

CITY OF MARQUETTE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2018

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CITY COMMISSION
Dave Campana, Mayor

Fred Stonehouse
Pete Frazier
Mike Plourde
Sarah Reynolds
Paul Schloegel
Jenna Smith

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, 2018

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March 18, 2019

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, 2018.

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, 2018. 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 is nearing completion to expand facilities necessary for continued growth as a regional medical facility. Hospital construction is expected to be completed in December 2018 and be fully operational in April 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. 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 clearer now with the announcement of closure expected in May 2019. 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 2018 INITIATIVES

The major themes which guided projects and initiatives for FY 2018 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 2018:

- ✓ Stormwater Drainage Improvements - \$1,888,507
- ✓ Water System Improvements - \$1,543,841
- ✓ Sewer System Improvements - \$1,859,927
- ✓ Street/Road Reconstruction & Improvements - \$3,866,718

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 \$5.5 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, 2017. This is the 32nd 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.

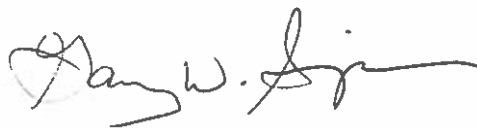
Acknowledgments – Special recognition must be extended to members of the Financial Services Department who assisted in the development of this Comprehensive Annual Financial Report and with the annual independent audit. We wish to express our appreciation to the accounting firm of Anderson, Tackman and 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

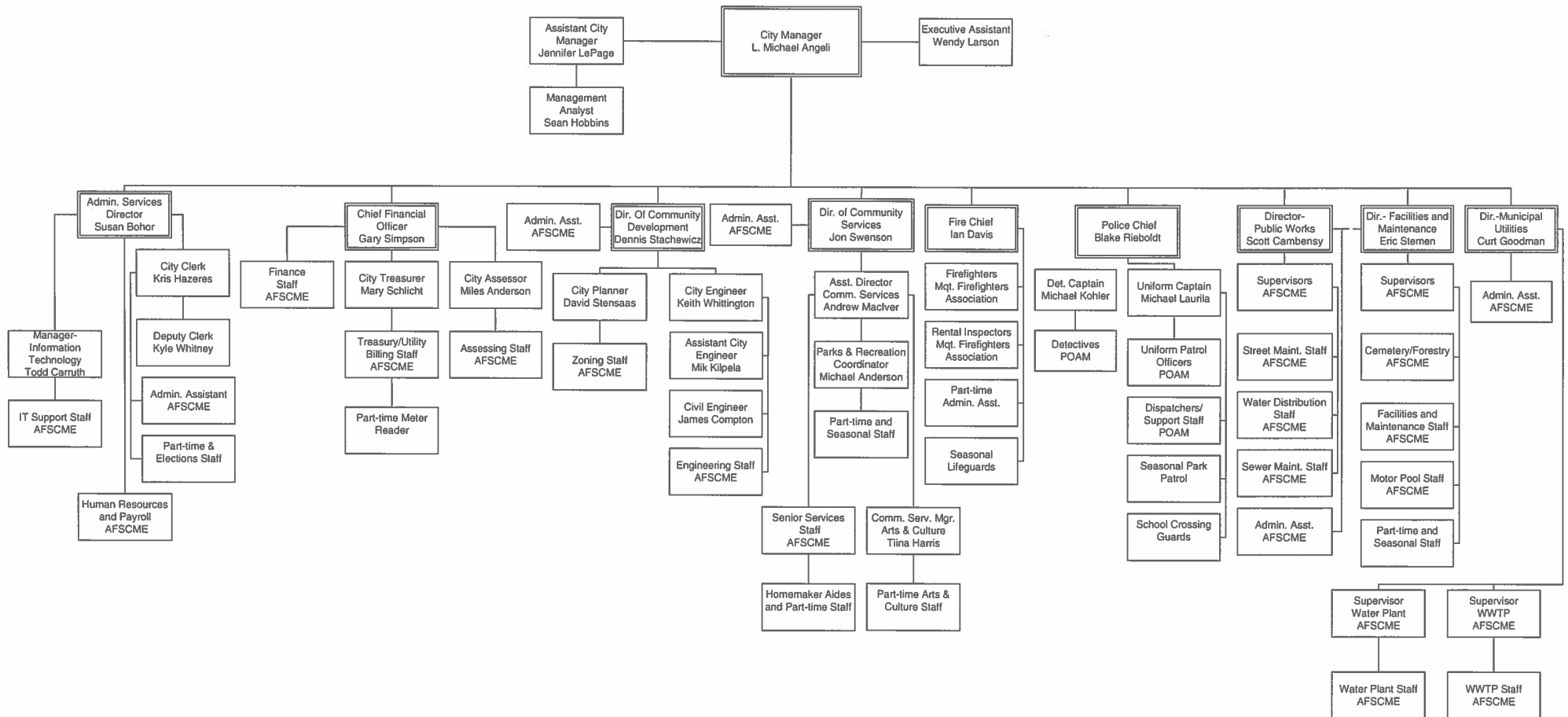
September 30, 2017

Christopher P. Morill

Executive Director/CEO

City of Marquette

October 1, 2018



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

Todd Carruth

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

Jon Swenson

Parks & Recreation Division

Andrew MacIver

Michael Anderson

Arts & Culture

Tiina Harris

DIRECTOR OF PUBLIC WORKS

Scott Cambensy

DIRECTOR OF FACILITIES AND MAINTENANCE

Eric Stemen

DIRECTOR OF MUNICIPAL UTILITIES

Curt Goodman

FIRE CHIEF

Ian Davis

POLICE CHIEF

R. Blake Rieboldt



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, 2018, 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 87 percent, 79 percent, and 73 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 87 percent, 79 percent, and 73 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note Z to the financial statements, in fiscal year 2017/2018, the City adopted new accounting guidance, GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Section 2 – Required Supplementary Information (as listed in the Table of Contents) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, individual major fund financial statements, combining and individual non-major fund financial statements,

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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 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, 2017, 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 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. The individual major fund financial statements and individual non-major fund financial statements, for the year ended September 30, 2017, 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 2017 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 2017 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019, 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

March 18, 2019

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, 2018. 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 \$3,928,029 as a result of this fiscal year's operations. This is an overall increase of \$1,017,001 from the prior year after accounting for the prior period adjustment of \$(2,911,028) for the implementation of GASB No. 75. Net position of our business-type activities increased by \$209,857 or 0.67%, and net position of our governmental activities increased by \$3,718,172 or 10.62%.
- During the year, the City had expenses for governmental activities that were \$13,518,024 more than the \$13,767,060 generated in program revenues.
- The City's business-type activities had expenses that were \$171,382 less than the \$13,058,685 generated in program revenues.
- The general fund reported a net change in fund balance of \$93,214. This is \$93,214 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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, lighthouse park, fuel system 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, 2018 and 2017.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 41,639,457	\$ 39,618,677	\$ 10,185,631	\$ 9,384,802	\$ 51,825,088	\$ 49,003,479
Capital assets, net	93,756,449	67,010,458	59,085,465	56,819,375	152,841,914	123,829,833
Total Assets	135,395,906	106,629,135	69,271,096	66,204,177	204,667,002	172,833,312
Deferred outflows of resources	3,355,351	3,726,798	485,694	901,871	3,841,045	4,628,669
Current liabilities	4,560,137	6,536,006	4,806,365	4,522,342	9,366,502	11,058,348
Noncurrent liabilities	83,220,587	55,931,210	32,932,473	30,922,462	116,153,060	86,853,672
Total Liabilities	87,780,724	62,467,216	37,738,838	35,444,804	125,519,562	97,912,020
Deferred inflows of resources	12,251,739	10,048,026	252,490	34,680	12,504,229	10,082,706
Net Position:						
Net investment in capital assets	49,600,732	48,649,613	31,369,945	31,098,570	80,970,677	79,748,183
Restricted	4,126,444	2,861,425	1,705,053	837,004	5,831,497	3,698,429
Unrestricted	(15,008,382)	(13,670,347)	(1,309,536)	(309,010)	(16,317,918)	(13,979,357)
Total Net Position	\$ 38,718,794	\$ 37,840,691	\$ 31,765,462	\$ 31,626,564	\$ 70,484,256	\$ 69,467,255

Net position of the City's governmental activities stood at \$38,718,794. *Unrestricted* net position—the part of net position that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$(15,008,382).

The \$(15,008,382) 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 \$31,765,462. 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 2018 and 2017.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 5,042,768	\$ 5,234,532	\$ 12,262,923	\$ 11,913,436	\$ 17,305,691	\$ 17,147,968
Operating grants and contributions	4,078,986	3,708,396	-	-	4,078,986	3,708,396
Capital grants and contributions	4,645,306	19,492,855	795,762	267,919	5,441,068	19,760,774
General revenues:						
Property taxes	14,866,497	13,778,618	-	-	14,866,497	13,778,618
Unrestricted State sources	2,221,895	2,250,026	-	-	2,221,895	2,250,026
Investment earnings	11,095	3,197	19,755	48,436	30,850	51,633
Sale of capital assets	-	-	-	-	-	-
Miscellaneous	155,429	319,945	-	-	155,429	319,945
Total Revenues	<u>31,021,976</u>	<u>44,787,569</u>	<u>13,078,440</u>	<u>12,229,791</u>	<u>44,100,416</u>	<u>57,017,360</u>
Program Expenses:						
General government	5,524,941	5,963,346	-	-	5,524,941	5,963,346
Public health and safety	7,984,991	8,373,965	-	-	7,984,991	8,373,965
Public works	4,450,990	4,810,726	-	-	4,450,990	4,810,726
Highways and streets	2,919,733	2,100,708	-	-	2,919,733	2,100,708
Social services	650,445	673,013	-	-	650,445	673,013
Sanitation services	1,820,786	2,012,645	-	-	1,820,786	2,012,645
Community services	1,445,068	1,460,830	-	-	1,445,068	1,460,830
Interest on long-term debt	710,415	659,470	-	-	710,415	659,470
Depreciation - unallocated	1,777,715	1,815,600	-	-	1,777,715	1,815,600
Water supply	-	-	4,645,417	4,704,339	4,645,417	4,704,339
Sewage disposal	-	-	5,622,152	5,960,709	5,622,152	5,960,709
Stormwater utility	-	-	1,535,566	1,348,498	1,535,566	1,348,498
Recreation and culture	-	-	1,084,168	710,244	1,084,168	710,244
Total Expenses	<u>27,285,084</u>	<u>27,870,303</u>	<u>12,887,303</u>	<u>12,723,790</u>	<u>40,172,387</u>	<u>40,594,093</u>
Excess (deficiency) before transfers	3,736,892	16,917,266	191,137	(493,999)	3,928,029	16,423,267
Transfers	(18,720)	-	18,720	-	-	-
Increase (decrease) in net position	3,718,172	16,917,266	209,857	(493,999)	3,928,029	16,423,267
Net position, beginning, as restated	<u>35,000,622</u>	<u>20,923,425</u>	<u>31,555,605</u>	<u>32,120,563</u>	<u>66,556,227</u>	<u>53,043,988</u>
Net Position, Ending	<u>\$ 38,718,794</u>	<u>\$ 37,840,691</u>	<u>\$ 31,765,462</u>	<u>\$ 31,626,564</u>	<u>\$ 70,484,256</u>	<u>\$ 69,467,255</u>

The City's total revenues were \$44,100,416. The total cost of all programs and services was \$40,172,387 leaving an increase in net position of \$3,928,029. Our analysis below separately considers the operations of governmental and business-type activities:

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

Governmental Activities – Analysis of Individual Funds:

General Fund

The General Fund had revenues (excluding transfers-in) of \$19,561,680, an increase of \$744,422, or 3.96%, from the prior fiscal year. This increase is discussed below:

- Property Tax revenue increased \$49,884, or 0.50%, which was the result of normal growth in taxable values being mostly offset by tax tribunal settlements. The millage rate was unchanged from the previous fiscal year, at 14.9225 mills.
- Payments in Lieu of Taxes (PILT) increased \$895,563, or 25.95%, 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 \$(26,881), or (26.17)%. Grants revenue can be highly volatile from year to year as most of the grants can be one-time only instead of on-going each year. There is no guarantee our grant pursuits will always be successful.
- State Shared Revenues in total decreased \$(50,158), or (2.18)%. State Shared Revenues are comprised of: Sales & Use tax distributions increased \$11,657, or 0.57%; Liquor License distributions decreased \$(22,029), or (43.75)%; and Fire Protection of State Facilities decreased \$(39,786), or (19.01)%. 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, decreased \$(74,394), or (12.10)%. 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 \$13,477, or 7.27%. This revenue source is comprised of Civil Infraction fines and parking tickets.
- Sale of Capital Assets did not change \$0, or 0%. Surplus equipment from the City's various departments are sold at auction and there wasn't any revenue from this source in FY 2018.
- Investment Income decreased \$(1,446). 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 \$29,364, or 30.51%. 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) increased \$956,995, or 5.58%, from the prior fiscal year. This decrease is discussed below:

- ❖ General Government increased \$33,125, or 0.70%. This increase is attributable to wage increases of 2.0% per negotiated labor contracts and an increase in required pension contributions per the annual actuarial study.
- ❖ Public Health and Safety increased \$467,832, or 6.15%. The increase is due to wage increases of 2.0% for negotiated labor contracts and required pension contributions per the annual actuarial study. Also, there were increases for upgrades to Fire Department equipment.
- ❖ Public Works increased \$478,763, or 11.35%. is attributable to wage increases of 2.0% per negotiated labor contracts and an increase in required pension contributions per the annual actuarial study. There were also increases for improvements to Shiras Park and Presque Isle.
- ❖ Community Services decreased \$(22,725), or (3.93)%. The decrease is due to decreased labor for ballfield maintenance and decreased capital outlay for park improvements.
- ❖ Net Other Financing Uses increased \$473,110, or 52.59%, mostly due to an increase in transfers to the Local Street Fund and a new Debt Service Fund. The General Fund typically makes transfers to balance other Funds, such as the Street Funds, Lakeview Arena, the Marinas, and payments to Debt Service Funds.

Fund Balance increased \$93,214, or 0.66%, 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 \$136,590, or 8.06%, and \$277,070, or 37.67%, 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 throughout the State.

Major and Local Street Fund expenditures increased \$318,034, or 17.63%, and decreased \$(99,701), or (5.41)%, respectively. In the Major Street Fund, the increase is mostly due to Road Construction Projects and Winter Maintenance activities. The Local Street Fund had fewer costs associated with Road Construction Projects which more than offset the increase in Winter Maintenance activities.

Construction Fund

The Construction Fund had revenues decrease \$(3,154,629), or (42.35)% from the prior fiscal year. There was a decrease in activity in this fund due to wrapping up street improvements related to the new hospital construction. The revenues in this fund are mostly bond proceeds to fund various construction activities that are outside the scope of normal construction in other funds.

Construction Fund expenditures decreased \$(4,698,927), or (63.72)% from the prior fiscal year. There was a decrease in activity in this fund due to wrapping up street improvements related to the new hospital construction. The expenditures in this fund are mostly to fund various construction activities that are

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

outside the scope of normal construction in other funds.

Sanitation Fund

The Sanitation Fund had revenues decrease \$(222,433), or (11.38)% 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 \$(215,995), or (10.97)% 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 \$(20,985), or (4.0)% from the previous fiscal year due to factors described above.

Senior Services Fund

The Senior Services Fund had revenues decrease \$(1,283), or (0.19)%, as compared to the previous fiscal year due to State and County Contract Revenues increasing \$18,725 or 5.3% and Property Tax Revenue (0.35 mills voted in by the citizens) increasing \$2,703, or 1.2%, from the previous fiscal year. A decrease of \$25,946, or (35.7%) was realized due to a one-time grant received in 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 \$22,942, or 3.77%, from the previous fiscal year which is attributable to wage increases of 2.0% per negotiated labor contracts and an increase in required pension contributions per the annual actuarial study.

The Fund Balance increased \$50,437, or 8.13%, from the previous fiscal year due to revenues exceeding expenditures during the year.

Lakeview Arena Fund

The Lakeview Arena Fund had revenues, excluding Bond Proceeds and Transfers-In, increase \$14,930, or 2.96%, as compared to the previous fiscal year. This increase is due to increased usage of the ice rinks and rentals.

Expenditures in the Lakeview Arena Fund, excluding bond refunding and transfers out, increased \$54,499, or 8.16%, from the previous fiscal year due to equipment rebuilds and upgrades for the arena.

The Fund Balance stayed the same because the General Fund has a transfer-in to balance out the operations of this fund each year. The transfer-in from the General Fund increased to \$321,602 in fiscal year 2018 from \$278,590 in fiscal year 2017.

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.

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

Compared to the previous fiscal year, all funds in this category experienced normal activity.

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	\$ 5,524,941	\$ 4,302,196
Public health and safety	7,984,991	7,627,685
Public works	4,450,990	(1,224,427)
Highways and streets	2,919,733	(588,594)
Sanitation	1,820,786	99,646
Community services	1,445,068	616,295

Business-type Activities – Analysis of Individual Funds:

Water Supply Fund

The Water Supply Fund had operating revenues increase \$86,930, or 2.02%, from the previous fiscal year. Billable usage had a slight uptick after several years of declines due to conservation efforts by the utility's customers. Usage rates were unchanged from the previous fiscal year.

Operating expenses increased \$23,058, or 0.53% from the previous fiscal year. The increase was mostly due to wage increases of 2.0% per negotiated labor contracts and an increase in required pension contributions per the annual actuarial study.

Net Non-Operating Revenues/(Expenses) decreased \$(47,653), or (16.49)% from the previous fiscal year mostly due to decreased bond financing related activities .

Net Position decreased \$(232,436), or (1.60)% from the previous fiscal year due to the factors described above.

Sewage Disposal Fund

The Sewage Disposal Fund had operating revenues increase \$12,340, or 0.22%, from the previous fiscal year. Sewer Utility Rates were unchanged from fiscal year 2017. Billable usage saw a slight uptick during the year which reversed the more recent trend of declining usage due to conservation efforts by the utility's customers.

Operating expenses decreased \$(313,561), or (5.56)%, from the previous fiscal year. The decrease was mostly due to a decrease in the amount of the City's share of operating the Marquette Area Wastewater Treatment Plant.

Net Non-Operating Revenues/(Expenses) increased \$78,097, or 25.36% from the previous fiscal year

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

due to increased funding through State grants.

Net Position increased \$318,424, or 3.51% from the previous fiscal year due to factors described above.

Stormwater Fund

The Stormwater Fund had operating revenues decrease \$(12,146), or (0.92)%, from the previous fiscal year. Stormwater Utility Rates were unchanged from fiscal year 2017.

Operating expenses increased \$214,606, or 18.74%, from the previous fiscal year primarily due to an increase in depreciation for the Stormwater System and grant related activities.

Net Non-Operating Revenues/(Expenses) decreased \$(29,697), or (14.67)% from the previous fiscal year due to an increase in grant activity and costs to issue bonds.

Net Position decreased \$(318,175), or (6.09)% from the previous fiscal year due to the factors described above.

Tourist Park (Campground) Fund

The Tourist Park Fund had operating revenues decrease \$(23,408), or (5.86)%, from the previous fiscal year due to a slight decrease in usage of the campground facility.

Operating Expenses increased \$1,847, or 0.77%, from the previous fiscal year due to installation of fiber optic cable at the campground.

Net Non-Operating Revenues increased \$116 from the previous fiscal year due to increased interest revenue.

Net Position increased \$135,376, or 19.73% from the previous fiscal year due to factors described above.

Marinas Fund

The Marinas Fund had operating revenues increase \$38,840, or 10.53%, from the previous fiscal year due to increased usage of the marina facilities.

Operating Expenses increased \$13,570, or 2.90%, from the previous fiscal year. This increase was mostly due to an increase in depreciation expense.

Net Non-Operating Revenues/(Expenses) decreased \$(2,818), or (71.69)% from the previous fiscal year due to increased grant activity.

Net Position increased \$2,627, or 0.12% 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 \$23,187,690, an increase of \$1,388,461 from the beginning of the year. The reasons for this increase are discussed above.

General Fund Budgetary Highlights

During the year, there was a \$27,235 increase in total expenditure appropriations between the original and final amended budget. Following are the main components of this increase:

\$ 16,000 for grant pass-thru opportunities occurring in the year.

\$ 11,235 for the Land Development Code.

Actual 2018 Total General Fund revenues were \$340,465 below final budget mostly due to the settlement of a tax tribunal. General Fund revenues exceeded expenditures and other financing uses by \$93,214.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018 the City had \$152,841,914 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)

	2018			Totals 2017
	Governmental Activities	Business-type Activities	Totals	
Land and construction in progress	\$ 39,484,524	\$ 2,833,153	\$ 42,317,677	\$ 27,803,465
Land improvements	1,306,948	923,769	2,230,717	2,556,286
Buildings and improvements	19,180,196	7,689,941	26,870,137	28,092,149
Furniture and equipment	2,381,969	1,655,519	4,037,488	3,400,838
Infrastructure	31,402,812	45,983,083	77,385,895	61,977,095
Totals	<u>\$ 93,756,449</u>	<u>\$ 59,085,465</u>	<u>\$ 152,841,914</u>	<u>\$ 123,829,833</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 \$77,187,290 in bonds, notes and capital lease obligations outstanding as depicted in Table 5 below, which shows total bonded debt as of September 30, 2018.

Table 5
Outstanding Debt at Year-End

	2018			Totals
	Governmental Activities	Business-type Activities	Totals	2017
General obligation bonds	\$ 21,051,960	\$ 26,948,963	\$ 48,000,923	\$ 44,023,978
Revenue bonds	-	-	-	-
Contracts and notes payable	26,409,043	2,777,324	29,186,367	3,263,074
Totals	<u>\$ 47,461,003</u>	<u>\$ 29,726,287</u>	<u>\$ 77,187,290</u>	<u>\$ 47,287,052</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 F.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City's elected and appointed officials considered many factors when setting the fiscal year 2019 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.

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

Property Taxes (Real and Personal) are another big factor in the City's General Fund budget. Property Taxes are calculated on taxable value. Taxable value growth is capped, by State constitution, at the lower of the rate of inflation or 5%. In the year when property sells, the taxable value is then allowed to be adjusted to reflect actual increases in taxable value and then the capping process starts all over again.

The City projects nominal future increases in assessed taxable value. There is also a change in the Personal Property Tax structure where businesses with less than \$80,000 cash value (\$40,000 taxable value) in personal property are exempt from having to pay the tax. The State has promised to fully reimburse the loss to municipalities. 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 in April 2019. Discussions have been conducted 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 is nearing completion 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 April 2019 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 but the goal is to keep this property fully taxable.

Certain property owned by the City that is deemed to not be needed for a municipal purpose is in the process of being sold to potential developers. The goal is to increase the City's tax base and to use the sales proceeds to pay down current City debt.

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, 2018

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 25,971,805	\$ 4,250,485	\$ 30,222,290	\$ 34,645,165
Investments	5,607,675	-	5,607,675	10,574,775
Receivables (net)	5,422,015	1,635,069	7,057,084	3,281,330
Inventory	169,347	217,543	386,890	1,127,251
Prepaid expenses and other assets	419,348	84,667	504,015	122,856
TOTAL CURRENT ASSETS	37,590,190	6,187,764	43,777,954	49,751,377
Non-current Assets:				
Restricted assets	775,270	699,886	1,475,156	17,383,232
Investment in UPPPA	-	-	-	3,983,509
Investment in joint venture	3,273,997	3,297,981	6,571,978	-
Capital assets:				
Land and construction in progress	39,484,524	2,833,153	42,317,677	2,996,102
Other capital assets, net of depreciation	54,271,925	56,252,312	110,524,237	103,486,472
Total Capital Assets	93,756,449	59,085,465	152,841,914	106,482,574
TOTAL NON-CURRENT ASSETS	97,805,716	63,083,332	160,889,048	127,849,315
TOTAL ASSETS	135,395,906	69,271,096	204,667,002	177,600,692
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	131,776	305,714	437,490	-
Deferred amounts related to pension	3,220,118	179,783	3,399,901	172,116
Employer contributions subsequent to measurement date	-	-	-	3,632,951
Change in OPEB investment projections	3,457	197	3,654	192,070
Receivables for developer obligations	-	-	-	66,534,852
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,355,351	485,694	3,841,045	70,531,989
LIABILITIES				
Current Liabilities:				
Accounts payable	966,938	1,752,891	2,719,829	4,253,812
Accrued wages payable	359,450	69,877	429,327	-
Accrued liabilities	294,539	338,964	633,503	572,090
Compensated absences	697,784	-	697,784	1,067,147
Customer deposits payable	118,984	14,028	133,012	1,531,320
Due to primary government	-	-	-	8,380
Current portion of bonds payable	2,039,565	2,630,605	4,670,170	510,000
Current portion of contracts and notes payable	82,877	-	82,877	-
Current maturities on revenue bonds	-	-	-	1,254,398
Other current liabilities	-	-	-	1,755,448
TOTAL CURRENT LIABILITIES	4,560,137	4,806,365	9,366,502	10,952,595
Non-current Liabilities:				
Compensated absences	1,214,914	303,733	1,518,647	65,555
Other post-employment benefits (OPEB)	6,217,136	356,153	6,573,289	11,691,173
Net pension liability	30,449,976	4,335,314	34,785,290	14,213,725
Bonds payable	19,012,395	24,318,358	43,330,753	112,353,166
Long-term contracts and notes payable	26,326,166	2,777,324	29,103,490	31,669,744
Other	-	841,591	841,591	4,485,451
TOTAL NON-CURRENT LIABILITIES	83,220,587	32,932,473	116,153,060	174,478,814
TOTAL LIABILITIES	87,780,724	37,738,838	125,519,562	185,431,409
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	8,150,569	-	8,150,569	3,341,200
Special assessments	-	26,867	26,867	-
Deferred amounts related to OPEB	849,645	48,672	898,317	-
Deferred amounts related to pension	3,251,525	176,951	3,428,476	794,248
TOTAL DEFERRED INFLOWS OF RESOURCES	12,251,739	252,490	12,504,229	4,135,448
NET POSITION				
Net investment in capital assets	49,600,732	31,369,945	80,970,677	29,439,461
Restricted for:				
Debt services	-	-	-	-
Capital outlay	3,305,316	1,705,053	5,010,369	-
Perpetual care	821,128	-	821,128	-
Other activities:				
Board of Light and Power	-	-	-	16,324,189
Brownfield Redevelopment Authority	-	-	-	4,232,751
Non-major component units	-	-	-	2,736,859
Unrestricted	(15,008,382)	(1,309,536)	(16,317,918)	5,832,564
TOTAL NET POSITION	\$ 38,718,794	\$ 31,765,462	\$ 70,484,256	\$ 58,565,824

CITY OF MARQUETTE, MICHIGAN

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2018

Program Revenues					Net (Expense) Revenue and Changes in Net Position			
Function / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business - Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 5,524,941	\$ 1,179,745	\$ 26,250	\$ 16,750	\$ (4,302,196)	\$ -	\$ (4,302,196)	\$ -
Public health and safety	7,984,991	262,901	59,616	34,789	(7,627,685)	-	(7,627,685)	-
Public works	4,450,990	1,252,931	-	4,422,486	1,224,427	-	1,224,427	-
Highway and streets	2,919,733	-	3,508,327	-	588,594	-	588,594	-
Social services	650,445	-	453,352	-	(197,093)	-	(197,093)	-
Sanitation services	1,820,786	1,714,840	6,300	-	(99,646)	-	(99,646)	-
Community services	1,445,068	632,351	25,141	171,281	(616,295)	-	(616,295)	-
Interest on long-term debt	710,415	-	-	-	(710,415)	-	(710,415)	-
Depreciation - unallocated	1,777,715	-	-	-	(1,777,715)	-	(1,777,715)	-
Total Governmental Activities	27,285,084	5,042,768	4,078,986	4,645,306	(13,518,024)	-	(13,518,024)	-
Business-Type Activities:								
Water supply	4,645,417	4,397,111	-	6,480	-	(241,826)	(241,826)	-
Sewage disposal	5,622,152	5,421,289	-	142,424	-	(58,439)	(58,439)	-
Stormwater utility	1,535,566	1,307,658	-	275,919	-	48,011	48,011	-
Community services	1,084,168	1,136,865	-	370,939	-	423,636	423,636	-
Total Business-Type Activities	12,887,303	12,262,923	-	795,762	-	171,382	171,382	-
TOTAL PRIMARY GOVERNMENT	\$ 40,172,387	\$ 17,305,691	\$ 4,078,986	\$ 5,441,068	(13,518,024)	171,382	(13,346,642)	-
Component Units:								
Board of Light and Power	\$ 39,399,620	\$ 49,072,107	\$ -	\$ 526,991	-	-	-	10,199,478
Brownfield Redevelopment Authority	13,729,857	-	12,000	-	-	-	-	(13,717,857)
Non-Major Component Units	3,571,437	574,182	893,056	-	-	-	-	(2,104,199)
TOTAL COMPONENT UNITS	\$ 56,700,914	\$ 49,646,289	\$ 905,056	\$ 526,991	-	-	-	(5,622,578)
General Revenues:								
Taxes:								
Property taxes					10,520,313	-	10,520,313	17,038,458
Payment in lieu of taxes					4,346,184	-	4,346,184	-
Unrestricted State sources					2,221,895	-	2,221,895	-
Interest and investment earnings					11,095	19,755	30,850	898,663
Gain on sale of capital assets					-	-	-	5,307
Miscellaneous					155,429	-	155,429	159,723
Transfers					(18,720)	18,720	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					17,236,196	38,475	17,274,671	18,102,151
CHANGE IN NET POSITION BEFORE SPECIAL ITEM					3,718,172	209,857	3,928,029	12,479,573
Special Item:								
Impairment of utility plant					-	-	-	(6,824,007)
CHANGE IN NET POSITION AFTER SPECIAL ITEM					3,718,172	209,857	3,928,029	5,655,566
Net position, beginning of year, as restated					35,000,622	31,555,605	66,556,227	52,910,258
NET POSITION, END OF YEAR					\$ 38,718,794	\$ 31,765,462	\$ 70,484,256	\$ 58,565,824

CITY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2018

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Construction Fund	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 15,076,715	\$ 391,684	\$ -	\$ 1,039,210	\$ 6,310,980	\$ 22,818,589
Investments	5,114,348	-	-	-	493,327	5,607,675
Taxes receivable, net	527,978	-	-	-	54,808	582,786
Accounts receivable	398,415	-	-	-	368,930	767,345
Due from other authorities	1,014,775	-	-	1,127,262	-	2,142,037
Due from other funds	-	-	-	-	-	-
Due from other governments	587,911	251,473	216,571	-	9,274	1,065,229
Inventory	169,347	-	-	-	-	169,347
Prepaid expenditures	295,249	-	-	-	25,024	320,273
TOTAL ASSETS	23,184,738	643,157	216,571	2,166,472	7,262,343	33,473,281
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 23,184,738	\$ 643,157	\$ 216,571	\$ 2,166,472	\$ 7,262,343	\$ 33,473,281
LIABILITIES						
Cash overdraft	\$ -	\$ -	\$ 136,039	\$ -	\$ 5,484	\$ 141,523
Accounts payable	257,126	175,640	71,632	139,912	197,941	842,251
Accrued wages payable	287,491	6,858	8,900	149	29,927	333,325
Accrued compensated absences	696,180	-	-	-	1,604	697,784
Due to other governmental units	-	-	-	-	-	-
Due to other authorities	90,767	-	-	-	-	90,767
Customer deposits payable	29,372	-	-	-	-	29,372
TOTAL LIABILITIES	1,360,936	182,498	216,571	140,061	234,956	2,135,022
DEFERRED INFLOWS OF RESOURCES						
Taxes levied for a subsequent period	7,598,801	-	-	-	551,768	8,150,569
Special assessments	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	7,598,801	-	-	-	551,768	8,150,569
FUND BALANCE						
Non-spendable	464,596	-	-	-	846,152	1,310,748
Restricted	44,694	460,659	-	-	2,755,227	3,260,580
Assigned	2,505,814	-	-	2,026,411	2,874,240	7,406,465
Unassigned	11,209,897	-	-	-	-	11,209,897
TOTAL FUND BALANCE	14,225,001	460,659	-	2,026,411	6,475,619	23,187,690
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 23,184,738	\$ 643,157	\$ 216,571	\$ 2,166,472	\$ 7,262,343	\$ 33,473,281

CITY OF MARQUETTE, MICHIGAN

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

September 30, 2018

Total Fund Balances for Governmental Funds **\$ 23,187,690**

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).

97,030,446

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	\$ 4,947,441	
Restricted assets	775,270	
Current liabilities	<u>(838,636)</u>	
		4,884,075

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 - MERS	17,454,393	
Net pension liability - Fire/Police Retirement System	12,995,583	
Deferred (outflows) of resources related to net pension liability	(3,220,118)	
Employer contributions subsequent to measurement date	-	
Deferred inflows of resources related to net pension liability	<u>3,251,525</u>	
		(30,481,383)

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

Other post-employment benefits	6,217,136	
Deferred inflows related to other post-employment benefits	<u>846,188</u>	
		(7,063,324)

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	\$ 2,122,842	
Current portion of notes and contracts payable	-	
Accrued interest on bonds	294,539	
Compensated absences	1,214,914	
Bonds payable	18,880,249	
Long-term contracts and notes payable	<u>26,326,166</u>	
		<u>(48,838,710)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 38,718,794**

CITY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2018

	General Fund	Major Street and Trunkline Fund	Local Street Fund	Construction Fund	Other Governmental Funds	Total
REVENUES:						
Taxes and penalties	\$ 9,974,447	\$ -	\$ -	\$ -	\$ 572,555	\$ 10,547,002
State sources	2,291,382	1,798,564	1,009,763	-	61,935	5,161,644
Federal sources	34,670	-	-	-	-	34,670
Charges for services	2,206,555	-	-	-	1,772,203	3,978,758
Sales	29,207	-	-	-	-	29,207
Use and admission fees	36,930	-	-	-	420,558	457,488
Rentals	72,041	-	-	-	75,368	147,409
Licenses and permits	62,472	-	-	-	-	62,472
Fines and forfeiture	198,948	-	-	-	1,108	200,056
Sales of assets	-	-	-	-	-	-
Reimbursements	92,113	27,116	340	4,290,287	8,287	4,418,143
Investment income	(6,791)	5,027	2,578	3,270	(21,881)	(17,797)
Payment in lieu of taxes	4,346,184	-	-	-	-	4,346,184
Private contribution	86,898	-	-	-	733,096	819,994
Intergovernmental revenue	11,008	-	-	-	373,421	384,429
Special assessments	-	-	-	-	-	-
Other revenues	125,616	-	-	-	13,310	138,926
TOTAL REVENUES	19,561,680	1,830,707	1,012,681	4,293,557	4,009,960	30,708,585
EXPENDITURES:						
Current operations:						
General government	4,774,188	-	-	-	368,309	5,142,497
Public health and safety	8,069,063	-	-	-	6,763	8,075,826
Public works	4,697,304	-	-	-	1,195,823	5,893,127
Highway and streets	-	1,375,538	1,286,631	-	-	2,662,169
Social services	-	-	-	-	631,176	631,176
Sanitation services	-	-	-	-	1,753,570	1,753,570
Community services	555,193	-	-	-	694,832	1,250,025
Capital outlay	-	738,575	452,647	2,675,496	27,795	3,894,513
Debt service:						
Professional services	-	8,296	5,618	-	320	14,234
Principal retirement	-	-	-	-	1,898,635	1,898,635
Interest and fiscal charges	-	-	-	-	656,674	656,674
TOTAL EXPENDITURES	18,095,748	2,122,409	1,744,896	2,675,496	7,233,897	31,872,446
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,465,932	(291,702)	(732,215)	1,618,061	(3,223,937)	(1,163,861)
OTHER FINANCING SOURCES (USES):						
Bond issuance	1,080,000	790,000	535,000	-	-	2,405,000
Refunding bonds	-	-	-	-	-	-
Premium on bond issuance	76,991	53,024	36,027	-	-	166,042
Premium on refunded bond issuance	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Refunding bond issuance expense	-	-	-	-	-	-
Transfers in	-	-	688,430	-	3,145,855	3,834,285
Transfers (out)	(2,529,709)	(442,274)	(527,242)	-	(353,780)	(3,853,005)
TOTAL OTHER FINANCING SOURCES (USES)	(1,372,718)	400,750	732,215	-	2,792,075	2,552,322
CHANGE IN FUND BALANCE	93,214	109,048	-	1,618,061	(431,862)	1,388,461
Fund balance, beginning of year	14,131,787	351,611	-	408,350	6,907,481	21,799,229
FUND BALANCE, END OF YEAR	\$ 14,225,001	\$ 460,659	\$ -	\$ 2,026,411	\$ 6,475,619	\$ 23,187,690

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, 2018

Net Change in Fund Balances - Total Governmental Funds **\$ 1,388,461**

*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 \$1,240,642.

Capital outlays	\$ 30,311,360	
Contributed capital	171,199	
Basis of disposed asset	(315,573)	
Depreciation expense	<u>(3,420,995)</u>	
		26,745,991

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.

(2,566,000)

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

1,898,635

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.

(43,973)

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

(53,735)

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)	\$ 508,371	
Pension liability expense	(575,193)	
Pension liability expense - Fire/Police Retirement	14,909	
Compensated absences	<u>(127,180)</u>	
		(179,093)

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	\$ (436,157)	
Capital outlays	(24,648,248)	
Capital contribution	-	
Basis of disposed asset	315,573	
Depreciation expense	1,240,642	
Other post-employment benefits (OPEB)	(12,385)	
Pension liability expense	56,473	
Compensated absences	<u>11,988</u>	
		<u>(23,472,114)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 3,718,172**

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Property taxes	\$ 14,757,520	\$ 14,757,520	\$ 14,320,631	\$ (436,889)
Federal grants	52,000	52,000	34,670	(17,330)
State grants and shared revenue	2,022,620	2,088,790	2,291,382	202,592
Intergovernmental revenues	11,500	11,500	11,008	(492)
Licenses and permits	50,700	50,700	62,472	11,772
Charges for services	2,278,350	2,278,350	2,206,555	(71,795)
Fines and forfeits	116,210	127,445	198,948	71,503
Interest and rentals	289,650	289,650	65,250	(224,400)
Other revenues	230,190	246,190	370,764	124,574
TOTAL REVENUES	19,808,740	19,902,145	19,561,680	(340,465)
EXPENDITURES:				
General government	4,945,065	4,972,300	4,774,188	198,112
Public health and safety	8,065,475	8,065,475	8,069,063	(3,588)
Public works	5,013,820	5,013,820	4,697,304	316,516
Community services	803,865	803,865	555,193	248,672
TOTAL EXPENDITURES	18,828,225	18,855,460	18,095,748	759,712
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	980,515	1,046,685	1,465,932	419,247
OTHER FINANCING SOURCES (USES):				
Bond issuance	1,901,325	1,901,325	1,080,000	(821,325)
Refunding bonds	-	-	-	-
Premium on bond issuance	-	-	76,991	76,991
Premium on refunded bond issuance	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	20,000	20,000	-	(20,000)
Transfers (out)	(2,901,840)	(2,968,010)	(2,529,709)	438,301
TOTAL OTHER FINANCING SOURCES (USES)	(980,515)	(1,046,685)	(1,372,718)	(326,033)
CHANGE IN FUND BALANCE	-	-	93,214	93,214
Fund balance, beginning of year	14,131,787	14,131,787	14,131,787	-
FUND BALANCE, END OF YEAR	\$ 14,131,787	\$ 14,131,787	\$ 14,225,001	\$ 93,214

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, 2018

	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	1,709,830	1,709,830	1,798,564	88,734	688,000	728,935	1,009,763	280,828
Reimbursements	-	-	27,116	27,116	-	-	340	340
Investment income	500	500	5,027	4,527	500	500	2,578	2,078
Other revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>1,710,330</u>	<u>1,710,330</u>	<u>1,830,707</u>	<u>120,377</u>	<u>688,500</u>	<u>729,435</u>	<u>1,012,681</u>	<u>283,246</u>
EXPENDITURES:								
Highways Streets and Bridges	<u>2,888,970</u>	<u>2,897,270</u>	<u>2,122,409</u>	<u>774,861</u>	<u>1,987,560</u>	<u>2,023,180</u>	<u>1,744,896</u>	<u>278,284</u>
TOTAL EXPENDITURES	<u>2,888,970</u>	<u>2,897,270</u>	<u>2,122,409</u>	<u>774,861</u>	<u>1,987,560</u>	<u>2,023,180</u>	<u>1,744,896</u>	<u>278,284</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,178,640)</u>	<u>(1,186,940)</u>	<u>(291,702)</u>	<u>895,238</u>	<u>(1,299,060)</u>	<u>(1,293,745)</u>	<u>(732,215)</u>	<u>561,530</u>
OTHER FINANCING SOURCES (USES):								
Bond issuance	1,410,760	1,418,595	790,000	(628,595)	680,540	680,540	535,000	(145,540)
Refunding bonds	-	-	-	-	-	-	-	-
Premium on bond issuance	-	53,000	53,024	24	-	36,000	36,027	27
Premium on refunded bond issuance	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-
Transfers in	262,880	262,880	-	(262,880)	1,168,520	1,168,520	688,430	(480,090)
Transfers (out)	<u>(495,000)</u>	<u>(547,535)</u>	<u>(442,274)</u>	<u>105,261</u>	<u>(550,000)</u>	<u>(591,315)</u>	<u>(527,242)</u>	<u>64,073</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,178,640</u>	<u>1,186,940</u>	<u>400,750</u>	<u>(786,190)</u>	<u>1,299,060</u>	<u>1,293,745</u>	<u>732,215</u>	<u>(561,530)</u>
CHANGE IN FUND BALANCE	-	-	109,048	109,048	-	-	-	-
Fund balance, beginning of year	<u>351,611</u>	<u>351,611</u>	<u>351,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 351,611</u>	<u>\$ 351,611</u>	<u>\$ 460,659</u>	<u>\$ 109,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN

 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 September 30, 2018

	Business-Type Activities				Governmental Activities	
	Enterprise Funds					
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds	Total	Internal Service Fund
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 1,320,859	\$ 67,412	\$ 579,707	\$ 2,310,038	\$ 4,278,016	\$ 3,982,593
Accounts receivable	620,014	748,795	46,329	12,554	1,427,692	9,417
Special assessments receivable	3,172	15,189	-	-	18,361	-
Due from other governments	1,480	65,277	119,297	-	186,054	-
Due from local units	-	-	-	2,962	2,962	2,286
Due from other authorities	-	-	-	-	-	854,070
Inventory	-	169,054	-	48,489	217,543	-
Prepaid expense	39,223	39,613	134	5,697	84,667	99,075
TOTAL CURRENT ASSETS	1,984,748	1,105,340	745,467	2,379,740	6,215,295	4,947,441
Non-current Assets:						
Restricted Assets:						
Replacement and maintenance fund	-	-	-	40,000	40,000	518,731
OPEB reserve	208,851	147,302	-	-	356,153	151,451
Compensated absences reserve	211,881	66,928	24,245	679	303,733	105,088
Total Restricted Assets	420,732	214,230	24,245	40,679	699,886	775,270
Investment in joint venture	-	3,297,981	-	-	3,297,981	-
Land and other non-depreciable assets	662,059	1,054,652	1,048,395	68,047	2,833,153	25,540,738
Other capital assets, net of depreciation	24,749,874	19,357,183	10,214,089	1,931,166	56,252,312	18,992,100
TOTAL NON-CURRENT ASSETS	25,832,665	23,924,046	11,286,729	2,039,892	63,083,332	45,308,108
TOTAL ASSETS	27,817,413	25,029,386	12,032,196	4,419,632	69,298,627	50,255,549
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount on refunding	154,653	90,867	60,194	-	305,714	-
Change in pension investment projections	-	4,122	-	-	4,122	8,323
Change in pension assumptions	115,538	64,245	-	-	179,783	78,242
Change in pension experience	-	-	-	-	-	-
Employer contributions subsequent to measurement date	-	-	-	-	-	-
Change in OPEB investment projections	116	81	-	-	197	84
TOTAL DEFERRED OUTFLOWS OF RESOURCES	270,307	159,315	60,194	-	489,816	86,649
LIABILITIES						
Current Liabilities:						
Cash overdraft	-	-	-	27,531	27,531	687,854
Accounts payable	123,477	1,400,849	195,394	33,171	1,752,891	124,657
Accrued wages payable	37,900	16,518	6,526	8,933	69,877	26,125
Customer deposits payable	-	-	-	14,028	14,028	-
Accrued interest payable	119,915	124,740	86,949	7,360	338,964	-
Current portion of long-term debt	879,947	1,006,932	643,726	100,000	2,630,605	804,830
TOTAL CURRENT LIABILITIES	1,161,239	2,549,039	932,595	191,023	4,833,896	1,643,466
Non-current Liabilities:						
Compensated absences	211,881	66,928	24,245	679	303,733	105,088
Other post employment benefits (OPEB)	208,851	147,302	-	-	356,153	151,451
Net pension liability	2,620,531	1,714,783	-	-	4,335,314	1,773,771
Long term payable to other authorities	-	841,591	-	-	841,591	-
Bonds payable	8,587,281	8,571,033	6,225,044	935,000	24,318,358	-
Loan payable	884,840	1,892,484	-	-	2,777,324	-
Leases payable	-	-	-	-	-	25,521,336
TOTAL NON-CURRENT LIABILITIES	12,513,384	13,234,121	6,249,289	935,679	32,932,473	27,551,646
TOTAL LIABILITIES	13,674,623	15,783,160	7,181,884	1,126,702	37,766,369	29,195,112
DEFERRED INFLOWS OF RESOURCES						
Special assessment	4,090	22,777	-	-	26,867	-
Change in pension investment projections	51,095	-	-	-	51,095	36,676
Change in pension assumptions	-	-	-	-	-	1,320
Change in pension experience	90,377	39,601	-	-	129,978	61,276
Change in OPEB experience	888	626	-	-	1,514	644
Change in OPEB assumptions	27,654	19,504	-	-	47,158	20,054
TOTAL DEFERRED INFLOWS OF RESOURCES	174,104	82,508	-	-	256,612	119,970
NET POSITION						
Net investment in capital assets	15,634,842	9,177,310	4,559,719	1,998,074	31,369,945	21,511,988
Restricted for:						
Debt service	-	-	-	-	-	-
Fuel system reserve	-	-	-	-	-	-
Capital outlay	420,324	145,057	105,811	1,033,861	1,705,053	3,305,316
Unrestricted	(1,816,173)	666	244,976	260,995	(1,309,536)	(3,790,188)
TOTAL NET POSITION	\$ 14,238,993	\$ 9,323,033	\$ 4,910,506	\$ 3,292,930	\$ 31,765,462	\$ 21,027,116

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended September 30, 2018

	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	\$ 4,285,980	\$ -	\$ -	\$ -	\$ 4,285,980
Sewage disposal	-	5,494,044	-	-	5,494,044
Charges for services	27,863	9,263	1,304,445	32,525	1,374,096
Other operating revenue	83,268	18,806	3,213	1,104,340	1,209,627
TOTAL OPERATING REVENUES	4,397,111	5,522,113	1,307,658	1,136,865	12,363,747
OPERATING EXPENSES:					
Administrative and general	1,005,270	919,055	-	-	1,924,325
Water treatment and distribution	2,091,125	-	-	-	2,091,125
Sanitary sewer operation and booster stations	-	3,496,490	-	-	3,496,490
Stormwater	-	-	606,450	-	606,450
Community services	-	-	-	881,572	881,572
Capital outlay	-	-	-	-	-
Provision for depreciation	1,298,281	914,025	753,192	183,876	3,149,374
TOTAL OPERATING EXPENSES	4,394,676	5,329,570	1,359,642	1,065,448	12,149,336
OPERATING INCOME (LOSS)	2,435	192,543	(51,984)	71,417	214,411
NON-OPERATING REVENUES (EXPENSES):					
Investment income	9,390	7,415	3,262	(312)	19,755
Gain (loss) on sale of capital assets	-	-	-	(171,199)	(171,199)
Gain on transfer of capital-related debt	-	-	-	171,199	171,199
Operating income from Marquette Area Wastewater Treatment Facility	-	(100,824)	-	-	(100,824)
Interest expenses	(238,103)	(277,406)	(161,747)	(7,360)	(684,616)
Bond issuance expense	(12,638)	(15,176)	(14,177)	(11,360)	(53,351)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(241,351)	(385,991)	(172,662)	(19,032)	(819,036)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(238,916)	(193,448)	(224,646)	52,385	(604,625)
Federal grant - capital grant	6,480	-	-	-	6,480
State grant - capital grant	-	142,424	275,919	77,688	496,031
Capital contributions	-	-	-	293,251	293,251
Transfers in	-	369,448	-	18,720	388,168
Transfers (out)	-	-	(369,448)	-	(369,448)
CHANGE IN NET POSITION	(232,436)	318,424	(318,175)	442,044	209,857
Net position, beginning of year, as restated	14,471,429	9,004,609	5,228,681	2,850,886	31,555,605
NET POSITION, END OF YEAR	\$ 14,238,993	\$ 9,323,033	\$ 4,910,506	\$ 3,292,930	\$ 31,765,462
					\$ 21,027,116

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2018

	Business-Type Activities				Governmental Activities
	Enterprise Funds				
	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	\$ 4,266,607	\$ 5,380,607	\$ 1,188,100	\$ 30,292	\$ 10,865,606
Other operating revenues	80,425	18,806	3,213	1,103,097	5,129,202
Cash payments to employees for services	(1,453,996)	(598,872)	(245,929)	(175,255)	(1,239,362)
Cash payments to suppliers for goods and services	(1,940,982)	(3,599,784)	(448,903)	(744,852)	(2,471,429)
NET CASH PROVIDED BY OPERATING ACTIVITIES	952,054	1,200,757	496,481	213,282	1,422,426
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Increase (decrease) in cash overdraft	-	(148,461)	-	27,531	(148,465)
Transfers in	-	369,448	(369,448)	18,720	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-	220,987	(369,448)	46,251	(148,465)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal payments on bonds	(772,555)	(862,596)	(522,847)	-	(2,157,998)
Interest paid on bonds	(278,126)	(308,643)	(182,474)	-	(769,243)
Proceeds from the issuance of bonds	1,220,000	1,465,000	1,350,000	1,035,000	5,070,000
Proceeds from the issuance of refunding bonds	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	26,326,166
Premium on bond issuance	89,003	106,931	91,041	-	286,975
Cash payments for bond issuance expenses	(12,638)	(15,176)	(14,177)	(11,360)	(53,351)
Cash payments to bond escrow agents	-	-	-	-	-
Cash payments for capital assets	(1,543,841)	(1,859,927)	(1,888,507)	(1,139)	(24,648,248)
Proceeds from sale of capital assets	-	-	-	77,689	45,941
Proceeds from State and Federal grants for capital assets	6,480	142,424	275,919	-	424,823
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,291,677)	(1,331,987)	(891,045)	1,100,190	1,723,859
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	9,390	7,415	3,262	(312)	19,755
(Increase) decrease in restricted assets:					
Replacement maintenance reserve	-	-	-	-	497,458
OPEB reserve	34,612	(27,974)	-	-	(20,208)
Compensated absences reserve	4,943	(1,786)	840	1,280	(11,988)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	48,945	(22,345)	4,102	968	468,157
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(290,678)	67,412	(759,910)	1,360,691	3,465,977
Cash and cash equivalents, beginning of year	1,611,537	-	1,339,617	949,347	516,616
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,320,859	\$ 67,412	\$ 579,707	\$ 2,310,038	\$ 3,982,593
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Loss on investment from Marquette Wastewater Treatment Facility	\$ -	\$ (100,824)	\$ -	\$ -	\$ (100,824)
Capital distribution	-	-	-	(171,199)	(171,199)
Transfer of bond principal	-	-	-	161,000	161,000
Transfer of bond premium	-	-	-	10,199	10,199
Capital contribution	-	-	-	293,251	293,251
TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ (100,824)	\$ -	\$ 293,251	\$ (93,673)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income	\$ 2,435	\$ 192,543	\$ (51,984)	\$ 71,417	\$ 214,411
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	1,298,281	914,025	753,192	183,876	3,149,374
Amortization	-	-	-	-	-
Change in assets and liabilities:					
(Increase)/Decrease in accounts receivable	(51,903)	(58,473)	2,952	(12,554)	(119,978)
(Increase)/Decrease in special assessments receivable	830	6,613	-	-	7,443
(Increase)/Decrease in due from other governments	1,868	(63,901)	(119,297)	8,667	(172,663)
(Increase)/Decrease in inventory	-	(17,249)	-	(30,034)	(47,283)
(Increase)/Decrease in prepaid expenses	(807)	1,320	(33)	(155)	325
Increase/(Decrease) in accounts payable	(352,230)	206,481	(84,234)	(6,068)	(236,051)
Increase/(Decrease) in accrued wages payable	(9,114)	(53)	(3,275)	(998)	(13,440)
Increase/(Decrease) in customer deposits payable	-	-	-	411	411
Increase/(Decrease) in compensated absences	(4,943)	1,786	(840)	(1,280)	(5,277)
Increase/(Decrease) in net pension liability and other post-employment benefits (OPEB)	68,511	24,604	-	-	93,115
Increase/(Decrease) in deferred inflows - special assessments	(874)	(6,939)	-	-	(7,813)
NET ADJUSTMENTS	949,619	1,008,214	548,465	141,865	1,591,846
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 952,054	\$ 1,200,757	\$ 496,481	\$ 213,282	\$ 1,422,426

CITY OF MARQUETTE, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2018

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 862,945	\$ 1,771,263
Investments		
United States Government Securities	-	-
Domestic Corporation Bonds	3,088,796	-
Common, Pooled Fund	29,962,118	-
Taxes receivable	-	1,448,317
Accrued interest receivable	1,358	-
	<hr/>	<hr/>
TOTAL ASSETS	33,915,217	<u><u>\$ 3,219,580</u></u>
DEFERRED OUTFLOWS OF RESOURCES	<hr/> -	
LIABILITIES		
Accounts payable	10,374	166,967
Accrued wages payable	-	1,140,579
Due to State	-	253,998
Due to other governments	-	758,603
Due to local units	-	649,881
Other liabilities	-	249,552
	<hr/>	<hr/>
TOTAL LIABILITIES	10,374	<u><u>\$ 3,219,580</u></u>
DEFERRED INFLOWS OF RESOURCES	<hr/> -	
NET POSITION		
Net position restricted for pensions	<hr/> 33,904,843	
TOTAL NET POSITION	<u><u>\$ 33,904,843</u></u>	

CITY OF MARQUETTE, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended September 30, 2018

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 1,560,811
Employee	<u>207,809</u>
Total Contributions	<u>1,768,620</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	2,259,198
Interest and dividends	<u>42,037</u>
Net Investment Income	<u>2,301,235</u>
TOTAL ADDITIONS	<u><u>4,069,855</u></u>
DEDUCTIONS	
Benefits and annuity withdrawals	2,449,187
Administrative expenses	20,179
Payments in accordance with trust agreements	<u>-</u>
TOTAL DEDUCTIONS	<u>2,469,366</u>
CHANGE IN NET POSITION	1,600,489
Net position, beginning of year	<u>32,304,354</u>
NET POSITION, END OF YEAR	<u><u>\$ 33,904,843</u></u>

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF NET POSITION

September 30, 2018

	Board of Light and Power	Brownfield Redevelopment Authority	Non-Major Component Units	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 23,938,166	\$ 5,794,369	\$ 4,912,630	\$ 34,645,165
Investments	10,574,775	-	-	10,574,775
Receivables (net)	2,743,935	13,617	523,778	3,281,330
Inventory	1,127,251	-	-	1,127,251
Prepaid expenses and other assets	107,723	1,620	13,513	122,856
TOTAL CURRENT ASSETS	38,491,850	5,809,606	5,449,921	49,751,377
Non-current Assets:				
Restricted assets	16,324,189	-	1,059,043	17,383,232
Investment in UPPPA	3,983,509	-	-	3,983,509
Capital assets:				
Land and construction in progress	291,276	-	2,704,826	2,996,102
Other Other capital assets, net of depreciation	95,506,584	1,173,235	6,806,653	103,486,472
Total Capital Assets	95,797,860	1,173,235	9,511,479	106,482,574
TOTAL NON-CURRENT ASSETS	116,105,558	1,173,235	10,570,522	127,849,315
TOTAL ASSETS	154,597,408	6,982,841	16,020,443	177,600,692
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	-	-	-
Deferred outflows related to pension	134,270	-	37,846	172,116
Deferred outflows related to OPEB	192,070	-	-	192,070
Employer contributions subsequent to measurement date	3,578,051	-	54,900	3,632,951
Receivables for developer obligations	-	66,534,852	-	66,534,852
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	3,904,391	66,534,852	92,746	70,531,989
LIABILITIES				
Current Liabilities:				
Accounts payable	3,447,779	3,690	802,343	4,253,812
Accrued liabilities	451,118	1,472	119,500	572,090
Compensated absences	1,008,230	-	58,917	1,067,147
Customer deposits payable	1,531,320	-	-	1,531,320
Due to primary government	-	-	8,380	8,380
Current portion of bonds payable	-	200,000	310,000	510,000
Current maturities on revenue bonds	1,254,398	-	-	1,254,398
Other current liabilities	1,153,273	602,175	-	1,755,448
TOTAL CURRENT LIABILITIES	8,846,118	807,337	1,299,140	10,952,595
Non-current Liabilities:				
Compensated absences	-	-	65,555	65,555
Net pension liability	13,190,813	-	1,022,912	14,213,725
Net OPEB liability	11,691,173	-	-	11,691,173
Bonds payable	73,415,803	34,062,933	4,874,430	112,353,166
Long-term contract and notes payable	-	31,669,744	-	31,669,744
Other	4,485,451	-	-	4,485,451
TOTAL NON-CURRENT LIABILITIES	102,783,240	65,732,677	5,962,897	174,478,814
TOTAL LIABILITIES	111,629,358	66,540,014	7,262,037	185,431,409
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	700,713	-	93,535	794,248
Taxes levied for subsequent period	-	1,731,693	1,609,507	3,341,200
TOTAL DEFERRED INFLOWS OF RESOURCES	700,713	1,731,693	1,703,042	4,135,448
NET POSITION				
Net investment in capital assets	21,127,659	1,013,235	7,298,567	29,439,461
Restricted for:				
Debt Services	-	-	-	-
Capital Assets	-	-	-	-
Perpetual Care	-	-	-	-
Other activities	16,324,189	-	2,736,859	19,061,048
Unrestricted	8,719,880	4,232,751	(2,887,316)	10,065,315
TOTAL NET POSITION	\$ 46,171,728	\$ 5,245,986	\$ 7,148,110	\$ 58,565,824

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2018

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	\$ 39,399,620	\$ 49,072,107	\$ -	\$ 526,991	\$ 10,199,478	\$ -	\$ -	\$ 10,199,478
Brownfield Redevelopment Authority	13,729,857	-	12,000	-	-	(13,717,857)	-	(13,717,857)
Non-Major Component Units	3,571,437	574,182	893,056	-	-	-	(2,104,199)	(2,104,199)
TOTAL COMPONENT UNITS	\$ 56,700,914	\$ 49,646,289	\$ 905,056	\$ 526,991	10,199,478	(13,717,857)	(2,104,199)	(5,622,578)
General Revenues:								
Property taxes					-	15,023,451	2,015,007	17,038,458
Interest and investment earnings					787,413	15,358	95,892	898,663
Loss on sale of capital assets					4,014	-	1,293	5,307
Amortization of bond premium					-	-	-	-
Miscellaneous					-	-	159,723	159,723
TOTAL GENERAL REVENUES					791,427	15,038,809	2,271,915	18,102,151
CHANGE IN NET POSITION BEFORE SPECIAL ITEM					10,990,905	1,320,952	167,716	12,479,573
Special Item:								
Plant impairment					(6,824,007)	-	-	(6,824,007)
CHANGE IN NET POSITION AFTER SPECIAL ITEM					4,166,898	1,320,952	167,716	5,655,566
Net position, beginning of year, as restated					42,004,830	3,925,034	6,980,394	52,910,258
NET POSITION, END OF YEAR	\$ 46,171,728	\$ 5,245,986	\$ 7,148,110	\$ 58,565,824				

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, 2017. 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, 2018, the Development Fund distributed \$71,953 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 reports the following 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.
- 5) The government reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its OPEB plan.

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 reports the following 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 government reports deferred inflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.
- 4) The government reports deferred inflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its OPEB plan.

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

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenditures. Actual results may differ from estimated amounts.

Subsequent Events – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying independent auditor's report, March 18, 2019, 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	\$ 30,222,290	\$ 34,645,165	\$ 2,634,208	\$ 67,501,663
Investments	5,607,675	10,574,775	33,050,914	49,233,364
	<u>35,829,965</u>	<u>45,219,940</u>	<u>35,685,122</u>	<u>116,735,027</u>
Restricted:				
Cash and cash equivalents	956,585	17,383,232	-	18,339,817
Investments	518,571	-	-	518,571
	<u>1,475,156</u>	<u>17,383,232</u>	<u>-</u>	<u>18,858,388</u>
TOTALS	<u>\$ 37,305,121</u>	<u>\$ 62,603,172</u>	<u>\$ 35,685,122</u>	<u>\$ 135,593,415</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 \$85,341,480 and the bank balance was \$87,046,536. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the City in its name	\$ 45,319,019
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Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:
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Collateralized and uninsured	41,727,517
	<u>\$ 87,046,536</u>

Investments

As of September 30, 2018, the City had the following investments:

	Fair Value Measurements Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
PRIMARY GOVERNMENT:				
Unrestricted Investments:				
Investment type 1*	\$ 3,468,111	\$ 3,468,111	\$ -	\$ -
Investment type 1**	501,000	501,000	-	-
Fixed income securities***	1,638,564	1,638,564	-	-
Restricted Investments:				
Investment type 1*	1,018,571	1,018,571	-	-
TOTAL INVESTMENTS	<u>\$ 6,626,246</u>	<u>\$ 6,626,246</u>	<u>\$ -</u>	<u>\$ -</u>
COMPONENT UNITS:				
Fixed income securities*	\$ 6,195,145	\$ 6,195,145	\$ -	\$ -
Fixed income securities**	2,920,387	2,920,387	-	-
Fixed income securities***	1,459,243	1,459,243	-	-
TOTAL INVESTMENTS	<u>\$10,574,775</u>	<u>\$10,574,775</u>	<u>\$ -</u>	<u>\$ -</u>
FIDUCIARY FUNDS:				
Investment type 1*	\$33,050,914	\$33,050,914	\$ -	\$ -
TOTAL INVESTMENTS	<u>\$33,050,914</u>	<u>\$33,050,914</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	\$ 420,732	\$ 214,230	\$ 24,245	\$ 40,679	\$ 29,390	\$ 9,681	\$ 217,628	\$ 956,585	\$ 17,383,232
Investments	-	-	-	-	-	-	518,571	518,571	-
TOTALS	\$ 420,732	\$ 214,230	\$ 24,245	\$ 40,679	\$ 29,390	\$ 9,681	\$ 736,199	\$ 1,475,156	\$ 17,383,232

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, 2018 by the City is \$3,297,981, 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, 2018, of the Facility, in the aggregate, is as follows:

Assets	\$ 17,307,335
Deferred outflows of resources	56,577
Liabilities	11,319,844
Deferred inflows of resources	180,415
Equity	5,863,653
Operating Revenues	2,125,092
Operating Expenses	2,942,253
Non-operating Revenues	1,270,891
Non-operating Expenses	(148,551)
Increase in net position	305,179
City's share of net loss	259,402

NOTE E – LEASES:

Capital lease

The City has a capital lease for the various energy enhancement projects that have been undertaken by the City. The future minimum lease payments are as follows:

Year ending September 30,	
2019	\$ 2,175,546
2020	1,126,787
2021	1,173,825
2022	1,298,999
2023	1,197,386
2024 - 2028	8,414,495
2029 - 2033	10,611,294
2034 - 2038	10,427,600
Total minimum lease payment	36,425,932
Less amount representing interest	(10,099,766)
Present value of minimum lease payments	<u>\$ 26,326,166</u>
Asset	
Construction in progress	<u>\$ 23,020,850</u>

NOTE E – LEASES (Continued):

The remaining amount of capital lease proceeds have been recorded as restricted for capital outlay and will be included with this footnote as the project progresses in future fiscal years.

NOTE F – 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, 2018:

	Balance September 30, 2017	Additions	Deductions	Balance September 30, 2018	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
State Infrastructure Bank Note (MDOT Spring Street)	\$ 165,750	\$ -	\$ (82,873)	\$ 82,877	\$ 82,877
2007 Forestland Bonds	2,940,000	-	(300,000)	2,640,000	320,000
2007 High Street Bonds	129,013	-	(10,803)	118,210	11,006
2008 Street Improvements Bonds	128,934	-	(128,934)	-	-
2009 Capital Improvements Bonds					
Street Bonds Portion	493,740	-	(242,650)	251,090	251,090
Add: deferred amounts on 2009 bonds	59,937	-	(29,968)	29,969	
2011 Capital Improvement Bonds	774,000	-	(66,000)	708,000	68,000
2012 Capital Improvement Bonds	969,030	-	(74,925)	894,105	78,255
Add: deferred amounts on 2012 bonds	47,753	-	(4,341)	43,412	
2013 Capital Improvement Bonds					
Street Bonds Portion	818,400	-	(63,550)	754,850	66,650
Refunding Portion - 2003 Founder's Landing Bonds	1,610,000	-	(245,000)	1,365,000	255,000
2014 Capital Improvement Bonds	998,200	161,000	(73,800)	1,085,400	75,600
Add: deferred amounts on 2014 bonds	68,101	10,199	(6,023)	72,277	
2015 Capital Improvement Bonds	645,037	-	(67,200)	577,837	68,800
Add: deferred amounts on 2015 bonds	22,207	-	(2,468)	19,739	
2016 Capital Improvement Bonds					
Street Bonds Portion	1,133,050	-	(62,350)	1,070,700	64,500
Add: deferred amount on 2016 bonds	137,562	-	(9,826)	127,736	
Refunding Portion - 2006 & 2008 Street Bonds	2,541,128	-	(192,500)	2,348,628	323,164
Add: deferred amount on 2006 & 2008 refundings	289,475	-	(26,316)	263,159	
2017 Capital Improvement Bonds					
Street Bonds Portion	4,430,000	-	(277,500)	4,152,500	232,500
Add: deferred amount on 2017 bonds	460,823	-	(30,721)	430,102	
Refunding Portion - 2009 Capital Imp. Bonds	1,403,150	-	(10,550)	1,392,600	-
Add: deferred amount on 2009 refunding	158,239	-	(22,605)	135,634	
2018 Capital Improvement Bonds	-	765,000	-	765,000	70,000
Add: deferred amounts on 2018 bonds	-	55,787	-	55,787	
2018 Michigan Transportation Fund Bonds	-	1,640,000	-	1,640,000	155,000
Add: deferred amounts on 2018 MTF bonds	-	110,255	-	110,255	
Capital lease	-	26,326,166	-	26,326,166	804,830
Accrued Compensated Absences	1,713,954	497,154	(298,410)	1,912,698	697,784
TOTAL GOVERNMENTAL ACTIVITIES	\$ 22,137,483	\$29,565,561	\$(2,329,313)	\$ 49,373,731	\$3,625,056

NOTE F – LONG-TERM DEBT (Continued):

	Balance September 30, 2017	Additions	Deductions	Balance September 30, 2018	Due Within One Year
BUSINESS-TYPE ACTIVITIES:					
<u>WATER SUPPLY FUND:</u>					
State Drinking Water Revolving Fund Loan - 2009	\$ 340,058	\$ -	\$ (25,000)	\$ 315,058	\$ 25,000
State Drinking Water Revolving Fund Loan - 2011	418,908	-	(25,000)	393,908	25,000
State Drinking Water Revolving Fund Loan - 2015	255,875	-	(10,000)	245,875	20,000
2007 High Street Bonds	201,582	-	(16,880)	184,702	17,197
2008 Street Improvements Bonds	96,600	-	(96,600)	-	-
2009 Capital Improvements Bonds	417,690	-	(205,275)	212,415	212,415
Less: deferred amounts, net	25,693	-	(12,850)	12,843	-
2011 Capital Improvements Bonds	212,850	-	(18,150)	194,700	18,700
2012 Capital Improvements Bonds	544,170	-	(42,075)	502,095	43,945
Add: deferred amounts	26,815	-	(2,438)	24,377	-
2013 Capital Improvements Bonds	660,000	-	(51,250)	608,750	53,750
2014 Capital Improvements Bonds	547,400	-	(34,850)	512,550	35,700
Add: deferred amounts	34,677	-	(2,667)	32,010	-
2015 Capital Improvements Bonds	992,547	-	(102,900)	889,647	104,645
Add: deferred amounts	30,748	-	(3,416)	27,332	-
2016 Capital Improvement Bonds					
Capital Improvement Portion	447,950	-	(24,650)	423,300	25,500
Add: deferred amounts	54,385	-	(3,885)	50,500	-
Refunding Portion - 2008 Street Bonds	1,147,315	-	-	1,147,315	95,095
Add: deferred amounts - 2008 Refunding, net	83,327	-	(13,980)	69,347	-
2017 Capital Improvement Bonds					
Capital Improvement Portion	1,772,000	-	(111,000)	1,661,000	93,000
Add: deferred amounts	184,329	-	(12,289)	172,040	-
Refunding Portion - 2009 Capital Imp. Bonds	1,187,025	-	(8,925)	1,178,100	-
Add: deferred amounts - 2009 Refunding, net	49,672	-	(19,124)	30,548	-
2018 Capital Improvement Bonds	-	1,220,000	-	1,220,000	110,000
Add: deferred amounts	-	89,003	-	89,003	-
Accrued Compensated Absences	216,824	52,748	(57,691)	211,881	84,752
TOTAL WATER SUPPLY FUND	9,948,440	1,361,751	(900,895)	10,409,296	964,699
<u>SEWAGE DISPOSAL FUND:</u>					
State Act 94 Clean Water Assistance Loan	1,385,000	-	(185,000)	1,200,000	190,000
State Revolving Fund Loan -2009	485,699	-	(30,000)	455,699	35,000
State Revolving Fund Loan -2011	526,785	-	(30,000)	496,785	35,000
2008 Street Improvements Bonds	90,071	-	(90,071)	-	-
2009 Capital Improvements Bonds	210,600	-	(103,500)	107,100	107,100
Add: deferred amounts	12,957	-	(6,479)	6,478	-
2011 Capital Improvements Bonds	599,850	-	(51,150)	548,700	52,700
2012 Capital Improvements Bonds	945,750	-	(73,125)	872,625	76,375
Add: deferred amounts	46,605	-	(4,237)	42,368	-
2013 Capital Improvements Bonds	739,200	-	(57,400)	681,800	60,200
2014 Capital Improvements Bonds	1,513,400	-	(96,350)	1,417,050	98,700
Add: deferred amounts	95,875	-	(7,375)	88,500	-
2015 Capital Improvements Bonds	329,907	-	(33,600)	296,307	34,751
Add: deferred amounts	10,202	-	(1,133)	9,069	-
2016 Capital Improvement Bonds					
Capital Improvement Portion	447,950	-	(24,650)	423,300	25,500
Add: deferred amounts	54,385	-	(3,885)	50,500	-
Refunding Portion - 2008 Street Bonds	1,047,912	-	-	1,047,912	86,856
Add: deferred amounts - 2008 Refunding, net	92,044	-	(12,769)	79,275	-
2017 Capital Improvement Bonds					
Capital Improvement Portion	1,329,000	-	(83,250)	1,245,750	69,750
Add: deferred amounts	138,247	-	(9,216)	129,031	-
Refunding Portion - 2009 Capital Imp. Bonds	598,500	-	(4,500)	594,000	-
Add: deferred amounts - 2009 Refunding, net	25,044	-	(9,642)	15,402	-
2018 Capital Improvement Bonds	-	1,465,000	-	1,465,000	135,000
Add: deferred amounts	-	106,931	-	106,931	-
Accrued Compensated Absences	65,142	30,221	(28,435)	66,928	26,771
TOTAL SEWAGE DISPOSAL FUND	10,790,125	1,602,152	(945,767)	11,446,510	1,033,703

NOTE F – LONG-TERM DEBT (Continued):

	Balance September 30, 2017	Additions	Deductions	Balance September 30, 2018	Due Within One Year
<u>STORMWATER UTILITY FUND:</u>					
2007 High Street Bonds	\$ 72,570	\$ -	\$ (6,077)	\$ 66,493	\$ 6,191
2008 Street Improvements Bonds	79,395	-	(79,395)	-	-
2009 Capital Improvements Bonds	47,970	-	(23,575)	24,395	24,395
Add: deferred amounts	2,951	-	(1,476)	1,475	
2011 Capital Improvements Bonds	348,300	-	(29,700)	318,600	30,600
2012 Capital Improvements Bonds	451,050	-	(34,875)	416,175	36,425
Add: deferred amounts	22,227	-	(2,021)	20,206	
2013 Capital Improvements Bonds	422,400	-	(32,800)	389,600	34,400
2015 Capital Improvements Bonds	72,509	-	(6,300)	66,209	7,580
Add: deferred amounts	2,211	-	(246)	1,965	
2016 Capital Improvement Bonds					
Capital Improvement Portion	606,050	-	(33,350)	572,700	34,500
Add: deferred amounts	73,579	-	(5,256)	68,323	
Refunding Portion - 2006 & 2008 Street Bonds	1,958,645	-	(192,500)	1,766,145	274,885
Add: deferred amounts - 2006 & 2008 Refunding, net	160,875	-	(19,218)	141,657	
2017 Capital Improvement Bonds					
Capital Improvement Portion	1,329,000	-	(83,250)	1,245,750	69,750
Add: deferred amounts	138,247	-	(9,216)	129,031	
Refunding Portion - 2009 Capital Imp. Bonds	136,325	-	(1,025)	135,300	-
Add: deferred amounts - 2009 Refunding, net	5,707	-	(2,196)	3,511	
2018 MTF Bonds	-	1,350,000	-	1,350,000	125,000
Add: deferred amounts	-	91,041	-	91,041	
Accrued Compensated Absences	25,085	10,162	(11,002)	24,245	9,698
TOTAL STORMWATER UTILITY FUND	5,955,096	1,451,203	(573,478)	6,832,821	653,424
<u>TOURIST PARK FUND:</u>					
Accrued Compensated Absences	1,959	-	(1,280)	679	272
TOTAL TOURIST PARK FUND	1,959	-	(1,280)	679	272
<u>MARINAS FUND:</u>					
2014 Capital Improvements Bonds	161,000	-	(161,000)	-	-
Add: deferred amounts	10,199	-	(10,199)	-	
TOTAL MARINAS FUND	171,199	-	(171,199)	-	-
<u>LIGHTHOUSE PARK FUND:</u>					
2018 Building Authority Bonds	-	1,035,000	-	1,035,000	100,000
TOTAL LIGHTHOUSE PARK FUND	-	1,035,000	-	1,035,000	100,000
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 26,866,819	\$ 5,450,106	\$ (2,592,619)	\$ 29,724,306	\$ 2,752,098

NOTE F – LONG-TERM DEBT (Continued):

	Balance September 30, 2017	Additions	Deductions	Balance September 30, 2018	Due Within One Year
COMPONENT UNITS:					
Board of Light & Power:					
2016 Electric Utility Revenue Bonds	\$ 66,735,000	\$ -	\$ (1,155,000)	\$ 65,580,000	\$ 1,210,000
Add: deferred amounts	9,756,091	-	(872,139)	8,883,952	
Capital Lease	245,990	-	(39,741)	206,249	44,397
Compensated Absences	1,009,996	-	(1,766)	1,008,230	1,008,230
Peter White Public Library:					
2006 Library Improvement Bonds	345,000	-	(345,000)	-	-
2017 Library Improvement Bonds	-	3,845,000	-	3,845,000	210,000
Add: deferred amounts	-	359,430	-	359,430	
Compensated Absences	64,130	1,425	-	65,555	-
Downtown Development Authority:					
2011 Tax Increment Bonds	1,080,000	-	(100,000)	980,000	115,000
Compensated Absences	57,934	9,823	-	67,757	
Brownfield Redevelopment Authority:					
2010 Capital Improvement Bonds	775,000	-	(40,000)	735,000	40,000
2010 Recovery Zone Facility Bonds	355,000	-	(20,000)	335,000	20,000
2013 Capital Improvement Bonds	235,000	-	(30,000)	205,000	30,000
2016 Tax Increment Bonds	17,195,000	-	-	17,195,000	-
Add: deferred amounts	2,073,259	-	(109,119)	1,964,140	
2017 Capital Improvement Bonds	830,000	-	(50,000)	780,000	45,000
Add: deferred amounts	86,376	-	(5,758)	80,618	
2017 Tax Increment Bonds	-	12,185,000	-	12,185,000	-
2018 Capital Improvement Bonds	-	730,000	-	730,000	65,000
Add: deferred amounts	-	53,176	-	53,176	
TOTAL COMPONENT UNITS	\$ 100,843,776	\$ 17,183,854	\$ (2,768,523)	\$ 115,259,107	\$ 2,787,627

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, \$105,088 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,

NOTE F – LONG-TERM DEBT (Continued):

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.

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, 2018, \$2,740,000 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

NOTE F – LONG-TERM DEBT (Continued):

were transferred to the Water Fund and, correspondingly, the \$342,318 of debt relating to those assets was also transferred to the Water Fund.

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

2009 Capital Improvements Bonds - On May 5, 2009, the City issued \$10,800,000 in Limited Tax General Obligation and Refunding Bonds, Series 2009 with interest rates ranging from 3.0% to 5.0% for the purpose of paying the cost of capital improvement items in the City including major and local street improvements, reconstruction of water and sewer lines, renovating and equipping Lakeview Arena, construction and installation of wastewater and storm water collection lines, and acquisition of other City equipment, and to refund the City of Marquette Building Authority's 1998 Building Authority Refunding Bonds, dated June 16, 1998, which mature in the years 2010 through 2021. The Bonds were issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended, and a bond authorizing resolution adopted by the City Commission on March 30, 2009.

The refunding portion's net proceeds of \$2,468,606 (after payment of \$39,530 in underwriting fees, insurance, and other issuance costs, plus an additional \$83,136 reoffering premium) were used, together with other monies transferred by the City, to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service interest and principal payments on the 1998 issue refunded bonds. As a result, the 1998 issue bonds maturing in fiscal years 2010 through 2021 are considered to be defeased and the liability for those bonds has been removed from the Governmental Activities long-term debt balance.

Also, the irrevocable trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2018, \$1,070,000 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.

NOTE F – LONG-TERM DEBT (Continued):

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

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

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

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

The City has 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, 2018, \$1,350,000 of the bonds outstanding are considered defeased.

NOTE F – LONG-TERM DEBT (Continued):

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.

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, 2018, \$1,790,000 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, 2018, \$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

NOTE F – LONG-TERM DEBT (Continued):

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 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, 2018, \$3,420,000 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.

2018 Capital Improvement Bonds – On July 31, 2018, the City issued \$4,180,000, in General Obligation Capital Improvement Bonds, Series 2018 with interest rates of 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, sidewalk extensions/improvements, Picnic Rocks parking lot and Shiras Park repairs, Presque Isle Band Shell gravel road upgrade and Eagle Drive paving.

2018 Michigan Transportation Fund Bonds – On July 31, 2018, the City issued \$2,990,000, in Michigan Transportation Fund Bonds, Series 2018 with interest rates ranging from 3.0% 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 and the construction and installation of sanitary sewer lateral replacements.

2018 Building Authority Bonds – On July 31, 2018, the City issued \$1,035,000, in Building Authority Bonds, Series 2018 with interest rates ranging from 2.65% to 3.81% for the purpose of paying the cost of certain capital improvements including Light House Property Improvements.

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

NOTE F – LONG-TERM DEBT (Continued):

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, 2018, \$0 of the bonds outstanding are considered defeased.

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.

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.

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 Capital Improvement 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.

2017 Tax Increment Bonds - Brownfield – On October 10, 2017, the City and the Brownfield Redevelopment Authority issued \$12,185,000 in Tax Increment Limited Tax General Obligation Bonds with interest rates ranging from 2.14% to 3.67% for the purpose of paying all or part of the cost of acquiring and constructing street improvements surrounding a Brownfield project.

NOTE F – LONG-TERM DEBT (Continued):

2018 Capital Improvement Bonds - Brownfield – On July 31, 2018, the City and the Brownfield Redevelopment Authority issued \$730,000 in General Obligation Capital Improvement Bonds with an interest rate of 4.00% for the purpose of paying all or part of the cost of acquiring and constructing street improvements surrounding a Brownfield project.

2011 Tax Increment Bonds - DDA – 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	2007 Forestland Bonds	2007 High Street Bonds	2009 Capital Improvements Bonds	2011 Capital Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	2013 Founder's Landing Refunding Bonds	2014 Capital Improvements Bonds	2015 Capital Improvements Bonds	2016 Street Improvements Bonds	2016 Refunding Bonds	2017 Street Improvements Bonds	2017 Refunding Bonds	2018 Capital Improvements Bonds	2018 MTF Bonds
2019	\$ 82,877	\$ 320,000	\$ 11,006	\$ 251,090	\$ 68,000	\$ 78,255	\$ 66,650	\$ 255,000	\$ 75,600	\$ 68,800	\$ 64,500	\$ 323,164	\$ 232,500	\$ -	\$ 70,000	\$ 155,000
2020	-	340,000	11,141	-	70,000	79,920	68,200	265,000	77,400	68,024	66,650	335,560	235,000	255,310	65,000	140,000
2021	-	355,000	11,275	-	72,000	83,250	69,750	275,000	79,200	68,848	68,800	345,456	245,000	265,860	70,000	150,000
2022	-	375,000	11,479	-	74,000	84,915	71,300	280,000	82,800	70,448	70,950	360,352	255,000	284,850	70,000	155,000
2023	-	395,000	11,681	-	78,000	88,245	74,400	290,000	84,600	72,824	75,250	145,248	265,000	286,960	75,000	155,000
2024	-	415,000	11,883	-	82,000	89,910	75,950	-	86,400	74,424	79,550	155,040	275,000	299,620	75,000	165,000
2025	-	440,000	12,086	-	84,000	93,240	79,050	-	90,000	76,024	81,700	159,936	287,500	-	80,000	170,000
2026	-	-	12,289	-	88,000	96,570	80,600	-	93,600	78,445	86,000	168,096	300,000	-	85,000	180,000
2027	-	-	12,491	-	92,000	98,235	83,700	-	97,200	-	88,150	172,992	310,000	-	85,000	185,000
2028	-	-	12,879	-	-	101,565	85,250	-	102,600	-	92,450	182,784	322,500	-	90,000	185,000
2029	-	-	-	-	-	-	-	-	106,200	-	-	-	335,000	-	-	-
2030	-	-	-	-	-	-	-	-	109,800	-	-	-	350,000	-	-	-
2031	-	-	-	-	-	-	-	-	-	-	-	103,200	362,500	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	-	377,500	-	-	-
Principal	82,877	2,640,000	118,210	251,090	708,000	894,105	754,850	1,365,000	1,085,400	577,837	1,070,700	2,348,628	4,152,500	1,392,600	765,000	1,640,000
Interest	-	541,009	11,861	76,948	132,508	140,582	116,576	103,177	262,992	63,320	306,665	408,086	1,264,325	199,354	169,235	346,815
	\$ 82,877	\$ 3,181,009	\$ 130,071	\$ 328,038	\$ 840,508	\$ 1,034,687	\$ 871,426	\$ 1,468,177	\$ 1,348,392	\$ 641,157	\$ 1,377,365	\$ 2,756,714	\$ 5,416,825	\$ 1,591,954	\$ 934,235	\$ 1,986,815

NOTE F – 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	2007 High Street 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 2008 Bonds	2017 Capital Improvement Bonds	2017 Refunding 2009 Bonds	2018 Capital Improvement Bonds
2019	\$ 25,000	\$ 25,000	\$ 20,000	\$ 17,197	\$ 212,415	\$ 18,700	\$ 43,945	\$ 53,750	\$ 35,700	\$ 104,645	\$ 25,500	\$ 95,095	\$ 93,000	\$ -	\$ 110,000
2020	25,000	25,000	20,000	17,407	-	19,250	44,880	55,000	36,550	104,645	26,350	98,800	94,000	215,985	105,000
2021	25,000	25,000	20,000	17,619	-	19,800	46,750	56,250	37,400	107,095	27,200	102,505	98,000	224,910	110,000
2022	25,000	25,000	25,000	17,935	-	20,350	47,685	57,500	39,100	109,545	28,050	106,210	102,000	240,975	115,000
2023	25,000	25,000	25,000	18,251	-	21,450	49,555	60,000	39,950	111,995	29,750	109,915	106,000	242,760	120,000
2024	25,000	30,000	25,000	18,568	-	22,550	50,490	61,250	40,800	114,445	31,450	117,325	110,000	253,470	120,000
2025	30,000	30,000	25,000	18,885	-	23,100	52,360	63,750	42,500	116,895	32,300	121,030	115,000	-	125,000
2026	30,000	30,000	25,000	19,201	-	24,200	54,230	65,000	44,200	120,382	34,000	127,205	120,000	-	130,000
2027	30,000	30,000	25,000	19,518	-	25,300	55,165	67,500	45,900	-	34,850	130,910	124,000	-	140,000
2028	30,000	30,000	25,875	20,121	-	-	57,035	68,750	48,450	-	36,550	138,320	129,000	-	145,000
2029	30,000	30,000	10,000	-	-	-	-	-	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	315,058	393,908	245,875	184,702	212,415	194,700	502,095	608,750	512,550	889,647	423,300	1,147,315	1,661,000	1,178,100	1,220,000
Interest	57,390	73,798	27,180	18,534	-	36,445	78,946	94,011	108,622	96,961	129,736	276,986	538,020	192,208	270,135
	\$ 372,448	\$ 467,706	\$ 273,055	\$ 203,236	\$ 212,415	\$ 231,145	\$ 581,041	\$ 702,761	\$ 621,172	\$ 986,608	\$ 553,036	\$ 1,424,301	\$ 2,199,020	\$ 1,370,308	\$ 1,490,135

SEWAGE DISPOSAL FUND															
Year Ending September 30,	State Act 94 Clean Water Assistance Loan	2009 State Revolving Loan	2011 State Revolving Loan	2009 Capital Improvements Bonds	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 2008 Bonds	2017 Capital Improvements Bonds	2017 Refunding 2009 Bonds	2018 Capital Improvements Bonds	2018 Building Authority Bonds
2019	\$ 190,000	\$ 35,000	\$ 35,000	\$ 107,100	\$ 52,700	\$ 76,375	\$ 60,200	\$ 98,700	\$ 34,751	\$ 25,500	\$ 86,856	\$ 69,750	\$ -	\$ 135,000	\$ 100,000
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	125,000	90,000
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	130,000	95,000
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	135,000	95,000
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	140,000	100,000
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	145,000	105,000
2025	-	40,000	40,000	-	65,100	91,000	71,400	117,500	38,751	32,300	110,544	86,250	-	155,000	105,000
2026	-	40,000	40,000	-	68,200	94,250	72,800	122,200	41,050	34,000	116,184	90,000	-	160,000	110,000
2027	-	40,000	40,000	-	71,300	95,875	75,600	126,900	-	34,850	119,568	93,000	-	165,000	115,000
2028	-	40,000	40,000	-	-	99,125	77,000	133,950	-	36,550	126,336	96,750	-	175,000	120,000
2029	-	40,000	40,000	-	-	-	-	138,650	-	37,400	-	100,500	-	-	-
2030	-	40,699	40,000	-	-	-	-	143,350	-	39,100	-	105,000	-	-	-
2031	-	-	46,785	-	-	-	-	-	-	40,800	-	108,750	-	-	-
2032	-	-	-	-	-	-	-	-	-	-	-	113,250	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	1,200,000	455,699	496,785	107,100	548,700	872,625	681,800	1,417,050	296,307	423,300	1,047,912	1,245,750	594,000	1,465,000	1,035,000
Interest	105,348	76,329	96,627	-	102,699	137,209	105,299	300,306	31,660	129,737	252,988	403,515	96,912	324,913	201,466
	\$ 1,305,348	\$ 532,028	\$ 593,412	\$ 107,100	\$ 651,399	\$ 1,009,834	\$ 787,099	\$ 1,717,356	\$ 327,967	\$ 553,037	\$ 1,300,900	\$ 1,649,265	\$ 690,912	\$ 1,789,913	\$ 1,236,466

STORMWATER UTILITY FUND											
Year Ending September 30,	2007 High 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 2006 & 2008 Bonds	2017 Capital Improvements Bonds	2017 Refunding 2009 Bonds	2018 MTF Bonds
2019	\$ 6,191	\$ 24,395	\$ 30,600	\$ 36,425	\$ 34,400	\$ 7,580	\$ 34,500	\$ 274,885	\$ 69,750	\$ -	\$ 125,000
2020	6,267	-	31,500	37,200	35,200	7,580	35,650	285,400	70,500	24,805	120,000
2021	6,343	-	32,400	38,750	36,000	7,730	36,800	293,415	73,500	25,830	120,000
2022	6,457	-	33,300	39,525	36,800	7,880	37,950	306,430	76,500	27,675	125,000
2023	6,571	-	35,100	41,075	38,400	8,030	40,250	89,445	79,500	27,880	130,000
2024	6,684	-	36,900	41,850	39,200	8,180	42,550	95,475	82,500	29,110	135,000
2025	6,798	-	37,800	43,400	40,800	8,330	43,700	98,490	86,250	-	140,000
2026	6,912	-	39,600	44,950	41,600	10,899	46,000	103,515	90,000	-	145,000
2027	7,026	-	41,400	45,725	43,200	-	47,150	106,530	93,000	-	150,000
2028	7,244	-	-	47,275	44,000	-	49,450	112,560	96,750	-	160,000
2029	-	-	-	-	-	-	50,600	-	100,500	-	-
2030	-	-	-	-	-	-	52,900	-	105,000	-	-
2031	-	-	-	-	-	-	55,200	-	108,750	-	-
2032	-	-	-	-	-	-	-	-	113,250	-	-
Principal	66,493	24,395	318,600	416,175	389,600	66,209	572,700	1,766,145	1,245,750	135,300	1,350,000
Interest	6,671	-	59,629	65,435	60,169	5,934	175,524	314,826	403,516	22,074	286,611
	\$ 73,164	\$ 24,395	\$ 378,229	\$ 481,610	\$ 449,769	\$ 72,143	\$ 748,224	\$ 2,080,971	\$ 1,649,266	\$ 157,374	\$ 1,636,611

NOTE F – 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	2017 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 Capital Improvement Bonds	2017 MBRA Tax Increment Bonds	2018 MBRA Capital Improvement Bonds
2019	\$ 1,210,000	\$ 44,397	\$ 210,000	\$ 115,000	\$ 40,000	\$ 20,000	\$ 30,000	\$ -	\$ 45,000	\$ -	\$ 65,000
2020	2,505,000	161,852	215,000	115,000	45,000	20,000	35,000	-	45,000	-	65,000
2021	2,630,000	-	220,000	125,000	45,000	20,000	35,000	50,000	45,000	625,000	65,000
2022	2,760,000	-	220,000	125,000	50,000	20,000	35,000	90,000	45,000	635,000	70,000
2023	2,895,000	-	230,000	125,000	50,000	25,000	35,000	105,000	50,000	650,000	70,000
2024	3,040,000	-	235,000	125,000	55,000	25,000	35,000	155,000	50,000	670,000	75,000
2025	3,195,000	-	250,000	125,000	55,000	25,000	-	100,000	55,000	685,000	75,000
2026	3,355,000	-	245,000	125,000	60,000	25,000	-	145,000	55,000	705,000	80,000
2027	3,520,000	-	255,000	-	60,000	30,000	-	200,000	60,000	725,000	80,000
2028	3,695,000	-	265,000	-	65,000	30,000	-	230,000	60,000	745,000	85,000
2029	3,880,000	-	275,000	-	65,000	30,000	-	290,000	65,000	770,000	-
2030	4,075,000	-	290,000	-	70,000	30,000	-	360,000	65,000	795,000	-
2031	4,280,000	-	300,000	-	75,000	35,000	-	2,055,000	70,000	825,000	-
2032	4,495,000	-	310,000	-	-	-	-	2,250,000	70,000	850,000	-
2033	4,720,000	-	325,000	-	-	-	-	2,390,000	-	880,000	-
2034	4,955,000	-	-	-	-	-	-	2,615,000	-	825,000	-
2035	5,105,000	-	-	-	-	-	-	2,990,000	-	700,000	-
2036	5,265,000	-	-	-	-	-	-	3,170,000	-	1,100,000	-
2037	-	-	-	-	-	-	-	-	-	-	-
Principal	65,580,000	206,249	3,845,000	980,000	735,000	335,000	205,000	17,195,000	780,000	12,185,000	730,000
Interest	30,884,493	7,639	1,147,750	194,445	253,575	118,975	14,747	10,649,350	253,100	4,513,221	160,981
	<u>\$ 96,464,493</u>	<u>\$ 213,888</u>	<u>\$ 4,992,750</u>	<u>\$ 1,174,445</u>	<u>\$ 988,575</u>	<u>\$ 453,975</u>	<u>\$ 219,747</u>	<u>\$ 27,844,350</u>	<u>\$ 1,033,100</u>	<u>\$ 16,698,221</u>	<u>\$ 890,981</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
2019	\$ 2,122,442	\$ 789,992	\$ 2,630,605	\$ 907,292	\$ 1,779,397	\$ 4,371,691
2020	2,077,205	666,985	2,647,610	890,418	3,206,852	4,301,421
2021	2,159,439	587,414	2,730,022	803,220	3,860,000	4,155,989
2022	2,246,094	500,643	2,829,001	710,436	4,050,000	3,990,464
2023	2,097,208	413,282	2,689,295	606,599	4,235,000	3,813,083
2024-2028	7,206,709	1,042,282	11,817,527	1,644,583	23,930,000	16,069,535
2029-2033	1,937,700	142,855	2,583,750	201,821	34,990,000	9,784,293
2034-2038	-	-	-	-	26,725,000	1,758,781
	<u>\$ 19,846,797</u>	<u>\$ 4,143,453</u>	<u>\$ 27,927,810</u>	<u>\$ 5,764,369</u>	<u>\$ 102,776,249</u>	<u>\$ 48,245,257</u>

NOTE G – LETTERS OF CREDIT:

As of September 30, 2018, the City had the following letter of credit with Range Bank.

Date Issued	Amount	Interest Rate	Expiration
7/1/2003	\$ 500,000	n/a *	7/1/2019
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, 2018.

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	\$ 688,430	General Fund	\$ 2,529,709
Non-major Governmental	1,822,559		
Non-major Business-Type	18,720		
Subtotal	<u>2,529,709</u>	Subtotal	<u>2,529,709</u>
Non-major Governmental	1,323,296	Major Street	442,274
General Fund	-	Local Street	527,242
Sewage Disposal	-	Construction	-
Internal Service Funds	-	Non-major Governmental	353,780
Subtotal	<u>1,323,296</u>	Subtotal	<u>1,323,296</u>
Sewage Disposal System	<u>369,448</u>	Stormwater Utility Fund	<u>369,448</u>
TOTAL REPORTING ENTITY	<u><u>\$4,222,453</u></u>	TOTAL REPORTING ENTITY	<u><u>\$ 4,222,453</u></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, 2017	Additions	Disposals	Balance at September 30, 2018
GOVERNMENTAL ACTIVITIES:				
Capital Assets Not Being Depreciated				
Land	\$ 13,769,730	\$ 486,203	\$ -	\$ 14,255,933
Construction in progress	11,176,020	24,244,940	(10,192,369)	25,228,591
Total Capital Assets, not being depreciated	<u>24,945,750</u>	<u>24,731,143</u>	<u>(10,192,369)</u>	<u>39,484,524</u>
Capital Assets Being Depreciated				
Land improvements	7,841,797	171,199	-	8,012,996
Buildings	23,576,675	-	-	23,576,675
Building improvements	6,939,022	27,795	-	6,966,817
Furniture and equipment	13,201,303	1,178,396	(568,056)	13,811,643
Infrastructure	53,927,357	14,273,144	-	68,200,501
Total Capital Assets, being depreciated	<u>105,486,154</u>	<u>15,650,534</u>	<u>(568,056)</u>	<u>120,568,632</u>
Less Accumulated Depreciation:				
Land improvements	(6,538,463)	(167,585)	-	(6,706,048)
Buildings	(4,592,654)	(1,055,131)	-	(5,647,785)
Building improvements	(5,560,711)	(154,800)	-	(5,715,511)
Furniture and equipment	(11,638,699)	(336,709)	545,734	(11,429,674)
Infrastructure	(35,090,919)	(1,706,770)	-	(36,797,689)
Total Accumulated Depreciation	<u>(63,421,446)</u>	<u>(3,420,995)</u>	<u>545,734</u>	<u>(66,296,707)</u>
Governmental Activities Capital Assets, net	<u>\$ 67,010,458</u>	<u>\$ 36,960,682</u>	<u>\$ (10,214,691)</u>	<u>\$ 93,756,449</u>

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

Governmental Activity:	
General Government	\$ 14,284
Public Health and Safety	30,457
Public Works	173,060
Social Services	-
Recreation and Culture	184,837
Depreciation - unallocated	1,777,715
Internal Service Funds charged to above activities	1,240,642
Total Depreciation Expense - Governmental Activities	<u>\$ 3,420,995</u>

NOTE I – CAPITAL ASSETS (Continued):

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

	Balance at September 30, 2017	Additions	Disposals	Balance at September 30, 2018
BUSINESS-TYPE ACTIVITIES:				
Capital Assets Not Subject to Depreciation:				
Land	\$ 38,319	\$ -	\$ -	\$ 38,319
Construction in progress	2,819,396	2,727,926	(2,752,488)	2,794,834
Total Capital Assets, not being depreciated	<u>2,857,715</u>	<u>2,727,926</u>	<u>(2,752,488)</u>	<u>2,833,153</u>
Capital Assets Subject to Depreciation:				
Land improvements	3,983,162	-	(171,201)	3,811,961
Building and building improvements	14,485,183	307,431	-	14,792,614
Furniture and equipment	6,046,663	62,464	-	6,109,127
Infrastructure	71,143,346	5,241,332	-	76,384,678
Total Capital Assets, being depreciated	<u>95,658,354</u>	<u>5,611,227</u>	<u>(171,201)</u>	<u>101,098,380</u>
Less Accumulated Depreciation:				
Land improvements	(2,730,210)	(157,982)	-	(2,888,192)
Building and building improvements	(6,755,366)	(347,307)	-	(7,102,673)
Furniture and equipment	(4,208,429)	(245,179)	-	(4,453,608)
Infrastructure	(28,002,689)	(2,398,906)	-	(30,401,595)
Total Accumulated Depreciation	<u>(41,696,694)</u>	<u>(3,149,374)</u>	<u>-</u>	<u>(44,846,068)</u>
Business-Type Activities				
Capital Assets, net	<u>\$ 56,819,375</u>	<u>\$ 5,189,779</u>	<u>\$ (2,923,689)</u>	<u>\$ 59,085,465</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	\$ 1,298,281
Sewage Disposal	914,025
Stormwater Utility	753,192
Recreation and Culture	183,876
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,149,374</u>

NOTE I – CAPITAL ASSETS (Continued):

A summary of Component Unit's capital assets as of September 30, 2018 is as follows:

	Board of Light and Power	Peter White Public Library	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
COMPONENT UNITS:					
Land	\$ 291,276	\$ 114,704	\$ -	\$ -	\$ 405,980
Construction in progress	-	2,590,122	-	-	2,590,122
Total Capital Assets, not being depreciated	291,276	2,704,826	-	-	2,996,102
Land improvements	-	117,250	5,248,311	1,285,857	6,651,418
Buildings and improvements	15,523,061	8,909,599	-	-	24,432,660
Furniture and equipment	124,976,062	1,013,636	175,975	-	126,165,673
Total Capital Assets, being depreciated	140,499,123	10,040,485	5,424,286	1,285,857	157,249,751
Less Accumulated Depreciation:					
Land improvements	-	(56,407)	(2,002,107)	(112,622)	(2,171,136)
Buildings and improvements	-	(5,464,364)	-	-	(5,464,364)
Furniture and equipment	-	(990,559)	(144,681)	-	(1,135,240)
Unallocated	(44,992,539)	-	-	-	(44,992,539)
Total Accumulated Depreciation	(44,992,539)	(6,511,330)	(2,146,788)	(112,622)	(53,763,279)
Component Units Capital Assets, net	\$ 95,797,860	\$ 6,233,981	\$ 3,277,498	\$ 1,173,235	\$ 106,482,574

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

Component Units:	
Board of Light and Power	\$5,507,530
Peter White Public Library	144,714
Downtown Development Authority	224,124
Brownfield Redevelopment Authority	112,622
Total Depreciation Expense - Component Units	<u>\$5,988,990</u>

For the fiscal year ended September 30, 2018, the Board of Light and Power reduced the net book value of the Shiras Steam Plant and related assets in accordance with accounting guidance provided in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets*. The total net book value of the assets prior to the impairment charge was \$6,824,007. See separated issued financial statements for additional information.

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 \$8,150,569. This amount, relates to the 2018 tax levy.
2. The Business-Type Funds have reported deferred inflows of \$26,867. This amount, represents the portion of special assessment receivables which are not available resources within the next year.

NOTE J – DEFERRED INFLOWS OF RESOURCES (Continued):

3. The Component Units have reported deferred inflows of \$3,341,200 which relates to their portion of the 2018 tax levy.

NOTE K – FUND BALANCES – GOVERNMENTAL FUNDS:

As of September 30, 2018, 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, 2018, 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	\$ -	\$ -	\$ -	\$ -	\$ 821,128	\$ 821,128
Loan Receivable	-	-	-	-	-	-
Inventory	169,347	-	-	-	-	169,347
Prepays	295,249	25,024	-	-	-	320,273
Total Non-spendable	\$ 464,596	\$ 25,024	\$ -	\$ -	\$ 821,128	\$ 1,310,748
Restricted:						
Major Street	\$ -	\$ 460,659	\$ -	\$ -	\$ -	\$ 460,659
Fire Dept. - Lifesaving Equipment	33,196	-	-	-	-	33,196
Drug Dog	11,498	-	-	-	-	11,498
Local Development Finance Authority Fund	-	148,995	-	-	-	148,995
Public Education Government (PEG) Fund	-	257	-	-	-	257
Drug Forfeiture Fund	-	15,309	-	-	-	15,309
MSHDA Downtown Rental Fund	-	46,500	-	-	-	46,500
Road Maintenance Fund	-	1,234,187	-	-	-	1,234,187
Road Safety Improvement Fund	-	642,526	-	-	-	642,526
Criminal Justice Training Fund	-	3,336	-	-	-	3,336
Senior Services Fund	-	664,117	-	-	-	664,117
Total Restricted	\$ 44,694	\$ 3,215,886	\$ -	\$ -	\$ -	\$ 3,260,580
Committed:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned:						
Park Improvements	\$ 9,889	\$ -	\$ -	\$ -	\$ -	\$ 9,889
Founders Landing	1,495,925	-	-	-	-	1,495,925
Capital Outlay	1,000,000	-	-	2,026,411	-	3,026,411
Public Art Fund	-	30,000	-	-	-	30,000
Recycling System Fund	-	-	-	-	-	-
Sanitation Fund	-	519,495	-	-	-	519,495
Lakeview Arena Fund	-	175,765	-	-	-	175,765
Forestland Debt Service	-	-	2,148,980	-	-	2,148,980
Total Assigned	\$ 2,505,814	\$ 725,260	\$ 2,148,980	\$ 2,026,411	\$ -	\$ 7,406,465
Unassigned:	\$ 11,209,897	\$ -	\$ -	\$ -	\$ -	\$ 11,209,897

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:

2017 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%	6%	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)
Component Unit - Peter White Public Library	Normal Retirement Age	60	60	60
	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, 2017 valuation date, the following employees were covered by the benefit terms:

	Primary Government	Component Unit PWPL
Inactive employees or beneficiaries currently receiving benefits	115	10
Inactive employees entitled to but not yet receiving benefits	16	1
Active employees	96	14
Total	227	25

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, 2017:

Division	Employer ¹	Employee
Primary Government:		
01 - Public Works	\$75,725	6.00%
02 - Police Clerical	\$6,497	6.00%
10 - Union	\$34,185	6.00%
11 - PW Supervisor	\$28,691	6.00%
15 - Senior Mgmt	\$63,045	0.00%
16 - Middle Mgmt	\$14,022	5.00%
91 - PW & Union aft 10/1/12	7.31%	6.00%
Component Unit - Peter White		
Public Library:		
07 - PW Lbry Snr	\$891	0.00%
12 - Pwhite Lby	19.45%	5.00%
70 - PW Lbry Admin	22.27%	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, 2017, 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, 2017 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 2015.

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 2017. 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
Changes in Net Pension Liability	(a)	(b)	(a)-(b)
Balances at 12/31/16	\$ 55,710,766	\$ 31,233,255	\$ 24,477,511
Changes for the Year:			
Service costs	791,722	-	791,722
Interest on total pension liability	4,333,875	-	4,333,875
Changes in benefits	9,569	-	9,569
Difference between expected and actual experience	(1,166,996)	-	(1,166,996)
Changes in assumption	-	-	-
Employer contributions	-	2,455,778	(2,455,778)
Employee contributions	-	259,468	(259,468)
Net investment income	-	4,004,150	(4,004,150)
Benefit payments, including employee refunds	(2,909,065)	(2,909,065)	-
Administrative expense	-	(63,420)	63,420
Other changes	-	(2)	2
Net Changes	1,059,105	3,746,909	(2,687,804)
Balances as of 12/31/17	\$ 56,769,871	\$ 34,980,164	\$ 21,789,707

**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 12/31/16	\$ 3,386,156	\$ 2,190,369	\$ 1,195,787
Changes for the Year:			
Service costs	48,532	-	48,532
Interest on total pension liability	265,662	-	265,662
Changes in benefits	587	-	587
Difference between expected and actual experience	(71,536)	-	(71,536)
Changes in assumption	-	-	-
Employer contributions	-	105,420	(105,420)
Employee contributions	-	27,289	(27,289)
Net investment income	-	287,973	(287,973)
Benefit payments, including employee refunds	(181,797)	(181,797)	-
Administrative expense	-	(4,562)	4,562
Other changes	-	-	-
Net Changes	61,448	234,323	(172,875)
Balances as of 12/31/17	<u>\$ 3,447,604</u>	<u>\$ 2,424,692</u>	<u>\$ 1,022,912</u>
Net Pension Liability (NPL):			
MERS - Primary Government	\$ 21,789,707		
Fire-Police - Primary Government	12,995,583	(See Note M)	
NPL reported in statement of net position	<u>\$ 34,785,290</u>		
Net Pension Liability (NPL):			
MERS - Component Unit - PWPL	\$ 1,022,912		
MERS - Component Unit - BLP	13,190,813	(See Note N)	
NPL reported in statement of net position	<u>\$ 14,213,725</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 12/31/17	\$ 21,789,707	\$ 21,789,707	\$ 21,789,707
Change in Net Pension liability (NPL)	6,368,686	-	(5,380,638)
Calculated NPL	<u>\$ 28,158,393</u>	<u>\$ 21,789,707</u>	<u>\$ 16,409,069</u>

	Component Unit - Peter White Public Library		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	7.00%	8.00%	9.00%
Net Pension Liability at 12/31/17	\$ 1,022,912	\$ 1,022,912	\$ 1,022,912
Change in Net Pension liability (NPL)	386,767	-	(623,763)
Calculated NPL	<u>\$ 1,409,679</u>	<u>\$ 1,022,912</u>	<u>\$ 399,149</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, 2018, the employer recognized pension expense of \$728,578 (\$697,430 for the primary government and \$31,148 for the component unit – Peter White Public Library). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	MERS - Primary Government		MERS - 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	\$ -	\$ (728,363)	\$ -	\$ (49,653)
Differences in assumptions	775,394	(1,320)	37,846	-
(Excess) Deficit Investment Returns	12,445	(547,318)	-	(43,882)
Subtotal	<u>787,839</u>	<u>(1,277,001)</u>	<u>37,846</u>	<u>(93,535)</u>
Contributions subsequent to the measurement date*	-	-	54,900	-
Total	<u>\$ 787,839</u>	<u>\$ (1,277,001)</u>	<u>\$ 92,746</u>	<u>\$ (93,535)</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, 2019.

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

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

Deferred (Inflows) and Deferred Outflows of Resources by Year (To Be Recognized in Future Pension Expenses)		
Plan Year Ended December 31,	Primary Government Amount	Component Unit - Peter White Public Library Amount
2018	\$ 702,457	\$ 31,066
2019	(117,784)	(9,246)
2020	(770,679)	(54,533)
2021	(303,156)	(22,976)
2022	-	-
Thereafter	-	-
Total	<u>\$ (489,162)</u>	<u>\$ (55,689)</u>

	Primary Government All Pension Plans	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Deferred amounts related to pension:		
Primary government - MERS	\$ 787,839	\$ (1,277,001)
Primary government - Fire-Police (See Note M)	2,616,184	(2,155,597)
Deferred amounts related to pension reported in Statement of Net Position	<u>\$ 3,404,023</u>	<u>\$ (3,432,598)</u>

	Component Units All Pension Plans	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Deferred amounts related to pension:		
Component Unit - Peter White Public Library	\$ 37,846	\$ (93,535)
Component Unit - Board of Light and Power	134,270	(700,713)
Deferred amounts related to pension reported in Statement of Net Position	<u>\$ 172,116</u>	<u>\$ (794,248)</u>
Contributions subsequent to the measurement date		
Component Unit - Peter White Public Library	\$ 54,900	
Component Unit - Board of Light and Power	3,578,051	
Contributions subsequent to measurement date reported in Statement of Net Position	<u>\$ 3,632,951</u>	

(See Note N)

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

Payable to Pension Plan:

At September 30, 2018, 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, 2018.

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, 2018 was \$3,477,254; the City’s total payroll was \$12,834,459.

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, 2017, the latest actuarial valuation date:

Group	
Retirees and beneficiaries currently receiving benefits	70
Vested terminated members	4
Active employees:	
Fire	33
Police	25
TOTAL	<u>132</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

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

age of 50 with 25 or more years of credited service or age 60 with 10 or more years of service, are entitled to annual retirement benefits, payable monthly for life, in an amount equal to a minimum of \$600 a month, or 2.5% (3% for Fire members) of a three-year average final compensation times the first twenty-five years of service plus 1.5% (1% for Fire members) of average final compensation times years of service in excess of twenty-five years. The System also provides death and disability benefits.

Non-duty disability benefits are payable upon the total and permanent disability of a member with 5 or more years of service. Benefits up to age 55 are paid equaling 1.5% of the average final compensation times the years of service. Benefits after the age of 55 are the same as benefits received from service retirement.

Disability benefits from the total or permanent disability of a member in the line of duty are payable, up to the age of 55, (age 50 for Fire members) at 50% of the average final compensation. Benefits after the age of 55 are the same as benefits from service retirement with service credit from date of disability to age 55, except for fire members whose full retirement is the equivalent of 25 years of service that the member would have had if not disabled.

If an active employee dies in the line of duty, the beneficiary will receive the same amount that was paid by worker's compensation.

If an active employee with 20 or more years of service (10 years required for fire members) dies not in the line of duty, the surviving spouse, if any, will receive an amount equal to the accrued straight life pension actuarially reduced in accordance with Option I election.

Contributions

Covered employees are required by statute to contribute 5% of their salary to the System. If an employee leaves covered employment or dies before being eligible for retirement, the total accumulated employee contributions plus related investment earnings may be refunded to the employee or designated beneficiary. Benefit and contribution provisions are established by State statute and City ordinance.

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended September 30, 2018 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 20 years for police and 20 years for fire.

During the year ended September 30, 2018, September 30, 2017, and September 30, 2016, contributions totaling \$1,560,811; \$1,489,696, and \$1,465,489, 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.

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

Concentrations of Investments

Wells Fargo Pooled Funds:

Wells Fargo Core Bond CIT F	\$ 3,095,605
Wells Fargo/Dodge & Cox Intermediate Bond CIT F	\$ 3,110,052
Wells Fargo/Federated Total Return Bond CIT F	\$ 3,106,589
Wells Fargo/Blackrock S&P Midcap Index CIT F	\$ 2,832,335
Wells Fargo/Blackrock S&P 500 Index CIT F	\$ 4,277,273

Mutual Funds - Corporate Bonds:

Metropolitan West Total Return Bond Fund Class I #512	\$ 3,088,796
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Net Pension Liability of the City (Under GASB 67):

The components of the net pension liability of the City at December 31, 2017, the most recent actuarial, is as follows:

	2017
Total pension liability	\$ 46,900,426
Plan fiduciary net position	33,904,843
City's net pension liability	<u>\$ 12,995,583</u>

Plan fiduciary net position as a percentage of the total pension liability	72.3%
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Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	3.5 percent
Salary increases	3.5 – 7.0 percent, average, including inflation
Investment rate of return	6.75 percent, net of Plan investment expense, including inflation

The following mortality tables were used for the December 31, 2017 valuation. These tables were adjusted backwards to 2006 with the MP-2014 scale. A base year of 2006 with future mortality improvements using scale MP-2017 was used.

- Pre-Retirement: RP-2014 Employee Mortality Tables
- Healthy Post-Retirement: RP-2014 Health Annuitant Mortality Tables
- Disabled Retirement: RP-2014 Disable Mortality Tables

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

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

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 6.75%; the municipal bond rate is 3.83%; and the resulting Single Discount Rate is 6.75%

Discount Rate. The single discount rate of 6.75% 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 6.75%. 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

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
	(a)	(b)	(a)-(b)
Changes in Net Pension Liability			
Balances at 12/31/16	\$ 44,209,176	\$ 32,304,354	\$ 11,904,822
Changes for the Year:			
Service costs	922,981	-	922,981
Interest on total pension liability	3,041,225	-	3,041,225
Changes in benefits	-	-	-
Difference between expected and actual experience	(849,687)	-	(849,687)
Changes in assumption	2,025,918	-	2,025,918
Employer contributions	-	1,560,811	(1,560,811)
Employee contributions	-	207,809	(207,809)
Net investment income	-	2,301,235	(2,301,235)
Benefit payments, including employee refunds	(2,449,187)	(2,449,187)	-
Administrative expense	-	(20,179)	20,179
Other changes	-	-	-
Net Changes	2,691,250	1,600,489	1,090,761
Balances as of 12/31/17	\$ 46,900,426	\$ 33,904,843	\$ 12,995,583

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences in experience	\$ 984,015	\$ (706,108)
Differences in assumptions	1,632,169	(261,505)
(Excess) Deficit Investment Returns	-	(1,187,984)
Subtotal	2,616,184	(2,155,597)
Contributions subsequent to the measurement	-	-
Total	<u>\$ 2,616,184</u>	<u>\$ (2,155,597)</u>

Deferred (Inflows) and Deferred Outflows of Resources by Year (To Be Recognized in Future Pension Expenses)	
Plan Year Ended December 31,	Amount
2018	\$ 6,105
2019	6,105
2020	162,213
2021	252,968
2022	33,196
Thereafter	-
Total	<u>\$ 460,587</u>

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 12/31/17	\$ 12,995,583	\$ 12,995,583	\$ 12,995,583
Change in Net Pension Liability (NPL)	6,279,452	-	(5,183,330)
Calculated NPL	<u>\$ 19,275,035</u>	<u>\$ 12,995,583</u>	<u>\$ 7,812,253</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.

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

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, 2017, measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	105
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>37</u>
Total inactive and active plan members	<u>143</u>

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, 2018, contributions made by the Board totaled \$4,773,057.

Net Pension Liability

The Board’s Net Pension Liability was measured as of December 31, 2017, 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, 2017 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.

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

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 2017 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global Equity	55.50%	6.16%	3.42%
Global Fixed Income	18.50%	1.24%	0.23%
Real Assets	13.50%	7.19%	0.97%
Diversifying Strategies	12.50%	5.04%	0.63%
Inflation			2.50%
Administrative fee			0.25%
	<u>100.00%</u>		<u>8.00%</u>

Discount Rate

The discount rate used to measure the total pension liability is 8.00 percent for 2017. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at December 31, 2016	\$41,361,190	\$23,591,091	\$17,770,099
Changes for the Year:			
Service Cost	263,927	-	263,927
Interest on Total Pension Liability	3,194,331	-	3,194,331
Changes in benefits	-	-	-
Difference between expected and actual experience	(147,591)	-	(147,591)
Changes in assumptions	-	-	-
Employer Contributions	-	4,605,575	(4,605,575)
Employee Contributions	-	116,706	(116,706)
Net investment income	-	3,218,342	(3,218,342)
Benefit payments, including employee refunds	(3,128,036)	(3,128,036)	-
Administrative expense	-	(50,670)	50,670
Other changes	-	-	-
Net changes	182,631	4,761,917	(4,579,286)
Balances as of December 31, 2017	<u>\$41,543,821</u>	<u>\$28,353,008</u>	<u>\$13,190,813</u>

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

The following presents the Net Pension Liability of the Board, calculated using the discount rate of 8.00 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, 2017	\$ 17,359,936	\$ 13,190,813	\$ 9,625,882

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.

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

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

For the year ended September 30, 2018, the Board recognized pension expense of \$2,414,494. 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	\$ 4,746	\$ (49,197)
Differences in assumptions	-	-
Excess/Deficit in investment returns	129,524	(651,516)
Subtotal	134,270	(700,713)
Contributions subsequent to the measurement date*	3,578,051	-
Total	<u>\$ 3,712,321</u>	<u>\$ (1,401,426)</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 9/30/19.

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
2018	\$ 109,506
2019	(24,433)
2020	(397,652)
2021	(253,864)
Thereafter	-
Total	<u>\$ (566,443)</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, 2018 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

NOTE O – DEFINED CONTRIBUTION PENSION PLAN (Continued):

Management Division and Middle Management Division, respectively. In accordance with these requirements, the City contributed \$124,494 during the current year and employees contributed \$39,110. 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, through May 31, 2018. Management employees hired on or after June 1, 2018, are covered by the defined contribution pension plan described above. 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, 2018, combined contributions by the Board totaled \$409,743 and combined contributions by the employees totaled \$197,650.

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, 2018, 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 \$9,750 during the current year and employee contributed \$2,250. 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.

NOTE P – DEFERRED COMPENSATION PLAN (Continued):

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

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

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

NOTE Q – ACCUMULATED COMPENSATED ABSENCES:

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

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

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

NOTE Q – ACCUMULATED COMPENSATED ABSENCES (Continued):

The liabilities for accumulated, unpaid vacation, sick and benefit leave at September 30, 2018 are as follows:

	Benefit Leave and Vacation	Sick	Total
PRIMARY GOVERNMENT:			
Current portion	\$ 455,309	\$ 242,475	\$ 697,784
Long-term portion	1,154,935	363,712	1,518,647
TOTAL	<u>\$ 1,610,244</u>	<u>\$ 606,187</u>	<u>\$ 2,216,431</u>
COMPONENT UNITS:			
Current portion	\$ 600,085	\$ 467,062	\$ 1,067,147
Long-term portion	65,555	-	65,555
TOTAL	<u>\$ 665,640</u>	<u>\$ 467,062</u>	<u>\$ 1,132,702</u>

NOTE R – JOINT VENTURE – MARQUETTE COUNTY SOLID WASTE MANAGEMENT AUTHORITY:

In June of 1988, the City of Marquette joined with 19 other municipalities to create the Marquette County Solid Waste Management Authority ("Authority"). The Authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structures, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as, a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, and to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

As required by Governmental Accounting Standards Board Statement No. 14, the City's investment in this joint venture is recorded as an asset. The audited financial statements for the Marquette County Solid Waste Management Authority can be obtained at P.O. Box 936, Marquette, Michigan 49855.

The Authority is governed by a Board of Trustees consisting of one (1) member (who shall be the chairperson of the Board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission, three (3) members designated by the Marquette County Board of Commissioners, and one (1) resident of the City of Marquette appointed by the other six Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The City's share of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund equity is approximately 30%. The total investment in the Authority at September 30, 2018, by the City is \$3,273,997.

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

Summary financial information as of and for the fiscal year ended June 30, 2018, the latest available report, is as follows:

Total Assets	\$ 13,610,511
Deferred Outflows of Resources	102,492
Total Liabilities	3,180,530
Deferred Inflows of Resources	128,509
Total Net Position	10,403,964
Total Operating Revenues	3,179,632
Total Operating Expenses	3,465,106
Total Nonoperating Revenues (Expenses)	89,592
Change in Net Position	(195,882)

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:

Plan Description

Effective October 1, 2017, the City adopted the provision of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The City of Marquette Retiree Medical Plan is a single employer plan established and administered by the City and can be amended at its discretion.

NOTE T – OTHER POST EMPLOYMENT BENEFITS (Continued):

Benefits Provided:

	Valuation Period Ending September 30, 2018					
	Public Works	City Hall	Supervisory	Police	Fire	Department Heads
Eligibility Requirements						
Hired prior to:	Sept. 25, 2012	July 12, 2012	July 12, 2013	Aug. 6, 2013	July 1, 2013	July 28, 2005
Age/Years of Service:	55 / 25	55 / 25	55 / 25	50 / 25	50 / 25	n/a / 15
Summary of Benefits						
Monthly payment toward medical and drug premiums:	\$225 (or actual if cost is less)	\$200 (or actual if cost is less)	\$225 (or actual if cost is less)		\$250 (or actual if cost is less)	
Police:						
Unit 1				\$250 (or actual if cost is less)		
Unit 2				\$310 (or actual if cost is less)		
Department Heads:						
Retired Prior to Jan. 28, 2006						100% mo. Premium
Retired on or after Jan. 28, 2006:						
15 - 19 Years of Service:						65% mo. Premium
20 - 24 Years of Service:						80% mo. Premium
25+ Years of Service:						100% mo. Premium
Spousal Coverage	Same as retiree*	Same as retiree*	Same as retiree*	Same as retiree*	Same as retiree*	
* if married prior to retirement						
Department Heads:						
Retired Prior to Jan. 28, 2006						Same as retiree*
Hired prior to Sep. 3, 2002						Same as retiree*
Hired on or after Sep. 3, 2002						None
Benefit End Date						
Retiree Attains the Age of	65	65	65	65	65	
Department Heads:						
Retired Prior to Jan. 28, 2006						Lifetime
Hired prior to Sep. 3, 2002						Lifetime
Hired on or after Sep. 3, 2002						65
Changes Since Prior Valuation	None	None	None	None	None	None

Summary of Plan Participants:

Membership of the plan consisted the following for the September 30, 2017 valuation:

	Public Works	City Hall	Supervisory	Police	Fire	Department Heads	Middle Management	Total
Retirees	12	3	3	8	8	30	16	80
Active Employees	26	18	7	25	18	4	7	105
Total	38	21	10	33	26	34	23	185

Funding Policy:

- 1.) The City has the authority to establish and amend the obligation of the City and plan members to contribute to the plan.
- 2.) Active plan members are currently not obligated to make contributions to the plan.
- 3.) The City will make contributions to an irrevocable investment fund, as able, using the actuarially calculated contribution as a guide. Benefit payments made directly to retirees or on behalf of retirees from general operating funds will be counted as plan contributions.

NOTE T – OTHER POST EMPLOYMENT BENEFITS (Continued):

Summary of Significant Accounting Policies:

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to PEB, and OPEB expenses, information about the fiduciary net position of the City of Marquette OPEB Plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Assumptions and Methods

The City's OPEB liability is measured as of September 30, 2018.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2017 and rolled forward to the measurement date. The following actuarial assumptions were used in the measurement:

Annual wage increases:	3.00% (for purposes of allocating liability)
Inflation:	2.50%
Investment rate of return:	7.75%
20-year Aa Municipal bond rate:	3.64%
Mortality	RP 2014 Headcount weighted, annuitant and non-annuitant, sex-distinct mortality table with MP-2017 mortality improvement scale.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expect returns, net of plan investment expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of September 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global equity	55.5%	6.15%
Global fixed income	18.5%	1.25%
Real assets	13.5%	7.22%
Diversifying strategies	12.5%	5.00%

The sum of each target allocation times its long-term expected rate is 7.75%.

Discount Rate:

The discount rate used to measure the total OPEB liability was 4.62%. The projection of cash flows used to determine the discount rate assumed that there will be no City contributions made. Based on those assumptions, the plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan participants. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt

NOTE T – OTHER POST EMPLOYMENT BENEFITS (Continued):

municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. The discount rate used as of September 30, 2017 was 3.35%.

Changes in Net OPEB Liability

Calculating the Net OPEB Liability - Primary Government			
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at September 30, 2017	\$ 8,005,446	\$ -	\$ 8,005,446
Changes during the year:			
Service cost (beginning of year)	102,520		102,520
Interest	266,247		266,247
Experience (gains)/losses	(34,706)		(34,706)
Change in actuarial assumptions	(1,080,597)		(1,080,597)
Contributions to OPEB trust		363,761	(363,761)
Contributions/benefit paid from general operating funds		320,638	(320,638)
Net investment income		1,527	(1,527)
Benefit payments	(320,638)	(320,638)	-
Administrative expenses		(305)	305
Other changes		-	
Total changes	(1,067,174)	364,983	(1,432,157)
Balance at September 30, 2018	\$ 6,938,272	\$ 364,983	\$ 6,573,289

Net OPEB Liability – Discount and Trend Rate Sensitivities

The following presents the net OPEB liability (NOL) of the City, calculated using trend and discount rates 1% higher and lower than base assumptions:

	1% Decrease, 3.62%	Current Discount Rate, 4.62%	1% Increase, 5.62%
Discount			
Total OPEB Liability	\$ 7,771,052	\$ 6,938,272	\$ 6,266,584
Plan Fiduciary Net Position	364,983	364,983	364,983
Net OPEB Liability	<u>\$ 7,406,069</u>	<u>\$ 6,573,289</u>	<u>\$ 5,901,601</u>
	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Trend			
Total OPEB Liability	\$ 6,485,242	\$ 6,938,272	\$ 7,471,229
Plan Fiduciary Net Position	364,983	364,983	364,983
Net OPEB Liability	<u>\$ 6,120,259</u>	<u>\$ 6,573,289</u>	<u>\$ 7,106,246</u>

NOTE T – OTHER POST EMPLOYMENT BENEFITS (Continued):**Actuarially Determined Contribution**

Actuarially Determined Contribution for the Fiscal Year Ending September 30, 2018 are as follows:

Service Cost (End of Year)	\$	102,520
Unfunded Actuarial Accrued Liability (UAAL)	\$	8,005,446
Amortization Factor, 30 Years		19.3705
Amortization of UAAL	\$	413,280
Interest to End of Year	\$	17,279
Actuarially Determined Contributions (ADC)	\$	533,079

OPEB Expense – GASB 75

Below are the components of the Total OPEB Expense under GASB 75 for 2018.

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of September 30, 2018 is \$383,990.

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	\$ -	\$ (27,953)
Changes of Assumptions	-	(870,364)
Investment Earnings (Gains)/Losses	3,654	-
TOTAL	\$ 3,654	\$ (898,317)

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

Year Ended September 30,	Amount Recognized
2019	\$ (216,071)
2020	(216,071)
2021	(216,071)
2022	(216,071)
2023	(30,379)
Thereafter	-
	\$ (894,663)

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

The Marquette Board of Light and Power 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; therefore, deferred vested retirees are ineligible for retiree medical coverage. All employees hired on or after July 1, 1995, will upon retirement, receive full Board-paid health care premiums until they become eligible for reduced Social Security benefits. The Board 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 October 1, 2017, the Board was required to adopt the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Funding Policy

The contribution requirements of plan members and the Board are established in accordance with a collective bargaining agreement. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the years ended September 30, 2018 and 2017, the Board contributed \$1,306,364 and \$1,290,648, respectively, to the plan representing current premiums, and an additional \$3,000,000 and \$2,000,000, respectively, to the RHFV.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (October 1, 2017):

	Active Employees	Retirees & Spouses	Total
Covered participants	67	156	223
Average age	43.2	68.9	61.2
Average services	11.1	N/A	N/A
Percentage male	85.1%	50.0%	60.5%

Net OPEB liability: The total OPEB liability as of October 1, 2017, valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Salary increases:	3.75%
Discount rate:	6.80%
Inflation:	2.50%
Investment rate of return, net of inflation:	4.30%
Municipal bond index:	3.35%
Healthcare cost trend rates:	6.00% - graded down 0.25% each year to ultimate rate of 4.50%

The long-term expected rate of return on OPEB plan investments was determined using a building block 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 a long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage by adding expected inflation.

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

The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Expected Money Weighted Rate of Return
Global equity	52.00%	6.15%	3.20%
US Fixed Income	8.50%	0.37%	0.03%
Global Fixed Income	27.80%	1.26%	0.35%
Real Assets	6.10%	7.22%	0.44%
Diversifying Strategies	5.60%	5.00%	0.28%
Inflation			2.50%
	<u>100.00%</u>		<u>6.80%</u>

The Board has chosen for the Plan an asset mix intended to meet or exceed a long-term rate of return of 4.30 percent, net of inflation. One hundred percent (100%) of the Plan's investments are invested in the MERS total market portfolio.

Rate of Return: For the year ended September 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 4.30 percent. The money-weighted rate of return expresses investment performance net of investment expense adjusted for the changing amounts actually invested.

Discount rate: The discount rate used to measure the total OPEB liability was 6.80 percent. 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 actuarial determined rates for employers. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Changes in the Net OPEB Liability during the measurement year were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at September 30, 2017	\$ 19,424,201	\$ 4,757,174	\$ 14,667,027
Changes for the year:			
Service cost	216,372	-	216,372
Interest on Total Pension Liability	1,283,786	-	1,283,786
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	4,306,364	(4,306,364)
Participant contributions	-	-	-
Projected investment income	-	424,970	(424,970)
Difference between expected and actual earnings	-	(240,088)	240,088
Benefit payments, including employee refunds	(1,306,364)	(1,306,364)	-
Administrative expense	-	(15,234)	15,234
Other changes	-	-	-
Net changes	193,794	3,169,648	(2,975,854)
Balances at September 30, 2018	\$ 19,617,995	\$ 7,926,822	\$ 11,691,173

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

The following presents the Net OPEB Liability of the Board, calculated using the discount rate of 6.80 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 (5.80 percent) or one percentage point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Total OPEB liability	\$ 22,157,926	\$ 19,617,995	\$ 17,511,855
Fiduciary net position	7,926,822	7,926,822	7,926,822
Net OPEB Liability	\$ 14,231,104	\$ 11,691,173	\$ 9,585,033
Plan fiduciary position as a percentage of the total OPEB liability	35.8%	40.4%	45.3%

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Net OPEB Liability of the Board, calculated using the healthcare cost trend rate of 6.00 percent, as well as what the Board's Net Pension Liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (5.00 percent) or one percentage point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 17,434,045	\$ 19,617,995	\$ 22,270,651
Fiduciary net position	7,926,822	7,926,822	7,926,822
Net OPEB Liability	<u>\$ 9,507,223</u>	<u>\$ 11,691,173</u>	<u>\$ 14,343,829</u>
Plan fiduciary position as a percentage of the total OPEB liability	<u>45.5%</u>	<u>40.4%</u>	<u>35.6%</u>

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2018, the Board recognized OPEB expense of \$1,138,440.

The Board reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences in experience	\$ -	\$ -
Differences in assumptions	-	-
Excess/Deficit in investment returns	192,070	-
Total	<u>\$ 192,070</u>	<u>\$ -</u>

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

Year Ending September 30,	Difference in Experience	Difference in Assumptions	Excess/Deficit in Investment Returns
2019	\$ -	\$ -	\$ 48,018
2020	-	-	48,018
2021	-	-	48,018
2022	-	-	48,018
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,072</u>

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, 2018.

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, 2018. The projects include the street improvements surrounding the construction of the new hospital, street construction and reconstruction in areas where the sanitary sewer system is being repaired, and additional energy enhancement projects. At year end, the City's total construction in progress expenditures in the governmental and business-type funds totaled \$28,023,425, with anticipated future expenditures of these projects amount to \$5,000,000. A portion of the projects are being financed with the issue of the 2018 General Obligation Limited Tax Bonds, 2018 Michigan Transportation Fund Bonds, 2018 Building Authority Bonds, Capital Leasing through TELP financing, and the through distributions from the Brownfield Redevelopment Authority and their issue of 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, 2018, 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

NOTE Y – TAX ABATEMENTS (Continued):

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, 2018, the City abated \$277,270 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, 2018, the City abated \$483,382 under this program.

NOTE Z – NET POSITION/FUND BALANCE RESTATEMENT:

The City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the year ended September 30, 2018. This following net position/fund balance restatements were made as a result of adopting GASB 75 during fiscal year 2018:

Governmental Activities			
	September 30, 2018		
	As Previously Reported	Adjustments	As Restated
Governmental Activities			
Net position, beginning of year	\$ 37,840,691		
Changes in Accounting Principle			
Other post-employment benefits (OPEB) - City		(2,840,069)	
Net position, end of year, as restated			<u>\$ 35,000,622</u>
Recycling System Fund			
Fund balance, beginning of year	\$ 15,537		
Transfer Recycling System to Sanitation Fund		(15,537)	
Fund balance, end of year, as restated			<u>\$ -</u>
Sanitation Fund			
Fund balance, beginning of year	\$ 524,943		
Transfer Recycling System to Sanitation Fund		15,537	
Fund balance, end of year, as restated			<u>\$ 540,480</u>
Technology Services Fund			
Net position, beginning of year	\$ 120,114		
Changes in Accounting Principle			
Other post-employment benefits (OPEB) - City		22,333	
Net position, end of year, as restated			<u>\$ 142,447</u>
Municipal Service Center Fund			
Net position, beginning of year	\$ 20,153,809		
Changes in Accounting Principle			
Other post-employment benefits (OPEB) - City		(4,893)	
Net position, end of year, as restated			<u>\$ 20,148,916</u>
Motor Vehicle Equipment Fund			
Net position, beginning of year	\$ 1,242,557		
Changes in Accounting Principle			
Other post-employment benefits (OPEB) - City		(70,647)	
Net position, end of year, as restated			<u>\$ 1,171,910</u>

NOTE Z – NET POSITION/FUND BALANCE RESTATEMENT:**Business-Type Activities**

	September 30, 2018		
	As Previously Reported	Adjustments	As Restated
Business-Type Activities			
Net position, beginning of year	\$ 31,626,564		
Changes in Accounting Principle			
Other post-employment benefits (OPEB) - City		(70,959)	
Net position, end of year, as restated			<u>\$ 31,555,605</u>
Water Supply Fund			
Net position, beginning of year	\$ 14,482,320		
Changes in Accounting Principle			
Other post-employment benefits (OPEB) - City		(10,891)	
Net position, end of year, as restated			<u>\$ 14,471,429</u>
Sewage Disposal Fund			
Net position, beginning of year	\$ 9,064,677		
Changes in Accounting Principle			
Other post-employment benefits (OPEB) - City		(600,068)	
Net position, end of year, as restated			<u>\$ 8,464,609</u>

Component Units

	September 30, 2018		
	As Previously Reported	Adjustments	As Restated
Component Units			
Net position, beginning of year	\$ 57,069,446		
Changes in Accounting Principle			
Other post-employment benefits (OPEB) - City		(15,064,616)	
Net position, end of year, as restated			<u>\$ 42,004,830</u>

NOTE AA – NEW GASB STANDARDS:

Recently Issued and Adopted Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 provides improved accounting and financial reporting by state and local governments for postemployment benefits other than pension. It also provides information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement 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. This statement is effective for periods beginning after June 15, 2017. The City has other postemployment benefits that meet the criteria for GASB 75; therefore, GASB 75 is applicable to the City. The adoption of GASB No. 75 required the City to record a prior period adjustment for the OPEB liability at the beginning of the year as detailed in the notes of the financial statements.

Other Recently Issued Accounting Pronouncements

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. GASB 81 provides recognition and measurement guidance when a government is the beneficiary of an irrevocable split-interest agreement. The additional criteria requires governments that receive irrevocable split-interest agreement resources to recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The government is also required to recognize revenue when resources become applicable to the reporting period. This statement is effective for periods beginning after December 15, 2016. The City does not have any irrevocable split-interest agreements that meet the criteria for GASB 81; therefore, GASB 81 is not applicable to the City.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. GASB 85 provides guidance on 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: 1) Measuring certain money market investments and participating interest-earning investment contracts at amortized cost 2) Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus 3) Recognizing on-behalf payments for pension or OPEB in employer financial statements 4) Presenting payment-related measures in required supplementary information for purposes or reporting by OPEB plans and employers that provide OPEB 5) Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plan. This statement is effective for periods beginning after June 15, 2017. The City does not have pension and OPEB plans that meet the criteria for GASB 85.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. GASB 86 provides improved 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

NOTE AA – NEW GASB STANDARDS (Continued):

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. This statement is effective for periods beginning after June 15, 2017. The City does not have any debt extinguishment issues that meet the criteria for GASB 86; therefore, GASB 86 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 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.

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.

NOTE AB – UPCOMING STANDARDS (Continued):

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.

GASB 87: Leases

Effective for fiscal years beginning after December 15, 2019 (City's fiscal year 2021)

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.

GASB 88: Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

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

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

GASB 89: Accounting for Interest Cost Incurred Before the End of a Construction Period

Effective for fiscal years beginning after December 15, 2019 (City's fiscal year 2021)

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period.

NOTE AB – UPCOMING STANDARDS (Continued):

Such interest cost includes all interest that was previously accounted for in accordance with the requirements of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus.

GASB 90: Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61

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

This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority interest in a legally separate organization results in a government being financially accountable for a legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit.

NOTE AC – SUBSEQUENT EVENTS:

On September 24, 2018, a resolution was passed that effective October 1, 2018, the Marquette Area Wastewater Treatment Facility's contract was changed in regards to the ownership of the three partners involved. Chocolay Township has requested to purchase additional capacity at the Wastewater Treatment Plant. For a one-time payment Chocolay Township will purchase 1% each from the City of Marquette, and from Marquette Township. After the passage of this resolution and receipt of the one-time payment, the ownership allocation for the City of Marquette, Marquette Township, and Chocolay Township will be 84%, 11%, and 7%, respectively.

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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)

	2018	2017	2016	2015
Change in total pension liability				
Service cost	\$ 791,722	\$ 771,441	\$ 738,493	\$ 800,374
Interest	4,333,875	4,130,063	3,841,488	3,719,179
Change in benefit terms	9,569	(8,853)	-	-
Differences between expected and actual experience	(1,166,996)	408,568	(229,603)	-
Changes in assumptions	-	-	3,096,299	-
Benefit payments, including refunds of member contributions	(2,909,065)	(2,653,291)	(2,414,733)	(2,402,573)
Other	-	-	(1)	31,851
Net change in total pension liability	1,059,105	2,647,928	5,031,943	2,148,831
Total pension liability, beginning of year	55,710,766	53,062,838	48,030,895	45,882,064
Total pension liability, end of year (a)	56,769,871	55,710,766	53,062,838	48,030,895
Change in plan fiduciary net position				
Contributions – employer	2,455,778	3,272,268	1,796,218	1,685,684
Contributions – member	259,468	303,659	223,767	242,337
Net investment income	4,004,150	3,095,445	(420,230)	1,782,826
Benefit payments, including refunds of member contributions	(2,909,065)	(2,653,291)	(2,414,733)	(2,402,573)
Administrative expense	(63,420)	(61,304)	(61,269)	(65,367)
Other	(2)	4	(1,244,578)	(2,359)
Net change in plan fiduciary net position	3,746,909	3,956,781	(2,120,825)	1,240,548
Plan fiduciary net position, beginning of year	31,233,255	27,276,474	29,397,299	28,156,751
Plan fiduciary net position, end of year (b)	34,980,164	31,233,255	27,276,474	29,397,299
Net pension liability, end of year (a)-(b)	\$ 21,789,707	\$ 24,477,511	\$ 25,786,364	\$ 18,633,596
 Plan fiduciary net position as a percentage of the total pension liability	 61.62%	 56.06%	 51.40%	 61.20%
 Covered payroll	 \$ 5,982,024	 \$ 5,897,647	 \$ 5,732,327	 \$ 5,555,438
 Net pension liability as a percentage of covered payroll	 364.25%	 415.04%	 449.84%	 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	\$ 1,685,684	\$ 1,685,684	\$ -	\$ 4,867,105	34.63%
9/30/2016	\$ 1,796,218	\$ 1,796,218	-	5,379,085	33.39%
9/30/2017	\$ 3,272,268	\$ 3,272,268	-	5,708,464	57.32%
9/30/2018	\$ 2,455,778	\$ 2,455,778	-	6,037,621	40.67%

**City of Marquette Michigan
Peter White Public Library
Required Supplementary Information**

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

(Ultimately ten years will be displayed)

	2018	2017	2016	2015
Change in total pension liability				
Service cost	\$ 48,532	\$ 47,489	\$ 36,106	\$ 40,728
Interest	265,662	254,241	187,817	232,437
Change in benefit terms	587	(545)	-	-
Differences between expected and actual experience	(71,536)	25,151	(11,226)	-
Changes in assumptions	-	-	151,384	-
Benefit payments, including refunds of member contributions	(181,797)	(178,595)	(131,851)	(127,594)
Other	-	-	-	(236)
Net change in total pension liability	61,448	147,741	232,230	145,335
Total pension liability, beginning of year	3,386,156	3,238,415	3,006,185	2,860,850
Total pension liability, end of year (a)	3,447,604	3,386,156	3,238,415	3,006,185
Change in plan fiduciary net position				
Contributions – employer	105,420	114,790	91,549	86,041
Contributions – member	27,289	25,132	24,237	23,982
Net investment income	287,973	227,136	(31,166)	134,124
Benefit payments, including refunds of member contributions	(181,797)	(178,595)	(131,851)	(127,594)
Administrative expense	(4,562)	(4,489)	(4,534)	(4,565)
Other	-	-	-	(9,984)
Net change in plan fiduciary net position	234,323	183,974	(51,765)	102,004
Plan fiduciary net position, beginning of year	2,190,369	2,006,395	2,058,160	1,956,156
Plan fiduciary net position, end of year (b)	2,424,692	2,190,369	2,006,395	2,058,160
Net pension liability, end of year (a)-(b)	\$ 1,022,912	\$ 1,195,787	\$ 1,232,020	\$ 948,025
 Plan fiduciary net position as a percentage of the total pension liability	 70.33%	 64.69%	 61.96%	 68.46%
 Covered payroll	 \$ 212,190	 \$ 189,316	 \$ 264,754	 \$ 282,696
 Net pension liability as a percentage of covered payroll	 482.07%	 631.64%	 465.35%	 335.35%

**City of Marquette Michigan
Peter White Public Library
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	\$ 86,041	\$ 86,041	\$ -	\$ 347,771	24.74%
9/30/2016	\$ 91,549	\$ 91,549	-	355,683	25.74%
9/30/2017	\$ 114,790	\$ 114,790	-	365,685	31.39%
9/30/2018	\$ 105,420	\$ 105,420	-	345,981	30.47%

**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)

	2018	2017	2016	2015	2014
Change in total pension liability					
Service cost	\$ 922,981	\$ 902,641	\$ 935,088	\$ 1,363,210	\$ 1,205,537
Interest	3,041,225	2,858,357	2,766,379	3,048,549	2,603,975
Change in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(849,687)	1,606,199	(53,654)	-	-
Changes in assumptions	2,025,918	(426,851)	-	-	-
Benefit payments, including refunds of member contributions	(2,449,187)	(2,227,030)	(2,408,213)	(1,828,055)	(2,317,636)
Other	-	-	-	-	-
Net change in total pension liability	2,691,250	2,713,316	1,239,600	2,583,704	1,491,876
Total pension liability, beginning of year	44,209,176	41,495,860	40,256,260	37,672,556	36,180,680
Total pension liability, end of year (a)	46,900,426	44,209,176	41,495,860	40,256,260	37,672,556
Change in plan fiduciary net position					
Contributions - employer	1,560,811	1,489,696	1,465,489	1,347,814	1,586,190
Contributions - members	207,809	197,431	170,668	167,220	212,560
Net investment income	2,301,235	3,448,273	2,630,375	(272,058)	2,549,798
Benefit payments, including refunds of member contributions	(2,449,187)	(2,227,030)	(2,408,213)	(1,828,055)	(2,317,636)
Administrative expense	(20,179)	(19,482)	(14,327)	(9,084)	(22,430)
Other	-	-	-	-	-
Net change in plan fiduciary net position	1,600,489	2,888,888	1,843,992	(594,163)	2,008,482
Plan fiduciary net position, beginning of year	32,304,354	29,415,466	27,571,474	28,165,637	26,157,155
Plan fiduciary net position, end of year (b)	33,904,843	32,304,354	29,415,466	27,571,474	28,165,637
City's net pension liability, end of year (a)-(b)	\$ 12,995,583	\$ 11,904,822	\$ 12,080,394	\$ 12,684,786	\$ 9,506,919
Plan fiduciary net position as a percentage of the total pension liability	72.29%	73.07%	70.89%	68.49%	74.76%
Covered payroll	\$ 3,477,254	\$ 3,558,782	\$ 3,233,941	\$ 3,454,423	\$ 4,498,201
City's net pension liability as a percentage of covered payroll	373.73%	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)	3,233,941	45.32%
9/30/2017	1,489,696	1,489,696	-	3,558,782	41.86%
9/30/2018	1,560,811	1,560,811	-	3,477,254	44.89%

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)

	2018	2017	2016	2015
Change in total pension liability				
Service cost	\$ 263,927	\$ 263,370	\$ 253,706	\$ 275,493
Interest	3,194,331	3,153,469	3,013,119	2,981,383
Change in benefit terms	-	-	-	-
Differences between expected and actual experience	(147,591)	161,831	433,467	-
Changes in assumptions	-	-	2,151,921	-
Benefit payments, including refunds of member contributions	(3,128,036)	(3,008,305)	(2,914,389)	(2,808,219)
Other	-	-	1	1
Net change in total pension liability	<u>182,631</u>	<u>570,365</u>	<u>2,937,825</u>	<u>448,658</u>
Total pension liability, beginning of year	<u>41,361,190</u>	<u>40,790,825</u>	<u>37,853,000</u>	<u>37,404,342</u>
Total pension liability, end of year (a)	<u>41,543,821</u>	<u>41,361,190</u>	<u>40,790,825</u>	<u>37,853,000</u>
Change in plan fiduciary net position				
Contributions – employer	4,605,575	2,874,280	2,541,239	2,071,376
Contributions – member	116,706	165,913	132,551	165,536
Net investment income	3,218,342	2,413,771	(324,962)	1,316,039
Benefit payments, including refunds of member contributions	(3,128,036)	(3,008,305)	(2,914,389)	(2,808,219)
Administrative expense	(50,670)	(47,663)	(47,681)	(48,283)
Other	-	-	-	-
Net change in plan fiduciary net position	<u>4,761,917</u>	<u>2,397,996</u>	<u>(613,242)</u>	<u>696,449</u>
Plan fiduciary net position, beginning of year	<u>23,591,091</u>	<u>21,193,095</u>	<u>21,806,337</u>	<u>21,109,888</u>
Plan fiduciary net position, end of year (b)	<u>28,353,008</u>	<u>23,591,091</u>	<u>21,193,095</u>	<u>21,806,337</u>
Net pension liability, end of year (a)-(b)	<u>\$ 13,190,813</u>	<u>\$ 17,770,099</u>	<u>\$ 19,597,730</u>	<u>\$ 16,046,663</u>
Plan fiduciary net position as a percentage of the total pension liability	68.25%	57.04%	51.96%	57.61%
Covered payroll	\$ 3,351,949	\$ 3,140,861	\$ 3,096,739	\$ 2,861,350
Net pension liability as a percentage of covered payroll	393.53%	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/ (Excess)	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%
9/30/2018	1,141,234	4,605,575	(3,464,341)	3,351,949	137.40%

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%	5.80%
9/30/2016	8.25%	8.25%	3.90%
9/30/2017	8.00%	7.75%	5.70%
9/30/2018	8.00%	7.75%	6.90%

City of Marquette Michigan
Required Supplementary Information

Schedule of Changes in the Net OPEB Liability
and Related Ratios

(Ultimately ten years will be displayed)

	<u>2018</u>
Change in total OPEB liability	
Service cost	\$ 102,520
Interest	266,247
Change in benefit terms	-
Differences between expected and actual experience	(34,706)
Changes in assumptions	(1,080,597)
Benefit payments, including refunds of member contributions	(320,638)
Other	-
Net change in total OPEB liability	<u>(1,067,174)</u>
Total OPEB liability, beginning of year	<u>8,005,446</u>
Total OPEB liability, end of year (a)	<u>6,938,272</u>
Change in plan fiduciary net position	
Contributions to OPEB trust	363,761
Contributions/benefits paid from general operation fund	320,638
Net investment income	1,527
Benefit payments, including refunds of member contributions	(320,638)
Administrative expense	(305)
Other	-
Net change in plan fiduciary net position	<u>364,983</u>
Plan fiduciary net position, beginning of year	<u>-</u>
Plan fiduciary net position, end of year (b)	<u>364,983</u>
Net OPEB liability, end of year (a)-(b)	<u><u>\$ 6,573,289</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 5.26%
 Covered payroll	 \$ 5,982,024
 Net OPEB liability as a percentage of covered payroll	 109.88%

City of Marquette Michigan
Required Supplementary Information

SCHEDULE OF OPEB CONTRIBUTIONS

(Ultimately ten years will be displayed)

Fiscal Year/Period Ending	Actuarially Determined Contribution [ADC]	Actual Contribution in Relation to the ADC	Contribution Deficiency / (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
9/30/2018	\$ 533,079	\$ 533,079	\$ -	\$ 5,982,024	8.91%

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

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

(Ultimately ten years will be displayed)

	2018
Change in total OPEB liability	
Service cost	\$ 216,372
Interest	1,283,786
Change in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of member contributions	(1,306,364)
Other	-
Net change in total OPEB liability	<u>193,794</u>
Total OPEB liability, beginning of year	<u>19,424,201</u>
Total OPEB liability, end of year (a)	<u>19,617,995</u>
Change in plan fiduciary net position	
Contributions – employer	4,306,364
Contributions – member	424,970
Net investment income	(240,088)
Benefit payments, including refunds of member contributions	(1,306,364)
Administrative expense	(15,234)
Other	-
Net change in plan fiduciary net position	<u>3,169,648</u>
Plan fiduciary net position, beginning of year	<u>4,757,174</u>
Plan fiduciary net position, end of year (b)	<u>7,926,822</u>
Net OPEB liability, end of year (a)-(b)	<u><u>\$ 11,691,173</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 40.41%
 Covered payroll	 \$ 5,313,424
 Net OPEB liability as a percentage of covered payroll	 220.03%

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	Actuarially Determined Contribution [ADC]	Actual Contribution in Relation to the ADC	Contribution Deficiency / (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
9/30/2018	\$ 1,280,433	\$ 4,306,364	\$(3,025,931)	\$ 5,313,424	81.05%

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, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 15,076,715	\$ 15,148,724
Investments	5,114,348	5,152,550
Receivables:		
Taxes:		
Current	523,406	526,820
Delinquent	4,572	7,075
Accounts	398,415	299,396
Special assessment	-	-
Due from other authorities	1,014,775	1,090,128
Due from other funds	-	-
Due from other governments	587,911	561,932
Inventories	169,347	158,063
Prepaid expenditures	295,249	312,286
TOTAL ASSETS	23,184,738	23,256,974
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 23,184,738	\$ 23,256,974
LIABILITIES		
Accounts payable	\$ 257,126	\$ 347,468
Accrued wages payable	287,491	378,430
Accrued compensated absences	696,180	623,557
Due to other governmental units	-	283
Due to other authorities	90,767	57,666
Customer deposits payable	29,372	25,387
TOTAL LIABILITIES	1,360,936	1,432,791
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	7,598,801	7,692,396
Special assessments	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	7,598,801	7,692,396
FUND BALANCE		
Non-spendable	464,596	470,349
Restricted	44,694	47,996
Assigned	2,505,814	3,108,348
Unassigned	11,209,897	10,505,094
TOTAL FUND BALANCE	14,225,001	14,131,787
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 23,184,738	\$ 23,256,974

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Property Taxes:				
Real property taxes	\$ 9,261,250	\$ 8,906,136	\$ (355,114)	\$ 8,867,074
Personal property taxes	732,930	709,036	(23,894)	708,090
Interest and penalty	26,000	17,470	(8,530)	15,777
Administrative collection fees	318,590	315,116	(3,474)	306,933
Total Property Taxes	<u>10,338,770</u>	<u>9,947,758</u>	<u>(391,012)</u>	<u>9,897,874</u>
Industrial Facilities Tax Act	<u>75,930</u>	<u>26,689</u>	<u>(49,241)</u>	<u>31,181</u>
Payments in Lieu of Taxes:				
MSHDA	-	21,890	21,890	21,386
Board of Light and Power	2,822,265	2,822,266	1	1,874,557
Public Housing Authority	50,000	31,531	(18,469)	31,050
Sault Tribe Housing Authority	1,500	1,267	(233)	1,500
Marquette Area Wastewater Treatment Facility	330,575	330,576	1	351,252
Grandview	-	166	166	-
Water Supply Fund	638,350	638,352	2	661,776
Sewage Disposal Fund	500,130	500,136	6	509,100
Total Payment in Lieu of Taxes	<u>4,342,820</u>	<u>4,346,184</u>	<u>3,364</u>	<u>3,450,621</u>
Federal and State Grants:				
UPSET	17,000	17,131	131	17,472
OJP - Bullet Proof Vests Program	-	789	789	10,509
DNR - Snowmobile grant	2,000	2,000	-	2,000
Father Marquette Park	-	-	-	25
PI Bandshell Benches	-	-	-	9,000
MDEQ - SAW Grant	-	18,899	18,899	24,454
NOAA - Land Development Code	35,000	16,750	(18,250)	18,250
State Grant - Rec Authority	112,000	-	(112,000)	-
Council for Arts and Culture - State	30,000	20,260	(9,740)	17,500
Council for Arts and Culture (Placemaking)	-	-	-	3,500
Total Federal and State Grants	<u>196,000</u>	<u>75,829</u>	<u>(120,171)</u>	<u>102,710</u>
State-Shared Revenues:				
Fire protection - State facility	200,000	169,504	(30,496)	209,290
Sales and use tax	1,721,790	2,052,392	330,602	2,040,735
Liquor licenses	23,000	28,327	5,327	50,356
Total State-Shared Revenues	<u>1,944,790</u>	<u>2,250,223</u>	<u>305,433</u>	<u>2,300,381</u>

CITY OF MARQUETTE, MICHIGAN

GENERAL FUND

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

For the Fiscal Year Ended September 30, 2018

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

	2018		2017	
	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	1,500	1,008	(492)	1,326
Total Intergovernmental Revenues	11,500	11,008	(492)	11,326
Licenses and Permits:				
Business licenses and permits	9,000	11,880	2,880	12,244
Non-business licenses and permits	41,700	50,592	8,892	68,109
Total Licenses and Permits	50,700	62,472	11,772	80,353
Charges for Services:				
Fees	350,930	351,385	455	379,379
Cemetery foundations and grave openings	43,000	51,020	8,020	60,250
Services to other funds	1,884,420	1,804,150	(80,270)	1,724,243
Total Charges for Services	2,278,350	2,206,555	(71,795)	2,163,872
Sales	30,500	29,207	(1,293)	54,986
Use and Admission Fees:				
Community Center use	21,000	22,582	1,582	18,971
Ballfields	17,310	14,348	(2,962)	10,968
Skiing use/passes	-	-	-	-
Parking fees	-	-	-	-
Art center and theater	-	-	-	-
Total Use and Admission Fees	38,310	36,930	(1,380)	29,939
Fines and Forfeits	127,445	198,948	71,503	185,471
Rentals:				
Land and building rental	42,600	35,347	(7,253)	41,842
Parking rentals - lots	6,050	5,947	(103)	10,972
Equipment rent	41,000	30,747	(10,253)	37,609
Total Rentals	89,650	72,041	(17,609)	90,423

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, 2018

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

	2018		2017	
	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	-	-	-	-
Contributions from Private Sources	42,000	86,898	44,898	164,760
Investment Income	200,000	(6,791)	(206,791)	(5,345)
Reimbursements	71,620	92,113	20,493	162,454
Other revenues	63,760	125,616	61,856	96,252
TOTAL REVENUES	19,902,145	19,561,680	(340,465)	18,817,258
EXPENDITURES:				
GENERAL GOVERNMENT:				
Central Administration:				
Personnel services	2,235,910	2,113,659	122,251	1,953,784
Supplies and contractual	719,735	649,846	69,889	694,462
Other services and charges	71,500	73,652	(2,152)	151,832
Capital outlay	-	-	-	-
Total Central Administration	3,027,145	2,837,157	189,988	2,800,078
Community Development:				
Personnel services	1,562,675	1,562,319	356	1,536,687
Supplies and contractual	289,075	281,614	7,461	284,035
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Total Community Development	1,851,750	1,843,933	7,817	1,820,722
Other General Government:				
Insurance and Bonds:				
Bond issuance costs	11,235	11,233	2	38,690
Other services and charges	82,170	81,865	305	81,573
Total Other General Government	93,405	93,098	307	120,263
TOTAL GENERAL GOVERNMENT	4,972,300	4,774,188	198,112	4,741,063

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
PUBLIC HEALTH AND SAFETY:				
Police Department:				
Personnel services	\$ 4,227,925	\$ 4,213,468	\$ 14,457	\$ 3,918,263
Supplies and contractual	489,205	577,008	(87,803)	601,355
Other services and charges	6,400	5,356	1,044	6,400
Capital outlay	-	-	-	-
Total Police Department	4,723,530	4,795,832	(72,302)	4,526,018
Fire Department:				
Personnel services	2,704,840	2,663,620	41,220	2,588,013
Supplies and contractual	433,165	414,422	18,743	333,101
Other services and charges	8,450	14,869	(6,419)	4,256
Capital outlay	37,200	54,529	(17,329)	13,465
Total Fire Department	3,183,655	3,147,440	36,215	2,938,835
Waterfront Safety:				
Personnel services	138,800	110,019	28,781	117,057
Supplies and contractual	19,490	15,772	3,718	19,321
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Total Waterfront Safety	158,290	125,791	32,499	136,378
TOTAL PUBLIC HEALTH AND SAFETY	8,065,475	8,069,063	(3,588)	7,601,231
PUBLIC WORKS:				
Public Works Maintenance:				
Personnel services	2,129,390	2,261,108	(131,718)	2,122,877
Supplies and contractual	1,399,405	1,373,202	26,203	1,322,242
Other services and charges	-	-	-	-
Capital outlay	793,040	546,536	246,504	252,441
Total Public Works Maintenance	4,321,835	4,180,846	140,989	3,697,560
City Hall and Grounds:				
Personnel services	55,265	39,547	15,718	34,941
Supplies and contractual	252,110	212,091	40,019	204,074
Other services and charges	-	-	-	-
Capital outlay	55,000	52,579	2,421	26,898
Total City Hall and Grounds	362,375	304,217	58,158	265,913
Cemetery:				
Personnel services	140,550	126,843	13,707	125,997
Supplies and contractual	99,060	85,398	13,662	89,071
Other services and charges	-	-	-	-
Capital outlay	90,000	-	90,000	40,000
Total Cemetery	329,610	212,241	117,369	255,068
TOTAL PUBLIC WORKS	5,013,820	4,697,304	316,516	4,218,541

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, 2018

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

	2018			2017
	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	19,000	19,000	-	17,000
Capital outlay	-	-	-	-
Total Promotional Services	19,000	19,000	-	17,000
Parks and Recreation Administration:				
Personnel services	320,420	263,588	56,832	283,499
Supplies and contractual	62,645	67,728	(5,083)	57,115
Other services and charges	-	-	-	-
Capital outlay	160,000	-	160,000	-
Total Parks and Recreation Administration	543,065	331,316	211,749	340,614
Arts and Cultural:				
Personnel services	143,545	130,561	12,984	127,219
Supplies and contractual	65,255	59,072	6,183	61,949
Other services and charges	13,000	15,244	(2,244)	13,977
Capital outlay	20,000	-	20,000	17,159
Total Arts and Cultural	241,800	204,877	36,923	220,304
TOTAL COMMUNITY SERVICES	803,865	555,193	248,672	577,918
TOTAL EXPENDITURES	18,855,460	18,095,748	759,712	17,138,753
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,046,685	1,465,932	419,247	1,678,505

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OTHER FINANCING SOURCES (USES):				
Proceeds from bond issuance	\$ 1,901,325	\$ 1,080,000	\$ (821,325)	\$ 728,300
Refunding bonds	-	-	-	1,588,733
Premium on bond issuance	-	76,991	76,991	79,293
Premium on refunded bond issuance	-	-	-	176,083
Payment to refunded bond escrow agent	-	-	-	(1,737,718)
Transfers in:				
Cemetery Trust Fund	20,000	-	(20,000)	-
Motor Pool Fund	-	-	-	-
Transfers (out):				
Major Street and Trunkline Fund	(282,880)	-	282,880	-
Local Street Fund	(1,168,520)	(688,430)	480,090	(77,279)
Public Art Fund	(30,000)	(30,000)	-	-
Local Development Finance Authority Fund	-	-	-	(129,400)
Lighthouse Park Fund	-	(18,720)	(18,720)	-
Lakeview Arena Fund	(213,070)	(321,602)	(108,532)	(278,590)
2007 Street Projects Debt Service Fund	-	-	-	(57,421)
2004 Spring Street Debt Service Fund	(82,875)	(82,873)	2	(82,873)
2003 Founders Landing Debt Service Fund	(288,885)	(288,881)	4	(296,109)
Forestland Debt Service Fund	(663,000)	(663,000)	-	(683,000)
High Street Debt Service Fund	(400)	(403)	(3)	(402)
2008 Street Projects Debt Service Fund	(49,320)	(49,148)	172	(61,087)
2009 Capital Improvements Debt Service Fund	(3,125)	(2,504)	621	(3,078)
2012 Capital Improvements Debt Service Fund	(930)	(927)	3	(929)
2014 Capital Improvements Debt Service Fund	(37,990)	(37,986)	4	(22,092)
2016 Capital Improvements Debt Service Fund	(99,445)	(268,773)	(169,328)	(31,774)
2017 Capital Improvements Debt Service Fund	(47,570)	(47,570)	-	-
Cemetery Trust Fund	-	(28,892)	(28,892)	(10,265)
TOTAL OTHER FINANCING SOURCES (USES)	(1,046,685)	(1,372,718)	(326,033)	(899,608)
CHANGE IN FUND BALANCE	-	93,214	93,214	778,897
Fund balance, beginning of year	14,131,787	14,131,787	-	13,352,890
FUND BALANCE, END OF YEAR	\$ 14,131,787	\$ 14,225,001	\$ 93,214	\$ 14,131,787

CITY OF MARQUETTE, MICHIGAN
MAJOR STREET AND TRUNKLINE FUND
COMPARATIVE BALANCE SHEET
September 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 391,684	\$ 670,786
Accounts receivable	-	1,340
Due from State	251,473	127,386
TOTAL ASSETS	643,157	799,512
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 643,157	\$ 799,512
LIABILITIES		
Accounts payable	\$ 175,640	\$ 443,655
Accrued wages payable	6,858	4,246
Due to other funds	-	-
TOTAL LIABILITIES	182,498	447,901
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Restricted	460,659	351,611
TOTAL FUND BALANCE	460,659	351,611
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 643,157	\$ 799,512

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	1,709,830	1,798,564	88,734	1,593,960
Reimbursements	-	27,116	27,116	30,189
Investment income	500	5,027	4,527	2,581
Other revenues	-	-	-	67,387
TOTAL REVENUES	1,710,330	1,830,707	120,377	1,694,117
EXPENDITURES:				
Highways, Streets and Bridges:				
Routine maintenance	582,030	584,588	(2,558)	514,383
Winter maintenance	696,020	627,845	68,175	430,406
State trunkline	55,860	33,109	22,751	42,970
Administration	130,000	129,996	4	129,996
Total Highways, Streets and Bridges	<u>1,463,910</u>	<u>1,375,538</u>	<u>88,372</u>	<u>1,117,755</u>
Capital Outlay:				
Construction	<u>1,425,060</u>	<u>738,575</u>	<u>686,485</u>	<u>657,553</u>
Total Capital Outlay	<u>1,425,060</u>	<u>738,575</u>	<u>686,485</u>	<u>657,553</u>
Debt Service:				
Bond issuance costs	<u>8,300</u>	<u>8,296</u>	<u>4</u>	<u>29,067</u>
TOTAL EXPENDITURES	2,897,270	2,122,409	774,861	1,804,375
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,186,940)	(291,702)	895,238	(110,258)
OTHER FINANCING SOURCES (USES):				
Bond issuance	1,418,595	790,000	(628,595)	849,300
Refunding bonds	-	-	-	1,074,759
Premium on bond issuance	53,000	53,024	24	90,868
Premium on refunded bond issuance	-	-	-	136,915
Payment to refunded bond escrow agent	-	-	-	(1,195,776)
Transfers in	262,880	-	(262,880)	-
Transfers (out)	<u>(547,535)</u>	<u>(442,274)</u>	<u>105,261</u>	<u>(494,197)</u>
TOTAL OTHER FINANCING SOURCES (USES)	1,186,940	400,750	(786,190)	461,869
CHANGE IN FUND BALANCE	-	109,048	109,048	351,611
Fund balance, beginning of year	<u>351,611</u>	<u>351,611</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	\$ 351,611	\$ 460,659	\$ 109,048	\$ 351,611

CITY OF MARQUETTE, MICHIGAN

LOCAL STREET FUND

COMPARATIVE BALANCE SHEET

September 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ -	\$ 192,620
Accounts receivable	-	596
Due from State	216,571	44,608
TOTAL ASSETS	216,571	237,824
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 216,571	\$ 237,824
LIABILITIES		
Cash overdraft	\$ 136,039	\$ -
Accounts payable	71,632	232,463
Accrued wages payable	8,900	5,361
Due to other funds	-	-
TOTAL LIABILITIES	216,571	237,824
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Restricted	-	-
TOTAL FUND BALANCE	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 216,571	\$ 237,824

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	728,935	1,009,763	280,828	733,293
Reimbursements	-	340	340	862
Investment income	500	2,578	2,078	1,456
TOTAL REVENUES	729,435	1,012,681	283,246	735,611
EXPENDITURES:				
Highways, Streets and Bridges:				
Routine maintenance	588,700	570,895	17,805	592,320
Winter maintenance	691,020	673,736	17,284	383,626
Administration	42,000	42,000	-	42,000
Total Highways, Streets and Bridges	<u>1,321,720</u>	<u>1,286,631</u>	<u>35,089</u>	<u>1,017,946</u>
Capital Outlay:				
Construction	695,840	452,647	243,193	790,512
Total Capital Outlay	<u>695,840</u>	<u>452,647</u>	<u>243,193</u>	<u>790,512</u>
Debt Service:				
Bond issuance costs	5,620	5,618	2	36,139
Total Debt Service	<u>5,620</u>	<u>5,618</u>	<u>2</u>	<u>36,139</u>
TOTAL EXPENDITURES	2,023,180	1,744,896	278,284	1,844,597
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,293,745)	(732,215)	561,530	(1,108,986)
OTHER FINANCING SOURCES (USES):				
Bond issuance	680,540	535,000	(145,540)	1,402,700
Refunding bonds	-	-	-	765,411
Premium on bond issuance	36,000	36,027	27	161,556
Premium on refunding bond issue	-	-	-	102,912
Payment to refunded bond escrow agent	-	-	-	(856,440)
Transfers in	1,168,520	688,430	(480,090)	77,279
Transfers (out)	(591,315)	(527,242)	64,073	(544,432)
TOTAL OTHER FINANCING SOURCES (USES)	1,293,745	732,215	(561,530)	1,108,986
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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 1,039,210	\$ -
Due from other authorities	<u>1,127,262</u>	<u>7,448,186</u>
TOTAL ASSETS	<u><u>\$ 2,166,472</u></u>	<u><u>\$ 7,448,186</u></u>
LIABILITIES		
Current Liabilities:		
Cash overdraft	\$ -	\$ 5,910,523
Accounts payable	139,912	1,129,313
Accrued wages payable	<u>149</u>	<u>-</u>
TOTAL LIABILITIES	<u>140,061</u>	<u>7,039,836</u>
FUND BALANCE		
Assigned	<u>2,026,411</u>	<u>408,350</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 2,166,472</u></u>	<u><u>\$ 7,448,186</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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ 3,270	\$ 3,270	\$ -
Sale of Capital Assets	-	-	-	-
Reimbursements	3,747,652	4,290,287	542,635	7,448,186
Other revenues	-	-	-	-
TOTAL REVENUES	<u>3,747,652</u>	<u>4,293,557</u>	<u>545,905</u>	<u>7,448,186</u>
EXPENDITURES:				
Capital Outlay:				
Construction	3,747,652	2,675,496	1,072,156	7,374,423
Other services and charges	-	-	-	-
Total Capital Outlay	<u>3,747,652</u>	<u>2,675,496</u>	<u>1,072,156</u>	<u>7,374,423</u>
TOTAL EXPENDITURES	<u>3,747,652</u>	<u>2,675,496</u>	<u>1,072,156</u>	<u>7,374,423</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,618,061</u>	<u>1,618,061</u>	<u>73,763</u>
OTHER FINANCING SOURCES (USES):				
Transfer (out)	-	-	-	(355,051)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(355,051)</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>1,618,061</u>	<u>1,618,061</u>	<u>(281,288)</u>
Fund balance, beginning of year	408,350	408,350	-	689,638
FUND BALANCE, END OF YEAR	<u>\$ 408,350</u>	<u>\$ 2,026,411</u>	<u>\$ 1,618,061</u>	<u>\$ 408,350</u>

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.

PUBLIC ART FUND: The City of Marquette accepts responsibility for developing a public art investment policy to expand the opportunity for its citizens to experience art in public places. The Public Art Fund (PAF) is a dedicated fund to support the inclusion of works of art in public spaces in the City. As a special revenue fund, public art funding is deposited, transferred and used for the acquisition, commissioning, performance, exhibition and cleaning, repair, and restoration of public art.

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.

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)

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.

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.

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.

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.

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)

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.

2017 CAPITAL IMPROVEMENTS DEBT SERVICE FUND: This fund was established in 2017 to account for the retirement of the Limited Tax General Obligation Bonds, Series 2017. These bonds, totaling \$12,185,000 were issued for the purpose of paying the costs of certain capital improvements including major street and 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.

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, 2018

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
ASSETS				
Cash and cash equivalents	\$ 3,834,199	\$ 2,148,980	\$ 327,801	\$ 6,310,980
Investments	-	-	493,327	493,327
Taxes receivable	54,808	-	-	54,808
Accounts receivable	368,930	-	-	368,930
Due from other authorities	-	-	-	-
Due from other funds	-	-	-	-
Due from State	9,274	-	-	9,274
Prepaid expenditures	25,024	-	-	25,024
TOTAL ASSETS	4,292,235	2,148,980	821,128	7,262,343
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,292,235	\$ 2,148,980	\$ 821,128	\$ 7,262,343
LIABILITIES				
Cash overdraft	\$ 5,484	\$ -	\$ -	\$ 5,484
Accounts payable	197,941	-	-	197,941
Accrued wages payable	29,927	-	-	29,927
Accrued compensated absences	1,604	-	-	1,604
TOTAL LIABILITIES	234,956	-	-	234,956
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	551,768	-	-	551,768
TOTAL DEFERRED INFLOWS OF RESOURCES	551,768	-	-	551,768
FUND BALANCE				
Non-spendable	25,024	-	821,128	846,152
Restricted	2,755,227	-	-	2,755,227
Assigned	725,260	2,148,980	-	2,874,240
TOTAL FUND BALANCE	3,505,511	2,148,980	821,128	6,475,619
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 4,292,235	\$ 2,148,980	\$ 821,128	\$ 7,262,343

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, 2018

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
REVENUES:				
Taxes and penalties	\$ 572,555	\$ -	\$ -	\$ 572,555
State sources	61,935	-	-	61,935
Federal sources	-	-	-	-
Charges for services	1,749,816	-	22,387	1,772,203
Use and admission fees	420,558	-	-	420,558
Rentals	75,368	-	-	75,368
Licenses and permits	-	-	-	-
Fines and forfeiture	1,108	-	-	1,108
Sales of assets	-	-	-	-
Reimbursements	8,287	-	-	8,287
Investment income	7,011	-	(28,892)	(21,881)
Payment in lieu of taxes	-	-	-	-
Private contribution	733,096	-	-	733,096
Intergovernmental revenue	373,421	-	-	373,421
Special assessments	-	-	-	-
Other revenues	13,310	-	-	13,310
TOTAL REVENUES	4,016,465	-	(6,505)	4,009,960
EXPENDITURES:				
Current operations:				
General government	368,309	-	-	368,309
Public health and safety	6,763	-	-	6,763
Public works	1,195,823	-	-	1,195,823
Social services	631,176	-	-	631,176
Sanitation	1,753,570	-	-	1,753,570
Community services	694,832	-	-	694,832
Capital outlay	27,795	-	-	27,795
Debt service:				
Professional services	-	320	-	320
Principal retirement	-	1,898,635	-	1,898,635
Interest and fiscal charges	-	656,674	-	656,674
TOTAL EXPENDITURES	4,678,268	2,555,629	-	7,233,897
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(661,803)	(2,555,629)	(6,505)	(3,223,937)
OTHER FINANCING SOURCES (USES):				
Transfers in	351,602	2,765,361	28,892	3,145,855
Transfers (out)	(353,780)	-	-	(353,780)
TOTAL OTHER FINANCING SOURCES (USES)	(2,178)	2,765,361	28,892	2,792,075
CHANGE IN FUND BALANCE	(663,981)	209,732	22,387	(431,862)
Fund balance, beginning of year	4,169,492	1,939,248	798,741	6,907,481
FUND BALANCE, END OF YEAR	\$ 3,505,511	\$ 2,148,980	\$ 821,128	\$ 6,475,619

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2018

	Public Art Fund	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	\$ 30,000	\$ -	\$ 450,683	\$ 350,289	\$ -	\$ 15,409	\$ 46,500	\$ 1,257,369	\$ 642,526	\$ 362	\$ 847,458	\$ 193,603	\$ 3,834,199
Taxes receivable	-	-	-	44,177	-	-	-	-	-	-	10,631	-	54,808
Accounts receivable	-	-	169,652	130,694	5,741	-	-	-	-	-	10	62,833	368,930
Due from State	-	-	6,300	-	-	-	-	-	-	2,974	-	-	9,274
Prepaid expenditures	-	-	-	-	230	-	-	-	-	-	6,714	18,080	25,024
TOTAL ASSETS	30,000	-	626,635	525,160	5,971	15,409	46,500	1,257,369	642,526	3,336	864,813	274,516	4,292,235
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 30,000	\$ -	\$ 626,635	\$ 525,160	\$ 5,971	\$ 15,409	\$ 46,500	\$ 1,257,369	\$ 642,526	\$ 3,336	\$ 864,813	\$ 274,516	\$ 4,292,235
LIABILITIES													
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 5,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,484
Accounts payable	-	-	102,903	-	-	100	-	23,182	-	-	3,902	67,854	197,941
Accrued wages payable	-	-	4,237	-	-	-	-	-	-	-	14,477	11,213	29,927
Accrued compensated absences	-	-	-	-	-	-	-	-	-	-	-	1,604	1,604
TOTAL LIABILITIES	-	-	107,140	-	5,484	100	-	23,182	-	-	18,379	80,671	234,956
DEFERRED INFLOWS OF RESOURCES													
Taxes levied for a subsequent period	-	-	-	376,165	-	-	-	-	-	-	175,603	-	551,768
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	376,165	-	-	-	-	-	-	175,603	-	551,768
FUND BALANCE													
Non-spendable	-	-	-	-	230	-	-	-	-	-	6,714	18,080	25,024
Restricted	-	-	-	148,995	257	15,309	46,500	1,234,187	642,526	3,336	664,117	-	2,755,227
Assigned	30,000	-	519,495	-	-	-	-	-	-	-	-	175,765	725,260
TOTAL FUND BALANCE	30,000	-	519,495	148,995	487	15,309	46,500	1,234,187	642,526	3,336	670,831	193,845	3,505,511
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 30,000	\$ -	\$ 626,635	\$ 525,160	\$ 5,971	\$ 15,409	\$ 46,500	\$ 1,257,369	\$ 642,526	\$ 3,336	\$ 864,813	\$ 274,516	\$ 4,292,235

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, 2018

	Public Art Fund	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	\$ -	\$ -	\$ -	\$ 345,147	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 227,408	\$ -	\$ 572,555
State sources	-	-	6,300	-	-	-	-	-	-	8,800	46,835	-	61,935
Charges for services	-	-	1,714,840	-	24,769	-	-	-	-	-	-	10,207	1,749,816
Use and admission fees	-	-	-	-	-	-	-	-	-	-	-	420,558	420,558
Rentals	-	-	-	-	-	-	-	-	-	-	-	75,368	75,368
Fines and forfeiture	-	-	-	-	-	1,108	-	-	-	-	-	-	1,108
Reimbursements	-	-	-	-	-	-	-	-	-	-	-	8,287	8,287
Investment income	-	-	211	-	3	7	22	2,819	313	1	330	3,305	7,011
Private contribution	-	-	-	-	-	-	-	500,000	200,000	-	33,096	-	733,096
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	-	373,421	-	373,421
Other revenues	-	-	11,234	-	-	-	-	-	-	-	523	1,553	13,310
TOTAL REVENUES	-	-	1,732,585	345,147	24,772	1,115	22	502,819	200,313	8,801	681,613	519,278	4,016,465
EXPENDITURES:													
Current operations:													
General government	-	-	-	326,402	41,907	-	-	-	-	-	-	-	368,309
Public health and safety	-	-	-	-	-	363	-	-	-	6,400	-	-	6,763
Public works	-	-	-	-	-	-	-	1,075,745	120,078	-	-	-	1,195,823
Social services	-	-	-	-	-	-	-	-	-	-	631,176	-	631,176
Sanitation services	-	-	1,753,570	-	-	-	-	-	-	-	-	-	1,753,570
Community services	-	-	-	-	-	-	-	-	-	-	-	694,832	694,832
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	27,795	27,795
Debt service:													
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	1,753,570	326,402	41,907	363	-	1,075,745	120,078	6,400	631,176	722,627	4,678,268
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(20,985)	18,745	(17,135)	752	22	(572,926)	80,235	2,401	50,437	(203,349)	(661,803)
OTHER FINANCING SOURCES (USES):													
Transfers in	30,000	-	-	-	-	-	-	-	-	-	-	321,602	351,602
Transfers (out)	-	-	-	-	-	-	-	(211,974)	(23,553)	-	-	(118,253)	(353,780)
TOTAL OTHER FINANCING SOURCES (USES)	30,000	-	-	-	-	-	-	(211,974)	(23,553)	-	-	203,349	(2,178)
CHANGE IN FUND BALANCE	30,000	-	(20,985)	18,745	(17,135)	752	22	(784,900)	56,682	2,401	50,437	-	(663,981)
Fund balance, beginning of year, as restated	-	-	540,480	130,250	17,622	14,557	46,478	2,019,087	585,844	935	620,394	193,845	4,169,492
FUND BALANCE, END OF YEAR	\$ 30,000	\$ -	\$ 519,495	\$ 148,995	\$ 487	\$ 15,309	\$ 46,500	\$ 1,234,187	\$ 642,526	\$ 3,336	\$ 670,831	\$ 193,845	\$ 3,505,511

CITY OF MARQUETTE, MICHIGAN

PUBLIC ART FUND

COMPARATIVE BALANCE SHEET

September 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 30,000	\$ -
Accounts receivable	-	-
Due from other funds	-	-
TOTAL ASSETS	30,000	-
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 30,000	\$ -
LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued wages payable	-	-
TOTAL LIABILITIES	-	-
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Assigned	30,000	-
TOTAL FUND BALANCE	30,000	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 30,000	\$ -

CITY OF MARQUETTE, MICHIGAN

PUBLIC ART FUND

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

For the Fiscal Year Ended September 30, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Community Services:				
Personnel services	-	-	-	-
Supplies and contractual	-	-	-	-
Capital outlay	30,000	-	30,000	-
TOTAL EXPENDITURES	30,000	-	30,000	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(30,000)	-	30,000	-
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	30,000	30,000	-	-
CHANGE IN FUND BALANCE	-	30,000	30,000	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 30,000	\$ 30,000	\$ -

CITY OF MARQUETTE, MICHIGAN
RECYCLING SYSTEM FUND
COMPARATIVE BALANCE SHEET
September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 15,537
Accounts receivable	-	-
Due from other funds	-	-
	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>-</u>	<u>15,537</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ -</u></u>	<u><u>\$ 15,537</u></u>
LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued wages payable	-	-
	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Assigned	-	15,537
	<u>-</u>	<u>15,537</u>
TOTAL FUND BALANCE	<u>-</u>	<u>15,537</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ 15,537</u></u>

CITY OF MARQUETTE, MICHIGAN

RECYCLING SYSTEM FUND

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

For the Fiscal Year Ended September 30, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ 2,836
Investment income	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	-	-	-	2,836
EXPENDITURES:				
Sanitation Services:				
Personnel services	-	-	-	-
Supplies and contractual	-	-	-	-
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
CHANGE IN FUND BALANCE	-	-	-	2,836
Fund balance, beginning of year, as restated	-	-	-	12,701
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ 15,537

CITY OF MARQUETTE, MICHIGAN

SANITATION FUND

COMPARATIVE BALANCE SHEET

September 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 450,683	\$ 576,740
Accounts receivable	169,652	205,327
Due from State	6,300	6,000
TOTAL ASSETS	626,635	788,067
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 626,635	\$ 788,067
LIABILITIES		
Cash overdraft	\$ -	\$ -
Accounts payable	102,903	260,698
Accrued wages payable	4,237	2,426
TOTAL LIABILITIES	107,140	263,124
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Assigned	519,495	524,943
TOTAL FUND BALANCE	519,495	524,943
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 626,635	\$ 788,067

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ -	\$ 6,300	\$ 6,300	\$ 6,385
Charges for services	1,727,980	1,714,840	(13,140)	1,939,009
Investment income	255	211	(44)	204
Other revenues	5,500	11,234	5,734	9,420
TOTAL REVENUES	1,733,735	1,732,585	(1,150)	1,955,018
EXPENDITURES:				
Sanitation Services;				
Personnel services	162,790	188,558	(25,768)	136,623
Supplies and contractual	1,570,945	1,565,012	5,933	1,832,942
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	1,733,735	1,753,570	(19,835)	1,969,565
CHANGE IN FUND BALANCE	-	(20,985)	(20,985)	(14,547)
Fund balance, beginning of year, as restated	540,481	540,480	-	539,490
FUND BALANCE, END OF YEAR	\$ 540,481	\$ 519,495	\$ (20,985)	\$ 524,943

CITY OF MARQUETTE, MICHIGAN
LOCAL DEVELOPMENT FINANCE AUTHORITY FUND
COMPARATIVE BALANCE SHEET
September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 350,289	\$ 232,386
Taxes receivable	44,177	5,776
Accounts receivable	<u>130,694</u>	<u>130,694</u>
TOTAL ASSETS	<u>525,160</u>	<u>368,856</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 525,160</u></u>	<u><u>\$ 368,856</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>376,165</u>	<u>238,606</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>376,165</u>	<u>238,606</u>
FUND BALANCE		
Restricted	<u>148,995</u>	<u>130,250</u>
TOTAL FUND BALANCE	<u>148,995</u>	<u>130,250</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 525,160</u></u>	<u><u>\$ 368,856</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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Property Taxes:				
Taxes and penalties	\$ 326,405	\$ 345,147	\$ 18,742	\$ 205,313
Investment income	-	-	-	1,294
TOTAL REVENUES	326,405	345,147	18,742	206,607
EXPENDITURES:				
General Government:				
Supplies and contractual	326,405	326,402	3	208,703
TOTAL EXPENDITURES	326,405	326,402	3	208,703
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	18,745	18,745	(2,096)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	129,400
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	129,400
CHANGE IN FUND BALANCE	-	18,745	18,745	127,304
Fund balance, beginning of year	130,250	130,250	-	2,946
FUND BALANCE, END OF YEAR	\$ 130,250	\$ 148,995	\$ 18,745	\$ 130,250

CITY OF MARQUETTE, MICHIGAN
PUBLIC EDUCATION GOVERNMENT (PEG) FUND
COMPARATIVE BALANCE SHEET
September 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ -	\$ 17,622
Accounts receivable	5,741	-
Prepaid expenditures	230	-
	<hr/>	<hr/>
TOTAL ASSETS	5,971	17,622
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	-	-
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,971</u>	<u>\$ 17,622</u>
	<hr/>	<hr/>
LIABILITIES		
Cash overdraft	\$ 5,484	\$ -
Accounts payable	-	-
	<hr/>	<hr/>
TOTAL LIABILITIES	5,484	-
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES	-	-
	<hr/>	<hr/>
FUND BALANCE		
Non-spendable	230	-
Restricted	257	17,622
	<hr/>	<hr/>
TOTAL FUND BALANCE	487	17,622
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 5,971</u>	<u>\$ 17,622</u>
	<hr/>	<hr/>

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Charges for services	\$ 19,000	\$ 24,769	\$ 5,769	\$ 12,315
Investment income	-	3	3	6
TOTAL REVENUES	<u>19,000</u>	<u>24,772</u>	<u>5,772</u>	<u>12,321</u>
EXPENDITURES:				
General Government:				
Supplies and contractual	19,000	41,907	(22,907)	12,883
Other supplies and charges	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>19,000</u>	<u>41,907</u>	<u>(22,907)</u>	<u>12,883</u>
CHANGE IN FUND BALANCE	-	(17,135)	(17,135)	(562)
Fund balance, beginning of year	<u>17,622</u>	<u>17,622</u>	-	<u>18,184</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 17,622</u></u>	<u><u>\$ 487</u></u>	<u><u>\$ (17,135)</u></u>	<u><u>\$ 17,622</u></u>

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

September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	<u>\$ 15,409</u>	<u>\$ 14,557</u>
TOTAL ASSETS	<u>15,409</u>	<u>14,557</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 15,409</u></u>	<u><u>\$ 14,557</u></u>
LIABILITIES		
Accounts payable	<u>\$ 100</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>100</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>15,309</u>	<u>14,557</u>
TOTAL FUND BALANCE	<u>15,309</u>	<u>14,557</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 15,409</u></u>	<u><u>\$ 14,557</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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Fines and forfeiture	\$ 2,000	\$ 1,108	\$ (892)	\$ 5,078
Investment income	-	7	7	5
TOTAL REVENUES	<u>2,000</u>	<u>1,115</u>	<u>(885)</u>	<u>5,083</u>
EXPENDITURES:				
Public Health and Safety:				
Supplies and contractual	<u>2,000</u>	<u>363</u>	<u>1,637</u>	<u>723</u>
TOTAL EXPENDITURES	<u>2,000</u>	<u>363</u>	<u>1,637</u>	<u>723</u>
CHANGE IN FUND BALANCE	-	752	752	4,360
Fund balance, beginning of year	<u>14,557</u>	<u>14,557</u>	-	<u>10,197</u>
FUND BALANCE, END OF YEAR	<u>\$ 14,557</u>	<u>\$ 15,309</u>	<u>\$ 752</u>	<u>\$ 14,557</u>

CITY OF MARQUETTE, MICHIGAN
MSHDA DOWNTOWN RENTAL FUND
COMPARATIVE BALANCE SHEET
September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 46,500	\$ 46,478
Accounts receivable	-	-
Due from State	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>46,500</u>	<u>46,478</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 46,500</u></u>	<u><u>\$ 46,478</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>46,500</u>	<u>46,478</u>
	<u> </u>	<u> </u>
TOTAL FUND BALANCE	<u>46,500</u>	<u>46,478</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 46,500</u></u>	<u><u>\$ 46,478</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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ 22	\$ 22	\$ 21
TOTAL REVENUES	-	22	22	21
EXPENDITURES:				
Community Development:				
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
CHANGE IN FUND BALANCE	-	22	22	21
Fund balance, beginning of year	46,478	46,478	-	46,457
FUND BALANCE, END OF YEAR	\$ 46,478	\$ 46,500	\$ 22	\$ 46,478

CITY OF MARQUETTE, MICHIGAN
ROAD MAINTENANCE FUND
COMPARATIVE BALANCE SHEET
September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 1,257,369	\$ 2,652,647
TOTAL ASSETS	<u>1,257,369</u>	<u>2,652,647</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,257,369</u>	<u>\$ 2,652,647</u>
LIABILITIES		
Accounts payable	\$ 23,182	\$ 633,560
TOTAL LIABILITIES	<u>23,182</u>	<u>633,560</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>1,234,187</u>	<u>2,019,087</u>
TOTAL FUND BALANCE	<u>1,234,187</u>	<u>2,019,087</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,257,369</u>	<u>\$ 2,652,647</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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ 2,819	\$ 2,819	\$ 696
Private contribution	500,000	500,000	-	500,000
TOTAL REVENUES	500,000	502,819	2,819	500,696
EXPENDITURES:				
Public Works:				
Personnel services	-	-	-	-
Supplies and contractual	-	-	-	226,727
Capital outlay	500,000	1,075,745	(575,745)	1,295,074
Total Public Works	500,000	1,075,745	(575,745)	1,521,801
Debt Service:				
Professional services	-	-	-	35,544
TOTAL EXPENDITURES	500,000	1,075,745	(575,745)	1,557,345
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(572,926)	(572,926)	(1,056,649)
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	-	-	2,392,200
Premium on bond issuance	-	-	-	248,844
Transfers (out)	-	(211,974)	(211,974)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(211,974)	(211,974)	2,641,044
CHANGE IN FUND BALANCE	-	(784,900)	(784,900)	1,584,395
Fund balance, beginning of year	2,019,087	2,019,087	-	434,692
FUND BALANCE, END OF YEAR	\$ 2,019,087	\$ 1,234,187	\$ (784,900)	\$ 2,019,087

CITY OF MARQUETTE, MICHIGAN
ROAD SAFETY IMPROVEMENT FUND
COMPARATIVE BALANCE SHEET
September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 642,526	\$ 652,502
TOTAL ASSETS	<u>642,526</u>	<u>652,502</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 642,526</u></u>	<u><u>\$ 652,502</u></u>
LIABILITIES		
Accounts payable	\$ -	\$ 66,658
TOTAL LIABILITIES	<u>-</u>	<u>66,658</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>642,526</u>	<u>585,844</u>
TOTAL FUND BALANCE	<u>642,526</u>	<u>585,844</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 642,526</u></u>	<u><u>\$ 652,502</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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ 313	\$ 313	\$ 77
Private contribution	200,000	200,000	-	200,000
Other revenues	-	-	-	-
TOTAL REVENUES	200,000	200,313	313	200,077
EXPENDITURES:				
Public Works:				
Supplies and contractual	-	-	-	-
Capital outlay	200,000	120,078	79,922	115,400
Total Public Works	200,000	120,078	79,922	115,400
Debt Service:				
Professional services	-	-	-	3,949
TOTAL EXPENDITURES	200,000	120,078	79,922	119,349
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	80,235	80,235	80,728
OTHER FINANCING SOURCES (USES)				
Bond issuance	-	-	-	265,800
Premium on bond issuance	-	-	-	27,649
Transfers (out)	-	(23,553)	(23,553)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(23,553)	(23,553)	293,449
CHANGE IN FUND BALANCE	-	56,682	56,682	374,177
Fund balance, beginning of year	585,844	585,844	-	211,667
FUND BALANCE, END OF YEAR	\$ 585,844	\$ 642,526	\$ 56,682	\$ 585,844

CITY OF MARQUETTE, MICHIGAN
CRIMINAL JUSTICE TRAINING FUND
COMPARATIVE BALANCE SHEET
September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 362	\$ 1,115
Due from State	<u>2,974</u>	<u>-</u>
TOTAL ASSETS	<u>3,336</u>	<u>1,115</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 3,336</u></u>	<u><u>\$ 1,115</u></u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ 180</u>
TOTAL LIABILITIES	<u>-</u>	<u>180</u>
FUND BALANCE		
Restricted	<u>3,336</u>	<u>935</u>
TOTAL FUND BALANCE	<u>3,336</u>	<u>935</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 3,336</u></u>	<u><u>\$ 1,115</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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ 6,400	\$ 8,800	\$ 2,400	\$ 6,062
Investment income	-	1	1	1
TOTAL REVENUES	6,400	8,801	2,401	6,063
EXPENDITURES:				
Public Health and Safety:				
Supplies and contractual	6,400	6,400	-	5,942
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	6,400	6,400	-	5,942
CHANGE IN FUND BALANCE	-	2,401	2,401	121
Fund balance, beginning of year	935	935	-	814
FUND BALANCE, END OF YEAR	\$ 935	\$ 3,336	\$ 2,401	\$ 935

CITY OF MARQUETTE, MICHIGAN

SENIOR SERVICES FUND

COMPARATIVE BALANCE SHEET

September 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 847,458	\$ 801,864
Taxes receivable	10,631	11,354
Accounts receivable	10	-
Prepaid expenditures	6,714	6,747
TOTAL ASSETS	864,813	819,965
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 864,813	\$ 819,965
LIABILITIES		
Accounts payable	\$ 3,902	\$ 6,464
Accrued wages payable	14,477	16,273
TOTAL LIABILITIES	18,379	22,737
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	175,603	176,834
TOTAL DEFERRED INFLOWS OF RESOURCES	175,603	176,834
FUND BALANCE		
Non-spendable	6,714	6,747
Restricted	664,117	613,647
TOTAL FUND BALANCE	670,831	620,394
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 864,813	\$ 819,965

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, 2018

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

	2018		2017	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Property Taxes:				
Real property tax	\$ 219,750	\$ 211,571	\$ (8,179)	\$ 209,479
Personal property tax	14,930	14,868	(62)	14,326
Interest and penalty on taxes	500	344	(156)	275
Administrative collection fees	-	-	-	-
Total Property Taxes	<u>235,180</u>	<u>226,783</u>	<u>(8,397)</u>	<u>224,080</u>
Industrial Facilities Tax Act	<u>1,780</u>	<u>625</u>	<u>(1,155)</u>	<u>730</u>
State sources	46,600	46,835	235	72,781
Investment income	300	330	30	289
Private contribution	27,000	33,096	6,096	29,799
Intergovernmental revenues	361,165	373,421	12,256	354,696
Other revenues	<u>500</u>	<u>523</u>	<u>23</u>	<u>521</u>
TOTAL REVENUES	<u>672,525</u>	<u>681,613</u>	<u>9,088</u>	<u>682,896</u>
EXPENDITURES:				
Social Services:				
State Home Care Service:				
Personnel services	81,275	85,365	(4,090)	76,586
Supplies and contractual	10,050	9,108	942	9,261
Other supplies and charges	-	-	-	-
Capital outlay	-	-	-	-
Total State Home Care Service	<u>91,325</u>	<u>94,473</u>	<u>(3,148)</u>	<u>85,847</u>
MCCOA - Allocation to Senior Services:				
Personnel services	485,500	449,385	36,115	437,789
Supplies and contractual	77,200	69,754	7,446	68,687
Other supplies and charges	18,500	17,564	936	15,911
Capital outlay	-	-	-	-
Total MCCOA - Allocation to Senior Services	<u>581,200</u>	<u>536,703</u>	<u>44,497</u>	<u>522,387</u>
TOTAL EXPENDITURES	<u>672,525</u>	<u>631,176</u>	<u>41,349</u>	<u>608,234</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>50,437</u>	<u>50,437</u>	<u>74,662</u>
Fund balance, beginning of year	<u>620,394</u>	<u>620,394</u>	<u>-</u>	<u>545,732</u>
FUND BALANCE, END OF YEAR	<u>\$ 620,394</u>	<u>\$ 670,831</u>	<u>\$ 50,437</u>	<u>\$ 620,394</u>

CITY OF MARQUETTE, MICHIGAN

LAKEVIEW ARENA FUND

COMPARATIVE BALANCE SHEET

September 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 193,603	\$ 158,635
Accounts receivable	62,833	65,890
Prepaid expenses	18,080	17,614
TOTAL ASSETS	274,516	242,139
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 274,516	\$ 242,139
LIABILITIES		
Accounts payable	\$ 67,854	\$ 35,928
Accrued wages payable	11,213	9,703
Accrued compensated absences	1,604	2,663
TOTAL LIABILITIES	80,671	48,294
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Non-spendable	18,080	17,614
Assigned	175,765	176,231
TOTAL FUND BALANCE	193,845	193,845
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 274,516	\$ 242,139

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ -	\$ -	\$ -	\$ -
Charges for services	2,300	10,207	7,907	11,790
Use and admission fees:				
Ice arena use	407,000	394,208	(12,792)	369,152
Arena events	26,475	26,350	(125)	23,563
Total use and admission fees	<u>433,475</u>	<u>420,558</u>	<u>(12,917)</u>	<u>392,715</u>
Rentals	63,050	75,368	12,318	54,429
Sale of assets	-	-	-	-
Reimbursements	10,400	8,287	(2,113)	39,317
Investment income	-	3,305	3,305	1,912
Other revenues	<u>17,000</u>	<u>1,553</u>	<u>(15,447)</u>	<u>4,185</u>
TOTAL REVENUES	<u>526,225</u>	<u>519,278</u>	<u>(6,947)</u>	<u>504,348</u>
EXPENDITURES:				
Community Services				
Personnel services	105,985	170,902	(64,917)	178,169
Supplies and contractual	473,970	523,930	(49,960)	483,118
Other supplies and charges	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total Community Services	<u>584,955</u>	<u>694,832</u>	<u>(109,877)</u>	<u>661,287</u>
Capital Outlay	30,000	27,795	2,205	-
Debt Service:				
Bond issuance costs	-	-	-	6,841
Professional services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>614,955</u>	<u>722,627</u>	<u>(107,672)</u>	<u>668,128</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(88,730)</u>	<u>(203,349)</u>	<u>(114,619)</u>	<u>(163,780)</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds	-	-	-	515,375
Premium on bond issuance	-	-	-	-
Premium on refunded bond issuance	-	-	-	58,121
Payment to refunded bond escrow agent	-	-	-	(566,655)
Transfers in	213,070	321,602	108,532	278,590
Transfers (out)	<u>(124,340)</u>	<u>(118,253)</u>	<u>6,087</u>	<u>(122,466)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>88,730</u>	<u>203,349</u>	<u>114,619</u>	<u>162,965</u>
CHANGE IN FUND BALANCE	-	-	-	(815)
Fund balance, beginning of year	<u>193,845</u>	<u>193,845</u>	-	<u>194,660</u>
FUND BALANCE, END OF YEAR	<u>\$ 193,845</u>	<u>\$ 193,845</u>	<u>\$ -</u>	<u>\$ 193,845</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

September 30, 2018

	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	2017 Capital Improve- ments Fund	Forestland Fund	Total
ASSETS															
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,148,980	\$ 2,148,980
Prepaid expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,148,980	\$ 2,148,980
LIABILITIES															
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE															
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	2,148,980	2,148,980
TOTAL FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,148,980	\$ 2,148,980

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, 2018

	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	2017 Capital Improve- ments Fund	Forestland Fund	Total
REVENUES:															
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EXPENDITURES:															
Debt Service:															
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-	320	320
Principal payments	-	10,803	128,934	82,873	242,650	66,000	74,925	63,550	245,000	73,800	67,200	254,850	288,050	300,000	1,898,635
Interest and fiscal charges	-	2,095	6,440	-	21,612	27,325	27,947	23,205	43,881	40,158	14,704	142,795	153,564	152,948	656,674
TOTAL EXPENDITURES	-	12,898	135,374	82,873	264,262	93,325	102,872	86,755	288,881	113,958	81,904	397,645	441,614	453,268	2,555,629
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(12,898)	(135,374)	(82,873)	(264,262)	(93,325)	(102,872)	(86,755)	(288,881)	(113,958)	(81,904)	(397,645)	(441,614)	(453,268)	(2,555,629)
OTHER FINANCING SOURCES (USES):															
Transfers in	-	12,898	135,374	82,873	264,262	93,325	102,872	86,755	288,881	113,958	81,904	397,645	441,614	663,000	2,765,361
TOTAL OTHER FINANCING SOURCES (USES)	-	12,898	135,374	82,873	264,262	93,325	102,872	86,755	288,881	113,958	81,904	397,645	441,614	663,000	2,765,361
CHANGES IN FUND BALANCE	-	-	-	-	-	-	-	-	-	-	-	-	-	209,732	209,732
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	1,939,248	1,939,248
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>\$ 2,148,980</u>	<u>\$ 2,148,980</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, 2018

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

	2018			2017
	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	-	-	-	195,000
Interest and fiscal charges	-	-	-	25,850
TOTAL EXPENDITURES	-	-	-	220,850
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(220,850)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	-	-	-	57,421
Major Street and Trunkline Fund	-	-	-	101,591
Local Street Fund	-	-	-	61,838
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	220,850
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

HIGH STREET - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2018

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

	2018		2017	
	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	10,605	10,803	(198)	10,600
Interest and fiscal charges	<u>2,180</u>	<u>2,095</u>	<u>85</u>	<u>2,267</u>
TOTAL EXPENDITURES	<u>12,785</u>	<u>12,898</u>	<u>(113)</u>	<u>12,867</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(12,785)</u>	<u>(12,898)</u>	<u>(113)</u>	<u>(12,867)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	400	403	3	402
Local Street Fund	<u>12,385</u>	<u>12,495</u>	<u>110</u>	<u>12,465</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,785</u>	<u>12,898</u>	<u>113</u>	<u>12,867</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, 2018

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

	2018			2017
	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	128,930	128,934	(4)	122,400
Interest and fiscal charges	<u>7,030</u>	<u>6,440</u>	<u>590</u>	<u>45,859</u>
TOTAL EXPENDITURES	<u>135,960</u>	<u>135,374</u>	<u>586</u>	<u>168,259</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(135,960)</u>	<u>(135,374)</u>	<u>586</u>	<u>(168,259)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in:				
General Fund	49,320	49,148	(172)	61,087
Major Street Fund	42,055	41,931	(124)	52,117
Local Street Fund	<u>44,585</u>	<u>44,295</u>	<u>(290)</u>	<u>55,055</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>135,960</u>	<u>135,374</u>	<u>(586)</u>	<u>168,259</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, 2018

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

	2018			2017
	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	82,875	82,873	2	82,873
TOTAL EXPENDITURES	82,875	82,873	2	82,873
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(82,875)	(82,873)	2	(82,873)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	82,875	82,873	(2)	82,873
TOTAL OTHER FINANCING SOURCES (USES)	82,875	82,873	(2)	82,873
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2018

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

	2018			2017
	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	242,650	242,650	-	227,880
Interest and fiscal charges	87,260	21,612	65,648	96,946
TOTAL EXPENDITURES	<u>329,910</u>	<u>264,262</u>	<u>65,648</u>	<u>324,826</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(329,910)</u>	<u>(264,262)</u>	<u>65,648</u>	<u>(324,826)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	3,125	2,504	(621)	3,078
Major Street and Trunkline Fund	142,285	113,970	(28,315)	140,090
Local Street Fund	63,325	50,723	(12,602)	62,348
Lakeview Arena Fund	121,175	97,065	(24,110)	119,310
TOTAL OTHER FINANCING SOURCES (USES)	<u>329,910</u>	<u>264,262</u>	<u>(65,648)</u>	<u>324,826</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

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, 2018

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

	2018			2017
	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	66,000	66,000	-	64,000
Interest and fiscal charges	<u>27,325</u>	<u>27,325</u>	<u>-</u>	<u>29,274</u>
TOTAL EXPENDITURES	<u>93,325</u>	<u>93,325</u>	<u>-</u>	<u>93,274</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(93,325)</u>	<u>(93,325)</u>	<u>-</u>	<u>(93,274)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
Major Street and Trunkline Fund	34,995	34,997	2	34,978
Local Street Fund	<u>58,330</u>	<u>58,328</u>	<u>(2)</u>	<u>58,296</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>93,325</u>	<u>93,325</u>	<u>-</u>	<u>93,274</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

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, 2018

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

	2018			2017
	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	74,925	74,925	-	73,260
Interest and fiscal charges	27,950	27,947	3	29,803
TOTAL EXPENDITURES	<u>102,875</u>	<u>102,872</u>	<u>3</u>	<u>103,063</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(102,875)</u>	<u>(102,872)</u>	<u>3</u>	<u>(103,063)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	930	927	(3)	929
Major Street and Trunkline Fund	36,760	36,762	2	36,830
Local Street Fund	65,185	65,183	(2)	65,304
TOTAL OTHER FINANCING SOURCES (USES)	<u>102,875</u>	<u>102,872</u>	<u>(3)</u>	<u>103,063</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, 2018
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2017

	2018			2017
	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	63,550	63,550	-	62,000
Interest and fiscal charges	23,210	23,205	5	25,057
TOTAL EXPENDITURES	<u>86,760</u>	<u>86,755</u>	<u>5</u>	<u>87,057</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(86,760)</u>	<u>(86,755)</u>	<u>5</u>	<u>(87,057)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	-	-	-	-
Major Street and Trunkline Fund	53,175	53,172	(3)	53,358
Local Street Fund	33,585	33,583	(2)	33,699
TOTAL OTHER FINANCING SOURCES (USES)	<u>86,760</u>	<u>86,755</u>	<u>(5)</u>	<u>87,057</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN

2003 FOUNDERS LANDING - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2018

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

	2018		Variance with	2017
	Final Budget	Actual GAAP Basis	Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES				
	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal payments	245,000	245,000	-	245,000
Interest and fiscal charges	43,885	43,881	4	51,109
TOTAL EXPENDITURES				
	288,885	288,881	4	296,109
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(288,885)	(288,881)	4	(296,109)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	288,885	288,881	(4)	296,109
TOTAL OTHER FINANCING SOURCES (USES)				
	288,885	288,881	(4)	296,109
CHANGES IN FUND BALANCE				
	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR				
	\$ -	\$ -	\$ -	\$ -

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, 2018
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2017

	2018			2017
	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	73,800	73,800	-	62,000
Interest and fiscal charges	40,165	40,158	7	35,836
TOTAL EXPENDITURES	113,965	113,958	7	97,836
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(113,965)	(113,958)	7	(97,836)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	37,990	37,986	(4)	22,092
Major Street and Trunkline Fund	25,325	25,324	(1)	25,248
Local Street Fund	47,485	47,483	(2)	47,340
Lakeview Arena Fund	3,165	3,165	-	3,156
TOTAL OTHER FINANCING SOURCES (USES)	113,965	113,958	(7)	97,836
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, 2018
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2017

	2018			2017
	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	-	67,200
Interest and fiscal charges	14,705	14,704	1	16,048
TOTAL EXPENDITURES	81,905	81,904	1	83,248
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(81,905)	(81,904)	1	(83,248)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
Major Street and Trunkline Fund	20,475	20,476	1	20,812
Local Street Fund	61,430	61,428	(2)	62,436
TOTAL OTHER FINANCING SOURCES (USES)	81,905	81,904	(1)	83,248
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2018
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2017

	2018			2017
	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	254,850	254,850	-	75,250
Interest and fiscal charges	142,795	142,795	-	71,348
TOTAL EXPENDITURES	<u>397,645</u>	<u>397,645</u>	<u>-</u>	<u>146,598</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(397,645)</u>	<u>(397,645)</u>	<u>-</u>	<u>(146,598)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	99,445	268,773	169,328	31,774
Major Street and Trunkline Fund	136,930	31,672	(105,258)	29,174
Local Street Fund	161,270	97,200	(64,070)	85,650
TOTAL OTHER FINANCING SOURCES (USES)	<u>397,645</u>	<u>397,645</u>	<u>-</u>	<u>146,598</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
2017 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2018
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2017

	2018			2017
	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	288,050	288,050	-	-
Interest and fiscal charges	153,570	153,564	6	-
TOTAL EXPENDITURES	441,620	441,614	6	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(441,620)	(441,614)	6	-
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	47,570	47,570	-	-
Major Street and Trunkline Fund	83,970	83,970	-	-
Local Street Fund	56,525	56,524	(1)	-
Road Maintenance Fund	211,975	211,974	(1)	-
Road Safety Fund	23,555	23,553	(2)	-
Lakeview Arena Fund	18,025	18,023	(2)	-
TOTAL OTHER FINANCING SOURCES (USES)	441,620	441,614	(6)	-
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

FORESTLAND - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2018

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

	2018		2017	
	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:				
Professional services	210,000	320	209,680	2,620
Principal payments	300,000	300,000	-	285,000
Interest and fiscal charges	<u>153,000</u>	<u>152,948</u>	<u>52</u>	<u>168,450</u>
TOTAL EXPENDITURES	<u>663,000</u>	<u>453,268</u>	<u>209,732</u>	<u>456,070</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(663,000)</u>	<u>(453,268)</u>	<u>209,732</u>	<u>(456,070)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	<u>663,000</u>	<u>663,000</u>	<u>-</u>	<u>683,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>663,000</u>	<u>663,000</u>	<u>-</u>	<u>683,000</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>209,732</u>	<u>209,732</u>	<u>226,930</u>
Fund balance, beginning of year	<u>1,939,248</u>	<u>1,939,248</u>	<u>-</u>	<u>1,712,318</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 1,939,248</u></u>	<u><u>\$ 2,148,980</u></u>	<u><u>\$ 209,732</u></u>	<u><u>\$ 1,939,248</u></u>

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

September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 327,801	\$ 276,382
Investments	493,327	522,359
Accounts receivable	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 821,128</u></u>	<u><u>\$ 798,741</u></u>
FUND BALANCE		
Non-spendable	<u><u>\$ 821,128</u></u>	<u><u>\$ 798,741</u></u>

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

For the Fiscal Year Ended September 30, 2018

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

	<u>2018</u>	<u>2017</u>
REVENUES:		
Charges for services	\$ 22,387	\$ 35,240
Investment income	<u>(28,892)</u>	<u>(10,265)</u>
TOTAL REVENUES	<u>(6,505)</u>	<u>24,975</u>
OTHER FINANCING SOURCES (USES):		
Transfer in (out)	<u>28,892</u>	<u>10,265</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>28,892</u>	<u>10,265</u>
CHANGE IN FUND BALANCE	22,387	35,240
Fund balance, beginning of year	<u>798,741</u>	<u>763,501</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 821,128</u></u>	<u><u>\$ 798,741</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, Lighthouse Park Fund, Fuel System Fund, and the Marina Funds.

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.

LIGHTHOUSE PARK FUND: To account for the revenue generated through rental of the Captain's House, Barracks and revenue sharing with the Marquette Maritime Museum tours of the Lighthouse.

FUEL SYSTEM FUND: To account for the operation, maintenance and repair of the City fuel depot.

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, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,320,859	\$ 1,611,537
Accounts receivable	620,014	568,111
Special assessments receivable	3,172	4,002
Due from other funds	-	-
Due from other governments	1,480	3,348
Prepaid expense	39,223	38,416
TOTAL CURRENT ASSETS	1,984,748	2,225,414
Non-current Assets:		
Restricted Assets:		
OPEB Reserve	208,851	243,463
Compensated absences reserve	211,881	216,824
Total Restricted Assets	<u>420,732</u>	<u>460,287</u>
Land and other non-depreciable assets	17,725	17,725
Construction in progress	644,334	1,117,159
Other capital assets, net of depreciation	24,749,874	24,031,489
TOTAL NON-CURRENT ASSETS	25,832,665	25,626,660
TOTAL ASSETS	27,817,413	27,852,074
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	154,653	154,653
Change in pension investment projections	-	156,446
Change in pension assumptions	115,538	210,532
Change in pension experience	-	22,524
Employer contributions subsequent to measurement date	-	-
Change in OPEB investment projections	116	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	270,307	544,155
LIABILITIES		
Current Liabilities:		
Accounts payable	123,477	475,707
Accrued wages payable	37,900	47,014
Accrued interest payable	119,915	89,289
Current portion of long-term debt	879,947	780,828
TOTAL CURRENT LIABILITIES	1,161,239	1,392,838
Non-current Liabilities:		
Compensated absences	211,881	216,824
Other post-employment benefits (OPEB)	208,851	243,463
Net pension liability	2,620,531	2,950,379
Bonds payable	7,924,628	7,516,302
Loan payable	884,840	944,840
Unamortized bond premium	662,653	644,299
TOTAL NON-CURRENT LIABILITIES	12,513,384	12,516,107
TOTAL LIABILITIES	13,674,623	13,908,945
DEFERRED INFLOWS OF RESOURCES		
Special assessments	4,090	4,964
Change in pension investment projections	51,095	-
Change in pension experience	90,377	-
Change in OPEB experience	888	-
Change in OPEB assumptions	27,654	-
TOTAL DEFERRED INFLOWS OF RESOURCES	174,104	4,964
NET POSITION		
Net investment in capital assets	15,634,842	15,626,262
Restricted for:		
Debt Services	-	-
Capital outlay	420,324	191,505
Unrestricted	(1,816,173)	(1,335,447)
TOTAL NET POSITION	\$ 14,238,993	\$ 14,482,320

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 3,091,900	\$ 2,961,446	\$ (130,454)	\$ 2,883,272
Public authorities	90,330	98,264	7,934	93,402
Non-tax customers	1,228,620	1,170,486	(58,134)	1,172,675
City departments	40,000	55,784	15,784	47,326
Charges for services	25,000	27,863	2,863	31,087
Reimbursements	-	2,843	2,843	5,844
Other operating revenue	50,330	80,425	30,095	76,575
TOTAL OPERATING REVENUES	4,526,180	4,397,111	(129,069)	4,310,181
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	102,215	98,191	4,024	73,351
Supplies and contractual	299,277	305,051	(5,774)	265,763
Amortization	-	-	-	-
Capital outlay	-	-	-	-
Provision for depreciation	1,105,760	1,298,281	(192,521)	1,254,635
Other supplies and charges	638,350	602,028	36,322	661,776
Total Administrative and General	2,145,602	2,303,551	(157,949)	2,255,525
Water Treatment and Distribution:				
Personnel services	1,305,355	1,341,748	(36,393)	1,410,306
Supplies and contractual	817,573	749,377	68,196	705,787
Capital outlay	-	-	-	-
Total Water Treatment and Distribution	2,122,928	2,091,125	31,803	2,116,093
TOTAL OPERATING EXPENSES	4,268,530	4,394,676	(126,146)	4,371,618
OPERATING INCOME (LOSS)	257,650	2,435	(255,215)	(61,437)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	2,100	9,390	7,290	43,717
Interest expenses	(264,000)	(238,103)	25,897	(262,151)
Bond issuance expense	(750)	(12,638)	(11,888)	(70,570)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(262,650)	(241,351)	21,299	(289,004)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(5,000)	(238,916)	(233,916)	(350,441)
Federal and State grants - capital grants	5,000	6,480	1,480	21,554
Transfers in	-	-	-	-
CHANGE IN NET POSITION	-	(232,436)	(232,436)	(328,887)
Net position, beginning of year	14,482,320	14,482,320	-	14,811,207
Adjustment for OPEB Liability	(10,891)	(10,891)	-	-
Net position, beginning of year, as restated	14,471,429	14,471,429	-	14,811,207
NET POSITION, END OF YEAR	\$ 14,471,429	\$ 14,238,993	\$ (232,436)	\$ 14,482,320

CITY OF MARQUETTE, MICHIGAN

SEWAGE DISPOSAL FUND

COMPARATIVE STATEMENT OF NET POSITION

September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 67,412	\$ -
Accounts receivable	748,795	690,322
Special assessments receivable	15,189	21,802
Due from State	65,277	1,376
Inventory	169,054	151,805
Prepaid expense	39,613	40,933
TOTAL CURRENT ASSETS	1,105,340	906,238
Non-current Assets:		
Restricted Assets:		
OPEB Reserve	147,302	119,328
Compensated absences reserve	66,928	65,142
Total Restricted Assets	<u>214,230</u>	<u>184,470</u>
Investment in Wastewater Facility	3,297,981	3,315,838
Land and other non-depreciable assets	20,594	20,594
Construction in progress	1,034,058	919,160
Other capital assets, net of depreciation	<u>19,357,183</u>	<u>18,526,179</u>
TOTAL NON-CURRENT ASSETS	23,924,046	22,966,241
TOTAL ASSETS	25,029,386	23,872,479
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	90,867	90,867
Change in pension investment projections	4,122	92,991
Change in pension assumptions	64,245	104,921
Change in pension experience	-	8,743
Employer contributions subsequent to measurement date	-	-
Change in OPEB investment projections	<u>81</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	159,315	297,522
LIABILITIES		
Current Liabilities:		
Cash overdraft	-	148,461
Accounts payable	1,400,849	1,194,368
Accrued wages payable	16,518	16,571
Customer deposits payable	-	-
Accrued interest payable	124,740	101,241
Current portion of long-term debt	<u>1,006,932</u>	<u>862,947</u>
TOTAL CURRENT LIABILITIES	2,549,039	2,323,588
Non-current Liabilities:		
Compensated absences	66,928	65,142
Other post-employment benefits (OPEB)	147,302	119,328
Net pension liability	1,714,783	1,856,023
Long term payable to other authorities	841,591	758,624
Bonds payable	7,952,612	7,234,193
Loan payable	1,892,484	2,152,484
Unamortized bond premium	<u>618,421</u>	<u>566,226</u>
TOTAL NON-CURRENT LIABILITIES	13,234,121	12,752,020
TOTAL LIABILITIES	15,783,160	15,075,608
DEFERRED INFLOWS OF RESOURCES		
Special assessments	22,777	29,716
Change in pension investment projections	-	-
Change in pension experience	39,601	-
Change in OPEB experience	626	-
Change in OPEB assumptions	<u>19,504</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	82,508	29,716
NET POSITION		
Net investment in capital assets	9,177,310	8,773,618
Restricted for:		
Capital outlay	145,057	32,668
Unrestricted	<u>666</u>	<u>258,391</u>
TOTAL NET POSITION	\$ 9,323,033	\$ 9,064,677

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 3,851,295	\$ 3,894,527	\$ 43,232	\$ 3,864,853
Public authorities	121,470	131,153	9,683	122,106
Non-tax customers	1,508,500	1,420,859	(87,641)	1,453,864
City departments	25,000	47,505	22,505	36,332
Charges for services	4,000	9,263	5,263	9,585
Rentals	1,000	1,000	-	1,000
Reimbursements	-	3,981	3,981	7,304
Other operating revenue	15,610	13,825	(1,785)	14,729
TOTAL OPERATING REVENUES	5,526,875	5,522,113	(4,762)	5,509,773
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	92,340	87,523	4,817	70,263
Supplies and contractual	255,163	331,396	(76,233)	244,366
Capital outlay	-	-	-	-
Provision for depreciation	1,100,000	914,025	185,975	1,023,675
Other supplies and charges	500,130	500,136	(6)	509,100
Total Administrative and General	1,947,633	1,833,080	114,553	1,847,404
Sanitary Sewer Operation and Booster Stations:				
Personnel services	632,535	537,686	94,849	653,272
Supplies and contractual	2,939,253	2,958,804	(19,551)	3,130,955
Capital outlay	-	-	-	11,500
Total Sanitary Sewer Operation and Booster Stations	3,571,788	3,496,490	75,298	3,795,727
TOTAL OPERATING EXPENSES	5,519,421	5,329,570	189,851	5,643,131
OPERATING INCOME (LOSS)	7,454	192,543	185,089	(133,358)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	4,000	7,415	3,415	4,457
Operating income from Marquette Area Wastewater Treatment Facility	-	(100,824)	(100,824)	5,227
Interest expenses	(292,000)	(277,406)	14,594	(263,367)
Bond issuance expense	(520)	(15,176)	(14,656)	(54,211)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(288,520)	(385,991)	(97,471)	(307,894)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(281,066)	(193,448)	87,618	(441,252)
State grant - capital grant	-	142,424	142,424	205,016
Transfers in	-	369,448	369,448	-
CHANGE IN NET POSITION	(281,066)	318,424	599,490	(236,236)
Net position, beginning of year	9,064,677	9,064,677	-	9,300,913
Adjustment for OPEB Liability	(60,068)	(60,068)	-	-
Net position, beginning of year, as restated	9,004,609	9,004,609	-	9,300,913
NET POSITION, END OF YEAR	\$ 8,723,543	\$ 9,323,033	\$ 599,490	\$ 9,064,677

CITY OF MARQUETTE, MICHIGAN
STORMWATER UTILITY FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 579,707	\$ 1,339,617
Accounts receivable	46,329	49,281
Due from other governments	119,297	-
Prepaid expense	134	101
TOTAL CURRENT ASSETS	745,467	1,388,999
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	24,245	25,085
Total Restricted Assets	24,245	25,085
Construction in progress	1,048,395	716,169
Other capital assets, net of depreciation	10,214,089	9,411,001
TOTAL NON-CURRENT ASSETS	11,286,729	10,152,255
TOTAL ASSETS	12,032,196	11,541,254
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding	60,194	60,194
LIABILITIES		
Current Liabilities:		
Accounts payable	195,394	279,628
Accrued wages payable	6,526	9,801
Accrued interest payable	86,949	68,048
Current portion of long-term debt	643,726	523,863
TOTAL CURRENT LIABILITIES	932,595	881,340
Non-current Liabilities:		
Compensated absences	24,245	25,085
Bonds payable	5,707,641	5,000,351
Unamortized bond premium	517,403	465,991
TOTAL NON-CURRENT LIABILITIES	6,249,289	5,491,427
TOTAL LIABILITIES	7,181,884	6,372,767
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	4,559,719	4,809,990
Restricted for:		
Capital outlay	105,811	612,831
Unrestricted	244,976	(194,140)
TOTAL NET POSITION	\$ 4,910,506	\$ 5,228,681

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 718,895	\$ 684,811	\$ (34,084)	\$ 710,960
Public authorities	44,625	41,890	(2,735)	43,941
Non-tax customers	202,000	198,582	(3,418)	200,970
City departments	350,000	379,162	29,162	361,150
Reimbursements	-	-	-	790
Other operating revenue	2,500	3,213	713	1,993
TOTAL OPERATING REVENUES	1,318,020	1,307,658	(10,362)	1,319,804
OPERATING EXPENSES:				
Routine Maintenance and Administration:				
Personnel services	259,960	241,814	18,146	226,890
Supplies and contractual	676,775	364,636	312,139	207,269
Capital outlay	-	-	-	11,500
Provision for depreciation	700,000	753,192	(53,192)	699,377
TOTAL OPERATING EXPENSES	1,636,735	1,359,642	277,093	1,145,036
OPERATING INCOME (LOSS)	(318,715)	(51,984)	266,731	174,768
NON-OPERATING REVENUES (EXPENSES):				
Investment income	300	3,262	2,962	1,103
Interest expenses	(155,000)	(161,747)	(6,747)	(136,431)
Bond issuance expense	-	(14,177)	(14,177)	(67,031)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(154,700)	(172,662)	(17,962)	(202,359)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(473,415)	(224,646)	248,769	(27,591)
Federal grant - capital grant	-	-	-	-
State grant - capital grant	473,415	275,919	(197,496)	29,720
Transfers in	-	(369,448)	(369,448)	-
CHANGE IN NET POSITION	-	(318,175)	(318,175)	2,129
Net position, beginning of year	5,228,681	5,228,681	-	5,226,552
NET POSITION, END OF YEAR	\$ 5,228,681	\$ 4,910,506	\$ (318,175)	\$ 5,228,681

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET POSITION

September 30, 2018

	Tourist Park Fund	Lighthouse Park Fund	Fuel System Fund	Marinas Fund	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 852,494	\$ 1,045,841	\$ -	\$ 411,703	\$ 2,310,038
Due from State	-	-	-	-	-
Accounts receivable	70	1,488	9,910	1,086	12,554
Due from local units	-	-	2,962	-	2,962
Inventory	-	-	35,006	13,483	48,489
Prepaid expense	729	-	-	4,968	5,697
TOTAL CURRENT ASSETS	853,293	1,047,329	47,878	431,240	2,379,740
Non-current Assets:					
Restricted Assets:					
Replacement Maintenance Fund	-	-	-	40,000	40,000
Compensated absences reserve	679	-	-	-	679
Total Restricted Assets	679	-	-	40,000	40,679
Other capital assets, net of depreciation	-	-	277,817	1,653,349	1,931,166
Construction in progress	-	1,139	-	66,908	68,047
TOTAL NON-CURRENT ASSETS	679	1,139	277,817	1,760,257	2,039,892
TOTAL ASSETS	853,972	1,048,468	325,695	2,191,497	4,419,632
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	-	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
LIABILITIES					
Current Liabilities:					
Cash overdraft	-	-	27,531	-	27,531
Accounts payable	26,843	-	231	6,097	33,171
Accrued wages payable	5,035	-	-	3,898	8,933
Customer deposits payable	-	-	-	14,028	14,028
Current portion of long-term debt	-	100,000	-	-	100,000
Accrued interest payable	-	7,360	-	-	7,360
TOTAL CURRENT LIABILITIES	31,878	107,360	27,762	24,023	191,023
Non-current Liabilities:					
Compensated absences	679	-	-	-	679
Bonds payable	-	935,000	-	-	935,000
Unamortized bond premium	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	679	935,000	-	-	935,679
TOTAL LIABILITIES	32,557	1,042,360	27,762	24,023	1,126,702
DEFERRED INFLOWS OF RESOURCES					
	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	-	277,817	1,720,257	1,998,074
Restricted for:					
Capital outlay	-	1,033,861	-	-	1,033,861
Unrestricted	821,415	(1,027,753)	20,116	447,217	260,995
TOTAL NET POSITION	\$ 821,415	\$ 6,108	\$ 297,933	\$ 2,167,474	\$ 3,292,930

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, 2018

	Tourist Park Fund	Lighthouse Park Fund	Fuel System Fund	Marinas Fund	Total
OPERATING REVENUES:					
Charges for services	\$ 18,117	\$ 8,616	\$ -	\$ 5,792	\$ 32,525
Sales	22,957	-	314,955	114,078	451,990
Use and admission fees	334,115	-	-	38,496	372,611
Rentals	-	-	-	243,861	243,861
Fines and forfeiture	-	-	-	2,355	2,355
Reimbursements	810	-	-	599	1,409
Other revenues	70	-	29,411	2,633	32,114
TOTAL OPERATING REVENUES	376,069	8,616	344,366	407,814	1,136,865
OPERATING EXPENSES:					
Community Services:					
Personnel services	84,337	1,333	465	86,842	172,977
Supplies and contractual	154,761	1,610	323,785	226,478	706,634
Amortization	-	-	-	-	-
Capital outlay	1,961	-	-	-	1,961
Provision for depreciation	-	-	15,434	168,442	183,876
Other supplies and charges	-	-	-	-	-
TOTAL OPERATING EXPENSES	241,059	2,943	339,684	481,762	1,065,448
OPERATING INCOME (LOSS)	135,010	5,673	4,682	(73,948)	71,417
NON-OPERATING REVENUES (EXPENSES):					
Investment income	366	435	-	(1,113)	(312)
Interest expense	-	(7,360)	-	-	(7,360)
Gain (Loss) on sale of capital asset	-	-	-	(171,199)	(171,199)
Gain on transfer of capital-related debt	-	-	-	171,199	171,199
Bond issuance expense	-	(11,360)	-	-	(11,360)
TOTAL NON-OPERATING REVENUES (EXPENSES)	366	(18,285)	-	(1,113)	(19,032)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	135,376	(12,612)	4,682	(75,061)	52,385
State grant - capital grant	-	-	-	77,688	77,688
Contributed capital	-	-	293,251	-	293,251
Transfers in	-	18,720	-	-	18,720
CHANGE IN NET POSITION	135,376	6,108	297,933	2,627	442,044
Net position, beginning of year	686,039	-	-	2,164,847	2,850,886
NET POSITION, END OF YEAR	\$ 821,415	\$ 6,108	\$ 297,933	\$ 2,167,474	\$ 3,292,930

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2018

	Tourist Park Fund	Lighthouse Park Fund	Fuel System Fund	Marinas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from fees and charges for services	\$ 18,047	\$ 7,128	\$ -	\$ 5,117	\$ 30,292
Other operating revenues	357,952	-	331,494	413,651	1,103,097
Cash payments to employees for services	(85,702)	(1,333)	(465)	(87,755)	(175,255)
Cash payments to suppliers for goods and services	(143,539)	(1,610)	(358,560)	(241,143)	(744,852)
NET CASH PROVIDED BY OPERATING ACTIVITIES	146,758	4,185	(27,531)	89,870	213,282
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Increase (decrease) in cash overdraft	-	-	27,531	-	27,531
Transfers in	-	18,720	-	-	18,720
State and Federal grants	-	-	-	-	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-	18,720	27,531	-	46,251
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal payments on bonds	-	-	-	-	-
Interest paid on bonds	-	-	-	-	-
Proceeds from issuance of bonds	-	1,035,000	-	-	1,035,000
Premium on issuance of bonds	-	-	-	-	-
Cash payments for bond issuance expenses	-	(11,360)	-	-	(11,360)
Cash payments for capital assets	-	(1,139)	-	-	(1,139)
State and Federal grants	-	-	-	77,689	77,689
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	1,022,501	-	77,689	1,100,190
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	366	435	-	(1,113)	(312)
(Increase) decrease in restricted assets:					
Replacement maintenance reserve	-	-	-	-	-
Compensated absences reserve	1,280	-	-	-	1,280
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,646	435	-	(1,113)	968
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	148,404	1,045,841	-	166,446	1,360,691
Cash and cash equivalents, beginning of year	704,090	-	-	245,257	949,347
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 852,494	\$ 1,045,841	\$ -	\$ 411,703	\$ 2,310,038
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital distribution	\$ -	\$ -	\$ -	\$ (171,199)	\$ (171,199)
Transfer of bond principal	-	-	-	161,000	161,000
Transfer of bond premium	-	-	-	10,199	10,199
Capital contribution	-	-	293,251	-	293,251
TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ -	\$ 293,251	\$ -	\$ 293,251
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income	\$ 135,010	\$ 5,673	\$ 4,682	\$ (73,948)	\$ 71,417
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	-	-	15,434	168,442	183,876
Amortization	-	-	-	-	-
Change in assets and liabilities:					
(Increase) decrease in due from State	-	-	-	11,629	11,629
(Increase) decrease in accounts receivable	(70)	(1,488)	(9,910)	(1,086)	(12,554)
(Increase) decrease in due from local units	-	-	(2,962)	-	(2,962)
(Increase) decrease in inventory	-	-	(35,006)	4,972	(30,034)
(Increase) decrease in prepaid expenses	(79)	-	-	(76)	(155)
Increase (decrease) in accounts payable	13,262	-	231	(19,561)	(6,068)
Increase (decrease) in accrued wages payable	(85)	-	-	(913)	(998)
Increase (decrease) in customer deposits payable	-	-	-	411	411
Increase (decrease) in compensated absences	(1,280)	-	-	-	(1,280)
NET ADJUSTMENTS	11,748	(1,488)	(32,213)	163,818	141,865
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 146,758	\$ 4,185	\$ (27,531)	\$ 89,870	\$ 213,282

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUND - TOURIST PARK FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 852,494	\$ 704,090
Accounts receivable	70	-
Prepaid expense	<u>729</u>	<u>650</u>
TOTAL CURRENT ASSETS	<u>853,293</u>	<u>704,740</u>
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	<u>679</u>	<u>1,959</u>
Total Restricted Assets	<u>679</u>	<u>1,959</u>
TOTAL NON-CURRENT ASSETS	<u>679</u>	<u>1,959</u>
TOTAL ASSETS	<u>853,972</u>	<u>706,699</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	26,843	13,581
Accrued wages payable	<u>5,035</u>	<u>5,120</u>
TOTAL CURRENT LIABILITIES	<u>31,878</u>	<u>18,701</u>
Non-current Liabilities:		
Compensated absences	<u>679</u>	<u>1,959</u>
TOTAL NON-CURRENT LIABILITIES	<u>679</u>	<u>1,959</u>
TOTAL LIABILITIES	<u>32,557</u>	<u>20,660</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Unrestricted	<u>821,415</u>	<u>686,039</u>
TOTAL NET POSITION	<u><u>\$ 821,415</u></u>	<u><u>\$ 686,039</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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 20,300	\$ 18,117	\$ (2,183)	\$ 18,184
Sales	35,000	22,957	(12,043)	25,071
Use and admission fees	280,000	334,115	54,115	347,015
Reimbursements	2,760	810	(1,950)	207
Other revenues	45,000	70	(44,930)	9,000
TOTAL OPERATING REVENUES	383,060	376,069	(6,991)	399,477
OPERATING EXPENSES:				
Community Services:				
Personnel services	102,485	84,337	18,148	106,139
Supplies and contractual	139,525	154,761	(15,236)	125,840
Other supplies and charges	81,150	-	81,150	-
Capital outlay	60,000	1,961	58,039	7,233
TOTAL OPERATING EXPENSES	383,160	241,059	142,101	239,212
OPERATING INCOME (LOSS)	(100)	135,010	135,110	160,265
NON-OPERATING REVENUES:				
Investment income	100	366	266	250
TOTAL NON-OPERATING REVENUES	100	366	266	250
CHANGE IN NET POSITION	-	135,376	135,376	160,515
Net position, beginning of year	686,039	686,039	-	525,524
NET POSITION, END OF YEAR	\$ 686,039	\$ 821,415	\$ 135,376	\$ 686,039

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUND - LIGHTHOUSE PARK FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,045,841	\$ -
Accounts receivable	1,488	-
TOTAL CURRENT ASSETS	1,047,329	-
Non-current Assets:		
Other capital assets, net of depreciation	-	-
Construction in progress	1,139	-
TOTAL NON-CURRENT ASSETS	1,139	-
TOTAL ASSETS	1,048,468	-
DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
Current Liabilities:		
Current portion of long-term debt	100,000	-
Accrued interest payable	7,360	-
TOTAL CURRENT LIABILITIES	107,360	-
Non-current Liabilities:		
Bonds payable	935,000	-
TOTAL NON-CURRENT LIABILITIES	935,000	-
TOTAL LIABILITIES	1,042,360	-
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	-	-
Restricted for:		
Capital outlay	1,033,861	-
Unrestricted	(1,027,753)	-
TOTAL NET POSITION	\$ 6,108	\$ -

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR ENTERPRISE FUND - LIGHTHOUSE PARK FUND

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

For the Fiscal Year Ended September 30, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 15,380	\$ 8,616	\$ (6,764)	\$ -
TOTAL OPERATING REVENUES	15,380	8,616	(6,764)	-
OPERATING EXPENSES:				
Community Services:				
Personnel services	1,320	1,333	(13)	-
Supplies and contractual	1,560	1,610	(50)	-
Capital outlay	1,140	-	1,140	-
Provision for depreciation	-	-	-	-
TOTAL OPERATING EXPENSES	4,020	2,943	1,077	-
OPERATING INCOME (LOSS)	11,360	5,673	(5,687)	-
NON-OPERATING REVENUES:				
Investment income	-	435	435	-
Interest expense	-	(7,360)	(7,360)	-
Bond issuance expense	(11,360)	(11,360)	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(11,360)	(18,285)	(6,925)	-
INCOME (LOSS) BEFORE TRANSFERS	-	(12,612)	(12,612)	-
Transfers in	-	18,720	18,720	-
CHANGE IN NET POSITION	-	6,108	6,108	-
Net position, beginning of year	-	-	-	-
NET POSITION, END OF YEAR	\$ -	\$ 6,108	\$ 6,108	\$ -

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUND - FUEL SYSTEM FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable	9,910	-
Due from local units	2,962	-
Inventory	35,006	-
Prepaid expense	-	-
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	47,878	-
	<hr/>	<hr/>
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	-	-
Total Restricted Assets	-	-
	<hr/>	<hr/>
Other capital assets, net of depreciation	277,817	-
TOTAL NON-CURRENT ASSETS	277,817	-
	<hr/>	<hr/>
TOTAL ASSETS	325,695	-
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	-	-
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities:		
Cash overdraft	27,531	-
Accounts payable	231	-
Accrued wages payable	-	-
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	27,762	-
	<hr/>	<hr/>
Non-current Liabilities:		
Compensated absences	-	-
	<hr/>	<hr/>
TOTAL NON-CURRENT LIABILITIES	-	-
	<hr/>	<hr/>
TOTAL LIABILITIES	27,762	-
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES	-	-
	<hr/>	<hr/>
NET POSITION		
Net investment in capital assets	277,817	-
Unrestricted	20,116	-
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 20,116	\$ -
	<hr/>	<hr/>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR ENTERPRISE FUND - FUEL SYSTEM FUND

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

For the Fiscal Year Ended September 30, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Sales	615,000	314,955	(300,045)	-
Use and admission fees	-	-	-	-
Reimbursements	-	-	-	-
Other revenues	43,935	29,411	(14,524)	-
TOTAL OPERATING REVENUES	658,935	344,366	(314,569)	-
OPERATING EXPENSES:				
Community Services:				
Personnel services	1,420	465	955	-
Supplies and contractual	624,850	323,785	301,065	-
Other supplies and charges	32,915	-	32,915	-
Capital outlay	-	-	-	-
Provision for depreciation	-	15,434	(15,434)	-
TOTAL OPERATING EXPENSES	659,185	339,684	319,501	-
OPERATING INCOME (LOSS)	(250)	4,682	4,932	-
NON-OPERATING REVENUES:				
Contributed capital	-	293,251	293,251	-
Investment income	250	-	(250)	-
TOTAL NON-OPERATING REVENUES	250	293,251	293,001	-
CHANGE IN NET POSITION	-	297,933	297,933	-
Net position, beginning of year	-	-	-	-
NET POSITION, END OF YEAR	\$ -	\$ 297,933	\$ 297,933	\$ -

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUND - MARINAS FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 411,703	\$ 245,257
Due from State	-	11,629
Accounts receivable	1,086	-
Inventory	13,483	18,455
Prepaid expense	4,968	4,892
TOTAL CURRENT ASSETS	<u>431,240</u>	<u>280,233</u>
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	-	-
Bond and Interest Redemption Fund	-	-
Replacement Maintenance Fund	40,000	40,000
Total Restricted Assets	<u>40,000</u>	<u>40,000</u>
Other capital assets, net of depreciation	1,653,349	1,992,991
Construction in progress	66,908	66,908
TOTAL NON-CURRENT ASSETS	<u>1,760,257</u>	<u>2,099,899</u>
TOTAL ASSETS	<u>2,191,497</u>	<u>2,380,132</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	6,097	25,658
Accrued wages payable	3,898	4,811
Customer deposits payable	14,028	13,617
Current portion of long-term debt	-	10,250
Accrued interest payable	-	-
TOTAL CURRENT LIABILITIES	<u>24,023</u>	<u>54,336</u>
Non-current Liabilities:		
Bonds payable	-	150,750
Unamortized bond premium	-	10,199
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>160,949</u>
TOTAL LIABILITIES	<u>24,023</u>	<u>215,285</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	1,720,257	1,888,700
Restricted for:		
Capital outlay	-	-
Unrestricted	447,217	276,147
TOTAL NET POSITION	<u>\$ 2,167,474</u>	<u>\$ 2,164,847</u>

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, 2018

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

	2018		2017	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 3,620	\$ 5,792	\$ 2,172	\$ 5,430
Sales	88,000	114,078	26,078	84,360
Use and admission fees	30,700	38,496	7,796	43,150
Rentals	245,190	243,861	(1,329)	225,573
Fines and forfeiture	500	2,355	1,855	3,155
Reimbursements	-	599	599	910
Other revenues	-	2,633	2,633	6,396
TOTAL OPERATING REVENUES	368,010	407,814	39,804	368,974
OPERATING EXPENSES:				
Community Services:				
Personnel services	99,865	86,842	13,023	89,539
Supplies and contractual	205,450	226,478	(21,028)	202,395
Amortization	-	-	-	(784)
Capital outlay	-	-	-	-
Provision for depreciation	-	168,442	(168,442)	177,042
Other supplies and charges	62,695	-	62,695	-
TOTAL OPERATING EXPENSES	368,010	481,762	(113,752)	468,192
OPERATING INCOME (LOSS)	-	(73,948)	(73,948)	(99,218)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	-	(1,113)	(1,113)	(1,091)
Interest expense	-	-	-	(2,840)
(Loss) on transfer of capital asset	-	(171,199)	(171,199)	-
Gain on transfer of capital-related debt	-	171,199	171,199	-
Bond issuance expense	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	(1,113)	(1,113)	(3,931)
INCOME (LOSS) BEFORE TRANSFERS	-	(75,061)	(75,061)	(103,149)
Federal grant - capital grant	-	-	-	-
State grant - capital grant	-	77,688	77,688	11,629
Transfers in	-	-	-	-
CHANGE IN NET POSITION	-	2,627	2,627	(91,520)
Net position, beginning of year	2,164,847	2,164,847	-	2,256,367
NET POSITION, END OF YEAR	\$ 2,164,847	\$ 2,167,474	\$ 2,627	\$ 2,164,847

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.

ENERGY ENHANCEMENTS FUND: To accumulate the activity associated with the City's Energy Enhancement project. In FY'18, the City initiated an approximately \$28 million project that encompasses all City operations. The goal is that all costs will be recovered via savings in energy and other costs over the next 20 years.

CITY OF MARQUETTE, MICHIGAN

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

September 30, 2018

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Energy Enhancements Fund	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 590,437	\$ -	\$ 86,840	\$ 3,305,316	\$ 3,982,593
Accounts receivable	2,563	221	6,633	-	9,417
Due from local units	-	-	2,286	-	2,286
Due from other authorities	-	854,070	-	-	854,070
Inventory	-	-	-	-	-
Prepaid expenses	13,854	17,954	67,267	-	99,075
TOTAL CURRENT ASSETS	606,854	872,245	163,026	3,305,316	4,947,441
Non-current Assets:					
Restricted Assets:					
Equipment reserve	-	-	518,731	-	518,731
Fuel system reserve	-	-	-	-	-
OPEB reserve	19,364	9,681	122,406	-	151,451
Compensated absences reserve	10,026	-	95,062	-	105,088
Total Restricted Assets	29,390	9,681	736,199	-	775,270
Construction in progress	-	-	-	23,020,850	23,020,850
Land and other non-depreciable assets	-	2,519,888	-	-	2,519,888
Other capital assets, net of depreciation	-	16,761,235	2,230,865	-	18,992,100
TOTAL NON-CURRENT ASSETS	29,390	19,290,804	2,967,064	23,020,850	45,308,108
TOTAL ASSETS	636,244	20,163,049	3,130,090	26,326,166	50,255,549
DEFERRED OUTFLOWS OF RESOURCES					
Change in pension investment projections	8,323	-	-	-	8,323
Change in pension assumptions	19,691	-	58,551	-	78,242
Change in pension experience	-	-	-	-	-
Employer contributions subsequent to measurement date	-	-	-	-	-
Change in OPEB investment projections	11	5	68	-	84
TOTAL DEFERRED OUTFLOWS OF RESOURCES	28,025	5	58,619	-	86,649
LIABILITIES					
Current Liabilities:					
Cash overdraft	-	687,854	-	-	687,854
Accounts payable	16,157	27,286	81,214	-	124,657
Accrued wages payable	6,579	213	19,333	-	26,125
Lease payable	-	-	-	804,830	804,830
TOTAL CURRENT LIABILITIES	22,736	715,353	100,547	804,830	1,643,466
Non-current Liabilities:					
Compensated absences	10,026	-	95,062	-	105,088
Other post-employment benefits (OPEB)	19,364	9,681	122,406	-	151,451
Net pension liability	325,171	106,863	1,341,737	-	1,773,771
Lease payable	-	-	-	25,521,336	25,521,336
TOTAL NON-CURRENT LIABILITIES	354,561	116,544	1,559,205	25,521,336	27,551,646
TOTAL LIABILITIES	377,297	831,897	1,659,752	26,326,166	29,195,112
DEFERRED INFLOWS OF RESOURCES					
Change in pension investment projections	-	14,295	22,381	-	36,676
Change in pension assumptions	-	1,320	-	-	1,320
Change in pension experience	8,466	5,835	46,975	-	61,276
Change in OPEB experience	82	41	521	-	644
Change in OPEB assumptions	2,564	1,282	16,208	-	20,054
TOTAL DEFERRED INFLOWS OF RESOURCES	11,112	22,773	86,085	-	119,970
NET POSITION:					
Net investment in capital assets	-	19,281,123	2,230,865	-	21,511,988
Restricted:					
Fuel system reserve	-	-	-	-	-
Capital outlay	-	-	-	3,305,316	3,305,316
Unrestricted	275,860	27,261	(787,993)	(3,305,316)	(3,790,188)
TOTAL NET POSITION	\$ 275,860	\$ 19,308,384	\$ 1,442,872	\$ -	\$ 21,027,116

CITY OF MARQUETTE, MICHIGAN

INTERNAL SERVICE FUNDS

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

For the Fiscal Year Ended September 30, 2018

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Energy Enhancements Fund	Total
OPERATING REVENUES:					
Charges for services	\$ 5,905	\$ -	\$ -	\$ -	\$ 5,905
Sales	-	-	-	-	-
Rentals	860,075	699,120	3,014,752	-	4,573,947
Reimbursements	1,011	240,148	61,451	-	302,610
Other	29	221	6,457	-	6,707
TOTAL OPERATING REVENUES	867,020	939,489	3,082,660	-	4,889,169
OPERATING EXPENSES:					
Administrative and General:					
Personnel services	278,655	96,937	912,708	-	1,288,300
Supplies and contractual	455,212	459,166	1,615,269	-	2,529,647
Provision for depreciation	-	931,180	309,462	-	1,240,642
Other services and charges	-	-	-	-	-
Total Administrative and General	733,867	1,487,283	2,837,439	-	5,058,589
Capital outlay	-	-	-	-	-
TOTAL OPERATING EXPENSES	733,867	1,487,283	2,837,439	-	5,058,589
OPERATING INCOME (LOSS)	133,153	(547,794)	245,221	-	(169,420)
NON-OPERATING REVENUES:					
Investment income	260	3	2,632	-	2,895
Gain (loss) on sale of capital asset	-	(292,741)	23,109	-	(269,632)
TOTAL NON-OPERATING REVENUES	260	(292,738)	25,741	-	(266,737)
INCOME BEFORE TRANSFERS	133,413	(840,532)	270,962	-	(436,157)
Capital contributions	-	-	-	-	-
Transfers in (out)	-	-	-	-	-
CHANGE IN NET POSITION	133,413	(840,532)	270,962	-	(436,157)
Net position, beginning of year	120,114	20,153,809	1,242,557	-	21,516,480
Adjustment for OPEB Liability	22,333	(4,893)	(70,647)	-	(53,207)
Net position, beginning of year, as restated	142,447	20,148,916	1,171,910	-	21,463,273
NET POSITION, END OF YEAR	\$ 275,860	\$ 19,308,384	\$ 1,442,872	\$ -	\$ 21,027,116

CITY OF MARQUETTE, MICHIGAN

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2018

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Energy Enhancements Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from fees and charges for services	\$ 4,015	\$ -	\$ -	\$ -	\$ 4,015
Other operating revenues	861,115	1,181,155	3,086,932	-	5,129,202
Cash payments to employees for services	(276,709)	(95,744)	(866,909)	-	(1,239,362)
Cash payments to suppliers for goods and services	(459,410)	(448,473)	(1,563,546)	-	(2,471,429)
NET CASH PROVIDED BY OPERATING ACTIVITIES	129,011	636,938	656,477	-	1,422,426
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Increase (decrease) in cash overdraft	-	(148,465)	-	-	(148,465)
Transfers in (out)	-	-	-	-	-
(Increase) in due from other funds	-	-	-	-	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-	(148,465)	-	-	(148,465)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from capital lease agreements	-	-	-	26,326,166	26,326,166
Cash payments for capital assets	-	(486,203)	(1,141,195)	(23,020,850)	(24,648,248)
Proceeds from sale of capital assets	-	510	45,431	-	45,941
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(485,693)	(1,095,764)	3,305,316	1,723,859
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	260	3	2,632	-	2,895
(Increase) decrease in restricted assets:					
Equipment reserve	-	-	497,458	-	497,458
OPEB reserve	26,552	(2,783)	(43,977)	-	(20,208)
Compensated absences reserve	2,300	-	(14,288)	-	(11,988)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	29,112	(2,780)	441,825	-	468,157
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	158,123	-	2,538	3,305,316	3,465,977
Cash and cash equivalents, beginning of year	432,314	-	84,302	-	516,616
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 590,437	\$ -	\$ 86,840	\$ 3,305,316	\$ 3,982,593
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Capital distribution	-	(293,251)	-	-	(293,251)
TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ (293,251)	\$ -	\$ -	\$ (293,251)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income	\$ 133,153	\$ (547,794)	\$ 245,221	\$ -	\$ (169,420)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	-	931,180	309,462	-	1,240,642
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(1,890)	949	4,272	-	3,331
(Increase) decrease in due from local units	-	240,717	-	-	240,717
(Increase) decrease in inventory	-	30,296	-	-	30,296
(Increase) decrease in prepaid expenses	(1,406)	(869)	(2,513)	-	(4,788)
Increase (decrease) in accounts payable	(2,792)	(18,734)	54,236	-	32,710
Increase (decrease) in accrued wages payable	(1,040)	(4,338)	(1,760)	-	(7,138)
Increase (decrease) in compensated absences	(2,300)	-	14,288	-	11,988
Increase (decrease) in net pension liability and other post-employment benefits (OPEB)	5,286	5,531	33,271	-	44,088
NET ADJUSTMENTS	(4,142)	1,184,732	411,256	-	1,591,846
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 129,011	\$ 636,938	\$ 656,477	\$ -	\$ 1,422,426

CITY OF MARQUETTE, MICHIGAN
TECHNOLOGY SERVICES FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 590,437	\$ 432,314
Accounts receivable	2,563	673
Prepaid expenses	13,854	12,448
TOTAL CURRENT ASSETS	<u>606,854</u>	<u>445,435</u>
Non-current Assets:		
Restricted Assets:		
OPEB reserve	19,364	45,916
Compensated absences reserve	10,026	12,326
Total Restricted Assets	<u>29,390</u>	<u>58,242</u>
Other capital assets, net of depreciation	<u>-</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS	<u>29,390</u>	<u>58,242</u>
TOTAL ASSETS	<u>636,244</u>	<u>503,677</u>
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	8,323	24,983
Change in pension assumptions	19,691	27,316
Change in pension experience	-	597
Employer contributions subsequent to measurement date	-	-
Change in OPEB investment projections	<u>11</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>28,025</u>	<u>52,896</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	16,157	18,949
Accrued wages payable	<u>6,579</u>	<u>7,619</u>
TOTAL CURRENT LIABILITIES	<u>22,736</u>	<u>26,568</u>
Non-current Liabilities:		
Compensated absences	10,026	12,326
Other post-employment benefits (OPEB)	19,364	45,916
Net pension liability	<u>325,171</u>	<u>351,649</u>
TOTAL NON-CURRENT LIABILITIES	<u>354,561</u>	<u>409,891</u>
TOTAL LIABILITIES	<u>377,297</u>	<u>436,459</u>
DEFERRED INFLOWS OF RESOURCES		
Change in pension experience	8,466	-
Change in OPEB experience	82	-
Change in OPEB assumptions	<u>2,564</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,112</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	-	-
Unrestricted	<u>275,860</u>	<u>120,114</u>
TOTAL NET POSITION	<u>\$ 275,860</u>	<u>\$ 120,114</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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 5,810	\$ 5,905	\$ 95	\$ 3,388
Rentals	860,105	860,075	(30)	806,232
Reimbursements	1,020	1,011	(9)	892
Other	290	29	(261)	100
TOTAL OPERATING REVENUES	867,225	867,020	(205)	810,612
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	300,960	278,655	22,305	288,280
Supplies and contractual	546,465	455,212	91,253	402,800
Provision for depreciation	60,000	-	60,000	-
Total Administrative and General	907,425	733,867	173,558	691,080
Capital outlay	-	-	-	-
TOTAL OPERATING EXPENSES	907,425	733,867	173,558	691,080
OPERATING INCOME (LOSS)	(40,200)	133,153	173,353	119,532
NON-OPERATING REVENUES:				
Investment income	200	260	60	182
TOTAL NON-OPERATING REVENUES	200	260	60	182
INCOME BEFORE TRANSFERS	(40,000)	133,413	173,413	119,714
Transfers in	40,000	-	(40,000)	-
CHANGE IN NET POSITION	-	133,413	133,413	119,714
Net position, beginning of year	120,114	120,114	-	400
Adjustment for OPEB Liability	22,333	22,333	-	-
Net position, beginning of year, as restated	142,447	142,447	-	400
NET POSITION, END OF YEAR	\$ 142,447	\$ 275,860	\$ 133,413	\$ 120,114

CITY OF MARQUETTE, MICHIGAN
MUNICIPAL SERVICE CENTER FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable	221	1,170
Due from other authorities	854,070	1,094,787
Inventory	-	30,296
Prepaid expenses	17,954	17,085
TOTAL CURRENT ASSETS	872,245	1,143,338
Non-current Assets:		
Restricted Assets:		
OPEB reserve	9,681	6,898
Compensated absences reserve	-	-
Total Restricted Assets	9,681	6,898
Land and other non-depreciable assets	2,519,888	2,326,936
Other capital assets, net of depreciation	16,761,235	17,692,415
TOTAL NON-CURRENT ASSETS	19,290,804	20,026,249
TOTAL ASSETS	20,163,049	21,169,587
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	-	1,036
Change in pension assumptions	-	5,697
Change in pension experience	-	2,505
Employer contributions subsequent to measurement date	-	-
Change in OPEB investment projections	5	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5	9,238
LIABILITIES		
Current Liabilities:		
Cash overdraft	687,854	836,319
Accounts payable	27,286	46,020
Accrued wages payable	213	4,551
TOTAL CURRENT LIABILITIES	715,353	886,890
Non-current Liabilities:		
Compensated absences	-	-
Other post-employment benefits (OPEB)	9,681	6,898
Net pension liability	106,863	131,228
TOTAL NON-CURRENT LIABILITIES	116,544	138,126
TOTAL LIABILITIES	831,897	1,025,016
DEFERRED INFLOWS OF RESOURCES		
Change in pension investment projections	14,295	-
Change in pension assumptions	1,320	-
Change in pension experience	5,835	-
Change in OPEB experience	41	-
Change in OPEB assumptions	1,282	-
TOTAL DEFERRED INFLOWS OF RESOURCES	22,773	-
NET POSITION		
Net investment in capital assets	19,281,123	20,019,351
Unrestricted	27,261	134,458
TOTAL NET POSITION	\$ 19,308,384	\$ 20,153,809

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, 2018

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

	2018		2017	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ 9,080
Rentals	681,725	699,120	17,395	418,860
Reimbursements	1,400,000	240,148	(1,159,852)	11,991,457
Other	-	221	221	-
TOTAL OPERATING REVENUES	2,081,725	939,489	(1,142,236)	12,419,397
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	116,955	96,937	20,018	114,884
Supplies and contractual	364,770	459,166	(94,396)	351,636
Provision for depreciation	1,400,000	931,180	468,820	-
Other services and charges	-	-	-	-
Total Administrative and General	1,881,725	1,487,283	394,442	466,520
Capital outlay	-	-	-	-
TOTAL OPERATING EXPENSES	1,881,725	1,487,283	394,442	466,520
OPERATING INCOME (LOSS)	200,000	(547,794)	(747,794)	11,952,877
NON-OPERATING REVENUES (EXPENSES):				
Investment income	-	3	3	3,264
Gain (loss) on sale of capital asset	(200,000)	(292,741)	(92,741)	-
TOTAL NON-OPERATING REVENUES	(200,000)	(292,738)	(92,738)	3,264
INCOME BEFORE TRANSFERS	-	(840,532)	(840,532)	11,956,141
Capital contributions	-	-	-	7,491,723
Transfers in	-	-	-	355,051
CHANGE IN NET POSITION	-	(840,532)	(840,532)	19,802,915
Net position, beginning of year	20,153,809	20,153,809	-	350,894
Adjustment for OPEB Liability	(4,893)	(4,893)	-	-
Net position, beginning of year, as restated	20,148,916	20,148,916	-	350,894
NET POSITION, END OF YEAR	\$ 20,148,916	\$ 19,308,384	\$ (840,532)	\$ 20,153,809

CITY OF MARQUETTE, MICHIGAN
MOTOR VEHICLE EQUIPMENT FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 86,840	\$ 84,302
Accounts receivable	6,633	10,905
Due from local units	2,286	2,286
Inventory	-	-
Prepaid expenses	67,267	64,754
TOTAL CURRENT ASSETS	163,026	162,247
Non-current Assets:		
Restricted Assets:		
Equipment reserve	518,731	1,016,189
Fuel system reserve	-	-
OPEB reserve	122,406	78,429
Compensated absences reserve	95,062	80,774
Total Restricted Assets	736,199	1,175,392
Land and other non-depreciable assets	-	-
Other capital assets, net of depreciation	2,230,865	1,421,454
TOTAL NON-CURRENT ASSETS	2,967,064	2,596,846
TOTAL ASSETS	3,130,090	2,759,093
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	-	82,567
Change in pension assumptions	58,551	106,588
Change in pension experience	-	10,116
Employer contributions subsequent to measurement date	-	-
Change in OPEB investment projections	68	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	58,619	199,271
LIABILITIES		
Current Liabilities:		
Cash overdraft	-	-
Accounts payable	81,214	26,978
Accrued wages payable	19,333	21,093
TOTAL CURRENT LIABILITIES	100,547	48,071
Non-current Liabilities:		
Compensated absences	95,062	80,774
Other post-employment benefits (OPEB)	122,406	78,429
Net pension liability	1,341,737	1,508,533
TOTAL NON-CURRENT LIABILITIES	1,559,205	1,667,736
TOTAL LIABILITIES	1,659,752	1,715,807
DEFERRED INFLOWS OF RESOURCES		
Change in pension investment projections	22,381	-
Change in pension experience	46,975	-
Change in OPEB experience	521	-
Change in OPEB assumptions	16,208	-
TOTAL DEFERRED INFLOWS OF RESOURCES	86,085	-
NET POSITION		
Net investment in capital assets	2,230,865	1,421,454
Restricted:		
Capital outlay	-	-
Unrestricted	(787,993)	(178,897)
TOTAL NET POSITION	\$ 1,442,872	\$ 1,242,557

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, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Sales	\$ -	\$ -	\$ -	\$ 84,488
Rentals	3,043,000	3,014,752	(28,248)	2,707,876
Reimbursements	5,000	61,451	56,451	12,042
Other	5,000	6,457	1,457	15,510
TOTAL OPERATING REVENUES	3,053,000	3,082,660	29,660	2,819,916
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	788,175	912,708	(124,533)	945,692
Supplies and contractual	1,747,630	1,615,269	132,361	1,583,789
Provision for depreciation	538,195	309,462	228,733	318,069
Total Administrative and General	<u>3,074,000</u>	<u>2,837,439</u>	<u>236,561</u>	<u>2,847,550</u>
Capital outlay	-	-	-	-
TOTAL OPERATING EXPENSES	3,074,000	2,837,439	236,561	2,847,550
OPERATING INCOME (LOSS)	(21,000)	245,221	266,221	(27,634)
NON-OPERATING REVENUES:				
Investment income	1,000	2,632	1,632	2,687
Gain (loss) on sale of capital asset	20,000	23,109	3,109	30,569
TOTAL NON-OPERATING REVENUES	21,000	25,741	4,741	33,256
INCOME BEFORE TRANSFERS	-	270,962	270,962	5,622
Transfers (out)	-	-	-	-
CHANGE IN NET POSITION	-	270,962	270,962	5,622
Net position, beginning of year	1,242,557	1,242,557	-	1,236,935
Adjustment for OPEB Liability	(70,647)	(70,647)	-	-
Net position, beginning of year, as restated	<u>1,171,910</u>	<u>1,171,910</u>	<u>-</u>	<u>1,236,935</u>
NET POSITION, END OF YEAR	\$ 1,171,910	\$ 1,442,872	\$ 270,962	\$ 1,242,557

CITY OF MARQUETTE, MICHIGAN
ENERGY ENHANCEMENTS FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,305,316	\$ -
Accounts receivable	-	-
Prepaid expenses	-	-
TOTAL CURRENT ASSETS	<u>3,305,316</u>	<u>-</u>
Non-current Assets:		
Construction in progress	23,020,850	-
Other capital assets, net of depreciation	-	-
TOTAL NON-CURRENT ASSETS	<u>23,020,850</u>	<u>-</u>
TOTAL ASSETS	<u>26,326,166</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	-	-
Accrued wages payable	-	-
Lease payable	804,830	-
TOTAL CURRENT LIABILITIES	<u>804,830</u>	<u>-</u>
Non-current Liabilities:		
Lease payable	25,521,336	-
TOTAL NON-CURRENT LIABILITIES	<u>25,521,336</u>	<u>-</u>
TOTAL LIABILITIES	<u>26,326,166</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	-	-
Restricted for:		
Capital outlay	3,305,316	-
Unrestricted	<u>(3,305,316)</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN

ENERGY ENHANCEMENTS FUND

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

For the Fiscal Year Ended September 30, 2018

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

	2018			2017
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Reimbursements	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-
OPERATING EXPENSES:				
Administrative and General:				
Provision for depreciation	-	-	-	-
Other services and charges	-	-	-	-
Total Administrative and General	-	-	-	-
Capital outlay	-	-	-	-
TOTAL OPERATING EXPENSES	-	-	-	-
OPERATING INCOME (LOSS)	-	-	-	-
NON-OPERATING REVENUES:				
Investment income	-	-	-	-
TOTAL NON-OPERATING REVENUES	-	-	-	-
INCOME BEFORE TRANSFERS	-	-	-	-
Transfers in	-	-	-	-
CHANGE IN NET POSITION	-	-	-	-
Net position, beginning of year	-	-	-	-
NET POSITION, END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 862,945	\$ 776,995
Investments:		
United States Government Securities	-	-
Domestic Corporation Bonds	3,088,796	3,030,054
Common, Pooled Mutual Fund	29,962,118	28,506,931
Government National Mortgage Association	-	-
Accounts receivable	-	-
Accrued interest receivable	<u>1,358</u>	<u>774</u>
TOTAL ASSETS	<u>33,915,217</u>	<u>32,314,754</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Accounts payable	<u>10,374</u>	<u>10,400</u>
TOTAL LIABILITIES	<u>10,374</u>	<u>10,400</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Held in trust for pension benefits	<u>33,904,843</u>	<u>32,304,354</u>
TOTAL NET POSITION	<u><u>\$ 33,904,843</u></u>	<u><u>\$ 32,304,354</u></u>

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

September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS:		
Cash and cash equivalents	\$ 1,771,263	\$ 3,157,226
Accounts receivable	-	-
Taxes receivable - current	1,429,929	1,433,922
Taxes receivable - delinquent personal	<u>18,388</u>	<u>21,254</u>
TOTAL ASSETS	<u><u>\$ 3,219,580</u></u>	<u><u>\$ 4,612,402</u></u>
LIABILITIES:		
Contract retainage payable	\$ 166,967	\$ 1,454,256
Accrued wages	1,140,579	1,390,399
Due to State	253,998	211,393
Due to other governments	758,603	726,214
Due to local units	649,881	583,507
Other liabilities	<u>249,552</u>	<u>246,633</u>
TOTAL LIABILITIES	<u><u>\$ 3,219,580</u></u>	<u><u>\$ 4,612,402</u></u>

CITY OF MARQUETTE, MICHIGAN

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Fiscal Year Ended September 30, 2018 and 2017

	Balance at September 30, 2017	Additions	Deductions	Balance at September 30, 2018
ASSETS:				
Cash and cash equivalents	\$ 3,157,226	\$ 46,399,953	\$ 47,785,916	\$ 1,771,263
Accounts receivable	-	793,134	793,134	-
Taxes receivable - current	1,433,922	33,956,301	33,960,294	1,429,929
Taxes receivable - delinquent personal	21,254	12,265	15,131	18,388
TOTAL ASSETS	<u>\$ 4,612,402</u>	<u>\$ 81,161,653</u>	<u>\$ 82,554,475</u>	<u>\$ 3,219,580</u>
LIABILITIES:				
Contract retainage payable	\$ 1,454,256	\$ 21,869,653	\$ 23,156,942	\$ 166,967
Accrued wages	1,390,399	9,539,030	9,788,850	1,140,579
Due to State	211,393	4,365,584	4,322,979	253,998
Due to other governments	726,214	17,721,946	17,689,557	758,603
Due to local units	583,507	14,168,184	14,101,810	649,881
Other liabilities	246,633	86,193	83,274	249,552
TOTAL LIABILITIES	<u>\$ 4,612,402</u>	<u>\$ 67,750,590</u>	<u>\$ 69,143,412</u>	<u>\$ 3,219,580</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, 2018

	Land and Improvements	Buildings and Improvements	Furniture and Equipment	Other	Totals
Governmental Capital Assets:					
Land	\$ 13,768,521	\$ -	\$ -	\$ -	\$ 13,768,521
Land improvements	8,005,681	-	-	-	8,005,681
Buildings	-	5,828,333	-	-	5,828,333
Building improvements	-	6,977,588	-	-	6,977,588
Furniture and equipment	-	-	1,646,500	-	1,646,500
Infrastructure	-	-	-	66,187,760	66,187,760
Construction in progress	-	-	-	2,207,741	2,207,741
TOTAL	\$ 21,774,202	\$ 12,805,921	\$ 1,646,500	\$ 68,395,501	\$ 104,622,124
Investments in Governmental Capital Assets From:					
General fund	\$ 14,392,744	\$ 5,306,910	\$ 1,052,388	\$ 32,419,892	\$ 53,171,934
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	3,531,797	1,963,791	164,920	35,427,847	41,088,355
TOTAL	\$ 21,774,202	\$ 12,805,921	\$ 1,646,500	\$ 68,395,501	\$ 104,622,124

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, 2018

Function and Activity	Balance September 30, 2017	Additions	Deductions	Transfers	Balance September 30, 2018
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	-	-	-	320,829
City Hall and Grounds	2,709,254	-	-	-	2,709,254
Other City Property	5,453,403	-	-	-	5,453,403
Total General Government	8,516,650	-	-	-	8,516,650
Public Health and Safety:					
Police Department	303,068	-	-	-	303,068
Fire Department	696,706	37,201	-	-	733,907
Total Public Health and Safety	999,774	37,201	-	-	1,036,975
Highways, Streets and Bridges:					
City Engineer	164,803	-	-	-	164,803
Public Works	10,698,848	-	-	-	10,698,848
Infrastructure	53,947,093	2,341,549	-	9,899,118	66,187,760
Parking System	2,475,516	-	-	-	2,475,516
Total Highways, Streets and Bridges	67,286,260	2,341,549	-	9,899,118	79,526,927
Other:					
Sanitation	14,932	-	-	-	14,932
Recreation	13,076,741	198,994	-	-	13,275,735
Other	43,164	-	-	-	43,164
Total Other	13,134,837	198,994	-	-	13,333,831
TOTAL GOVERNMENTAL CAPITAL ASSETS	89,937,521	2,577,744	-	9,899,118	102,414,383
Construction in progress	8,850,292	3,256,567	-	(9,899,118)	2,207,741
GRAND TOTAL	\$ 98,787,813	\$ 5,834,311	\$ -	\$ -	\$ 104,622,124

CITY OF MARQUETTE, MICHIGAN

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

September 30, 2018

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	733,907	32,296	14,663	154,155	205,899	326,894	-
Total Public Health and Safety	1,036,975	32,296	14,663	154,155	205,899	629,962	-
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	66,187,760	-	-	-	-	-	66,187,760
Parking System	2,475,516	753,874	70,131	1,320,171	235,396	95,944	-
Total Highways, Streets and Bridges	79,526,927	7,273,850	3,460,278	1,862,966	460,926	281,147	66,187,760
Other:							
Sanitation	14,932	14,932	-	-	-	-	-
Recreation	13,275,735	861,005	4,210,753	2,361,461	5,243,395	599,121	-
Other	43,164	-	-	-	17,916	25,248	-
Total Other	13,333,831	875,937	4,210,753	2,361,461	5,261,311	624,369	-
TOTAL GOVERNMENTAL CAPITAL ASSETS ASSOCIATED TO FUNCTIONS	102,414,383	\$ 13,768,521	\$ 8,005,681	\$ 5,828,333	\$ 6,977,588	\$ 1,646,500	\$ 66,187,760
Construction in progress	2,207,741						
GRAND TOTAL	<u>\$ 104,622,124</u>						

CITY OF MARQUETTE, MICHIGAN
LONG-TERM DEBT SCHEDULES

CITY OF MARQUETTE, MICHIGAN

SCHEDULE OF BONDS, AND NOTES PAYABLE -
ENTERPRISE FUNDS

For the Fiscal Year Ended September 30, 2018

WATER SUPPLY FUND														LIGHTHOUSE PARK FUND	
Maturities Year Ending September 30,	State Drinking Water Revolving Fund Loan 2009	State Drinking Water Revolving Fund Loan 2011	State Drinking Water Revolving Fund Loan 2015	2007 High Street Bonds	2009 Capital Improvements Bonds (B)	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	2018 Capital Improvements Bonds	2018 Building Authority Bonds	
2019	\$ 25,000	\$ 25,000	\$ 20,000	\$ 17,197	\$ 212,415	\$ 18,700	\$ 43,945	\$ 53,750	\$ 35,700	\$ 104,645	\$ 120,595	\$ 93,000	\$ 110,000	\$ 100,000	
2020	25,000	25,000	20,000	17,407	-	19,250	44,880	55,000	36,550	104,645	125,150	309,985	105,000	90,000	
2021	25,000	25,000	20,000	17,619	-	19,800	46,750	56,250	37,400	107,095	129,705	322,910	110,000	95,000	
2022	25,000	25,000	25,000	17,935	-	20,350	47,685	57,500	39,100	109,545	134,260	342,975	115,000	95,000	
2023	25,000	25,000	25,000	18,251	-	21,450	49,555	60,000	39,950	111,995	139,665	348,760	120,000	100,000	
2024	25,000	30,000	25,000	18,568	-	22,550	50,490	61,250	40,800	114,445	148,775	363,470	120,000	105,000	
2025	30,000	30,000	25,000	18,885	-	23,100	52,360	63,750	42,500	116,895	153,330	115,000	125,000	105,000	
2026	30,000	30,000	25,000	19,201	-	24,200	54,230	65,000	44,200	120,382	161,205	120,000	130,000	110,000	
2027	30,000	30,000	25,000	19,518	-	25,300	55,165	67,500	45,900	-	165,760	124,000	140,000	115,000	
2028	30,000	30,000	25,875	20,121	-	-	57,035	68,750	48,450	-	174,870	129,000	145,000	120,000	
2029	30,000	30,000	10,000	-	-	-	-	-	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	\$ 315,058	\$ 393,908	\$ 245,875	\$ 184,702	\$ 212,415	\$ 194,700	\$ 502,095	\$ 608,750	\$ 512,550	\$ 889,647	\$ 1,570,615	\$ 2,839,100	\$ 1,220,000	\$ 1,035,000	
Interest Rates	3%	3%	3%	2%	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%	4.00%	2.65 - 3.81%	
Interest Dates	April and October	April and October	April and October	April and October	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	May and November	
Date of original issue	1/11/2010	6/24/2010	9/29/2014	3/29/2007	5/5/2009	9/22/2012	8/7/2012	9/13/2013	9/30/2014	9/17/2015	11/3/2016	8/23/2017	7/31/2018	7/31/2018	
Amount of original issue *	\$ 511,058	\$ 529,507	\$ 330,000	\$ 342,318	\$ 2,989,875	\$ 295,900	\$ 704,055	\$ 867,500	\$ 615,400	\$ 1,095,447	\$ 1,625,015	\$ 2,959,025	\$ 1,220,000	\$ 1,035,000	

SEWAGE DISPOSAL FUND												STORMWATER UTILITY FUND											
State Act 94 Clean Water Assistance Loan Payable	State Revolving Fund Loan 2009	State Revolving Fund Loan 2011	2009 Capital Improvements Bonds (B)	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	2018 Capital Improvements Bonds	2007 High Street Bonds	2009 Capital Improvements Bonds (A)	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 Capital Improvements Bonds	2018 MTF Bonds		
\$ 190,000	\$ 35,000	\$ 35,000	\$ 107,100	\$ 52,700	\$ 76,375	\$ 60,200	\$ 98,700	\$ 34,751	\$ 112,356	\$ 69,750	\$ 135,000	\$ 6,191	\$ 24,395	\$ 30,600	\$ 36,425	\$ 34,400	\$ 7,580	\$ 309,385	\$ 69,750	\$ -	-		
195,000	35,000	35,000	-	54,250	78,000	61,600	101,050	34,751	116,990	179,400	125,000	6,267	-	31,500	37,200	35,200	7,580	321,050	95,305	125,000	-		
200,000	35,000	35,000	-	55,800	81,250	63,000	103,400	35,551	120,824	186,900	130,000	6,343	-	32,400	38,750	36,000	7,730	330,215	99,330	120,000	-		
200,000	35,000	35,000	-	57,350	82,875	64,400	108,100	36,351	125,058	198,000	135,000	6,457	-	33,300	39,525	36,800	7,880	344,380	104,175	120,000	-		
205,000	35,000	35,000	-	60,450	86,125	67,200	110,450	37,151	130,142	201,900	140,000	6,571	-	35,100	41,075	38,400	8,030	359,695	107,380	125,000	-		
210,000	40,000	35,000	-	63,550	87,750	68,600	112,800	37,951	138,610	210,300	145,000	6,684	-	36,900	41,850	39,200	8,180	368,025	111,610	130,000	-		
-	40,000	40,000	-	65,100	91,000	71,400	117,500	38,751	142,844	86,250	155,000	6,798	-	37,800	43,400	40,800	8,330	382,190	86,250	135,000	-		
-	40,000	40,000	-	66,200	94,250	72,800	122,200	41,050	150,184	90,000	160,000	6,912	-	39,600	44,950	41,600	10,899	393,515	90,000	140,000	-		
-	40,000	40,000	-	71,300	95,875	75,600	126,900	-	154,418	93,000	165,000	7,026	-	41,400	45,725	43,000	-	405,680	93,000	145,000	-		
-	40,000	40,000	-	-	99,125	77,000	133,950	-	162,886	96,750	175,000	7,244	-	-	47,275	44,000	-	162,010	96,750	150,000	-		
-	40,000	40,000	-	-	-	-	138,650	-	37,400	100,500	-	-	-	-	-	-	-	50,600	100,500	160,000	-		
-	40,699	40,000	-	-	-	-	143,350	-	39,100	105,000	-	-	-	-	-	-	-	52,900	105,000	-	-		
-	-	46,785	-	-	-	-	-	-	40,800	108,750	-	-	-	-	-	-	-	55,200	108,750	-	-		
-	-	-	-	-	-	-	-	-	-	113,250	-	-	-	-	-	-	-	-	113,250	-	-		
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
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-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
\$ 1,200,000	\$ 455,699	\$ 496,785	\$ 107,100	\$ 548,700	\$ 872,625	\$ 681,800	\$ 1,417,050	\$ 296,307	\$ 1,471,212	\$ 1,839,750	\$ 1,465,000	\$ 66,493	\$ 24,395	\$ 318,600	\$ 416,175	\$ 389,600	\$ 66,209	\$ 2,338,845	\$ 1,381,050	\$ 1,350,000	-		
2%	3%	3%	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%	4.00%	2%	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%	3.0 - 4.0%	-		
April and October	April and October	April and October	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	April and October	May and November	February and August	May and November	May and November	May and November	May and November	-		
3/9/2004	1/11/2010	6/24/2010	5/5/2009	9/22/2012	8/7/2012	9/13/2013	9/30/2014	9/17/2015	11/3/2016	8/23/2017	7/31/2018	3/29/2007	5/5/2009	9/22/2012	8/7/2012	9/13/2013	9/17/2015	11/3/2016	8/23/2017	7/31/2018	-		
\$ 3,470,000	\$ 695,699	\$ 706,785	\$ 1,507,500	\$ 833,900	\$ 1,223,625	\$ 971,600	\$ 1,701,400	\$ 363,507	\$ 1,525,612	\$ 1,927,500	\$ 1,465,000	\$ 123,234	\$ 343,375	\$ 484,200	\$ 583,575	\$ 555,200	\$ 78,809	\$ 1,579,945	\$ 1,465,325	\$ 1,350,000	-		

* Applicable to fund

(A) 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.

(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.

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, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,486,196	\$ 4,381,890
Internally designated assets:		
Customer electric rate stabilization fund	975,000	1,267,108
Fuel imbursement fund	4,627,837	9,096,560
Capital projects fund cash and cash equivalents	-	-
Investments - capital projects fund	-	-
Turbine and major generating equipment overhaul fund	2,271,006	4,264,818
Debt service fund	4,200,000	-
Asset retirement obligation and environmental liability remediation fund	5,000,000	-
Replacement-risk retention fund	4,450,540	1,487,835
Improvement fund	7,500,000	1,475,000
Future generation fund	-	-
Accrued interest	2,362	-
Accounts receivable, net	2,706,167	2,866,176
Accrued interest receivable	37,768	-
Inventory	1,127,251	4,743,935
Prepaid expenses	107,723	364,864
TOTAL CURRENT ASSETS	38,491,850	29,948,186
Non-current Assets:		
Restricted Assets:		
Unspent 2016A bond proceeds	7,574,515	9,557,052
Bond and interest redemption fund	1,086,968	1,089,812
Bond reserve fund	5,457,130	5,451,393
Customer deposits	1,535,609	1,668,852
Retiree health funding vehicle fund (Net OPEB asset)	-	397,589
Pinehill landfill fund	-	478,617
Asset retirement fund	263,832	-
Energy optimization fund	374,906	421,709
Accrued interest	31,229	-
TOTAL RESTRICTED ASSETS	16,324,189	19,065,024
Investment in UPPPA	3,983,509	3,724,641
Property, plant, and equipment	140,790,399	207,757,742
Accumulated depreciation	(44,992,539)	(101,425,962)
TOTAL NON-CURRENT ASSETS	116,105,558	129,121,445
TOTAL ASSETS	154,597,408	159,069,631
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	134,270	1,821,762
Deferred outflows related to OPEB	192,070	-
Employer contributions subsequent to measurement	3,578,051	3,410,569
Deferred charge on refunding	-	27,660
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,904,391	5,259,991
LIABILITIES		
Current Liabilities:		
Accounts payable	3,447,779	3,713,235
Accrued liabilities	451,118	453,114
Compensated absences	1,008,230	1,009,996
Customer deposits payable	1,531,320	1,664,538
Other current liabilities	406,907	461,708
TOTAL CURRENT LIABILITIES	6,845,354	7,302,591
Current Liabilities (payable from restricted assets):		
Current maturities on bonds and capital lease	1,254,398	1,194,740
Revenue bond accrued interest payable	746,366	760,803
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	2,000,764	1,955,543
Non-current Liabilities:		
Other post-employment benefits (OPEB)	-	-
Net pension liability	13,190,813	17,770,099
Net OPEB liability	11,691,173	-
Bonds payable	64,531,851	65,786,250
Unamortized bond premium	8,883,952	9,756,091
Reserve for turbine and major generating equipment overhaul	4,267,451	4,264,817
Postclosure costs - Landfill	218,000	424,785
TOTAL NON-CURRENT LIABILITIES	102,783,240	98,002,042
TOTAL LIABILITIES	111,629,358	107,260,176
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	700,713	-
NET POSITION		
Net investment in capital assets	21,127,659	29,622,359
Restricted for:		
Other activities	16,324,189	18,667,435
Unrestricted	8,719,880	8,779,652
TOTAL NET POSITION	\$ 46,171,728	\$ 57,069,446

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, 2018

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

	2018	2017
OPERATING REVENUES:		
Electricity Sales:		
Urban	\$ 27,053,793	\$ 26,432,023
Rural	17,429,414	16,625,299
Sales to Alger-Delta Co-op	939,370	914,728
Sales to Wisconsin Electric Power Company	688,097	387,323
Street lighting	574,401	592,702
Other municipal departments	1,581,198	1,488,030
Rent and other	805,834	902,322
TOTAL OPERATING REVENUES	49,072,107	47,342,427
OPERATING EXPENSES:		
Administrative and general	8,461,382	9,727,901
Production	13,312,673	13,896,916
Purchased power	4,899,263	918,395
Distribution and transmission	1,730,125	1,717,579
Customer accounting	639,444	618,534
Payment in lieu of property taxes - City of Marquette	2,823,446	1,875,722
Provision for depreciation, excluding amounts charged to other operating expenses (2018 - \$163,743; 2017 - \$158,608)	5,343,787	2,418,992
TOTAL OPERATING EXPENSES	37,210,120	31,174,039
INCOME/(LOSS) FROM OPERATIONS	11,861,987	16,168,388
NON-OPERATING REVENUES (EXPENSES):		
Investment income	787,413	874,007
Amortization of bond premium	-	-
Interest on long term debt	(2,189,500)	(2,228,384)
Bond issuance expense	-	-
Gain on sale of treasury note	-	-
Gain (Loss) on disposal of equipment	4,014	(49,067)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,398,073)	(1,403,444)
CHANGE IN NET POSITION BEFORE SPECIAL ITEM	10,463,914	14,764,944
Shiras Steam Plant impairment	(6,824,007)	-
CHANGE IN NET POSITION AFTER SPECIAL ITEM	3,639,907	14,764,944
Capital contributions from customers	526,991	459,115
CHANGE IN NET POSITION	4,166,898	15,224,059
Net position, beginning of year	57,069,446	41,845,387
Adjustment for implementation of GASB Statement No. 75	(15,064,616)	-
Net position, beginning of year, as restated	42,004,830	41,845,387
NET POSITION, END OF YEAR	\$ 46,171,728	\$ 57,069,446

CITY OF MARQUETTE, MICHIGAN

BOARD OF LIGHT AND POWER ELECTRIC UTILITY

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2018

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 49,065,598	\$ 46,873,849
Cash paid to suppliers and employees	(33,850,122)	(33,283,157)
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,215,476	13,590,692
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(1,830,448)	(26,105,471)
Proceeds from sale of equipment	36,845	14,275
Principal payment on revenue bonds, notes payable and capital lease obligations	(1,194,741)	(745,811)
Capital contributions	526,991	459,115
Proceeds from issuance of long term debt	-	-
Premium on bond issuance	-	-
Cash payments for bond issuance expense	-	-
Interest paid on revenue bonds and notes payable	(3,047,957)	(3,504,495)
NET CASH (USED) FOR CAPITAL AND FINANCING ACTIVITIES	(5,509,310)	(29,882,387)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	716,054	874,007
Proceeds from maturities and sales of investment securities	(9,059,046)	22,461,593
Purchase of investments	(258,868)	(5,989,380)
NET CASH (USED) BY INVESTING ACTIVITIES	(8,601,860)	17,346,220
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,104,306	1,054,525
Cash and cash equivalents, beginning of year	4,381,890	3,327,365
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 5,486,196	\$ 4,381,890
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	\$ 11,861,987	\$ 16,168,388
Operating income		
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	5,507,530	2,577,600
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	160,009	(650,266)
(Increase)/Decrease in inventory	3,616,684	(494,950)
(Increase)/Decrease in prepaid expenses	257,141	(68,966)
Increase/(Decrease) in accounts payable	(265,456)	(1,692,019)
Increase/(Decrease) in accrued wages and related liabilities	(1,996)	128,874
Increase/(Decrease) in accrued sick and vacation	(1,766)	(107,142)
Increase in customer deposits, including accrued interest	(133,218)	205,688
(Decrease) in landfill site postclosure care cost liability	(206,785)	(12,393)
Increase/(Decrease) in other post-employment benefits (OPEB), and net pension liability	(5,526,487)	(3,073,691)
Increase in reserve for turbine overhaul	2,634	748,849
Increase/(Decrease) in energy optimization program liability	(54,801)	(139,280)
NET ADJUSTMENTS	3,353,489	(2,577,696)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 15,215,476	\$ 13,590,692

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, 2018

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,794,369
Taxes receivable, net	13,617
Accounts receivable, net	-
Due from primary government	-
Other assets	<u>1,620</u>
TOTAL CURRENT ASSETS	<u>5,809,606</u>
Non-current assets:	
Other capital assets, net of depreciation	<u>1,173,235</u>
TOTAL NON-CURRENT ASSETS	<u>1,173,235</u>
TOTAL ASSETS	<u>6,982,841</u>
DEFERRED OUTFLOWS OF RESOURCES	
Receivables for developer obligations	<u>66,534,852</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>66,534,852</u>
LIABILITIES	
Current liabilities:	
Accounts payable	3,690
Accrued liabilities	1,472
Accrued interest	602,175
Due to primary government	-
Bonds payable for capital assets- due in one year	70,000
Bonds payable for developer - due in one year	<u>130,000</u>
TOTAL CURRENT LIABILITIES	<u>807,337</u>
Non-current liabilities:	
Bonds payable for capital assets - due in more than one year	870,000
Bonds payable for developer - due in more than one year	33,192,933
Long term obligations to developers	<u>31,669,744</u>
TOTAL NON-CURRENT LIABILITIES	<u>65,732,677</u>
TOTAL LIABILITIES	<u>66,540,014</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes levied for a subsequent period	<u>1,731,693</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,731,693</u>
NET POSITION	
Net investment in capital assets	1,013,235
Restricted	<u>4,232,751</u>
TOTAL NET POSITION	<u><u>\$ 5,245,986</u></u>

CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2018

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 12,509,934	\$ -	\$ 12,000	\$ (12,497,934)
Interest on long-term debt	1,219,923	-	-	(1,219,923)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 13,729,857	\$ -	\$ 12,000	(13,717,857)
	General revenues:			
	Property taxes			15,023,451
	Interest and investment earnings			15,358
	Miscellaneous			-
		Total General Revenues		15,038,809
		CHANGE IN NET POSITION		1,320,952
	Net position, beginning of year			3,925,034
		NET POSITION, END OF YEAR		\$ 5,245,986

CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
COMPARATIVE BALANCE SHEET
September 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 5,794,369	\$ 3,768,913
Taxes receivable, net	13,617	21,782
Other assets	1,620	1,118
TOTAL ASSETS	5,809,606	3,791,813
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,809,606	\$ 3,791,813
LIABILITIES		
Accounts payable	\$ 3,690	\$ 3,439
Accrued salaries and wages	1,472	1,443
Due to primary government	-	240,150
TOTAL LIABILITIES	5,162	245,032
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	1,731,693	907,604
FUND BALANCE		
Restricted	4,070,351	2,639,177
Unassigned	2,400	-
TOTAL FUND BALANCE	4,072,751	2,639,177
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 5,809,606	\$ 3,791,813

CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2018

Total Fund Balances for Governmental Funds	\$ 4,072,751
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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>(112,622)</u>	1,173,235

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	66,534,852
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds

	Current portion of bonds payable for capital assets	(70,000)	
	Current portion of bonds payable for developer	(130,000)	
	Accrued interest on bonds	(602,175)	
	Bonds payable for capital assets	(870,000)	
	Bonds payable for developer	(33,192,933)	
	Long term obligations to developers	<u>(31,669,744)</u>	<u>(66,534,852)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 5,245,986</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, 2018
With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2017

	2018	2017
REVENUES		
Property taxes	\$ 1,547,518	\$ 902,170
Private contribution	12,000	-
Investment income	15,358	23,643
	<u>1,574,876</u>	<u>925,813</u>
TOTAL REVENUES	<u>1,574,876</u>	<u>925,813</u>
EXPENDITURES		
Current operations:		
General government	38,378	37,225
Economic development:		
Supplies and contractual	11,715,107	11,578,220
Capital outlay	-	-
Debt service		
Principal retirement	140,000	85,000
Bond issuance expense	203,597	16,376
Interest and fiscal charges	1,012,396	499,197
	<u>13,109,478</u>	<u>12,216,018</u>
TOTAL EXPENDITURES	<u>13,109,478</u>	<u>12,216,018</u>
NET REVENUES OVER EXPENDITURES	<u>(11,534,602)</u>	<u>(11,290,205)</u>
OTHER FINANCING SOURCES (USES)		
Bond issuance	12,915,000	830,000
Premium on bond issuance	53,176	86,376
	<u>12,968,176</u>	<u>916,376</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,968,176</u>	<u>916,376</u>
NET CHANGE IN FUND BALANCE	1,433,574	(10,373,829)
Fund balance, beginning of year	<u>2,639,177</u>	<u>13,013,006</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 4,072,751</u></u>	<u><u>\$ 2,639,177</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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 1,433,574
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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	\$ -	
Depreciation expense	(112,622)	
Net book value of disposals	-	(112,622)

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	(12,915,000)
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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.	(53,176)
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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.	12,968,176
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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.	(207,527)
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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.	140,000
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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.	(440,230)
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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.	507,757
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,320,952</u>
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CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
September 30, 2018

	Downtown Development Authority	Peter White Public Library	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,064,082	\$ 3,848,548	\$ 4,912,630
Taxes receivable, net	417,597	70,764	488,361
Accounts receivable, net	19,242	16,175	35,417
Due from Federal	-	-	-
Other assets	150	13,363	13,513
TOTAL CURRENT ASSETS	1,501,071	3,948,850	5,449,921
Non-current assets:			
Restricted cash and cash equivalents	-	1,059,043	1,059,043
Land and construction in progress	-	2,704,826	2,704,826
Other capital assets, net of depreciation	3,277,498	3,529,155	6,806,653
TOTAL NON-CURRENT ASSETS	3,277,498	7,293,024	10,570,522
TOTAL ASSETS	4,778,569	11,241,874	16,020,443
DEFERRED OUTFLOWS OF RESOURCES			
Change in pension investment projections	-	37,846	37,846
Employer contributions subsequent to measurement date	-	54,900	54,900
Receivables for developer obligations	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	92,746	92,746
LIABILITIES			
Current liabilities:			
Accounts payable	48,277	754,066	802,343
Accrued liabilities	16,821	99,127	115,948
Accrued interest	3,552	-	3,552
Due to others	-	8,380	8,380
Compensated absences	58,917	-	58,917
Bonds payable - due in one year	100,000	210,000	310,000
TOTAL CURRENT LIABILITIES	227,567	1,071,573	1,299,140
Non-current liabilities:			
Compensated absences	-	65,555	65,555
Net pension liability	-	1,022,912	1,022,912
Bonds payable	880,000	3,994,430	4,874,430
TOTAL NON-CURRENT LIABILITIES	880,000	5,082,897	5,962,897
TOTAL LIABILITIES	1,107,567	6,154,470	7,262,037
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pension	-	93,535	93,535
Taxes levied for a subsequent period	557,138	1,052,369	1,609,507
TOTAL DEFERRED INFLOWS OF RESOURCES	557,138	1,145,904	1,703,042
NET POSITION			
Net investment in capital assets	2,297,498	5,001,069	7,298,567
Restricted	-	2,736,859	2,736,859
Unrestricted	816,366	(3,703,682)	(2,887,316)
TOTAL NET POSITION	\$ 3,113,864	\$ 4,034,246	\$ 7,148,110

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2018

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	\$ 1,291,871	\$ 377,936	\$ -	\$ (913,935)	\$ -	\$ (913,935)
Peter White Public Library	2,279,566	196,246	893,056	-	(1,190,264)	(1,190,264)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 3,571,437	\$ 574,182	\$ 893,056	(913,935)	(1,190,264)	(2,104,199)
General revenues:						
Property taxes				778,451	1,236,556	2,015,007
Interest and investment earnings				2,148	93,744	95,892
Gain on the sale of capital assets				-	1,293	1,293
Miscellaneous				140,341	19,382	159,723
Total General Revenues				920,940	1,350,975	2,271,915
CHANGE IN NET POSITION				7,005	160,711	167,716
Net position, beginning of year				3,106,859	3,873,535	6,980,394
NET POSITION, END OF YEAR				\$ 3,113,864	\$ 4,034,246	\$ 7,148,110

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

September 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,064,082
Taxes receivable, net	417,597
Accounts receivable, net	19,242
Due from Federal government	-
Due from primary government	-
Other assets	<u>150</u>
TOTAL CURRENT ASSETS	<u>1,501,071</u>
Non-current assets:	
Land and construction in progress	-
Other capital assets, net of depreciation	<u>3,277,498</u>
TOTAL NON-CURRENT ASSETS	<u>3,277,498</u>
TOTAL ASSETS	<u>4,778,569</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable	48,277
Accrued liabilities	16,821
Accrued interest	3,552
Compensated absences	58,917
Bonds payable - due in one year	<u>100,000</u>
TOTAL CURRENT LIABILITIES	<u>227,567</u>
Non-current liabilities:	
Bonds payable - due in more than one year	<u>880,000</u>
TOTAL NON-CURRENT LIABILITIES	<u>880,000</u>
TOTAL LIABILITIES	<u>1,107,567</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes levied for a subsequent period	<u>557,138</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>557,138</u>
NET POSITION	
Net investment in capital assets	2,297,498
Unrestricted	<u>816,366</u>
TOTAL NET POSITION	<u><u>\$ 3,113,864</u></u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2018

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 1,245,254	\$ 377,936	\$ -	\$ (867,318)
Interest on long-term debt	46,617	-	-	(46,617)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,291,871	\$ 377,936	\$ -	(913,935)
General revenues:				
	Property taxes			778,451
	Interest and investment earnings			2,148
	Gain on the sale of capital assets			-
	Miscellaneous			140,341
	Total General Revenues			920,940
	CHANGE IN NET POSITION			7,005
	Net position, beginning of year			3,106,859
	NET POSITION, END OF YEAR			\$ 3,113,864

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2018

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,064,082	\$ 1,064,082
Taxes receivable, net	417,597	417,597
Accounts receivable, net	19,242	19,242
Grants receivable, net	-	-
Other assets	150	150
	<hr/>	<hr/>
TOTAL ASSETS	1,501,071	1,501,071
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	-	-
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,501,071</u>	<u>\$ 1,501,071</u>
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	\$ 48,277	\$ 48,277
Accrued salaries and wages	16,821	16,821
	<hr/>	<hr/>
TOTAL LIABILITIES	65,098	65,098
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	557,138	557,138
	<hr/>	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	557,138	557,138
	<hr/>	<hr/>
FUND BALANCE		
Restricted	-	-
Unassigned	878,835	878,835
	<hr/>	<hr/>
TOTAL FUND BALANCE	878,835	878,835
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,501,071</u>	<u>\$ 1,501,071</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, 2018

Total Fund Balances for Governmental Funds	\$	878,835
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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

	5,424,286		
Cost of capital assets			
Accumulated depreciation	<u>(2,146,788)</u>		3,277,498

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds

		(100,000)	
Current portion of bonds payable			
Bonds payable		(880,000)	
Compensated absences		(58,917)	
Accrued interest on bonds		<u>(3,552)</u>	

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>3,113,864</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, 2018

	General Fund	Total Governmental Funds
REVENUES		
Property taxes	\$ 778,451	\$ 778,451
Federal sources	-	-
State sources	-	-
Intergovernmental revenues	-	-
Charges for services	201,148	201,148
Rentals	176,788	176,788
Investment income	2,148	2,148
Other	140,341	140,341
	<hr/>	<hr/>
TOTAL REVENUES	1,298,876	1,298,876
	<hr/>	<hr/>
EXPENDITURES		
Current operations:		
General government	1,027,887	1,027,887
Capital outlay	303,526	303,526
Debt service		
Principal retirement	100,000	100,000
Interest and fiscal charges	46,980	46,980
	<hr/>	<hr/>
TOTAL EXPENDITURES	1,478,393	1,478,393
	<hr/>	<hr/>
NET REVENUES OVER EXPENDITURES	(179,517)	(179,517)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	-	-
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-	-
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(179,517)	(179,517)
	<hr/>	<hr/>
Fund balance, beginning of year	1,058,352	1,058,352
	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	\$ 878,835	\$ 878,835
	<hr/>	<hr/>

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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (179,517)

*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	\$ 311,266	
Depreciation expense	(224,124)	
Net book value of disposals	<u>-</u>	87,142

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.

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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>(983)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 7,005

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY
STATEMENT OF NET POSITION
September 30, 2018

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,848,548
Taxes receivable, net	70,764
Accounts receivable, net	16,175
Prepaid expenses	13,363
Non-current assets:	
Restricted cash and cash equivalents	1,059,043
Land and construction in progress	2,704,826
Other capital assets, net of depreciation	<u>3,529,155</u>
TOTAL ASSETS	<u>11,241,874</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pension	37,846
Employer contributions subsequent to measurement date	<u>54,900</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>92,746</u>
LIABILITIES	
Current liabilities:	
Accounts payable	754,066
Accrued liabilities	99,127
Due to others	8,380
Bonds payable - due in one year	210,000
Non-current liabilities:	
Bonds payable	3,994,430
Compensated absences	65,555
Net pension liability	<u>1,022,912</u>
TOTAL LIABILITIES	<u>6,154,470</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pension	93,535
Taxes levied for a subsequent period	<u>1,052,369</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,145,904</u>
NET POSITION	
Net investment in capital assets	5,001,069
Restricted for:	
Capital outlay	1,547,930
Debt services	116,523
Other activities	1,072,406
Unrestricted	<u>(3,703,682)</u>
TOTAL NET POSITION	<u><u>\$ 4,034,246</u></u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2018

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	\$ 2,066,520	\$ 196,246	\$ 893,056	\$ (977,218)
Interest on long-term debt	213,046	-	-	(213,046)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,279,566	\$ 196,246	\$ 893,056	(1,190,264)
General revenues:				
				1,236,556
Property taxes				93,744
Interest and investment earnings				1,293
Gain/(loss) on sale of fixed assets				19,382
Miscellaneous				
			Total General Revenues	1,350,975
			CHANGE IN NET POSITION	160,711
			Net position, beginning of year, as restated	3,873,535
			NET POSITION, END OF YEAR	\$ 4,034,246

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2018

	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	\$ 3,387,875	\$ 830,030	\$ 460,673	\$ 229,013	\$ 4,907,591
Investments	-	-	-	-	-
Taxes receivable, net	47,367	-	23,397	-	70,764
Accounts receivable, net	16,175	-	-	-	16,175
Prepaid expenditures	13,363	-	-	-	13,363
TOTAL ASSETS	3,464,780	830,030	484,070	229,013	5,007,893
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,464,780	\$ 830,030	\$ 484,070	\$ 229,013	\$ 5,007,893
LIABILITIES					
Accounts payable	\$ 754,066	\$ -	\$ -	\$ -	\$ 754,066
Accrued salaries and wages	35,777	-	-	-	35,777
Due to other funds	5,740	-	2,640	-	8,380
TOTAL LIABILITIES	795,583	-	2,640	-	798,223
DEFERRED INFLOWS OF RESOURCES					
Taxes levied for a subsequent period	687,462	-	364,907	-	1,052,369
TOTAL DEFERRED INFLOWS OF RESOURCES	687,462	-	364,907	-	1,052,369
FUND BALANCE					
Non-spendable	13,363	-	-	-	13,363
Restricted for:					
Capital outlay	1,547,930	-	-	-	1,547,930
Debt retirement	-	-	116,523	-	116,523
Endowments	-	830,030	-	229,013	1,059,043
Unassigned	420,442	-	-	-	420,442
TOTAL FUND BALANCE	1,981,735	830,030	116,523	229,013	3,157,301
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 3,464,780	\$ 830,030	\$ 484,070	\$ 229,013	\$ 5,007,893

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, 2018

Total Fund Balances for Governmental Funds	\$ 3,157,301
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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	12,745,311	
	Accumulated depreciation	<u>(6,511,330)</u>	6,233,981

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	1,022,912		
Deferred (outflows) of resources related to net pension liability	(37,846)		
Employer contributions subsequent to measurement date	(54,900)		
Deferred inflows of resources related to net pension liability	<u>93,535</u>		(1,023,701)

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	(210,000)		
Bonds payable - due in more than one year	(3,635,000)		
Premium on bond	(359,430)		
Accrued interest on debt	(63,350)		
Compensated absences	<u>(65,555)</u>		<u>(4,333,335)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,034,246</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, 2018

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	Peter White Public Library Development Fund	Total Governmental Funds
REVENUES					
Property taxes	\$ 890,272	\$ -	\$ 346,284	\$ -	\$ 1,236,556
State sources	66,723	-	-	-	66,723
Local sources	483,939	-	-	-	483,939
Charges for services	40,179	-	-	-	40,179
Fine and forfeiture	120,743	-	-	-	120,743
Rentals	35,324	-	-	-	35,324
Contributions from private sources	180,024	-	-	162,370	342,394
Investment income	19,977	58,789	-	14,978	93,744
Other revenues	13,805	-	5,577	-	19,382
TOTAL REVENUES	1,850,986	58,789	351,861	177,348	2,438,984
EXPENDITURES					
Recreation and Culture:					
Personnel services	1,228,885	-	-	-	1,228,885
Supplies	76,807	-	-	-	76,807
Other services and charges	417,294	-	1,020	72,514	490,828
Capital outlay	2,656,500	-	-	-	2,656,500
Debt service:					
Principal retirement	-	-	345,000	-	345,000
Interest and fiscal charges	-	-	69,546	-	69,546
Bond issuance expense	80,150	-	-	-	80,150
TOTAL EXPENDITURES	4,459,636	-	415,566	72,514	4,947,716
NET REVENUES OVER EXPENDITURES	(2,608,650)	58,789	(63,705)	104,834	(2,508,732)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of fixed assets	1,293	-	-	-	1,293
Transfers in	30,000	-	62,646	-	92,646
Transfers (out)	(62,646)	(30,000)	-	-	(92,646)
Issuance of debt	3,845,000	-	-	-	3,845,000
Premium on bond issuance	359,430	-	-	-	359,430
TOTAL OTHER FINANCING SOURCES (USES)	4,173,077	(30,000)	62,646	-	4,205,723
NET CHANGE IN FUND BALANCE	1,564,427	28,789	(1,059)	104,834	1,696,991
Fund balance, beginning of year	417,308	801,241	117,582	124,179	1,460,310
FUND BALANCE, END OF YEAR	\$ 1,981,735	\$ 830,030	\$ 116,523	\$ 229,013	\$ 3,157,301

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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 1,696,991

*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	\$ 2,572,871	
Depreciation expense	(144,714)	
Net book value of disposals	<u>-</u>	2,428,157

Issuance of bond principal is a revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position. (3,845,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 345,000

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. (359,430)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (63,350)

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 (1,425)

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	<u>(40,232)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 160,711</u></u>
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CITY OF MARQUETTE, MICHIGAN

STATISTICAL SECTION

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

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

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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.

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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									
	2018	2017	2016	2015 *	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net investment in capital assets	\$ 49,600,732	\$ 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
Restricted	4,126,444	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
Unrestricted	(15,008,382)	(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
Total Governmental Activities										
Net Position / Net Assets	<u>\$ 38,718,794</u>	<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>
Business-Type Activities										
Net investment in capital assets	\$ 31,369,945	\$ 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
Restricted	1,705,053	837,004	-	1,661,848	2,714,043	211,294	1,142,971	1,137,437	1,607,849	6,761,541
Unrestricted	(1,309,536)	(309,010)	(524,411)	(2,604,078)	474,848	4,387,928	3,651,627	3,597,011	4,107,196	9,074,796
Total Business-Type Activities										
Net Position / Net Assets	<u>\$ 31,765,462</u>	<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>
Primary Government										
Net investment in capital assets	\$ 80,970,677	\$ 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
Restricted	5,831,497	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
Unrestricted	(16,317,918)	(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
Total Primary Government										
Net Position / Net Assets	<u>\$ 70,484,256</u>	<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>

* 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

	Fiscal Year									
	2018	2017	2016	2015	2014 *	2013	2012	2011	2010	2009
Expenses										
Governmental Activities										
General government	\$ 5,524,941	\$ 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
Public health & Safety	7,984,991	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
Public works	4,450,990	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
Highway and streets	2,919,733	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
Social services	650,445	673,013	672,878	540,432	642,198	462,412	436,476	492,859	821,821	731,239
Sanitation	1,820,786	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
Community services / Recreation and culture	1,445,068	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
Interest on long-term debt	710,415	659,470	765,649	702,786	887,454	761,123	804,326	834,359	851,422	772,285
Depreciation - unallocated	1,777,715	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
Total Governmental Activities Expenses	27,285,084	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
Business-Type Activities										
Water supply and sewage disposal	-	-	-	-	-	-	-	-	-	7,322,444
Water supply	4,645,417	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	5,622,152	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	1,535,566	1,348,498	1,245,712	1,242,712	1,511,338	1,336,185	1,030,096	977,864	1,039,131	868,957
Community services / Recreation and culture	1,084,168	710,244	591,369	586,703	1,075,127	565,480	564,667	652,173	385,378	390,939
Total Business-Type Activities Expenses	12,887,303	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
Total Primary Government Expenses	\$ 40,172,387	\$ 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
Program Revenues										
Governmental Activities										
Charges for Services										
General government	\$ 1,179,745	\$ 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
Public health	262,901	269,667	184,015	198,196	245,345	128,350	189,761	205,175	418,443	290,421
Public works	1,252,931	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
Sanitation	1,714,840	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
Community services / Recreation and culture	632,351	594,120	591,373	546,539	676,196	544,566	532,742	467,299	834,142	817,726
Operating grants and contributions	4,078,986	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
Capital grants and contributions	4,645,306	19,492,855	6,560,733	731,688	51,348	202,303	135,860	353,012	93,471	91,364
Total Governmental Activities Program Revenues	13,767,060	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
Business-Type Activities										
Charges for Services										
Water supply and sewage disposal	-	-	-	-	-	-	-	-	-	6,471,525
Water supply	4,397,111	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	5,421,289	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	1,307,658	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
Community services / Recreation and culture	1,136,865	768,451	691,716	1,220,648	1,025,237	496,962	518,836	562,924	343,235	260,882
Operating grants and contributions	-	-	-	-	-	-	69,271	346,411	11,111	6,830
Capital grants and contributions	795,762	267,919	275,033	118,089	729,426	749,985	-	-	-	533,000
Total Business-Type Activities Program Revenues	13,058,685	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
Total Primary Government Program Revenues	\$ 26,825,745	\$ 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
Net (Expense) Revenue										
Governmental Activities	\$ (13,518,024)	\$ 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)
Business-Type Activities	171,382	(542,435)	(1,002,674)	(1,075,025)	(731,984)	144,192	288,361	479,651	(861,877)	(373,767)
Total Primary Government Net Expense	\$ (13,346,642)	\$ 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)
General Revenues and Other Changes in Net Position / Net Assets										
Governmental Activities										
Taxes										
Property taxes	\$ 10,520,313	\$ 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
Payments in lieu of taxes	4,346,184	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
Unrestricted state sources	2,221,895	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
Interest and investment earnings	11,095	3,197	252,962	219,202	134,258	(47,473)	251,226	119,309	251,949	242,842
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	155,429	319,945	358,389	154,165	352,322	154,680	265,949	112,539	350,313	410,760
Transfers	(18,720)	-	(360,000)	-	(166,410)	(50,247)	(35,321)	(106,128)	(40,056)	(69,625)
Total Governmental Activities	17,236,196	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
Business-Type Activities										
Interest and investment earnings	19,755	48,436	21,866	22,907	18,541	7,342	9,934	18,001	29,350	58,724
Gain on sale of capital assets	-	-	-	-	-	5,942	-	-	-	-
Miscellaneous	-	-	-	-	-	-	16,864	497,871	-	80
Extraordinary item - Winter Storm Damage	-	-	-	-	(362,058)	-	-	-	-	-
Transfers	18,720	-	360,000	-	166,410	50,247	35,321	106,128	40,056	69,625
Total Business-Type Activities	38,475	48,436	381,866	22,907	(177,107)	63,531	62,119	622,000	69,406	128,429
Total Primary Government	\$ 17,274,671	\$ 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
Change in Net Position / Net Assets										
Governmental activities	\$ 3,718,172	\$ 16,917,266	\$ 3,417,855	\$ (915,160)	\$ (793,924)	\$ (1,961,605)	\$ (1,022,034)	\$ (602,080)	\$ 1,300,135	\$ 1,168,110
Business-type activities	209,857	(493,999)	(620,808)	(1,052,118)	207,723	(909,091)	350,480	1,101,651	(792,471)	(245,338)
Total Primary Government	\$ 3,928,029	\$ 16,423,267	\$ 2,797,047	\$ (1,967,278)	\$ (1,703,015)	\$ (1,753,882)	\$ (671,554)	\$ 499,571	\$ 507,664	\$ 922,772

* 2014 is a 15-month fiscal year

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 691,862	\$ 378,019
Unreserved	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,905,813	7,914,661
Non-spendable*	\$ 464,596	\$ 470,349	\$ 447,303	\$ 414,088	\$ 529,534	\$ 329,423	\$ 307,355	\$ 496,921	n/a	n/a
Restricted*	44,694	47,996	64,618	177,559	223,793	245,597	240,180	3,159,710	n/a	n/a
Assigned*	2,505,814	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
Unassigned*	11,209,897	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
Total General Fund	<u>\$ 14,225,001</u>	<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>
All Other Governmental Funds										
Reserved	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ 1,275,722	\$ 1,653,133
Unreserved, reported in:										
Special revenue funds	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	229,228	1,587,331
Capital projects funds	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	108,103
Debt service funds	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	509,681	394,785
Non-spendable*	\$ 846,152	\$ 823,102	\$ 787,786	\$ 761,387	\$ 744,640	\$ 693,924	\$ 669,565	\$ 659,186	n/a	n/a
Restricted*	3,215,886	3,780,031	1,264,343	675,770	483,532	416,098	343,358	259,636	n/a	n/a
Assigned*	4,900,651	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
Total All Other Governmental Funds	<u>\$ 8,962,689</u>	<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>

* - The requirements for GASB 54 were implemented in the fiscal year ending June 30, 2011

Table 4

CITY OF MARQUETTE, MICHIGAN
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014 *	2013	2012	2011	2010	2009
Revenues										
Taxes	\$ 14,893,186	\$ 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
Federal and state sources	5,196,314	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
Fines and penalties	200,056	190,549	70,643	118,012	136,239	113,071	158,192	175,456	298,052	192,373
Charges for services	3,978,758	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
Special assessments	-	-	-	14,114	14,114	(23,167)	24,903	32,747	57,507	57,896
Intergovernmental	384,429	366,022	343,530	332,069	383,980	291,264	275,607	261,402	266,980	229,846
Investment income	(17,797)	(7,068)	274,997	244,794	136,093	(46,464)	251,125	118,982	265,207	231,468
Other revenues	6,073,639	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
Total Revenues	<u>30,708,585</u>	<u>32,796,113</u>	<u>37,579,551</u>	<u>24,955,025</u>	<u>29,025,290</u>	<u>21,686,169</u>	<u>22,006,069</u>	<u>21,452,225</u>	<u>23,282,154</u>	<u>22,080,132</u>
Expenditures										
General government	5,142,497	4,962,649	5,584,909	4,417,297	5,318,165	4,095,556	3,404,021	3,299,714	3,310,799	3,778,091
Public health and safety	8,075,826	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
Public works	5,893,127	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
Highway and streets	2,662,169	2,163,482	2,248,698	2,587,576	3,206,071	2,136,893	2,057,934	2,483,106	2,430,655	2,738,187
Social services and community development	631,176	608,234	580,937	532,432	634,993	458,863	435,328	489,211	818,720	730,012
Sanitation	1,753,570	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
Community services / Recreation and culture	1,250,025	1,246,046	1,279,432	1,111,815	1,437,392	1,120,833	1,057,596	933,406	1,273,468	1,224,283
Capital outlay	3,894,513	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
Other expenditures	-	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Professional and contractual	14,234	79,538	320	17,127	31,950	36,242	15,595	345	877	59,114
Principal	1,898,635	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
Interest	656,674	597,847	789,199	710,837	795,144	780,142	789,076	813,055	853,446	799,126
Total Expenditures	<u>31,872,446</u>	<u>35,485,950</u>	<u>36,023,390</u>	<u>24,875,905</u>	<u>29,580,609</u>	<u>23,169,857</u>	<u>21,509,273</u>	<u>21,683,292</u>	<u>24,227,443</u>	<u>24,312,249</u>
Excess of revenues over (under) expenditures	(1,163,861)	(2,689,837)	1,556,161	79,120	(555,319)	(1,483,688)	496,796	(231,067)	(945,289)	(2,232,117)
Other Financing Sources (Uses)										
Proceeds from borrowing	2,405,000	9,582,578	-	712,237	4,512,900	1,253,745	1,076,000	-	-	5,959,250
Premium on bond issuance	166,042	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)
Transfers in	3,834,285	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
Transfers out	(3,853,005)	(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)
Total Other Financing Sources (Uses)	<u>2,552,322</u>	<u>5,953,179</u>	<u>(42,607)</u>	<u>1,150,707</u>	<u>2,736,418</u>	<u>1,666,810</u>	<u>1,323,746</u>	<u>158,817</u>	<u>218,377</u>	<u>3,997,603</u>
Net change in fund balances	<u>\$ 1,388,461</u>	<u>\$ 3,263,342</u>	<u>\$ 1,513,554</u>	<u>\$ 1,229,827</u>	<u>\$ 2,181,099</u>	<u>\$ 183,122</u>	<u>\$ 1,820,542</u>	<u>\$ (72,250)</u>	<u>\$ (726,912)</u>	<u>\$ 1,765,486</u>
Debt Service as a Percentage of Non-capital Expenditures	9.81%	8.78%	13.10%	9.42%	7.98%	9.15%	9.46%	9.18%	10.00%	14.23%

* 2014 is a 15-month fiscal year

CITY OF MARQUETTE, MICHIGAN

General Governmental Expenditures by Functions ^(A)

Last Ten Fiscal Years

	2018	2017	2016	2015	2014 *	2013	2012	2011	2010	2009
General Government	\$ 5,142,497	\$ 4,962,649	\$ 5,584,909	\$ 4,417,297	\$ 5,318,165	\$ 4,095,556	\$ 3,404,021	\$ 3,299,714	\$ 3,310,705	\$ 3,778,091
Public Health and Safety	8,075,826	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
Highways, Streets and Bridges	8,555,296	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
Sanitation	1,753,570	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
Social Services	631,176	608,234	580,937	532,432	634,993	458,863	435,328	489,211	818,720	730,012
Recreation and Culture	1,250,025	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
Capital Outlay	1,219,017	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
Debt Service	13,914	111,540	-	16,557	13,676	13,910	15,250	-	199,631	462,000
TOTALS	<u>\$ 26,641,321</u>	<u>\$ 25,938,597</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>

^(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

	2018	2017	2016	2015	2014 *	2013	2012	2011	2010	2009
Property Taxes	\$ 10,547,002	\$ 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
Payments in lieu of property taxes	4,346,184	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
State and Federal sources	5,196,314	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
Intergovernmental revenue	384,429	366,022	343,530	332,069	383,980	291,264	275,607	261,402	266,980	229,846
Licenses and permits	62,472	80,353	76,971	49,129	47,364	33,492	35,076	37,472	36,928	35,078
Charges for services	3,956,371	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
Sales	29,207	54,986	40,579	34,753	49,080	48,167	18,415	23,379	159,410	170,526
Use and admission fees	457,488	422,654	404,027	397,096	446,695	415,920	445,101	442,141	667,473	635,285
Fines and forfeits	200,056	190,549	70,643	118,012	136,239	113,071	158,192	175,456	298,052	192,373
Rentals	147,409	144,852	142,944	108,235	185,228	122,159	130,515	119,710	90,949	88,727
Special assessments	-	-	-	14,114	14,114	(23,167)	24,903	32,747	57,507	57,896
Sale of assets	-	-	8,800	-	9,540	1,262	201,614	61,862	1,543,122	1,025,349
Contribution from private sources	819,994	894,559	2,033,273	409,214	208,640	216,197	173,332	403,618	131,814	92,542
Reimbursements	127,856	232,822	168,869	142,552	303,668	148,441	87,621	36,037	44,632	124,190
Investment income	7,825	3,197	249,251	219,921	141,452	(1,313)	234,182	131,691	250,856	241,972
Other revenue	138,926	177,765	274,247	96,122	95,892	54,791	256,903	165,692	368,254	377,068
TOTAL	\$ 26,421,533	\$ 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

^(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, 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
September 30, 2018	970,918,200	1,137,214,800	139,636,800	675,331,400	1,572,438,400	17.103

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, 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
September 30, 2018	14.923	0.350	1.370	0.460	17.103	7.450	7.693	32.246

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	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
WE Energies	\$ 107,103,100	1	14.66%	\$ 94,922,000	1	16.72%
DLP Marquette General Hospital	52,031,183	2	7.12%	2,371,366	9	0.42%
Marquette Medical Dental Center	11,744,869	3	1.61%	10,810,559	2	1.90%
American Transmission Co. LLC	5,611,300	4	0.77%	5,163,750	4	0.91%
HJ Larson & Associates, Inc	4,699,821	5	0.64%	4,089,850	6	0.72%
Tourville, Inc.	4,537,737	6	0.62%	3,948,800	7	0.70%
O'Dovero Properties	4,523,266	7	0.62%	4,403,447	5	0.78%
Veridea Group LLC	4,159,432	8	0.57%			
TJ & RM Larson, Inc	3,579,500	9	0.49%			
Mill Creek Community	3,030,300	10	0.41%			
Pioneer Laboratories, Inc.				8,466,400	3	1.49%
Shopko Properties Spe. Real Estate				3,089,312	8	0.54%
Dagnais Real Estate Inc.				2,331,218	10	0.41%
Total	<u>\$ 201,020,508</u>		<u>27.51%</u>	<u>\$ 139,596,702</u>		<u>24.59%</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, 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%
September 30, 2018	12,817,844	12,162,215	94.89%	24,192	12,186,407	95.07%

Source: Marquette City Treasurer's Department.

CITY OF MARQUETTE, MICHIGAN
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities							Business-Type Activities							Percentage of		
Fiscal Year	General Obligation Bonds	Installment Purchase	Building Authority Bonds	Transportation Bonds	State Infrastructure Bank Note	State Revolving Loan	Capital Lease	Water & Sewer Bonds*	Water Bonds*	Sewer Bonds*	Storm Water Bond	Marina Bond	Lighthouse Park Bond	Total Primary Government	Personal Income ^a	Per Capita ^a	
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	
2018	19,183,525	-	-	1,750,255	82,877	118,210	26,326,166	-	10,197,415	11,379,582	6,808,576	-	1,035,000	76,881,606	9.57%	3,647	
* - Water and Sewer Funds split in fiscal year ending June 30, 2010																	

* - 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			
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
2018		21,134,867	1.34%	1,002.56

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, 2018

Governmental Unit	Overlapping Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
DIRECT DEBT			
City of Marquette	\$ 21,134,867	100.00%	\$ 21,134,867
		TOTAL DIRECT DEBT	21,134,867
OVERLAPPING DEBT			
County School District	6,785,000	59.47%	4,035,040
Library Improvements	3,845,000	100.00%	3,845,000
Tax Increment Bonds - DDA	980,000	100.00%	980,000
2010 Capital Improvement - BRFA	735,000	100.00%	735,000
2010 Recovery Zone Facility - BRFA	335,000	100.00%	335,000
2013 Capital Improvement - BRFA	205,000	100.00%	205,000
2016 Tax Increment Bonds - BRFA	17,195,000	100.00%	17,195,000
2017 Tax Increment Bonds - BRFA	780,000	100.00%	780,000
2017 Tax Increment Bonds - BRFA	12,185,000	100.00%	12,185,000
2018 Tax Increment Bonds - BRFA	730,000	100.00%	730,000
		TOTAL OVERLAPPING DEBT	41,025,040
		TOTAL DIRECT AND OVERLAPPING DEBT	\$ 62,159,907

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									
	2018	2017	2016 ^a	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 86,530,260	\$ 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
Total net debt applicable to limit	<u>81,774,607</u>	<u>61,179,053</u>	<u>52,299,914</u>	<u>18,346,691</u>	<u>19,084,674</u>	<u>17,992,399</u>	<u>17,944,630</u>	<u>17,980,132</u>	<u>19,022,298</u>	<u>20,716,065</u>
Legal Debt Margin	<u>\$ 4,755,653</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	94.50%	70.30%	62.43%	22.07%	24.72%	25.23%	25.56%	25.76%	27.33%	30.80%

Legal Debt margin Calculation for Fiscal Year 2018:

State Equalized Assessed Value (SEV)	\$ 865,302,600
Debt limit (10% of total assessed value)	86,530,260
Debt applicable to limit:	
Total debt included in	
Governmental Activities	47,461,033
Business-Type Activities	29,420,573
Component units	36,990,000
Less:	
Deferred amounts on bonds	
Governmental Activities	(1,288,070)
Business-Type Activities	(1,492,763)
Debt not subject to limit:	
Michigan transportation bonds	(2,990,000)
TELP capital lease	(26,326,166)
Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>81,774,607</u>
Legal debt margin	<u>\$ 4,755,653</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	
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)	-	-	-
2018	4,406,501	4,394,676	11,825	-	-	-	406,701	481,762	(75,061)	-	-	-

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	
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
2018	1,310,920	1,359,642	(48,722)	-	-	-	49,072,107	37,210,120	11,861,987	1,194,741	3,048,416	2.80

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.

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
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%
2018	21,081	803,114,395	38,096	27.8	12.8	3,289	5.7%

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 by the Lake Superior Community Partnership.

Table 17

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

Taxpayer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
UP Health System - Marquette	1,924	1	5.98%	2,398	1	6.68%
Northern Michigan University	1,152	2	3.58%	1,155	3	3.22%
Cliffs Natural Resources	900	3	2.80%	1,545	2	4.30%
Peninsula Medical Center	650	4	2.02%	630	4	1.76%
Marquette Area Public Schools	428	5	1.33%	425	6	1.18%
UP Health System - Bell	347	6	1.08%	335	8	0.93%
Michigan Department of Corrections	340	7	1.06%	425	7	1.18%
Wal-Mart Stores, Inc.	326	8	1.01%			
County of Marquette	270	9	0.84%	283	9	0.79%
RTI Surgical	259	10	0.81%	500	5	1.39%
AMR Regional Aircraft Maintenance Facility				225	10	0.63%
Total	<u>6,596</u>		<u>20.51%</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,				
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Administration Services	23	27	27	27	27	28	27	27	26	24
Public Health and Safety										
Police Officers	39	38	37	39	38	39	39	38	38	38
Firefighters and Officers	26	26	26	26	26	26	26	26	26	26
Public Works	39	32	36	36	37	36	28	29	29	31
Highway and Streets	8	8	8	8	8	8	9	12	12	11
Social Services	4	4	4	4	4	4	4	4	4	4
Recreation and Culture	4	3	4	4	4	4	5	6	6	7
Storm Water	1	1	1	1	1	1	1	1	1	1
Motor Pool	8	7	7	7	7	7	8	8	7	7
Water	13	13	13	13	13	13	13	14	13	15
Wastewater	10	10	10	10	9	8	9	9	9	9
Library	13	13	12	13	13	12	13	14	14	14
Total	<u>188</u>	<u>182</u>	<u>185</u>	<u>188</u>	<u>187</u>	<u>186</u>	<u>182</u>	<u>188</u>	<u>185</u>	<u>187</u>

Source: City Human Resources Department

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

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014 *	2013	2012	2011	2010	2009
Police										
Physical arrests	518	749	666	903	1,418	1,228	1,398	1,544	1,447	1,571
Parking violations	5,701	5,825	3,438	5,401	7,057	7,348	6,234	7,434	7,932	9,512
Traffic violations	3,802	3,802	4,354	4,299	4,916	2,666	2,963	2,333	2,262	2,542
Fire										
Emergency responses	2,213	1,635	1,323	923	1,030	842	803	783	681	630
Fires extinguished	18	22	21	22	31	34	35	41	28	57
Inspections	1,364	1,439	1,570	782	1,852	3,256	2,239	1,247	914	741
Refuse collection										
Refuse collected (tons per week)	50.4	47.2	49.0	47.6	54.8	51.9	49.2	53.7	55.2	55.4
Recycling (tons per week)	11.3	12.5	13.4	14.9	15.0	15.1	15.0	16.1	12.6	13.0
Other public works										
Street resurfacing (miles)	0.9	4.3	2.8	3.0	5.6	2.6	2.9	3.0	2.6	1.6
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
Beach Attendance	26,261	20,829	19,285	32,952	16,943	28,687	21,989	35,389	24,317	33,939
Library										
Volumes in collection	214,069	204,467	237,013	243,147	248,447	250,022	246,979	241,924	234,018	224,821
Total volumes borrowed	212,017	237,063	254,758	274,698	353,038	311,041	356,154	362,099	355,489	343,002
Water										
Consumers	6,177	6,177	6,154	6,193	6,178	6,144	6,101	5,911	5,871	5,832
Water mains breaks	-	-	-	-	-	-	-	4	15	15
Average daily consumption (millions of gallons)	2.11	2.09	2.25	2.31	2.62	2.45	2.45	2.35	2.55	2.58
Wastewater										
Average daily sewage treatment (millions of gallons)	3.06	3.06	3.03	3.22	3.19	2.83	2.67	2.77	2.71	2.58

* 2014 is a 15-month fiscal year

Source: Various City Departments

** Data not available

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

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	2,547	2,524	2,345	2,345	2,345	2,345	2,345	2,345	2,345
Parks and recreation										
Parks	20	20	20	19	19	19	19	19	19	19
Playfields	12	12	12	12	12	12	12	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	98.8	98.7	98.7	98.7	98.1	98.1	98.1	98.1
Wastewater										
Sanitary sewers (miles)	88.8	88.8	88.8	88.7	88.7	88.7	88.7	88.3	88.3	88.3
Storm sewers (miles)	53.2	52.9	52.8	52.6	52.6	52.6	52.1	61.7	50.2	50.2

Source: Various City Departments

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CITY OF MARQUETTE, MICHIGAN

COMPLIANCE SUPPLEMENT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

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

We have audited 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, 2018, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated March 18, 2019. 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

March 18, 2019