperating Revenues (Expenses)	2,633,489
Change in Net Position	2,545,596

NOTE S – RISK MANAGEMENT:

The City of Marquette is exposed to various risks of loss related to property, loss, torts, errors and omissions, and employee injuries (workmen's compensation). As of July 1, 1997, the City participates in the Michigan Municipal League Property and Liability Pool for claims relating to other liability and property claims and participates in the Michigan Municipal Workers Compensation Pool for employee injury claims.

The Michigan Municipal League risk pool programs operate as common risk-sharing/management programs for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The City's maximum deductible for property and liability coverage is \$75,000 per occurrence, subject to \$250,000 aggregate per policy year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City purchases commercial health care insurance from Blue Cross/Blue Shield of Michigan for all employees, including retired employees.

NOTE T – OTHER POST EMPLOYMENT BENEFITS:

Description

Effective July 1, 2008, the City adopted the provision of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect a long-term liability of \$4,731,626 and \$362,791 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.

NOTE T – OTHER POST EMPLOYMENT BENEFITS (Continued):

Funding Policy

The amount paid for former City employees for the fiscal year ended September 30, 2017 was \$308,917 and represents current benefits and \$0 to prefund benefits. There were 73 participants eligible to receive benefits and 61 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.

Trend Information

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation - End of Year</u>
9/30/2015	\$ 1,268,981	24%	\$ 3,343,154
9/30/2016	1,348,928	23%	4,380,487
9/30/2017	1,022,848	30%	5,094,416

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:

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:

Annual required contribuion	\$ 1,714,491
Interest on net OPEB obligation	146,746
Adjustment to annual required contribution	<u>(838,389)</u>
Annual OPEB cost	1,022,848
Contributions made	<u>(308,917)</u>
Increase in net OPEB obligation	713,931
Net OPEB obligation - beginning of year	<u>4,380,486</u>
Net OPEB obligation - end of year	<u><u>\$ 5,094,417</u></u>

NOTE T – OTHER POST EMPLOYMENT BENEFITS (Continued):

Funding Status and Funding Progress

As of September 30, 2017, the most recent actuarial valuation date, the Plan was zero percent funded. The actuarial accrued liability for benefits equaled \$8,422,352, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,422,352, and a funded ratio of 0.0%. The covered payroll (annual payroll of active employees covered by the Plan) was \$6,074,149, and the ratio of the UAAL to the covered payroll was 139 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 September 30, 2017, actuarial valuation, the individual entry-age actuarial cost method was used. The actuarial assumptions included a 3.35 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, 2017, was 3 years.

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

The Board provides post-employment health care benefits to eligible retirees and their dependents. The benefits are provided in accordance with a collective bargaining agreement. Retirees must be eligible to receive immediate benefits from the MERS System to be covered; however, deferred vested retirees are ineligible for retiree medical coverage. All employees hired on or after July 1, 1995, will upon retirement, receive full Company paid health care premiums until they become eligible for reduced Social Security benefits. The Marquette Board of Light and Power will continue to pay the premiums at the existing premium rate and the retiree will pay 20 percent of the monthly premium rate during the remainder of their retirement. The annual premium rate will be based on actual premium costs provided by the carrier. Retired employees are required to be covered by existing or future federal or state programs such as Medicare when eligible.

Effective July 1, 2008, the Board was required to adopt the provision of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Funding Policy

The contribution requirements of plan members and the Board are established in accordance with a collective bargaining agreement. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the

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

Board. For fiscal year 2017, the Board contributed \$1,220,307 to the plan representing current premiums and \$2,000,000 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	\$ 1,819,341
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>1,819,341</u>
Contributions made	<u>(3,558,178)</u>
Increase in net OPEB obligation	<u>(1,738,837)</u>
Net OPEB obligation at beginning of year	<u>1,341,248</u>
Net OPEB obligation at end of year	<u><u>\$ (397,589)</u></u>

The balance of the RHFV as of September 30, 2017 was \$4,757,174 and has been netted against the OPEB liability on the statement of net position. The balance in the RHFV is restricted to payments related to retiree health care expenses.

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
9/30/2015	\$ 1,397,358	100%	\$ 1,656,978
9/30/2016	1,460,239	122%	1,341,248
9/30/2017	1,819,341	196%	(397,589)

Funding Status and Funding Progress

As of October 1, 2016, the most recent actuarial valuation date, the plan was 11.78 percent funded. The actuarial accrued liability for benefits was \$21,128,213, and the actuarial value of assets was \$2,489,643, resulting in an unfunded actuarial accrued liability (UAAL) of \$18,638,570. The covered payroll (annual payroll of active employees covered by the plan) was \$5,202,116, and the ratio of the UAAL to the covered payroll was 358 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employments, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress found at the Required Supplementary Information section (see table of contents for page

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

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 6 percent liability, reduced by decrements to an ultimate rate of 4.5 percent after seven 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 \$750,000. The City, therefore, is not required to have an audit in accordance with the Uniform Guidance for the fiscal year ended September 30, 2017.

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, 2017. The projects include the street improvements surrounding the construction of the new hospital, as well as 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 \$13,995,416, with anticipated future expenditures of these projects amount to \$4,000,000. A portion of the various street repairs are being financed with the issue of the 2017 General Obligation Limited Tax Bonds, and the through distributions from the Brownfield Redevelopment Authority and their issue of the 2017 Tax Increment Bonds.

NOTE Y – TAX ABATEMENTS:

For financial reporting purposes, GASB Statement No. 77, *Tax Abatement Disclosures*, 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. The Statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and about tax abatement agreements entered into by other governments that reduce the reporting governments tax revenues.

For purposes of disclosure under GASB 77, the City discloses tax abatements that are greater than \$25,000 in aggregate. Information relevant to tax abatements issued by the City for the year ended September 30, 2017, are as follows:

Plant Rehabilitation and Industrial Development Districts Act:

The City entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development District Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, which provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFE is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%. For the fiscal year ended September 30, 2017, the City abated \$55,563 under this program.

Brownfield Redevelopment Financing Act:

The City and its Brownfield Redevelopment Authority, a discretely presented component unit, use Brownfield Tax Increment Financing under PA 381 of 1996 to reimburse taxpayers that undertake eligible activities as defined by the Act. The City adopts Brownfield Plans that detail the eligible activities, estimate taxes to be captured and reimbursed, as well as establish the length of tax capture. Taxpayers are also required to enter into Brownfield Reimbursement Agreements to establish the terms of the reimbursements. As a result of these agreements, the City's tax revenue is reduced. For the fiscal year ended September 30, 2017, the City abated \$305,700 under this program.

NOTE Z – NET POSITION/FUND BALANCE RESTATEMENT:

Under Governmental Accounting Standards Board Statement No. 80 component units that are organized as not-for-profit corporations for which the primary government is the sole corporate member are to be included in the reporting entity financial statements using the blending method. The Peter White Public Library Development Fund (Development Fund) is a not-for-profit corporation formed in accordance with the Internal Revenue Code section 501(c)(3). Peter White Public Library is the sole corporate member and as such the Development Fund is presented as a blended component unit rather than a discretely presented component unit. The following net position/fund balance restatements were made as a result of adopting GASB No. 80 during fiscal year 2017:

	Governmental Activities	PWPL Development Fund
COMPONENT UNITS:		
Peter White Public Library		
Net position/fund balance, beginning of year	\$ 3,532,703	\$ -
Prior Period Adjustment:		
PWPL Development Fund, beginning of year	76,455	76,455
PWPL Development Fund, prior period adjustment	1,010	1,010
Net position/fund balance beginning of year, as restated	<u>\$ 3,610,168</u>	<u>\$ 77,465</u>

NOTE AA – NEW GASB STANDARDS:

Recently Issued and Adopted Accounting Pronouncements

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The 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. This statement is effective for periods beginning after December 15, 2015. See Note ___ for the City's tax abatement disclosures.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—An Amendment of GASB Statement No. 14*. GASB 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This statement is effective for periods beginning after June 15, 2016. See Note Y for the financial impact adopting GASB No. 80 had on the City's financial statements.

Other Recently Issued Accounting Pronouncements

In June 2015, the GASB issued statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. GASB 74 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*. 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. This statement is effective for periods beginning after June 15, 2016. The City does have postemployment plans that meet the criteria for GASB 74; therefore, GASB 74 is applicable to the City.

In December 2015, the GASB issued statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This statement is effective for periods beginning after December 15, 2015. The City does not have a pension plan that meets the criteria for GASB 78; therefore, GASB 78 is not applicable to the City.

NOTE AB – UPCOMING STANDARDS:

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

GASB 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 81: Irrevocable Split-Interest Agreements

Effective for fiscal years beginning after December 15, 2016 (City's fiscal year 2018)

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB 83: Certain Asset Retirement Obligations

Effective for fiscal years beginning after June 15, 2018 (City's fiscal year 2019)

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

NOTE AB – UPCOMING STANDARDS (Continued):

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. It requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. A deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This current value of a government's AROs are required to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays.

The statement also gives guidance on situations in which a government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. The government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

GASB 84: Fiduciary Activities

Effective for fiscal years beginning after December 15, 2018 (City's fiscal year 2020)

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement identifies four types of fiduciary funds that should be reported, as applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

NOTE AB – UPCOMING STANDARDS (Continued):

GASB 85: Omnibus 2017

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

This statement address issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). Some of the items specifically addressed relate to the following:

- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pension or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

GASB 86: Certain Debt Extinguishment Issues

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

This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB 87: Leases

Effective for fiscal years beginning after December 15, 2019 (City's fiscal year 2020)

This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

NOTE AC – SUBSEQUENT EVENTS:

2017 Peter White Public Library Bonds – On October 3, 2017, the Peter White Public Library issued \$3,845,000, in General Obligation Unlimited Tax Bonds, Series 2017 with interest rates ranging from 2.0% to 4.0% for the purpose of paying the cost of acquiring, constructing, furnishing and equipping library improvements, including renovations to the existing Peter White Public Library building, and all related site improvements, appurtenances, and attachments. The Bonds sold at a premium of \$359,430.

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)

	2017	2016	2015
Change in total pension liability			
Service cost	\$ 818,930	\$ 774,599	\$ 841,102
Interest	4,384,304	4,029,305	3,951,616
Change in benefit terms	(9,398)	-	-
Differences between expected and actual experience	433,719	(240,829)	-
Changes in assumptions	-	3,247,683	-
Benefit payments, including refunds of member contributions	(2,831,886)	(2,546,584)	(2,530,167)
Other	-	(1)	31,615
Net change in total pension liability	2,795,669	5,264,173	2,294,166
Total pension liability, beginning of year	56,301,253	51,037,080	48,742,914
Total pension liability, end of year (a)	59,096,922	56,301,253	51,037,080
Change in plan fiduciary net position			
Contributions – employer	3,387,058	1,887,767	1,771,725
Contributions – member	328,791	248,004	266,319
Net investment income	3,322,581	(451,396)	1,916,950
Benefit payments, including refunds of member contributions	(2,831,886)	(2,546,584)	(2,530,167)
Administrative expense	(65,793)	(65,803)	(69,932)
Other	4	(1,244,578)	(12,343)
Net change in plan fiduciary net position	4,140,755	(2,172,590)	1,342,552
Plan fiduciary net position, beginning of year	29,282,869	31,455,459	30,112,907
Plan fiduciary net position, end of year (b)	33,423,624	29,282,869	31,455,459
Net pension liability, end of year (a)-(b)	\$ 25,673,298	\$ 27,018,384	\$ 19,581,621
 Plan fiduciary net position as a percentage of the total pension liability	 56.56%	 52.01%	 61.63%
 Covered-employee payroll	 \$ 6,086,963	 \$ 5,997,081	 \$ 5,838,134
 Net pension liability as a percentage of covered payroll	 421.78%	 450.53%	 335.41%

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

SCHEDULE OF CONTRIBUTIONS
(Ultimately ten years will be displayed)

Fiscal Year/Period Ending	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency / (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
9/30/2015	\$ 1,871,408	\$ 1,771,725	\$ 99,683	\$ 6,214,876	28.51%
9/30/2016	\$ 2,017,494	\$ 1,887,767	129,727	5,734,768	32.92%
9/30/2017	\$ 3,690,779	\$ 3,387,058	303,721	6,074,149	55.76%

**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)

	2017	2016	2015	2014
Change in total pension liability				
Service cost	\$ 902,641	\$ 935,088	\$ 1,363,210	\$ 1,205,537
Interest	2,858,357	2,766,379	3,048,549	2,603,975
Change in benefit terms	-	-	-	-
Differences between expected and actual experience	1,606,199	(53,654)	-	-
Changes in assumptions	(426,851)	-	-	-
Benefit payments, including refunds of member contributions	(2,227,030)	(2,408,213)	(1,828,055)	(2,317,636)
Other	-	-	-	-
Net change in total pension liability	2,713,316	1,239,600	2,583,704	1,491,876
Total pension liability, beginning of year	41,495,860	40,256,260	37,672,556	36,180,680
Total pension liability, end of year (a)	44,209,176	41,495,860	40,256,260	37,672,556
Change in plan fiduciary net position				
Contributions - employer	1,489,696	1,465,489	1,347,814	1,586,190
Contributions - members	197,431	170,668	167,220	212,560
Net investment income	3,448,273	2,630,375	(272,058)	2,549,798
Benefit payments, including refunds of member contributions	(2,227,030)	(2,408,213)	(1,828,055)	(2,317,636)
Administrative expense	(19,482)	(14,327)	(9,084)	(22,430)
Other	-	-	-	-
Net change in plan fiduciary net position	2,888,888	1,843,992	(594,163)	2,008,482
Plan fiduciary net position, beginning of year	29,415,466	27,571,474	28,165,637	26,157,155
Plan fiduciary net position, end of year (b)	32,304,354	29,415,466	27,571,474	28,165,637
City's net pension liability, end of year (a)-(b)	<u><u>\$ 11,904,822</u></u>	<u><u>\$ 12,080,394</u></u>	<u><u>\$ 12,684,786</u></u>	<u><u>\$ 9,506,919</u></u>
Plan fiduciary net position as a percentage of the total pension liability	73.07%	70.89%	68.49%	74.76%
Covered-employee payroll	\$ 3,558,782	\$ 3,233,941	\$ 3,454,423	\$ 4,498,201
City's net pension liability as a percentage of covered payroll	334.52%	373.55%	367.2%	211.35%

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

SCHEDULE OF CONTRIBUTIONS

(Ultimately ten years will be displayed)

Fiscal Year/Period Ending	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
9/30/2014	\$ 1,586,190	\$ 1,586,190	\$ -	\$ 4,498,201	35.26%
9/30/2015	1,347,814	1,347,814	-	3,454,423	39.02%
9/30/2016	1,423,168	1,465,489	(42,321)	3,694,165	45.32%
9/30/2017	1,489,696	1,489,696	-	3,607,490	41.86%

**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)

	2017	2016	2015
Change in total pension liability			
Service cost	\$ 263,370	\$ 253,706	\$ 275,493
Interest	3,153,469	3,013,119	2,981,383
Change in benefit terms	-	-	-
Differences between expected and actual experience	161,831	433,467	-
Changes in assumptions	-	2,151,921	-
Benefit payments, including refunds of member contributions	(3,008,305)	(2,914,389)	(2,808,219)
Other	-	1	1
Net change in total pension liability	570,365	2,937,825	448,658
Total pension liability, beginning of year	40,790,825	37,853,000	37,404,342
Total pension liability, end of year (a)	41,361,190	40,790,825	37,853,000
Change in plan fiduciary net position			
Contributions – employer	2,874,280	2,541,239	2,071,376
Contributions – member	165,913	132,551	165,536
Net investment income	2,413,771	(324,962)	1,316,039
Benefit payments, including refunds of member contributions	(3,008,305)	(2,914,389)	(2,808,219)
Administrative expense	(47,663)	(47,681)	(48,283)
Other	-	-	-
Net change in plan fiduciary net position	2,397,996	(613,242)	696,449
Plan fiduciary net position, beginning of year	21,193,095	21,806,337	21,109,888
Plan fiduciary net position, end of year (b)	23,591,091	21,193,095	21,806,337
Net pension liability, end of year (a)-(b)	\$ 17,770,099	\$ 19,597,730	\$ 16,046,663
 Plan fiduciary net position as a percentage of the total pension liability	 57.04%	 51.96%	 57.61%
 Covered-employee payroll	 \$ 3,140,861	 \$ 3,096,739	 \$ 2,861,350
 Net pension liability as a percentage of covered payroll	 565.77%	 632.85%	 560.81%

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

SCHEDULE OF CONTRIBUTIONS
(Ultimately ten years will be displayed)

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%
9/30/2016	1,791,239	2,541,239	(750,000)	3,096,739	82.06%
9/30/2017	1,764,280	2,874,280	(1,110,000)	3,140,861	91.51%

City of Marquette, Michigan

SCHEDULE OF INVESTMENT RETURNS
(Ultimately ten years will be displayed)

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

Fiscal Year Ended	MERS	Board of Light and Power	Police/Fire
9/30/2015	8.25%	8.25%	7.00%
9/30/2016	8.25%	8.25%	7.00%
9/30/2017	8.00%	7.75%	7.00%

City of Marquette, Michigan

**OTHER POST EMPLOYMENT BENEFITS
ANALYSIS OF FUNDING INFORMATION**

SCHEDULE OF FUNDING PROGRESS

(Ultimately ten years will be displayed)

Actuarial Valuation Date December 31	(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%
2015	-	8,187,912	8,187,912	0%	5,734,768	143%
2017	-	8,422,352	8,422,352	0%	6,074,149	139%

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
September 30, 2016	2015	1,348,928	23%	4,380,486
September 30, 2017	2017	1,022,848	30%	5,094,416

NOTES TO THE REQUIRED SCHEDULES

* - valuation date as of December 31,

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; ultimately ten years will be displayed

City of Marquette, Michigan

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

SCHEDULE OF FUNDING PROGRESS

(Ultimately ten years will be displayed)

Actuarial Valuation Date December 31	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b - a) Unfunded Accrued Liability (UAL)	(a / b) Funded Ratio	(c) Annual Covered Payroll	[(b - a) / c] UAAL as a Percentage of Covered Payroll
2006	\$ -	\$ 31,088,490	\$ 31,088,490	0%	\$ 4,494,935	692%
2006	-	24,396,132	24,396,132	0%	4,492,842	543%
2009	562,398	21,166,012	20,603,614	3%	5,929,296	347%
2009	562,398	21,166,012	20,603,614	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%
2012	1,065,569	18,564,650	17,499,081	6%	6,362,505	275%
2016*	2,489,643	21,128,213	18,638,570	12%	5,202,116	358%

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
September 30, 2016	2012	1,460,239	122%	1,341,248
September 30, 2017	2016*	1,819,341	196%	(397,589)

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; ultimately ten years will be displayed

*Valuation date changed to October 1

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.

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.

CONSTRUCTION FUND: This fund records the activities associated with the street improvements surrounding the new hospital construction. Reimbursement transfers from the bonds issued through the Brownfield Redevelopment Authority, a component unit, have been used to finance the current project.

CITY OF MARQUETTE, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET

September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 15,148,724	\$ 13,554,416
Investments	5,152,550	5,182,235
Receivables:		
Taxes:		
Current	526,820	758,234
Delinquent	7,075	4,841
Accounts	299,396	297,076
Special assessment	-	-
Due from other authorities	1,090,128	1,059,302
Due from other funds	-	706,716
Due from other governments	561,932	883,431
Inventories	158,063	145,591
Prepaid expenditures	312,286	301,712
TOTAL ASSETS	23,256,974	22,893,554
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 23,256,974	\$ 22,893,554
LIABILITIES		
Accounts payable	\$ 347,468	\$ 566,339
Accrued wages payable	378,430	350,005
Accrued compensated absences	623,557	591,461
Due to other governmental units	283	247
Due to other authorities	57,666	131,312
Customer deposits payable	25,387	23,827
TOTAL LIABILITIES	1,432,791	1,663,191
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	7,692,396	7,877,473
Special assessments	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	7,692,396	7,877,473
FUND BALANCE		
Non-spendable	470,349	447,303
Restricted	47,996	64,618
Assigned	3,108,348	4,466,772
Unassigned	10,505,094	8,374,197
TOTAL FUND BALANCE	14,131,787	13,352,890
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 23,256,974	\$ 22,893,554

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Property Taxes:				
Real property taxes	\$ 9,586,460	\$ 8,867,074	\$ (719,386)	\$ 9,429,512
Personal property taxes	680,540	708,090	27,550	789,766
Interest and penalty	27,500	15,777	(11,723)	29,906
Administrative collection fees	324,720	306,933	(17,787)	324,248
Total Property Taxes	10,619,220	9,897,874	(721,346)	10,573,432
Industrial Facilities Tax Act	31,460	31,181	(279)	34,502
Payments in Lieu of Taxes:				
MSHDA	-	21,386	21,386	21,938
Board of Light and Power	1,873,000	1,874,557	1,557	1,836,404
Public Housing Authority	54,500	31,050	(23,450)	30,959
Sault Tribe Housing Authority	1,500	1,500	-	1,500
Marquette Area Wastewater Treatment Facility	351,250	351,252	2	369,084
Orianna Ridge	-	-	-	-
Whetstone	-	-	-	-
Snowberry	-	-	-	-
Water Supply Fund	660,650	661,776	1,126	659,796
Sewage Disposal Fund	509,100	509,100	-	516,672
Total Payment in Lieu of Taxes	3,450,000	3,450,621	621	3,436,353
Federal and State Grants:				
UPSET	18,405	17,472	(933)	18,406
FEMA	35,000	-	(35,000)	-
MDNRE - Hawley St. Pathway	-	-	-	12,167
OJP - Bullet Proof Vests Program	22,000	10,509	(11,491)	-
DNR - Snowmobile grant	2,500	2,000	(500)	2,500
MDNR - Restroom Facility Construction	-	-	-	85,514
PI Bandshell Roof Replacement	-	-	-	2,340
Father Marquette Park	-	25	25	-
PI Bandshell Benches	-	9,000	9,000	-
MDNR - McCarty's Restroom Construction	-	-	-	43,227
MDEQ - SAW Grant	155,000	24,454	(130,546)	1,965
NOAA - Land Development Code	-	18,250	18,250	-
State Grant - Rec Authority	185,000	-	(185,000)	-
Council for Arts and Culture - Federal	-	-	-	1,610
Council for Arts and Culture - State	40,000	17,500	(22,500)	13,340
Council for Arts and Culture (Placemaking)	-	3,500	3,500	-
Total Federal and State Grants	457,905	102,710	(355,195)	181,069
State-Shared Revenues:				
Fire protection - State facility	150,000	209,290	59,290	147,979
Sales and use tax	1,591,000	2,040,735	449,735	1,915,668
Liquor licenses	23,000	50,356	27,356	25,876
Total State-Shared Revenues	1,764,000	2,300,381	536,381	2,089,523

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017		2016	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
Intergovernmental Revenues:				
NMPSA	\$ -	\$ -	\$ -	\$ -
Tribal Revenue Sharing	10,000	10,000	-	10,000
Shared Services	2,000	1,326	(674)	1,518
Total Intergovernmental Revenues	12,000	11,326	(674)	11,518
Licenses and Permits:				
Business licenses and permits	12,000	12,244	244	11,071
Non-business licenses and permits	32,175	68,109	35,934	65,900
Total Licenses and Permits	44,175	80,353	36,178	76,971
Charges for Services:				
Fees	381,890	379,379	(2,511)	374,061
Cemetery foundations and grave openings	43,000	60,250	17,250	36,915
Services to other funds	1,800,845	1,724,243	(76,602)	1,742,005
Total Charges for Services	2,225,735	2,163,872	(61,863)	2,152,981
Sales	29,500	54,986	25,486	40,579
Use and Admission Fees:				
Community Center use	25,000	18,971	(6,029)	26,000
Ballfields	15,250	10,968	(4,282)	19,757
Skiing use/passes	-	-	-	-
Parking fees	-	-	-	-
Art center and theater	-	-	-	-
Total Use and Admission Fees	40,250	29,939	(10,311)	45,757
Fines and Forfeits	102,900	185,471	82,571	69,713
Rentals:				
Land and building rental	36,100	41,842	5,742	44,312
Parking rentals - lots	5,000	10,972	5,972	5,572
Equipment rent	35,000	37,609	2,609	26,877
Total Rentals	76,100	90,423	14,323	76,761

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
Special Assessments:				
Interest	\$ -	\$ -	\$ -	\$ -
Assessments levied	-	-	-	-
Total Special Assessments	-	-	-	-
Sale of Capital Assets	-	-	-	8,800
Contributions from Private Sources	226,000	164,760	(61,240)	1,307,802
Investment Income	300,000	(5,345)	(305,345)	241,371
Reimbursements	121,595	162,454	40,859	124,093
Other revenues	61,625	96,252	34,627	85,745
TOTAL REVENUES	19,562,465	18,817,258	(745,207)	20,556,970
EXPENDITURES:				
GENERAL GOVERNMENT:				
Central Administration:				
Personnel services	1,984,605	1,953,784	30,821	1,857,530
Supplies and contractual	710,420	694,462	15,958	607,453
Other services and charges	204,500	151,832	52,668	1,208,486
Capital outlay	-	-	-	-
Total Central Administration	2,899,525	2,800,078	99,447	3,673,469
Community Development:				
Personnel services	1,486,815	1,536,687	(49,872)	1,419,483
Supplies and contractual	363,775	284,035	79,740	268,568
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Total Community Development	1,850,590	1,820,722	29,868	1,688,051
Other General Government:				
Insurance and Bonds:				
Bond issuance costs	7,487	11,592	(4,105)	-
Other services and charges	80,940	81,573	(633)	81,256
Total Other General Government	88,427	93,165	(4,738)	81,256
TOTAL GENERAL GOVERNMENT	4,838,542	4,713,965	124,577	5,442,776

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
PUBLIC HEALTH AND SAFETY:				
Police Department:				
Personnel services	\$ 4,116,210	\$ 3,918,263	\$ 197,947	\$ 3,876,455
Supplies and contractual	507,075	601,355	(94,280)	486,904
Other services and charges	6,400	6,400	-	7,573
Capital outlay	-	-	-	-
Total Police Department	4,629,685	4,526,018	103,667	4,370,932
Fire Department:				
Personnel services	2,557,115	2,588,013	(30,898)	2,449,164
Supplies and contractual	382,365	333,101	49,264	273,526
Other services and charges	8,450	4,256	4,194	121,472
Capital outlay	35,000	13,465	21,535	7,579
Total Fire Department	2,982,930	2,938,835	44,095	2,851,741
Waterfront Safety:				
Personnel services	133,935	117,057	16,878	93,605
Supplies and contractual	19,565	19,321	244	42,825
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Total Waterfront Safety	153,500	136,378	17,122	136,430
TOTAL PUBLIC HEALTH AND SAFETY	7,766,115	7,601,231	164,884	7,359,103
PUBLIC WORKS:				
Public Works Maintenance:				
Personnel services	1,962,875	2,122,877	(160,002)	1,962,392
Supplies and contractual	1,251,255	1,322,242	(70,987)	1,162,338
Other services and charges	-	-	-	1,450
Capital outlay	501,825	252,441	249,384	167,980
Total Public Works Maintenance	3,715,955	3,697,560	18,395	3,294,160
City Hall and Grounds:				
Personnel services	53,010	34,941	18,069	39,204
Supplies and contractual	243,850	204,074	39,776	206,689
Other services and charges	-	-	-	-
Capital outlay	226,505	26,898	199,607	18,606
Total City Hall and Grounds	523,365	265,913	257,452	264,499
Cemetery:				
Personnel services	137,715	125,997	11,718	133,626
Supplies and contractual	102,600	89,071	13,529	92,591
Other services and charges	-	-	-	-
Capital outlay	40,000	40,000	-	-
Total Cemetery	280,315	255,068	25,247	226,217
TOTAL PUBLIC WORKS	4,519,635	4,218,541	301,094	3,784,876

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
COMMUNITY SERVICES:				
Promotional Services:				
Personnel services	\$ -	\$ -	\$ -	\$ -
Supplies and contractual	-	-	-	-
Other services and charges	17,000	17,000	-	7,000
Capital outlay	-	-	-	-
Total Promotional Services	17,000	17,000	-	7,000
Parks and Recreation Administration:				
Personnel services	296,545	283,499	13,046	259,142
Supplies and contractual	118,660	57,115	61,545	62,717
Other services and charges	-	-	-	-
Capital outlay	185,000	-	185,000	42,072
Total Parks and Recreation Administration	600,205	340,614	259,591	363,931
Arts and Cultural:				
Personnel services	130,650	127,219	3,431	119,122
Supplies and contractual	64,610	61,949	2,661	61,289
Other services and charges	12,000	13,977	(1,977)	14,259
Capital outlay	20,000	17,159	2,841	845
Total Arts and Cultural	227,260	220,304	6,956	195,515
TOTAL COMMUNITY SERVICES	844,465	577,918	266,547	566,446
TOTAL EXPENDITURES	17,968,757	17,111,655	857,102	17,153,201
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,593,708	1,705,603	111,895	3,403,769

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017		2016	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OTHER FINANCING SOURCES (USES):				
Proceeds from bond issuance	\$ 1,297,412	\$ 728,300	\$ (569,112)	\$ -
Refunding bonds	1,776,410	1,588,733	(187,677)	-
Premium on bond issuance	-	79,293	79,293	-
Premium on refunded bond issuance	-	176,083	176,083	-
Payment to refunded bond escrow agent	(1,749,312)	(1,737,718)	11,594	-
Refunding bond issuance expense	(27,098)	(27,098)	-	-
Bond issuance expense	-	-	-	-
Transfers in:				
Cemetery Trust Fund	15,000	-	(15,000)	22,035
Motor Pool Fund	-	-	-	-
Transfers (out):				
Major Street and Trunkline Fund	(346,675)	-	346,675	(298,393)
Local Street Fund	(1,056,050)	(77,279)	978,771	(1,173,812)
Local Development Finance Authority Fund	-	(129,400)	(129,400)	-
Lakeview Arena Fund	(278,590)	(278,590)	-	(234,174)
Technology Services Fund	-	-	-	(72,848)
2007 Street Projects Debt Service Fund	(63,130)	(57,421)	5,709	(63,167)
2004 Spring Street Debt Service Fund	(82,875)	(82,873)	2	(82,873)
2003 Founders Landing Debt Service Fund	(296,110)	(296,109)	1	(293,189)
Forestland Debt Service Fund	(683,000)	(683,000)	-	(665,000)
High Street Debt Service Fund	(405)	(402)	3	(403)
2008 Street Projects Debt Service Fund	(73,180)	(61,087)	12,093	(73,529)
2009 Capital Improvements Debt Service Fund	(3,080)	(3,078)	2	(2,999)
2012 Capital Improvements Debt Service Fund	(930)	(929)	1	(927)
2013 Capital Improvements Debt Service Fund	-	-	-	-
2014 Capital Improvements Debt Service Fund	(22,095)	(22,092)	3	(22,372)
2016 Capital Improvements Debt Service Fund	-	(31,774)	(31,774)	-
Cemetery Trust Fund	-	(10,265)	(10,265)	-
Marinas Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,593,708)	(926,706)	667,002	(2,961,651)
CHANGE IN FUND BALANCE	-	778,897	778,897	442,118
Fund balance, beginning of year	13,352,890	13,352,890	-	12,910,772
FUND BALANCE, END OF YEAR	\$ 13,352,890	\$ 14,131,787	\$ 778,897	\$ 13,352,890

CITY OF MARQUETTE, MICHIGAN
MAJOR STREET AND TRUNKLINE FUND
COMPARATIVE BALANCE SHEET
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 670,786	\$ 562,177
Accounts receivable	1,340	-
Due from State	<u>127,386</u>	<u>185,795</u>
TOTAL ASSETS	<u>799,512</u>	<u>747,972</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 799,512</u></u>	<u><u>\$ 747,972</u></u>
LIABILITIES		
Accounts payable	\$ 443,655	\$ 34,871
Accrued wages payable	4,246	6,385
Due to other funds	<u>-</u>	<u>706,716</u>
TOTAL LIABILITIES	<u>447,901</u>	<u>747,972</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>351,611</u>	<u>-</u>
TOTAL FUND BALANCE	<u>351,611</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 799,512</u></u>	<u><u>\$ 747,972</u></u>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017		2016	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	1,600,885	1,593,960	(6,925)	1,478,095
Reimbursements	-	30,189	30,189	26,014
Investment income	500	2,581	2,081	2,738
Other revenues	-	67,387	67,387	24,200
TOTAL REVENUES	1,601,385	1,694,117	92,732	1,531,047
EXPENDITURES:				
Highways, Streets and Bridges:				
Routine maintenance	567,880	514,383	53,497	581,467
Winter maintenance	695,380	430,406	264,974	505,400
State trunkline	55,300	42,970	12,330	35,965
Administration	130,000	129,996	4	114,000
Total Highways, Streets and Bridges	<u>1,448,560</u>	<u>1,117,755</u>	<u>330,805</u>	<u>1,236,832</u>
Capital Outlay:				
Construction	3,077,625	657,553	2,420,072	128,295
Total Capital Outlay	<u>3,077,625</u>	<u>657,553</u>	<u>2,420,072</u>	<u>128,295</u>
Debt Service:				
Bond issuance costs	13,169	13,169	-	-
TOTAL EXPENDITURES	4,539,354	1,788,477	2,750,877	1,365,127
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,937,969)	(94,360)	2,843,609	165,920
OTHER FINANCING SOURCES (USES):				
Bond issuance	3,063,625	849,300	(2,214,325)	-
Refunding bonds	997,060	1,074,759	77,699	-
Premium on bond issuance	90,868	90,868	-	-
Premium on refunded bond issuance	136,915	136,915	-	-
Payment to refunded bond escrow agent	(1,195,776)	(1,195,776)	-	-
Refunding bond issuance expense	(15,898)	(15,898)	-	-
Transfers in	375,850	-	(375,850)	298,393
Transfers (out)	(514,675)	(494,197)	20,478	(464,313)
TOTAL OTHER FINANCING SOURCES (USES)	2,937,969	445,971	(2,491,998)	(165,920)
CHANGE IN FUND BALANCE	-	351,611	351,611	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 351,611	\$ 351,611	\$ -

CITY OF MARQUETTE, MICHIGAN

LOCAL STREET FUND

COMPARATIVE BALANCE SHEET

September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 192,620	\$ 183,554
Accounts receivable	596	-
Due from State	44,608	64,350
TOTAL ASSETS	237,824	247,904
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 237,824	\$ 247,904
LIABILITIES		
Accounts payable	\$ 232,463	\$ 241,650
Accrued wages payable	5,361	6,254
Due to other funds	-	-
TOTAL LIABILITIES	237,824	247,904
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Restricted	-	-
TOTAL FUND BALANCE	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 237,824	\$ 247,904

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	698,500	733,293	34,793	670,728
Reimbursements	-	862	862	-
Investment income	500	1,456	956	2,824
TOTAL REVENUES	699,000	735,611	36,611	673,552
EXPENDITURES:				
Highways, Streets and Bridges:				
Routine maintenance	571,675	592,320	(20,645)	555,164
Winter maintenance	650,375	383,626	266,749	410,706
Administration	42,000	42,000	-	45,996
Total Highways, Streets and Bridges	<u>1,264,050</u>	<u>1,017,946</u>	<u>246,104</u>	<u>1,011,866</u>
Capital Outlay:				
Construction	652,280	790,512	(138,232)	415,039
Total Capital Outlay	<u>652,280</u>	<u>790,512</u>	<u>(138,232)</u>	<u>415,039</u>
Debt Service:				
Bond issuance costs	24,256	24,256	-	-
Total Debt Service	<u>24,256</u>	<u>24,256</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	1,940,586	1,832,714	107,872	1,426,905
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,241,586)	(1,097,103)	144,483	(753,353)
OTHER FINANCING SOURCES (USES):				
Bond issuance	637,280	1,402,700	765,420	-
Refunding bonds	892,579	765,411	(127,168)	-
Premium on bond issuance	-	161,556	161,556	-
Premium on refunding bond issue	-	102,912	102,912	-
Payment to refunded bond escrow agent	(856,440)	(856,440)	-	-
Refunding bond issuance expense	(11,883)	(11,883)	-	-
Transfers in	1,141,700	77,279	(1,064,421)	1,173,812
Transfers (out)	(561,650)	(544,432)	17,218	(420,459)
TOTAL OTHER FINANCING SOURCES (USES)	1,241,586	1,097,103	(144,483)	753,353
CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN
CONSTRUCTION FUND
COMPARATIVE BALANCE SHEET
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Due from other authorities	<u>7,448,186</u>	<u>6,479,844</u>
TOTAL ASSETS	<u><u>\$ 7,448,186</u></u>	<u><u>\$ 6,479,844</u></u>
LIABILITIES		
Current Liabilities:		
Cash overdraft	\$ 5,910,523	\$ 4,032,615
Accounts payable	<u>1,129,313</u>	<u>1,757,591</u>
TOTAL LIABILITIES	<u>7,039,836</u>	<u>5,790,206</u>
FUND BALANCE		
Assigned	<u>408,350</u>	<u>689,638</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 7,448,186</u></u>	<u><u>\$ 6,479,844</u></u>

CITY OF MARQUETTE, MICHIGAN

CONSTRUCTION FUND

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

For the Fiscal Year Ended September 30, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ 3,711
Sale of Capital Assets	-	-	-	3,499,975
Reimbursements	9,650,000	7,448,186	(2,201,814)	6,479,844
Other revenues	-	-	-	-
TOTAL REVENUES	9,650,000	7,448,186	(2,201,814)	9,983,530
EXPENDITURES:				
Capital Outlay:				
Construction	9,650,000	7,374,423	2,275,577	8,258,971
Other services and charges	-	-	-	-
Total Capital Outlay	9,650,000	7,374,423	2,275,577	8,258,971
TOTAL EXPENDITURES	9,650,000	7,374,423	2,275,577	8,258,971
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	73,763	73,763	1,724,559
OTHER FINANCING SOURCES (USES):				
Transfer (out)	-	(355,051)	(355,051)	(1,507,620)
TOTAL OTHER FINANCING SOURCES (USES)	-	(355,051)	(355,051)	(1,507,620)
CHANGES IN FUND BALANCE	-	(281,288)	(281,288)	216,939
Fund balance, beginning of year	689,638	689,638	-	472,699
FUND BALANCE, END OF YEAR	\$ 689,638	\$ 408,350	\$ (281,288)	\$ 689,638

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 marked 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.

2015 CAPITAL IMPROVEMENTS DEBT SERVICE FUND: This fund was established in 2015 to account for the retirement of the Limited Tax General Obligation Bonds, Series 2015. These bonds, totaling \$2,250,000 were issued for the purpose of paying the cost of certain capital improvements including major street and 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.

2016 CAPITAL IMPROVEMENTS DEBT SERVICE FUND: This fund was established in 2016 to account for the retirement of the Limited Tax General Obligation Bonds, Series 2016. These bonds, totaling \$9,505,000 were issued for the purpose of paying the cost of certain capital improvements including major street and local street improvements, and the construction and installation of sanitary sewer lateral replacements.

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)

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.

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, 2017

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
ASSETS				
Cash and cash equivalents	\$ 5,170,083	\$ 1,939,248	\$ 276,382	\$ 7,385,713
Investments	-	-	522,359	522,359
Taxes receivable	17,130	-	-	17,130
Accounts receivable	401,911	-	-	401,911
Due from other authorities	-	-	-	-
Due from other funds	-	-	-	-
Due from State	6,000	-	-	6,000
Prepaid expenditures	24,361	-	-	24,361
TOTAL ASSETS	5,619,485	1,939,248	798,741	8,357,474
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,619,485	\$ 1,939,248	\$ 798,741	\$ 8,357,474
LIABILITIES				
Accounts payable	\$ 1,003,488	\$ -	\$ -	\$ 1,003,488
Accrued wages payable	28,402	-	-	28,402
Accrued compensated absences	2,663	-	-	2,663
TOTAL LIABILITIES	1,034,553	-	-	1,034,553
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	415,440	-	-	415,440
TOTAL DEFERRED INFLOWS OF RESOURCES	415,440	-	-	415,440
FUND BALANCE				
Non-spendable	24,361	-	798,741	823,102
Restricted	3,428,420	-	-	3,428,420
Assigned	716,711	1,939,248	-	2,655,959
TOTAL FUND BALANCE	4,169,492	1,939,248	798,741	6,907,481
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 5,619,485	\$ 1,939,248	\$ 798,741	\$ 8,357,474

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, 2017

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
REVENUES:				
Taxes and penalties	\$ 430,123	\$ -	\$ -	\$ 430,123
State sources	85,228	-	-	85,228
Federal sources	-	-	-	-
Charges for services	1,965,950	-	35,240	2,001,190
Use and admission fees	392,715	-	-	392,715
Rentals	54,429	-	-	54,429
Licenses and permits	-	-	-	-
Fines and forfeiture	5,078	-	-	5,078
Sales of assets	-	-	-	-
Reimbursements	39,317	-	-	39,317
Investment income	4,505	-	(10,265)	(5,760)
Payment in lieu of taxes	-	-	-	-
Private contribution	729,799	-	-	729,799
Intergovernmental revenue	354,696	-	-	354,696
Special assessments	-	-	-	-
Other revenues	14,126	-	-	14,126
TOTAL REVENUES	4,075,966	-	24,975	4,100,941
EXPENDITURES:				
Current operations:				
General government	221,586	-	-	221,586
Public health and safety	6,665	-	-	6,665
Public works	1,637,201	-	-	1,637,201
Social services	608,234	-	-	608,234
Sanitation	1,969,565	-	-	1,969,565
Community services	661,287	-	-	661,287
Capital outlay	-	-	-	-
Debt service:				
Professional services	39,493	2,620	-	42,113
Principal retirement	-	1,572,463	-	1,572,463
Interest and fiscal charges	-	597,847	-	597,847
TOTAL EXPENDITURES	5,144,031	2,172,930	-	7,316,961
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,068,065)	(2,172,930)	24,975	(3,216,020)
OTHER FINANCING SOURCES (USES):				
Bond issuance	2,658,000	-	-	2,658,000
Refunding bonds	515,375	-	-	515,375
Premium on bond issuance	276,493	-	-	276,493
Premium on refunded bond issuance	58,121	-	-	58,121
Payment to refunded bond escrow agent	(566,655)	-	-	(566,655)
Refunding bond issuance expense	(6,841)	-	-	(6,841)
Transfers in	407,990	2,399,860	10,265	2,818,115
Transfers (out)	(122,466)	-	-	(122,466)
TOTAL OTHER FINANCING SOURCES (USES)	3,220,017	2,399,860	10,265	5,630,142
CHANGE IN FUND BALANCE	2,151,952	226,930	35,240	2,414,122
Fund balance, beginning of year	2,017,540	1,712,318	763,501	4,493,359
FUND BALANCE, END OF YEAR	\$ 4,169,492	\$ 1,939,248	\$ 798,741	\$ 6,907,481

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2017

	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	\$ 15,537	\$ 576,740	\$ 232,386	\$ 17,622	\$ 14,557	\$ 46,478	\$ 2,652,647	\$ 652,502	\$ 1,115	\$ 801,864	\$ 158,635	\$ 5,170,083
Taxes receivable	-	-	5,776	-	-	-	-	-	-	11,354	-	17,130
Accounts receivable	-	205,327	130,694	-	-	-	-	-	-	-	65,890	401,911
Due from State	-	6,000	-	-	-	-	-	-	-	-	-	6,000
Prepaid expenditures	-	-	-	-	-	-	-	-	-	6,747	17,614	24,361
TOTAL ASSETS	15,537	788,067	368,856	17,622	14,557	46,478	2,652,647	652,502	1,115	819,965	242,139	5,619,485
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 15,537	\$ 788,067	\$ 368,856	\$ 17,622	\$ 14,557	\$ 46,478	\$ 2,652,647	\$ 652,502	\$ 1,115	\$ 819,965	\$ 242,139	\$ 5,619,485
LIABILITIES												
Accounts payable	\$ -	\$ 260,698	\$ -	\$ -	\$ -	\$ -	\$ 633,560	\$ 66,658	\$ 180	\$ 6,464	\$ 35,928	\$ 1,003,488
Accrued wages payable	-	2,426	-	-	-	-	-	-	-	16,273	9,703	28,402
Accrued compensated absences	-	-	-	-	-	-	-	-	-	-	2,663	2,663
TOTAL LIABILITIES	-	263,124	-	-	-	-	633,560	66,658	180	22,737	48,294	1,034,553
DEFERRED INFLOWS OF RESOURCES												
Taxes levied for a subsequent period	-	-	238,606	-	-	-	-	-	-	176,834	-	415,440
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	238,606	-	-	-	-	-	-	176,834	-	415,440
FUND BALANCE												
Non-spendable	-	-	-	-	-	-	-	-	-	6,747	17,614	24,361
Restricted	-	-	130,250	17,622	14,557	46,478	2,019,087	585,844	935	613,647	-	3,428,420
Assigned	15,537	524,943	-	-	-	-	-	-	-	-	176,231	716,711
TOTAL FUND BALANCE	15,537	524,943	130,250	17,622	14,557	46,478	2,019,087	585,844	935	620,394	193,845	4,169,492
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 15,537	\$ 788,067	\$ 368,856	\$ 17,622	\$ 14,557	\$ 46,478	\$ 2,652,647	\$ 652,502	\$ 1,115	\$ 819,965	\$ 242,139	\$ 5,619,485

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, 2017

	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	\$ -	\$ -	\$ 205,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,810	\$ -	\$ 430,123
State sources	-	6,385	-	-	-	-	-	-	6,062	72,781	-	85,228
Charges for services	2,836	1,939,009	-	12,315	-	-	-	-	-	-	11,790	1,965,950
Use and admission fees	-	-	-	-	-	-	-	-	-	-	392,715	392,715
Rentals	-	-	-	-	-	-	-	-	-	-	54,429	54,429
Fines and forfeiture	-	-	-	-	5,078	-	-	-	-	-	-	5,078
Reimbursements	-	-	-	-	-	-	-	-	-	-	39,317	39,317
Investment income	-	204	1,294	6	5	21	696	77	1	289	1,912	4,505
Private contribution	-	-	-	-	-	-	500,000	200,000	-	29,799	-	729,799
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	354,696	-	354,696
Other revenues	-	9,420	-	-	-	-	-	-	-	521	4,185	14,126
TOTAL REVENUES	2,836	1,955,018	206,607	12,321	5,083	21	500,696	200,077	6,063	682,896	504,348	4,075,966
EXPENDITURES:												
Current operations:												
General government	-	-	208,703	12,883	-	-	-	-	-	-	-	221,586
Public health and safety	-	-	-	-	723	-	-	-	5,942	-	-	6,665
Public works	-	-	-	-	-	-	1,521,801	115,400	-	-	-	1,637,201
Social services	-	-	-	-	-	-	-	-	-	608,234	-	608,234
Sanitation services	-	1,969,565	-	-	-	-	-	-	-	-	-	1,969,565
Community services	-	-	-	-	-	-	-	-	-	-	661,287	661,287
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Professional services	-	-	-	-	-	-	35,544	3,949	-	-	-	39,493
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	1,969,565	208,703	12,883	723	-	1,557,345	119,349	5,942	608,234	661,287	5,144,031
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,836	(14,547)	(2,096)	(562)	4,360	21	(1,056,649)	80,728	121	74,662	(156,939)	(1,068,065)
OTHER FINANCING SOURCES (USES):												
Bond issuance	-	-	-	-	-	-	2,392,200	265,800	-	-	-	2,658,000
Refunding bonds	-	-	-	-	-	-	-	-	-	-	515,375	515,375
Premium on bond issuance	-	-	-	-	-	-	248,844	27,649	-	-	-	276,493
Premium on refunded bond issuance	-	-	-	-	-	-	-	-	-	-	58,121	58,121
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	(566,655)	(566,655)
Refunding bond issuance expense	-	-	-	-	-	-	-	-	-	-	(6,841)	(6,841)
Transfers in	-	-	129,400	-	-	-	-	-	-	-	278,590	407,990
Transfers (out)	-	-	-	-	-	-	-	-	-	-	(122,466)	(122,466)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	129,400	-	-	-	2,641,044	293,449	-	-	156,124	3,220,017
CHANGE IN FUND BALANCE	2,836	(14,547)	127,304	(562)	4,360	21	1,584,395	374,177	121	74,662	(815)	2,151,952
Fund balance, beginning of year	12,701	539,490	2,946	18,184	10,197	46,457	434,692	211,667	814	545,732	194,660	2,017,540
FUND BALANCE, END OF YEAR	\$ 15,537	\$ 524,943	\$ 130,250	\$ 17,622	\$ 14,557	\$ 46,478	\$ 2,019,087	\$ 585,844	\$ 935	\$ 620,394	\$ 193,845	\$ 4,169,492

CITY OF MARQUETTE, MICHIGAN

RECYCLING SYSTEM FUND

COMPARATIVE BALANCE SHEET

September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 15,537	\$ 12,701
Accounts receivable	-	-
Due from other funds	-	-
TOTAL ASSETS	15,537	12,701
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 15,537	\$ 12,701
LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued wages payable	-	-
TOTAL LIABILITIES	-	-
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Assigned	15,537	12,701
TOTAL FUND BALANCE	15,537	12,701
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 15,537	\$ 12,701

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Charges for services	\$ -	\$ 2,836	\$ 2,836	\$ 6,878
Investment income	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	-	2,836	2,836	6,878
EXPENDITURES:				
Sanitation Services:				
Personnel services	-	-	-	-
Supplies and contractual	-	-	-	1,203
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	-	-	-	1,203
CHANGE IN FUND BALANCE	-	2,836	2,836	5,675
Fund balance, beginning of year	12,701	12,701	-	7,026
FUND BALANCE, END OF YEAR	\$ 12,701	\$ 15,537	\$ 2,836	\$ 12,701

CITY OF MARQUETTE, MICHIGAN
SANITATION FUND
COMPARATIVE BALANCE SHEET
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 576,740	\$ -
Accounts receivable	205,327	815,497
Due from State	<u>6,000</u>	<u>-</u>
TOTAL ASSETS	<u>788,067</u>	<u>815,497</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 788,067</u></u>	<u><u>\$ 815,497</u></u>
LIABILITIES		
Cash overdraft	\$ -	\$ 159,470
Accounts payable	260,698	114,631
Accrued wages payable	<u>2,426</u>	<u>1,906</u>
TOTAL LIABILITIES	<u>263,124</u>	<u>276,007</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Assigned	<u>524,943</u>	<u>539,490</u>
TOTAL FUND BALANCE	<u>524,943</u>	<u>539,490</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 788,067</u></u>	<u><u>\$ 815,497</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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ -	\$ 6,385	\$ 6,385	\$ -
Charges for services	2,125,000	1,939,009	(185,991)	2,660,123
Investment income	500	204	(296)	320
Other revenues	5,500	9,420	3,920	5,483
TOTAL REVENUES	2,131,000	1,955,018	(175,982)	2,665,926
EXPENDITURES:				
Sanitation Services;				
Personnel services	155,585	136,623	18,962	146,279
Supplies and contractual	1,975,415	1,832,942	142,473	2,497,217
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	2,131,000	1,969,565	161,435	2,643,496
CHANGE IN FUND BALANCE	-	(14,547)	(14,547)	22,430
Fund balance, beginning of year	539,490	539,490	-	517,060
FUND BALANCE, END OF YEAR	\$ 539,490	\$ 524,943	\$ (14,547)	\$ 539,490

CITY OF MARQUETTE, MICHIGAN
LOCAL DEVELOPMENT FINANCE AUTHORITY FUND
COMPARATIVE BALANCE SHEET
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 232,386	\$ 10,001
Taxes receivable	5,776	21,488
Accounts receivable	<u>130,694</u>	<u>129,400</u>
TOTAL ASSETS	<u>368,856</u>	<u>160,889</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 368,856</u></u>	<u><u>\$ 160,889</u></u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	<u>238,606</u>	<u>157,943</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>238,606</u>	<u>157,943</u>
FUND BALANCE		
Restricted	<u>130,250</u>	<u>2,946</u>
TOTAL FUND BALANCE	<u>130,250</u>	<u>2,946</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 368,856</u></u>	<u><u>\$ 160,889</u></u>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Property Taxes:				
Taxes and penalties	\$ 211,640	\$ 205,313	\$ (6,327)	\$ 128,881
Investment income	-	1,294	1,294	-
TOTAL REVENUES	<u>211,640</u>	<u>206,607</u>	<u>(5,033)</u>	<u>128,881</u>
EXPENDITURES:				
General Government:				
Supplies and contractual	<u>211,640</u>	<u>208,703</u>	<u>2,937</u>	<u>125,935</u>
TOTAL EXPENDITURES	<u>211,640</u>	<u>208,703</u>	<u>2,937</u>	<u>125,935</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(2,096)</u>	<u>(2,096)</u>	<u>2,946</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>129,400</u>	<u>129,400</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>129,400</u>	<u>129,400</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>127,304</u>	<u>127,304</u>	<u>2,946</u>
Fund balance, beginning of year	<u>2,946</u>	<u>2,946</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,946</u>	<u>\$ 130,250</u>	<u>\$ 127,304</u>	<u>\$ 2,946</u>

CITY OF MARQUETTE, MICHIGAN
PUBLIC EDUCATION GOVERNMENT (PEG) FUND
COMPARATIVE BALANCE SHEET
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 17,622	\$ 15,467
Accounts receivable	-	3,054
Prepaid expenditures	<u>-</u>	<u>230</u>
TOTAL ASSETS	<u>17,622</u>	<u>18,751</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 17,622</u></u>	<u><u>\$ 18,751</u></u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ 567</u>
TOTAL LIABILITIES	<u>-</u>	<u>567</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Non-spendable	-	230
Restricted	<u>17,622</u>	<u>17,954</u>
TOTAL FUND BALANCE	<u>17,622</u>	<u>18,184</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 17,622</u></u>	<u><u>\$ 18,751</u></u>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Charges for services	\$ 12,000	\$ 12,315	\$ 315	\$ 12,553
Investment income	-	6	6	11
TOTAL REVENUES	<u>12,000</u>	<u>12,321</u>	<u>321</u>	<u>12,564</u>
EXPENDITURES:				
General Government:				
Supplies and contractual	12,000	12,883	(883)	16,198
Other supplies and charges	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>12,000</u>	<u>12,883</u>	<u>(883)</u>	<u>16,198</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>(562)</u>	<u>(562)</u>	<u>(3,634)</u>
Fund balance, beginning of year	<u>18,184</u>	<u>18,184</u>	<u>-</u>	<u>21,818</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 18,184</u></u>	<u><u>\$ 17,622</u></u>	<u><u>\$ (562)</u></u>	<u><u>\$ 18,184</u></u>

CITY OF MARQUETTE, MICHIGAN**DRUG FORFEITURE FUND****COMPARATIVE BALANCE SHEET**

September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	<u>\$ 14,557</u>	<u>\$ 10,197</u>
 TOTAL ASSETS	<u> 14,557</u>	<u> 10,197</u>
DEFERRED OUTFLOWS OF RESOURCES	<u> -</u>	<u> -</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u> \$ 14,557</u></u>	<u><u> \$ 10,197</u></u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
 TOTAL LIABILITIES	<u> -</u>	<u> -</u>
DEFERRED INFLOWS OF RESOURCES	<u> -</u>	<u> -</u>
FUND BALANCE		
Restricted	<u> 14,557</u>	<u> 10,197</u>
 TOTAL FUND BALANCE	<u> 14,557</u>	<u> 10,197</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u> \$ 14,557</u></u>	<u><u> \$ 10,197</u></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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Fines and forfeiture	\$ 2,000	\$ 5,078	\$ 3,078	\$ 930
Investment income	-	5	5	6
TOTAL REVENUES	<u>2,000</u>	<u>5,083</u>	<u>3,083</u>	<u>936</u>
EXPENDITURES:				
Public Health and Safety:				
Supplies and contractual	<u>2,000</u>	<u>723</u>	<u>1,277</u>	<u>2,072</u>
TOTAL EXPENDITURES	<u>2,000</u>	<u>723</u>	<u>1,277</u>	<u>2,072</u>
CHANGE IN FUND BALANCE	-	4,360	4,360	(1,136)
Fund balance, beginning of year	<u>10,197</u>	<u>10,197</u>	-	<u>11,333</u>
FUND BALANCE, END OF YEAR	<u>\$ 10,197</u>	<u>\$ 14,557</u>	<u>\$ 4,360</u>	<u>\$ 10,197</u>

CITY OF MARQUETTE, MICHIGAN
MSHDA DOWNTOWN RENTAL FUND
COMPARATIVE BALANCE SHEET
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 46,478	\$ 46,457
Accounts receivable	-	-
Due from State	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>46,478</u>	<u>46,457</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 46,478</u></u>	<u><u>\$ 46,457</u></u>
LIABILITIES		
Accounts payable	\$ -	\$ -
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>46,478</u>	<u>46,457</u>
TOTAL FUND BALANCE	<u>46,478</u>	<u>46,457</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 46,478</u></u>	<u><u>\$ 46,457</u></u>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ 21	\$ 21	\$ 30
TOTAL REVENUES	-	21	21	30
EXPENDITURES:				
Community Development:				
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
CHANGE IN FUND BALANCE	-	21	21	30
Fund balance, beginning of year	46,457	46,457	-	46,427
FUND BALANCE, END OF YEAR	<u>\$ 46,457</u>	<u>\$ 46,478</u>	<u>\$ 21</u>	<u>\$ 46,457</u>

CITY OF MARQUETTE, MICHIGAN
ROAD MAINTENANCE FUND
COMPARATIVE BALANCE SHEET
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 2,652,647	\$ 563,983
TOTAL ASSETS	<u>2,652,647</u>	<u>563,983</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 2,652,647</u></u>	<u><u>\$ 563,983</u></u>
LIABILITIES		
Accounts payable	\$ 633,560	\$ 129,291
TOTAL LIABILITIES	<u>633,560</u>	<u>129,291</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>2,019,087</u>	<u>434,692</u>
TOTAL FUND BALANCE	<u>2,019,087</u>	<u>434,692</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 2,652,647</u></u>	<u><u>\$ 563,983</u></u>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ 696	\$ 696	\$ -
Private contribution	500,000	500,000	-	500,000
TOTAL REVENUES	<u>500,000</u>	<u>500,696</u>	<u>696</u>	<u>500,000</u>
EXPENDITURES:				
Public Works:				
Personnel services	-	-	-	403
Supplies and contractual	-	226,727	(226,727)	177,582
Capital outlay	2,800,000	1,295,074	1,504,926	-
Total Public Works	<u>2,800,000</u>	<u>1,521,801</u>	<u>1,278,199</u>	<u>177,985</u>
Debt Service:				
Professional services	-	35,544	(35,544)	-
TOTAL EXPENDITURES	<u>2,800,000</u>	<u>1,557,345</u>	<u>1,242,655</u>	<u>177,985</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,300,000)</u>	<u>(1,056,649)</u>	<u>(1,243,351)</u>	<u>322,015</u>
OTHER FINANCING SOURCES (USES)				
Bond issuance	2,300,000	2,392,200	92,200	-
Premium on bond issuance	-	248,844	248,844	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,300,000</u>	<u>2,641,044</u>	<u>341,044</u>	<u>-</u>
CHANGE IN FUND BALANCE	-	1,584,395	1,584,395	322,015
Fund balance, beginning of year	434,692	434,692	-	112,677
FUND BALANCE, END OF YEAR	<u>\$ 434,692</u>	<u>\$ 2,019,087</u>	<u>\$ 1,584,395</u>	<u>\$ 434,692</u>

CITY OF MARQUETTE, MICHIGAN
ROAD SAFETY IMPROVEMENT FUND
COMPARATIVE BALANCE SHEET
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 652,502	\$ 211,667
TOTAL ASSETS	<u>652,502</u>	<u>211,667</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 652,502</u></u>	<u><u>\$ 211,667</u></u>
LIABILITIES		
Accounts payable	\$ 66,658	\$ -
TOTAL LIABILITIES	<u>66,658</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>585,844</u>	<u>211,667</u>
TOTAL FUND BALANCE	<u>585,844</u>	<u>211,667</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 652,502</u></u>	<u><u>\$ 211,667</u></u>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ 77	\$ 77	\$ -
Private contribution	200,000	200,000	-	200,000
Other revenues	-	-	-	-
TOTAL REVENUES	200,000	200,077	77	200,000
EXPENDITURES:				
Public Works:				
Supplies and contractual	-	-	-	860
Capital outlay	200,000	115,400	84,600	-
Total Public Works	200,000	115,400	84,600	860
Debt Service:				
Professional services	-	3,949	(3,949)	-
TOTAL EXPENDITURES	200,000	119,349	80,651	860
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	80,728	80,728	199,140
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	265,800	265,800	-
Premium on bond issuance	-	27,649	27,649	-
TOTAL OTHER FINANCING SOURCES (USES)	-	293,449	293,449	-
CHANGE IN FUND BALANCE	-	374,177	374,177	199,140
Fund balance, beginning of year	211,667	211,667	-	12,527
FUND BALANCE, END OF YEAR	\$ 211,667	\$ 585,844	\$ 374,177	\$ 211,667

CITY OF MARQUETTE, MICHIGAN
CRIMINAL JUSTICE TRAINING FUND
COMPARATIVE BALANCE SHEET
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 1,115	\$ 814
TOTAL ASSETS	<u>1,115</u>	<u>814</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 1,115</u></u>	<u><u>\$ 814</u></u>
LIABILITIES		
Accounts payable	\$ 180	\$ -
TOTAL LIABILITIES	<u>180</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>935</u>	<u>814</u>
TOTAL FUND BALANCE	<u>935</u>	<u>814</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 1,115</u></u>	<u><u>\$ 814</u></u>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ 6,400	\$ 6,062	\$ (338)	\$ 6,618
Investment income	-	1	1	1
TOTAL REVENUES	6,400	6,063	(337)	6,619
EXPENDITURES:				
Public Health and Safety:				
Supplies and contractual	6,400	5,942	458	5,805
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	6,400	5,942	458	5,805
CHANGE IN FUND BALANCE	-	121	121	814
Fund balance, beginning of year	814	814	814	-
FUND BALANCE, END OF YEAR	\$ 814	\$ 935	\$ 935	\$ 814

CITY OF MARQUETTE, MICHIGAN

SENIOR SERVICES FUND

COMPARATIVE BALANCE SHEET

September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 801,864	\$ 726,979
Taxes receivable	11,354	15,850
Accounts receivable	-	-
Prepaid expenditures	6,747	6,116
TOTAL ASSETS	819,965	748,945
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 819,965	\$ 748,945
LIABILITIES		
Accounts payable	\$ 6,464	\$ 9,659
Accrued wages payable	16,273	13,191
TOTAL LIABILITIES	22,737	22,850
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	176,834	180,363
TOTAL DEFERRED INFLOWS OF RESOURCES	176,834	180,363
FUND BALANCE		
Non-spendable	6,747	6,116
Restricted	613,647	539,616
TOTAL FUND BALANCE	620,394	545,732
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 819,965	\$ 748,945

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017		Variance with Final Budget Positive (Negative)	2016
	Final Budget	Actual GAAP Basis		Actual GAAP Basis
REVENUES:				
Property Taxes:				
Real property tax	\$ 226,350	\$ 209,479	\$ (16,871)	\$ 222,163
Personal property tax	14,230	14,326	96	14,210
Interest and penalty on taxes	580	275	(305)	629
Administrative collection fees	-	-	-	-
Total Property Taxes	<u>241,160</u>	<u>224,080</u>	<u>(17,080)</u>	<u>237,002</u>
Industrial Facilities Tax Act	<u>730</u>	<u>730</u>	<u>-</u>	<u>809</u>
State sources	82,165	72,781	(9,384)	55,583
Investment income	300	289	(11)	384
Private contribution	22,000	29,799	7,799	25,471
Intergovernmental revenues	399,010	354,696	(44,314)	332,012
Other revenues	<u>750</u>	<u>521</u>	<u>(229)</u>	<u>595</u>
TOTAL REVENUES	<u>746,115</u>	<u>682,896</u>	<u>(63,219)</u>	<u>651,856</u>
EXPENDITURES:				
Social Services:				
State Home Care Service:				
Personnel services	79,535	76,586	2,949	77,171
Supplies and contractual	10,160	9,261	899	9,607
Other supplies and charges	-	-	-	-
Capital outlay	-	-	-	1,919
Total State Home Care Service	<u>89,695</u>	<u>85,847</u>	<u>3,848</u>	<u>88,697</u>
MCCOA - Allocation to Senior Services:				
Personnel services	491,415	437,789	53,626	402,588
Supplies and contractual	92,250	68,687	23,563	57,521
Other supplies and charges	72,755	15,911	56,844	34,050
Capital outlay	-	-	-	673
Total MCCOA - Allocation to Senior Services	<u>656,420</u>	<u>522,387</u>	<u>134,033</u>	<u>494,832</u>
TOTAL EXPENDITURES	<u>746,115</u>	<u>608,234</u>	<u>137,881</u>	<u>583,529</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>74,662</u>	<u>74,662</u>	<u>68,327</u>
Fund balance, beginning of year	<u>545,732</u>	<u>545,732</u>	<u>-</u>	<u>477,405</u>
FUND BALANCE, END OF YEAR	<u>\$ 545,732</u>	<u>\$ 620,394</u>	<u>\$ 74,662</u>	<u>\$ 545,732</u>

CITY OF MARQUETTE, MICHIGAN

LAKEVIEW ARENA FUND

COMPARATIVE BALANCE SHEET

September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 158,635	\$ 202,057
Accounts receivable	65,890	55,367
Prepaid expenses	17,614	17,939
TOTAL ASSETS	242,139	275,363
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 242,139	\$ 275,363
LIABILITIES		
Accounts payable	\$ 35,928	\$ 65,340
Accrued wages payable	9,703	13,931
Accrued compensated absences	2,663	1,432
TOTAL LIABILITIES	48,294	80,703
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Non-spendable	17,614	17,939
Assigned	176,231	176,721
TOTAL FUND BALANCE	193,845	194,660
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 242,139	\$ 275,363

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ -	\$ -	\$ -	\$ -
Charges for services	10,500	11,790	1,290	10,277
Use and admission fees:				
Ice arena use	428,700	369,152	(59,548)	288,015
Arena events	28,300	23,563	(4,737)	70,255
Total use and admission fees	<u>457,000</u>	<u>392,715</u>	<u>(64,285)</u>	<u>358,270</u>
Rentals	55,700	54,429	(1,271)	66,183
Sale of assets	-	-	-	-
Reimbursements	21,350	39,317	17,967	18,762
Investment income	-	1,912	1,912	1,566
Other revenues	<u>37,000</u>	<u>4,185</u>	<u>(32,815)</u>	<u>158,224</u>
TOTAL REVENUES	<u>581,550</u>	<u>504,348</u>	<u>(77,202)</u>	<u>613,282</u>
EXPENDITURES:				
Community Services				
Personnel services	223,050	178,169	44,881	173,043
Supplies and contractual	513,590	483,118	30,472	539,943
Other supplies and charges	500	-	500	-
Total Community Services	<u>737,140</u>	<u>661,287</u>	<u>75,853</u>	<u>712,986</u>
Capital Outlay	-	-	-	14,210
Debt Service:				
Professional services	-	-	-	-
TOTAL EXPENDITURES	<u>737,140</u>	<u>661,287</u>	<u>75,853</u>	<u>727,196</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(155,590)</u>	<u>(156,939)</u>	<u>(1,349)</u>	<u>(113,914)</u>
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	-	-	-
Refunding bonds	515,375	515,375	-	-
Premium on bond issuance	-	-	-	-
Premium on refunded bond issuance	58,121	58,121	-	-
Payment to refunded bond escrow agent	(566,655)	(566,655)	-	-
Refunding bond issuance expense	(6,841)	(6,841)	-	-
Transfers in	278,590	278,590	-	234,174
Transfers (out)	<u>(123,000)</u>	<u>(122,466)</u>	<u>534</u>	<u>(119,405)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>155,590</u>	<u>156,124</u>	<u>534</u>	<u>114,769</u>
CHANGE IN FUND BALANCE	-	(815)	(815)	855
Fund balance, beginning of year	<u>194,660</u>	<u>194,660</u>	-	<u>193,805</u>
FUND BALANCE, END OF YEAR	<u>\$ 194,660</u>	<u>\$ 193,845</u>	<u>\$ (815)</u>	<u>\$ 194,660</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

September 30, 2017

	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	2015 Capital Improve- ments Fund	2016 Capital Improve- ments Fund	Forestland Fund	Total
ASSETS															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,939,248	\$ 1,939,248
Prepaid expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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>\$ -</u>	<u>\$ -</u>	<u>\$ 1,939,248</u>	<u>\$ 1,939,248</u>
LIABILITIES															
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE															
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	1,939,248	1,939,248
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>\$ -</u>	<u>\$ -</u>	<u>\$ 1,939,248</u>	<u>\$ 1,939,248</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, 2017

	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	2015 Capital Improve- ments Fund	2016 Capital Improve- ments Fund	Forestland Fund	Total
REVENUES:															
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EXPENDITURES:															
Debt Service:															
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-	2,620	2,620
Principal payments	-	195,000	10,600	122,400	82,873	227,880	64,000	73,260	62,000	245,000	62,000	67,200	75,250	285,000	1,572,463
Interest and fiscal charges	-	25,850	2,267	45,859	-	96,946	29,274	29,803	25,057	51,109	35,836	16,048	71,348	168,450	597,847
TOTAL EXPENDITURES	-	220,850	12,867	168,259	82,873	324,826	93,274	103,063	87,057	296,109	97,836	83,248	146,598	456,070	2,172,930
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(220,850)	(12,867)	(168,259)	(82,873)	(324,826)	(93,274)	(103,063)	(87,057)	(296,109)	(97,836)	(83,248)	(146,598)	(456,070)	(2,172,930)
OTHER FINANCING SOURCES (USES):															
Transfers in	-	220,850	12,867	168,259	82,873	324,826	93,274	103,063	87,057	296,109	97,836	83,248	146,598	683,000	2,399,860
TOTAL OTHER FINANCING SOURCES (USES)	-	220,850	12,867	168,259	82,873	324,826	93,274	103,063	87,057	296,109	97,836	83,248	146,598	683,000	2,399,860
CHANGES IN FUND BALANCE	-	-	-	-	-	-	-	-	-	-	-	-	-	226,930	226,930
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	1,712,318	1,712,318
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,939,248</u>	<u>\$ 1,939,248</u>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	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	-	-	-	1,375,000
Interest and fiscal charges	-	-	-	162,861
TOTAL EXPENDITURES	-	-	-	1,537,861
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(1,537,861)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
Municipal Service Center Fund	-	-	-	1,537,861
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	1,537,861
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

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	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	-	187,500
Interest and fiscal charges	47,800	25,850	21,950	55,450
TOTAL EXPENDITURES	<u>242,800</u>	<u>220,850</u>	<u>21,950</u>	<u>242,950</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(242,800)</u>	<u>(220,850)</u>	<u>21,950</u>	<u>(242,950)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	63,130	57,421	(5,709)	63,167
Major Street and Trunkline Fund	111,690	101,591	(10,099)	111,757
Local Street Fund	67,980	61,838	(6,142)	68,026
TOTAL OTHER FINANCING SOURCES (USES)	<u>242,800</u>	<u>220,850</u>	<u>(21,950)</u>	<u>242,950</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	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	10,470	10,600	(130)	10,466
Interest and fiscal charges	<u>2,355</u>	<u>2,267</u>	<u>88</u>	<u>2,436</u>
TOTAL EXPENDITURES	<u>12,825</u>	<u>12,867</u>	<u>(42)</u>	<u>12,902</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(12,825)</u>	<u>(12,867)</u>	<u>(42)</u>	<u>(12,902)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	405	402	(3)	403
Local Street Fund	<u>12,420</u>	<u>12,465</u>	<u>45</u>	<u>12,499</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,825</u>	<u>12,867</u>	<u>42</u>	<u>12,902</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	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	122,405	122,400	5	117,504
Interest and fiscal charges	79,155	45,859	33,296	85,026
TOTAL EXPENDITURES	<u>201,560</u>	<u>168,259</u>	<u>33,301</u>	<u>202,530</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(201,560)</u>	<u>(168,259)</u>	<u>33,301</u>	<u>(202,530)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in:				
General Fund	73,180	61,087	(12,093)	73,529
Major Street Fund	62,430	52,117	(10,313)	62,732
Local Street Fund	65,950	55,055	(10,895)	66,269
TOTAL OTHER FINANCING SOURCES (USES)	<u>201,560</u>	<u>168,259</u>	<u>(33,301)</u>	<u>202,530</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	<u>2017</u>			<u>2016</u>
	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual GAAP Basis</u>
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	<u>(82,875)</u>	<u>(82,873)</u>	<u>2</u>	<u>(82,873)</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	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	227,880	227,880	-	211,000
Interest and fiscal charges	96,950	96,946	4	105,386
TOTAL EXPENDITURES	324,830	324,826	4	316,386
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(324,830)	(324,826)	4	(316,386)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	3,080	3,078	(2)	2,999
Major Street and Trunkline Fund	140,090	140,090	-	136,450
Local Street Fund	62,350	62,348	(2)	60,728
Lakeview Arena Fund	119,310	119,310	-	116,209
TOTAL OTHER FINANCING SOURCES (USES)	324,830	324,826	(4)	316,386
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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	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	64,000	64,000	-	62,000
Interest and fiscal charges	<u>29,280</u>	<u>29,274</u>	<u>6</u>	<u>31,165</u>
TOTAL EXPENDITURES	<u>93,280</u>	<u>93,274</u>	<u>6</u>	<u>93,165</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(93,280)</u>	<u>(93,274)</u>	<u>6</u>	<u>(93,165)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
Major Street and Trunkline Fund	34,980	34,978	(2)	34,937
Local Street Fund	<u>58,300</u>	<u>58,296</u>	<u>(4)</u>	<u>58,228</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>93,280</u>	<u>93,274</u>	<u>(6)</u>	<u>93,165</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	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	73,260	73,260	-	71,595
Interest and fiscal charges	29,805	29,803	2	31,252
TOTAL EXPENDITURES	<u>103,065</u>	<u>103,063</u>	<u>2</u>	<u>102,847</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(103,065)</u>	<u>(103,063)</u>	<u>2</u>	<u>(102,847)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	930	929	(1)	927
Major Street and Trunkline Fund	36,830	36,830	-	36,753
Local Street Fund	65,305	65,304	(1)	65,167
TOTAL OTHER FINANCING SOURCES (USES)	<u>103,065</u>	<u>103,063</u>	<u>(2)</u>	<u>102,847</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

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, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	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	62,000	62,000	-	60,450
Interest and fiscal charges	25,060	25,057	3	26,864
TOTAL EXPENDITURES	87,060	87,057	3	87,314
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(87,060)	(87,057)	3	(87,314)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	-	-	-	-
Major Street and Trunkline Fund	53,360	53,358	(2)	53,515
Local Street Fund	33,700	33,699	(1)	33,799
TOTAL OTHER FINANCING SOURCES (USES)	87,060	87,057	(3)	87,314
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Debt Service:				
Principal payments	245,000	245,000	-	235,000
Interest and fiscal charges	51,110	51,109	1	58,189
TOTAL EXPENDITURES	<u>296,110</u>	<u>296,109</u>	<u>1</u>	<u>293,189</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(296,110)</u>	<u>(296,109)</u>	<u>1</u>	<u>(293,189)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	296,110	296,109	(1)	293,189
TOTAL OTHER FINANCING SOURCES (USES)	<u>296,110</u>	<u>296,109</u>	<u>(1)</u>	<u>293,189</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>

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, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	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	62,000	62,000	-	62,000
Interest and fiscal charges	35,840	35,836	4	37,076
TOTAL EXPENDITURES	97,840	97,836	4	99,076
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(97,840)	(97,836)	4	(99,076)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	22,095	22,092	(3)	22,372
Major Street and Trunkline Fund	25,250	25,248	(2)	25,568
Local Street Fund	47,340	47,340	-	47,940
Lakeview Arena Fund	3,155	3,156	1	3,196
TOTAL OTHER FINANCING SOURCES (USES)	97,840	97,836	(4)	99,076
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN
2015 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	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	67,200	67,200	-	-
Interest and fiscal charges	16,050	16,048	2	10,404
TOTAL EXPENDITURES	83,250	83,248	2	10,404
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(83,250)	(83,248)	2	(10,404)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
Major Street and Trunkline Fund	20,815	20,812	(3)	2,601
Local Street Fund	62,435	62,436	1	7,803
TOTAL OTHER FINANCING SOURCES (USES)	83,250	83,248	(2)	10,404
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
2016 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2017
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	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	75,250	75,250	-	-
Interest and fiscal charges	71,350	71,348	2	-
TOTAL EXPENDITURES	146,600	146,598	2	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(146,600)	(146,598)	2	-
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	31,775	31,774	(1)	-
Major Street and Trunkline Fund	29,175	29,174	(1)	-
Local Street Fund	85,650	85,650	-	-
TOTAL OTHER FINANCING SOURCES (USES)	146,600	146,598	(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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017		2016	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Professional services	229,550	2,620	226,930	320
Principal payments	285,000	285,000	-	270,000
Interest and fiscal charges	168,450	168,450	-	183,090
TOTAL EXPENDITURES	683,000	456,070	226,930	453,410
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(683,000)	(456,070)	226,930	(453,410)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	683,000	683,000	-	665,000
TOTAL OTHER FINANCING SOURCES (USES)	683,000	683,000	-	665,000
CHANGES IN FUND BALANCE	-	226,930	226,930	211,590
Fund balance, beginning of year	1,712,318	1,712,318	-	1,500,728
FUND BALANCE, END OF YEAR	\$ 1,712,318	\$ 1,939,248	\$ 226,930	\$ 1,712,318

CITY OF MARQUETTE, MICHIGAN**CEMETERY FUND****COMPARATIVE BALANCE SHEET**

September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 276,382	\$ 230,771
Investments	522,359	532,730
Accounts receivable	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 798,741</u></u>	<u><u>\$ 763,501</u></u>
FUND BALANCE		
Non-spendable	<u><u>\$ 798,741</u></u>	<u><u>\$ 763,501</u></u>

CITY OF MARQUETTE, MICHIGAN**CEMETERY FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Fiscal Year Ended September 30, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	<u>2017</u>	<u>2016</u>
REVENUES:		
Charges for services	\$ 35,240	\$ 25,445
Investment income	<u>(10,265)</u>	<u>22,035</u>
TOTAL REVENUES	<u>24,975</u>	<u>47,480</u>
OTHER FINANCING SOURCES (USES):		
Transfer in (out)	<u>10,265</u>	<u>(22,035)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,265</u>	<u>(22,035)</u>
CHANGE IN FUND BALANCE	35,240	25,445
Fund balance, beginning of year	<u>763,501</u>	<u>738,056</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 798,741</u></u>	<u><u>\$ 763,501</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, 2017 and 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,611,537	\$ 214,223
Accounts receivable	568,111	816,509
Special assessments receivable	4,002	4,833
Due from State	3,348	6,309
Prepaid expense	38,416	38,042
TOTAL CURRENT ASSETS	2,225,414	1,079,916
Non-current Assets:		
Restricted Assets:		
OPEB Reserve	243,463	220,776
Compensated absences reserve	216,824	237,917
Total Restricted Assets	460,287	458,693
Land and other non-depreciable assets	17,725	17,725
Construction in progress	1,117,159	258,858
Other capital assets, net of depreciation	24,031,489	24,345,089
TOTAL NON-CURRENT ASSETS	25,626,660	25,080,365
TOTAL ASSETS	27,852,074	26,160,281
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	154,653	-
Change in pension investment projections	156,446	325,384
Change in pension assumptions	210,532	306,870
Change in pension experience	22,524	(22,756)
Employer contributions subsequent to measurement date	-	179,777
TOTAL DEFERRED OUTFLOWS OF RESOURCES	544,155	789,275
LIABILITIES		
Current Liabilities:		
Accounts payable	475,707	107,561
Accrued wages payable	47,014	34,400
Accrued interest payable	89,289	98,842
Current portion of long-term debt	780,828	761,223
TOTAL CURRENT LIABILITIES	1,392,838	1,002,026
Non-current Liabilities:		
Compensated absences	216,824	237,917
Other post-employment benefits (OPEB)	243,463	220,776
Net pension liability	2,950,379	3,123,734
Bonds payable	7,516,302	6,110,571
Loan payable	944,840	1,039,840
Unamortized bond premium	644,299	139,305
TOTAL NON-CURRENT LIABILITIES	12,516,107	10,872,143
TOTAL LIABILITIES	13,908,945	11,874,169
DEFERRED INFLOWS OF RESOURCES		
Special assessments	4,964	5,839
Deferred proceeds for capital activities	-	258,341
TOTAL DEFERRED INFLOWS OF RESOURCES	4,964	264,180
NET POSITION		
Net investment in capital assets	15,626,262	16,312,392
Restricted for:		
Debt Services	-	-
Capital outlay	191,505	-
Unrestricted	(1,335,447)	(1,501,185)
TOTAL NET POSITION	\$ 14,482,320	\$ 14,811,207

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 3,222,000	\$ 2,883,272	\$ (338,728)	\$ 2,889,629
Public authorities	90,200	93,402	3,202	89,103
Non-tax customers	1,287,600	1,172,675	(114,925)	1,173,906
City departments	37,400	47,326	9,926	61,842
Charges for services	25,000	31,087	6,087	37,832
Reimbursements	-	5,844	5,844	20,732
Other operating revenue	48,330	76,575	28,245	68,705
TOTAL OPERATING REVENUES	4,710,530	4,310,181	(400,349)	4,341,749
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	76,040	73,351	2,689	110,302
Supplies and contractual	267,909	265,763	2,146	268,450
Amortization	-	-	-	-
Capital outlay	-	-	-	-
Provision for depreciation	1,200,000	1,254,635	(54,635)	1,259,358
Other supplies and charges	661,770	661,776	(6)	659,796
Total Administrative and General	2,205,719	2,255,525	(49,806)	2,297,906
Water Treatment and Distribution:				
Personnel services	1,217,715	1,410,306	(192,591)	1,666,764
Supplies and contractual	786,192	705,787	80,405	715,071
Capital outlay	-	-	-	-
Total Water Treatment and Distribution	2,003,907	2,116,093	(112,186)	2,381,835
TOTAL OPERATING EXPENSES	4,209,626	4,371,618	(161,992)	4,679,741
OPERATING INCOME (LOSS)	500,904	(61,437)	(562,341)	(337,992)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	5,130	43,717	38,587	8,382
Federal and State grants	5,000	21,554	16,554	12,113
Interest expenses	(510,284)	(262,151)	248,133	(284,956)
Bond issuance expense	(750)	(70,570)	(69,820)	(300)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(500,904)	(267,450)	233,454	(264,761)
CHANGE IN NET POSITION	-	(328,887)	(328,887)	(602,753)
Net position, beginning of year	14,811,207	14,811,207	-	15,413,960
NET POSITION, END OF YEAR	\$ 14,811,207	\$ 14,482,320	\$ (328,887)	\$ 14,811,207

CITY OF MARQUETTE, MICHIGAN

SEWAGE DISPOSAL FUND

COMPARATIVE STATEMENT OF NET POSITION

September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets:		
Accounts receivable	\$ 690,322	\$ 973,525
Special assessments receivable	21,802	28,415
Due from State	1,376	20,250
Inventory	151,805	122,386
Prepaid expense	40,933	42,347
TOTAL CURRENT ASSETS	906,238	1,186,923
Non-current Assets:		
Restricted Assets:		
OPEB Reserve	119,328	103,326
Compensated absences reserve	65,142	56,740
Total Restricted Assets	184,470	160,066
Investment in Wastewater Facility	3,315,838	3,357,102
Land and other non-depreciable assets	20,594	20,594
Construction in progress	919,160	319,091
Other capital assets, net of depreciation	18,526,179	18,694,982
TOTAL NON-CURRENT ASSETS	22,966,241	22,551,835
TOTAL ASSETS	23,872,479	23,738,758
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	90,867	-
Change in pension investment projections	92,991	166,189
Change in pension assumptions	104,921	146,663
Change in pension experience	8,743	(10,876)
Employer contributions subsequent to measurement date	-	85,921
TOTAL DEFERRED OUTFLOWS OF RESOURCES	297,522	387,897
LIABILITIES		
Current Liabilities:		
Cash overdraft	148,461	965,771
Accounts payable	1,194,368	993,345
Accrued wages payable	16,571	18,201
Customer deposits payable	-	(1,230)
Accrued interest payable	101,241	101,670
Current portion of long-term debt	862,947	697,318
TOTAL CURRENT LIABILITIES	2,323,588	2,775,075
Non-current Liabilities:		
Compensated absences	65,142	56,740
Other post-employment benefits (OPEB)	119,328	103,326
Net pension liability	1,856,023	1,939,162
Long term payable to other authorities	758,624	805,115
Bonds payable	7,234,193	6,178,735
Loan payable	2,152,484	2,427,484
Unamortized bond premium	566,226	184,863
TOTAL NON-CURRENT LIABILITIES	12,752,020	11,695,425
TOTAL LIABILITIES	15,075,608	14,470,500
DEFERRED INFLOWS OF RESOURCES		
Special assessments	29,716	36,668
Deferred proceeds for capital activities	-	318,574
TOTAL DEFERRED INFLOWS OF RESOURCES	29,716	355,242
NET POSITION		
Net investment in capital assets	8,773,618	9,227,693
Restricted for:		
Capital outlay	32,668	-
Unrestricted	258,391	73,220
TOTAL NET POSITION	\$ 9,064,677	\$ 9,300,913

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017		2016	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 4,350,945	\$ 3,864,853	\$ (486,092)	\$ 3,740,091
Public authorities	121,000	122,106	1,106	114,793
Non-tax customers	1,547,650	1,453,864	(93,786)	1,363,807
City departments	30,000	36,332	6,332	35,726
Charges for services	5,000	9,585	4,585	9,792
Rentals	1,000	1,000	-	1,000
Reimbursements	-	7,304	7,304	4,652
Other operating revenue	17,610	14,729	(2,881)	15,484
TOTAL OPERATING REVENUES	6,073,205	5,509,773	(563,432)	5,285,345
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	80,275	70,263	10,012	105,352
Supplies and contractual	258,425	244,366	14,059	239,687
Capital outlay	-	-	-	-
Provision for depreciation	1,000,000	1,023,675	(23,675)	1,054,314
Other supplies and charges	509,100	509,100	-	526,312
Total Administrative and General	1,847,800	1,847,404	396	1,925,665
Sanitary Sewer Operation and Booster Stations:				
Personnel services	611,625	653,272	(41,647)	753,906
Supplies and contractual	3,046,800	3,130,955	(84,155)	2,967,805
Capital outlay	-	11,500	(11,500)	3,879
Total Sanitary Sewer Operation and Booster Stations	3,658,425	3,795,727	(137,302)	3,725,590
TOTAL OPERATING EXPENSES	5,506,225	5,643,131	(136,906)	5,651,255
OPERATING INCOME (LOSS)	566,980	(133,358)	(700,338)	(365,910)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	1,805	4,457	2,652	6,260
State grant	-	205,016	205,016	20,250
Operating income from Marquette Area Wastewater Treatment Facility	-	5,227	5,227	(90,096)
Interest expenses	(326,215)	(263,367)	62,848	(290,824)
Bond issuance expense	-	(54,211)	(54,211)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(324,410)	(102,878)	221,532	(354,410)
CHANGE IN NET POSITION	242,570	(236,236)	(478,806)	(360,320)
Net position, beginning of year	9,300,913	9,300,913	-	9,661,233
NET POSITION, END OF YEAR	\$ 9,543,483	\$ 9,064,677	\$ (478,806)	\$ 9,300,913

CITY OF MARQUETTE, MICHIGAN
STORMWATER UTILITY FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,339,617	\$ -
Accounts receivable	49,281	553,304
Due from other governments	-	47,700
Prepaid expense	101	100
TOTAL CURRENT ASSETS	1,388,999	601,104
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	25,085	19,699
Total Restricted Assets	25,085	19,699
Construction in progress	716,169	538,933
Other capital assets, net of depreciation	9,411,001	9,189,272
TOTAL NON-CURRENT ASSETS	10,152,255	9,747,904
TOTAL ASSETS	11,541,254	10,349,008
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding	60,194	-
LIABILITIES		
Current Liabilities:		
Cash overdraft	-	198,661
Accounts payable	279,628	151,882
Accrued wages payable	9,801	11,368
Accrued interest payable	68,048	62,573
Current portion of long-term debt	523,863	400,618
TOTAL CURRENT LIABILITIES	881,340	825,102
Non-current Liabilities:		
Compensated absences	25,085	19,699
Bonds payable	5,000,351	3,734,978
Unamortized bond premium	465,991	31,132
TOTAL NON-CURRENT LIABILITIES	5,491,427	3,785,809
TOTAL LIABILITIES	6,372,767	4,610,911
DEFERRED INFLOWS OF RESOURCES		
Deferred proceeds for capital activities	-	511,545
	-	511,545
NET POSITION		
Net investment in capital assets	4,809,990	5,049,932
Restricted for:		
Capital outlay	612,831	-
Unrestricted	(194,140)	176,620
TOTAL NET POSITION	\$ 5,228,681	\$ 5,226,552

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 717,000	\$ 710,960	\$ (6,040)	\$ 654,891
Public authorities	44,000	43,941	(59)	42,609
Non-tax customers	214,000	200,970	(13,030)	195,765
City departments	350,000	361,150	11,150	328,331
Reimbursements	15,000	790	(14,210)	14,832
Other operating revenue	1,500	1,993	493	4,857
TOTAL OPERATING REVENUES	1,341,500	1,319,804	(21,696)	1,241,285
OPERATING EXPENSES:				
Routine Maintenance and Administration:				
Personnel services	273,365	226,890	46,475	224,752
Supplies and contractual	237,625	207,269	30,356	180,188
Capital outlay	-	11,500	(11,500)	-
Provision for depreciation	700,000	699,377	623	686,046
TOTAL OPERATING EXPENSES	1,210,990	1,145,036	65,954	1,090,986
OPERATING INCOME (LOSS)	130,510	174,768	44,258	150,299
NON-OPERATING REVENUES (EXPENSES):				
Investment income	500	1,103	603	608
Federal grant	93,000	-	(93,000)	-
State grant	-	29,720	29,720	47,700
Interest expenses	(224,010)	(136,431)	87,579	(154,758)
Bond issuance expense	-	(67,031)	(67,031)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(130,510)	(172,639)	(42,129)	(106,450)
CHANGE IN NET POSITION	-	2,129	2,129	43,849
Net position, beginning of year	5,226,552	5,226,552	-	5,182,703
NET POSITION, END OF YEAR	\$ 5,226,552	\$ 5,228,681	\$ 2,129	\$ 5,226,552

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2017

	Tourist Park Fund	Marinas Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 704,090	\$ 245,257	\$ 949,347
Due from State	-	11,629	11,629
Accounts receivable	-	-	-
Inventory	-	18,455	18,455
Prepaid expense	650	4,892	5,542
TOTAL CURRENT ASSETS	<u>704,740</u>	<u>280,233</u>	<u>984,973</u>
Non-current Assets:			
Restricted Assets:			
Replacement Maintenance Fund	-	40,000	40,000
Compensated absences reserve	1,959	-	1,959
Total Restricted Assets	<u>1,959</u>	<u>40,000</u>	<u>41,959</u>
Other capital assets, net of depreciation	-	1,992,991	1,992,991
Construction in progress	-	66,908	66,908
TOTAL NON-CURRENT ASSETS	<u>1,959</u>	<u>2,099,899</u>	<u>2,101,858</u>
TOTAL ASSETS	<u>706,699</u>	<u>2,380,132</u>	<u>3,086,831</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	13,581	25,658	39,239
Accrued wages payable	5,120	4,811	9,931
Customer deposits payable	-	13,617	13,617
Current portion of long-term debt	-	10,250	10,250
Accrued interest payable	-	-	-
TOTAL CURRENT LIABILITIES	<u>18,701</u>	<u>54,336</u>	<u>73,037</u>
Non-current Liabilities:			
Compensated absences	1,959	-	1,959
Bonds payable	-	150,750	150,750
Unamortized bond premium	-	10,199	10,199
TOTAL NON-CURRENT LIABILITIES	<u>1,959</u>	<u>160,949</u>	<u>162,908</u>
TOTAL LIABILITIES	<u>20,660</u>	<u>215,285</u>	<u>235,945</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	1,888,700	1,888,700
Restricted for:			
Capital outlay	-	-	-
Unrestricted	686,039	276,147	962,186
TOTAL NET POSITION	<u>\$ 686,039</u>	<u>\$ 2,164,847</u>	<u>\$ 2,850,886</u>

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, 2017

	<u>Tourist Park Fund</u>	<u>Marinas Fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 18,184	\$ 5,430	\$ 23,614
Sales	25,071	84,360	109,431
Use and admission fees	347,015	43,150	390,165
Rentals	-	225,573	225,573
Fines and forfeiture	-	3,155	3,155
Reimbursements	207	910	1,117
Other revenues	9,000	6,396	15,396
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUES	399,477	368,974	768,451
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES:			
Community Services:			
Personnel services	106,139	89,539	195,678
Supplies and contractual	125,840	202,395	328,235
Amortization	-	(784)	(784)
Capital outlay	7,233	-	7,233
Provision for depreciation	-	177,042	177,042
Other supplies and charges	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	239,212	468,192	707,404
	<hr/>	<hr/>	<hr/>
OPERATING INCOME (LOSS)	160,265	(99,218)	61,047
	<hr/>	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES):			
State grant - capital grant	-	11,629	11,629
Investment income	250	(1,091)	(841)
Interest expense	-	(2,840)	(2,840)
Bond issuance expense	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL NON-OPERATING REVENUES (EXPENSES)	250	7,698	7,948
	<hr/>	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	160,515	(91,520)	68,995
	<hr/>	<hr/>	<hr/>
Transfers in	-	-	-
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION	160,515	(91,520)	68,995
	<hr/>	<hr/>	<hr/>
Net position, beginning of year	525,524	2,256,367	2,781,891
	<hr/>	<hr/>	<hr/>
NET POSITION, END OF YEAR	\$ 686,039	\$ 2,164,847	\$ 2,850,886
	<hr/>	<hr/>	<hr/>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2017

	Tourist Park Fund	Marinas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from fees and charges for services	\$ 18,184	\$ 6,091	\$ 24,275
Other operating revenues	381,293	351,915	733,208
Cash payments to employees for services	(104,371)	(88,616)	(192,987)
Cash payments to suppliers for goods and services	(126,553)	(188,632)	(315,185)
NET CASH PROVIDED BY OPERATING ACTIVITIES	168,553	80,758	249,311
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal payments on bonds	-	(10,000)	(10,000)
Interest paid on bonds	-	(5,781)	(5,781)
Cash payments for capital assets	-	-	-
Cash payments for capital assets	-	11,629	11,629
State and Federal grants	-	-	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(4,152)	(4,152)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	250	(1,091)	(841)
(Increase) decrease in restricted assets:			
Replacement maintenance reserve	-	-	-
Compensated absences reserve	(842)	-	(842)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(592)	(1,091)	(1,683)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	167,961	75,515	243,476
Cash and cash equivalents, beginning of year	536,129	169,742	705,871
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 704,090	\$ 245,257	\$ 949,347
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income	\$ 160,265	\$ (99,218)	\$ 61,047
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	-	177,042	177,042
Amortization	-	(784)	(784)
Change in assets and liabilities:			
(Increase) decrease in due from State	-	(11,629)	(11,629)
(Increase) decrease in accounts receivable	-	292	292
(Increase) decrease in inventory	-	(2,810)	(2,810)
(Increase) decrease in prepaid expenses	202	473	675
Increase (decrease) in accounts payable	6,318	16,100	22,418
Increase (decrease) in accrued wages payable	926	923	1,849
Increase (decrease) in customer deposits payable	-	369	369
Increase (decrease) in compensated absences	842	-	842
NET ADJUSTMENTS	8,288	179,976	188,264
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 168,553	\$ 80,758	\$ 249,311

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUND - TOURIST PARK FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 704,090	\$ 536,129
Accounts receivable	-	-
Prepaid expense	<u>650</u>	<u>852</u>
TOTAL CURRENT ASSETS	<u>704,740</u>	<u>536,981</u>
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	<u>1,959</u>	<u>1,117</u>
Total Restricted Assets	<u>1,959</u>	<u>1,117</u>
TOTAL NON-CURRENT ASSETS	<u>1,959</u>	<u>1,117</u>
TOTAL ASSETS	<u>706,699</u>	<u>538,098</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	13,581	7,263
Accrued wages payable	<u>5,120</u>	<u>4,194</u>
TOTAL CURRENT LIABILITIES	<u>18,701</u>	<u>11,457</u>
Non-current Liabilities:		
Compensated absences	<u>1,959</u>	<u>1,117</u>
TOTAL NON-CURRENT LIABILITIES	<u>1,959</u>	<u>1,117</u>
TOTAL LIABILITIES	<u>20,660</u>	<u>12,574</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Unrestricted	<u>686,039</u>	<u>525,524</u>
TOTAL NET POSITION	<u><u>\$ 686,039</u></u>	<u><u>\$ 525,524</u></u>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 12,000	\$ 18,184	\$ 6,184	\$ 16,575
Sales	8,500	25,071	16,571	24,126
Use and admission fees	225,000	347,015	122,015	303,714
Reimbursements	11,300	207	(11,093)	189
Other revenues	45,000	9,000	(36,000)	6,000
TOTAL OPERATING REVENUES	301,800	399,477	97,677	350,604
OPERATING EXPENSES:				
Community Services:				
Personnel services	101,090	106,139	(5,049)	87,229
Supplies and contractual	113,635	125,840	(12,205)	100,680
Other supplies and charges	27,175	-	27,175	-
Capital outlay	60,000	7,233	52,767	3,373
TOTAL OPERATING EXPENSES	301,900	239,212	62,688	191,282
OPERATING INCOME (LOSS)	(100)	160,265	160,365	159,322
NON-OPERATING REVENUES:				
Investment income	100	250	150	280
TOTAL NON-OPERATING REVENUES	100	250	150	280
CHANGE IN NET POSITION	-	160,515	160,515	159,602
Net position, beginning of year	525,524	525,524	-	365,922
NET POSITION, END OF YEAR	\$ 525,524	\$ 686,039	\$ 160,515	\$ 525,524

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUND - MARINAS FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 245,257	\$ 169,742
Due from State	11,629	-
Accounts receivable	-	292
Inventory	18,455	15,645
Prepaid expense	4,892	5,365
TOTAL CURRENT ASSETS	280,233	191,044
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	-	-
Bond and Interest Redemption Fund	-	-
Replacement Maintenance Fund	40,000	40,000
Total Restricted Assets	40,000	40,000
Other capital assets, net of depreciation	1,992,991	2,170,033
Construction in progress	66,908	66,908
TOTAL NON-CURRENT ASSETS	2,099,899	2,276,941
TOTAL ASSETS	2,380,132	2,467,985
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Current Liabilities:		
Accounts payable	25,658	9,558
Accrued wages payable	4,811	3,888
Customer deposits payable	13,617	13,248
Current portion of long-term debt	10,250	10,000
Accrued interest payable	-	2,940
TOTAL CURRENT LIABILITIES	54,336	39,634
Non-current Liabilities:		
Bonds payable	150,750	161,000
Unamortized bond premium	10,199	10,984
TOTAL NON-CURRENT LIABILITIES	160,949	171,984
TOTAL LIABILITIES	215,285	211,618
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	1,888,700	2,054,957
Restricted for:		
Capital outlay	-	-
Unrestricted	276,147	201,410
TOTAL NET POSITION	\$ 2,164,847	\$ 2,256,367

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017		2016	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 3,980	\$ 5,430	\$ 1,450	\$ 5,249
Sales	88,000	84,360	(3,640)	70,669
Use and admission fees	29,900	43,150	13,250	39,304
Rentals	234,020	225,573	(8,447)	221,636
Fines and forfeiture	500	3,155	2,655	2,210
Reimbursements	-	910	910	799
Other revenues	1,250	6,396	5,146	1,245
TOTAL OPERATING REVENUES	357,650	368,974	11,324	341,112
OPERATING EXPENSES:				
Community Services:				
Personnel services	103,895	89,539	14,356	84,511
Supplies and contractual	202,895	202,395	500	166,800
Amortization	-	(784)	784	(845)
Capital outlay	-	-	-	1,458
Provision for depreciation	-	177,042	(177,042)	142,283
Other supplies and charges	35,080	-	35,080	-
TOTAL OPERATING EXPENSES	341,870	468,192	(126,322)	394,207
OPERATING INCOME (LOSS)	15,780	(99,218)	(114,998)	(53,095)
NON-OPERATING REVENUES (EXPENSES):				
Federal grant	-	-	-	-
State grant	-	11,629	11,629	194,970
Investment income	-	(1,091)	(1,091)	2,819
Interest expense	(15,780)	(2,840)	12,940	(5,880)
Bond issuance expense	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(15,780)	7,698	23,478	191,909
INCOME (LOSS) BEFORE TRANSFERS	-	(91,520)	(91,520)	138,814
Transfers in	-	-	-	-
CHANGE IN NET POSITION	-	(91,520)	(91,520)	138,814
Net position, beginning of year	2,256,367	2,256,367	-	2,117,553
NET POSITION, END OF YEAR	\$ 2,256,367	\$ 2,164,847	\$ (91,520)	\$ 2,256,367

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, 2017

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 432,314	\$ -	\$ 84,302	\$ 516,616
Accounts receivable	673	1,170	10,905	12,748
Due from local units	-	-	2,286	2,286
Due from other authorities	-	1,094,787	-	1,094,787
Inventory	-	30,296	-	30,296
Prepaid expenses	12,448	17,085	64,754	94,287
TOTAL CURRENT ASSETS	445,435	1,143,338	162,247	1,751,020
Non-current Assets:				
Restricted Assets:				
Equipment reserve	-	-	1,016,189	1,016,189
Fuel system reserve	-	-	-	-
OPEB reserve	45,916	6,898	78,429	131,243
Compensated absences reserve	12,326	-	80,774	93,100
Total Restricted Assets	58,242	6,898	1,175,392	1,240,532
Land and other non-depreciable assets	-	2,326,936	-	2,326,936
Other capital assets, net of depreciation	-	17,692,415	1,421,454	19,113,869
TOTAL NON-CURRENT ASSETS	58,242	20,026,249	2,596,846	22,681,337
TOTAL ASSETS	503,677	21,169,587	2,759,093	24,432,357
DEFERRED OUTFLOWS OF RESOURCES				
Change in pension investment projections	24,983	1,036	82,567	108,586
Change in pension assumptions	27,316	5,697	106,588	139,601
Change in pension experience	597	2,505	10,116	13,218
Employer contributions subsequent to measurement date	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	52,896	9,238	199,271	261,405
LIABILITIES				
Current Liabilities:				
Cash overdraft	-	836,319	-	836,319
Accounts payable	18,949	46,020	26,978	91,947
Accrued wages payable	7,619	4,551	21,093	33,263
TOTAL CURRENT LIABILITIES	26,568	886,890	48,071	961,529
Non-current Liabilities:				
Compensated absences	12,326	-	80,774	93,100
Other post-employment benefits (OPEB)	45,916	6,898	78,429	131,243
Net pension liability	351,649	131,228	1,508,533	1,991,410
TOTAL NON-CURRENT LIABILITIES	409,891	138,126	1,667,736	2,215,753
TOTAL LIABILITIES	436,459	1,025,016	1,715,807	3,177,282
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
NET POSITION:				
Net investment in capital assets	-	20,019,351	1,421,454	21,440,805
Restricted:				
Fuel system reserve	-	-	-	-
Unrestricted	120,114	134,458	(178,897)	75,675
TOTAL NET POSITION	\$ 120,114	\$ 20,153,809	\$ 1,242,557	\$ 21,516,480

CITY OF MARQUETTE, MICHIGAN

INTERNAL SERVICE FUNDS

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

For the Fiscal Year Ended September 30, 2017

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 3,388	\$ 9,080	\$ -	\$ 12,468
Sales	-	-	84,488	84,488
Rentals	806,232	418,860	2,707,876	3,932,968
Reimbursements	892	11,991,457	12,042	12,004,391
Other	100	-	15,510	15,610
TOTAL OPERATING REVENUES	810,612	12,419,397	2,819,916	16,049,925
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	288,280	114,884	945,692	1,348,856
Supplies and contractual	402,800	351,636	1,583,789	2,338,225
Provision for depreciation	-	-	318,069	318,069
Other services and charges	-	-	-	-
Total Administrative and General	691,080	466,520	2,847,550	4,005,150
Capital outlay	-	-	-	-
TOTAL OPERATING EXPENSES	691,080	466,520	2,847,550	4,005,150
OPERATING INCOME (LOSS)	119,532	11,952,877	(27,634)	12,044,775
NON-OPERATING REVENUES:				
Investment income	182	3,264	2,687	6,133
Gain (loss) on sale of capital asset	-	-	30,569	30,569
TOTAL NON-OPERATING REVENUES	182	3,264	33,256	36,702
INCOME BEFORE TRANSFERS	119,714	11,956,141	5,622	12,081,477
Capital contributions	-	7,491,723	-	7,491,723
Transfers in (out)	-	355,051	-	355,051
CHANGE IN NET POSITION	119,714	19,802,915	5,622	19,928,251
Net position, beginning of year	400	350,894	1,236,935	1,588,229
NET POSITION, END OF YEAR	\$ 120,114	\$ 20,153,809	\$ 1,242,557	\$ 21,516,480

CITY OF MARQUETTE, MICHIGAN

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2017

	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	\$ 5,426	\$ 9,080	\$ -	\$ 14,506
Other operating revenues	807,224	11,314,404	2,812,894	14,934,522
Cash payments to employees for services	(272,774)	(95,698)	(811,441)	(1,179,913)
Cash payments to suppliers for goods and services	(405,010)	(350,348)	(1,621,115)	(2,376,473)
NET CASH PROVIDED BY OPERATING ACTIVITIES	134,866	10,877,438	380,338	11,392,642
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Increase (decrease) in cash overdraft	-	836,319	-	836,319
Transfers in (out)	-	355,051	-	355,051
(Increase) in due from other funds	-	-	-	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-	1,191,370	-	1,191,370
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash payments for capital assets	-	(12,527,628)	(626,488)	(13,154,116)
Proceeds from sale of capital assets	-	-	30,569	30,569
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(12,527,628)	(595,919)	(13,123,547)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	182	3,264	2,687	6,133
(Increase) decrease in restricted assets:				
Equipment reserve	-	-	(2,537)	(2,537)
Fuel system reserve	-	-	28,863	28,863
OPEB reserve	(2,104)	(1,052)	(13,297)	(16,453)
Compensated absences reserve	2,476	-	(10,921)	(8,445)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	554	2,212	4,795	7,561
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	135,420	(456,608)	(210,786)	(531,974)
Cash and cash equivalents, beginning of year	296,894	456,608	295,088	1,048,590
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 432,314	\$ -	\$ 84,302	\$ 516,616
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Capital contribution	\$ -	\$ 7,491,723	\$ -	\$ 7,491,723
TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ 7,491,723	\$ -	\$ 7,491,723
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income	\$ 119,532	\$ 11,952,877	\$ (27,634)	\$ 12,044,775
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	-	318,069	318,069
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	2,038	(1,126)	(5,372)	(4,460)
(Increase) decrease in due from local units	-	(1,094,787)	(1,650)	(1,096,437)
(Increase) decrease in inventory	-	(30,296)	26,247	(4,049)
(Increase) decrease in prepaid expenses	(3,305)	(7,054)	(4,204)	(14,563)
Increase (decrease) in accounts payable	1,095	38,638	(59,369)	(19,636)
Increase (decrease) in accrued wages payable	308	3,120	3,048	6,476
Increase (decrease) in compensated absences	(2,476)	(2,371)	10,921	6,074
Increase (decrease) in net pension liability and other post-employment benefits (OPEB)	17,674	18,437	120,282	156,393
NET ADJUSTMENTS	15,334	(1,075,439)	407,972	(652,133)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 134,866	\$ 10,877,438	\$ 380,338	\$ 11,392,642

CITY OF MARQUETTE, MICHIGAN
TECHNOLOGY SERVICES FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 432,314	\$ 296,894
Accounts receivable	673	2,711
Prepaid expenses	<u>12,448</u>	<u>9,143</u>
TOTAL CURRENT ASSETS	<u>445,435</u>	<u>308,748</u>
Non-current Assets:		
Restricted Assets:		
OPEB reserve	45,916	43,812
Compensated absences reserve	<u>12,326</u>	<u>14,802</u>
Total Restricted Assets	<u>58,242</u>	<u>58,614</u>
Other capital assets, net of depreciation	<u>-</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS	<u>58,242</u>	<u>58,614</u>
TOTAL ASSETS	<u>503,677</u>	<u>367,362</u>
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	24,983	36,601
Change in pension assumptions	27,316	33,941
Change in pension experience	597	(2,517)
Employer contributions subsequent to measurement date	<u>-</u>	<u>19,884</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>52,896</u>	<u>87,909</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	18,949	17,854
Accrued wages payable	<u>7,619</u>	<u>7,311</u>
TOTAL CURRENT LIABILITIES	<u>26,568</u>	<u>25,165</u>
Non-current Liabilities:		
Compensated absences	12,326	14,802
Other post-employment benefits (OPEB)	45,916	43,812
Net pension liability	<u>351,649</u>	<u>371,092</u>
TOTAL NON-CURRENT LIABILITIES	<u>409,891</u>	<u>429,706</u>
TOTAL LIABILITIES	<u>436,459</u>	<u>454,871</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	-	-
Unrestricted	<u>120,114</u>	<u>400</u>
TOTAL NET POSITION	<u>\$ 120,114</u>	<u>\$ 400</u>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 5,000	\$ 3,388	\$ (1,612)	\$ 5,165
Rentals	811,090	806,232	(4,858)	611,616
Reimbursements	2,550	892	(1,658)	1,556
Other	2,683	100	(2,583)	235
TOTAL OPERATING REVENUES	821,323	810,612	(10,711)	618,572
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	281,025	288,280	(7,255)	318,984
Supplies and contractual	520,398	402,800	117,598	307,967
Provision for depreciation	60,000	-	60,000	58,832
Total Administrative and General	861,423	691,080	170,343	685,783
Capital outlay	-	-	-	5,815
TOTAL OPERATING EXPENSES	861,423	691,080	170,343	691,598
OPERATING INCOME (LOSS)	(40,100)	119,532	159,632	(73,026)
NON-OPERATING REVENUES:				
Investment income	100	182	82	178
TOTAL NON-OPERATING REVENUES	100	182	82	178
INCOME BEFORE TRANSFERS	(40,000)	119,714	159,714	(72,848)
Transfers in	40,000	-	(40,000)	72,848
CHANGE IN NET POSITION	-	119,714	119,714	-
Net position, beginning of year	400	400	-	400
NET POSITION, END OF YEAR	\$ 400	\$ 120,114	\$ 119,714	\$ 400

CITY OF MARQUETTE, MICHIGAN
MUNICIPAL SERVICE CENTER FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 456,608
Accounts receivable	1,170	44
Due from other authorities	1,094,787	-
Inventory	30,296	-
Prepaid expenses	17,085	10,031
	<u>1,143,338</u>	<u>466,683</u>
TOTAL CURRENT ASSETS	<u>1,143,338</u>	<u>466,683</u>
Non-current Assets:		
Restricted Assets:		
OPEB reserve	6,898	5,846
Compensated absences reserve	-	-
Total Restricted Assets	<u>6,898</u>	<u>5,846</u>
Land and other non-depreciable assets	2,326,936	-
Other capital assets, net of depreciation	<u>17,692,415</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS	<u>20,026,249</u>	<u>5,846</u>
TOTAL ASSETS	<u>21,169,587</u>	<u>472,529</u>
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	1,036	14,007
Change in pension assumptions	5,697	13,094
Change in pension experience	2,505	(971)
Employer contributions subsequent to measurement date	<u>-</u>	<u>7,671</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>9,238</u>	<u>33,801</u>
LIABILITIES		
Current Liabilities:		
Cash overdraft	836,319	-
Accounts payable	46,020	7,382
Accrued wages payable	<u>4,551</u>	<u>1,431</u>
TOTAL CURRENT LIABILITIES	<u>886,890</u>	<u>8,813</u>
Non-current Liabilities:		
Compensated absences	-	2,371
Other post-employment benefits (OPEB)	6,898	5,846
Net pension liability	<u>131,228</u>	<u>138,406</u>
TOTAL NON-CURRENT LIABILITIES	<u>138,126</u>	<u>146,623</u>
TOTAL LIABILITIES	<u>1,025,016</u>	<u>155,436</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	20,019,351	-
Unrestricted	<u>134,458</u>	<u>350,894</u>
TOTAL NET POSITION	<u>\$ 20,153,809</u>	<u>\$ 350,894</u>

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017			2016
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 6,350	\$ 9,080	\$ 2,730	\$ -
Rentals	418,860	418,860	-	297,620
Reimbursements	17,385	11,991,457	11,974,072	1,134
Other	-	-	-	2,632
TOTAL OPERATING REVENUES	442,595	12,419,397	11,976,802	301,386
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	131,005	114,884	16,121	105,427
Supplies and contractual	311,590	351,636	(40,046)	285,949
Provision for depreciation	-	-	-	36,649
Other services and charges	-	-	-	3,164
Total Administrative and General	442,595	466,520	(23,925)	431,189
Capital outlay	-	-	-	-
TOTAL OPERATING EXPENSES	442,595	466,520	(23,925)	431,189
OPERATING INCOME (LOSS)	-	11,952,877	11,952,877	(129,803)
NON-OPERATING REVENUES:				
Investment income	-	3,264	3,264	249
Gain (loss) on sale of capital asset	-	-	-	(2,639,210)
TOTAL NON-OPERATING REVENUES	-	3,264	3,264	(2,638,961)
INCOME BEFORE TRANSFERS	-	11,956,141	11,956,141	(2,768,764)
Capital contributions	-	7,491,723	7,491,723	-
Transfers in (out)	-	355,051	355,051	(30,241)
CHANGE IN NET POSITION	-	19,802,915	19,802,915	(2,799,005)
Net position, beginning of year	350,894	350,894	-	3,149,899
NET POSITION, END OF YEAR	\$ 350,894	\$ 20,153,809	\$ 19,802,915	\$ 350,894

CITY OF MARQUETTE, MICHIGAN
MOTOR VEHICLE EQUIPMENT FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 84,302	\$ 295,088
Accounts receivable	10,905	5,533
Due from local units	2,286	636
Inventory	-	26,247
Prepaid expenses	64,754	60,550
TOTAL CURRENT ASSETS	162,247	388,054
Non-current Assets:		
Restricted Assets:		
Equipment reserve	1,016,189	1,013,652
Fuel system reserve	-	28,863
OPEB reserve	78,429	65,132
Compensated absences reserve	80,774	69,853
Total Restricted Assets	1,175,392	1,177,500
Land and other non-depreciable assets	-	-
Other capital assets, net of depreciation	1,421,454	1,113,035
TOTAL NON-CURRENT ASSETS	2,596,846	2,290,535
TOTAL ASSETS	2,759,093	2,678,589
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	82,567	162,392
Change in pension assumptions	106,588	152,109
Change in pension experience	10,116	(11,279)
Employer contributions subsequent to measurement date	-	89,111
TOTAL DEFERRED OUTFLOWS OF RESOURCES	199,271	392,333
LIABILITIES		
Current Liabilities:		
Accounts payable	26,978	86,347
Accrued wages payable	21,093	18,045
TOTAL CURRENT LIABILITIES	48,071	104,392
Non-current Liabilities:		
Compensated absences	80,774	69,853
Other post-employment benefits (OPEB)	78,429	65,132
Net pension liability	1,508,533	1,594,610
TOTAL NON-CURRENT LIABILITIES	1,667,736	1,729,595
TOTAL LIABILITIES	1,715,807	1,833,987
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	1,421,454	1,113,035
Restricted:		
Capital outlay	-	28,863
Unrestricted	(178,897)	95,037
TOTAL NET POSITION	\$ 1,242,557	\$ 1,236,935

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, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017		2016	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Sales	\$ 120,000	\$ 84,488	\$ (35,512)	\$ 81,833
Rentals	3,028,535	2,707,876	(320,659)	2,628,360
Reimbursements	10,000	12,042	2,042	23,048
Other	19,000	15,510	(3,490)	14,139
TOTAL OPERATING REVENUES	3,177,535	2,819,916	(357,619)	2,747,380
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	686,040	945,692	(259,652)	965,402
Supplies and contractual	1,565,495	1,583,789	(18,294)	1,290,680
Provision for depreciation	575,000	318,069	256,931	423,656
Total Administrative and General	<u>2,826,535</u>	<u>2,847,550</u>	<u>(21,015)</u>	<u>2,679,738</u>
Capital outlay	-	-	-	7,461
TOTAL OPERATING EXPENSES	2,826,535	2,847,550	(21,015)	2,687,199
OPERATING INCOME (LOSS)	351,000	(27,634)	(378,634)	60,181
NON-OPERATING REVENUES:				
Investment income	1,000	2,687	1,687	3,044
Gain (loss) on sale of capital asset	38,000	30,569	(7,431)	56,712
TOTAL NON-OPERATING REVENUES	39,000	33,256	(5,744)	59,756
INCOME BEFORE TRANSFERS	390,000	5,622	(384,378)	119,937
Transfers (out)	(390,000)	-	390,000	(360,000)
CHANGE IN NET POSITION	-	5,622	5,622	(240,063)
Net position, beginning of year	1,236,935	1,236,935	-	1,476,998
NET POSITION, END OF YEAR	\$ 1,236,935	\$ 1,242,557	\$ 5,622	\$ 1,236,935

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.

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
FIRE-POLICE RETIREMENT SYSTEM PENSION TRUST FUND
COMPARATIVE STATEMENT OF PLAN NET POSITION
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 776,995	\$ 773,312
Investments:		
United States Government Securities	-	-
Domestic Corporation Bonds	3,030,054	2,506,423
Common, Pooled Mutual Fund	28,506,931	26,135,446
Government National Mortgage Association	-	-
Accounts receivable	-	-
Accrued interest receivable	<u>774</u>	<u>285</u>
TOTAL ASSETS	<u>32,314,754</u>	<u>29,415,466</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Accounts payable	<u>10,400</u>	<u>-</u>
TOTAL LIABILITIES	<u>10,400</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Held in trust for pension benefits	<u>32,304,354</u>	<u>29,415,466</u>
TOTAL NET POSITION	<u><u>\$ 32,304,354</u></u>	<u><u>\$ 29,415,466</u></u>

CITY OF MARQUETTE, MICHIGAN**AGENCY FUND****COMPARATIVE BALANCE SHEET**

September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS:		
Cash and cash equivalents	\$ 3,157,226	\$ 2,544,043
Accounts receivable	-	-
Taxes receivable - current	1,433,922	2,198,568
Taxes receivable - delinquent personal	<u>21,254</u>	<u>19,417</u>
TOTAL ASSETS	<u><u>\$ 4,612,402</u></u>	<u><u>\$ 4,762,028</u></u>
LIABILITIES:		
Contract retainage payable	\$ 1,454,256	\$ 582,830
Accrued wages	1,390,399	1,687,513
Due to State	211,393	300,036
Due to other governments	726,214	1,044,180
Due to local units	583,507	885,723
Other liabilities	<u>246,633</u>	<u>261,746</u>
TOTAL LIABILITIES	<u><u>\$ 4,612,402</u></u>	<u><u>\$ 4,762,028</u></u>

CITY OF MARQUETTE, MICHIGAN

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Fiscal Year Ended September 30, 2017 and 2016

	Balance at September 30, 2016	Additions	Deductions	Balance at September 30, 2017
ASSETS:				
Cash and cash equivalents	\$ 2,544,043	\$ 43,677,027	\$ 43,063,844	\$ 3,157,226
Accounts receivable	-	669,438	669,438	-
Taxes receivable - current	2,198,568	32,963,821	33,728,467	1,433,922
Taxes receivable - delinquent personal	19,417	24,613	22,776	21,254
TOTAL ASSETS	<u>\$ 4,762,028</u>	<u>\$ 77,334,899</u>	<u>\$ 77,484,525</u>	<u>\$ 4,612,402</u>
LIABILITIES:				
Contract retainage payable	\$ 582,830	\$ 23,333,583	\$ 22,462,157	\$ 1,454,256
Accrued wages	1,687,513	7,201,648	7,498,762	1,390,399
Due to State	300,036	4,375,622	4,464,265	211,393
Due to other governments	1,044,180	17,399,532	17,717,498	726,214
Due to local units	885,723	13,586,155	13,888,371	583,507
Other liabilities	261,746	82,657	97,770	246,633
TOTAL LIABILITIES	<u>\$ 4,762,028</u>	<u>\$ 65,979,197</u>	<u>\$ 66,128,823</u>	<u>\$ 4,612,402</u>

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, 2017

	Land and Improvements	Buildings and Improvements	Furniture and Equipment	Other	Totals
Governmental Capital Assets:					
Land	\$ 13,768,521	\$ -	\$ -	\$ -	\$ 13,768,521
Land improvements	7,834,482	-	-	-	7,834,482
Buildings	-	5,828,333	-	-	5,828,333
Building improvements	-	6,949,793	-	-	6,949,793
Furniture and equipment	-	-	1,609,299	-	1,609,299
Infrastructure	-	-	-	53,947,093	53,947,093
Construction in progress	-	-	-	8,850,292	8,850,292
TOTAL	\$ 21,603,003	\$ 12,778,126	\$ 1,609,299	\$ 62,797,385	\$ 98,787,813
Investments in Governmental Capital Assets From:					
General fund	\$ 14,392,744	\$ 5,306,910	\$ 1,015,187	\$ 32,221,994	\$ 52,936,835
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	1,189,181	558,029	117,381	-	1,864,591
Authorities, Boards and Commissions	54,000	811,172	-	-	865,172
Other funds	3,360,598	1,935,996	164,920	30,027,629	35,489,143
TOTAL	\$ 21,603,003	\$ 12,778,126	\$ 1,609,299	\$ 62,797,385	\$ 98,787,813

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, 2017

Function and Activity	Balance September 30, 2016	Additions	Deductions	Transfers	Balance September 30, 2017
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	40,000	-	-	320,829
City Hall and Grounds	2,709,254	-	-	-	2,709,254
Other City Property	5,007,754	445,649	-	-	5,453,403
Total General Government	8,031,001	485,649	-	-	8,516,650
Public Health and Safety:					
Police Department	303,068	-	-	-	303,068
Fire Department	684,146	12,560	-	-	696,706
Total Public Health and Safety	987,214	12,560	-	-	999,774
Highways, Streets and Bridges:					
City Engineer	164,803	-	-	-	164,803
Public Works	10,698,848	-	-	-	10,698,848
Infrastructure	52,269,828	1,121,519	-	555,746	53,947,093
Parking System	2,475,516	-	-	-	2,475,516
Total Highways, Streets and Bridges	65,608,995	1,121,519	-	555,746	67,286,260
Other:					
Sanitation	14,932	-	-	-	14,932
Recreation	13,076,741	-	-	-	13,076,741
Other	43,164	-	-	-	43,164
Total Other	13,134,837	-	-	-	13,134,837
TOTAL GOVERNMENTAL CAPITAL ASSETS	87,762,047	1,619,728	-	555,746	89,937,521
Construction in progress	7,752,799	9,144,962	-	(8,047,469)	8,850,292
GRAND TOTAL	\$ 95,514,846	\$ 10,764,690	\$ -	\$ (7,491,723)	\$ 98,787,813

CITY OF MARQUETTE, MICHIGAN

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

September 30, 2017

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	320,829	98,002	171,574	9,048	42,205	-	-
City Hall and Grounds	2,709,254	100,008	128,596	1,395,545	1,007,247	77,858	-
Other City Property	5,453,403	5,388,428	19,817	45,158	-	-	-
Total General Government	8,516,650	5,586,438	319,987	1,449,751	1,049,452	111,022	-
Public Health and Safety:							
Police Department	303,068	-	-	-	-	303,068	-
Fire Department	696,706	32,296	14,663	154,155	205,899	289,693	-
Total Public Health and Safety	999,774	32,296	14,663	154,155	205,899	592,761	-
Highways, Streets and Bridges:							
City Engineer	164,803	-	-	-	-	164,803	-
Public Works	10,698,848	6,519,976	3,390,147	542,795	225,530	20,400	-
Infrastructure	53,947,093	-	-	-	-	-	53,947,093
Parking System	2,475,516	753,874	70,131	1,320,171	235,396	95,944	-
Total Highways, Streets and Bridges	67,286,260	7,273,850	3,460,278	1,862,966	460,926	281,147	53,947,093
Other:							
Sanitation	14,932	14,932	-	-	-	-	-
Recreation	13,076,741	861,005	4,039,554	2,361,461	5,215,600	599,121	-
Other	43,164	-	-	-	17,916	25,248	-
Total Other	13,134,837	875,937	4,039,554	2,361,461	5,233,516	624,369	-
TOTAL GOVERNMENTAL CAPITAL ASSETS ASSOCIATED TO FUNCTIONS	89,937,521	\$ 13,768,521	\$ 7,834,482	\$ 5,828,333	\$ 6,949,793	\$ 1,609,299	\$ 53,947,093
Construction in progress	8,850,292						
GRAND TOTAL	\$ 98,787,813						

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, 2017

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 Capital Improvements Bonds	2014 Capital Improvements Bonds	2015 Capital Improvements Bonds	2016 Capital Improvements Bonds	2017 Capital Improvements Bonds	2014 Capital Improvements Bonds	
2018	\$ 25,000	\$ 20,000	\$ 20,000	\$ -	\$ 16,563	\$ 96,600	\$ 205,275	\$ 18,150	\$ 42,075	\$ 51,250	\$ 34,850	\$ 101,490	\$ 24,650	\$ 119,925	\$ 10,250	
2019	25,000	25,000	20,000	-	16,880	-	212,415	18,700	43,945	53,750	35,700	104,645	120,595	93,000	10,500	
2020	25,000	25,000	20,000	-	17,197	-	-	19,250	44,880	55,000	36,550	104,645	125,150	309,985	10,750	
2021	25,000	25,000	20,000	-	17,407	-	-	19,800	46,750	56,250	37,400	107,095	129,705	322,910	11,000	
2022	25,000	25,000	25,000	-	17,619	-	-	20,350	47,685	57,500	38,100	108,545	134,260	342,975	11,500	
2023	25,000	25,000	25,000	-	17,935	-	-	21,450	49,555	60,000	39,950	111,995	139,665	348,760	11,750	
2024	25,000	30,000	25,000	-	18,251	-	-	22,550	50,490	61,250	40,800	114,445	148,775	363,470	12,000	
2025	30,000	30,000	25,000	-	18,568	-	-	23,100	52,360	63,750	42,500	116,895	153,530	115,000	12,500	
2026	30,000	30,000	25,000	-	18,885	-	-	24,200	54,230	65,000	44,200	121,792	161,205	120,000	13,000	
2027	30,000	30,000	25,000	-	19,201	-	-	25,300	55,165	67,500	45,900	-	165,760	124,000	13,500	
2028	30,000	30,000	25,875	-	19,518	-	-	-	57,035	68,750	48,450	-	174,870	129,000	14,250	
2029	30,000	30,000	-	-	3,558	-	-	-	-	-	50,150	-	37,400	134,000	14,750	
2030	15,058	30,000	-	-	-	-	-	-	-	-	51,850	-	39,100	140,000	15,250	
2031	-	30,000	-	-	-	-	-	-	-	-	-	-	40,800	145,000	-	
2032	-	33,908	-	-	-	-	-	-	-	-	-	-	-	151,000	-	
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	\$ 340,058	\$ 418,908	\$ 255,875	\$ -	\$ 201,582	\$ 96,600	\$ 417,690	\$ 212,850	\$ 544,170	\$ 660,000	\$ 547,400	\$ 992,547	\$ 1,595,265	\$ 2,959,025	\$ 161,000	
Interest Rates	3%	3%	3%	4%	2%	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%	2.0 - 5.0%	2.0 - 4.0%	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	February and August	April and October	May and November	May and November	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	9/13/2013	9/30/2014	9/17/2015	11/3/2016	8/23/2017	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	\$ 867,500	\$ 615,400	\$ 1,095,447	\$ 1,625,015	\$ 2,959,025	\$ 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	2016 Capital Improvements Bonds	2017 Capital Improvements Bonds	2006 Street Improvements Bonds (B)	2007 Street Street Bonds	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	2016 Capital Improvements Bonds	2017 Capital Improvements Bonds			
2018	\$ 185,000	\$ 30,000	\$ 30,000	\$ 90,071	\$ 103,500	\$ 51,150	\$ 73,125	\$ 57,400	\$ 96,350	\$ 33,951	\$ 24,650	\$ 87,750	\$ -	\$ 5,963	\$ 79,395	\$ 23,575	\$ 29,700	\$ 34,875	\$ 32,800	\$ 7,430	\$ 225,850	\$ 84,275			
2019	190,000	35,000	35,000	-	107,100	52,700	76,375	60,200	98,700	34,751	112,356	69,750	-	6,077	-	24,395	30,600	36,425	34,400	7,580	309,385	69,750			
2020	195,000	35,000	35,000	-	-	54,250	78,000	61,600	101,050	34,751	116,590	179,400	-	6,191	-	-	31,500	37,200	35,200	7,580	321,050	95,305			
2021	200,000	35,000	35,000	-	-	55,800	81,250	63,000	103,400	35,551	120,824	186,900	-	6,267	-	-	32,400	38,750	36,000	7,730	330,215	99,330			
2022	200,000	35,000	35,000	-	-	57,350	82,875	64,400	108,100	36,351	125,058	198,000	-	6,343	-	-	33,300	39,525	36,800	7,880	344,380	104,175			
2023	205,000	35,000	35,000	-	-	60,450	86,125	67,200	110,450	37,151	130,142	201,900	-	6,457	-	-	35,100	41,075	38,400	8,030	129,695	107,380			
2024	210,000	40,000	35,000	-	-	63,550	87,750	68,800	112,800	37,951	138,610	210,300	-	6,571	-	-	36,900	41,850	39,200	8,180	138,025	111,610			
2025	-	40,000	40,000	-	-	65,100	91,000	71,400	117,500	38,751	142,844	86,250	-	6,684	-	-	37,800	43,400	40,800	8,330	142,190	86,250			
2026	-	40,000	40,000	-	-	68,200	94,250	72,800	122,200	40,699	150,184	90,000	-	6,798	-	-	39,600	44,950	41,600	9,769	149,515	90,000			
2027	-	40,000	40,000	-	-	71,300	95,875	75,600	126,900	-	154,418	93,000	-	6,912	-	-	41,400	45,725	43,200	-	153,680	93,000			
2028	-	40,000	40,000	-	-	-	99,125	77,000	133,950	-	162,886	96,750	-	8,307	-	-	-	47,275	44,000	-	162,010	96,750			
2029	-	40,000	40,000	-	-	-	-	-	138,650	-	37,400	100,500	-	-	-	-	-	-	-	-	50,600	100,500			
2030	-	40,699	40,000	-	-	-	-	-	143,350	-	39,100	105,000	-	-	-	-	-	-	-	-	52,900	105,000			
2031	-	-	46,785	-	-	-	-	-	-	-	40,800	108,750	-	-	-	-	-	-	-	-	55,200	108,750			
2032	-	-	-	-	-	-	-	-	-	-	-	113,250	-	-	-	-	-	-	-	-	-	113,250			
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	\$ 1,385,000	\$ 485,699	\$ 526,785	\$ 90,071	\$ 210,600	\$ 599,850	\$ 945,750	\$ 739,200	\$ 1,513,400	\$ 329,907	\$ 1,495,862	\$ 1,927,500	\$ -	\$ 72,570	\$ 79,395	\$ 47,970	\$ 348,300	\$ 451,050	\$ 422,400	\$ 72,509	\$ 2,564,695	\$ 1,465,325			
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%	2.0 - 5.0%	2.0 - 4.0%	4%	2%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.0 - 3.0%	2.95%	2.0 - 3.0%	2.0 - 5.0%	2.0 - 4.0%			
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	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	May and November	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	11/3/2016	8/23/2017	10/31/2006	3/29/2007	6/26/2008	5/5/2009	9/22/2012	8/7/2012	9/13/2013	9/17/2015	11/3/2016	8/23/2017			
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	\$ 1,525,612	\$ 1,927,500	\$ 2,737,500	\$ 123,234	\$ 1,683,385	\$ 343,375	\$ 484,200	\$ 583,575	\$ 555,200	\$ 78,809	\$ 1,579,945	\$ 1,465,325			

* 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

BROWNFIELD REDEVELOPMENT AUTHORITY: To record the activities associated with the Brownfield Redevelopment Authority.

DOWNTOWN DEVELOPMENT AUTHORITY: To record the activities associated with the Downtown Development Authority.

PETER WHITE PUBLIC LIBRARY: To record revenues and expenditures of the Peter White Public Library. Financing is primarily provided through property taxes.

CITY OF MARQUETTE, MICHIGAN

BOARD OF LIGHT AND POWER ELECTRIC UTILITY

COMPARATIVE STATEMENT OF NET POSITION

September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,381,890	\$ 3,327,365
Internally designated assets:		
Customer electric rate stabilization fund	1,267,108	616,067
Fuel imbursement fund	9,096,560	4,572,727
Capital projects fund cash and cash equivalents	-	5,274,946
Investments - capital projects fund	-	29,324,627
Turbine and major generating equipment overhaul fund	4,264,818	3,515,968
Replacement-risk retention fund	1,487,835	574,360
Improvement fund	1,475,000	600,000
Future generation fund	-	-
Accounts receivable, net	2,866,176	2,215,910
Inventory	4,743,935	4,248,985
Prepaid expenses	364,864	295,898
TOTAL CURRENT ASSETS	29,948,186	54,566,853
Non-current Assets:		
Restricted Assets:		
Unspent 2016A bond proceeds	9,557,052	-
Bond and interest redemption fund	1,089,812	1,223,832
Bond reserve fund	5,451,393	5,430,183
Customer deposits	1,668,852	1,463,199
Retiree health funding vehicle fund (Net OPEB asset)	397,589	-
Pinehill landfill fund	478,617	491,004
Energy optimization fund	421,709	-
TOTAL RESTRICTED ASSETS	19,065,024	8,608,218
Investment in UPPPA	3,724,641	3,368,697
Property, plant, and equipment	207,757,742	181,539,289
Accumulated depreciation	(101,425,962)	(98,997,038)
TOTAL NON-CURRENT ASSETS	129,121,445	94,519,166
TOTAL ASSETS	159,069,631	149,086,019
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	1,821,762	3,653,247
Employer contributions subsequent to measurement	3,410,569	2,071,861
Deferred charge on refunding	27,660	64,540
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,259,991	5,789,648
LIABILITIES		
Current Liabilities:		
Accounts payable	3,713,235	5,405,254
Accrued liabilities	453,114	324,240
Compensated absences	1,009,996	1,117,138
Customer deposits payable	1,664,538	1,458,850
Other current liabilities	461,708	600,988
TOTAL CURRENT LIABILITIES	7,302,591	8,906,470
Current Liabilities (payable from restricted assets):		
Current maturities on bonds and capital lease	1,194,740	742,244
Revenue bond accrued interest payable	760,803	1,223,803
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	1,955,543	1,966,047
Non-current Liabilities:		
Other post-employment benefits (OPEB)	-	1,341,248
Net pension liability	17,770,099	19,597,730
Bonds payable	65,786,250	66,984,557
Unamortized bond premium	9,756,091	10,281,082
Reserve for turbine and major generating equipment overhaul	4,264,817	3,515,968
Postclosure costs - Landfill	424,785	437,178
TOTAL NON-CURRENT LIABILITIES	98,002,042	102,157,763
TOTAL LIABILITIES	107,260,176	113,030,280
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	29,622,359	35,478,241
Restricted for:		
Other activities	18,667,435	8,608,218
Unrestricted	8,779,652	(2,241,072)
TOTAL NET POSITION	\$ 57,069,446	\$ 41,845,387

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, 2017
With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES:		
Electricity Sales:		
Urban	\$ 26,432,023	\$ 20,582,907
Rural	16,625,299	12,961,078
Sales to Alger-Delta Co-op	914,728	918,833
Sales to Wisconsin Electric Power Company	387,323	182,455
Street lighting	592,702	435,070
Other municipal departments	1,488,030	1,080,513
Rent and other	<u>902,322</u>	<u>802,979</u>
TOTAL OPERATING REVENUES	<u>47,342,427</u>	<u>36,963,835</u>
OPERATING EXPENSES:		
Administrative and general	9,727,901	8,894,103
Production	13,896,916	15,961,204
Purchased power	918,395	1,031,699
Distribution and transmission	1,717,579	1,586,690
Customer accounting	618,534	575,995
Payment in lieu of property taxes - City of Marquette	1,875,722	1,837,569
Provision for depreciation, excluding amounts charged to other operating expenses (2017 - \$158,608; 2016 - \$121,608)	<u>2,418,992</u>	<u>2,532,378</u>
TOTAL OPERATING EXPENSES	<u>31,174,039</u>	<u>32,419,638</u>
INCOME/(LOSS) FROM OPERATIONS	<u>16,168,388</u>	<u>4,544,197</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income	874,007	633,984
Amortization of bond premium	-	-
Interest on long term debt	(2,228,384)	(1,113,993)
Bond issuance expense	-	(720,400)
Gain on sale of treasury note	-	62,473
Loss on disposal of equipment	<u>(49,067)</u>	<u>(4,231)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(1,403,444)</u>	<u>(1,142,167)</u>
NET INCOME/(LOSS)	14,764,944	3,402,030
Capital contributions from customers	<u>459,115</u>	<u>344,486</u>
CHANGE IN NET POSITION	15,224,059	3,746,516
Net position, beginning of year	<u>41,845,387</u>	<u>38,098,871</u>
NET POSITION, END OF YEAR	<u><u>\$ 57,069,446</u></u>	<u><u>\$ 41,845,387</u></u>

CITY OF MARQUETTE, MICHIGAN

BOARD OF LIGHT AND POWER ELECTRIC UTILITY

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 46,873,849	\$ 36,578,336
Cash paid to suppliers and employees	(33,283,157)	(29,002,101)
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,590,692	7,576,235
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(26,105,471)	(36,935,722)
Proceeds from sale of equipment	14,275	5,370
Principal payment on revenue bonds, notes payable and capital lease obligations	(745,811)	(3,890,000)
Capital contributions	459,115	344,486
Proceeds from issuance of long term debt	-	67,435,000
Premium on bond issuance	-	10,499,829
Cash payments for bond issuance expense	-	(720,400)
Interest paid on revenue bonds and notes payable	(3,504,495)	(94,842)
NET CASH (USED) FOR CAPITAL AND FINANCING ACTIVITIES	(29,882,387)	36,643,721
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	874,007	319,409
Proceeds from maturities and sales of investment securities	22,461,593	18,010,697
Purchase of investments	(5,989,380)	(61,088,813)
NET CASH (USED) BY INVESTING ACTIVITIES	17,346,220	(42,758,707)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,054,525	1,461,249
Cash and cash equivalents, beginning of year	3,327,365	1,866,116
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,381,890	\$ 3,327,365
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 16,168,388	\$ 4,544,197
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	2,577,600	2,653,986
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	(650,266)	(447,581)
(Increase)/Decrease in inventory	(494,950)	(980,871)
(Increase)/Decrease in prepaid expenses	(68,966)	(188,447)
Increase/(Decrease) in accounts payable	(1,692,019)	1,121,291
Increase/(Decrease) in accrued wages and related liabilities	128,874	37,823
Increase/(Decrease) in accrued sick and vacation	(107,142)	126,998
Increase in customer deposits, including accrued interest	205,688	86,081
(Decrease) in landfill site postclosure care cost liability	(12,393)	(3,320)
Increase/(Decrease) in other post-employment benefits (OPEB), and net pension liability	(3,073,691)	(289,272)
Increase in reserve for turbine overhaul	748,849	808,876
Increase/(Decrease) in energy optimization program liability	(139,280)	106,474
NET ADJUSTMENTS	(2,577,696)	3,032,038
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 13,590,692	\$ 7,576,235

Non-cash Transaction:

Interest in the amount of \$325,000 was capitalized in 2017.

CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
September 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,768,913
Taxes receivable, net	21,782
Accounts receivable, net	-
Due from primary government	-
Other assets	<u>1,118</u>
TOTAL CURRENT ASSETS	<u>3,791,813</u>
Non-current assets:	
Taxes receivable, net	-
Land and construction in progress	<u>1,285,857</u>
TOTAL NON-CURRENT ASSETS	<u>1,285,857</u>
TOTAL ASSETS	<u>5,077,670</u>
DEFERRED OUTFLOWS OF RESOURCES	
Receivables for developer obligations	<u>40,856,267</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>40,856,267</u>
LIABILITIES	
Current liabilities:	
Accounts payable	3,439
Accrued liabilities	1,443
Accrued interest	394,648
Due to primary government	240,150
Bonds payable for capital assets- due in one year	20,000
Bonds payable for developer - due in one year	<u>120,000</u>
TOTAL CURRENT LIABILITIES	<u>779,680</u>
Non-current liabilities:	
Bonds payable for capital assets - due in more than one year	1,720,000
Bonds payable for developer - due in more than one year	19,689,635
Long term obligations to developers	<u>18,911,984</u>
TOTAL NON-CURRENT LIABILITIES	<u>40,321,619</u>
TOTAL LIABILITIES	<u>41,101,299</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes levied for a subsequent period	<u>907,604</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>907,604</u>
NET POSITION	
Net investment in capital assets	375,857
Restricted	<u>3,549,177</u>
TOTAL NET POSITION	<u><u>\$ 3,925,034</u></u>

CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2017

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 12,266,831	\$ -	\$ -	\$ (12,266,831)
Interest on long-term debt	863,306	-	-	(863,306)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 13,130,137	\$ -	\$ -	(13,130,137)
		General revenues:		
		Property taxes		2,732,665
		Interest and investment earnings		23,643
		Miscellaneous		-
		Total General Revenues		2,756,308
		CHANGE IN NET POSITION		(10,373,829)
		Net position, beginning of year		14,298,863
		NET POSITION, END OF YEAR		\$ 3,925,034

CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
COMPARATIVE BALANCE SHEET
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 3,768,913	\$ 20,099,930
Taxes receivable, net	21,782	19,468
Other assets	<u>1,118</u>	<u>619</u>
TOTAL ASSETS	<u>3,791,813</u>	<u>20,120,017</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 3,791,813</u></u>	<u><u>\$ 20,120,017</u></u>
LIABILITIES		
Accounts payable	\$ 3,439	\$ 55,825
Accrued salaries and wages	1,443	1,362
Due to primary government	<u>240,150</u>	<u>6,479,844</u>
TOTAL LIABILITIES	<u>245,032</u>	<u>6,537,031</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	<u>907,604</u>	<u>569,980</u>
FUND BALANCE		
Restricted	2,639,177	13,013,006
Unassigned	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>2,639,177</u>	<u>13,013,006</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 3,791,813</u></u>	<u><u>\$ 20,120,017</u></u>

CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2017

Total Fund Balances for Governmental Funds	\$ 2,639,177
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost of capital assets	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	40,856,267
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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	(20,000)	
Current portion of bonds payable for developer	(120,000)	
Accrued interest on bonds	(394,648)	
Bonds payable for capital assets	(1,720,000)	
Bonds payable for developer	(19,689,635)	
Long term obligations to developers	<u>(18,911,984)</u>	<u>(40,856,267)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,925,034</u>
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CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2017

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2016

	2017	2016
REVENUES		
Property taxes	\$ 902,170	\$ 680,916
Private contribution	-	35,000
Investment income	23,643	1,448
	<u>925,813</u>	<u>717,364</u>
TOTAL REVENUES	<u>925,813</u>	<u>717,364</u>
EXPENDITURES		
Current operations:		
General government	37,225	36,099
Economic development:		
Supplies and contractual	11,578,220	6,928,648
Capital outlay	-	-
Debt service		
Principal retirement	85,000	85,000
Interest and fiscal charges	499,197	62,230
	<u>12,199,642</u>	<u>7,111,977</u>
TOTAL EXPENDITURES	<u>12,199,642</u>	<u>7,111,977</u>
NET REVENUES OVER EXPENDITURES	<u>(11,273,829)</u>	<u>(6,394,613)</u>
OTHER FINANCING SOURCES (USES)		
Bond issuance	830,000	17,195,000
Premium on bond issuance	86,376	2,182,378
Bond issuance expense	(16,376)	(214,528)
	<u>900,000</u>	<u>19,162,850</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>900,000</u>	<u>19,162,850</u>
NET CHANGE IN FUND BALANCE	<u>(10,373,829)</u>	<u>12,768,237</u>
Fund balance, beginning of year	<u>13,013,006</u>	<u>244,769</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 2,639,177</u></u>	<u><u>\$ 13,013,006</u></u>

CITY OF MARQUETTE, MICHIGAN
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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ (10,373,829)
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Amounts reported for governmental activities in the statement of activities is different because:

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	(830,000)
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Premiums on bonds are an other financing source in the fund when first issued, but these amounts are amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt.	(86,376)
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Proceeds from debt issues are a receivable for developer obligations, a deferred outflow of resources, in the statement of net position	916,376
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In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental fund, an interest expenditure is reported when due.	(364,109)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	85,000
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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	914,119
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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	(635,010)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (10,373,829)
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CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
September 30, 2017

	Downtown Development Authority	Peter White Public Library	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,470,639	\$ 1,495,582	\$ 2,966,221
Taxes receivable, net	132,403	63,725	196,128
Accounts receivable, net	16,092	13,698	29,790
Due from Federal	-	-	-
Other assets	150	15,709	15,859
TOTAL CURRENT ASSETS	1,619,284	1,588,714	3,207,998
Non-current assets:			
Restricted cash and cash equivalents	-	925,420	925,420
Land and construction in progress	-	114,704	114,704
Other capital assets, net of depreciation	3,190,356	3,691,120	6,881,476
TOTAL NON-CURRENT ASSETS	3,190,356	4,731,244	7,921,600
TOTAL ASSETS	4,809,640	6,319,958	11,129,598
DEFERRED OUTFLOWS OF RESOURCES			
Change in pension investment projections	-	161,798	161,798
Employer contributions subsequent to measurement date	-	50,520	50,520
Receivables for developer obligations	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	212,318	212,318
LIABILITIES			
Current liabilities:			
Accounts payable	-	22,151	22,151
Accrued liabilities	15,544	95,198	110,742
Accrued interest	3,915	-	3,915
Due to others	-	4,100	4,100
Compensated absences	57,934	-	57,934
Bonds payable - due in one year	100,000	345,000	445,000
TOTAL CURRENT LIABILITIES	177,393	466,449	643,842
Non-current liabilities:			
Compensated absences	-	64,130	64,130
Net pension liability	-	1,195,787	1,195,787
Bonds payable	980,000	-	980,000
TOTAL NON-CURRENT LIABILITIES	980,000	1,259,917	2,239,917
TOTAL LIABILITIES	1,157,393	1,726,366	2,883,759
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for a subsequent period	545,388	932,375	1,477,763
TOTAL DEFERRED INFLOWS OF RESOURCES	545,388	932,375	1,477,763
NET POSITION			
Net investment in capital assets	2,110,356	3,460,824	5,571,180
Restricted	-	1,058,711	1,058,711
Unrestricted	996,503	(646,000)	350,503
TOTAL NET POSITION	\$ 3,106,859	\$ 3,873,535	\$ 6,980,394

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2017

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Peter White Public Library	Total
Governmental Activities:						
Downtown Development Authority	\$ 1,888,852	\$ 252,073	\$ 157,670	\$ (1,479,109)	\$ -	\$ (1,479,109)
Peter White Public Library	2,127,149	200,761	826,073	-	(1,100,315)	(1,100,315)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 4,016,001	\$ 452,834	\$ 983,743	(1,479,109)	(1,100,315)	(2,579,424)
General revenues:						
Property taxes				772,502	1,227,178	1,999,680
Interest and investment earnings				2,211	121,775	123,986
Gain on the sale of capital assets				-	2,657	2,657
Miscellaneous				766,336	12,072	778,408
Total General Revenues				1,541,049	1,363,682	2,904,731
CHANGE IN NET POSITION				61,940	263,367	325,307
Net position, beginning of year, as restated				3,044,919	3,610,168	6,655,087
NET POSITION, END OF YEAR				\$ 3,106,859	\$ 3,873,535	\$ 6,980,394

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

September 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,470,639
Taxes receivable, net	132,403
Accounts receivable, net	16,092
Due from Federal government	-
Due from primary government	-
Other assets	<u>150</u>
TOTAL CURRENT ASSETS	<u>1,619,284</u>
Non-current assets:	
Land and construction in progress	-
Other capital assets, net of depreciation	<u>3,190,356</u>
TOTAL NON-CURRENT ASSETS	<u>3,190,356</u>
TOTAL ASSETS	<u>4,809,640</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable	-
Accrued liabilities	15,544
Accrued interest	3,915
Compensated absences	57,934
Bonds payable - due in one year	<u>100,000</u>
TOTAL CURRENT LIABILITIES	<u>177,393</u>
Non-current liabilities:	
Bonds payable - due in more than one year	<u>980,000</u>
TOTAL NON-CURRENT LIABILITIES	<u>980,000</u>
TOTAL LIABILITIES	<u>1,157,393</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes levied for a subsequent period	<u>545,388</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>545,388</u>
NET POSITION	
Net investment in capital assets	2,110,356
Unrestricted	<u>996,503</u>
TOTAL NET POSITION	<u><u>\$ 3,106,859</u></u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2017

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 1,837,885	\$ 252,073	\$ 157,670	\$ (1,428,142)
Interest on long-term debt	50,967	-	-	(50,967)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,888,852</u>	<u>\$ 252,073</u>	<u>\$ 157,670</u>	<u>(1,479,109)</u>
	General revenues:			
	Property taxes			772,502
	Interest and investment earnings			2,211
	Gain on the sale of capital assets			-
	Miscellaneous			<u>766,336</u>
	Total General Revenues			<u>1,541,049</u>
	CHANGE IN NET POSITION			61,940
	Net position, beginning of year			<u>3,044,919</u>
	NET POSITION, END OF YEAR			<u>\$ 3,106,859</u>

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2017

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,470,639	\$ 1,470,639
Taxes receivable, net	132,403	132,403
Accounts receivable, net	16,092	16,092
Grants receivable, net	-	-
Other assets	150	150
	<hr/>	<hr/>
TOTAL ASSETS	1,619,284	1,619,284
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	-	-
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,619,284</u>	<u>\$ 1,619,284</u>
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued salaries and wages	15,544	15,544
	<hr/>	<hr/>
TOTAL LIABILITIES	15,544	15,544
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	545,388	545,388
	<hr/>	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	545,388	545,388
	<hr/>	<hr/>
FUND BALANCE		
Restricted	-	-
Unassigned	1,058,352	1,058,352
	<hr/>	<hr/>
TOTAL FUND BALANCE	1,058,352	1,058,352
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,619,284</u>	<u>\$ 1,619,284</u>
	<hr/>	<hr/>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

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

September 30, 2017

Total Fund Balances for Governmental Funds \$ 1,058,352

*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	5,113,020	
Accumulated depreciation	<u>(1,922,664)</u>	3,190,356

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	(980,000)
Compensated absences	(57,934)
Accrued interest on bonds	<u>(3,915)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,106,859</u>
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CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2017

	General Fund	Total Governmental Funds
REVENUES		
Property taxes	\$ 772,502	\$ 772,502
Federal sources	157,670	157,670
State sources	-	-
Intergovernmental revenues	465	465
Charges for services	86,657	86,657
Rentals	165,416	165,416
Investment income	2,211	2,211
Other	765,871	765,871
	<hr/>	<hr/>
TOTAL REVENUES	1,950,792	1,950,792
	<hr/>	<hr/>
EXPENDITURES		
Current operations:		
General government	1,092,013	1,092,013
Capital outlay	628,236	628,236
Debt service		
Principal retirement	100,000	100,000
Interest and fiscal charges	51,330	51,330
	<hr/>	<hr/>
TOTAL EXPENDITURES	1,871,579	1,871,579
	<hr/>	<hr/>
NET REVENUES OVER EXPENDITURES	79,213	79,213
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	-	-
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-	-
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	79,213	79,213
	<hr/>	<hr/>
Fund balance, beginning of year	979,139	979,139
	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	<u>\$ 1,058,352</u>	<u>\$ 1,058,352</u>

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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$	79,213
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*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	\$	93,114	
Depreciation expense		(204,552)	
Net book value of disposals		<u>-</u>	(111,438)

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.

363

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.

100,000

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		<u>(6,198)</u>	
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

	\$	<u>61,940</u>	
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CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY
STATEMENT OF NET POSITION
September 30, 2017

	Primary Government
	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,495,582
Taxes receivable, net	63,725
Accounts receivable, net	13,698
Prepaid expenses	15,709
Non-current assets:	
Restricted cash and cash equivalents	925,420
Land and construction in progress	114,704
Other capital assets, net of depreciation	3,691,120
TOTAL ASSETS	6,319,958
DEFERRED OUTFLOWS OF RESOURCES	
Change in pension investment projections	161,798
Employer contributions subsequent to measurement date	50,520
TOTAL DEFERRED OUTFLOWS OF RESOURCES	212,318
LIABILITIES	
Current liabilities:	
Accounts payable	22,151
Accrued liabilities	95,198
Due to others	4,100
Bonds payable - due in one year	345,000
Non-current liabilities:	
Compensated absences	64,130
Net pension liability	1,195,787
TOTAL LIABILITIES	1,726,366
DEFERRED INFLOWS OF RESOURCES	
Taxes levied for a subsequent period	932,375
TOTAL DEFERRED INFLOWS OF RESOURCES	932,375
NET POSITION	
Net investment in capital assets	3,460,824
Restricted for:	
Debt services	117,582
Other activities	941,129
Unrestricted	(646,000)
TOTAL NET POSITION	\$ 3,873,535

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2017

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
Recreation and culture	\$ 2,106,749	\$ 200,761	\$ 826,073	\$ (1,079,915)
Interest on long-term debt	20,400	-	-	(20,400)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,127,149	\$ 200,761	\$ 826,073	(1,100,315)
General revenues:				
	Property taxes			1,227,178
	Interest and investment earnings			121,775
	Gain/(loss) on sale of fixed assets			2,657
	Miscellaneous			12,072
	Total General Revenues			1,363,682
	CHANGE IN NET POSITION			263,367
	Net position, beginning of year, as restated			3,610,168
	NET POSITION, END OF YEAR			\$ 3,873,535

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2017

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	Peter White Public Library Development Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,152,876	\$ 801,241	\$ 342,706	\$ 124,179	\$ 2,421,002
Investments	-	-	-	-	-
Taxes receivable, net	47,727	-	15,998	-	63,725
Accounts receivable, net	13,698	-	-	-	13,698
Prepaid expenditures	15,709	-	-	-	15,709
TOTAL ASSETS	<u>1,230,010</u>	<u>801,241</u>	<u>358,704</u>	<u>124,179</u>	<u>2,514,134</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,230,010</u>	<u>\$ 801,241</u>	<u>\$ 358,704</u>	<u>\$ 124,179</u>	<u>\$ 2,514,134</u>
LIABILITIES					
Accounts payable	\$ 21,949	\$ -	\$ 202	\$ -	\$ 22,151
Accrued salaries and wages	95,198	-	-	-	95,198
Due to other funds	3,275	-	825	-	4,100
TOTAL LIABILITIES	<u>120,422</u>	<u>-</u>	<u>1,027</u>	<u>-</u>	<u>121,449</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes levied for a subsequent period	692,280	-	240,095	-	932,375
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>692,280</u>	<u>-</u>	<u>240,095</u>	<u>-</u>	<u>932,375</u>
FUND BALANCE					
Non-spendable	15,709	-	-	-	15,709
Restricted for:					
Debt retirement	-	-	117,582	-	117,582
Endowments	-	801,241	-	124,179	925,420
Unassigned	401,599	-	-	-	401,599
TOTAL FUND BALANCE	<u>417,308</u>	<u>801,241</u>	<u>117,582</u>	<u>124,179</u>	<u>1,460,310</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,230,010</u>	<u>\$ 801,241</u>	<u>\$ 358,704</u>	<u>\$ 124,179</u>	<u>\$ 2,514,134</u>

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2017

Total Fund Balances for Governmental Funds	\$ 1,460,310
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Amounts reported for governmental activities in the statement of net position are different because:

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

	Cost of capital assets	10,172,440	
	Accumulated depreciation	<u>(6,366,616)</u>	3,805,824

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	1,195,787		
Deferred (outflows) of resources related to net pension liability	(161,798)		
Employer contributions subsequent to measurement date	(50,520)		
Deferred inflows of resources related to net pension liability	<u>-</u>		(983,469)

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	(345,000)		
Bonds payable - due in more than one year	-		
Compensated absences	<u>(64,130)</u>		<u>(409,130)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,873,535</u>
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CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2017

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	Peter White Public Library Development Fund	Total Governmental Funds
REVENUES					
Property taxes	\$ 880,111	\$ -	\$ 347,067	\$ -	\$ 1,227,178
State sources	43,836	-	-	-	43,836
Local sources	476,424	-	-	-	476,424
Charges for services	44,670	-	-	-	44,670
Fine and forfeiture	119,686	-	-	-	119,686
Rentals	36,405	-	-	-	36,405
Contributions from private sources	191,252	-	-	114,561	305,813
Investment income	32,737	84,620	-	4,418	121,775
Other revenues	9,158	-	2,914	-	12,072
TOTAL REVENUES	1,834,279	84,620	349,981	118,979	2,387,859
EXPENDITURES					
Recreation and Culture:					
Personnel services	1,236,404	-	-	-	1,236,404
Supplies	74,194	-	-	-	74,194
Other services and charges	444,948	-	520	72,265	517,733
Capital outlay	87,135	-	-	-	87,135
Debt service:					
Principal retirement	-	-	330,000	-	330,000
Interest and fiscal charges	-	-	20,400	-	20,400
TOTAL EXPENDITURES	1,842,681	-	350,920	72,265	2,265,866
NET REVENUES OVER EXPENDITURES	(8,402)	84,620	(939)	46,714	121,993
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of fixed assets	2,657	-	-	-	2,657
Transfers in	30,000	-	-	-	30,000
Transfers (out)	-	(30,000)	-	-	(30,000)
TOTAL OTHER FINANCING SOURCES (USES)	32,657	(30,000)	-	-	2,657
NET CHANGE IN FUND BALANCE	24,255	54,620	(939)	46,714	124,650
Fund balance, beginning of year, as restated	393,053	746,621	118,521	77,465	1,335,660
FUND BALANCE, END OF YEAR	\$ 417,308	\$ 801,241	\$ 117,582	\$ 124,179	\$ 1,460,310

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - 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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$	124,650
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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	\$	24,633	
Depreciation expense		(150,961)	
Net book value of disposals		<u>-</u>	(126,328)

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.

330,000

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

27,687

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	\$	(92,642)	
Change in deferred outflows related to timing of pension contributions		<u>-</u>	(92,642)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 263,367

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									
	2017	2016	2015 *	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net investment in capital assets	\$ 48,649,613	\$ 30,048,214	\$ 23,971,445	\$ 24,635,549	\$ 26,385,560	\$ 28,078,995	\$ 26,694,914	\$ 26,639,090	\$ 23,999,985	\$ 29,085,627
Restricted	2,861,425	792,364	1,482,626	1,873,995	719,411	1,593,378	4,606,252	4,007,127	4,892,891	585,942
Unrestricted	(13,670,347)	(9,917,153)	(7,948,501)	15,046,757	15,245,254	14,769,302	14,162,543	15,351,884	15,475,238	13,528,435
Total Governmental Activities										
Net Position / Net Assets	<u>\$ 37,840,691</u>	<u>\$ 20,923,425</u>	<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>
Business-Type Activities										
Net investment in capital assets	\$ 31,098,570	\$ 32,644,974	\$ 33,683,601	\$ 33,852,800	\$ 33,351,560	\$ 33,214,121	\$ 32,923,791	\$ 30,841,543	\$ 21,512,722	\$ 22,922,088
Restricted	837,004	-	1,661,848	2,714,043	211,294	1,142,971	1,137,437	1,607,849	6,761,541	6,008,242
Unrestricted	(309,010)	(524,411)	(2,604,078)	474,848	4,387,928	3,651,627	3,597,011	4,107,196	9,074,796	8,664,067
Total Business-Type Activities										
Net Position / Net Assets	<u>\$ 31,626,564</u>	<u>\$ 32,120,563</u>	<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>
Primary Government										
Net investment in capital assets	\$ 79,748,183	\$ 62,693,188	\$ 57,655,046	\$ 58,488,349	\$ 59,737,120	\$ 61,293,116	\$ 59,618,705	\$ 57,480,633	\$ 45,512,707	\$ 52,007,715
Restricted	3,698,429	792,364	3,144,474	4,588,038	930,705	2,736,349	5,743,689	5,614,976	11,654,432	6,594,184
Unrestricted	(13,979,357)	(10,441,564)	(10,552,579)	15,521,605	19,633,182	18,420,929	17,759,554	19,459,080	24,550,034	22,192,502
Total Primary Government										
Net Position / Net Assets	<u>\$ 69,467,255</u>	<u>\$ 53,043,988</u>	<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>

* GASB 68 was implemented in fiscal year 2015 which required the City to record the unfunded liability for its pension plans.

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

Table 2

	2017	2016	2015	2014 *	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities										
General government	\$ 5,963,346	\$ 6,592,257	\$ 5,324,952	\$ 5,581,640	\$ 4,309,681	\$ 3,814,963	\$ 3,361,970	\$ 3,557,709	\$ 3,820,979	\$ 3,243,609
Public health & Safety	8,373,965	10,154,891	8,058,601	8,866,452	7,287,784	6,588,969	6,366,366	6,135,628	5,453,911	5,246,740
Public works	4,810,726	3,425,157	3,457,197	4,302,325	3,615,570	3,811,888	3,636,858	3,574,999	3,415,669	3,378,242
Highway and streets	2,100,708	3,288,402	2,688,985	3,089,215	2,130,526	2,458,441	2,385,994	2,171,826	2,417,291	2,439,873
Social services	673,013	672,878	540,432	642,198	462,412	492,859	492,859	821,821	731,239	343,338
Sanitation	2,012,645	2,960,919	1,915,016	1,914,121	1,538,331	1,544,378	1,484,999	1,208,888	1,240,403	1,393,420
Community services / Recreation and culture	1,460,830	1,472,744	1,396,090	1,866,955	1,469,678	1,335,522	1,249,567	1,582,782	1,389,538	1,702,220
Interest on long-term debt	659,470	765,649	702,786	887,454	761,123	804,326	834,359	851,422	772,285	853,910
Depreciation - unallocated	1,815,600	1,814,190	1,912,453	2,502,444	2,044,577	1,965,821	1,918,108	1,957,215	1,626,821	1,633,032
Total Governmental Activities Expenses	27,870,303	31,147,087	25,996,512	29,652,804	23,619,682	22,760,784	21,731,080	21,862,290	20,868,136	20,234,384
Business-Type Activities										
Water supply and sewage disposal	-	-	-	-	-	-	-	-	7,322,444	6,580,392
Water supply	4,704,339	4,968,514	4,578,855	6,124,462	4,305,265	3,930,948	3,808,792	3,618,265	-	-
Sewage disposal	5,960,709	5,942,079	5,554,168	6,861,865	5,386,190	5,175,685	4,487,815	4,514,472	-	-
Storm water utility	1,348,498	1,245,744	1,242,712	1,511,338	1,336,185	1,030,096	977,864	1,039,131	868,957	1,032,765
Community services / Recreation and culture	710,244	591,369	586,703	1,075,127	565,480	564,667	652,173	385,378	390,939	381,359
Intermodal transportation terminal	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	12,723,790	12,747,706	11,962,438	15,572,792	11,593,120	10,701,396	9,926,644	9,557,246	8,582,340	7,994,516
Total Primary Government Expenses	\$ 40,594,093	\$ 43,894,793	\$ 37,958,950	\$ 45,225,596	\$ 35,212,802	\$ 33,462,180	\$ 31,657,724	\$ 31,419,536	\$ 29,450,476	\$ 28,228,900
Program Revenues										
Governmental Activities										
Charges for Services										
General government	\$ 1,208,318	\$ 1,134,353	\$ 1,127,711	\$ 1,359,826	\$ 1,114,877	\$ 1,132,836	\$ 1,221,257	\$ 1,136,397	\$ 1,183,205	\$ 1,218,448
Public health	269,667	184,015	198,196	245,345	128,350	189,761	205,175	418,443	290,421	279,723
Public works	1,220,582	1,179,029	1,278,331	1,295,786	1,063,755	1,421,290	1,446,912	1,298,101	1,271,574	1,066,658
Sanitation	1,941,845	2,667,001	1,973,853	2,048,511	1,478,213	1,249,960	1,377,460	1,240,711	1,363,959	1,470,423
Community services / Recreation and culture	594,120	591,373	546,539	676,196	544,566	532,742	467,299	834,142	817,726	786,183
Operating grants and contributions	3,708,396	4,702,797	2,983,180	2,953,384	934,124	2,493,779	2,274,909	2,522,298	2,656,662	2,560,546
Capital grants and contributions	19,492,855	6,560,733	731,688	51,348	202,303	135,860	353,012	93,471	91,364	68,771
Total Governmental Activities Program Revenues	28,435,783	17,019,301	8,839,498	8,630,396	5,466,188	7,156,228	7,346,024	7,543,563	7,674,911	7,450,752
Business-Type Activities										
Charges for Services										
Water supply and sewage disposal	-	-	-	-	-	-	-	-	6,471,525	6,095,472
Water supply	4,310,181	4,341,749	4,190,347	5,061,909	4,281,048	4,266,009	3,868,444	3,693,265	-	-
Sewage disposal	5,515,000	5,195,249	4,144,417	6,609,593	5,163,824	5,038,605	4,628,946	3,617,124	-	-
Storm water utility	1,319,804	1,241,285	1,213,912	1,414,643	1,045,493	1,097,036	999,570	1,030,634	936,336	862,805
Community services / Recreation and culture	768,451	691,716	1,220,648	1,025,237	496,962	518,836	562,924	343,235	260,882	268,309
Intermodal transportation terminal	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	69,271	346,411	11,111	6,830	18,095
Capital grants and contributions	267,919	275,033	118,089	729,426	749,985	-	-	-	533,000	-
Total Business-Type Activities Program Revenues	12,181,355	11,745,032	10,887,413	14,840,808	11,737,312	10,989,757	10,406,295	8,695,369	8,208,573	7,244,681
Total Primary Government Program Revenues	\$ 40,617,138	\$ 28,764,333	\$ 19,726,911	\$ 23,471,204	\$ 17,203,500	\$ 18,145,985	\$ 17,752,319	\$ 16,238,932	\$ 15,883,484	\$ 14,695,433
Net (Expense) Revenue										
Governmental Activities	\$ 565,480	\$ (14,127,786)	\$ (17,157,014)	\$ (21,022,408)	\$ (18,153,494)	\$ (15,604,556)	\$ (14,385,056)	\$ (14,318,727)	\$ (13,193,225)	\$ (12,783,632)
Business-Type Activities	(542,435)	(1,002,674)	(1,075,025)	(731,984)	144,192	288,361	479,651	(861,877)	(373,767)	(749,835)
Total Primary Government Net Expense	\$ 23,045	\$ (15,130,460)	\$ (18,232,039)	\$ (21,754,392)	\$ (18,009,302)	\$ (15,316,195)	\$ (13,905,405)	\$ (15,180,604)	\$ (13,566,992)	\$ (13,533,467)
General Revenues and Other Changes in Net Position / Net Assets										
Governmental Activities										
Taxes										
Property taxes	\$ 10,327,997	\$ 10,940,124	\$ 10,319,719	\$ 13,128,364	\$ 9,393,501	\$ 9,068,039	\$ 8,951,908	\$ 8,935,237	\$ 8,480,442	\$ 8,199,808
Payments in lieu of taxes	3,450,621	3,436,353	3,452,171	4,225,666	3,367,177	3,139,168	2,717,597	2,638,076	2,332,778	2,647,876
Unrestricted state sources	2,250,026	2,063,647	2,089,213	2,544,745	3,372,989	1,945,218	1,925,889	1,940,321	1,938,789	2,573,077
Interest and investment earnings	3,197	252,962	219,202	134,258	(47,473)	251,226	119,309	251,949	242,842	482,029
Gain (loss) on sale of capital assets	-	854,166	7,384	9,539	1,262	(51,757)	61,862	1,543,022	1,025,349	-
Miscellaneous	319,945	358,389	154,165	352,322	154,680	265,949	112,539	350,313	410,760	432,952
Transfers	-	(360,000)	-	(166,410)	(50,247)	(35,321)	(106,128)	(40,056)	(69,625)	(1,718,975)
Total Governmental Activities	16,351,786	17,545,641	16,241,854	20,228,484	16,191,889	14,582,522	13,782,976	15,618,862	14,361,335	12,616,767
Business-Type Activities										
Interest and investment earnings	48,436	21,866	22,907	18,541	7,342	9,934	18,001	29,350	58,724	61,743
Gain on sale of capital assets	-	-	-	-	5,942	-	-	-	-	-
Miscellaneous	-	-	-	-	-	16,864	497,871	-	80	15,217
Extraordinary item - Winter Storm Damage	-	-	-	(362,058)	-	-	-	-	-	-
Transfers	-	360,000	-	166,410	50,247	35,321	106,128	40,056	69,625	1,718,975
Total Business-Type Activities	48,436	381,866	22,907	(177,107)	63,531	62,119	622,000	69,406	128,429	1,795,935
Total Primary Government	\$ 16,400,222	\$ 17,927,507	\$ 16,264,761	\$ 20,051,377	\$ 16,255,420	\$ 14,644,641	\$ 14,404,976	\$ 15,688,268	\$ 14,489,764	\$ 14,412,702
Change in Net Position / Net Assets										
Governmental activities	\$ 16,917,266	\$ 3,417,855	\$ (915,160)	\$ (793,924)	\$ (1,961,605)	\$ (1,022,034)	\$ (602,080)	\$ 1,300,135	\$ 1,168,110	\$ (166,865)
Business-type activities	(493,999)	(620,808)	(1,052,118)	(909,091)	207,723	350,480	1,101,651	(792,471)	(245,338)	1,046,100
Total Primary Government	\$ 16,423,267	\$ 2,797,047	\$ (1,967,278)	\$ (1,703,015)	\$ (1,753,882)	\$ (671,554)	\$ 499,571	\$ 507,664	\$ 922,772	\$ 879,235

* 2014 is a 15-month fiscal year

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Reserved	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 691,862	\$ 378,019	\$ 155,423
Unreserved	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,905,813	7,914,661	7,525,536
Non-spendable*	\$ 470,349	\$ 447,303	\$ 414,088	\$ 529,534	\$ 329,423	\$ 307,355	\$ 496,921	n/a	n/a	n/a
Restricted*	47,996	64,618	177,559	223,793	245,597	240,180	3,159,710	n/a	n/a	n/a
Assigned*	3,108,348	4,466,772	3,863,930	2,888,016	1,503,235	1,501,129	1,498,974	n/a	n/a	n/a
Unassigned*	10,505,094	8,374,197	8,455,195	9,008,005	8,726,900	8,754,851	4,184,567	n/a	n/a	n/a
Total General Fund	<u>\$ 14,131,787</u>	<u>\$ 13,352,890</u>	<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>
All Other Governmental Funds										
Reserved	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 1,275,722	\$ 1,653,133	\$ 630,978
Unreserved, reported in:										
Special revenue funds	n/a	n/a	n/a	n/a	n/a	n/a	n/a	229,228	1,587,331	1,552,428
Capital projects funds	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	108,103	108,103
Debt service funds	n/a	n/a	n/a	n/a	n/a	n/a	n/a	509,681	394,785	298,078
Non-spendable*	\$ 823,102	\$ 787,786	\$ 761,387	\$ 744,640	\$ 693,924	\$ 669,565	\$ 659,186	n/a	n/a	n/a
Restricted*	3,780,031	1,264,343	675,770	483,532	416,098	343,358	259,636	n/a	n/a	n/a
Assigned*	3,064,309	2,441,230	2,674,404	1,914,986	1,696,230	1,611,847	1,348,749	n/a	n/a	n/a
Total All Other Governmental Funds	<u>\$ 7,667,442</u>	<u>\$ 4,493,359</u>	<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>

* - 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									
	2017	2016	2015	2014 *	2013	2012	2011	2010	2009	2008
Revenues										
Taxes	\$ 13,809,799	\$ 14,410,979	\$ 13,808,189	\$ 17,400,992	\$ 12,760,678	\$ 12,207,207	\$ 11,668,544	\$ 11,573,313	\$ 10,813,220	\$ 10,847,684
Federal and state sources	4,815,572	4,481,616	4,435,086	4,996,865	4,008,066	4,083,826	3,866,356	4,146,966	4,321,595	4,868,291
Fines and penalties	190,549	70,643	118,012	136,239	113,071	158,192	175,456	298,052	192,373	143,942
Charges for services	4,165,062	4,868,257	4,265,660	4,565,487	3,542,272	3,656,632	4,038,826	3,631,547	3,684,969	3,353,335
Special assessments	-	-	14,114	14,114	(23,167)	24,903	32,747	57,507	57,896	61,428
Intergovernmental	366,022	343,530	332,069	383,980	291,264	275,607	261,402	266,980	229,846	205,282
Investment income	(7,068)	274,997	244,794	136,093	(46,464)	251,125	118,982	265,207	231,468	502,924
Other revenues	9,456,177	13,129,529	1,737,101	1,391,520	1,040,449	1,348,577	1,289,912	3,042,582	2,548,765	1,783,141
Total Revenues	32,796,113	37,579,551	24,955,025	29,025,290	21,686,169	22,006,069	21,452,225	23,282,154	22,080,132	21,766,027
Expenditures										
General government	4,935,551	5,584,909	4,417,297	5,318,165	4,095,556	3,404,021	3,299,714	3,310,799	3,778,091	3,277,349
Public health and safety	7,607,896	7,366,980	7,278,038	8,802,764	7,078,837	6,458,878	6,275,530	6,063,263	5,438,693	5,293,882
Public works	5,855,742	3,963,721	3,742,907	4,350,493	3,407,456	3,611,473	3,804,789	4,140,899	3,597,673	3,816,279
Highway and streets	2,135,701	2,248,698	2,587,576	3,206,071	2,136,893	2,057,934	2,483,106	2,430,655	2,738,187	2,293,033
Social services and community development	608,234	580,937	532,432	634,993	458,863	435,328	489,211	818,720	730,012	341,963
Sanitation	1,969,565	2,644,699	1,892,278	1,946,799	1,515,690	1,299,279	1,510,153	1,281,584	1,313,919	1,425,630
Community services / Recreation and culture	1,239,205	1,279,432	1,111,815	1,437,392	1,120,833	1,057,596	933,406	1,273,468	1,224,283	1,377,627
Capital outlay	8,822,488	8,819,107	1,126,282	1,629,475	1,333,372	1,268,591	1,031,817	2,825,517	2,363,024	7,042,207
Other expenditures	-	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-	-
Debt Service										
Professional and contractual	79,538	320	17,127	31,950	36,242	15,595	345	877	59,114	-
Principal	1,572,463	2,745,388	1,459,316	1,427,363	1,205,973	1,111,502	1,042,166	1,228,215	2,270,127	1,437,359
Interest	597,847	789,199	710,837	795,144	780,142	789,076	813,055	853,446	799,126	906,149
Total Expenditures	35,424,230	36,023,390	24,875,905	29,580,609	23,169,857	21,509,273	21,683,292	24,227,443	24,312,249	27,211,478
Excess of revenues over (under) expenditures	(2,628,117)	1,556,161	79,120	(555,319)	(1,483,688)	496,796	(231,067)	(945,289)	(2,232,117)	(5,445,451)
Other Financing Sources (Uses)										
Proceeds from borrowing	9,582,578	-	712,237	4,512,900	1,253,745	1,076,000	-	-	5,959,250	3,209,234
Premium on bond issuance	1,082,241	-	24,675	78,578	65,117	21,373	-	-	168,574	-
Receipts from other governments	-	-	-	-	-	746,069	-	-	-	-
Payments to other governments	-	-	-	-	-	(746,069)	-	-	-	-
Payments to escrow agent	(4,356,589)	-	-	(2,315,000)	-	-	-	-	(2,447,038)	-
Bond issuance expense	(61,720)	-	-	-	-	-	-	-	-	-
Transfers in	2,895,394	5,474,911	4,676,731	4,301,543	3,669,697	3,305,244	4,554,903	4,481,891	5,521,204	7,722,687
Transfers out	(3,250,445)	(5,517,518)	(4,262,936)	(3,841,603)	(3,321,749)	(3,078,871)	(4,396,086)	(4,263,514)	(5,204,387)	(9,436,369)
Total Other Financing Sources (Uses)	5,891,459	(42,607)	1,150,707	2,736,418	1,666,810	1,323,746	158,817	218,377	3,997,603	1,495,552
Net change in fund balances	\$ 3,263,342	\$ 1,513,554	\$ 1,229,827	\$ 2,181,099	\$ 183,122	\$ 1,820,542	\$ (72,250)	\$ (726,912)	\$ 1,765,486	\$ (3,949,899)
Debt Service as a Percentage of Non-capital Expenditures	8.80%	13.10%	9.42%	7.98%	9.15%	9.46%	9.18%	10.00%	14.23%	11.85%

* 2014 is a 15-month fiscal year

CITY OF MARQUETTE, MICHIGAN

General Governmental Expenditures by Functions ^(A)

Last Ten Fiscal Years

	2017	2016	2015	2014 *	2013	2012	2011	2010	2009	2008
General Government	\$ 4,953,254	\$ 5,584,909	\$ 4,417,297	\$ 5,318,165	\$ 4,095,556	\$ 3,404,021	\$ 3,299,714	\$ 3,310,705	\$ 3,778,091	\$ 3,277,349
Public Health and Safety	7,607,896	7,366,980	7,278,038	8,802,764	7,078,837	6,458,878	6,275,530	6,063,263	5,438,693	5,293,883
Highways, Streets and Bridges	7,991,443	6,212,419	6,330,483	7,556,564	5,544,349	5,669,407	6,287,895	6,571,554	6,335,860	6,109,312
Sanitation	1,969,565	2,644,699	1,892,278	1,946,799	1,515,690	1,299,279	1,510,153	1,281,584	1,313,919	1,425,630
Social Services	608,234	580,937	532,432	634,993	458,863	435,328	489,211	818,720	730,012	341,963
Recreation and Culture	1,239,205	1,279,432	1,111,815	1,437,392	1,120,833	1,057,596	933,406	1,273,468	1,224,283	1,377,627
Capital Outlay	1,448,065	560,136	1,098,782	1,629,475	1,333,372	1,268,591	1,031,817	2,825,517	798,282	299,780
Debt Service	76,918	-	16,557	13,676	13,910	15,250	-	199,631	462,000	485,028
TOTALS	<u>\$ 25,894,580</u>	<u>\$ 24,229,512</u>	<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>

^(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

	2017	2016	2015	2014 *	2013	2012	2011	2010	2009	2008
Property Taxes	\$ 10,359,178	\$ 10,974,626	\$ 10,356,018	\$ 13,175,326	\$ 9,394,438	\$ 9,068,039	\$ 8,950,947	\$ 8,935,237	\$ 8,480,442	\$ 8,199,808
Payments in lieu of property taxes	3,450,621	3,436,353	3,452,171	4,225,666	3,366,240	3,139,168	2,717,597	2,638,076	2,332,778	2,647,876
State and Federal sources	4,815,572	4,481,616	4,435,086	4,996,865	4,008,066	4,083,826	3,866,356	4,146,966	4,321,595	4,868,291
Intergovernmental revenue	366,022	343,530	332,069	383,980	291,264	275,607	261,402	266,980	229,846	205,282
Licenses and permits	80,353	76,971	49,129	47,364	33,492	35,076	37,472	36,928	35,078	33,354
Charges for services	4,129,822	4,842,812	4,248,375	4,531,042	3,516,067	3,642,417	4,021,532	3,612,419	3,661,578	3,335,860
Sales	54,986	40,579	34,753	49,080	48,167	18,415	23,379	159,410	170,526	162,349
Use and admission fees	422,654	404,027	397,096	446,695	415,920	445,101	442,141	667,473	635,285	622,400
Fines and forfeits	190,549	70,643	118,012	136,239	113,071	158,192	175,456	298,052	192,373	143,942
Rentals	144,852	142,944	108,235	185,228	122,159	130,515	119,710	90,949	88,727	83,776
Special assessments	-	-	14,114	14,114	(23,167)	24,903	32,747	57,507	57,896	61,428
Sale of assets	-	8,800	-	9,540	1,262	201,614	61,862	1,543,122	1,025,349	251,171
Contribution from private sources	894,559	2,033,273	409,214	208,640	216,197	173,332	403,618	131,814	92,542	103,756
Reimbursements	232,822	168,869	142,552	303,668	148,441	87,621	36,037	44,632	124,190	268,727
Investment income	3,197	249,251	219,921	141,452	(1,313)	234,182	131,691	250,856	241,972	402,363
Other revenue	177,765	274,247	96,122	95,892	54,791	256,903	165,692	368,254	377,068	253,355
TOTAL	\$ 25,322,952	\$ 27,548,541	\$ 24,412,867	\$ 28,950,791	\$ 21,705,095	\$ 21,974,911	\$ 21,447,639	\$ 23,248,675	\$ 22,067,245	\$ 21,643,738

^(A) Includes General and Special Revenue Funds

* 2014 is a 15-month fiscal year

Table 7

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

<u>Fiscal Year Ended</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct</u>
June 30, 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
September 30, 2016	939,829,600	1,152,263,200	230,026,000	675,331,400	1,646,787,400	17.153
September 30, 2017	936,191,000	1,141,539,800	180,297,400	675,331,400	1,582,696,800	17.193

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.

Table 8

CITY OF MARQUETTE, MICHIGAN
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended	City Direct Rates					(A)	(B)	Total
	General Fund	Senior Services Fund	Library Fund	Debt Service Funds	Total Direct	Overlapping Rates *		
						Marquette Area Public School District	County of Marquette	
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
September 30, 2016	14.923	0.350	1.370	0.510	17.153	7.530	9.940	34.623
September 30, 2017	14.923	0.350	1.370	0.550	17.193	7.520	10.023	34.736

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.

Table 9

CITY OF MARQUETTE, MICHIGAN
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WE Energies	\$ 107,424,409	1	14.63%	\$ 94,149,600	1	15.73%
DLP Marquette General Hospital	53,893,872	2	7.34%	2,343,493	7	0.38%
Marquette Medical Dental Center	11,779,461	3	1.60%	10,241,278	2	1.69%
American Transmission Co. LLC	6,033,000	4	0.82%			
O'Dovero Properties	4,810,169	5	0.65%	4,445,112	4	0.71%
HJ Larson & Associates, Inc	4,713,920	6	0.64%	3,997,899	6	0.64%
Tourville, Inc.	4,551,350	7	0.62%	3,948,800	3	0.63%
Veridea Group LLC	3,811,684	8	0.52%			
Hinkson Marquette Properties LLC	3,299,700	9	0.45%			
TJ & RM Larson, Inc	3,135,900	10	0.43%			
Shopko Stores, Inc.				3,022,700	5	0.48%
Dagnais Real Estate Inc.				2,278,806	8	0.37%
MFC First National Bank				2,266,258	9	0.36%
Marquette Golf & Country Club				2,233,296	10	0.36%
Total	<u>\$ 203,453,465</u>		<u>27.70%</u>	<u>\$ 128,927,242</u>		<u>21.35%</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, 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%
September 30, 2016	12,699,290	12,417,876	97.78%	35,365	12,453,241	98.06%
September 30, 2017	12,942,947	12,246,743	94.62%	37,827	12,284,570	94.91%

Source: Marquette City Treasurer's Department.

Table 11

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			
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
2016	15,192,250	-	-	-	248,623	139,613	-	8,050,939	9,488,400	4,166,728	181,984	37,468,537	4.91%	1,748
2017	20,128,766	-	-	-	165,750	129,013	-	9,731,616	10,724,983	5,930,011	171,199	46,981,338	5.89%	2,284

* - 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 ^c	Percentage of Taxable Assessed Value ^a of Property	Per Capita ^b
	Debt Supported by General Resources		
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
2016	15,580,486	0.95%	727.04
2017	20,423,529	1.29%	992.88

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.

^c Amounts include debt outstanding in Governmental Activities only.

CITY OF MARQUETTE, MICHIGAN
Direct and Overlapping Governmental Activities Debt
As of September 30, 2017

Governmental Unit	Overlapping Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
DIRECT DEBT			
City of Marquette	\$ 20,423,529	100.00%	<u>\$ 20,423,529</u>
		TOTAL DIRECT DEBT	<u>20,423,529</u>
OVERLAPPING DEBT			
County School District	7,300,000	62.31%	4,548,630
Library Improvements	345,000	100.00%	345,000
Tax Increment Bonds - DDA	1,080,000	100.00%	1,080,000
2010 Capital Improvement - BRFA	775,000	100.00%	775,000
2010 Recovery Zone Facility - BRFA	355,000	100.00%	355,000
2013 Capital Improvement - BRFA	235,000	100.00%	235,000
2016 Tax Increment Bonds - BRFA	17,195,000	100.00%	17,195,000
2017 Tax Increment Bonds - BRFA	830,000	100.00%	<u>830,000</u>
		TOTAL OVERLAPPING DEBT	<u>25,363,630</u>
		TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$ 45,787,159</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									
	2017	2016 ^a	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 87,023,820	\$ 83,770,539	\$ 83,141,190	\$ 77,218,149	\$ 71,320,880	\$ 70,197,835	\$ 69,803,190	\$ 69,594,145	\$ 67,269,221	\$ 62,403,120
Total net debt applicable to limit	61,179,053	52,299,914	18,346,691	19,084,674	17,992,399	17,944,630	17,980,132	19,022,298	20,716,065	22,051,943
Legal Debt Margin	<u>\$ 25,844,767</u>	<u>\$ 31,470,625</u>	<u>\$ 64,794,499</u>	<u>\$ 58,133,475</u>	<u>\$ 53,328,481</u>	<u>\$ 52,253,205</u>	<u>\$ 51,823,058</u>	<u>\$ 50,571,847</u>	<u>\$ 46,553,156</u>	<u>\$ 40,351,177</u>
Total net debt applicable to the limit as a percentage of debt limit	70.30%	62.43%	22.07%	24.72%	25.23%	25.56%	25.76%	27.33%	30.80%	35.34%

Legal Debt margin Calculation for Fiscal Year 2017:

State Equalized Assessed Value (SEV)	\$ 870,238,200
Debt limit (10% of total assessed value)	87,023,820
Debt applicable to limit:	
General obligation bonds included in	
Governmental Activities	20,423,529
Business-Type Activities	22,871,332
Component units	20,815,000
Less:	
Deferred amounts on bonds	
Governmental Activities	1,244,097
Business-Type Activities	1,686,711
Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>61,179,053</u>
Legal debt margin	<u>\$ 25,844,767</u>

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

^a - At fiscal year 2016, calculation was changed to include all general obligation bonds balances outstanding. Prior to 2016, these calculations only included general obligation balances in the Governmental Activity funds.

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	
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	-	-	-
2016	4,353,648	4,683,258	(329,610)	335,000	6,312	(0.97)	343,931	394,207	(50,276)	-	-	-
2017	4,353,898	4,371,618	(17,720)	170,000	-	(0.10)	367,883	468,192	(100,309)	-	-	-

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	
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
2016	1,241,893	1,090,986	150,907	-	-	-	36,963,835	32,419,638	4,544,197	3,890,000	94,842	1.14
2017	1,320,907	1,145,036	175,871	-	-	-	47,342,427	31,174,039	16,168,388	745,811	3,504,495	3.80

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.

Table 16

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
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%
2016	21,430	763,465,180	35,626	29.1	12.8	3,201	3.4%
2017	20,570	797,573,686	38,774	28.4	12.8	3,279	3.6%

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.

Table 17

CITY OF MARQUETTE, MICHIGAN
Principal Employers
Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Marquette General Health Systems	1,872	1	5.61%	2,398	1	6.68%
Northern Michigan University	1,139	2	3.41%	1,155	3	3.22%
Cleveland Cliffs	1,000	3	3.00%	1,545	2	4.30%
Peninsula Medical Center	650	4	1.95%	630	4	1.76%
Marquette Area Public School District	431	5	1.29%	425	6	1.18%
Bell Memorial Health System	370	6	1.11%	335	8	0.93%
Michigan Department of Corrections	365	7	1.09%	425	7	1.18%
Wal-Mart Stores, Inc.	335	8	1.00%			
County of Marquette	275	9	0.82%	283	9	0.79%
Westwood Mall Merchants	250	10	0.75%	500	5	1.39%
AMR Regional Aircraft Maintenance Facility				225	10	0.63%
Total	<u>6,687</u>		<u>20.03%</u>	<u>7,921</u>		<u>22.06%</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,					
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Administration Services	27	27	27	27	28	27	27	26	24	26
Public Health and Safety										
Police Officers	38	37	39	38	39	39	38	38	38	37
Firefighters and Officers	26	26	26	26	26	26	26	26	26	25
Public Works	32	36	36	37	36	28	29	29	31	32
Highway and Streets	8	8	8	8	8	9	12	12	11	11
Social Services	4	4	4	4	4	4	4	4	4	4
Recreation and Culture	3	4	4	4	4	5	6	6	7	7
Storm Water	1	1	1	1	1	1	1	1	1	1
Motor Pool	7	7	7	7	7	8	8	7	7	7
Water	13	13	13	13	13	13	14	13	15	15
Wastewater	10	10	10	9	8	9	9	9	9	9
Library	13	12	13	13	12	13	14	14	14	15
Total	182	185	188	187	186	182	188	185	187	189

Source: City Human Resources Department

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

Function/Program	Fiscal Year									
	2017	2016	2015	2014 *	2013	2012	2011	2010	2009	2008
Police										
Physical arrests	749	666	903	1,418	1,228	1,398	1,544	1,447	1,571	1,411
Parking violations	5,825	3,438	5,401	7,057	7,348	6,234	7,434	7,932	9,512	9,870
Traffic violations	3,802	4,354	4,299	4,916	2,666	2,963	2,333	2,262	2,542	2,105
Fire										
Emergency responses	1,635	1,323	923	1,030	842	803	783	681	630	562
Fires extinguished	22	21	22	31	34	35	41	28	57	22
Inspections	1,439	1,570	782	1,852	3,256	2,239	1,247	914	741	781
Refuse collection										
Refuse collected (tons per week)	47.2	49.0	47.6	54.8	51.9	49.2	53.7	55.2	55.4	56.8
Recycling (tons per week)	12.5	13.4	14.9	15.0	15.1	15.0	16.1	12.6	13.0	15.3
Other public works										
Street resurfacing (miles)	4.3	2.8	3.0	5.6	2.6	2.9	3.0	2.6	1.6	0.3
Potholes repaired	-	-	-	-	-	-	-	-	-	-
Parks and recreation										
Total Campers	27,880	26,715	22,867	18,744	17,014	11,592	11,592	10,380	8,771	8,756
Beach Attendance	20,829	19,285	32,952	16,943	28,687	21,989	35,389	24,317	33,939	28,939
Library										
Volumes in collection	204,467	237,013	243,147	248,447	250,022	246,979	241,924	234,018	224,821	220,812
Total volumes borrowed	237,063	254,758	274,698	353,038	311,041	356,154	362,099	355,489	343,002	327,787
Water										
Consumers	6,177	6,154	6,193	6,178	6,144	6,101	5,911	5,871	5,832	5,801
Water mains breaks	-	-	-	-	-	-	4	15	15	12
Average daily consumption (millions of gallons)	2.09	2.25	2.31	2.62	2.45	2.45	2.35	2.55	2.58	2.75
Wastewater										
Average daily sewage treatment (millions of gallons)	3.06	3.03	3.22	3.19	2.83	2.67	2.77	2.71	2.58	3.09

* 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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	91.5	91.5
Streetlights	2,547	2,524	2,345	2,345	2,345	2,345	2,345	2,345	2,345	2,317
Parks and recreation										
Parks	20	20	19	19	19	19	19	19	19	19
Playfields	12	12	12	12	12	12	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)	98.8	98.8	98.7	98.7	98.7	98.1	98.1	98.1	98.1	98.1
Wastewater										
Sanitary sewers (miles)	88.8	88.8	88.7	88.7	88.7	88.7	88.3	88.3	88.3	88.3
Storm sewers (miles)	52.9	52.8	52.6	52.6	52.6	52.1	61.7	50.2	50.2	49.0

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 in accordance with the auditing standards the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Marquette, Michigan (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated March 26, 2018. 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's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of City'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 26, 2018