

CITY OF MARQUETTE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended September 30, 2016

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CITY COMMISSION
Michael Coyne, Mayor

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

CITY MANAGER
Leonard Angeli

PREPARED BY
Financial Services Department

CHIEF FINANCIAL OFFICER
Gary Simpson

CITY OF MARQUETTE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2016

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March 27, 2017

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, 2016.

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, 2016. Their independent auditor’s report is located at the front of the financial section of this CAFR.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A and this letter of transmittal should be read in conjunction with each other.

REPORTING ENTITY

The financial reporting entity (the City) includes all the funds of the primary government (i.e., City of Marquette, Michigan as legally defined), as well as all of its component units. The criterion used in determining the reporting entity is in accordance with the Governmental Accounting Standards Board (GASB). Component units are legally separate entities for which the primary government is financially accountable. Blended component units (although legally separate entities) are, in substance, part of the primary government’s operations and are included (blended) as part of the primary government. The City of Marquette Building Authority is included as a blended component unit because its sole purpose is to finance and construct the City’s public buildings. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The City of Marquette Board of Light and Power, the City of Marquette Downtown Development Authority, the Brownfield Redevelopment Authority, the Local Development Finance Authority, and the Peter White Public Library are reported as discretely presented component units in this CAFR.

CITY PROFILE

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

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

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

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

The annual budget serves as the foundation for the City's financial planning and control. The budget is organized by individual fund and cognizant department. Transfers of resources between funds are initiated by the City Manager and require approval by the City Commission.

ECONOMIC CONDITIONS AND OUTLOOK

With a stable population of approximately 21,355 residents as reported by the U.S. Census Bureau in 2010, the City remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. Marquette enjoys a diverse economic base, and the City's major employers, Northern Michigan University (NMU) and DLP Marquette General Hospital, LLC, continue to help strengthen the area economy. The economic footprint of NMU is manifest in the everyday lives of the City, and contributes approximately \$63M/annum in payroll, and indirect spending with local businesses. DLP Marquette General Hospital, LLC carries an approximate \$325M/annum economic impact and approximately \$300M+ of new construction has commenced to expand facilities necessary for continued growth as a regional medical facility. Construction is expected to be completed in early 2018.

The City Charter mandates the City Manager prepare and maintain a Strategic Plan and Economic Development Plan that promotes the standard of living and the economic health of the city. Plans have been developed and implemented and, as a result, the City is better positioned to retain and attract a talented workforce; incubate and accelerate entrepreneurial growth; and to work with partners to address regional issues associated with infrastructure and global market access. The Michigan Strategic Fund Board has approved implementation of the Superior Trade Zone, wherein the City has partnered with 42 other communities in Marquette and Delta Counties to take advantage of expanding trade opportunities through authorities outlined under the Next Michigan Zone Act within the Central Upper Peninsula. Marquette, along with Northern Michigan University (NMU), has also been designated by the Michigan Economic Development Corporation and Michigan Department of Treasury as a Satellite SmartZone of Michigan Technological University (MTU), and the Cities of Houghton and Hancock (MTEC) to create a robust entrepreneurial environment that will enhance business creation, expansion, and growth.

The City is gaining new global recognition and continues to benefit economically as a popular tourism and vacation spot and overall visitor volumes are trending upwards of 10-15% over historical measures, and there are plenty of both summer and winter recreational activities. The City has become one of five nationally recognized destinations for trail and mountain biking during the non-winter months and for downhill and cross-country snow skiing during the winter months. The City has been recognized as the originating area for the popular new snow-biking sport, and continues to sponsor the U.P. 200 Dogsled Race – a qualifier for Alaska's Iditarod; as well as a qualifying Marathon supporting the Boston Marathon, and XTerra Triathlon. Through its Downtown Development Authority, the City continues to invest in the downtown, and works with merchants to provide diversified opportunities and events that have attracted more visitors to the downtown shopping district. Marquette continues to strongly promote festivals and special events throughout the year which bring in tens of thousands of visitors annually.

The Administration annually develops a budget which provides a comparative understanding of the local budget between fiscal years, the anticipated volatility resulting from Federal and State budget issues; identifies the potential impacts for both anticipated and unanticipated fund balance

reserve needs; establishes recommendations for debt management thresholds associated with annual Capital Improvement Program Needs; and explains staff recommendations regarding “zero-based” program review. The recommendations mitigate revenue volatility, to the extent possible, and identify balanced budget requirements for considering potential amendments as financial conditions stabilize or improve.

Federal and State government budgets along with associated local revenue sharing remain highly volatile and mostly in decline. Equally, changes incorporated within State Tax Law have resulted in impacts to Personal Property Tax Collections from businesses; Veteran Real Property Tax exemptions; and changes in state equalization protocols which have resulted in a significant increase of new Board of Review and Michigan Tax Tribunal cases with the City’s largest taxpayers. Continued changes to the tax structure at both the Federal and State levels have the potential to negatively impact local revenue, continue to create tremendous uncertainty, and as a result, put greater pressure on the City’s General Fund and associated community institutions.

The future of the Presque Isle Power Plant (PIPP), the City’s largest taxpayer, remains uncertain, but is looking more likely towards shutting down operations by the end of this decade. It is anticipated that the plant will continue “must-run” operations for the near term. City officials continue to work with Federal, State, and private organizational officials in order to identify best possible solutions for this possible event. A property tax appeal filed by PIPP with the Michigan Tax Tribunal has recently been settled in very favorable terms to the City. This settlement helps relieve property tax revenue uncertainty to a certain extent for the current period, but there is always a possibility of another appeal being filed for current and/or future years. It should be noted that the loss of this tax payer would result in an approximate 11-14% decrease in annual general fund revenue.

The City continues to face significant reductions from non-municipal discretionary revenue sources, new pension 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 2016 INITIATIVES

The major themes which guided projects and initiatives for FY 2016 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 2016:

- ✓ Stormwater Drainage Improvements - \$776,924
- ✓ Water System Improvements - \$571,423
- ✓ Sewer System Improvements - \$623,490
- ✓ Street/Road Reconstruction & Improvements - \$543,334

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 \$4 million for capital improvement projects.

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, 2015. This is the 30th consecutive year that the City has achieved this prestigious award. In order to be awarded Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


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

We would also like to thank the members of the Marquette City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Handwritten signature of L. Michael Angeli in cursive script.

L. Michael Angeli
City Manager

Handwritten signature of Gary W. Simpson in cursive script.

Gary W. Simpson
Chief Financial Officer



Government Finance Officers Association

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

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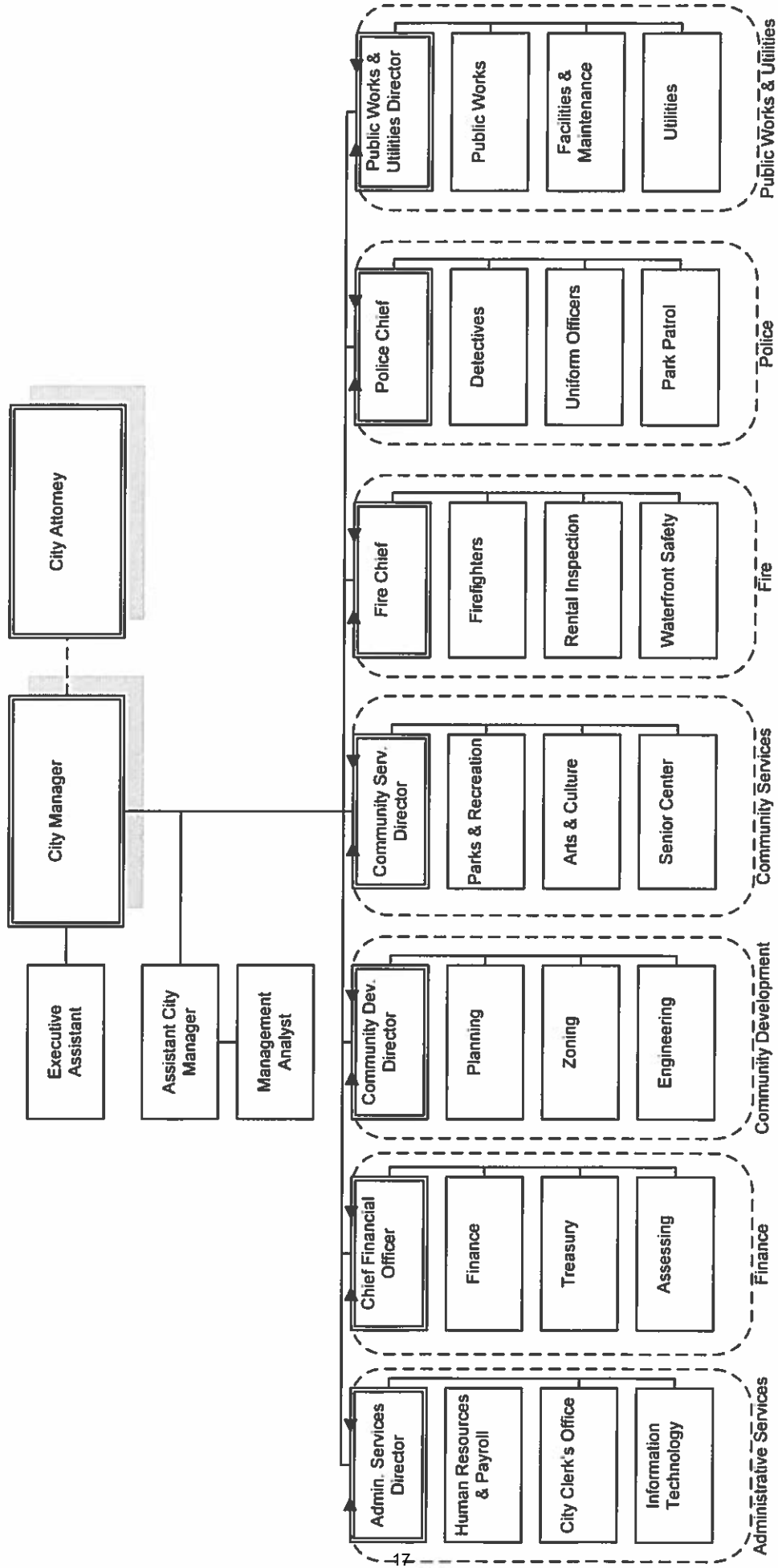
**City of Marquette
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

City of Marquette



CITY OF MARQUETTE, MICHIGAN
ADMINISTRATIVE STAFF

CITY MANAGER

Leonard Angeli

ASSISTANT CITY MANAGER

Jennifer LePage

EXECUTIVE ASSISTANT

Wendy Larson

CITY ATTORNEY

Ronald Keefe

CHIEF FINANCIAL OFFICER

Gary Simpson

DIRECTOR OF ADMINISTRATIVE SERVICES

Susan Bohor

Information Services Division

Daniel Frederickson

Clerks Office Division

Kris Hazeres

DIRECTOR OF PLANNING AND COMMUNITY DEVELOPMENT

Dennis Stachewicz

Engineering Division

Keith Whittington

Gregory Borzick

James Compton

Planning & Zoning Division

David Stensaas

Assessing Division

Miles Anderson

DIRECTOR OF COMMUNITY SERVICES

Karl Zueger

Parks & Recreation Division

Jon Swenson

Andrew MacIver

Arts & Culture

Tiina Harris

DIRECTOR OF PUBLIC WORKS AND UTILITIES

Curt Goodman

Public Works

Scott Cambensy

Facilities Maintenance

Eric Stemen

Utilities

Curt Goodman (Acting)

FIRE CHIEF

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, 2016, 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 until and 82 percent 67 percent, and 68 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 82 percent, 67 percent, and 68 percent, respectively, of the assets, net position, and revenues of the component unit activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for component unit activities, is based solely on the report of the other auditors. 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, individual major fund financial statements, combining and individual non-major fund financial statements, capital asset schedules, long-term debt schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual major fund financial statements, combining and individual non-major fund financial statements, capital asset schedules, and long-term debt schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to

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the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the individual major fund financial statements, combining and individual non-major fund financial statements, capital asset schedules, and long-term debt schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended September 30, 2015, 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 83 percent, 83 percent, and 91 percent, respectively, of the assets, net position, and revenues of the component unit activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for component unit activities, is based solely on the report of the other auditors. The individual major fund financial statements and individual non-major fund financial statements, for the year ended September 30, 2015, 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 2015 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 2015 individual major fund financial statements and individual non-major fund financial statements, are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is

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

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

March 27, 2017

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, 2016. 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 \$2,797,047 as a result of this fiscal year's operations. Net position of our business-type activities decreased by \$(620,808) or (1.90)%, and net position of our governmental activities increased by \$3,417,855 or 19.52%.
- During the year, the City had expenses for governmental activities that were \$14,127,786 more than the \$17,019,301 generated in program revenues.
- The City's business-type activities had expenses that were \$1,002,674 more than the \$11,745,032 generated in program revenues.
- The general fund reported a net change in fund balance of \$442,118. This is \$442,118 higher than the forecasted net change of \$-0-.

USING THIS ANNUAL REPORT

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

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

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

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

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

The City as Trustee

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

The City as a Whole

Table 1 provides a summary of the City's net position as of September 30, 2016 and 2015.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 36,490,998	\$ 33,214,103	\$ 6,712,551	\$ 6,843,002	\$ 43,203,549	\$ 40,057,105
Capital assets, net	45,628,700	41,605,899	55,621,485	56,361,129	101,250,185	97,967,028
Total Assets	82,119,698	74,820,002	62,334,036	63,204,131	144,453,734	138,024,133
Deferred outflows of resources	4,847,020	1,393,845	1,177,172	364,381	6,024,192	1,758,226
Current liabilities	5,910,436	4,426,449	3,733,200	3,714,119	9,643,636	8,140,568
Noncurrent liabilities	51,917,078	46,223,744	26,526,478	27,057,382	78,443,556	73,281,126
Total Liabilities	57,827,514	50,650,193	30,259,678	30,771,501	88,087,192	81,421,694
Deferred inflows of resources	8,215,779	8,058,084	1,130,967	55,640	9,346,746	8,113,724
Net Position:						
Net investment in capital assets	30,048,214	23,971,445	32,644,974	33,683,601	62,693,188	57,655,046
Restricted	792,364	1,482,626	-	1,661,848	792,364	3,144,474
Unrestricted	(9,917,153)	(7,948,501)	(524,411)	(2,604,078)	(10,441,564)	(10,552,579)
Total Net Position	\$ 20,923,425	\$ 17,505,570	\$ 32,120,563	\$ 32,741,371	\$ 53,043,988	\$ 50,246,941

Net position of the City's governmental activities stood at \$20,923,425. *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 \$(9,917,153).

The \$(9,917,153) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unassigned net position from year to year.

The net position of our business-type activities stood at \$32,120,563. 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 2016 and 2015.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$ 5,755,771	\$ 5,124,630	\$ 11,469,999	\$ 10,769,324	\$ 17,225,770	\$ 15,893,954
Operating grants and contributions	4,702,797	2,983,180	-	-	4,702,797	2,983,180
Capital grants and contributions	6,560,733	731,688	275,033	118,089	6,835,766	849,777
General revenues:						
Property taxes	14,376,477	13,771,890	-	-	14,376,477	13,771,890
Unrestricted State sources	2,063,647	2,089,213	-	-	2,063,647	2,089,213
Investment earnings	252,962	219,202	21,866	22,907	274,828	242,109
Sale of capital assets	854,166	7,384	-	-	854,166	7,384
Miscellaneous	358,389	154,165	-	-	358,389	154,165
Total Revenues	<u>34,924,942</u>	<u>25,081,352</u>	<u>11,766,898</u>	<u>10,910,320</u>	<u>46,691,840</u>	<u>35,991,672</u>
Program Expenses:						
General government	6,592,257	5,324,952	-	-	6,592,257	5,324,952
Public health and safety	10,154,891	8,058,601	-	-	10,154,891	8,058,601
Public works	3,425,157	3,457,197	-	-	3,425,157	3,457,197
Highways and streets	3,288,402	2,688,985	-	-	3,288,402	2,688,985
Social services	672,878	540,432	-	-	672,878	540,432
Sanitation services	2,960,919	1,915,016	-	-	2,960,919	1,915,016
Community services	1,472,744	1,396,090	-	-	1,472,744	1,396,090
Interest on long-term debt	765,649	702,786	-	-	765,649	702,786
Depreciation - unallocated	1,814,190	1,912,453	-	-	1,814,190	1,912,453
Water supply	-	-	4,968,514	4,578,855	4,968,514	4,578,855
Sewage disposal	-	-	5,942,079	5,554,168	5,942,079	5,554,168
Stormwater utility	-	-	1,245,744	1,242,712	1,245,744	1,242,712
Recreation and culture	-	-	591,369	586,703	591,369	586,703
Total Expenses	<u>31,147,087</u>	<u>25,996,512</u>	<u>12,747,706</u>	<u>11,962,438</u>	<u>43,894,793</u>	<u>37,958,950</u>
Excess (deficiency) before transfers	3,777,855	(915,160)	(980,808)	(1,052,118)	2,797,047	(1,967,278)
Transfers	<u>(360,000)</u>	<u>-</u>	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	3,417,855	(915,160)	(620,808)	(1,052,118)	2,797,047	(1,967,278)
Net position, beginning	17,505,570	41,556,301	32,741,371	37,041,691	50,246,941	78,597,992
Prior Year, Net Pension Liability Adjustment	<u>-</u>	<u>(23,135,571)</u>	<u>-</u>	<u>(3,248,202)</u>	<u>-</u>	<u>(26,383,773)</u>
Net Position, Ending	<u>\$ 20,923,425</u>	<u>\$ 17,505,570</u>	<u>\$ 32,120,563</u>	<u>\$ 32,741,371</u>	<u>\$ 53,043,988</u>	<u>\$ 50,246,941</u>

The net position restatements in fiscal year 2015 were made from the adoption of GASB No. 68 and GASB No. 71. Further details can be found in Note Y.

The City's total revenues were \$46,691,840. The total cost of all programs and services was \$43,894,793 leaving an increase in net position of \$2,797,047. 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 \$20,556,970, an increase of \$1,359,307, or 7.08%, from the prior fiscal year. This increase is discussed below:

- Property Tax revenue increased \$509,789, or 5.07%, which was the result of increases in taxable values, including new construction. The millage rate was unchanged from the previous fiscal year, at 14.9225 mills.
- Payments in Lieu of Taxes (PILT) decreased \$(15,818), or (0.46)%, as there was a decrease in payments from Public Housing, which is determined by a formula developed by the United States Department of Housing and Urban Development. Other sources of this revenue are based on asset valuations for the Marquette Board of Light & Power, The Marquette Area Wastewater Treatment Facility, and the City's Water and Sewer Utilities and applying the tax millage rate to those valuations.
- Grants decreased \$(261,343), or (59.07)%. Grants revenue, as a whole, can be highly volatile from year to year as most of the grants can be one-time only instead of on-going each year and there is no guarantee our grant pursuits will always be successful.
- State Shared Revenues in total decreased \$(35,847), or (1.69)%. State Shared Revenues are comprised of: Sales & Use tax distributions increased \$3,742, or 0.20%; Liquor License distributions decreased \$(10,281), or (28.43)%; and Fire Protection of State Facilities decreased \$(29,308), or (16.53)%. These revenue sources are distributed based upon formulas set by the State and the amount of money appropriated for each purpose by the State. In addition, Sales & Use tax is largely dependent upon overall economic conditions in the State.
- Service/Use/Sales/Rental fees, excluding Internal Service fees, increased \$96,594, or 20.23%. 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 decreased \$(47,607), or (40.58)%. This revenue source is comprised of Civil Infraction fines and parking tickets.
- Sale of Capital Assets increased \$8,800, or 100%. Surplus equipment from the City's various departments are sold at auction and there wasn't any revenue from this source in FY 2015.
- Investment Income increased \$26,788. Interest rates continue to remain low but compliance with GASB's mark-to-market accounting rules for investments did not have as big of an impact in fiscal year 2016 as in previous years. The City typically holds investments until maturity but because of this GASB rule, this revenue source can appear to be volatile and is based not only on the amount of money available in the investment pool but also largely on investment market conditions as of the date at the end of each fiscal year.
- Other revenue sources increased \$18,713, or 27.92%. 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 \$1,337,506, or 8.46%, from the prior fiscal year. This increase is discussed below:

- ❖ General Government increased \$1,066,431, or 24.37%. This increase is attributable to a pass-thru grant on behalf of the Downtown Development Authority for the Delft Dinner Theatre Façade.
- ❖ Public Health and Safety increased \$94,508, or 1.30%. The increase is due to funds being bequeathed to the Fire Department by the Acocks Trust to purchase lifesaving training, supplies, and equipment.
- ❖ Public Works increased \$150,099, or 4.13%. The increase is due to an increase in maintenance work and an ADA project for City Hall.
- ❖ Community Services increased \$26,468, or 4.90%. The increase is due to the Clark Lambros Beach Park Project.
- ❖ Net Other Financing Uses decreased \$(158,893), or (5.09)%, mostly due to a decrease in transfers out to the Major Street and Lakeview Arena Funds. The General Fund typically makes transfers to balance other Funds, such as Major and Local Streets, Lakeview Arena, the Marinas, and also payments to Debt Service Funds.

Fund Balance increased \$442,118, or 3.42%, from the previous fiscal year due to the reasons described above.

Major and Local Street Funds

The Major and Local Street Funds had revenues, excluding Transfers-In, increase \$224,049, or 17.14%, and \$100,256, or 17.49%, respectively, from the prior fiscal year.

Gas & Weight Tax distributions were increased by the State, which accounts for the revenue increases in both the Major and Local Street Funds. Gas & Weight Tax is distributed based upon formulas set by the State and the amount of money appropriated for each purpose by the State. In addition, Gas & Weight Tax is dependent upon how much gas is bought at the pump.

Major and Local Street Fund expenditures decreased \$(539,801), or (28.34)%, and \$(236,034), or (14.19)%, respectively. Winter Maintenance activities decreased for both Funds as the past Winter was not as harsh as in the previous couple of years, along with decreased construction activity in both Funds.

Sanitation Fund

The Sanitation Fund had revenues increase \$697,437, or (35.43)% from the prior fiscal year. Landfill Disposal Fees are the reason for the increase and is based on the number of permits sold for landfill disposal. This fee is then passed on to the County Landfill Authority as the City is only a pass-thru agent in this regard.

Expenditures in the Sanitation Fund increased \$751,218, or (39.70)% from the prior fiscal year. Trash Collection Services are contracted out and the service is billed to customers based on the contract terms. The increase is due to the pass-thru Landfill Disposal Fees mentioned above.

The Fund Balance increased \$22,430, or 4.34% from the previous fiscal year due to factors described above.

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

Senior Services Fund

The Senior Services Fund had revenues increase \$43,597, or 7.17%, as compared to the previous fiscal year due to State and County Contract Revenues increasing \$33,967 or 9.61% and Property Tax Revenue (0.35 mills voted in by the citizens) increasing \$8,351, or 3.65%, from the previous fiscal year. The tax millage rate remained unchanged from the previous fiscal year and other revenues are contracted services with the State and the County.

Expenditures in the Senior Services Fund increased \$50,492, or 9.47%, from the previous fiscal year due to increased contractual funding being provided by the State and the County.

The Fund Balance increased \$68,327, or 14.31%, from the previous fiscal year due to the factors described above.

Lakeview Arena Fund

The Lakeview Arena Fund had revenues, excluding Transfers-In, increase \$141,941, or 30.11%, as compared to the previous fiscal year. Lakeview Arena was the winner of the national Kraft Hockeyville USA competition which resulted in a grant of money to make upgrades and maintenance to the Arena and to also host an NHL exhibition game.

Expenditures in the Lakeview Arena Fund, excluding transfers out, increased \$20,916, or 2.96%, from the previous fiscal year largely due to Kraft Hockeyville USA funding mentioned above.

The Fund Balance increased due to the factors described above. The transfer-in from the General Fund decreased to \$234,174 in fiscal year 2016 from \$355,467 in fiscal year 2015.

MSC Relocation Fund

The MSC Relocation Fund is a new fund established to account for the relocation of the Municipal Service Center. This relocation was required due to the hospital purchasing the previous MSC site in order to construct their new facility. Activity in this fund includes construction and related financing activities to fund the construction. Bonds have been issued via the Marquette Brownfield Redevelopment Authority.

Other Governmental Activity Funds

The remaining funds in this category are mostly the Debt Service Funds used to account for the debt service of various projects financed by bond proceeds, and some smaller type Special Revenue Funds, such as MSHDA, Drug Forfeitures, Criminal Justice Training, and Public Education/Government. Compared to the previous fiscal year, all funds in this category experienced normal activity.

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.

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

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	\$ 6,592,257	\$ 4,224,233
Public health and safety	10,154,891	9,849,825
Public works	3,425,157	(4,378,929)
Highways and streets	3,288,402	439,579
Sanitation	2,960,919	293,918
Community services	1,472,744	859,509

Business-type Activities – Analysis of Individual Funds:

Water Supply Fund

The Water Supply Fund had operating revenues increase \$151,402, or 3.61%, from the previous fiscal year. Water Utility Rates were increased 7% in fiscal year 2016. Billable usage continues its downward trend as 2016 was down (2.4)% when compared with 2015.

Operating expenses increased \$418,255, or 9.81% from the previous fiscal year. The increase was due to an increase in the pension liability accrual as required by GASB, as well as an increase in depreciation for the Water System.

Net Non-Operating Revenues/(Expenses) decreased \$(34,217), or (11.58)% from the previous fiscal year mostly due to grant activity.

Net Position decreased \$(602,753), or (3.91)% from the previous fiscal year due to the factors described above.

Sewage Disposal Fund

The Sewage Disposal Fund had operating revenues increase \$101,522, or 1.96%, from the previous fiscal year. Sewer Utility Rates were increased 7% in fiscal year 2016. Billable usage saw a stop to the downward trend as 2016 was up 1.4% when compared with 2015, but is still down 12% from 2012.

Operating expenses increased \$411,287, or 7.85%, from the previous fiscal year. The increase was due to an increase in the pension liability accrual as required by GASB, as well as an increase in depreciation for the Sewer System.

Net Non-Operating Revenues/(Expenses) decreased \$(971,690), or (73.27)% from the previous fiscal year due to the ownership in the Marquette Area Wastewater Treatment Facility operations.

Net Position decreased \$(360,320), or (3.73)% from the previous fiscal year due to factors described above.

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

Stormwater Fund

The Stormwater Fund had operating revenues increase \$27,373, or 2.25%, from the previous fiscal year. Stormwater Utility Rates were increased 7% in fiscal year 2016.

Operating expenses increased \$20,107, or 1.88%, from the previous fiscal year primarily due to an increase in depreciation for the Stormwater System.

Net Non-Operating Revenues/(Expenses) increased \$24,497, or 29.89% from the previous fiscal year due to grant activity.

Net Position increased \$43,849, or 0.85% from the previous fiscal year due to the factors described above.

Tourist Park (Campground) Fund

The Tourist Park Fund had operating revenues increase \$46,155, or 15.16%, from the previous fiscal year due to increased usage of the campground facility.

Operating Expenses increased \$14,627, or 8.28%, from the previous fiscal year due to increased Personnel Services related to increased usage of the facility.

Net Non-Operating Revenues increased \$106 from the previous fiscal year due to increased interest revenue.

Net Position increased \$159,602, or 43.62% from the previous fiscal year due to factors described above.

Marinas Fund

The Marinas Fund had operating revenues decrease \$(575,087), or (62.77)%, from the previous fiscal year. This is due to an insurance reimbursement for winter damage received in 2015.

Operating Expenses decreased \$(9,744), or (2.41)%, from the previous fiscal year. This decrease was mostly due to a decrease in Personnel Services.

Net Non-Operating Revenues/(Expenses) increased \$192,961, or 18,342.30%, from the previous fiscal year due grant activity. For the second year in a row, no transfer-in from the General Fund was needed.

Net Position increased \$138,814, or 6.56% from the previous fiscal year due to factors described above.

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet, see table of contents for page reference) reported a *combined* fund balance of \$18,535,887, an increase of \$1,513,554 from the beginning of the year. The reasons for this increase are discussed above.

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

General Fund Budgetary Highlights

During the year, there was a \$1,638,254 increase in total expenditure appropriations between the original and final amended budget. Following are the main components of this increase:

\$ 1,472,000 for grant and other pass-thru opportunities occurring in the year.

\$ 166,000 for encumbrance rollovers from the previous fiscal year for a Traffic Study and Parks Restroom Projects. Encumbrance rollovers are a standard practice in Government due to not all projects (construction and otherwise) being completed as of the end of a fiscal year.

Actual 2016 Total General Fund revenues were \$158,000 below final budget mostly due to the timing of the FY 2016 CIP Bond Issue. Bond proceeds were not actually received until after the fiscal year had closed. General Fund revenues exceeded expenditures and other financing uses by \$442,118.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016 the City had \$101,250,185 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)

	2016			Totals 2015
	Governmental Activities	Business-type Activities	Totals	
Land and construction in progress	\$ 21,075,674	\$ 1,222,109	\$ 22,297,783	\$ 14,188,530
Land improvements	1,432,775	1,421,346	2,854,121	2,730,942
Buildings and improvements	3,001,919	7,851,988	10,853,907	13,132,317
Furniture and equipment	1,280,470	1,933,939	3,214,409	3,711,099
Infrastructure	18,837,862	43,192,103	62,029,965	64,204,140
Totals	<u>\$ 45,628,700</u>	<u>\$ 55,621,485</u>	<u>\$ 101,250,185</u>	<u>\$ 97,967,028</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 \$37,468,537 in bonds, notes and capital lease obligations outstanding as depicted in Table 5 below, which shows total bonded debt as of September 30, 2016.

Table 5
Outstanding Debt at Year-End

	2016			Totals
	Governmental Activities	Business-type Activities	Totals	2015
General obligation bonds	\$ 15,331,863	\$ 18,005,726	\$ 33,337,589	\$ 37,809,589
Revenue bonds	-	170,000	170,000	335,000
Contracts and notes payable	248,623	3,712,325	3,960,948	4,338,821
Totals	<u>\$ 15,580,486</u>	<u>\$ 21,888,051</u>	<u>\$ 37,468,537</u>	<u>\$ 42,483,410</u>

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City's elected and appointed officials considered many factors when setting the fiscal year 2017 budget, including the global and national economies. Below are a few of these factors:

State Revenue Sharing still remains a budgetary concern. Public Act 63 of 2011 introduced the Economic Vitality Incentive Program (EVIP) for eligible local governments to follow in order to receive Statutory Revenue Sharing from the State. Prior to EVIP, the statutory portion was allocated without need to meet criteria for qualification. With EVIP, the City must certify that it is meeting certain criteria in the areas of accountability and transparency, consolidation of services, and employee benefits. The City is currently qualified to receive its full share, approximately \$357,000. Prior to EVIP, the City was receiving \$450,000 of statutory payments. Qualification is an annual process which the City must show compliance with the State-mandated criteria. In fiscal year 2015, the EVIP program was changed to City Village Township Revenue Sharing (CVTRS) and left just the first phase to be complied with in order to receive the "full" allocation of Statutory Revenue Sharing. It is still unclear what additional program modifications or legislative action will bring. As a result, the Administration views statutory revenue sharing as "speculative", and no longer considers this to be a reliable revenue source within the City baseline budget formulation. It should be noted that based upon previous years distributions, it is estimated that the City has "lost" almost \$1 million per year due to cutbacks by the State since fiscal year 2000.

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

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

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 yet another unknown at this time. WE Energies has announced the possible closure of the facility at the end of the current decade. There are ongoing efforts to keep the facility open, such as the formation of partnerships with other power agencies, but this is looking less and less likely to occur. If the facility were to close, there could be the possibility of lost jobs and tax base to the local economy.

DLP Marquette General Hospital, LLC has commenced construction of a new hospital facility within the City limits on a site that was owned by the City and home to the City's Municipal Service Center (MSC). Current plans show a construction completion in 2018 for the new hospital. This project requires the City to build a new MSC. Construction has already commenced on property purchased from Northern Michigan University and the former Argonics manufacturing site. The entire construction will be paid 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. MSC construction is expected to be completed by next Fall. While this project is logistically challenging for the time being, it is welcome news that should help to stabilize the local economy. No plans have been announced as to what will happen with the current hospital campus.

On the national front, at the time of this writing, there is still much discussion regarding the Federal Budget. The City could be forced to deal with reduced federal funding and/or seeing tax rates raised upon our citizens. Either of these scenarios will impact future budget discussions and decisions.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Finance Office at City of Marquette, 300 West Baraga, Marquette, Michigan, 49855. Additional information about the City may also be found on the City's website at www.mqtcty.org.

CITY OF MARQUETTE, MICHIGAN
BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide an overview of the City's financial position and the result of current year's operations and cash flows.

These Basic Financial Statements indicate the classes and funds displayed in subsequent sections of the report and present comprehensive data for assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, transfers, expenses or expenditures and cash flows of the City funds.

CITY OF MARQUETTE, MICHIGAN

STATEMENT OF NET POSITION

September 30, 2016

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 14,899,764	\$ -	\$ 14,899,764	\$ 42,210,079
Investments	5,714,965	-	5,714,965	29,324,627
Receivables (net)	10,782,453	2,451,137	13,233,590	2,878,636
Inventory	171,838	138,031	309,869	4,248,985
Primary government internal balances	-	-	-	-
Prepaid expenses and other assets	406,021	86,706	492,727	307,279
TOTAL CURRENT ASSETS	31,975,041	2,675,874	34,650,915	78,969,606
Non-current Assets:				
Restricted assets	1,241,960	679,575	1,921,535	8,665,672
Investment in UPPPA	-	-	-	3,368,697
Investment in joint venture	3,273,997	3,357,102	6,631,099	-
Capital assets:				
Land and construction in progress	21,075,674	1,222,109	22,297,783	41,456,806
Other capital assets, net of depreciation	24,553,026	54,399,376	78,952,402	49,605,248
Total Capital Assets	45,628,700	55,621,485	101,250,185	91,062,054
TOTAL NON-CURRENT ASSETS	50,144,657	59,658,162	109,802,819	103,096,423
TOTAL ASSETS	82,119,698	62,334,036	144,453,734	182,066,029
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	-	-	64,540
Change in pension investment projections	2,022,146	491,573	2,513,719	565,901
Change in pension assumptions	1,868,691	453,533	2,322,224	1,434,614
Change in pension experience	(138,570)	(33,632)	(172,202)	1,929,655
Employer contributions subsequent to measurement date	1,094,753	265,698	1,360,451	2,136,131
Receivables for developer obligations	-	-	-	46,952,035
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,847,020	1,177,172	6,024,192	53,082,876
LIABILITIES				
Current Liabilities:				
Cash overdraft	-	244,338	244,338	-
Accounts payable	3,031,522	1,269,609	4,301,131	5,896,802
Accrued wages payable	418,459	72,051	490,510	-
Accrued liabilities	215,736	266,025	481,761	377,962
Compensated absences	592,893	-	592,893	1,168,875
Customer deposits payable	155,386	12,018	167,404	1,458,850
Due to primary government	-	-	-	6,488,371
Current portion of bonds payable	1,413,567	1,869,159	3,282,726	515,000
Current portion of contracts and notes payable	82,873	-	82,873	-
Current maturities on revenue bonds	-	-	-	742,244
Other current liabilities	-	-	-	1,855,330
TOTAL CURRENT LIABILITIES	5,910,436	3,733,200	9,643,636	18,503,434
Non-current Liabilities:				
Compensated absences	972,786	315,473	1,288,259	91,817
Other post-employment benefits (OPEB)	4,056,384	324,102	4,380,486	1,341,248
Net pension liability	32,803,862	5,062,896	37,866,758	20,829,750
Bonds payable	13,918,296	16,551,568	30,469,864	99,433,017
Long-term contracts and notes payable	165,750	3,467,324	3,633,074	26,094,118
Other	-	805,115	805,115	3,953,146
TOTAL NON-CURRENT LIABILITIES	51,917,078	26,526,478	78,443,556	151,743,096
TOTAL LIABILITIES	57,827,514	30,259,678	88,087,192	170,246,530
DEFERRED INFLOWS OF RESOURCES				
Deferred amount on refunding	-	-	-	-
Taxes levied for a subsequent period	8,215,779	-	8,215,779	2,104,048
Special assessments	-	42,507	42,507	-
Deferred proceeds for capital activities	-	1,088,460	1,088,460	-
TOTAL DEFERRED INFLOWS OF RESOURCES	8,215,779	1,130,967	9,346,746	2,104,048
NET POSITION				
Net investment in capital assets	30,048,214	32,644,974	62,693,188	41,092,187
Restricted for:				
Debt services	-	-	-	118,521
Capital outlay	28,863	-	28,863	-
Perpetual care	763,501	-	763,501	-
Other activities:				
Board of Light and Power	-	-	-	8,608,218
Peter White Public Library	-	-	-	-
Non-major component units	-	-	-	814,687
Unrestricted	(9,917,153)	(524,411)	(10,441,564)	12,164,714
TOTAL NET POSITION	\$ 20,923,425	\$ 32,120,563	\$ 53,043,988	\$ 62,798,327

CITY OF MARQUETTE, MICHIGAN

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
						Business -		
Function / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Type Activities	Total	Component Units
Primary Government:								
Governmental Activities:								
General government	\$ 6,592,257	\$ 1,134,353	\$ 1,233,671	\$ -	\$ (4,224,233)	\$ -	\$ (4,224,233)	\$ -
Public health and safety	10,154,891	184,015	54,639	66,412	(9,849,825)	-	(9,849,825)	-
Public works	3,425,157	1,179,029	131,081	6,493,976	4,378,929	-	4,378,929	-
Highway and streets	3,288,402	-	2,848,823	-	(439,579)	-	(439,579)	-
Social services	672,878	-	413,066	-	(259,812)	-	(259,812)	-
Sanitation services	2,960,919	2,667,001	-	-	(293,918)	-	(293,918)	-
Community services	1,472,744	591,373	21,517	345	(859,509)	-	(859,509)	-
Interest on long-term debt	765,649	-	-	-	(765,649)	-	(765,649)	-
Depreciation - unallocated	1,814,190	-	-	-	(1,814,190)	-	(1,814,190)	-
Total Governmental Activities	31,147,087	5,755,771	4,702,797	6,560,733	(14,127,786)	-	(14,127,786)	-
Business-Type Activities:								
Water supply	4,968,514	4,341,749	-	12,113	-	(614,652)	(614,652)	-
Sewage disposal	5,942,079	5,195,249	-	20,250	-	(726,580)	(726,580)	-
Stormwater utility	1,245,744	1,241,285	-	47,700	-	43,241	43,241	-
Community services	591,369	691,716	-	194,970	-	295,317	295,317	-
Total Business-Type Activities	12,747,706	11,469,999	-	275,033	-	(1,002,674)	(1,002,674)	-
TOTAL PRIMARY GOVERNMENT	\$ 43,894,793	\$ 17,225,770	\$ 4,702,797	\$ 6,835,766	(14,127,786)	(1,002,674)	(15,130,460)	-
Component Units:								
Board of Light and Power	\$ 34,254,031	\$ 36,963,835	\$ -	\$ 344,486	\$ -	\$ -	\$ -	\$ 3,054,290
Brownfield Redevelopment Authority	376,365	-	-	-	-	-	-	(376,365)
Non-Major Component Units	4,779,880	402,782	1,865,742	-	-	-	-	(2,511,356)
TOTAL COMPONENT UNITS	\$ 39,410,276	\$ 37,366,617	\$ 1,865,742	\$ 344,486	-	-	-	166,569
General Revenues:								
Taxes:								
Property taxes					10,940,124	-	10,940,124	15,181,644
Payment in lieu of taxes					3,436,353	-	3,436,353	-
Unrestricted State sources					2,063,647	-	2,063,647	-
Interest and investment earnings					252,962	21,866	274,828	773,905
Gain on sale of capital assets					854,166	-	854,166	(4,231)
Miscellaneous					358,389	-	358,389	553,441
Transfers					(360,000)	360,000	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					17,545,641	381,866	17,927,507	16,504,759
CHANGE IN NET POSITION					3,417,855	(620,808)	2,797,047	16,671,328
Net position, beginning of year, as restated					17,505,570	32,741,371	50,246,941	46,126,999
NET POSITION, END OF YEAR					\$ 20,923,425	\$ 32,120,563	\$ 53,043,988	\$ 62,798,327

CITY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2016

	General Fund	Major Street and Trunkline Fund	Local Street Fund	MSC Construction Fund	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 13,554,416	\$ 562,177	\$ 183,554	\$ -	\$ 3,743,112	\$ 18,043,259
Investments	5,182,235	-	-	-	532,730	5,714,965
Taxes receivable, net	763,075	-	-	-	37,338	800,413
Special assessments receivable	-	-	-	-	-	-
Accounts receivable	297,076	-	-	-	1,003,318	1,300,394
Due from other authorities	1,059,302	-	-	6,479,844	-	7,539,146
Due from other funds	706,716	-	-	-	-	706,716
Due from other governments	883,431	185,795	64,350	-	-	1,133,576
Inventory	145,591	-	-	-	-	145,591
Prepaid expenditures	301,712	-	-	-	24,585	326,297
TOTAL ASSETS	22,893,554	747,972	247,904	6,479,844	5,341,083	35,710,357
DEFERRED OUTFLOWS OF RESOURCES						
	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 22,893,554	\$ 747,972	\$ 247,904	\$ 6,479,844	\$ 5,341,083	\$ 35,710,357
LIABILITIES						
Cash overdraft	\$ -	\$ -	\$ -	\$ 4,032,615	\$ 159,470	\$ 4,192,085
Accounts payable	566,339	34,871	241,650	1,757,591	319,488	2,919,939
Accrued wages payable	350,005	6,385	6,254	-	29,028	391,672
Accrued compensated absences	591,461	-	-	-	1,432	592,893
Due to other funds	-	706,716	-	-	-	706,716
Due to other governmental units	247	-	-	-	-	247
Due to other authorities	131,312	-	-	-	-	131,312
Customer deposits payable	23,827	-	-	-	-	23,827
TOTAL LIABILITIES	1,663,191	747,972	247,904	5,790,206	509,418	8,958,691
DEFERRED INFLOWS OF RESOURCES						
Taxes levied for a subsequent period	7,877,473	-	-	-	338,306	8,215,779
Special assessments	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	7,877,473	-	-	-	338,306	8,215,779
FUND BALANCE						
Non-spendable	447,303	-	-	-	787,786	1,235,089
Restricted	64,618	-	-	-	1,264,343	1,328,961
Assigned	4,466,772	-	-	689,638	2,441,230	7,597,640
Unassigned	8,374,197	-	-	-	-	8,374,197
TOTAL FUND BALANCE	13,352,890	-	-	689,638	4,493,359	18,535,887
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 22,893,554	\$ 747,972	\$ 247,904	\$ 6,479,844	\$ 5,341,083	\$ 35,710,357

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

September 30, 2016

Total Fund Balances for Governmental Funds **\$ 18,535,887**

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). 48,902,697

Internal service funds are used by management to charge the costs of certain activities, such as the purchase and maintenance of equipment and vehicles and the operation of the Municipal Service Center, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, net of capital assets.

Current assets	\$	1,163,485	
Restricted assets		1,241,960	
Current liabilities		<u>(138,370)</u>	
			2,267,075

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	20,723,468		
Net pension liability - Fire/Police Retirement System	12,080,394		
Deferred (outflows) of resources related to net pension liability	(3,752,267)		
Employer contributions subsequent to measurement date	(1,094,753)		
Deferred inflows of resources related to net pension liability	<u>-</u>		
			(27,956,842)

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

Current portion of bonds payable	\$	1,413,567	
Current portion of notes and contracts payable		82,873	
Accrued interest on bonds		215,736	
Other post-employment benefits		4,056,384	
Compensated absences		972,786	
Bonds payable		13,918,296	
Long-term contracts and notes payable		<u>165,750</u>	
			<u>(20,825,392)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 20,923,425**

CITY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2016

	General Fund	Major Street and Trunkline Fund	Local Street Fund	MSC Relocation Fund	Other Governmental Funds	Total
REVENUES:						
Taxes and penalties	\$ 10,607,934	\$ -	\$ -	\$ -	\$ 366,692	\$ 10,974,626
State sources	2,238,409	1,478,095	670,728	-	62,201	4,449,433
Federal sources	32,183	-	-	-	-	32,183
Charges for services	2,152,981	-	-	-	2,715,276	4,868,257
Sales	40,579	-	-	-	-	40,579
Use and admission fees	45,757	-	-	-	358,270	404,027
Rentals	76,761	-	-	-	66,183	142,944
Licenses and permits	76,971	-	-	-	-	76,971
Fines and forfeiture	69,713	-	-	-	930	70,643
Sales of assets	8,800	-	-	3,499,975	-	3,508,775
Reimbursements	124,093	26,014	-	6,479,844	18,762	6,648,713
Investment income	241,371	2,738	2,824	3,711	24,353	274,997
Payment in lieu of taxes	3,436,353	-	-	-	-	3,436,353
Private contribution	1,307,802	-	-	-	725,471	2,033,273
Intergovernmental revenue	11,518	-	-	-	332,012	343,530
Special assessments	-	-	-	-	-	-
Other revenues	85,745	24,200	-	-	164,302	274,247
TOTAL REVENUES	20,556,970	1,531,047	673,552	9,983,530	4,834,452	37,579,551
EXPENDITURES:						
Current operations:						
General government	5,442,776	-	-	-	142,133	5,584,909
Public health and safety	7,359,103	-	-	-	7,877	7,366,980
Public works	3,784,876	-	-	-	178,845	3,963,721
Highway and streets	-	1,236,832	1,011,866	-	-	2,248,698
Social services	-	-	-	-	580,937	580,937
Sanitation services	-	-	-	-	2,644,699	2,644,699
Community services	566,446	-	-	-	712,986	1,279,432
Capital outlay	-	128,295	415,039	8,258,971	16,802	8,819,107
Debt service:						
Professional services	-	-	-	-	320	320
Principal retirement	-	-	-	-	2,745,388	2,745,388
Interest and fiscal charges	-	-	-	-	789,199	789,199
TOTAL EXPENDITURES	17,153,201	1,365,127	1,426,905	8,258,971	7,819,186	36,023,390
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,403,769	165,920	(753,353)	1,724,559	(2,984,734)	1,556,161
OTHER FINANCING SOURCES (USES):						
Bond issuance	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-
Transfers in	22,035	298,393	1,173,812	-	3,980,671	5,474,911
Transfers (out)	(2,983,686)	(464,313)	(420,459)	(1,507,620)	(141,440)	(5,517,518)
TOTAL OTHER FINANCING SOURCES (USES)	(2,961,651)	(165,920)	753,353	(1,507,620)	3,839,231	(42,607)
CHANGE IN FUND BALANCE	442,118	-	-	216,939	854,497	1,513,554
Fund balance, beginning of year	12,910,772	-	-	472,699	3,638,862	17,022,333
FUND BALANCE, END OF YEAR	\$ 13,352,890	\$ -	\$ -	\$ 689,638	\$ 4,493,359	\$ 18,535,887

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, 2016

Net Change in Fund Balances - Total Governmental Funds **\$ 1,513,554**

*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 \$519,137

Capital outlays	\$ 9,429,830	
Basis of disposed asset	(2,654,609)	
Depreciation expense	<u>(2,752,420)</u>	
		4,022,801

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.

-

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

2,745,388

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 effect of these differences in the treatment of long-term debt.

20,817

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

23,550

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)	\$ (981,121)	
Pension liability expense	(2,304,694)	
Pension liability expense - Fire/Police Retirement	(1,785,289)	
Compensated absences	<u>138,692</u>	
		(4,932,412)

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	\$ (3,039,068)	
Capital outlays	(383,082)	
Basis of disposed asset	2,654,609	
Depreciation expense	519,137	
Other post-employment benefits (OPEB)	23,906	
Pension liability expense	245,610	
Compensated absences	<u>3,045</u>	
		<u>24,157</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 3,417,855**

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Property taxes	\$ 13,887,040	\$ 14,064,040	\$ 14,044,287	\$ (19,753)
Federal grants	76,675	76,675	32,183	(44,492)
State grants and shared revenue	2,064,025	2,284,325	2,238,409	(45,916)
Intergovernmental revenues	12,000	12,000	11,518	(482)
Licenses and permits	36,175	36,175	76,971	40,796
Charges for services	2,261,745	2,283,629	2,152,981	(130,648)
Fines and forfeits	104,300	104,300	69,713	(34,587)
Interest and rentals	376,020	376,020	318,132	(57,888)
Other revenues	259,060	1,478,130	1,612,776	134,646
TOTAL REVENUES	19,077,040	20,715,294	20,556,970	(158,324)
EXPENDITURES:				
General government	4,373,895	5,737,408	5,442,776	294,632
Public health and safety	7,284,800	7,459,800	7,359,103	100,697
Public works	4,099,470	4,183,502	3,784,876	398,626
Community services	578,935	594,644	566,446	28,198
TOTAL EXPENDITURES	16,337,100	17,975,354	17,153,201	822,153
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,739,940	2,739,940	3,403,769	663,829
OTHER FINANCING SOURCES (USES):				
Bond issuance	280,000	280,000	-	(280,000)
Bond issuance expense	-	-	-	-
Transfers in	15,000	15,000	22,035	7,035
Transfers (out)	(3,034,940)	(3,034,940)	(2,983,686)	51,254
TOTAL OTHER FINANCING SOURCES (USES)	(2,739,940)	(2,739,940)	(2,961,651)	(221,711)
CHANGE IN FUND BALANCE	-	-	442,118	442,118
Fund balance, beginning of year	12,910,772	12,910,772	12,910,772	-
FUND BALANCE, END OF YEAR	\$ 12,910,772	\$ 12,910,772	\$ 13,352,890	\$ 442,118

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, 2016

	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	1,343,740	1,343,740	1,478,095	134,355	652,500	652,500	670,728	18,228
Reimbursements	-	-	26,014	26,014	-	-	-	-
Investment income	1,000	1,000	2,738	1,738	500	500	2,824	2,324
Other revenues	-	-	24,200	24,200	-	-	-	-
TOTAL REVENUES	1,344,740	1,344,740	1,531,047	186,307	653,000	653,000	673,552	20,552
EXPENDITURES:								
Highways Streets and Bridges	1,812,575	1,809,575	1,365,127	444,448	2,462,405	2,454,406	1,426,905	1,027,501
TOTAL EXPENDITURES	1,812,575	1,809,575	1,365,127	444,448	2,462,405	2,454,406	1,426,905	1,027,501
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(467,835)	(464,835)	165,920	630,755	(1,809,405)	(1,801,406)	(753,353)	1,048,053
OTHER FINANCING SOURCES (USES):								
Bond issuance	370,000	370,000	-	(370,000)	1,196,000	1,196,000	-	(1,196,000)
Transfers in	559,550	559,550	298,393	(261,157)	1,025,950	1,025,950	1,173,812	147,862
Transfers (out)	(461,715)	(464,715)	(464,313)	402	(412,545)	(420,544)	(420,459)	85
TOTAL OTHER FINANCING SOURCES (USES)	467,835	464,835	(165,920)	(630,755)	1,809,405	1,801,406	753,353	(1,048,053)
CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

CITY OF MARQUETTE, MICHIGAN

 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION

September 30, 2016

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds	Internal Service Fund
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 214,223	\$ -	\$ -	\$ 705,871	\$ 920,094
Delinquent utility bills on taxes	-	-	-	-	-
Accounts receivable	816,509	973,525	553,304	292	2,343,630
Special assessments receivable	4,833	28,415	-	-	33,248
Due from other governments	6,309	20,250	47,700	-	74,259
Due from local units	-	-	-	-	-
Due from other authorities	-	-	-	-	-
Due from other funds	-	-	-	-	636
Inventory	-	122,386	-	15,645	138,031
Prepaid expense	38,042	42,347	100	6,217	86,706
TOTAL CURRENT ASSETS	1,079,916	1,186,923	601,104	728,025	3,595,968
Non-current Assets:					
Restricted Assets:					
Bond reserve fund	-	-	-	-	-
Replacement and maintenance fund	-	-	-	40,000	40,000
Bond and interest redemption fund	-	-	-	-	-
Water filtration reserve	-	-	-	-	-
Bond escrow fund	-	-	-	-	-
Fuel system reserve	-	-	-	-	28,863
OPEB reserve	220,776	103,326	-	-	324,102
Compensated absences reserve	237,917	56,740	19,699	1,117	315,473
Total Restricted Assets	458,693	160,066	19,699	41,117	679,575
Investment in joint venture	-	3,357,102	-	-	3,357,102
Land and other non-depreciable assets	276,583	339,685	538,933	66,908	1,222,109
Other capital assets, net of depreciation	24,345,089	18,694,982	9,189,272	2,170,033	54,399,376
TOTAL NON-CURRENT ASSETS	25,080,365	22,551,835	9,747,904	2,278,058	59,658,162
TOTAL ASSETS	26,160,281	23,738,758	10,349,008	3,006,083	63,254,130
DEFERRED OUTFLOWS OF RESOURCES					
Change in pension investment projections	325,384	166,189	-	-	491,573
Change in pension assumptions	306,870	146,663	-	-	453,533
Change in pension experience	(22,756)	(10,876)	-	-	(33,632)
Employer contributions subsequent to measurement date	179,777	85,921	-	-	265,698
TOTAL DEFERRED OUTFLOWS OF RESOURCES	789,275	387,897	-	-	1,177,172
LIABILITIES					
Current Liabilities:					
Cash overdraft	-	965,771	198,661	-	1,164,432
Accounts payable	107,561	993,345	151,882	16,821	1,269,609
Accrued wages payable	34,400	18,201	11,368	8,082	72,051
Compensated absences	-	-	-	-	-
Due to other funds	-	-	-	-	-
Customer deposits payable	-	(1,230)	-	13,248	12,018
Accrued interest payable	98,842	101,670	62,573	2,940	266,025
Current portion of long-term debt	761,223	697,318	400,618	10,000	1,869,159
TOTAL CURRENT LIABILITIES	1,002,026	2,775,075	825,102	51,091	4,653,294
Non-current Liabilities:					
Compensated absences	237,917	56,740	19,699	1,117	315,473
Other post employment benefits (OPEB)	220,776	103,326	-	-	324,102
Net pension liability	3,123,734	1,939,162	-	-	5,062,896
Long term payable to other authorities	-	805,115	-	-	805,115
Bonds payable	6,249,876	6,363,598	3,766,110	171,984	16,551,568
Loan payable	1,039,840	2,427,484	-	-	3,467,324
TOTAL NON-CURRENT LIABILITIES	10,872,143	11,695,425	3,785,809	173,101	26,526,478
TOTAL LIABILITIES	11,874,169	14,470,500	4,610,911	224,192	31,179,772
DEFERRED INFLOWS OF RESOURCES					
Special assessment	5,839	36,668	-	-	42,507
Deferred proceeds for capital activities	258,341	318,574	511,545	-	1,088,460
TOTAL DEFERRED INFLOWS OF RESOURCES	264,180	355,242	511,545	-	1,130,967
NET POSITION					
Net investment in capital assets	16,312,392	9,227,693	5,049,932	2,054,957	32,644,974
Restricted for:					
Debt service	-	-	-	-	-
Fuel system reserve	-	-	-	-	28,863
Capital outlay	-	-	-	-	-
Unrestricted	(1,501,185)	73,220	176,620	726,934	(524,411)
TOTAL NET POSITION	\$ 14,811,207	\$ 9,300,913	\$ 5,226,552	\$ 2,781,891	\$ 32,120,563

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended September 30, 2016

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds	Internal Service Fund
OPERATING REVENUES:					
Water sales	\$ 4,214,480	\$ -	\$ -	\$ -	\$ 4,214,480
Sewage disposal	-	5,254,417	-	-	5,254,417
Charges for services	37,832	9,792	1,236,428	21,824	1,305,876
Other operating revenue	89,437	21,136	4,857	669,892	785,322
TOTAL OPERATING REVENUES	4,341,749	5,285,345	1,241,285	691,716	11,560,095
OPERATING EXPENSES:					
Administrative and general	1,042,065	871,351	-	-	1,913,416
Water treatment and distribution	2,381,835	-	-	-	2,381,835
Sanitary sewer operation and booster stations	-	3,725,590	-	-	3,725,590
Stormwater	-	-	404,940	-	404,940
Community services	-	-	-	443,206	443,206
Capital outlay	-	-	-	-	-
Provision for depreciation	1,259,358	1,054,314	686,046	142,283	3,142,001
TOTAL OPERATING EXPENSES	4,683,258	5,651,255	1,090,986	585,489	12,010,988
OPERATING INCOME (LOSS)	(341,509)	(365,910)	150,299	106,227	(450,893)
NON-OPERATING REVENUES (EXPENSES):					
Investment income	11,899	6,260	608	3,099	21,866
Premium on bond issuance	-	-	-	-	-
Federal grant	12,113	-	-	-	12,113
State grant	-	20,250	47,700	194,970	262,920
Gain (loss) on sale of capital assets	-	-	-	-	-
Operating income from Marquette Area Wastewater Treatment Facility	-	(90,096)	-	-	(90,096)
Interest expenses	(284,956)	(290,824)	(154,758)	(5,880)	(736,418)
Bond issuance expense	(300)	-	-	-	(300)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(261,244)	(354,410)	(106,450)	192,189	(529,915)
INCOME (LOSS) BEFORE TRANSFERS	(602,753)	(720,320)	43,849	298,416	(980,808)
Transfers in	-	360,000	-	-	360,000
Transfers (out)	-	-	-	-	-
CHANGE IN NET POSITION	(602,753)	(360,320)	43,849	298,416	(3,039,068)
Net position, beginning of year	15,413,960	9,661,233	5,182,703	2,483,475	32,741,371
NET POSITION, END OF YEAR	\$ 14,811,207	\$ 9,300,913	\$ 5,226,552	\$ 2,781,891	\$ 32,120,563
					\$ 1,588,229

CITY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2016

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Supply Fund	Sewage Disposal Fund	Stormwater Utility Fund	Non-major Enterprise Funds	Internal Service Fund
				Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from fees and charges for services	\$ 4,288,938	\$ 5,249,140	\$ 1,268,273	\$ 24,542	\$ 10,830,893
Other operating revenues	68,705	21,136	4,857	669,892	764,590
Cash payments to employees for services	(1,754,669)	(704,263)	(215,213)	(169,243)	(2,843,388)
Cash payments to suppliers for goods and services	(1,188,321)	(3,528,922)	(71,083)	(548,454)	(5,336,780)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,414,653	1,037,091	986,834	(23,263)	3,415,315
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Increase (decrease) in cash overdraft	-	161,681	198,661	-	360,342
Transfers in	-	360,000	-	-	360,000
State and Federal grants	12,113	20,250	47,700	194,970	275,033
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	12,113	541,931	246,361	194,970	995,375
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal payments on bonds	(1,148,778)	(677,741)	(378,672)	(10,000)	(2,215,191)
Interest paid on bonds	(285,728)	(309,029)	(162,830)	(5,980)	(763,567)
Proceeds from the issuance of bonds	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-
Cash payments for bond issuance expenses	(300)	-	-	-	(300)
Cash payments for capital assets	(571,423)	(623,490)	(776,924)	(430,520)	(2,402,357)
Proceeds from sale of capital assets	-	-	-	-	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,006,229)	(1,610,260)	(1,318,426)	(446,500)	(5,381,415)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income	11,899	6,260	608	3,099	21,866
(Increase) decrease in restricted assets:					
Bond reserve	-	-	-	-	-
Bond and interest redemption reserve	220,098	-	-	-	220,098
Replacement maintenance reserve	-	-	-	(5,000)	(5,000)
OPEB reserve	(32,964)	(23,249)	-	-	(56,213)
Compensated absences reserve	(18,472)	48,227	(2,531)	(382)	26,842
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	180,561	31,238	(1,923)	(2,283)	207,593
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(398,902)	-	(87,154)	(277,076)	(763,132)
Cash and cash equivalents, beginning of year	613,125	-	87,154	982,947	1,683,226
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 214,223	\$ -	\$ -	\$ 705,871	\$ 920,094
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Loss on investment from Marquette Wastewater Treatment Facility	\$ -	\$ (90,096)	\$ -	\$ -	\$ (90,096)
TOTAL NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ -	\$ (90,096)	\$ -	\$ -	\$ (90,096)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income	\$ (341,509)	\$ (365,910)	\$ 150,299	\$ 106,227	\$ (450,893)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	1,259,358	1,054,314	686,046	142,283	3,142,001
Amortization	3,517	-	-	(845)	2,672
Change in assets and liabilities:					
(Increase)/Decrease in accounts receivable	(242,184)	(313,062)	(521,500)	1,587	(1,075,159)
(Increase)/Decrease in special assessments receivable	831	6,613	-	-	7,444
(Increase)/Decrease in due from other funds	-	-	-	-	-
(Increase)/Decrease in due from other governments	(220)	(20,250)	41,800	-	21,330
(Increase)/Decrease in due from other authorities	-	-	-	-	-
(Increase)/Decrease in inventory	-	11,481	-	(802)	10,679
(Increase)/Decrease in prepaid expenses	(1,085)	1,224	19	(1,055)	(897)
Increase/(Decrease) in accounts payable	44,650	196,056	109,086	(274,286)	75,506
Increase/(Decrease) in accrued wages payable	3,925	(908)	7,008	2,115	12,140
Increase/(Decrease) in due to other funds	-	-	-	-	-
Increase/(Decrease) in customer deposits payable	-	-	-	1,131	1,131
Increase/(Decrease) in compensated absences	18,472	(48,227)	2,531	382	(26,842)
Increase/(Decrease) in net pension liability and other post-employment benefits (OPEB)	411,431	204,130	-	-	615,561
Increase/(Decrease) in deferred inflows - special assessments	(874)	(6,944)	-	-	(7,818)
Increase/(Decrease) in deferred inflows for capital activities	258,341	318,574	511,545	-	1,088,460
NET ADJUSTMENTS	1,756,162	1,403,001	836,535	(129,490)	3,866,208
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,414,653	\$ 1,037,091	\$ 986,834	\$ (23,263)	\$ 3,415,315

CITY OF MARQUETTE, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2016

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 773,312	\$ 2,544,043
Investments		
United States Government Securities	-	-
Domestic Corporation Bonds	2,506,423	-
Common, Pooled Fund	26,135,446	-
Government National Mortgage Association	-	-
Taxes receivable	-	2,217,985
Accounts receivable	-	-
Accrued interest receivable	285	-
	<hr/>	<hr/>
TOTAL ASSETS	29,415,466	<u><u>\$ 4,762,028</u></u>
DEFERRED OUTFLOWS OF RESOURCES	<hr/> -	
LIABILITIES		
Accounts payable	-	582,830
Accrued wages payable	-	1,687,513
Due to State	-	300,036
Due to other governments	-	1,044,180
Due to local units	-	885,723
Other liabilities	-	261,746
	<hr/>	<hr/>
TOTAL LIABILITIES	-	<u><u>\$ 4,762,028</u></u>
DEFERRED INFLOWS OF RESOURCES	<hr/> -	
NET POSITION		
Net position restricted for pensions	<hr/> 29,415,466	
TOTAL NET POSITION	<u><u>\$ 29,415,466</u></u>	

CITY OF MARQUETTE, MICHIGAN
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended September 30, 2016

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 1,465,489
Employee	<u>170,668</u>
Total Contributions	<u>1,636,157</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	2,626,257
Interest and dividends	<u>4,118</u>
Net Investment Income	<u>2,630,375</u>
TOTAL ADDITIONS	<u>4,266,532</u>
DEDUCTIONS	
Benefits and annuity withdrawals	2,408,213
Administrative expenses	14,327
Payments in accordance with trust agreements	<u>-</u>
TOTAL DEDUCTIONS	<u>2,422,540</u>
CHANGE IN NET POSITION	1,843,992
Net position, beginning of year	<u>27,571,474</u>
NET POSITION, END OF YEAR	<u><u>\$ 29,415,466</u></u>

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF NET POSITION

September 30, 2016

	Board of Light and Power	Brownfield Redevelopment Authority	Non-Major Component Units	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 18,481,433	\$ 20,099,930	\$ 3,628,716	\$ 42,210,079
Investments	29,324,627	-	-	29,324,627
Receivables (net)	2,215,910	19,468	643,258	2,878,636
Inventory	4,248,985	-	-	4,248,985
Primary government internal balances	-	-	-	-
Prepaid expenses and other assets	295,898	619	10,762	307,279
TOTAL CURRENT ASSETS	54,566,853	20,120,017	4,282,736	78,969,606
Non-current Assets:				
Restricted assets	8,608,218	-	57,454	8,665,672
Investment in UPPPA	3,368,697	-	-	3,368,697
Capital assets:				
Land and construction in progress	39,881,615	1,285,857	289,334	41,456,806
Other capital assets, net of depreciation	42,660,636	-	6,944,612	49,605,248
Total Capital Assets	82,542,251	1,285,857	7,233,946	91,062,054
TOTAL NON-CURRENT ASSETS	94,519,166	1,285,857	7,291,400	103,096,423
TOTAL ASSETS	149,086,019	21,405,874	11,574,136	182,066,029
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	64,540	-	-	64,540
Change in pension investment projections	3,653,247	-	276,923	3,930,170
Employer contributions subsequent to measurement date	2,071,861	-	64,270	2,136,131
Receivables for developer obligations	-	46,952,035	-	46,952,035
TOTAL ASSET AND DEFERRED OUTFLOWS OF RESOURCES	5,789,648	46,952,035	341,193	53,082,876
LIABILITIES				
Current Liabilities:				
Accounts payable	5,405,254	55,825	435,723	5,896,802
Accrued liabilities	324,240	1,362	52,360	377,962
Compensated absences	1,117,138	-	51,737	1,168,875
Customer deposits payable	1,458,850	-	-	1,458,850
Due to primary government	-	6,479,844	8,527	6,488,371
Current portion of bonds payable	-	85,000	430,000	515,000
Current maturities on revenue bonds	742,244	-	-	742,244
Other current liabilities	1,824,791	30,539	-	1,855,330
TOTAL CURRENT LIABILITIES	10,872,517	6,652,570	978,347	18,503,434
Non-current Liabilities:				
Compensated absences	-	-	91,817	91,817
Other post-employment benefits (OPEB)	1,341,248	-	-	1,341,248
Net pension liability	19,597,730	-	1,232,020	20,829,750
Bonds payable	77,265,639	20,742,378	1,425,000	99,433,017
Long-term contract and notes payable	-	26,094,118	-	26,094,118
Other	3,953,146	-	-	3,953,146
TOTAL NON-CURRENT LIABILITIES	102,157,763	46,836,496	2,748,837	151,743,096
TOTAL LIABILITIES	113,030,280	53,489,066	3,727,184	170,246,530
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for subsequent period	-	569,980	1,534,068	2,104,048
TOTAL DEFERRED INFLOWS OF RESOURCES	-	569,980	1,534,068	2,104,048
NET POSITION				
Net investment in capital assets	35,478,241	235,000	5,378,946	41,092,187
Restricted for:				
Debt Services	-	-	118,521	118,521
Capital Assets	-	-	-	-
Perpetual Care	-	-	-	-
Other activities	8,608,218	-	814,687	9,422,905
Unrestricted	(2,241,072)	14,063,863	341,923	12,164,714
TOTAL NET POSITION	\$ 41,845,387	\$ 14,298,863	\$ 6,654,077	\$ 62,798,327

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

COMBINING STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2016

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	\$ 34,254,031	\$ 36,963,835	\$ -	\$ 344,486	\$ 3,054,290	\$ -	\$ -	\$ 3,054,290
Brownfield Redevelopment Authority	376,365	-	-	-	-	(376,365)	-	(376,365)
Non-Major Component Units	4,779,880	402,782	1,865,742	-	-	-	(2,511,356)	(2,511,356)
TOTAL COMPONENT UNITS	\$ 39,410,276	\$ 37,366,617	\$ 1,865,742	\$ 344,486	3,054,290	(376,365)	(2,511,356)	166,569
General Revenues:								
Property taxes					-	13,108,154	2,073,490	15,181,644
Interest and investment earnings					696,457	1,448	76,000	773,905
Loss on sale of capital assets					(4,231)	-	-	(4,231)
Amortization of bond premium					-	-	-	-
Miscellaneous					-	35,000	518,441	553,441
TOTAL GENERAL REVENUES					692,226	13,144,602	2,667,931	16,504,759
CHANGE IN NET POSITION					3,746,516	12,768,237	156,575	16,671,328
Net position, beginning of year, as restated					38,098,871	1,530,626	6,497,502	46,126,999
NET POSITION, END OF YEAR	\$ 41,845,387	\$ 14,298,863	\$ 6,654,077	\$ 62,798,327				

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, 2015. No modifications have been made to the Development Fund's financial information in the Library's financial reporting entity for these differences.

During the year ended September 30, 2016, the Development Fund distributed \$51,075 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, 2016, the latest available report, is as follows:

Total Assets	\$ 6,034,415
Deferred Outflows of Resources	274,551
Total Liabilities	993,021
Total Net Position	5,315,945
Total Operating Revenues	1,804,945
Total Operating Expenses	2,386,832
Total Non-Operating Revenues (Expenses)	58,458
Capital Grant Contributions	365,065
Net Increase (Decrease) in Net Position	(158,364)

(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The City’s basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City’s major funds). Both the government-wide and fund financial statements categorized primary activities as either governmental or business-type. The City’s public health and safety, public works, highways and streets, sanitation, social services, recreation and culture, and general government services are classified as governmental activities. The City’s water, sewer, stormwater, Tourist Park, and marinas are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City’s net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City’s functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

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

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.

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:

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

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 **MSC Relocation Fund** records the activities associated with the relocation of the Municipal Service Center. Proceeds from the sale of the existing service center have been used to finance the current project.

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.

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

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.

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.

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

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.

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.

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

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of governmental fund type prepaid items are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. The cost of construction in progress includes interest costs incurred during the construction period. The amount of capitalized interest is determined using the weighted average amount of accumulated expenditures multiplied by the interest rate for the obligation incurred specifically to finance the construction of the asset.

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

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

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

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The government has two items that qualify for reporting in this category:

- 1) Deferred charge on refunding reported in the proprietary statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- 2) Receivables for developer obligations in the component unit statement of net position. This deferred receivable results from tax collections that will be levied and collected in future periods.
- 3) The government reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.

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

- 4) The City's Pension Plan has a plan year of January 1 to December 31 while the City has a fiscal year of October 1 to September 30. Under GASB 71, the contributions made to the plan subsequent to the measurement date are reported as deferred outflows of resources.

Long-Term Liabilities – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

Compensated Absences – The City accrues accumulated unpaid vacation, sick leave and benefit days and associated employee-related costs when earned (or estimated to be earned) by the employee. A liability for these amounts is reported in the governmental funds based on historical estimates of the amount of compensated absences that will use current expendable resources, or if the liability has matured, for example, as a result of employee resignations and retirements. The non-current portion (the amount estimated to be used in subsequent fiscal year) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Deferred Inflows of Resources – In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items that qualify for reporting in this category.

- 1) The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.
- 2) The governmental statement of net position and the proprietary statement of net position report for the special assessments that were established for the year that were intended to finance future periods.
- 3) The proprietary statement of net position report the deferred proceeds for capital activities. These amounts are deferred and recognized as an inflow of resources in the period that the proceeds become available, which is upon the issuance of capital improvement bonds in a subsequent period.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, deferred 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 27, 2017, which is the date the financial statements were available to be issued.

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

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	\$ 14,655,426	\$ 42,210,079	\$ 3,317,355	\$ 60,182,860
Investments	5,714,965	29,324,627	28,641,869	63,681,461
	<u>20,370,391</u>	<u>71,534,706</u>	<u>31,959,224</u>	<u>123,864,321</u>
Restricted:				
Cash and cash equivalents	908,044	8,665,672	-	9,573,716
Investments	1,013,491	-	-	1,013,491
	<u>1,921,535</u>	<u>8,665,672</u>	<u>-</u>	<u>10,587,207</u>
TOTALS	<u>\$ 22,291,926</u>	<u>\$ 80,200,378</u>	<u>\$ 31,959,224</u>	<u>\$ 134,451,528</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State law does not require and the City does not have a deposit policy for custodial credit risk. The carrying amounts of the primary government, component unit, and fiduciary funds deposits with financial institutions was \$69,756,576 and the bank balance was \$71,935,367. The bank balance is categorized as follows:

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

Amount insured by the FDIC or uncollateralized with securities held by the City in its name \$ 19,930,673

Amount collateralized with securities held by the pledging financial institutions trust department in the City's name:

Collateralized and uninsured 52,004,694
\$ 71,935,367

Investments

As of September 30, 2016, 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*	\$ 4,985,737	\$ 4,985,737	\$ -	\$ -
Investment type 1**	174,221	174,221	-	-
Fixed income securities***	555,007	555,007	-	-
Restricted Investments:				
Investment type 1*	<u>1,013,491</u>	<u>1,013,491</u>	<u>-</u>	<u>-</u>
TOTAL INVESTMENTS	<u><u>\$ 6,728,456</u></u>	<u><u>\$ 6,728,456</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
COMPONENT UNITS:				
Repurchase agreements*	<u>\$29,324,627</u>	<u>\$ -</u>	<u>\$29,324,627</u>	<u>\$ -</u>
TOTAL INVESTMENTS	<u><u>\$29,324,627</u></u>	<u><u>\$ -</u></u>	<u><u>\$29,324,627</u></u>	<u><u>\$ -</u></u>
FIDUCIARY FUNDS:				
Investment type 1*	<u>\$28,641,869</u>	<u>\$28,641,869</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL INVESTMENTS	<u><u>\$28,641,869</u></u>	<u><u>\$28,641,869</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

* Investment matures within one year

** Investment matures in 1-5 years

*** Investment matures in 6-10 years

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,

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers'

acceptances of the United States banks, obligations of the State of Michigan and its political subdivision, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

Michigan statute (Act 314, PA 1965, as amended) authorizes the pension trust to invest in, with certain restrictions, stocks and mutual funds up to 60% of the system's assets; investments in the general or separate account of life insurance companies; fixed income securities; investments in leased property; direct investments in property; investments in real estate loans; investments in small business or venture capital firms in Michigan; surplus funds pooled accounts; and bank or trust company collective investment funds.

The City's investment policy would not further limit its investment choices. The City's investments in Mutual Bond Funds are rated from A1 to AAA by Moody's. Ratings are not required for the City's investment in U.S. Government Agencies or equity-type funds. The City's investments are in accordance with statutory authority.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

NOTE C – RESTRICTED ASSETS – PROPRIETARY FUNDS AND COMPONENT UNIT:

The enterprise fund has certain cash investment balances classified as restricted assets since their use is limited by applicable bond indentures and ordinances. The major provisions of the ordinances covering the bond indentures of the component unit (Board of Light and Power), the Water Supply, and Sewage Disposal Funds are as follows:

1. **Rates** – The component unit fund only shall charge and collect rates necessary to provide net revenues sufficient to cover annual debt service not less than 1.3 times.
2. **Receiving Fund** – All system revenues will be paid into this fund, including interest income, to the extent interest income is not retained in the construction or bond reserve funds.
3. **Operation and Maintenance Fund** – Transfers must be made from the Receiving Fund, which is used for initial deposit of all receipts, to the Operation and Maintenance Fund (included under current assets) to cover payment of next month's estimated operating expenses.
4. **Bond Reserve Fund** – Transfers must be made to the Bond Reserve Fund in an amount equal to the maximum annual principal and interest on the revenue bonds.
5. **Replacement/Maintenance Fund** – Transfers are to be made, as necessary, up to required levels, to make major repairs and replacements to the systems.
6. **Bond and Interest Redemption** – Transfers will be made from the Receiving Fund in amounts sufficient to pay the current bond and interest maturities.
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.

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

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	\$ 458,693	\$ 160,066	\$ 19,699	\$ 41,117	\$ 58,614	\$ 5,846	\$ 164,009	\$ 908,044	\$ 8,665,672
Investments	-	-	-	-	-	-	1,013,491	\$ 1,013,491	-
TOTALS	<u>\$ 458,693</u>	<u>\$ 160,066</u>	<u>\$ 19,699</u>	<u>\$ 41,117</u>	<u>\$ 58,614</u>	<u>\$ 5,846</u>	<u>\$ 1,177,500</u>	<u>\$ 1,921,535</u>	<u>\$ 8,665,672</u>

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, 2016 by the City is \$3,357,102, including local contributions and its proportionate share of the net equity of the facility.

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.

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

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, 2016, of the Facility, in the aggregate, is as follows:

Assets	\$ 18,153,498
Deferred outflows of resources	417,807
Liabilities	12,960,356
Deferred inflows of resources	-
Equity	5,610,949
Operating Revenues	2,160,395
Operating Expenses	3,027,256
Non-operating Revenues	936,052
Non-operating Expenses	(187,063)
Decrease in net position	(117,872)
City's share of net loss	(100,191)

NOTE E – LONG-TERM DEBT:

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended September 30, 2016:

	Balance September 30, 2015	Additions	Deductions	Balance September 30, 2016	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
State Infrastructure Bank Note (MDOT Spring Street)	\$ 331,496	\$ -	\$ (82,873)	\$ 248,623	\$ 82,873
2006 Street Improvements Bonds	1,480,000	-	(187,500)	1,292,500	195,000
2007 Forestland Bonds	3,495,000	-	(270,000)	3,225,000	285,000
2007 High Street Bonds	150,079	-	(10,466)	139,613	10,600
2008 Street Improvements Bonds	1,999,253	-	(117,504)	1,881,749	122,403
2009 Capital Improvements Bonds					
Refunding Portion	1,375,000	-	(1,375,000)	-	-
Street Bonds Portion	2,375,860	-	(211,000)	2,164,860	227,880
Add: deferred amounts on 2009 bonds	101,143	-	(11,238)	89,905	
2011 Capital Improvement Bonds	900,000	-	(62,000)	838,000	64,000
2012 Capital Improvement Bonds	1,113,885	-	(71,595)	1,042,290	73,260
Add: deferred amounts on 2012 bonds	56,435	-	(4,341)	52,094	
2013 Capital Improvement Bonds					
Street Bonds Portion	940,850	-	(60,450)	880,400	62,000
Refunding Portion - 2003 Founder's Landing Bonds	2,090,000	-	(235,000)	1,855,000	245,000
2014 Capital Improvement Bonds	1,122,200	-	(62,000)	1,060,200	62,000
Add: deferred amounts on 2014 bonds	78,578	-	(5,238)	73,340	
2015 Capital Improvement Bonds	712,237	-	-	712,237	66,424
Add: deferred amounts on 2015 bonds	24,675	-	-	24,675	
Accrued Compensated Absences	1,798,660	351,340	(584,321)	1,565,679	592,893
TOTAL GOVERNMENTAL ACTIVITIES	\$ 20,145,351	\$ 351,340	\$ (3,350,526)	\$ 17,146,165	\$ 2,089,333

NOTE E – LONG-TERM DEBT (Continued):

	Balance September 30, 2015	Additions	Deductions	Balance September 30, 2016	Due Within One Year
BUSINESS-TYPE ACTIVITIES:					
<u>WATER SUPPLY FUND:</u>					
State Drinking Water Revolving Fund Loan - 2009	\$ 390,058	\$ -	\$ (25,000)	\$ 365,058	\$ 25,000
State Drinking Water Revolving Fund Loan - 2011	463,908	-	(20,000)	443,908	20,000
State Drinking Water Revolving Fund Loan - 2015	275,875	-	(10,000)	265,875	-
2006 Water Membrane Bonds	335,000	-	(165,000)	170,000	170,000
2007 High Street Bonds	234,498	-	(16,353)	218,145	16,353
2008 Street Improvements Bonds	1,503,551	-	(88,920)	1,414,631	92,155
2009 Capital Improvements Bonds	2,009,910	-	(178,500)	1,831,410	192,780
Less: deferred amounts, net	25,921	-	12,622	38,543	-
2011 Capital Improvements Bonds	247,500	-	(17,050)	230,450	17,600
2012 Capital Improvements Bonds	625,515	-	(40,205)	585,310	41,140
Add: deferred amounts	31,691	-	(2,438)	29,253	-
2013 Refunding Revenue Bonds	505,000	-	(505,000)	-	-
2013 Capital Improvements Bonds	758,750	-	(48,750)	710,000	50,000
2014 Capital Improvements Bonds	615,400	-	(34,000)	581,400	34,000
Add: deferred amounts	40,218	-	(2,873)	37,345	-
2015 Capital Improvements Bonds	1,095,447	-	-	1,095,447	102,195
Add: deferred amounts	37,952	-	(3,788)	34,164	-
Accrued Compensated Absences	219,445	138,436	(119,964)	237,917	95,167
TOTAL WATER SUPPLY FUND	9,415,639	138,436	(1,265,219)	8,288,856	856,390
<u>SEWAGE DISPOSAL FUND:</u>					
State Act 94 Clean Water Assistance Loan	1,745,000	-	(180,000)	1,565,000	180,000
State Revolving Fund Loan -2009	545,699	-	(30,000)	515,699	-
State Revolving Fund Loan -2011	586,785	-	(30,000)	556,785	30,000
2008 Street Improvements Bonds	1,391,062	-	(81,216)	1,309,846	85,067
2009 Capital Improvements Bonds	1,013,400	-	(90,000)	923,400	97,200
Add: deferred amounts	21,866	-	(2,430)	19,436	-
2011 Capital Improvements Bonds	697,500	-	(48,050)	649,450	49,600
2012 Capital Improvements Bonds	1,087,125	-	(69,875)	1,017,250	71,500
Add: deferred amounts	55,079	-	(4,237)	50,842	-
2013 Capital Improvements Bonds	849,800	-	(54,600)	795,200	56,000
2014 Capital Improvements Bonds	1,701,400	-	(94,000)	1,607,400	94,000
Add: deferred amounts	111,192	-	(7,942)	103,250	-
2015 Capital Improvements Bonds	363,507	-	-	363,507	33,951
Add: deferred amounts	12,594	-	(1,259)	11,335	-
Accrued Compensated Absences	104,967	17,401	(65,628)	56,740	22,696
TOTAL SEWAGE DISPOSAL FUND	10,286,976	17,401	(759,237)	9,545,140	720,014
<u>STORMWATER UTILITY FUND:</u>					
2006 Street Improvements Bonds	1,480,000	-	(187,500)	1,292,500	195,000
2007 High Street Bonds	84,420	-	(5,887)	78,533	5,773
2008 Street Improvements Bonds	1,231,134	-	(72,360)	1,158,774	75,375
2009 Capital Improvements Bonds	230,830	-	(20,500)	210,330	22,140
Add: deferred amounts	4,980	-	(553)	4,427	-
2011 Capital Improvements Bonds	405,000	-	(27,900)	377,100	28,800
2012 Capital Improvements Bonds	518,475	-	(33,325)	485,150	34,100
Add: deferred amounts	26,268	-	(2,020)	24,248	-
2013 Capital Improvements Bonds	485,600	-	(31,200)	454,400	32,000
2015 Capital Improvements Bonds	78,809	-	-	78,809	7,430
Add: deferred amounts	2,730	-	(273)	2,457	-
Accrued Compensated Absences	17,168	11,950	(9,419)	19,699	7,880
TOTAL STORMWATER UTILITY FUND	4,565,414	11,950	(390,937)	4,186,427	408,498
<u>TOURIST PARK FUND:</u>					
Accrued Compensated Absences	735	382	-	1,117	447
TOTAL TOURIST PARK FUND	735	382	-	1,117	447
<u>MARINAS FUND:</u>					
2014 Capital Improvements Bonds	181,000	-	(10,000)	171,000	10,000
Add: deferred amounts	11,829	-	(845)	10,984	-
TOTAL MARINAS FUND	192,829	-	(10,845)	181,984	10,000
TOTAL BUSINESS-TYPE ACTIVITIES	\$24,461,593	\$ 168,169	\$ (2,426,238)	\$22,203,524	\$ 1,995,349

NOTE E – LONG-TERM DEBT (Continued):

	Balance September 30, 2015	Additions	Deductions	Balance September 30, 2016	Due Within One Year
COMPONENT UNITS:					
Board of Light & Power:					
2011 Electric Utility Revenue Bonds	\$ 3,890,000	\$ -	\$ (3,890,000)	\$ -	\$ -
Add: deferred amounts	152,834	-	(152,834)	-	-
2016 Electric Utility Revenue Bonds	-	67,435,000	-	67,435,000	700,000
Add: deferred amounts	-	10,499,829	(218,747)	10,281,082	-
Capital Lease	333,007	-	(41,206)	291,801	42,244
Compensated Absences	990,140	126,998	-	1,117,138	990,140
Peter White Public Library:					
2006 Library Improvement Bonds	995,000	-	(320,000)	675,000	330,000
Compensated Absences	114,842	-	(23,025)	91,817	-
Downtown Development Authority:					
2011 Tax Increment Bonds	1,280,000	-	(100,000)	1,180,000	100,000
Compensated Absences	17,150	34,587	-	51,737	-
Brownfield Redevelopment Authority:					
2010 Capital Improvement Bonds	855,000	-	(40,000)	815,000	40,000
2010 Recovery Zone Facility Bonds	385,000	-	(15,000)	370,000	15,000
2013 Capital Improvement Bonds	295,000	-	(30,000)	265,000	30,000
2016 Tax Increment Bonds	-	17,195,000	-	17,195,000	-
Add: deferred amounts	-	2,182,378	-	2,182,378	-
TOTAL COMPONENT UNITS	\$ 9,307,973	\$97,473,792	\$ (4,830,812)	\$ 101,950,953	\$ 2,247,384

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$83,981 of internal service funds compensated absences is included in the above amounts. In the governmental activities, compensated absences are generally liquidated by the general fund.

The City's component units (Board of Light and Power, Brownfield Redevelopment Authority, Downtown Development Authority and Peter White Public Library), the Marinas, Water Supply, and Sewage Disposal Fund revenue bonds, general obligation bonds, and capital lease obligations outstanding are recorded in the respective Component Unit and Enterprise Funds. The Component Units' debt and the Enterprise Fund debt are expected to be repaid from proprietary revenues.

State Infrastructure Bank Note (MDOT Spring Street) - On July 25, 2003, the City issued \$1,243,100 of State Infrastructure Bank Notes for the purpose of financing transportation improvements through the County Road (CR) 550 Flood Repair and Spring Street Reconstruction project. The notes will be paid off in 15 annual principal installments beginning July 25, 2004 and ending July 2019, plus interest at the rate of zero percent.

2003 Refunding Revenue Bonds - On November 4, 2003, the City issued \$5,990,000 in Water and Sewer Refunding Revenue Bonds with an interest rate ranging from 2.0% to 4.1% to advance refund \$5,820,000 of outstanding 1996, 1977, and 1989 Water and Sewer Revenue Bonds with interest rates ranging 3.85% to 7.0%. The net proceeds of \$5,946,012 (after payment of \$122,927 in underwriting fees, insurance, and other issuance costs plus an additional \$11,484 in Prior Issue Debt Service fund monies and a \$67,455 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 1996, 1977, and 1989 Water and Sewer Revenue bonds. As a result, the 1996, 1977, and 1989 Water and Sewer Revenue bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. At September 30, 2016, \$0 of bonds outstanding are considered defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$170,000. This difference, reported in the accompanying financial statements

NOTE E – LONG-TERM DEBT (Continued):

as a deduction from bonds payable, is being charged to operations through the year 2016 using the effective-interest method.

2003 Founder's Landing Bonds - On December 23, 2003, the City issued \$3,935,000 in General Obligation Limited Tax Bonds with interest rates ranging from 2.0% to 4.55%. The Bonds were issued pursuant to the resolution duly adopted by the City on November 24, 2003 for the purpose of reimbursing the City for certain costs relating to the acquisition of waterfront property for the City's park system, and paying the costs of designing, engineering, acquiring, preparing, constructing, and equipping various park improvements.

State Act 94 Clean Water Assistance Loan - On March 25, 2004, the City issued \$3,470,000 of State of Michigan Act 94 Clean Water Assistance Loan for the purpose of rehabilitation of the Hawley Street, Pine Street, Lake Street, and Baraga Avenue sewage pump stations. The loan will be paid off in annual principal and interest payments over 20 years with an interest rate of 2.125%.

2006 Street Improvement Bonds- On October 31, 2006, the City issued \$5,475,000 in Limited Tax General Obligation Bonds, Series 2006 at an interest rate of 4.0%. The Bonds were issued for the purpose of paying all or part of the cost of making major and local street improvements throughout the City. The Bonds are issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution of the City. The City has pledged its limited tax, full faith and credit as a security for the payment of the principal and interest on the Bonds.

During the fiscal year ending June 30, 2009, the construction of infrastructure assets funded with the Limited Tax General Obligation Bonds, Series 2006, as noted above, was completed. A portion of these constructed assets included stormwater infrastructure and thus these assets were removed from the Governmental Activities infrastructure assets and long term debt balance. A total of \$2,600,000 of these infrastructure assets were transferred to the Stormwater Fund and, correspondingly, the \$2,600,000 of debt relating to those assets was also transferred to the Stormwater Fund.

2006 Water Membrane Bonds - On December 20, 2006, the City issued \$1,440,000 in Water Supply and Sewage Disposal System Revenue Bonds, Series 2006 at interest rates varying from 3.875% to 4.0%. The Bonds were issued for the purpose of the acquisition, construction, and installation of water filtration membranes and related equipment and piping in the City. The Bonds were issued pursuant to the provisions of Act 94 of the Michigan Public Acts of 1933, as amended, and Ordinances No. 514, 499, and 538 of the City. The Bonds are payable solely from the net revenues of the City's water supply and sewage disposal system and any addition or supplement thereto including earnings on investments as described in the Ordinances and in Section 3 of Act 94.

2007 Forestland Bonds - On March 29, 2007, the City issued \$5,135,000 in General Obligation Unlimited Tax Refunding Bonds, Series 2007 with interest rates varying from 5.25% to 5.5% to advance refund \$5,000,000 of outstanding General Obligation Limited Tax Bonds, Series 2005 maturing in fiscal years 2008 through 2025. The 2007 issue net proceeds of \$4,996,644 (after payment of \$142,148 in underwriting fees, insurance, and other issuance costs plus an additional \$3,792 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 2005 General Obligation Unlimited Refunding Bonds. As a result, the 2005 General Obligation Unlimited Tax Refunding Bonds are considered to be defeased and the liability for those has been removed from the Governmental Activities long-term debt balance. At September 30, 2016, \$3,300,000 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

NOTE E – LONG-TERM DEBT (Continued):

interest expense in the Statement of Activities. The transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$458,550.

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

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

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

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

2009 Capital Improvements Bonds - On May 5, 2009, the City issued \$10,800,000 in Limited Tax General Obligation and Refunding Bonds, Series 2009 with interest rates ranging from 3.0% to 5.0% for the purpose of paying the cost of capital improvement items in the City including major and local street improvements, reconstruction of water and sewer lines, renovating and equipping Lakeview Arena, construction and installation of wastewater and storm water collection lines, and acquisition of other City equipment, and to refund the City of Marquette Building Authority's 1998 Building Authority Refunding Bonds, dated June 16, 1998, which mature in the years 2010 through 2021. The Bonds 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, 2016, \$1,690,000 of bonds outstanding are considered defeased.

NOTE E – LONG-TERM DEBT (Continued):

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

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

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

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

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

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

NOTE E – LONG-TERM DEBT (Continued):

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, 2016, \$1,815,000 of the bonds outstanding are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$130,000. This difference has been charged to operations as a component of interest expense in the Statement of Activities. The transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$108,160.

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

The refunding portion of the 2003 Refunding Revenue Bonds net proceeds of \$1,477,390 (after payment of \$23,049 in issuance expenses, plus \$10,439 transfers from prior issued funds) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service interest and principal payments on the 2003 Refunding Revenue Bonds. As a result, the 2003 issue bonds maturing 2014 through 2016 are considered defeased and the liability for those bonds has been removed from the Business-Type Activities long-term debt balance.

The irrevocable trust accounts for the assets and the liability for the defeased bonds are not included in the City's financial statements. On September 30, 2016, \$0 of bonds outstanding are considered defeased.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$30,000. This difference has been charged to operations as a component of interest expense in the Statement of Activities. The transaction was undertaken to reduce the total debt service payments and accordingly resulted in an economic gain of \$46,489.

2014 Capital Improvement Bonds – On September 30, 2014, the City issued \$3,620,000 in General Obligation Capital Improvement Bonds, Series 2014 with interest rates ranging from 2.0% to 4.0% for the purpose of paying the cost of certain capital improvements including but not limited to major street and/or local street improvements, the construction and installation of sanitary sewer lateral replacements, the Carp River sanitary sewer crossing, and improvements to marina and park systems.

NOTE E – LONG-TERM DEBT (Continued):

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.

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

2006 Library Improvement Bonds - On October 3, 2006, the City issued \$2,935,000 in General Obligation Unlimited Tax Refunding Bonds, Series 2006 with an interest rate of 4.0% to advance refund \$2,885,000 of outstanding General Obligation Unlimited Tax Library Improvement Bonds, Series 1997 maturing in fiscal years 2009 through 2018. The 2006 issue net proceeds of \$2,896,462 (after payment of \$81,939 in underwriting fees, insurance, and other issuance costs plus an additional \$43,401 reoffering premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all callable future debt service payments on the 1997 General Obligation Unlimited Tax Library Improvement Bonds. As a result, the 1997 General Obligation Unlimited Tax Library Improvement Bonds are considered to be defeased and the liability for those has been removed from the Governmental Activities long-term debt balance. At September 30, 2016, \$700,000 of the bonds outstanding are considered defeased.

2010 Capital Improvement Bonds – On December 16, 2010, the City and the Brownfield Redevelopment Authority issued \$995,000 in Limited Tax General Obligation Bonds, Series 2010 with interest rates ranging from 2.5% to 5.0% for the purpose of paying all or part of the cost of acquiring and constructing certain capital improvements in the City, consisting generally of new seawall, public boardwalk, and site improvements. The bonds are issued pursuant to the provision of Act 34, Public Acts of Michigan, 2001, as amended, and a resolution adopted by the City. The City has pledged its limited tax, full faith and credit as a security for the payment of the principal and interest on the Bonds.

2010 Recovery Zone Facility Bonds – On December 16, 2010, the City and the Brownfield Redevelopment Authority issued \$445,000 in Tax Increment Limited Tax General Obligation Bonds, Series 2010 with interest rates ranging from 4.0% to 5.0% for the purpose of paying all or part of the cost of acquiring, constructing, and installing certain improvements in the Founders Landing site located on the shore of Lake Superior in the City. The bonds are issued pursuant to the provision of Act 381, Public Acts of Michigan, 1996, as amended, and a resolution adopted by the City. The City has made a limited tax pledge as additional security for payment of the principal and interest on the Bonds.

NOTE E – LONG-TERM DEBT (Continued):

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.

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

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

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

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.

NOTE E – LONG-TERM DEBT (Continued):

Annual maturities on the Governmental Activities debts are as follows:

Year Ending September 30,	State Infrastructure Note	2006 Street Improvements Bonds	2007 Forestland Bonds	2007 High Street Bonds	2008 Street Improvements Bonds	2009 Refunding Bonds	2009 Capital Improvements Bonds	2011 Capital Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	2013 Founder's Landing Refunding Bonds	2014 Capital Improvements Bonds	2015 Capital Improvements Bonds
2017	\$ 82,873	\$ 195,000	\$ 285,000	\$ 10,600	\$ 122,403	\$ -	\$ 227,880	\$ 64,000	\$ 73,260	\$ 62,000	\$ 245,000	\$ 62,000	\$ 66,424
2018	82,873	202,500	300,000	10,804	128,931	-	242,650	66,000	74,925	63,550	245,000	63,550	66,424
2019	82,877	210,000	320,000	11,006	135,459	-	251,090	68,000	78,255	66,650	255,000	65,100	68,024
2020	-	220,000	340,000	11,141	140,354	-	261,640	70,000	79,920	68,200	265,000	66,650	68,024
2021	-	227,500	355,000	11,275	146,883	-	274,300	72,000	83,250	69,750	275,000	68,200	69,624
2022	-	237,500	375,000	11,479	153,412	-	295,400	74,000	84,915	71,300	280,000	71,300	71,224
2023	-	-	395,000	11,681	156,676	-	299,620	78,000	88,245	74,400	290,000	72,850	72,824
2024	-	-	415,000	11,883	164,836	-	312,280	82,000	89,910	75,950	-	74,400	74,424
2025	-	-	440,000	12,086	171,364	-	-	84,000	93,240	79,050	-	77,500	76,024
2026	-	-	-	12,289	179,524	-	-	88,000	96,570	80,600	-	80,600	79,221
2027	-	-	-	12,491	186,053	-	-	92,000	98,235	83,700	-	83,700	-
2028	-	-	-	12,878	195,854	-	-	-	101,565	85,250	-	88,350	-
2029	-	-	-	-	-	-	-	-	-	-	-	91,450	-
2030	-	-	-	-	-	-	-	-	-	-	-	94,550	-
2031	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	248,623	1,292,500	3,225,000	139,613	1,881,749	-	2,164,860	838,000	1,042,290	880,400	1,855,000	1,060,200	712,237
Interest	-	161,050	862,406	16,392	544,251	-	462,328	189,108	198,332	164,838	198,167	301,462	94,072
	<u>\$ 248,623</u>	<u>\$ 1,453,550</u>	<u>\$ 4,087,406</u>	<u>\$ 156,005</u>	<u>\$ 2,426,000</u>	<u>\$ -</u>	<u>\$ 2,627,188</u>	<u>\$ 1,027,108</u>	<u>\$ 1,240,622</u>	<u>\$ 1,045,238</u>	<u>\$ 2,053,167</u>	<u>\$ 1,361,662</u>	<u>\$ 806,309</u>

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

WATER SUPPLY FUND													
Year Ending September 30,	State Drinking Water Revolving Fund Loan	State DWRP 2011 Loan	State DWRP 2015 Loan	2006 Water Membrane Bonds	2007 High Street Bonds	2008 Street Improvement Bonds	2009 Capital Improvement Bonds	2011 Capital Improvement Bonds	2012 Capital Improvement Bonds	2013 Refunding Revenue Bonds	2013 Capital Improvement Bonds	2014 Capital Improvement Bonds	2015 Capital Improvement Bonds
2017	\$ 25,000	\$ 20,000	\$ -	\$ 170,000	\$ 16,353	\$ 92,155	\$ 192,780	\$ 17,600	\$ 41,140	\$ -	\$ 50,000	\$ 34,000	\$ 102,195
2018	25,000	25,000	20,000	-	16,563	97,070	205,275	18,150	42,075	-	51,250	34,850	102,195
2019	25,000	25,000	20,000	-	16,880	101,986	212,415	18,700	43,945	-	53,750	35,700	104,645
2020	25,000	25,000	20,000	-	17,197	105,671	221,340	19,250	44,880	-	55,000	36,550	104,645
2021	25,000	25,000	20,000	-	17,407	110,586	232,050	19,800	46,750	-	56,250	37,400	107,095
2022	25,000	25,000	20,000	-	17,619	115,501	249,900	20,350	47,685	-	57,500	39,100	109,545
2023	25,000	25,000	25,000	-	17,935	117,959	253,470	21,450	49,555	-	60,000	39,950	111,995
2024	25,000	30,000	25,000	-	18,251	124,103	264,180	22,550	50,490	-	61,250	40,800	114,445
2025	30,000	30,000	25,000	-	18,568	129,018	-	23,100	52,360	-	63,750	42,500	116,895
2026	30,000	30,000	25,000	-	18,885	135,161	-	24,200	54,230	-	65,000	44,200	121,792
2027	30,000	30,000	25,000	-	19,201	140,076	-	25,300	55,165	-	67,500	45,900	-
2028	30,000	30,000	25,000	-	19,518	145,345	-	-	57,035	-	68,750	48,450	-
2029	30,000	30,000	15,875	-	3,768	-	-	-	-	-	-	50,150	-
2030	15,058	30,000	-	-	-	-	-	-	-	-	-	51,850	-
2031	-	30,000	-	-	-	-	-	-	-	-	-	-	-
2032	-	33,908	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	365,058	443,908	265,875	170,000	218,145	1,414,631	1,831,410	230,450	585,310	-	710,000	581,400	1,095,447
Interest	76,018	95,011	37,416	3,400	25,616	409,760	391,136	52,009	111,376	-	132,933	145,666	144,049
	<u>\$ 441,076</u>	<u>\$ 538,919</u>	<u>\$ 303,291</u>	<u>\$ 173,400</u>	<u>\$ 243,761</u>	<u>\$ 1,824,391</u>	<u>\$ 2,222,546</u>	<u>\$ 282,459</u>	<u>\$ 696,686</u>	<u>\$ -</u>	<u>\$ 842,933</u>	<u>\$ 727,066</u>	<u>\$ 1,239,496</u>

NOTE E – LONG-TERM DEBT (Continued):

Year Ending September 30,	SEWAGE DISPOSAL FUND										MARINAS FUND
	State Act 94 Clean Water Assistance Loan	2009 State Revolving Loan	2011 State Revolving Loan	2008 Street Improvements Bond	2009 Capital Improvements Bond	2011 Capital Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	2014 Capital Improvements Bonds	2015 Capital Improvements Bonds	2014 Capital Improvements Bonds
2017	\$ 180,000	\$ 30,000	\$ -	\$ 85,067	\$ 97,200	\$ 49,600	\$ 71,500	\$ 56,000	\$ 94,000	\$ 33,951	\$ 10,000
2018	185,000	30,000	30,000	89,604	103,500	51,150	73,125	57,400	96,350	33,951	10,250
2019	190,000	35,000	30,000	94,140	107,100	52,700	76,375	60,200	98,700	34,751	10,500
2020	195,000	35,000	35,000	97,543	111,600	54,250	78,000	61,600	101,050	34,751	10,750
2021	200,000	35,000	35,000	102,080	117,000	55,800	81,250	63,000	103,400	35,551	11,000
2022	200,000	35,000	35,000	106,617	126,000	57,350	82,875	64,400	108,100	36,351	11,500
2023	205,000	35,000	35,000	108,885	127,800	60,450	86,125	67,200	110,450	37,151	11,750
2024	210,000	40,000	35,000	114,556	133,200	63,550	87,750	68,600	112,800	37,951	12,000
2025	-	40,000	35,000	119,093	-	65,100	91,000	71,400	117,500	38,751	12,500
2026	-	40,000	40,000	124,764	-	68,200	94,250	72,800	122,200	40,348	13,000
2027	-	40,000	40,000	129,301	-	71,300	95,875	75,600	126,900	-	13,500
2028	-	40,000	40,000	138,196	-	-	99,125	77,000	133,950	-	14,250
2029	-	40,000	40,000	-	-	-	-	-	138,650	-	14,750
2030	-	40,699	40,000	-	-	-	-	-	143,350	-	15,250
2031	-	-	40,000	-	-	-	-	-	-	-	-
2032	-	-	46,785	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-
Principal	1,565,000	515,699	556,785	1,309,846	923,400	649,450	1,017,250	795,200	1,607,400	363,507	171,000
Interest	171,861	101,363	124,387	378,240	197,214	146,564	193,571	148,891	402,714	47,036	42,844
	<u>\$ 1,736,861</u>	<u>\$ 617,062</u>	<u>\$ 681,172</u>	<u>\$ 1,688,086</u>	<u>\$ 1,120,614</u>	<u>\$ 796,014</u>	<u>\$ 1,210,821</u>	<u>\$ 944,091</u>	<u>\$ 2,010,114</u>	<u>\$ 410,543</u>	<u>\$ 213,844</u>

Year Ending September 30,	STORMWATER UTILITY FUND							
	2006 Street Improvements Bonds	2007 High Street Improvements Bonds	2008 Street Improvements Bonds	2009 Capital Improvements Bonds	2011 Capital Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	2015 Capital Improvements Bonds
2017	\$ 195,000	\$ 5,773	\$ 75,375	\$ 22,140	\$ 28,800	\$ 34,100	\$ 32,000	\$ 7,430
2018	202,500	5,963	79,395	23,575	29,700	34,875	32,800	7,430
2019	210,000	6,077	83,415	24,395	30,600	36,425	34,400	7,580
2020	220,000	6,191	86,431	25,420	31,500	37,200	35,200	7,580
2021	227,500	6,267	90,451	26,650	32,400	38,750	36,000	7,730
2022	237,500	6,343	94,471	28,700	33,300	39,525	36,800	7,880
2023	-	6,457	96,481	29,110	35,100	41,075	38,400	8,030
2024	-	6,571	101,506	30,340	36,900	41,850	39,200	8,180
2025	-	6,684	105,526	-	37,800	43,400	40,800	8,330
2026	-	6,798	110,551	-	39,600	44,950	41,600	8,639
2027	-	6,912	114,571	-	41,400	45,725	43,200	-
2028	-	8,497	120,601	-	-	47,275	44,000	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
Principal	1,292,500	78,533	1,158,774	210,330	377,100	485,150	454,400	78,809
Interest	161,050	9,219	335,152	44,919	85,099	92,317	85,078	8,818
	<u>\$ 1,453,550</u>	<u>\$ 87,752</u>	<u>\$ 1,493,926</u>	<u>\$ 255,249</u>	<u>\$ 462,199</u>	<u>\$ 577,467</u>	<u>\$ 539,478</u>	<u>\$ 87,627</u>

NOTE E – LONG-TERM DEBT (Continued):

Annual maturities on Component Unit debt are as follows:

Year Ending September 30,	2011 Electric Utility Revenue Bonds	2016 Electric Utility Revenue Bonds	Electric Utility Capital Lease	2006 Library Improvement Bonds	2011 DDA Tax Increment Bonds	2010 Capital Improvement Bonds	2010 Recovery Zone Facility Bonds	2013 Capital Improvement Bonds	2016 MBRA Tax Increment Bonds
2017	\$ -	\$ 700,000	\$ 42,244	\$ 330,000	\$ 100,000	\$ 40,000	\$ 15,000	\$ 30,000	\$ -
2018	-	1,155,000	43,308	345,000	100,000	40,000	20,000	30,000	-
2019	-	1,210,000	44,398	-	115,000	40,000	20,000	30,000	-
2020	-	2,505,000	161,851	-	115,000	45,000	20,000	35,000	-
2021	-	2,630,000	-	-	125,000	45,000	20,000	35,000	50,000
2022	-	2,760,000	-	-	125,000	50,000	20,000	35,000	90,000
2023	-	2,895,000	-	-	125,000	50,000	25,000	35,000	105,000
2024	-	3,040,000	-	-	125,000	55,000	25,000	35,000	155,000
2025	-	3,195,000	-	-	125,000	55,000	25,000	-	100,000
2026	-	3,355,000	-	-	125,000	60,000	25,000	-	145,000
2027	-	3,520,000	-	-	-	60,000	30,000	-	200,000
2028	-	3,695,000	-	-	-	65,000	30,000	-	230,000
2029	-	3,880,000	-	-	-	65,000	30,000	-	290,000
2030	-	4,075,000	-	-	-	70,000	30,000	-	360,000
2031	-	4,280,000	-	-	-	75,000	35,000	-	2,055,000
2032	-	4,495,000	-	-	-	-	-	-	2,250,000
2033	-	4,720,000	-	-	-	-	-	-	2,390,000
2034	-	4,955,000	-	-	-	-	-	-	2,615,000
2035	-	5,105,000	-	-	-	-	-	-	2,990,000
2036	-	5,265,000	-	-	-	-	-	-	3,170,000
Principal	-	67,435,000	291,801	675,000	1,180,000	815,000	370,000	265,000	17,195,000
Interest	-	37,424,898	20,146	27,300	348,435	324,975	152,775	25,792	11,808,222
	<u>\$ -</u>	<u>\$ 104,859,898</u>	<u>\$ 311,947</u>	<u>\$ 702,300</u>	<u>\$ 1,528,435</u>	<u>\$ 1,139,975</u>	<u>\$ 522,775</u>	<u>\$ 290,792</u>	<u>\$ 29,003,222</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
2017	\$ 1,496,440	\$ 581,827	\$ 1,869,159	\$ 710,919	\$ 1,257,244	\$ 4,072,468
2018	1,547,207	526,914	1,813,996	649,191	1,733,308	3,877,363
2019	1,611,461	468,567	1,880,379	586,938	1,459,398	3,805,258
2020	1,590,929	398,473	1,938,599	514,968	2,881,851	3,737,144
2021	1,652,782	338,462	2,002,167	452,953	2,905,000	3,603,469
2022-2026	6,215,577	810,680	8,697,956	1,317,154	16,960,000	15,716,114
2027-2031	1,226,076	67,483	3,238,818	167,595	23,075,000	11,119,050
2032-2036	-	-	80,693	1,009	37,955,000	4,181,531
	<u>\$ 15,340,472</u>	<u>\$ 3,192,406</u>	<u>\$ 21,521,767</u>	<u>\$ 4,400,727</u>	<u>\$ 88,226,801</u>	<u>\$ 50,112,397</u>

NOTE F – LETTERS OF CREDIT:

As of September 30, 2016, the City had the following letter of credit with Range Bank.

Date Issued	Amount	Interest Rate	Expiration
7/1/2003	\$ 500,000	n/a *	7/1/2017
12/14/2011	\$ 157,430	n/a *	12/14/2016

* - 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, 2016.

NOTE G – INTERFUND BALANCES:

All internal balances resulted from the time lag between the dates that (1) interfund goods and services are not provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
PRIMARY GOVERNMENT:			
General	\$ 706,716	Major Street	\$ 706,716
		Local Street	-
Subtotal	<u>706,716</u>	Subtotal	<u>706,716</u>
TOTAL REPORTING ENTITY	<u>\$ 706,716</u>	TOTAL REPORTING ENTITY	<u>\$ 706,716</u>

NOTE H – INTERFUND TRANSFERS IN AND TRANSFERS OUT:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The interfund transfers for the year are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
PRIMARY GOVERNMENT:			
Major Street	\$ 298,393	General Fund	\$ 2,983,686
Local Street	1,173,812		
Non-major Governmental	1,511,481		
Non-major Business-Type	-		
Subtotal	<u>2,983,686</u>	Subtotal	<u>2,983,686</u>
		Major Street	464,313
Non-major Governmental	2,469,190	Local Street	420,459
General Fund	22,035	MSC Relocation	1,507,620
Sewage Disposal	360,000	Non-major Governmental	141,440
		Internal Service	317,393
Subtotal	<u>2,851,225</u>	Subtotal	<u>2,851,225</u>
TOTAL REPORTING ENTITY	<u>\$5,834,911</u>	TOTAL REPORTING ENTITY	<u>\$ 5,834,911</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, 2015	Additions	Disposals	Balance at September 30, 2016
GOVERNMENTAL ACTIVITIES:				
Capital Assets Not Being Depreciated				
Land	\$ 11,535,962	\$ 2,032,476	\$ (245,566)	\$ 13,322,872
Construction in progress	1,750,803	6,796,401	(794,402)	7,752,802
Total Capital Assets, not being depreciated	13,286,765	8,828,877	(1,039,968)	21,075,674
Capital Assets Being Depreciated				
Land improvements	7,768,659	39,025	(5,887)	7,801,797
Buildings	5,839,108	45,152	-	5,884,260
Building improvements	13,989,168	29,859	(7,080,005)	6,939,022
Furniture and equipment	13,010,955	390,661	(509,811)	12,891,805
Infrastructure	51,359,433	890,658	-	52,250,091
Total Capital Assets, being depreciated	91,967,323	1,395,355	(7,595,703)	85,766,975
Less Accumulated Depreciation:				
Land improvements	(6,202,620)	(172,289)	5,887	(6,369,022)
Buildings	(4,300,805)	(136,295)	-	(4,437,100)
Building improvements	(9,824,220)	(246,405)	4,686,362	(5,384,263)
Furniture and equipment	(11,578,907)	(526,839)	494,411	(11,611,335)
Infrastructure	(31,741,637)	(1,670,592)	-	(33,412,229)
Total Accumulated Depreciation	(63,648,189)	(2,752,420)	5,186,660	(61,213,949)
Governmental Activities Capital Assets, net	\$ 41,605,899	\$ 7,471,812	\$ (3,449,011)	\$ 45,628,700

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

Governmental Activity:	
General Government	\$ 13,428
Public Health and Safety	42,980
Public Works	135,816
Social Services	-
Recreation and Culture	226,870
Depreciation - unallocated	1,814,189
Internal Service Funds charged to above activities	519,137
Total Depreciation Expense - Governmental Activities	<u>\$ 2,752,420</u>

NOTE I – CAPITAL ASSETS (Continued):

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

	Balance at September 30, 2015	Additions	Disposals	Balance at September 30, 2016
BUSINESS-TYPE ACTIVITIES:				
Capital Assets Not Subject to Depreciation:				
Land	\$ 38,319	-	-	\$ 38,319
Construction in progress	863,446	1,116,882	(796,538)	1,183,790
Total Capital Assets, not being depreciated	901,765	1,116,882	(796,538)	1,222,109
Capital Assets Subject to Depreciation:				
Land improvements	3,578,555	404,607	-	3,983,162
Building and building improvements	13,547,569	733,639	-	14,281,208
Furniture and equipment	5,704,219	69,174	-	5,773,393
Infrastructure	68,028,985	874,593	-	68,903,578
Total Capital Assets, being depreciated	90,859,328	2,082,013	-	92,941,341
Less Accumulated Depreciation:				
Land improvements	(2,413,652)	(148,164)	-	(2,561,816)
Building and building improvements	(6,118,503)	(310,717)	-	(6,429,220)
Furniture and equipment	(3,425,168)	(414,286)	-	(3,839,454)
Infrastructure	(23,442,641)	(2,268,834)	-	(25,711,475)
Total Accumulated Depreciation	(35,399,964)	(3,142,001)	-	(38,541,965)
Business-Type Activities Capital Assets, net	\$56,361,129	\$ 56,894	\$ (796,538)	\$55,621,485

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-Type Activities:	
Water Supply	\$1,259,358
Sewage Disposal	1,054,314
Stormwater Utility	686,046
Recreation and Culture	142,283
Total Depreciation Expense - Business-Type Activities	<u>\$3,142,001</u>

NOTE I – CAPITAL ASSETS (Continued):

A summary of Component Unit's capital assets as of September 30, 2016 is as follows:

	Board of Light and Power	Peter White Public Library	Downtown Development Authority	Brownfield Redevelopment Authority	Total Component Units
COMPONENT UNITS:					
Land	\$ 1,123,073	\$ 114,704	\$ -	\$ -	\$ 1,237,777
Construction in progress	38,758,542	-	174,630	1,285,857	40,219,029
Total Capital Assets, not being depreciated	39,881,615	114,704	174,630	1,285,857	41,456,806
Land improvements	-	117,250	4,703,509	-	4,820,759
Buildings and improvements	13,210,577	8,902,217	-	-	22,112,794
Furniture and equipment	128,447,097	1,013,636	141,767	-	129,602,500
Total Capital Assets, being depreciated	141,657,674	10,033,103	4,845,276	-	156,536,053
Less Accumulated Depreciation:					
Land improvements	-	(43,883)	(1,585,853)	-	(1,629,736)
Buildings and improvements	-	(5,203,063)	-	-	(5,203,063)
Furniture and equipment	-	(968,709)	(132,259)	-	(1,100,968)
Unallocated	(98,997,038)	-	-	-	(98,997,038)
Total Accumulated Depreciation	(98,997,038)	(6,215,655)	(1,718,112)	-	(106,930,805)
Component Units Capital Assets, net	\$82,542,251	\$ 3,932,152	\$ 3,301,794	\$ 1,285,857	\$ 91,062,054

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

Component Units:	
Board of Light and Power	\$2,653,986
Peter White Public Library	145,218
Downtown Development Authority	201,364
Total Depreciation Expense - Component Units	<u>\$3,000,568</u>

NOTE J – DEFERRED INFLOWS OF RESOURCES:

Deferred inflow of resources are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

1. The Governmental Funds has reported deferred inflows of \$8,215,779. This amount, relates to the 2016 tax levy.
2. The Business-Type Funds have reported deferred inflows of \$1,130,967. Of this amount, \$42,507 represents the portion of special assessment receivables which are not available resources within the next year; and \$1,088,460 relates to deferred proceeds in connection with capital projects.
3. The Component Units have reported deferred inflows of \$2,104,048 which relates to their portion of the 2016 tax levy.

NOTE K – FUND BALANCES – GOVERNMENTAL FUNDS:

As of September 30, 2016, 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, 2016, 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	\$ -	\$ -	\$ -	\$ -	\$ 763,501	\$ 763,501
Loan Receivable	-	-	-	-	-	-
Inventory	145,591	-	-	-	-	145,591
Prepays	301,712	24,285	-	-	-	325,997
Total Non-spendable	\$ 447,303	\$ 24,285	\$ -	\$ -	\$ 763,501	\$ 1,235,089
Restricted:						
Fire Dept. - Lifesaving Equipment	\$ 54,223	\$ -	\$ -	\$ -	\$ -	\$ 54,223
Drug Dog	10,395	-	-	-	-	10,395
Local Development Finance Authority Fund	-	2,946	-	-	-	2,946
Public Education Government (PEG) Fund	-	17,954	-	-	-	17,954
Drug Forfeiture Fund	-	10,197	-	-	-	10,197
MSHDA Downtown Rental Fund	-	46,457	-	-	-	46,457
Road Maintenance Fund	-	434,692	-	-	-	434,692
Road Safety Improvement Fund	-	211,667	-	-	-	211,667
Criminal Justice Training Fund	-	814	-	-	-	814
Senior Services Fund	-	539,616	-	-	-	539,616
Total Restricted	\$ 64,618	\$ 1,264,343	\$ -	\$ -	\$ -	\$ 1,328,961
Committed:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned:						
Park Improvements	\$ 14,002	\$ -	\$ -	\$ -	\$ -	\$ 14,002
Founders Landing	1,495,925	-	-	-	-	1,495,925
NMU Property	600,000	-	-	-	-	600,000
Capital Outlay	2,356,845	-	-	689,638	-	3,046,483
Recycling System Fund	-	12,701	-	-	-	12,701
Sanitation Fund	-	539,490	-	-	-	539,490
Lakeview Arena Fund	-	176,721	-	-	-	176,721
Forestland Debt Service	-	-	1,712,318	-	-	1,712,318
Total Assigned	\$ 4,466,772	\$ 728,912	\$ 1,712,318	\$ 689,638	\$ -	\$ 7,597,640
Unassigned:	\$ 8,374,197	\$ -	\$ -	\$ -	\$ -	\$ 8,374,197

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:

2015 Valuation				
Primary Government	01-Public Works - Closed	02-Police Clerical - Closed	10-Union - Closed	11-PW Supervisor - Closed
	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	5%	5%	5%
	DC Plan for New Hires	---	---	---
	Act 88	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)
	15-Senior Mgmt - Closed	16-Middle Mgmt - Closed	91-PW & Union aft 10/1/12 - Open	
	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	5%
	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)
	7-PW Lbry Snr - Closed	12-P White Lby - Open	70-PW Lbry Adm - Open	
	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	---	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, 2015 valuation date, the following employees were covered by the benefit terms:

	Primary Government	Component Unit PWPL
Inactive employees or beneficiaries currently receiving benefits	107	10
Inactive employees entitled to but not yet receiving benefits	15	1
Active employees	96	14
Total	218	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, 2015:

Division	Employer ¹	Employee
Primary Government:		
01 - Public Works	\$76,096	5.00%
02 - Police Clerical	\$6,342	5.00%
10 - Union	\$33,246	5.00%
11 - PW Supervisor	\$22,724	5.00%
15 - Senior Mgmt	\$59,725	0.00%
16 - Middle Mgmt	\$11,750	5.00%
91 - PW & Union aft 10/1/12	8.25%	5.00%
Component Unit - Peter White		
Public Library:		
07 - PW Lbry Snr	\$578	0.00%
12 - Pwhite Lby	17.51%	5.00%
70 - PW Lbry Admin	20.11%	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, 2015, 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, 2015 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.

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

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

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

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

Discount rate:

The discount rate used to measure the total pension liability is 8.25% for 2015. 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 12/31/14	\$ 48,030,895	\$ 29,397,299	\$ 18,633,596
Changes for the Year:			
Service costs	738,493	-	738,493
Interest on total pension liability	3,841,488	-	3,841,488
Changes in benefits	-	-	-
Difference between expected and actual experience	(229,603)	-	(229,603)
Changes in assumption	3,096,299	-	3,096,299
Employer contributions	-	1,796,218	(1,796,218)
Employee contributions	-	223,767	(223,767)
Net investment income	-	(420,230)	420,230
Benefit payments, including employee refunds	(2,414,733)	(2,414,733)	-
Administrative expense	-	(61,269)	61,269
Other changes	(1)	(1,244,578)	1,244,577
Net Changes	5,031,943	(2,120,825)	7,152,768
Balances as of 12/31/15	\$ 53,062,838	\$ 27,276,474	\$ 25,786,364

**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 12/31/14	\$ 3,006,185	\$ 2,058,160	\$ 948,025
Changes for the Year:			
Service costs	36,106	-	36,106
Interest on total pension liability	187,817	-	187,817
Changes in benefits	-	-	-
Difference between expected and actual experience	(11,226)	-	(11,226)
Changes in assumption	151,384	-	151,384
Employer contributions	-	91,549	(91,549)
Employee contributions	-	24,237	(24,237)
Net investment income	-	(31,166)	31,166
Benefit payments, including employee refunds	(131,851)	(131,851)	-
Administrative expense	-	(4,534)	4,534
Other changes	-	-	-
Net Changes	232,230	(51,765)	283,995
Balances as of 12/31/15	<u>\$ 3,238,415</u>	<u>\$ 2,006,395</u>	<u>\$ 1,232,020</u>
Net Pension Liability (NPL):			
MERS - Primary Government	\$ 25,786,364		
Fire-Police - Primary Government	12,080,394	(See Note M)	
NPL reported in statement of net position	<u>\$ 37,866,758</u>		
Net Pension Liability (NPL):			
MERS - Component Unit - PWPL	\$ 1,232,020		
MERS - Component Unit - BLP	19,597,730	(See Note N)	
NPL reported in statement of net position	<u>\$ 20,829,750</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 12/31/15	\$ 25,786,364	\$ 25,786,364	\$ 25,786,364
Change in Net Pension liability (NPL)	6,129,566	-	(5,172,814)
Calculated NPL	<u>\$ 31,915,930</u>	<u>\$ 25,786,364</u>	<u>\$ 20,613,550</u>

	Component Unit - Peter White Public Library		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	7.00%	8.00%	9.00%
Net Pension Liability at 12/31/15	\$ 1,232,020	\$ 1,232,020	\$ 1,232,020
Change in Net Pension liability (NPL)	374,086	-	(315,696)
Calculated NPL	<u>\$ 1,606,106</u>	<u>\$ 1,232,020</u>	<u>\$ 916,324</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, 2016, the employer recognized pension expense of \$2,895,890 (\$2,864,045 for the primary government and \$31,845 for the component unit – Peter White Public Library). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit - Peter White Public Library	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences in experience	\$ (172,202)	\$ -	\$ -	\$ -
Differences in assumptions	2,322,224	-	-	-
(Excess) Deficit Investment Returns	2,513,719	-	276,923	-
Subtotal	4,663,741	-	276,923	-
Contributions subsequent to the measurement date*	1,360,451	-	64,270	-
Total	<u>\$ 6,024,192</u>	<u>\$ -</u>	<u>\$ 341,193</u>	<u>\$ -</u>

* - The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2017.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	
Deferred amounts related to pension:			
Component Unit - Peter White Public Library	\$ 276,923	\$ -	
Component Unit - Board of Light and Power	3,653,247	-	
Deferred amounts related to pension reported in Statement of Net Position	<u>\$ 3,930,170</u>	<u>\$ -</u>	(See Note N)
Contributions subsequent to the measurement date			
Component Unit - Peter White Public Library	\$ 64,270		
Component Unit - Board of Light and Power	2,071,861		
Contributions subsequent to measurement date reported in Statement of Net Position	<u>\$ 2,136,131</u>		

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

Deferred (Inflows) and Deferred Outflows of Resources by Year (To Be Recognized in Future Pension Expenses)		
Plan Year Ended December 31,	Primary Government Amount	Component Unit - Peter White Public Library Amount
2016	\$ 1,370,996	\$ 79,307
2017	1,370,996	79,307
2018	1,370,995	79,310
2019	550,754	38,999
2020	-	-
Thereafter	-	-
Total	<u>\$ 4,663,741</u>	<u>\$ 276,923</u>

Payable to Pension Plan:

At September 30, 2016, 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, 2016.

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.

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

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, 2016 was \$3,233,941; the City's total payroll was \$12,514,138.

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, 2015, the latest actuarial valuation date:

Group	
Retirees and beneficiaries currently receiving benefits	65
Vested terminated members	3
Active employees:	
Fire	25
Police	32
TOTAL	<u>125</u>

The qualifying full-time employees of the Fire Department and Police Department are eligible to participate in the System. Benefits vest after ten years of service. Employees who retire at or after the age of 50 with 25 or more years of credited service or age 60 with 10 or more years of service, are entitled to annual retirement benefits, payable monthly for life, in an amount equal to a minimum of \$600 a month, or 2.5% (3% for Fire members) of a three-year average final compensation times the first twenty-five years of service plus 1.5% (1% for Fire members) of average final compensation times years of service in excess of twenty-five years. The System also provides death and disability benefits.

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

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

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

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

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

Contributions

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

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2013 were determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities were amortized as a level percent of payroll over an open period of 21 years for police and 20 years for fire.

During the year ended September 30, 2016, September 30, 2015, and September 30, 2014, contributions totaling \$1,465,489; \$1,347,814, and \$1,586,190, respectively, were made in accordance with contribution requirements determined by an actuarial valuation of the System.

The required contribution was determined using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.0% per year, compounded annually, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.00% to 3.50% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period.

Concentrations of Investments

Wells Fargo Pooled Funds:

Wells Fargo Core Bond CIT F	\$ 2,514,209
Wells Fargo/Dodge & Cox Intermediate Bond CIT F	\$ 2,541,509
Wells Fargo/Federated Total Return Bond CIT F	\$ 2,570,207
Wells Fargo/Blackrock S&P Midcap Index CIT F	\$ 2,544,823
Wells Fargo/Blackrock S&P 500 Index CIT F	\$ 4,355,014

Mutual Funds - Corporate Bonds:

Metropolitan West Total Return Bond Fund Class I #512	\$ 2,506,423
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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, 2015, the most recent actuarial, is as follows:

Total pension liability	\$ 41,495,860
Plan fiduciary net position	29,415,466
City's net pension liability	<u>\$ 12,080,394</u>
Plan fiduciary net position as a percentage of the total pension liability	70.9%

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

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

Discount Rate. The single discount rate of 7.00% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all 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 (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a)-(b)
Changes in Net Pension Liability			
Balances at 12/31/14	\$ 40,256,260	\$ 27,571,474	\$ 12,684,786
Changes for the Year:			
Service costs	935,088	-	935,088
Interest on total pension liability	2,766,379	-	2,766,379
Changes in benefits	-	-	-
Difference between expected and actual experience	(53,654)	-	(53,654)
Changes in assumption	-	-	-
Employer contributions	-	1,465,489	(1,465,489)
Employee contributions	-	170,668	(170,668)
Net investment income	-	2,630,375	(2,630,375)
Benefit payments, including employee refunds	(2,408,213)	(2,408,213)	-
Administrative expense	-	(14,327)	14,327
Other changes	-	-	-
Net Changes	1,239,600	1,843,992	(604,392)
Balances as of 12/31/15	\$ 41,495,860	\$ 29,415,466	\$ 12,080,394

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability at 12/31/15	\$ 12,080,394	\$ 12,080,394	\$ 12,080,394
Change in Net Pension Liability (NPL)	5,399,919	-	(4,503,591)
Calculated NPL	<u>\$ 17,480,313</u>	<u>\$ 12,080,394</u>	<u>\$ 7,576,803</u>

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

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

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

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

At the December 31, 2015, measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	108
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>38</u>
Total inactive and active plan members	<u>146</u>

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

Contributions

The Board is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board may establish contribution rates to be paid by its covered employees. Active plan members are required to contribute amounts ranging from 4.7 percent to 4.8 percent of their annual salary to the plan. For the year ended September 30, 2016, contributions made by the Board totaled \$2,732,576.

Net Pension Liability

The Board's Net Pension Liability was measured as of December 31, 2015, 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, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:

2.5 percent

Salary increases:

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

Investment rate of return:

Funding plan benefits involves the accumulation of assets to pay benefits in the future. These assets are invested and the net rate of investment earnings is a significant factor in determining the contributions required to support the ultimate cost of benefits. For the 2015 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 completed in 2015.

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability is 8.25 percent for 2015. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at December 31, 2014	\$37,853,000	\$21,806,337	\$16,046,663
Changes for the Year:			
Service Cost	253,706	-	253,706
Interest on Total Pension Liability	3,013,119	-	3,013,119
Changes in benefits	-	-	-
Difference between expected and actual experience	433,467	-	433,467
Changes in assumptions	2,151,921	-	2,151,921
Employer Contributions	-	2,541,239	(2,541,239)
Employee Contributions	-	132,551	(132,551)
Net investment income	-	(324,962)	324,962
Benefit payments, including employee refunds	(2,914,389)	(2,914,389)	-
Administrative expense	-	(47,681)	47,681
Other changes	1	-	1
Net changes	<u>2,937,825</u>	<u>(613,242)</u>	<u>3,551,067</u>
Balances as of December 31, 2015	<u>\$40,790,825</u>	<u>\$21,193,095</u>	<u>\$19,597,730</u>

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

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

The following presents the Net Pension Liability of the Board, calculated using the discount rate of 8.00 percent, as well as what the Board's Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent) or one percentage point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability at December 31, 2015	\$ 23,791,620	\$ 19,597,730	\$ 16,019,943

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

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

For the year ended September 30, 2016, the Board recognized pension expense of \$2,759,034. 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	\$ 288,978	\$ -
Differences in assumptions	1,434,614	-
Excess/Deficit in investment returns	1,929,655	-
Subtotal	3,653,247	-
Contributions subsequent to the measurement date*	2,071,861	-
Total	\$ 5,725,108	\$ -

*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 9/30/17.

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
2016	\$ 1,364,209
2017	1,364,209
2018	502,412
2019	422,417
2020	-
Thereafter	-
Total	\$ 3,653,247

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, 2016 there were 22 plan members. Plan members are required to contribute 3% of covered earnings and the City is required to contribute 13% or 9% of covered earnings for the Senior Management Division and Middle Management Division, respectively. In accordance with these requirements, the City contributed \$112,104 during the current year and employees contributed \$33,831. The employees under the Plan are immediately vested.

BOARD OF LIGHT AND POWER – COMPONENT UNIT:

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

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

For the fiscal year ended September 30, 2016, combined contributions by the Board totaled \$428,310 and combined contributions by the employees totaled \$180,490.

NOTE P – DEFERRED COMPENSATION PLAN:

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

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

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

NOTE P – DEFERRED COMPENSATION PLAN (continued):

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, 2016 are as follows:

	Benefit Leave and Vacation	Sick	Total
PRIMARY GOVERNMENT:			
Current portion	\$ 381,698	\$ 211,195	\$ 592,893
Long-term portion	926,536	361,723	1,288,259
TOTAL	<u>\$ 1,308,234</u>	<u>\$ 572,918</u>	<u>\$ 1,881,152</u>
COMPONENT UNITS:			
Current portion	\$ 614,571	\$ 554,304	\$ 1,168,875
Long-term portion	45,766	46,051	91,817
TOTAL	<u>\$ 660,337</u>	<u>\$ 600,355</u>	<u>\$ 1,260,692</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, 2016, 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, 2016, the latest available report, is as follows:

Total Assets	\$ 11,676,536
Deferred Outflows of Resources	541,720
Total Liabilities	4,116,903
Deferred Inflows of Resources	47,103
Total Net Position	8,054,250
Total Operating Revenues	2,906,835
Total Operating Expenses	3,236,957
Total Nonoperating Revenues (Expenses)	226,096
Change in Net Position	(104,026)

NOTE S – RISK MANAGEMENT:

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

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

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

NOTE T – OTHER POST EMPLOYMENT BENEFITS:

Description

Effective July 1, 2008, the City adopted the provision of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect a long-term liability of \$4,056,385 and \$324,102 in governmental and business-type activities, respectively, resulting from the adoption.

Under the Retiree Health Care Plan, eligible retirees and their spouses will receive contributions from the City which can be used for payment of premiums to health insurance companies. Eligible retirees are paid either a flat rate of \$45.17 to \$310.00 monthly as defined in their contract at the time of retirement until the age 65, or a percent of the premium capped at retirement payable for life.

Funding Policy

The amount paid for former City employees for the fiscal year ended September 30, 2016 was \$311,596 and represents current benefits and \$0 to prefund benefits. There were 73 participants eligible to receive benefits and 61 are participating. This benefit is accounted for on the "pay-as-you-

NOTE T – OTHER POST EMPLOYMENT BENEFITS (continued):

go” method, whereby the City is reporting the amounts paid as expenditures in the year the amounts are paid for the benefit provided.

Trend Information

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation - End of Year</u>
9/30/2014	\$ 786,589	56%	\$ 2,372,759
9/30/2015	1,268,981	24%	3,343,154
9/30/2016	1,348,928	23%	4,380,487

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	\$2,003,835
Interest on net OPEB obligation	133,726
Adjustment to annual required contribution	(788,633)
Annual OPEB cost	1,348,928
Contributions made	(311,596)
Increase in net OPEB obligation	1,037,332
Net OPEB obligation - beginning of year	3,343,154
Net OPEB obligation - end of year	<u>\$4,380,486</u>

Funding Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the Plan was zero percent funded. The actuarial accrued liability for benefits equaled \$8,187,912, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,187,912, and a funded ratio of 0.0%. The covered payroll (annual payroll of active employees covered by the Plan) was \$5,734,768, and the ratio of the UAAL to the covered payroll was 143 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employments, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results

NOTE T – OTHER POST EMPLOYMENT BENEFITS (continued):

are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (see table of contents for page references), presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term perspective of the calculations. In the June 30, 2015, actuarial valuation, the individual entry-age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent liability, reduced by decrements to an ultimate rate of 4.5% after ten years, and an inflation rate of 4.0%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2016, was 4 years.

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

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

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

Funding Policy

The contribution requirements of plan members and the Board are established in accordance with a collective bargaining agreement. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For fiscal year 2016, the Board contributed \$1,220,307 to the plan representing current premiums and \$350,000 to prefund benefits.

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual required contribution	\$ 1,460,239
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>1,460,239</u>
Contributions made	<u>(1,775,969)</u>
Increase in net OPEB obligation	<u>(315,730)</u>
Net OPEB obligation at beginning of year	<u>1,656,978</u>
Net OPEB obligation at end of year	<u><u>\$ 1,341,248</u></u>

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

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 2,068,496	78%	\$ 1,657,285
9/30/2015	1,397,358	100%	1,656,978
9/30/2016	1,460,239	122%	1,341,248

Funding Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 5.7 percent funded. The actuarial accrued liability for benefits was \$18,564,650, and the actuarial value of assets was \$1,065,569, resulting in an unfunded actuarial accrued liability (UAAL) of \$17,499,081. The covered payroll (annual payroll of active employees covered by the plan) was \$6,362,505, and the ratio of the UAAL to the covered payroll was 275 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employments, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress found at the Required Supplementary Information section (see table of contents for page references), presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term perspective of the calculations. In the actuarial valuation, the individual entry-age actuarial cost method was used. The actuarial assumptions included an 8.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11 percent liability, reduced by decrements to an ultimate rate of 4.5 percent after ten years. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

NOTE V – SINGLE AUDIT:

The City's audited financial statements report a total amount of federal expenditures that is more than the Single Audit threshold of \$750,000. The City, therefore, is required to have an audit in accordance with the Uniform Guidance for the fiscal year ended September 30, 2016.

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, 2016. The projects include the construction and relocation of the Municipal Service Center (a division of Public Works), as well as street construction and reconstruction in areas where the sanitary sewer system is being repaired, and other various street reconstruction and street improvement projects throughout the City, as well as land and building improvement projects. At year end, The City's total construction in progress expenditures in the governmental funds totaled \$7,752,802, with anticipated future expenditures of these projects amount to \$10,500,000. A portion of the various street repairs are being financed with the subsequent issue of the 2016 General Obligation Limited Tax Bonds, and the service center relocation being financed through distributions from the Brownfield Redevelopment Authority and their issue of the 2016 Tax Increment Bonds.

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

The following net position restatement was made resulting from the inclusion of the Peter White Public Library Development Fund, a component unit of Peter White Public Library during fiscal year 2016.

	<u>Component Unit Net Position</u>
COMPONENT UNITS:	
Peter White Public Library	
Net position, beginning of year	\$ 3,154,637
Prior Period Adjustment	
PWPL Development Fund	<u>26,200</u>
Net position end of year, as restated	<u><u>\$ 3,180,837</u></u>

NOTE Z – NEW GASB STANDARDS:

Recently Issued and Adopted Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. GASB No. 72 addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015. The adoption of GASB No. 72 does not have any financial impact on the City's financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for periods beginning after June 15, 2015. The adoption of GASB No. 76 does not have any impact on the City's financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contributions. Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. This Statement is effective for periods beginning after June 15, 2016. The adoption of GASB No. 82 does not have any impact on the City's financial statements.

Other Recently Issued Accounting Pronouncements

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. GASB No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. This Statement is effective for periods beginning after June 15, 2015. The City's does not have any pension plans that meet the criteria of GASB 73.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. This Statement is effective for periods beginning after June 15, 2015. The City's does not have any external investment pools; therefore, GASB 79 is not applicable to the City.

NOTE AA – UPCOMING STANDARDS:

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

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

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

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

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

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

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

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

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

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

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

NOTE AA – UPCOMING STANDARDS (continued):

GASB 77: Tax Abatement Disclosures

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

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

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

GASB 78: Pensions Provided through Certain Multiple-Employer Defined Benefit Pension plans

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

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

GASB 80: Blending Requirements for Certain Component Units – an Amendment to GASB Statement No. 14

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

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB 81: Irrevocable Split-Interest Agreements

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

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

NOTE AA – UPCOMING STANDARDS (continued):

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.

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.

NOTE AA – UPCOMING STANDARDS (continued):

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

NOTE AB – SUBSEQUENT EVENTS:

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 2017 through 2022 are considered defeased and the liability for those bonds will be removed from the Governmental Activities and Business-Type Activities long term debt balance, as appropriate for the fiscal year ending September 30, 2017.

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 2006 issue bonds maturing 2017 through 2028 are considered defeased and the liability for those bonds will be removed from the Governmental Activities and Business-Type Activities long term debt balance, as appropriate, for the fiscal year ending September 30, 2017.

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)

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

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

SCHEDULE OF CONTRIBUTIONS
(Ultimately ten years will be displayed)

Fiscal Year/Period Ending	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency / (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
9/30/2015	\$ 1,871,408	\$ 1,771,725	\$ 99,683	\$ 5,838,134	30.35%
9/30/2016	\$ 2,017,494	\$ 1,887,767	129,727	5,997,081	31.48%

**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)

	2016	2015	2014
Change in total pension liability			
Service cost	\$ 935,088	\$ 1,363,210	\$ 1,205,537
Interest	2,766,379	3,048,549	2,603,975
Change in benefit terms	-	-	-
Differences between expected and actual experience	(53,654)	-	-
Changes in assumptions	-	-	-
Benefit payments, including refunds of member contributions	(2,408,213)	(1,828,055)	(2,317,636)
Other	-	-	-
Net change in total pension liability	<u>1,239,600</u>	<u>2,583,704</u>	<u>1,491,876</u>
Total pension liability, beginning of year	<u>40,256,260</u>	<u>37,672,556</u>	<u>36,180,680</u>
Total pension liability, end of year (a)	<u>41,495,860</u>	<u>40,256,260</u>	<u>37,672,556</u>
Change in plan fiduciary net position			
Contributions - employer	1,465,489	1,347,814	1,586,190
Contributions - members	170,668	167,220	212,560
Net investment income	2,630,375	(272,058)	2,549,798
Benefit payments, including refunds of member contributions	(2,408,213)	(1,828,055)	(2,317,636)
Administrative expense	(14,327)	(9,084)	(22,430)
Other	-	-	-
Net change in plan fiduciary net position	<u>1,843,992</u>	<u>(594,163)</u>	<u>2,008,482</u>
Plan fiduciary net position, beginning of year	<u>27,571,474</u>	<u>28,165,637</u>	<u>26,157,155</u>
Plan fiduciary net position, end of year (b)	<u>29,415,466</u>	<u>27,571,474</u>	<u>28,165,637</u>
City's net pension liability, end of year (a)-(b)	<u>\$ 12,080,394</u>	<u>\$ 12,684,786</u>	<u>\$ 9,506,919</u>
 Plan fiduciary net position as a percentage of the total pension liability	 70.89%	 68.49%	 74.66%
 Covered-employee payroll	 \$ 3,233,941	 \$ 3,454,423	 \$ 4,498,201
 City's net pension liability as a percentage of covered payroll	 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%

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)

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

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

SCHEDULE OF CONTRIBUTIONS

(Ultimately ten years will be displayed)

Fiscal Year/Period Ending	Actuarial Determined Contribution	Contribution in Relation to the Actuarial Determined Contribution	Contribution Deficiency	Covered Payroll	Contribution as Percentage of Covered Payroll
9/30/2015	\$ 1,496,376	\$ 2,071,376	\$ (575,000)	\$ 2,861,350	72.39%
9/30/2016	1,791,239	2,541,239	(750,000)	3,096,739	82.06%

City of Marquette, Michigan

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

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

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

City of Marquette, Michigan

OTHER POST EMPLOYMENT BENEFITS
ANALYSIS OF FUNDING INFORMATION

SCHEDULE OF FUNDING PROGRESS

(Ultimately ten years will be displayed)

Actuarial Valuation Date <u>December 31</u>	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b - a) Unfunded Accrued Liability (UAL)	(a / b) Funded Ratio	(c) Annual Covered Payroll	[(b - a) / c] UAAL as a Percentage of Covered Payroll
2007	\$ -	\$ 7,831,624	\$ 7,831,624	0%	\$ 5,507,392	142%
2007	-	7,831,624	7,831,624	0%	5,758,535	136%
2009	-	12,084,681	12,084,681	0%	5,744,304	210%
2009	-	12,084,681	12,084,681	0%	5,830,062	207%
2011	-	10,953,785	10,953,785	0%	5,769,420	190%
2011	-	10,953,785	10,953,785	0%	5,874,079	186%
2015	-	8,187,912	8,187,912	0%	6,217,387	132%
2015	-	8,187,912	8,187,912	0%	5,734,768	143%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Valuation Date June 30	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	2007*	\$ 660,645	43%	\$ 377,537
June 30, 2010	2007*	633,476	43%	756,035
June 30, 2011	2009*	775,329	43%	1,184,329
June 30, 2012	2009*	737,684	44%	1,625,657
June 30, 2013	2011*	693,202	47%	2,029,132
September 30, 2014	2011*	705,290	56%	2,372,757
September 30, 2015	2015	1,268,981	24%	3,343,154
September 30, 2016	2015	1,348,928	23%	4,380,486

NOTES TO THE REQUIRED SCHEDULES

* - valuation date as of December 31,

The required contribution has been calculated to increase at the same rate as the projected increase in active member payroll (4.50% per year). The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 30 years, for all divisions. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with GASB requirements.

Because 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; ultimately ten years will be displayed

City of Marquette, Michigan

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

SCHEDULE OF FUNDING PROGRESS

(Ultimately ten years will be displayed)

Actuarial Valuation Date December 31	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b - a) Unfunded Accrued Liability (UAL)	(a / b) Funded Ratio	(c) Annual Covered Payroll	[(b - a) / c] UAAL as a Percentage of Covered Payroll
2006	\$ -	\$ 31,088,490	\$ 31,088,490	0%	\$ 4,494,935	692%
2006	-	24,396,132	24,396,132	0%	4,492,842	543%
2009	562,398	21,166,012	20,603,614	3%	5,929,296	347%
2009	562,398	21,166,012	20,603,614	3%	5,929,296	347%
2009	562,398	21,166,012	20,603,614	3%	5,929,296	347%
2012	1,065,569	18,564,650	17,499,081	6%	6,062,043	289%
2012	1,065,569	18,564,650	17,499,081	6%	6,330,267	276%
2012	1,065,569	18,564,650	17,499,081	6%	6,362,505	275%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Valuation Date December 31	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	2006	\$ 1,917,305	70%	\$ 895,636
June 30, 2010	2006	1,806,950	74%	1,060,728
June 30, 2011	2009	1,474,166	100%	1,055,959
June 30, 2012	2009	1,540,504	89%	1,218,366
June 30, 2013	2009	1,609,826	101%	1,194,588
September 30, 2014	2012	2,068,496	78%	1,657,285
September 30, 2015	2012	1,397,358	100%	1,656,978
September 30, 2016	2012	1,460,239	122%	1,341,248

NOTES TO THE REQUIRED SCHEDULES

The actuarial assumptions included a rate of return on investment (net of administrative expenses), of 6.0% per year, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on a funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11% liability. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

Because 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; ultimately ten years will be displayed

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.

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

CITY OF MARQUETTE, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET

September 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 13,554,416	\$ 11,331,592
Investments	5,182,235	4,501,485
Receivables:		
Taxes:		
Current	758,234	742,596
Delinquent	4,841	2,764
Accounts	297,076	266,511
Special assessment	-	-
Allowance for uncollectible accounts	-	-
Due from other authorities	1,059,302	2,191,034
Due from other funds	706,716	2,189,682
Due from other governments	883,431	597,315
Inventories	145,591	107,320
Prepaid expenditures	301,712	306,768
TOTAL ASSETS	22,893,554	22,237,067
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 22,893,554	\$ 22,237,067
LIABILITIES		
Accounts payable	\$ 566,339	\$ 468,720
Accrued wages payable	350,005	298,309
Accrued compensated absences	591,461	684,999
Due to other governmental units	247	322
Due to other authorities	131,312	52,310
Customer deposits payable	23,827	21,466
TOTAL LIABILITIES	1,663,191	1,526,126
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	7,877,473	7,800,169
Special assessments	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	7,877,473	7,800,169
FUND BALANCE		
Non-spendable	447,303	414,088
Restricted	64,618	177,559
Assigned	4,466,772	3,863,930
Unassigned	8,374,197	8,455,195
TOTAL FUND BALANCE	13,352,890	12,910,772
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 22,893,554	\$ 22,237,067

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016		2015	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Property Taxes:				
Real property taxes	\$ 9,479,585	\$ 9,429,512	\$ (50,073)	\$ 9,113,881
Personal property taxes	792,795	789,766	(3,029)	605,183
Interest and penalty	32,000	29,906	(2,094)	31,408
Administrative collection fees	318,915	324,248	5,333	313,171
Total Property Taxes	10,623,295	10,573,432	(49,863)	10,063,643
Industrial Facilities Tax Act	35,745	34,502	(1,243)	36,300
Payments in Lieu of Taxes:				
MSHDA	-	21,938	21,938	21,535
Board of Light and Power	1,804,000	1,836,404	32,404	1,836,845
Public Housing Authority	54,500	30,959	(23,541)	59,733
Sault Tribe Housing Authority	1,500	1,500	-	1,500
Marquette Area Wastewater Treatment Facility	368,525	369,084	559	381,959
Orianna Ridge	-	-	-	-
Whetstone	-	-	-	-
Snowberry	-	-	-	-
Water Supply Fund	659,800	659,796	(4)	647,102
Sewage Disposal Fund	516,675	516,672	(3)	503,497
Total Payment in Lieu of Taxes	3,405,000	3,436,353	31,353	3,452,171
Federal and State Grants:				
UPSET	25,125	18,406	(6,719)	27,331
FEMA - SCBA	-	-	-	63,896
FEMA - Vehicle Exhaust Capture	-	-	-	48,735
FEMA	46,550	-	(46,550)	-
MDNRE - Hawley St. Pathway	-	12,167	12,167	74,182
DNR - Snowmobile grant	2,500	2,500	-	2,500
NOAA - Coastal Zone Management Program	-	-	-	23,131
MDNR - Restroom Facility Construction	-	85,514	85,514	135,742
PI Bandshell Replacement	-	2,340	2,340	3,510
Father Marquette Park	131,000	-	(131,000)	-
PI Bandshell Benches	20,000	-	(20,000)	-
MDEQ - SAW Grant	-	1,965	1,965	-
MDNR - McCarty's Restroom Construction	-	43,227	43,227	45,572
CZM Trail Master Plan	5,000	-	(5,000)	-
State Grant - Rec Authority	-	-	-	3,713
Council for Arts and Culture - Federal	-	1,610	1,610	1,330
Council for Arts and Culture - State	40,000	13,340	(26,660)	12,770
Total Federal and State Grants	270,175	181,069	(89,106)	442,412
State-Shared Revenues:				
Fire protection - State facility	165,000	147,979	(17,021)	177,287
Sales and use tax	1,902,825	1,915,668	12,843	1,911,926
Liquor licenses	23,000	25,876	2,876	36,157
Total State-Shared Revenues	2,090,825	2,089,523	(1,302)	2,125,370

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
Intergovernmental Revenues:				
NMPSA	\$ -	\$ -	\$ -	\$ -
Tribal Revenue Sharing	10,000	10,000	-	10,000
Shared Services	2,000	1,518	(482)	2,163
Total Intergovernmental Revenues	12,000	11,518	(482)	12,163
Licenses and Permits:				
Business licenses and permits	6,500	11,071	4,571	5,772
Non-business licenses and permits	29,675	65,900	36,225	43,357
Total Licenses and Permits	36,175	76,971	40,796	49,129
Charges for Services:				
Fees	400,449	374,061	(26,388)	336,491
Cemetery foundations and grave openings	43,000	36,915	(6,085)	46,610
Services to other funds	1,840,180	1,742,005	(98,175)	1,887,787
Total Charges for Services	2,283,629	2,152,981	(130,648)	2,270,888
Sales	32,500	40,579	8,079	34,753
Use and Admission Fees:				
Community Center use	15,000	26,000	11,000	10,285
Ballfields	17,045	19,757	2,712	6,305
Skiing use/passes	-	-	-	50
Parking fees	-	-	-	-
Art center and theater	-	-	-	-
Total Use and Admission Fees	32,045	45,757	13,712	16,640
Fines and Forfeits	104,300	69,713	(34,587)	117,320
Rentals:				
Land and building rental	36,020	44,312	8,292	36,525
Parking rentals - lots	5,000	5,572	572	5,272
Equipment rent	35,000	26,877	(8,123)	1,188
Total Rentals	76,020	76,761	741	42,985

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
Special Assessments:				
Interest	\$ -	\$ -	\$ -	\$ -
Assessments levied	-	-	-	14,114
Total Special Assessments	-	-	-	14,114
Sale of Capital Assets	8,800	8,800	-	-
Contributions from Private Sources	1,296,500	1,307,802	11,302	152,023
Investment Income	300,000	241,371	(58,629)	214,583
Reimbursements	47,920	124,093	76,173	86,137
Other revenues	60,365	85,745	25,380	67,032
TOTAL REVENUES	20,715,294	20,556,970	(158,324)	19,197,663
EXPENDITURES:				
GENERAL GOVERNMENT:				
Central Administration:				
Personnel services	1,980,800	1,857,530	123,270	1,959,926
Supplies and contractual	709,630	607,453	102,177	599,021
Other services and charges	1,205,500	1,208,486	(2,986)	118,758
Capital outlay	-	-	-	-
Total Central Administration	3,895,930	3,673,469	222,461	2,677,705
Community Development:				
Personnel services	1,472,945	1,419,483	53,462	1,356,095
Supplies and contractual	286,773	268,568	18,205	226,101
Other services and charges	-	-	-	-
Capital outlay	-	-	-	33,969
Total Community Development	1,759,718	1,688,051	71,667	1,616,165
Other General Government:				
Insurance and Bonds:				
Bond issuance costs	-	-	-	-
Other services and charges	81,760	81,256	504	82,475
Total Other General Government	81,760	81,256	504	82,475
TOTAL GENERAL GOVERNMENT	5,737,408	5,442,776	294,632	4,376,345

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
PUBLIC HEALTH AND SAFETY:				
Police Department:				
Personnel services	\$ 3,938,390	\$ 3,876,455	\$ 61,935	\$ 3,871,224
Supplies and contractual	428,015	486,904	(58,889)	413,535
Other services and charges	7,500	7,573	(73)	3,529
Capital outlay	-	-	-	-
Total Police Department	4,373,905	4,370,932	2,973	4,288,288
Fire Department:				
Personnel services	2,450,650	2,449,164	1,486	2,433,967
Supplies and contractual	286,000	273,526	12,474	261,417
Other services and charges	154,650	121,472	33,178	49,319
Capital outlay	57,400	7,579	49,821	121,408
Total Fire Department	2,948,700	2,851,741	96,959	2,866,111
Waterfront Safety:				
Personnel services	93,920	93,605	315	92,484
Supplies and contractual	43,025	42,825	200	17,117
Other services and charges	250	-	250	595
Capital outlay	-	-	-	-
Total Waterfront Safety	137,195	136,430	765	110,196
TOTAL PUBLIC HEALTH AND SAFETY	7,459,800	7,359,103	100,697	7,264,595
PUBLIC WORKS:				
Public Works Maintenance:				
Personnel services	2,057,940	1,962,392	95,548	1,693,678
Supplies and contractual	1,117,675	1,162,338	(44,663)	895,647
Other services and charges	-	1,450	(1,450)	-
Capital outlay	435,059	167,980	267,079	536,704
Total Public Works Maintenance	3,610,674	3,294,160	316,514	3,126,029
City Hall and Grounds:				
Personnel services	57,260	39,204	18,056	43,927
Supplies and contractual	231,723	206,689	25,034	208,035
Other services and charges	-	-	-	-
Capital outlay	50,000	18,606	31,394	42,207
Total City Hall and Grounds	338,983	264,499	74,484	294,169
Cemetery:				
Personnel services	136,210	133,626	2,584	132,796
Supplies and contractual	97,635	92,591	5,044	81,616
Other services and charges	-	-	-	-
Capital outlay	-	-	-	167
Total Cemetery	233,845	226,217	7,628	214,579
TOTAL PUBLIC WORKS	4,183,502	3,784,876	398,626	3,634,777

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	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	7,000	7,000	-	20,235
Capital outlay	-	-	-	-
Total Promotional Services	7,000	7,000	-	20,235
Parks and Recreation Administration:				
Personnel services	287,345	259,142	28,203	253,629
Supplies and contractual	83,670	62,717	20,953	63,868
Other services and charges	-	-	-	-
Capital outlay	532	42,072	(41,540)	3,155
Total Parks and Recreation Administration	371,547	363,931	7,616	320,652
Arts and Cultural:				
Personnel services	137,835	119,122	18,713	119,456
Supplies and contractual	67,085	61,289	5,796	66,374
Other services and charges	11,000	14,259	(3,259)	12,146
Capital outlay	177	845	(668)	1,115
Total Arts and Cultural	216,097	195,515	20,582	199,091
TOTAL COMMUNITY SERVICES	594,644	566,446	28,198	539,978
TOTAL EXPENDITURES	17,975,354	17,153,201	822,153	15,815,695
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,739,940	3,403,769	663,829	3,381,968

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OTHER FINANCING SOURCES (USES):				
Proceeds from bond issuance	\$ 280,000	\$ -	\$ (280,000)	\$ -
Premium on bond issuance	-	-	-	-
Bond issuance expense	-	-	-	-
Transfers in:				
Cemetery Trust Fund	15,000	22,035	7,035	24,674
Motor Pool Fund	-	-	-	151,000
Transfers (out):				
Major Street and Trunkline Fund	(578,925)	(298,393)	280,532	(857,025)
Local Street Fund	(1,025,950)	(1,173,812)	(147,862)	(915,152)
Lakeview Arena Fund	(225,600)	(234,174)	(8,574)	(355,467)
Technology Services Fund	-	(72,848)	(72,848)	-
2007 Street Projects Debt Service Fund	(63,170)	(63,167)	3	(63,128)
2004 Spring Street Debt Service Fund	(82,875)	(82,873)	2	(82,873)
2003 Founders Landing Debt Service Fund	(293,190)	(293,189)	1	(289,974)
Forestland Debt Service Fund	(665,000)	(665,000)	-	(650,000)
High Street Debt Service Fund	(400)	(403)	(3)	(402)
2008 Street Projects Debt Service Fund	(73,530)	(73,529)	1	(73,899)
2009 Capital Improvements Debt Service Fund	(3,000)	(2,999)	1	(3,094)
2012 Capital Improvements Debt Service Fund	(925)	(927)	(2)	(924)
2013 Capital Improvements Debt Service Fund	-	-	-	-
2014 Capital Improvements Debt Service Fund	(22,375)	(22,372)	3	(4,280)
Cemetery Trust Fund	-	-	-	-
Marinas Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,739,940)	(2,961,651)	(221,711)	(3,120,544)
CHANGE IN FUND BALANCE	-	442,118	442,118	261,424
Fund balance, beginning of year	12,910,772	12,910,772	-	12,649,348
FUND BALANCE, END OF YEAR	\$ 12,910,772	\$ 13,352,890	\$ 442,118	\$ 12,910,772

CITY OF MARQUETTE, MICHIGAN
MAJOR STREET AND TRUNKLINE FUND
COMPARATIVE BALANCE SHEET
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 562,177	\$ 1,465,914
Due from State	<u>185,795</u>	<u>184,110</u>
TOTAL ASSETS	<u>747,972</u>	<u>1,650,024</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 747,972</u></u>	<u><u>\$ 1,650,024</u></u>
LIABILITIES		
Accounts payable	\$ 34,871	\$ 474,608
Accrued wages payable	6,385	2,450
Due to other funds	<u>706,716</u>	<u>1,172,966</u>
TOTAL LIABILITIES	<u>747,972</u>	<u>1,650,024</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 747,972</u></u>	<u><u>\$ 1,650,024</u></u>

CITY OF MARQUETTE, MICHIGAN

MAJOR STREET AND TRUNKLINE FUND

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

For the Fiscal Year Ended September 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	1,343,740	1,478,095	134,355	1,279,669
Reimbursements	-	26,014	26,014	25,231
Investment income	1,000	2,738	1,738	2,098
Other revenues	-	24,200	24,200	-
TOTAL REVENUES	1,344,740	1,531,047	186,307	1,306,998
EXPENDITURES:				
Highways, Streets and Bridges:				
Routine maintenance	657,440	581,467	75,973	615,413
Winter maintenance	724,100	505,400	218,700	649,077
State trunkline	55,035	35,965	19,070	49,248
Administration	114,000	114,000	-	109,028
Total Highways, Streets and Bridges	<u>1,550,575</u>	<u>1,236,832</u>	<u>313,743</u>	<u>1,422,766</u>
Capital Outlay:				
Construction	259,000	128,295	130,705	478,023
Total Capital Outlay	<u>259,000</u>	<u>128,295</u>	<u>130,705</u>	<u>478,023</u>
Debt Service:				
Bond issuance costs	-	-	-	4,139
TOTAL EXPENDITURES	1,809,575	1,365,127	444,448	1,904,928
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(464,835)	165,920	630,755	(597,930)
OTHER FINANCING SOURCES (USES):				
Bond issuance	370,000	-	(370,000)	180,276
Premium on bond issuance	-	-	-	6,245
Transfers in	559,550	298,393	(261,157)	857,025
Transfers (out)	(464,715)	(464,313)	402	(445,616)
TOTAL OTHER FINANCING SOURCES (USES)	464,835	(165,920)	(630,755)	597,930
CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

LOCAL STREET FUND

COMPARATIVE BALANCE SHEET

September 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 183,554	\$ 1,217,394
Due from State	64,350	64,165
TOTAL ASSETS	<u>247,904</u>	<u>1,281,559</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 247,904</u>	<u>\$ 1,281,559</u>
LIABILITIES		
Accounts payable	\$ 241,650	\$ 254,805
Accrued wages payable	6,254	10,038
Due to other funds	-	1,016,716
TOTAL LIABILITIES	<u>247,904</u>	<u>1,281,559</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 247,904</u>	<u>\$ 1,281,559</u>

CITY OF MARQUETTE, MICHIGAN

LOCAL STREET FUND

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

For the Fiscal Year Ended September 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	652,500	670,728	18,228	547,471
Reimbursements	-	-	-	24,692
Investment income	500	2,824	2,324	1,133
TOTAL REVENUES	653,000	673,552	20,552	573,296
EXPENDITURES:				
Highways, Streets and Bridges:				
Routine maintenance	556,310	555,164	1,146	541,761
Winter maintenance	641,100	410,706	230,394	578,049
Administration	45,996	45,996	-	45,000
Total Highways, Streets and Bridges	<u>1,243,406</u>	<u>1,011,866</u>	<u>231,540</u>	<u>1,164,810</u>
Capital Outlay:				
Construction	1,211,000	415,039	795,961	485,711
Total Capital Outlay	<u>1,211,000</u>	<u>415,039</u>	<u>795,961</u>	<u>485,711</u>
Debt Service:				
Bond issuance costs	-	-	-	12,418
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,418</u>
TOTAL EXPENDITURES	2,454,406	1,426,905	1,027,501	1,662,939
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,801,406)	(753,353)	1,048,053	(1,089,643)
OTHER FINANCING SOURCES (USES):				
Bond issuance	1,196,000	-	(1,196,000)	531,961
Premium on bond issuance	-	-	-	18,430
Transfers in	1,025,950	1,173,812	147,862	915,152
Transfers (out)	(420,544)	(420,459)	85	(375,900)
TOTAL OTHER FINANCING SOURCES (USES)	1,801,406	753,353	(1,048,053)	1,089,643
CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN**MSC RELOCATION FUND****COMPARATIVE BALANCE SHEET**

September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 475,199
Investments	-	-
Accounts receivable	-	-
Due from other authorities	<u>6,479,844</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 6,479,844</u></u>	<u><u>\$ 475,199</u></u>
LIABILITIES		
Current Liabilities:		
Cash overdraft	\$ 4,032,615	\$ -
Accounts payable	<u>1,757,591</u>	<u>2,500</u>
TOTAL CURRENT LIABILITIES	<u>5,790,206</u>	<u>2,500</u>
FUND BALANCE		
Assigned	<u><u>\$ 689,638</u></u>	<u><u>\$ 472,699</u></u>

CITY OF MARQUETTE, MICHIGAN

MSC RELOCATION FUND

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

For the Fiscal Year Ended September 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ 3,711	\$ 3,711	\$ 199
Sale of Capital Assets	1,508,000	3,499,975	1,991,975	-
Reimbursements	18,000,000	6,479,844	(11,520,156)	-
Other revenues	-	-	-	500,000
TOTAL REVENUES	19,508,000	9,983,530	(9,524,470)	500,199
EXPENDITURES:				
Capital Outlay:				
Construction	18,000,000	8,258,971	9,741,029	2,500
Other services and charges	-	-	-	25,000
Total Capital Outlay	18,000,000	8,258,971	9,741,029	27,500
TOTAL EXPENDITURES	18,000,000	8,258,971	9,741,029	27,500
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,508,000	1,724,559	216,559	472,699
OTHER FINANCING SOURCES (USES):				
Transfer (out)	(1,508,000)	(1,507,620)	380	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,508,000)	(1,507,620)	380	-
CHANGES IN FUND BALANCE	-	216,939	216,939	472,699
Fund balance, beginning of year	472,699	472,699	-	-
FUND BALANCE, END OF YEAR	\$ 472,699	\$ 689,638	\$ 216,939	\$ 472,699

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS

The function of the Special Revenue Funds is to record revenue and expenditures for specific functions or activities within restrictions imposed by City Charter, ordinances, resolutions and/or Federal and State statutes. The modified accrual basis of accounting is used in recording Special Revenue Fund transactions.

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

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

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

PUBLIC EDUCATION GOVERNMENT (PEG) FUND: To account for funds received through cable television franchise agreement that facilitate the broadcasting of government information to the public.

DRUG FORFEITURE FUND: To account for assets seized from activities involved in the violation of controlled substances statutes, Act 135 PA 1985 (MCL 333.7521 through MCL 333.7524a). Authorized expenditures include expenses of seizure, forfeiture and sale of property. The balance remaining must be used to enhance law enforcement efforts.

MSHDA DOWNTOWN RENTAL FUND: To account for the expenditures and revenues associated with the Michigan State Housing Development Authority Downtown Rental grant.

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

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

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)

CRIMINAL JUSTICE TRAINING FUND: To account for the funds received from the State of Michigan for the purpose of ongoing training in the police department.

SENIOR SERVICES FUND: A new fund that began July 1, 2009 subsequent to the passing of a millage designation. Activity was previously recorded as "Social Services" in the General fund. To record revenues and expenditures associated with providing social services and homemaker services to senior residents of the community.

LAKEVIEW ARENA FUND: To record revenues and expenditures associated with the operation of the Lakeview Arena facility.

DEBT SERVICE FUNDS

The function of the Debt Service Funds is to account for the accumulation of resources and payment of general obligation principal and interest from the governmental resources. The modified accrual basis of accounting is used in recording Debt Service Fund transactions.

1998 BUILDING AUTHORITY MUNICIPAL SERVICE CENTER DEBT SERVICE FUND: This fund was established in 1998 to account for the retirement of the 1998 Building Authority Refunding Bonds. These bonds, totaling \$4,535,000, were issued to advance refund a portion of the 1991 Building Authority Bonds.

2007 STREET PROJECTS DEBT SERVICE FUND: This fund was established in 2006 to account for the annual payments on the 2006 Limited Tax General Obligation Street Improvements Bonds. These bonds were originally issued for \$5,475,000 for the purpose of paying all or part of the cost of making major and local street improvements throughout the City.

HIGH STREET DEBT SERVICE FUND: This fund was established in 2007 to account for the annual payments on the funds received through the State Revolving Loan Fund.

2008 STREET PROJECTS DEBT SERVICE FUND: This fund was established in 2008 to account for the annual payments on the 2008 Limited Tax General Obligation Street Improvements Bonds. These bonds were originally issued for \$8,375,000 for the purpose of paying all or part of the cost of making major and local street improvements throughout the City.

2004 SPRING STREET DEBT SERVICE FUND: This fund was established in 2004 to account for the annual payments on the State Infrastructure Bank Note. This note was originally issued for \$1,243,100 for the purpose of financing transportation infrastructure improvements through the County Road (CR) 550 Flood Repair and Spring Street Reconstruction project.

2009 CAPITAL IMPROVEMENTS DEBT SERVICE FUND: This fund was established in 2009 to account for the retirement of the 2009 Limited Tax General Obligation and Refunding Bonds. These bonds, totaling \$10,800,000 were issued for the purpose of paying the costs of capital improvement items in the City including major and local street improvements, renovating and equipping Lakeview Arena, and to refund the 1998 Building Authority Refunding Bonds.

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)

2011 CAPITAL IMPROVEMENTS DEBT SERVICE FUND: This fund was established in 2011 to account for the retirement of the Limited Tax General Obligation Bonds, Series 2011. These bonds, totaling \$2,690,000 were issued for the purpose of paying the costs of capital improvement items in the City including major and local street improvements, construction of the Lake Street Bike Path and the construction and installation of sanitary sewer lateral replacements.

2012 CAPITAL IMPROVEMENTS DEBT SERVICE FUND: This fund was established in 2012 to account for the retirement of the Limited Tax General Obligation Bonds, Series 2012. These bonds, totaling \$3,765,000 were issued for the purpose of paying the cost of certain capital improvements including major street and local street improvements, construction improvements to the Mattson Park Lift Station, and the construction and installation of sanitary sewer lateral replacements.

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

2003 FOUNDERS LANDING DEBT SERVICE FUND: This fund was established in 2004 to account for the retirement of the 2003 General Obligation Bonds. These bonds, totaling \$3,935,000 were issued for the purpose of reimbursing the City for certain costs relating to the acquisition of waterfront property for the City's park system, and paying the costs of designing, engineering, acquiring, preparing, constructing, and equipping various park improvements.

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

2015 CAPITAL IMPROVEMENTS DEBT SERVICE FUND: This fund was established in 2015 to account for the retirement of the Limited Tax General Obligation Bonds, Series 2015. These bonds, totaling \$2,250,000 were issued for the purpose of paying the cost of certain capital improvements including major street and local street improvements, acquisition and construction of park, sewer lift station and marina improvements; acquisition and installation of water membranes for the water supply system; water main improvements; and construction and installation of sanitary sewer lateral replacements and sewer pipe.

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.

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)

PERMANENT FUNDS

The function of Permanent Funds is to account for funds where only the interest earnings may be used. The principal cannot be spent. The accrual basis of accounting is used in recording Permanent Fund transactions.

CEMETERY FUND: this fund is used to account for monies received for care of cemetery lots. The principal amount must be maintained intact and invested. Interest earnings are used to offset the City's cost of the cemetery maintenance.

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2016

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,800,323	\$ 1,712,018	\$ 230,771	\$ 3,743,112
Investments	-	-	532,730	532,730
Taxes receivable	37,338	-	-	37,338
Accounts receivable	1,003,318	-	-	1,003,318
Due from other authorities	-	-	-	-
Due from other funds	-	-	-	-
Due from State	-	-	-	-
Prepaid expenditures	24,285	300	-	24,585
TOTAL ASSETS	2,865,264	1,712,318	763,501	5,341,083
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,865,264	\$ 1,712,318	\$ 763,501	\$ 5,341,083
LIABILITIES				
Cash overdraft	\$ 159,470	\$ -	\$ -	\$ 159,470
Accounts payable	319,488	-	-	319,488
Accrued wages payable	29,028	-	-	29,028
Accrued compensated absences	1,432	-	-	1,432
TOTAL LIABILITIES	509,418	-	-	509,418
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	338,306	-	-	338,306
TOTAL DEFERRED INFLOWS OF RESOURCES	338,306	-	-	338,306
FUND BALANCE				
Non-spendable	24,285	-	763,501	787,786
Restricted	1,264,343	-	-	1,264,343
Assigned	728,912	1,712,318	-	2,441,230
TOTAL FUND BALANCE	2,017,540	1,712,318	763,501	4,493,359
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 2,865,264	\$ 1,712,318	\$ 763,501	\$ 5,341,083

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, 2016

	Special Revenue Funds	Debt Service Funds	Permanent Fund	Total
REVENUES:				
Taxes and penalties	\$ 366,692	\$ -	\$ -	\$ 366,692
State sources	62,201	-	-	62,201
Federal sources	-	-	-	-
Charges for services	2,689,831	-	25,445	2,715,276
Use and admission fees	358,270	-	-	358,270
Rentals	66,183	-	-	66,183
Licenses and permits	-	-	-	-
Fines and forfeiture	930	-	-	930
Sales of assets	-	-	-	-
Reimbursements	18,762	-	-	18,762
Investment income	2,318	-	22,035	24,353
Payment in lieu of taxes	-	-	-	-
Private contribution	725,471	-	-	725,471
Intergovernmental revenue	332,012	-	-	332,012
Special assessments	-	-	-	-
Other revenues	164,302	-	-	164,302
TOTAL REVENUES	4,786,972	-	47,480	4,834,452
EXPENDITURES:				
Current operations:				
General government	142,133	-	-	142,133
Public health and safety	7,877	-	-	7,877
Public works	178,845	-	-	178,845
Social services	580,937	-	-	580,937
Sanitation	2,644,699	-	-	2,644,699
Community services	712,986	-	-	712,986
Capital outlay	16,802	-	-	16,802
Debt service:				
Professional services	-	320	-	320
Principal retirement	-	2,745,388	-	2,745,388
Interest and fiscal charges	-	789,199	-	789,199
TOTAL EXPENDITURES	4,284,279	3,534,907	-	7,819,186
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	502,693	(3,534,907)	47,480	(2,984,734)
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	-
Premium on bond issuance	-	-	-	-
Transfers in	234,174	3,746,497	-	3,980,671
Transfers (out)	(119,405)	-	(22,035)	(141,440)
TOTAL OTHER FINANCING SOURCES (USES)	114,769	3,746,497	(22,035)	3,839,231
CHANGE IN FUND BALANCE	617,462	211,590	25,445	854,497
Fund balance, beginning of year	1,400,078	1,500,728	738,056	3,638,862
FUND BALANCE, END OF YEAR	\$ 2,017,540	\$ 1,712,318	\$ 763,501	\$ 4,493,359

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

September 30, 2016

	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	\$ 12,701	\$ -	\$ 10,001	\$ 15,467	\$ 10,197	\$ 46,457	\$ 563,983	\$ 211,667	\$ 814	\$ 726,979	\$ 202,057	\$ 1,800,323
Taxes receivable	-	-	21,488	-	-	-	-	-	-	15,850	-	37,338
Accounts receivable	-	815,497	129,400	3,054	-	-	-	-	-	-	55,367	1,003,318
Prepaid expenditures	-	-	-	230	-	-	-	-	-	6,116	17,939	24,285
TOTAL ASSETS	12,701	815,497	160,889	18,751	10,197	46,457	563,983	211,667	814	748,945	275,363	2,865,264
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 12,701	\$ 815,497	\$ 160,889	\$ 18,751	\$ 10,197	\$ 46,457	\$ 563,983	\$ 211,667	\$ 814	\$ 748,945	\$ 275,363	\$ 2,865,264
LIABILITIES												
Cash overdraft	\$ -	\$ 159,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,470
Accounts payable	-	114,631	-	567	-	-	129,291	-	-	9,659	65,340	319,488
Accrued wages payable	-	1,906	-	-	-	-	-	-	-	13,191	13,931	29,028
Accrued compensated absences	-	-	-	-	-	-	-	-	-	-	1,432	1,432
TOTAL LIABILITIES	-	276,007	-	567	-	-	129,291	-	-	22,850	80,703	509,418
DEFERRED INFLOWS OF RESOURCES												
Taxes levied for a subsequent period	-	-	157,943	-	-	-	-	-	-	180,363	-	338,306
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	157,943	-	-	-	-	-	-	180,363	-	338,306
FUND BALANCE												
Non-spendable	-	-	-	230	-	-	-	-	-	6,116	17,939	24,285
Restricted	-	-	2,946	17,954	10,197	46,457	434,692	211,667	814	539,616	-	1,264,343
Assigned	12,701	539,490	-	-	-	-	-	-	-	-	176,721	728,912
TOTAL FUND BALANCE	12,701	539,490	2,946	18,184	10,197	46,457	434,692	211,667	814	545,732	194,660	2,017,540
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 12,701	\$ 815,497	\$ 160,889	\$ 18,751	\$ 10,197	\$ 46,457	\$ 563,983	\$ 211,667	\$ 814	\$ 748,945	\$ 275,363	\$ 2,865,264

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, 2016

	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	\$ -	\$ -	\$ 128,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,811	\$ -	\$ 366,692
State sources	-	-	-	-	-	-	-	-	6,618	55,583	-	62,201
Charges for services	6,878	2,660,123	-	12,553	-	-	-	-	-	-	10,277	2,689,831
Use and admission fees	-	-	-	-	-	-	-	-	-	-	358,270	358,270
Rentals	-	-	-	-	-	-	-	-	-	-	66,183	66,183
Fines and forfeiture	-	-	-	-	930	-	-	-	-	-	-	930
Reimbursements	-	-	-	-	-	-	-	-	-	-	18,762	18,762
Investment income	-	320	-	11	6	30	-	-	1	384	1,566	2,318
Private contribution	-	-	-	-	-	-	500,000	200,000	-	25,471	-	725,471
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	332,012	-	332,012
Other revenues	-	5,483	-	-	-	-	-	-	-	595	158,224	164,302
TOTAL REVENUES	6,878	2,665,926	128,881	12,564	936	30	500,000	200,000	6,619	651,856	613,282	4,786,972
EXPENDITURES:												
Current operations:												
General government	-	-	125,935	16,198	-	-	-	-	-	-	-	142,133
Public health and safety	-	-	-	-	2,072	-	-	-	5,805	-	-	7,877
Public works	-	-	-	-	-	-	177,985	860	-	-	-	178,845
Social services	-	-	-	-	-	-	-	-	-	580,937	-	580,937
Sanitation services	1,203	2,643,496	-	-	-	-	-	-	-	-	-	2,644,699
Community services	-	-	-	-	-	-	-	-	-	-	712,986	712,986
Capital outlay	-	-	-	-	-	-	-	-	-	2,592	14,210	16,802
Debt service:												
Professional services	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,203	2,643,496	125,935	16,198	2,072	-	177,985	860	5,805	583,529	727,196	4,284,279
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,675	22,430	2,946	(3,634)	(1,136)	30	322,015	199,140	814	68,327	(113,914)	502,693
OTHER FINANCING SOURCES (USES):												
Bond issuance	-	-	-	-	-	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	234,174	234,174
Transfers (out)	-	-	-	-	-	-	-	-	-	-	(119,405)	(119,405)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-	114,769	114,769
CHANGE IN FUND BALANCE	5,675	22,430	2,946	(3,634)	(1,136)	30	322,015	199,140	814	68,327	855	617,462
Fund balance, beginning of year	<u>7,026</u>	<u>517,060</u>	<u>-</u>	<u>21,818</u>	<u>11,333</u>	<u>46,427</u>	<u>112,677</u>	<u>12,527</u>	<u>-</u>	<u>477,405</u>	<u>193,805</u>	<u>1,400,078</u>
FUND BALANCE, END OF YEAR	\$ 12,701	\$ 539,490	\$ 2,946	\$ 18,184	\$ 10,197	\$ 46,457	\$ 434,692	\$ 211,667	\$ 814	\$ 545,732	\$ 194,660	\$ 2,017,540

CITY OF MARQUETTE, MICHIGAN

RECYCLING SYSTEM FUND

COMPARATIVE BALANCE SHEET

September 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 12,701	\$ 7,026
Accounts receivable	-	-
Due from other funds	-	-
TOTAL ASSETS	12,701	7,026
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 12,701	\$ 7,026
LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued wages payable	-	-
TOTAL LIABILITIES	-	-
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Assigned	12,701	7,026
TOTAL FUND BALANCE	12,701	7,026
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 12,701	\$ 7,026

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Charges for services	\$ 6,000	\$ 6,878	\$ 878	\$ 7,026
Investment income	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	6,000	6,878	878	7,026
EXPENDITURES:				
Sanitation Services:				
Personnel services	2,000	-	2,000	-
Supplies and contractual	4,000	1,203	2,797	-
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	6,000	1,203	4,797	-
CHANGE IN FUND BALANCE	-	5,675	5,675	7,026
Fund balance, beginning of year	7,026	7,026	-	-
FUND BALANCE, END OF YEAR	\$ 7,026	\$ 12,701	\$ 5,675	\$ 7,026

CITY OF MARQUETTE, MICHIGAN

SANITATION FUND

COMPARATIVE BALANCE SHEET

September 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ -	\$ 486,910
Accounts receivable	815,497	165,666
Due from other funds	-	-
TOTAL ASSETS	815,497	652,576
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 815,497	\$ 652,576
LIABILITIES		
Cash overdraft	\$ 159,470	\$ -
Accounts payable	114,631	134,316
Accrued wages payable	1,906	1,200
TOTAL LIABILITIES	276,007	135,516
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Assigned	539,490	517,060
TOTAL FUND BALANCE	539,490	517,060
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 815,497	\$ 652,576

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Charges for services	\$ 2,639,750	\$ 2,660,123	\$ 20,373	\$ 1,947,174
Investment income	500	320	(180)	298
Other revenues	5,500	5,483	(17)	21,017
TOTAL REVENUES	<u>2,645,750</u>	<u>2,665,926</u>	<u>20,176</u>	<u>1,968,489</u>
EXPENDITURES:				
Sanitation Services;				
Personnel services	135,035	146,279	(11,244)	136,708
Supplies and contractual	2,510,715	2,497,217	13,498	1,755,570
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	<u>2,645,750</u>	<u>2,643,496</u>	<u>2,254</u>	<u>1,892,278</u>
CHANGE IN FUND BALANCE	-	22,430	22,430	76,211
Fund balance, beginning of year	517,060	517,060	-	440,849
FUND BALANCE, END OF YEAR	<u>\$ 517,060</u>	<u>\$ 539,490</u>	<u>\$ 22,430</u>	<u>\$ 517,060</u>

CITY OF MARQUETTE, MICHIGAN
LOCAL DEVELOPMENT FINANCE AUTHORITY FUND
COMPARATIVE BALANCE SHEET
September 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 10,001	\$ 75,486
Taxes receivable	21,488	4,235
Accounts receivable	129,400	-
TOTAL ASSETS	<u>160,889</u>	<u>79,721</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 160,889</u></u>	<u><u>\$ 79,721</u></u>
LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	157,943	79,721
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>157,943</u>	<u>79,721</u>
FUND BALANCE		
Restricted	2,946	-
TOTAL FUND BALANCE	<u>2,946</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 160,889</u></u>	<u><u>\$ 79,721</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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Property Taxes:				
Taxes and penalties	\$ 145,000	\$ 128,881	\$ (16,119)	\$ 26,573
Other revenues	66,000	-	(66,000)	-
TOTAL REVENUES	211,000	128,881	(82,119)	26,573
EXPENDITURES:				
General Government:				
Supplies and contractual	211,000	125,935	85,065	26,573
TOTAL EXPENDITURES	211,000	125,935	85,065	26,573
CHANGE IN FUND BALANCE	-	2,946	2,946	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 2,946	\$ 2,946	\$ -

CITY OF MARQUETTE, MICHIGAN
PUBLIC EDUCATION GOVERNMENT (PEG) FUND
COMPARATIVE BALANCE SHEET
September 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 15,467	\$ 18,890
Accounts receivable	3,054	3,141
Prepaid expenditures	230	-
TOTAL ASSETS	<u>18,751</u>	<u>22,031</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 18,751</u></u>	<u><u>\$ 22,031</u></u>
LIABILITIES		
Accounts payable	\$ 567	\$ 213
TOTAL LIABILITIES	<u>567</u>	<u>213</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Non-spendable	230	-
Restricted	17,954	21,818
TOTAL FUND BALANCE	<u>18,184</u>	<u>21,818</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 18,751</u></u>	<u><u>\$ 22,031</u></u>

CITY OF MARQUETTE, MICHIGAN

PUBLIC EDUCATION GOVERNMENT (PEG) FUND

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

For the Fiscal Year Ended September 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Charges for services	\$ 12,000	\$ 12,553	\$ 553	\$ 12,704
Investment income	-	11	11	12
TOTAL REVENUES	\$ 12,000	\$ 12,564	\$ 564	\$ 12,716
EXPENDITURES:				
General Government:				
Supplies and contractual	12,000	16,198	(4,198)	14,379
Other supplies and charges	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	12,000	16,198	(4,198)	14,379
CHANGE IN FUND BALANCE	-	(3,634)	(3,634)	(1,663)
Fund balance, beginning of year	21,818	21,818	-	23,481
FUND BALANCE, END OF YEAR	\$ 21,818	\$ 18,184	\$ (3,634)	\$ 21,818

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

September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	<u>\$ 10,197</u>	<u>\$ 12,311</u>
TOTAL ASSETS	<u>10,197</u>	<u>12,311</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 10,197</u></u>	<u><u>\$ 12,311</u></u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ 978</u>
TOTAL LIABILITIES	<u>-</u>	<u>978</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>10,197</u>	<u>11,333</u>
TOTAL FUND BALANCE	<u>10,197</u>	<u>11,333</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 10,197</u></u>	<u><u>\$ 12,311</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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Fines and forfeiture	\$ 6,000	\$ 930	\$ (5,070)	\$ 692
Investment income	-	6	6	8
TOTAL REVENUES	6,000	936	(5,064)	700
EXPENDITURES:				
Public Health and Safety:				
Supplies and contractual	6,000	2,072	3,928	7,000
TOTAL EXPENDITURES	6,000	2,072	3,928	7,000
CHANGE IN FUND BALANCE	-	(1,136)	(1,136)	(6,300)
Fund balance, beginning of year	11,333	11,333	-	17,633
FUND BALANCE, END OF YEAR	\$ 11,333	\$ 10,197	\$ (1,136)	\$ 11,333

CITY OF MARQUETTE, MICHIGAN
MSHDA DOWNTOWN RENTAL FUND
COMPARATIVE BALANCE SHEET
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 46,457	\$ 46,427
Accounts receivable	-	-
Due from State	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>46,457</u>	<u>46,427</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 46,457</u></u>	<u><u>\$ 46,427</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>46,457</u>	<u>46,427</u>
	<u> </u>	<u> </u>
TOTAL FUND BALANCE	<u>46,457</u>	<u>46,427</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 46,457</u></u>	<u><u>\$ 46,427</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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ 30	\$ 30	\$ 29
TOTAL REVENUES	-	30	30	29
EXPENDITURES:				
Community Development:				
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
CHANGE IN FUND BALANCE	-	30	30	29
Fund balance, beginning of year	46,427	46,427	-	46,398
FUND BALANCE, END OF YEAR	<u>\$ 46,427</u>	<u>\$ 46,457</u>	<u>\$ 30</u>	<u>\$ 46,427</u>

CITY OF MARQUETTE, MICHIGAN
ROAD MAINTENANCE FUND
COMPARATIVE BALANCE SHEET
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 563,983	\$ 112,809
TOTAL ASSETS	<u>563,983</u>	<u>112,809</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 563,983</u></u>	<u><u>\$ 112,809</u></u>
LIABILITIES		
Accounts payable	\$ 129,291	\$ 132
TOTAL LIABILITIES	<u>129,291</u>	<u>132</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>434,692</u>	<u>112,677</u>
TOTAL FUND BALANCE	<u>434,692</u>	<u>112,677</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 563,983</u></u>	<u><u>\$ 112,809</u></u>

CITY OF MARQUETTE, MICHIGAN

ROAD MAINTENANCE FUND

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

For the Fiscal Year Ended September 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016		2015	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Private contribution	\$ 1,882,500	\$ 500,000	\$ (1,382,500)	\$ 166,667
TOTAL REVENUES	<u>1,882,500</u>	<u>500,000</u>	<u>(1,382,500)</u>	<u>166,667</u>
EXPENDITURES:				
Public Works:				
Personnel services	-	403	(403)	-
Supplies and contractual	432,500	177,582	254,918	53,990
Capital outlay	<u>1,450,000</u>	<u>-</u>	<u>1,450,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,882,500</u>	<u>177,985</u>	<u>1,704,515</u>	<u>53,990</u>
CHANGE IN FUND BALANCE	-	322,015	322,015	112,677
Fund balance, beginning of year	<u>112,677</u>	<u>112,677</u>	-	-
FUND BALANCE, END OF YEAR	<u><u>\$ 112,677</u></u>	<u><u>\$ 434,692</u></u>	<u><u>\$ 322,015</u></u>	<u><u>\$ 112,677</u></u>

CITY OF MARQUETTE, MICHIGAN
ROAD SAFETY IMPROVEMENT FUND
COMPARATIVE BALANCE SHEET
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	<u>\$ 211,667</u>	<u>\$ 25,817</u>
TOTAL ASSETS	<u>211,667</u>	<u>25,817</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 211,667</u></u>	<u><u>\$ 25,817</u></u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ 13,290</u>
TOTAL LIABILITIES	<u>-</u>	<u>13,290</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>211,667</u>	<u>12,527</u>
TOTAL FUND BALANCE	<u>211,667</u>	<u>12,527</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 211,667</u></u>	<u><u>\$ 25,817</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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Private contribution	\$ 200,000	\$ 200,000	\$ -	\$ 66,667
Other revenues	10,000	-	(10,000)	-
TOTAL REVENUES	210,000	200,000	(10,000)	66,667
EXPENDITURES:				
Public Works:				
Supplies and contractual	10,000	860	9,140	54,140
Capital outlay	200,000	-	200,000	-
TOTAL EXPENDITURES	210,000	860	209,140	54,140
CHANGE IN FUND BALANCE	-	199,140	199,140	12,527
Fund balance, beginning of year	12,527	12,527	-	-
FUND BALANCE, END OF YEAR	\$ 12,527	\$ 211,667	\$ 199,140	\$ 12,527

CITY OF MARQUETTE, MICHIGAN
CRIMINAL JUSTICE TRAINING FUND
COMPARATIVE BALANCE SHEET
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 814	\$ 200
TOTAL ASSETS	<u>814</u>	<u>200</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 814</u></u>	<u><u>\$ 200</u></u>
LIABILITIES		
Accounts payable	\$ -	\$ 200
TOTAL LIABILITIES	<u>-</u>	<u>200</u>
FUND BALANCE		
Restricted	<u>814</u>	<u>-</u>
TOTAL FUND BALANCE	<u>814</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 814</u></u>	<u><u>\$ 200</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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ 7,500	\$ 6,618	\$ (882)	\$ 6,442
Investment income	-	1	1	1
TOTAL REVENUES	<u>7,500</u>	<u>6,619</u>	<u>(881)</u>	<u>6,443</u>
EXPENDITURES:				
Public Health and Safety:				
Supplies and contractual	7,500	5,805	1,695	6,443
Other supplies and charges	-	-	-	-
TOTAL EXPENDITURES	<u>7,500</u>	<u>5,805</u>	<u>1,695</u>	<u>6,443</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>814</u>	<u>814</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 814</u>	<u>\$ 814</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN

SENIOR SERVICES FUND

COMPARATIVE BALANCE SHEET

September 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 726,979	\$ 639,621
Taxes receivable	15,850	16,324
Accounts receivable	-	5,571
Prepaid expenditures	6,116	6,417
TOTAL ASSETS	748,945	667,933
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 748,945	\$ 667,933
LIABILITIES		
Accounts payable	\$ 9,659	\$ 2,218
Accrued wages payable	13,191	10,116
TOTAL LIABILITIES	22,850	12,334
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	180,363	178,194
TOTAL DEFERRED INFLOWS OF RESOURCES	180,363	178,194
FUND BALANCE		
Non-spendable	6,116	6,417
Restricted	539,616	470,988
TOTAL FUND BALANCE	545,732	477,405
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 748,945	\$ 667,933

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016		2015	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Property Taxes:				
Real property tax	\$ 219,410	\$ 222,163	\$ 2,753	\$ 213,960
Personal property tax	14,300	14,210	(90)	14,043
Interest and penalty on taxes	580	629	49	648
Administrative collection fees	-	-	-	-
Total Property Taxes	<u>234,290</u>	<u>237,002</u>	<u>2,712</u>	<u>228,651</u>
Industrial Facilities Tax Act	<u>835</u>	<u>809</u>	<u>(26)</u>	<u>851</u>
State sources	67,890	55,583	(12,307)	33,722
Investment income	300	384	84	322
Private contribution	23,500	25,471	1,971	23,857
Intergovernmental revenues	311,020	332,012	20,992	319,906
Other revenues	<u>1,000</u>	<u>595</u>	<u>(405)</u>	<u>950</u>
TOTAL REVENUES	<u>638,835</u>	<u>651,856</u>	<u>13,021</u>	<u>608,259</u>
EXPENDITURES:				
Social Services:				
State Home Care Service:				
Personnel services	82,040	77,171	4,869	54,140
Supplies and contractual	7,090	9,607	(2,517)	9,223
Other supplies and charges	-	-	-	-
Capital outlay	-	1,919	(1,919)	-
Total State Home Care Service	<u>89,130</u>	<u>88,697</u>	<u>433</u>	<u>63,363</u>
MCCOA - Allocation to Senior Services:				
Personnel services	439,220	402,588	36,632	404,688
Supplies and contractual	74,185	57,521	16,664	56,143
Other supplies and charges	36,300	34,050	2,250	8,238
Capital outlay	-	673	(673)	605
Total MCCOA - Allocation to Senior Services	<u>549,705</u>	<u>494,832</u>	<u>54,873</u>	<u>469,674</u>
TOTAL EXPENDITURES	<u>638,835</u>	<u>583,529</u>	<u>55,306</u>	<u>533,037</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>68,327</u>	<u>68,327</u>	<u>75,222</u>
Fund balance, beginning of year	<u>477,405</u>	<u>477,405</u>	<u>-</u>	<u>402,183</u>
FUND BALANCE, END OF YEAR	<u>\$ 477,405</u>	<u>\$ 545,732</u>	<u>\$ 68,327</u>	<u>\$ 477,405</u>

CITY OF MARQUETTE, MICHIGAN

LAKEVIEW ARENA FUND

COMPARATIVE BALANCE SHEET

September 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 202,057	\$ 240,444
Accounts receivable	55,367	5,353
Prepaid expenses	17,939	16,914
TOTAL ASSETS	275,363	262,711
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 275,363	\$ 262,711
LIABILITIES		
Accounts payable	\$ 65,340	\$ 61,411
Accrued wages payable	13,931	5,312
Accrued compensated absences	1,432	2,183
TOTAL LIABILITIES	80,703	68,906
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Non-spendable	17,939	16,914
Assigned	176,721	176,891
TOTAL FUND BALANCE	194,660	193,805
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 275,363	\$ 262,711

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016		2015	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
State sources	\$ -	\$ -	\$ -	\$ -
Charges for services	25,500	10,277	(15,223)	10,583
Use and admission fees:				
Ice arena use	395,000	288,015	(106,985)	298,819
Arena events	22,750	70,255	47,505	81,637
Total use and admission fees	<u>417,750</u>	<u>358,270</u>	<u>(59,480)</u>	<u>380,456</u>
 Rentals	89,100	66,183	(22,917)	65,250
Sale of assets	-	-	-	-
Reimbursements	7,500	18,762	11,262	6,492
Investment income	1,000	1,566	566	1,437
Other revenues	<u>187,000</u>	<u>158,224</u>	<u>(28,776)</u>	<u>7,123</u>
 TOTAL REVENUES	<u>727,850</u>	<u>613,282</u>	<u>(114,568)</u>	<u>471,341</u>
 EXPENDITURES:				
Community Services				
Personnel services	230,595	173,043	57,552	152,869
Supplies and contractual	591,060	539,943	51,117	418,968
Other supplies and charges	6,100	-	6,100	-
Total Community Services	<u>827,755</u>	<u>712,986</u>	<u>114,769</u>	<u>571,837</u>
 Capital Outlay	10,444	14,210	(3,766)	134,443
 Debt Service:				
Professional services	-	-	-	-
 TOTAL EXPENDITURES	<u>838,199</u>	<u>727,196</u>	<u>111,003</u>	<u>706,280</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(110,349)</u>	<u>(113,914)</u>	<u>(3,565)</u>	<u>(234,939)</u>
 OTHER FINANCING SOURCES (USES)				
Bond issuance	-	-	-	-
Premium on bond issuance	-	-	-	-
Transfers in	229,754	234,174	4,420	355,467
Transfers (out)	<u>(119,405)</u>	<u>(119,405)</u>	<u>-</u>	<u>(120,528)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	<u>110,349</u>	<u>114,769</u>	<u>4,420</u>	<u>234,939</u>
 CHANGE IN FUND BALANCE	<u>-</u>	<u>855</u>	<u>855</u>	<u>-</u>
 Fund balance, beginning of year	<u>193,805</u>	<u>193,805</u>	<u>-</u>	<u>193,805</u>
 FUND BALANCE, END OF YEAR	<u><u>\$ 193,805</u></u>	<u><u>\$ 194,660</u></u>	<u><u>\$ 855</u></u>	<u><u>\$ 193,805</u></u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

September 30, 2016

1998 Building Authority														
	Municipal Service Center Fund	2007 Street Projects Fund	High Street Fund	2008 Street Projects Fund	2004 Spring Street Fund	2009 Capital Improvements Fund	2011 Capital Improvements Fund	2012 Capital Improvements Fund	2013 Capital Improvements Fund	2003 Founders Landing Fund	2014 Capital Improvements Fund	2015 Capital Improvements Fund	Forestland Fund	Total
ASSETS														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,712,018	\$ 1,712,018
Prepaid expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 300
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,712,318	\$ 1,712,318
LIABILITIES														
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE														
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	1,712,318	1,712,318
TOTAL FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,712,318	\$ 1,712,318

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, 2016

1998 Building Authority		2007	2008	2004	2009	2011	2012	2013	2003	2014	2015	Total
Municipal Service Center Fund		Street Projects Fund	High Street Fund	Spring Street Fund	Capital Improvements Fund	Capital Improvements Fund	Capital Improvements Fund	Capital Improvements Fund	Founders Landing Fund	Capital Improvements Fund	Capital Improvements Fund	Forestland Fund
REVENUES:												
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	-	-	-	-	-	-
EXPENDITURES:												
Debt Service:												
Professional services	-	-	-	-	-	-	-	-	-	-	-	320
Principal payments	1,375,000	187,500	10,466	82,873	211,000	62,000	71,595	60,450	235,000	62,000	-	270,000
Interest and fiscal charges	162,861	55,450	2,436	-	105,386	31,165	31,252	26,864	58,189	37,076	10,404	183,090
TOTAL EXPENDITURES	1,537,861	242,950	12,902	82,873	316,386	93,165	102,847	87,314	293,189	99,076	10,404	453,410
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,537,861)	(242,950)	(12,902)	(82,873)	(316,386)	(93,165)	(102,847)	(87,314)	(293,189)	(99,076)	(10,404)	(453,410)
OTHER FINANCING SOURCES (USES):												
Transfers in	1,537,861	242,950	12,902	82,873	316,386	93,165	102,847	87,314	293,189	99,076	10,404	665,000
TOTAL OTHER FINANCING SOURCES (USES)	1,537,861	242,950	12,902	82,873	316,386	93,165	102,847	87,314	293,189	99,076	10,404	665,000
CHANGES IN FUND BALANCE	-	-	-	-	-	-	-	-	-	-	-	211,590
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	-	-	1,500,728
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,712,318

CITY OF MARQUETTE, MICHIGAN

1998 BUILDING AUTHORITY MUNICIPAL SERVICE CENTER - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	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	1,508,000	1,375,000	133,000	195,000
Interest and fiscal charges	30,245	162,861	(132,616)	67,795
TOTAL EXPENDITURES	<u>1,538,245</u>	<u>1,537,861</u>	<u>384</u>	<u>262,795</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,538,245)</u>	<u>(1,537,861)</u>	<u>384</u>	<u>(262,795)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in:				
Municipal Service Center Fund	<u>1,538,245</u>	<u>1,537,861</u>	<u>(384)</u>	<u>262,795</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,538,245</u>	<u>1,537,861</u>	<u>(384)</u>	<u>262,795</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

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	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	187,500	187,500	-	180,000
Interest and fiscal charges	55,455	55,450	5	62,800
TOTAL EXPENDITURES	242,955	242,950	5	242,800
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(242,955)	(242,950)	5	(242,800)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	63,170	63,167	(3)	63,128
Major Street and Trunkline Fund	111,760	111,757	(3)	111,688
Local Street Fund	68,025	68,026	1	67,984
TOTAL OTHER FINANCING SOURCES (USES)	242,955	242,950	(5)	242,800
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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	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	10,390	10,466	(76)	10,263
Interest and fiscal charges	<u>2,520</u>	<u>2,436</u>	<u>84</u>	<u>2,603</u>
TOTAL EXPENDITURES	<u>12,910</u>	<u>12,902</u>	<u>8</u>	<u>12,866</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,910)	(12,902)	8	(12,866)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	400	403	3	402
Local Street Fund	<u>12,510</u>	<u>12,499</u>	<u>(11)</u>	<u>12,464</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,910</u>	<u>12,902</u>	<u>(8)</u>	<u>12,866</u>
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	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	117,505	117,504	1	114,240
Interest and fiscal charges	85,030	85,026	4	89,310
TOTAL EXPENDITURES	202,535	202,530	5	203,550
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(202,535)	(202,530)	5	(203,550)
OTHER FINANCING SOURCES (USES)				
Transfer in:				
General Fund	73,530	73,529	(1)	73,899
Major Street Fund	62,735	62,732	(3)	63,048
Local Street Fund	66,270	66,269	(1)	66,603
TOTAL OTHER FINANCING SOURCES (USES)	202,535	202,530	(5)	203,550
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

2004 SPRING STREET - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016		2015	
	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	211,000	211,000	-	213,110
Interest and fiscal charges	105,390	105,386	4	113,376
TOTAL EXPENDITURES	316,390	316,386	4	326,486
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(316,390)	(316,386)	4	(326,486)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	3,000	2,999	(1)	3,094
Major Street and Trunkline Fund	136,450	136,450	-	140,808
Local Street Fund	60,730	60,728	(2)	62,667
Lakeview Arena Fund	116,210	116,209	(1)	119,917
TOTAL OTHER FINANCING SOURCES (USES)	316,390	316,386	(4)	326,486
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

2011 CAPITAL IMPROVEMENTS - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	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	62,000	62,000	-	60,000
Interest and fiscal charges	<u>31,170</u>	<u>31,165</u>	<u>5</u>	<u>32,995</u>
TOTAL EXPENDITURES	<u>93,170</u>	<u>93,165</u>	<u>5</u>	<u>92,995</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(93,170)	(93,165)	5	(92,995)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
Major Street and Trunkline Fund	34,940	34,937	(3)	34,873
Local Street Fund	<u>58,230</u>	<u>58,228</u>	<u>(2)</u>	<u>58,122</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>93,170</u>	<u>93,165</u>	<u>(5)</u>	<u>92,995</u>
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	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	71,595	71,595	-	69,930
Interest and fiscal charges	31,255	31,252	3	32,667
TOTAL EXPENDITURES	<u>102,850</u>	<u>102,847</u>	<u>3</u>	<u>102,597</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(102,850)	(102,847)	3	(102,597)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	925	927	2	924
Major Street and Trunkline Fund	36,755	36,753	(2)	36,664
Local Street Fund	65,170	65,167	(3)	65,009
TOTAL OTHER FINANCING SOURCES (USES)	<u>102,850</u>	<u>102,847</u>	<u>(3)</u>	<u>102,597</u>
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARQUETTE, MICHIGAN
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, 2016
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	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	60,450	60,450	-	58,900
Interest and fiscal charges	26,865	26,864	1	28,624
TOTAL EXPENDITURES	87,315	87,314	1	87,524
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(87,315)	(87,314)	1	(87,524)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	-	-	-	-
Major Street and Trunkline Fund	53,515	53,515	-	53,644
Local Street Fund	33,800	33,799	(1)	33,880
TOTAL OTHER FINANCING SOURCES (USES)	87,315	87,314	(1)	87,524
CHANGES IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

CITY OF MARQUETTE, MICHIGAN

2003 FOUNDERS LANDING - DEBT SERVICE FUND

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

For the Fiscal Year Ended September 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal payments	235,000	235,000	-	225,000
Interest and fiscal charges	58,190	58,189	1	64,974
TOTAL EXPENDITURES	293,190	293,189	1	289,974
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(293,190)	(293,189)	1	(289,974)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	293,190	293,189	(1)	289,974
TOTAL OTHER FINANCING SOURCES (USES)	293,190	293,189	(1)	289,974
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, 2016
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Principal payments	62,000	62,000	-	-
Interest and fiscal charges	37,080	37,076	4	18,953
TOTAL EXPENDITURES	99,080	99,076	4	18,953
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(99,080)	(99,076)	4	(18,953)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	22,375	22,372	(3)	4,280
Major Street and Trunkline Fund	25,570	25,568	(2)	4,891
Local Street Fund	47,940	47,940	-	9,171
Lakeview Arena Fund	3,195	3,196	1	611
TOTAL OTHER FINANCING SOURCES (USES)	99,080	99,076	(4)	18,953
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
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, 2016
 With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	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	-	-	-	-
Interest and fiscal charges	10,500	10,404	96	-
TOTAL EXPENDITURES	10,500	10,404	96	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,500)	(10,404)	96	-
OTHER FINANCING SOURCES (USES):				
Transfer in:				
Major Street and Trunkline Fund	2,700	2,601	(99)	-
Local Street Fund	7,800	7,803	3	-
TOTAL OTHER FINANCING SOURCES (USES)	10,500	10,404	(96)	-
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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
REVENUES:				
Investment income	\$ -	\$ -	\$ -	\$ -
Reimbursements	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt Service:				
Professional services	211,910	320	211,590	570
Principal payments	270,000	270,000	-	250,000
Interest and fiscal charges	183,090	183,090	-	196,740
TOTAL EXPENDITURES	665,000	453,410	211,590	447,310
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(665,000)	(453,410)	211,590	(447,310)
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	665,000	665,000	-	650,000
TOTAL OTHER FINANCING SOURCES (USES)	665,000	665,000	-	650,000
CHANGES IN FUND BALANCE	-	211,590	211,590	202,690
Fund balance, beginning of year	1,500,728	1,500,728	-	1,298,038
FUND BALANCE, END OF YEAR	\$ 1,500,728	\$ 1,712,318	\$ 211,590	\$ 1,500,728

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

September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 230,771	\$ 227,201
Investments	532,730	510,855
Accounts receivable	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 763,501</u></u>	<u><u>\$ 738,056</u></u>
FUND BALANCE		
Non-spendable	<u><u>\$ 763,501</u></u>	<u><u>\$ 738,056</u></u>

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

For the Fiscal Year Ended September 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	<u>2016</u>	<u>2015</u>
REVENUES:		
Charges for services	\$ 25,445	\$ 17,285
Investment income	<u>22,035</u>	<u>24,674</u>
TOTAL REVENUES	<u>47,480</u>	<u>41,959</u>
OTHER FINANCING SOURCES (USES):		
Transfer in (out)	<u>(22,035)</u>	<u>(24,674)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(22,035)</u>	<u>(24,674)</u>
CHANGE IN FUND BALANCE	25,445	17,285
Fund balance, beginning of year	<u>738,056</u>	<u>720,771</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 763,501</u></u>	<u><u>\$ 738,056</u></u>

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CITY OF MARQUETTE, MICHIGAN
ENTERPRISE FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The function of the Enterprise Funds is to record the financing, acquisition, operation and maintenance of City activities that are predominantly self-supporting from user charges.

The accrual basis of accounting is used in recording Enterprise Fund transactions.

The Major Enterprise Funds of the City are the Water Supply Fund, the Sewage Disposal Fund, and the Stormwater Utility Fund. The Non-major Enterprise Funds of the City are the Tourist Park Fund, and the Marinas Fund.

WATER SUPPLY FUND: To account for water treatment and distribution activities.

SEWAGE DISPOSAL FUND: To account for sewage disposal and sanitary sewer operations.

STORMWATER UTILITY FUND: To account for the management of stormwater related activities including billing, maintenance, and construction.

TOURIST PARK FUND: To account for the activity at the City operated camping and recreational park.

MARINA FUNDS: To account for activity at the City operated marinas.

CITY OF MARQUETTE, MICHIGAN

WATER SUPPLY FUND

COMPARATIVE STATEMENT OF NET POSITION

September 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 214,223	\$ 613,125
Delinquent utility bills on taxes	-	-
Accounts receivable	816,509	574,325
Special assessments receivable	4,833	5,664
Due from State	6,309	6,089
Prepaid expense	38,042	36,957
TOTAL CURRENT ASSETS	1,079,916	1,236,160
Non-current Assets:		
Restricted Assets:		
Bond and Interest Redemption Fund	-	220,098
OPEB Reserve	220,776	187,812
Compensated absences reserve	237,917	219,445
Total Restricted Assets	<u>458,693</u>	<u>627,355</u>
Land and other non-depreciable assets	17,725	17,725
Construction in progress	258,858	9,007
Other capital assets, net of depreciation	24,345,089	25,282,875
TOTAL NON-CURRENT ASSETS	25,080,365	25,936,962
TOTAL ASSETS	26,160,281	27,173,122
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	-	22,756
Change in pension investment projections	325,384	47,952
Change in pension assumptions	306,870	-
Change in pension experience	(22,756)	-
Employer contributions subsequent to measurement date	179,777	152,932
TOTAL DEFERRED OUTFLOWS OF RESOURCES	789,275	223,640
LIABILITIES		
Current Liabilities:		
Accounts payable	107,561	62,911
Accrued wages payable	34,400	30,475
Accrued interest payable	98,842	99,620
Current portion of long-term debt	761,223	1,138,327
TOTAL CURRENT LIABILITIES	1,002,026	1,331,333
Non-current Liabilities:		
Compensated absences	237,917	219,445
Other post-employment benefits (OPEB)	220,776	187,814
Net pension liability	3,123,734	2,156,874
Bonds payable	6,110,571	6,837,244
Loan payable	1,039,840	1,084,841
Unamortized bond premium	139,305	153,223
TOTAL NON-CURRENT LIABILITIES	10,872,143	10,639,441
TOTAL LIABILITIES	11,874,169	11,970,774
DEFERRED INFLOWS OF RESOURCES		
Special assessments	5,839	6,713
Deferred amount on refunding	-	5,315
Deferred proceeds for capital activities	258,341	-
TOTAL DEFERRED INFLOWS OF RESOURCES	264,180	12,028
NET POSITION		
Net investment in capital assets	16,312,392	17,199,853
Restricted for:		
Debt Services	-	220,098
Capital outlay	-	1,086,440
Unrestricted	(1,501,185)	(3,092,431)
TOTAL NET POSITION	\$ 14,811,207	\$ 15,413,960

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 3,005,000	\$ 2,889,629	\$ (115,371)	\$ 2,838,428
Public authorities	89,000	89,103	103	81,297
Non-tax customers	1,645,000	1,173,906	(471,094)	1,115,256
City departments	66,000	61,842	(4,158)	54,906
Charges for services	18,000	37,832	19,832	30,648
Reimbursements	-	20,732	20,732	8,281
Other operating revenue	52,010	68,705	16,695	61,531
TOTAL OPERATING REVENUES	4,875,010	4,341,749	(533,261)	4,190,347
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	99,015	110,302	(11,287)	97,657
Supplies and contractual	262,920	268,450	(5,530)	254,161
Amortization	10,000	3,517	6,483	7,312
Capital outlay	-	-	-	-
Provision for depreciation	1,653,922	1,259,358	394,564	1,136,286
Other supplies and charges	659,800	659,796	4	647,100
Total Administrative and General	2,685,657	2,301,423	384,234	2,142,516
Water Treatment and Distribution:				
Personnel services	1,213,950	1,666,764	(452,814)	1,369,155
Supplies and contractual	692,438	715,071	(22,633)	753,332
Capital outlay	-	-	-	-
Total Water Treatment and Distribution	1,906,388	2,381,835	(475,447)	2,122,487
TOTAL OPERATING EXPENSES	4,592,045	4,683,258	(91,213)	4,265,003
OPERATING INCOME (LOSS)	282,965	(341,509)	(624,474)	(74,656)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	5,175	11,899	6,724	12,302
Premium on bond issuance	-	-	-	-
Federal and State grants	9,600	12,113	2,513	6,089
Gain on sale of capital assets	-	-	-	-
Interest expenses	(296,990)	(284,956)	12,034	(288,198)
Bond issuance expense	(750)	(300)	450	(25,654)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(282,965)	(261,244)	21,721	(295,461)
INCOME (LOSS) BEFORE TRANSFERS	-	(602,753)	(602,753)	(370,117)
Transfers in	-	-	-	-
CHANGE IN NET POSITION	-	(602,753)	(602,753)	(370,117)
Net position, beginning of year	15,413,960	15,413,960	-	17,694,100
Adjustment for Net Pension Liability	-	-	-	(1,910,023)
Net position, beginning of year, as restated	15,413,960	15,413,960	-	15,784,077
NET POSITION, END OF YEAR	\$ 15,413,960	\$ 14,811,207	\$ (602,753)	\$ 15,413,960

CITY OF MARQUETTE, MICHIGAN

SEWAGE DISPOSAL FUND

COMPARATIVE STATEMENT OF NET POSITION

September 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Accounts receivable	\$ 973,525	\$ 660,463
Special assessments receivable	28,415	35,028
Due from State	20,250	-
Due from other authorities	-	-
Inventory	122,386	133,867
Prepaid expense	42,347	43,571
TOTAL CURRENT ASSETS	1,186,923	872,929
Non-current Assets:		
Restricted Assets:		
OPEB Reserve	103,326	80,077
Compensated absences reserve	56,740	104,967
Total Restricted Assets	160,066	185,044
Investment in Wastewater Facility	3,357,102	3,459,293
Land and other non-depreciable assets	20,594	20,594
Construction in progress	319,091	58,388
Other capital assets, net of depreciation	18,694,982	19,386,509
TOTAL NON-CURRENT ASSETS	22,551,835	23,109,828
TOTAL ASSETS	23,738,758	23,982,757
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	166,189	33,596
Change in pension assumptions	146,663	-
Change in pension experience	(10,876)	-
Employer contributions subsequent to measurement date	85,921	107,145
TOTAL DEFERRED OUTFLOWS OF RESOURCES	387,897	140,741
LIABILITIES		
Current Liabilities:		
Cash overdraft	965,771	804,090
Accounts payable	993,345	797,289
Accrued wages payable	18,201	19,109
Customer deposits payable	(1,230)	(1,230)
Accrued interest payable	101,670	104,007
Current portion of long-term debt	697,318	648,189
TOTAL CURRENT LIABILITIES	2,775,075	2,371,454
Non-current Liabilities:		
Compensated absences	56,740	104,967
Other post-employment benefits (OPEB)	103,326	80,077
Net pension liability	1,939,162	1,511,125
Long term payable to other authorities	805,115	817,210
Bonds payable	6,178,735	6,665,605
Loan payable	2,427,484	2,667,484
Unamortized bond premium	184,863	200,731
TOTAL NON-CURRENT LIABILITIES	11,695,425	12,047,199
TOTAL LIABILITIES	14,470,500	14,418,653
DEFERRED INFLOWS OF RESOURCES		
Special assessments	36,668	43,612
Deferred charge on refunding	-	-
Deferred proceeds for capital activities	318,574	-
TOTAL DEFERRED INFLOWS OF RESOURCES	355,242	43,612
NET POSITION		
Net investment in capital assets	9,227,693	9,588,601
Restricted for:		
Capital outlay	-	305,119
Unrestricted	73,220	(232,487)
TOTAL NET POSITION	\$ 9,300,913	\$ 9,661,233

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 4,476,000	\$ 3,740,091	\$ (735,909)	\$ 3,668,693
Public authorities	107,000	114,793	7,793	99,698
Non-tax customers	1,443,000	1,363,807	(79,193)	1,345,316
City departments	22,000	35,726	13,726	34,761
Charges for services	5,000	9,792	4,792	9,668
Rentals	1,000	1,000	-	1,000
Reimbursements	-	4,652	4,652	8,938
Other operating revenue	18,745	15,484	(3,261)	15,749
TOTAL OPERATING REVENUES	6,072,745	5,285,345	(787,400)	5,183,823
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	94,245	105,352	(11,107)	86,343
Supplies and contractual	252,560	239,687	12,873	244,464
Capital outlay	561,160	-	561,160	-
Provision for depreciation	995,000	1,054,314	(59,314)	999,144
Other supplies and charges	516,675	526,312	(9,637)	503,496
Total Administrative and General	2,419,640	1,925,665	493,975	1,833,447
Sanitary Sewer Operation and Booster Stations:				
Personnel services	597,190	753,906	(156,716)	701,098
Supplies and contractual	2,708,320	2,967,805	(259,485)	2,705,423
Capital outlay	35,000	3,879	31,121	-
Total Sanitary Sewer Operation and Booster Stations	3,340,510	3,725,590	(385,080)	3,406,521
TOTAL OPERATING EXPENSES	5,760,150	5,651,255	108,895	5,239,968
OPERATING INCOME (LOSS)	312,595	(365,910)	(678,505)	(56,145)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	3,635	6,260	2,625	5,006
State grant	24,500	20,250	(4,250)	22,500
Operating income from Marquette Area Wastewater Treatment Facility	-	(90,096)	(90,096)	(1,039,406)
Interest expenses	(340,730)	(290,824)	49,906	(306,439)
Bond issuance expense	-	-	-	(7,761)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(312,595)	(354,410)	(41,815)	(1,326,100)
INCOME (LOSS) BEFORE TRANSFERS	-	(720,320)	(720,320)	(1,382,245)
Transfers in	-	360,000	360,000	-
CHANGE IN NET POSITION	-	(360,320)	(360,320)	(1,382,245)
Net position, beginning of year	9,661,233	9,661,233	-	12,381,657
Adjustment for Net Pension Liability	-	-	-	(1,338,179)
Net position, beginning of year, as restated	9,661,233	9,661,233	-	11,043,478
NET POSITION, END OF YEAR	\$ 9,661,233	\$ 9,300,913	\$ (360,320)	\$ 9,661,233

CITY OF MARQUETTE, MICHIGAN
STORMWATER UTILITY FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 87,154
Accounts receivable	553,304	31,804
Due from other governments	47,700	89,500
Prepaid expense	100	119
	<u>601,104</u>	<u>208,577</u>
TOTAL CURRENT ASSETS	<u>601,104</u>	<u>208,577</u>
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	19,699	17,168
Total Restricted Assets	<u>19,699</u>	<u>17,168</u>
Construction in progress	538,933	28,618
Other capital assets, net of depreciation	<u>9,189,272</u>	<u>9,608,709</u>
	<u>9,747,904</u>	<u>9,654,495</u>
TOTAL NON-CURRENT ASSETS	<u>9,747,904</u>	<u>9,654,495</u>
	<u>10,349,008</u>	<u>9,863,072</u>
TOTAL ASSETS	<u>10,349,008</u>	<u>9,863,072</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Cash overdraft	198,661	-
Accounts payable	151,882	42,796
Accrued wages payable	11,368	4,360
Accrued interest payable	62,573	67,799
Current portion of long-term debt	<u>400,618</u>	<u>378,672</u>
	<u>825,102</u>	<u>493,627</u>
TOTAL CURRENT LIABILITIES	<u>825,102</u>	<u>493,627</u>
Non-current Liabilities:		
Compensated absences	19,699	17,168
Bonds payable	3,734,978	4,135,596
Unamortized bond premium	<u>31,132</u>	<u>33,978</u>
	<u>3,785,809</u>	<u>4,186,742</u>
TOTAL NON-CURRENT LIABILITIES	<u>3,785,809</u>	<u>4,186,742</u>
	<u>4,610,911</u>	<u>4,680,369</u>
TOTAL LIABILITIES	<u>4,610,911</u>	<u>4,680,369</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred proceeds for capital activities	<u>511,545</u>	<u>-</u>
	<u>511,545</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	5,049,932	5,139,272
Restricted for:		
Capital outlay	-	50,191
Unrestricted	<u>176,620</u>	<u>(6,760)</u>
	<u>\$ 5,226,552</u>	<u>\$ 5,182,703</u>
TOTAL NET POSITION	<u>\$ 5,226,552</u>	<u>\$ 5,182,703</u>

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016		2015	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
General customers	\$ 670,000	\$ 654,891	\$ (15,109)	\$ 626,050
Public authorities	42,000	42,609	609	39,883
Non-tax customers	245,000	195,765	(49,235)	186,633
City departments	331,000	328,331	(2,669)	331,830
Reimbursements	-	14,832	14,832	26,645
Other operating revenue	1,000	4,857	3,857	2,871
TOTAL OPERATING REVENUES	1,289,000	1,241,285	(47,715)	1,213,912
OPERATING EXPENSES:				
Routine Maintenance and Administration:				
Personnel services	259,205	224,752	34,453	210,956
Supplies and contractual	184,020	180,188	3,832	195,021
Capital outlay	-	-	-	-
Provision for depreciation	684,430	686,046	(1,616)	664,902
TOTAL OPERATING EXPENSES	1,127,655	1,090,986	36,669	1,070,879
OPERATING INCOME (LOSS)	161,345	150,299	(11,046)	143,033
NON-OPERATING REVENUES (EXPENSES):				
Investment income	560	608	48	380
Premium on bond issuance	-	-	-	-
Federal grant	-	-	-	89,500
State grant	-	47,700	47,700	-
Interest expenses	(161,905)	(154,758)	7,147	(169,763)
Bond issuance expense	-	-	-	(2,070)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(161,345)	(106,450)	54,895	(81,953)
INCOME (LOSS) BEFORE TRANSFERS	-	43,849	43,849	61,080
Transfers in	-	-	-	-
CHANGE IN NET POSITION	-	43,849	43,849	61,080
Net position, beginning of year	5,182,703	5,182,703	-	5,121,623
NET POSITION, END OF YEAR	\$ 5,182,703	\$ 5,226,552	\$ 43,849	\$ 5,182,703

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2016

	Tourist Park Fund	Marinas Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 536,129	\$ 169,742	\$ 705,871
Accounts receivable	-	292	292
Inventory	-	15,645	15,645
Prepaid expense	852	5,365	6,217
	<u>536,981</u>	<u>191,044</u>	<u>728,025</u>
TOTAL CURRENT ASSETS	<u>536,981</u>	<u>191,044</u>	<u>728,025</u>
Non-current Assets:			
Restricted Assets:			
Replacement Maintenance Fund	-	40,000	40,000
Compensated absences reserve	1,117	-	1,117
Total Restricted Assets	<u>1,117</u>	<u>40,000</u>	<u>41,117</u>
Other capital assets, net of depreciation	-	2,170,033	2,170,033
Construction in progress	-	66,908	66,908
	<u>1,117</u>	<u>2,276,941</u>	<u>2,278,058</u>
TOTAL NON-CURRENT ASSETS	<u>1,117</u>	<u>2,276,941</u>	<u>2,278,058</u>
TOTAL ASSETS	<u>538,098</u>	<u>2,467,985</u>	<u>3,006,083</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	7,263	9,558	16,821
Accrued wages payable	4,194	3,888	8,082
Customer deposits payable	-	13,248	13,248
Current portion of long-term debt	-	10,000	10,000
Accrued interest payable	-	2,940	2,940
	<u>11,457</u>	<u>39,634</u>	<u>51,091</u>
TOTAL CURRENT LIABILITIES	<u>11,457</u>	<u>39,634</u>	<u>51,091</u>
Non-current Liabilities:			
Compensated absences	1,117	-	1,117
Bonds payable	-	161,000	161,000
Unamortized bond premium	-	10,984	10,984
	<u>1,117</u>	<u>171,984</u>	<u>173,101</u>
TOTAL NON-CURRENT LIABILITIES	<u>1,117</u>	<u>171,984</u>	<u>173,101</u>
TOTAL LIABILITIES	<u>12,574</u>	<u>211,618</u>	<u>224,192</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	2,054,957	2,054,957
Restricted for:			
Capital outlay	-	-	-
Unrestricted	525,524	201,410	726,934
	<u>525,524</u>	<u>201,410</u>	<u>726,934</u>
TOTAL NET POSITION	<u>\$ 525,524</u>	<u>\$ 2,256,367</u>	<u>\$ 2,781,891</u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended September 30, 2016

	<u>Tourist Park Fund</u>	<u>Marinas Fund</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 16,575	\$ 5,249	\$ 21,824
Sales	24,126	70,669	94,795
Use and admission fees	303,714	39,304	343,018
Rentals	-	221,636	221,636
Fines and forfeiture	-	2,210	2,210
Reimbursements	189	799	988
Other revenues	<u>6,000</u>	<u>1,245</u>	<u>7,245</u>
TOTAL OPERATING REVENUES	<u>350,604</u>	<u>341,112</u>	<u>691,716</u>
OPERATING EXPENSES:			
Community Services:			
Personnel services	87,229	84,511	171,740
Supplies and contractual	100,680	166,800	267,480
Amortization	-	(845)	(845)
Capital outlay	3,373	1,458	4,831
Provision for depreciation	-	142,283	142,283
Other supplies and charges	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>191,282</u>	<u>394,207</u>	<u>585,489</u>
OPERATING INCOME (LOSS)	<u>159,322</u>	<u>(53,095)</u>	<u>106,227</u>
NON-OPERATING REVENUES (EXPENSES):			
State grant	-	194,970	194,970
Investment income	280	2,819	3,099
Interest expense	-	(5,880)	(5,880)
Bond issuance expense	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>280</u>	<u>191,909</u>	<u>192,189</u>
INCOME (LOSS) BEFORE TRANSFERS	159,602	138,814	298,416
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	159,602	138,814	298,416
Net position, beginning of year	<u>365,922</u>	<u>2,117,553</u>	<u>2,483,475</u>
NET POSITION, END OF YEAR	<u><u>\$ 525,524</u></u>	<u><u>\$ 2,256,367</u></u>	<u><u>\$ 2,781,891</u></u>

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2016

	Tourist Park Fund	Marinas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from fees and charges for services	\$ 17,075	\$ 7,467	\$ 24,542
Other operating revenues	334,029	335,863	669,892
Cash payments to employees for services	(85,566)	(83,677)	(169,243)
Cash payments to suppliers for goods and services	(104,609)	(443,845)	(548,454)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>160,929</u>	<u>(184,192)</u>	<u>(23,263)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State and Federal grants	-	194,970	194,970
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>194,970</u>	<u>194,970</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal payments on bonds	-	(10,000)	(10,000)
Interest paid on bonds	-	(5,980)	(5,980)
Cash payments for capital assets	-	(430,520)	(430,520)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(446,500)</u>	<u>(446,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	280	2,819	3,099
(Increase) decrease in restricted assets:			
Replacement maintenance reserve	-	(5,000)	(5,000)
Compensated absences reserve	(382)	-	(382)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(102)</u>	<u>(2,181)</u>	<u>(2,283)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	160,827	(437,903)	(277,076)
Cash and cash equivalents, beginning of year	375,302	607,645	982,947
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 536,129</u>	<u>\$ 169,742</u>	<u>\$ 705,871</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income	\$ 159,322	\$ (53,095)	\$ 106,227
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	-	142,283	142,283
Amortization	-	(845)	(845)
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	500	1,087	1,587
(Increase) decrease in inventory	-	(802)	(802)
(Increase) decrease in prepaid expenses	(231)	(824)	(1,055)
Increase (decrease) in accounts payable	(325)	(273,961)	(274,286)
Increase (decrease) in accrued wages payable	1,281	834	2,115
Increase (decrease) in customer deposits payable	-	1,131	1,131
Increase (decrease) in compensated absences	382	-	382
NET ADJUSTMENTS	<u>1,607</u>	<u>(131,097)</u>	<u>(129,490)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 160,929</u>	<u>\$ (184,192)</u>	<u>\$ (23,263)</u>

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUND - TOURIST PARK FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 536,129	\$ 375,302
Accounts receivable	-	500
Prepaid expense	852	621
TOTAL CURRENT ASSETS	<u>536,981</u>	<u>376,423</u>
Non-current Assets:		
Restricted Assets:		
Compensated absences reserve	1,117	735
Total Restricted Assets	<u>1,117</u>	<u>735</u>
TOTAL NON-CURRENT ASSETS	<u>1,117</u>	<u>735</u>
TOTAL ASSETS	<u>538,098</u>	<u>377,158</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	7,263	7,588
Accrued wages payable	4,194	2,913
TOTAL CURRENT LIABILITIES	<u>11,457</u>	<u>10,501</u>
Non-current Liabilities:		
Compensated absences	1,117	735
TOTAL NON-CURRENT LIABILITIES	<u>1,117</u>	<u>735</u>
TOTAL LIABILITIES	<u>12,574</u>	<u>11,236</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Unrestricted	<u>525,524</u>	<u>365,922</u>
TOTAL NET POSITION	<u><u>\$ 525,524</u></u>	<u><u>\$ 365,922</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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 10,000	\$ 16,575	\$ 6,575	\$ 12,664
Sales	9,000	24,126	15,126	20,464
Use and admission fees	185,000	303,714	118,714	271,115
Reimbursements	5,430	189	(5,241)	206
Other revenues	45,000	6,000	(39,000)	-
TOTAL OPERATING REVENUES	254,430	350,604	96,174	304,449
OPERATING EXPENSES:				
Community Services:				
Personnel services	96,110	87,229	8,881	70,541
Supplies and contractual	105,445	100,680	4,765	103,979
Other supplies and charges	-	-	-	-
Capital outlay	52,975	3,373	49,602	2,135
TOTAL OPERATING EXPENSES	254,530	191,282	63,248	176,655
OPERATING INCOME (LOSS)	(100)	159,322	159,422	127,794
NON-OPERATING REVENUES:				
Investment income	100	280	180	174
TOTAL NON-OPERATING REVENUES	100	280	180	174
CHANGE IN NET POSITION	-	159,602	159,602	127,968
Net position, beginning of year	365,922	365,922	-	237,954
NET POSITION, END OF YEAR	\$ 365,922	\$ 525,524	\$ 159,602	\$ 365,922

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR ENTERPRISE FUND - MARINAS FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 169,742	\$ 607,645
Due from State	-	-
Accounts receivable	292	1,379
Inventory	15,645	14,843
Prepaid expense	5,365	4,541
TOTAL CURRENT ASSETS	<u>191,044</u>	<u>628,408</u>
Non-current Assets:		
Restricted Assets:		
Bond Reserve Fund	-	-
Bond and Interest Redemption Fund	-	-
Replacement Maintenance Fund	40,000	35,000
Total Restricted Assets	<u>40,000</u>	<u>35,000</u>
Other capital assets, net of depreciation	2,170,033	1,181,271
Construction in progress	66,908	767,433
TOTAL NON-CURRENT ASSETS	<u>2,276,941</u>	<u>1,983,704</u>
TOTAL ASSETS	<u>2,467,985</u>	<u>2,612,112</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	9,558	283,519
Accrued wages payable	3,888	3,054
Customer deposits payable	13,248	12,117
Current portion of long-term debt	10,000	10,000
Accrued interest payable	2,940	3,040
TOTAL CURRENT LIABILITIES	<u>39,634</u>	<u>311,730</u>
Non-current Liabilities:		
Bonds payable	161,000	171,000
Unamortized bond premium	10,984	11,829
TOTAL NON-CURRENT LIABILITIES	<u>171,984</u>	<u>182,829</u>
TOTAL LIABILITIES	<u>211,618</u>	<u>494,559</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	2,054,957	1,755,875
Restricted for:		
Capital outlay	-	-
Unrestricted	<u>201,410</u>	<u>361,678</u>
TOTAL NET POSITION	<u>\$ 2,256,367</u>	<u>\$ 2,117,553</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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016		2015	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 1,810	\$ 5,249	\$ 3,439	\$ 3,982
Sales	103,750	70,669	(33,081)	70,085
Use and admission fees	30,000	39,304	9,304	28,709
Rentals	222,990	221,636	(1,354)	208,316
Fines and forfeiture	750	2,210	1,460	245
Reimbursements	-	799	799	603,057
Other revenues	7,200	1,245	(5,955)	1,805
TOTAL OPERATING REVENUES	366,500	341,112	(25,388)	916,199
OPERATING EXPENSES:				
Community Services:				
Personnel services	98,430	84,511	13,919	94,816
Supplies and contractual	216,555	166,800	49,755	166,451
Amortization	-	(845)	845	(845)
Capital outlay	12,000	1,458	10,542	1,246
Provision for depreciation	-	142,283	(142,283)	142,283
Other supplies and charges	39,035	-	39,035	-
TOTAL OPERATING EXPENSES	366,020	394,207	(28,187)	403,951
OPERATING INCOME (LOSS)	480	(53,095)	(53,575)	512,248
NON-OPERATING REVENUES (EXPENSES):				
Federal grant	12,000	-	(12,000)	-
State grant	-	194,970	194,970	-
Investment income	3,500	2,819	(681)	5,045
Interest expense	(15,980)	(5,880)	10,100	(6,097)
Bond issuance expense	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(480)	191,909	192,389	(1,052)
INCOME (LOSS) BEFORE TRANSFERS	-	138,814	138,814	511,196
Transfers in	-	-	-	-
CHANGE IN NET POSITION	-	138,814	138,814	511,196
Net position, beginning of year	2,117,553	2,117,553	-	1,606,357
NET POSITION, END OF YEAR	\$ 2,117,553	\$ 2,256,367	\$ 138,814	\$ 2,117,553

CITY OF MARQUETTE, MICHIGAN
INTERNAL SERVICE FUNDS

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The function of the Internal Service Funds is to account for funds that are used to finance, administer and account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost reimbursement basis.

TECHNOLOGY SERVICES FUND: To operate as a self-supporting fund, and will be responsible for evaluation, coordination, implementation, and support of technology services utilized in various departments of the City.

MUNICIPAL SERVICE CENTER FUND: To accumulate the expenses and revenues associated with the operation of the Municipal Service Center. Building space is rented to various funds based on a square foot occupancy rate.

MOTOR VEHICLE EQUIPMENT FUND: To operate as a self-supporting fund, and will be responsible for the maintenance and purchasing of vehicles and equipment utilized in various departments of the City.

CITY OF MARQUETTE, MICHIGAN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2016

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 296,894	\$ 456,608	\$ 295,088	\$ 1,048,590
Accounts receivable	2,711	44	5,533	8,288
Due from local units	-	-	636	636
Inventory	-	-	26,247	26,247
Prepaid expenses	9,143	10,031	60,550	79,724
TOTAL CURRENT ASSETS	308,748	466,683	388,054	1,163,485
Non-current Assets:				
Restricted Assets:				
Equipment reserve	-	-	1,013,652	1,013,652
Fuel system reserve	-	-	28,863	28,863
OPEB reserve	43,812	5,846	65,132	114,790
Compensated absences reserve	14,802	-	69,853	84,655
Total Restricted Assets	58,614	5,846	1,177,500	1,241,960
Land and other non-depreciable assets	-	-	-	-
Other capital assets, net of depreciation	-	-	1,113,035	1,113,035
TOTAL NON-CURRENT ASSETS	58,614	5,846	2,290,535	2,354,995
TOTAL ASSETS	367,362	472,529	2,678,589	3,518,480
DEFERRED OUTFLOWS OF RESOURCES				
Change in pension investment projections	36,601	14,007	162,392	213,000
Change in pension assumptions	33,941	13,094	152,109	199,144
Change in pension experience	(2,517)	(971)	(11,279)	(14,767)
Employer contributions subsequent to measurement date	19,884	7,671	89,111	116,666
TOTAL DEFERRED OUTFLOWS OF RESOURCES	87,909	33,801	392,333	514,043
LIABILITIES				
Current Liabilities:				
Accounts payable	17,854	7,382	86,347	111,583
Accrued wages payable	7,311	1,431	18,045	26,787
TOTAL CURRENT LIABILITIES	25,165	8,813	104,392	138,370
Non-current Liabilities:				
Compensated absences	14,802	2,371	69,853	87,026
Other post-employment benefits (OPEB)	43,812	5,846	65,132	114,790
Net pension liability	371,092	138,406	1,594,610	2,104,108
TOTAL NON-CURRENT LIABILITIES	429,706	146,623	1,729,595	2,305,924
TOTAL LIABILITIES	454,871	155,436	1,833,987	2,444,294
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
NET POSITION:				
Net investment in capital assets	-	-	1,113,035	1,113,035
Restricted:				
Fuel system reserve	-	-	28,863	28,863
Unrestricted	400	350,894	95,037	446,331
TOTAL NET POSITION	\$ 400	\$ 350,894	\$ 1,236,935	\$ 1,588,229

CITY OF MARQUETTE, MICHIGAN

INTERNAL SERVICE FUNDS

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

For the Fiscal Year Ended September 30, 2016

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 5,165	\$ -	\$ -	\$ 5,165
Sales	-	-	81,833	81,833
Rentals	611,616	297,620	2,628,360	3,537,596
Reimbursements	1,556	1,134	23,048	25,738
Other	235	2,632	14,139	17,006
TOTAL OPERATING REVENUES	618,572	301,386	2,747,380	3,667,338
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	318,984	105,427	965,402	1,389,813
Supplies and contractual	307,967	285,949	1,290,680	1,884,596
Provision for depreciation	58,832	36,649	423,656	519,137
Other services and charges	-	3,164	-	3,164
Total Administrative and General	<u>685,783</u>	<u>431,189</u>	<u>2,679,738</u>	<u>3,796,710</u>
Capital outlay	<u>5,815</u>	<u>-</u>	<u>7,461</u>	<u>13,276</u>
TOTAL OPERATING EXPENSES	691,598	431,189	2,687,199	3,809,986
OPERATING INCOME (LOSS)	(73,026)	(129,803)	60,181	(142,648)
NON-OPERATING REVENUES:				
Investment income	178	249	3,044	3,471
Gain (loss) on sale of capital asset	<u>-</u>	<u>(2,639,210)</u>	<u>56,712</u>	<u>(2,582,498)</u>
TOTAL NON-OPERATING REVENUES	178	(2,638,961)	59,756	(2,579,027)
INCOME BEFORE TRANSFERS	(72,848)	(2,768,764)	119,937	(2,721,675)
Transfers in (out)	<u>72,848</u>	<u>(30,241)</u>	<u>(360,000)</u>	<u>(317,393)</u>
CHANGE IN NET POSITION	-	(2,799,005)	(240,063)	(3,039,068)
Net position, beginning of year	<u>400</u>	<u>3,149,899</u>	<u>1,476,998</u>	<u>4,627,297</u>
NET POSITION, END OF YEAR	\$ 400	\$ 350,894	\$ 1,236,935	\$ 1,588,229

CITY OF MARQUETTE, MICHIGAN

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2016

	Technology Services Fund	Municipal Service Center Fund	Motor Vehicle Equipment Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from fees and charges for services	\$ 4,694	\$ -	\$ -	\$ 4,694
Other operating revenues	613,407	301,633	2,760,544	3,675,584
Cash payments to employees for services	(272,267)	(87,745)	(749,414)	(1,109,426)
Cash payments to suppliers for goods and services	(308,852)	(294,175)	(1,284,005)	(1,887,032)
NET CASH PROVIDED BY OPERATING ACTIVITIES	36,982	(80,287)	727,125	683,820
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers in (out)	72,848	(30,241)	(360,000)	(317,393)
(Increase) in due from local units and other funds	-	-	-	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	72,848	(30,241)	(360,000)	(317,393)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash payments for capital assets	-	-	(383,082)	(383,082)
Proceeds from sale of capital assets	-	-	72,113	72,113
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	(310,969)	(310,969)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	178	249	3,044	3,471
(Increase) decrease in restricted assets:				
Equipment reserve	-	-	(2,537)	(2,537)
Fuel system reserve	-	-	3,470	3,470
OPEB reserve	(3,056)	(1,528)	(19,320)	(23,904)
Compensated absences reserve	(250)	2,217	(2,641)	(674)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(3,128)	938	(17,984)	(20,174)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	106,702	(109,590)	38,172	35,284
Cash and cash equivalents, beginning of year	190,192	566,198	256,916	1,013,306
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 296,894	\$ 456,608	\$ 295,088	\$ 1,048,590
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income	\$ (73,026)	\$ (129,803)	\$ 60,181	\$ (142,648)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	58,832	36,649	423,656	519,137
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(471)	247	9,798	9,574
(Increase) decrease in due from local units	-	-	3,366	3,366
(Increase) decrease in inventory	-	-	(746)	(746)
(Increase) decrease in prepaid expenses	(2,506)	(2,634)	3,723	(1,417)
Increase (decrease) in accounts payable	7,436	(2,428)	11,159	16,167
Increase (decrease) in accrued wages payable	1,549	(150)	6,427	7,826
Increase (decrease) in compensated absences	250	154	2,641	3,045
Increase (decrease) in net pension liability and other post-employment benefits (OPEB)	44,918	17,678	206,920	269,516
NET ADJUSTMENTS	110,008	49,516	666,944	826,468
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 36,982	\$ (80,287)	\$ 727,125	\$ 683,820

CITY OF MARQUETTE, MICHIGAN
TECHNOLOGY SERVICES FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 296,894	\$ 190,192
Accounts receivable	2,711	2,240
Prepaid expenses	9,143	6,637
TOTAL CURRENT ASSETS	308,748	199,069
Non-current Assets:		
Restricted Assets:		
OPEB reserve	43,812	40,756
Compensated absences reserve	14,802	14,552
Total Restricted Assets	58,614	55,308
Other capital assets, net of depreciation	-	58,832
TOTAL NON-CURRENT ASSETS	58,614	114,140
TOTAL ASSETS	367,362	313,209
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	36,601	5,916
Change in pension assumptions	33,941	-
Change in pension experience	(2,517)	-
Employer contributions subsequent to measurement date	19,884	18,868
TOTAL DEFERRED OUTFLOWS OF RESOURCES	87,909	24,784
LIABILITIES		
Current Liabilities:		
Accounts payable	17,854	10,418
Accrued wages payable	7,311	5,762
TOTAL CURRENT LIABILITIES	25,165	16,180
Non-current Liabilities:		
Compensated absences	14,802	14,552
Other post-employment benefits (OPEB)	43,812	40,756
Net pension liability	371,092	266,105
TOTAL NON-CURRENT LIABILITIES	429,706	321,413
TOTAL LIABILITIES	454,871	337,593
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	-	58,832
Unrestricted	400	(58,432)
TOTAL NET POSITION	\$ 400	\$ 400

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ 5,810	\$ 5,165	\$ (645)	\$ 5,003
Rentals	608,920	611,616	2,696	631,096
Reimbursements	5,100	1,556	(3,544)	4,007
Other	4,416	235	(4,181)	1,153
TOTAL OPERATING REVENUES	624,246	618,572	(5,674)	641,259
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	296,835	318,984	(22,149)	285,331
Supplies and contractual	327,511	307,967	19,544	311,064
Provision for depreciation	-	58,832	(58,832)	101,725
Total Administrative and General	624,346	685,783	(61,437)	698,120
Capital outlay	-	5,815	(5,815)	12,201
TOTAL OPERATING EXPENSES	624,346	691,598	(67,252)	710,321
OPERATING INCOME (LOSS)	(100)	(73,026)	(72,926)	(69,062)
NON-OPERATING REVENUES:				
Investment income	100	178	78	150
TOTAL NON-OPERATING REVENUES	100	178	78	150
INCOME BEFORE TRANSFERS	-	(72,848)	61,656	(68,912)
Transfers in	-	72,848	72,848	-
CHANGE IN NET POSITION	-	-	134,504	(68,912)
Net position, beginning of year	400	400	-	304,961
Adjustment for Net Pension Liability	-	-	-	(235,649)
Net position, beginning of year, as restated	400	400	-	69,312
NET POSITION, END OF YEAR	\$ 400	\$ 400	\$ 134,504	\$ 400

CITY OF MARQUETTE, MICHIGAN
MUNICIPAL SERVICE CENTER FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 456,608	\$ 566,198
Accounts receivable	44	291
Prepaid expenses	10,031	7,397
TOTAL CURRENT ASSETS	466,683	573,886
Non-current Assets:		
Restricted Assets:		
OPEB reserve	5,846	4,318
Compensated absences reserve	-	2,217
Total Restricted Assets	5,846	6,535
Land and other non-depreciable assets	-	245,566
Other capital assets, net of depreciation	-	2,430,293
TOTAL NON-CURRENT ASSETS	5,846	2,682,394
TOTAL ASSETS	472,529	3,256,280
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	14,007	2,169
Change in pension assumptions	13,094	-
Change in pension experience	(971)	-
Employer contributions subsequent to measurement date	7,671	6,916
TOTAL DEFERRED OUTFLOWS OF RESOURCES	33,801	9,085
LIABILITIES		
Current Liabilities:		
Accounts payable	7,382	9,810
Accrued wages payable	1,431	1,581
TOTAL CURRENT LIABILITIES	8,813	11,391
Non-current Liabilities:		
Compensated absences	2,371	2,217
Other post-employment benefits (OPEB)	5,846	4,318
Net pension liability	138,406	97,540
TOTAL NON-CURRENT LIABILITIES	146,623	104,075
TOTAL LIABILITIES	155,436	115,466
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	-	2,675,859
Unrestricted	350,894	474,040
TOTAL NET POSITION	\$ 350,894	\$ 3,149,899

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016		2015	
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Rentals	286,025	297,620	11,595	588,108
Reimbursements	-	1,134	1,134	1,083
Other	3,250	2,632	(618)	3,062
TOTAL OPERATING REVENUES	289,275	301,386	12,111	592,253
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	54,955	105,427	(50,472)	103,934
Supplies and contractual	204,575	285,949	(81,374)	260,019
Provision for depreciation	-	36,649	(36,649)	146,597
Other services and charges	-	3,164	(3,164)	-
Total Administrative and General	259,530	431,189	(171,659)	510,550
Capital outlay	-	-	-	-
TOTAL OPERATING EXPENSES	259,530	431,189	(171,659)	510,550
OPERATING INCOME (LOSS)	29,745	(129,803)	(159,548)	81,703
NON-OPERATING REVENUES:				
Investment income	500	249	(251)	363
Loss on sale of capital asset	-	(2,639,210)	(2,639,210)	-
TOTAL NON-OPERATING REVENUES	500	(2,638,961)	(2,639,461)	363
INCOME BEFORE TRANSFERS	30,245	(2,768,764)	(2,799,009)	82,066
Transfers (out)	(30,245)	(30,241)	4	(262,795)
CHANGE IN NET POSITION	-	(2,799,005)	(2,799,005)	(180,729)
Net position, beginning of year	3,149,899	3,149,899	-	3,417,004
Adjustment for Net Pension Liability	-	-	-	(86,376)
Net position, beginning of year, as restated	3,149,899	3,149,899	-	3,330,628
NET POSITION, END OF YEAR	\$ 3,149,899	\$ 350,894	\$ (2,799,005)	\$ 3,149,899

CITY OF MARQUETTE, MICHIGAN
MOTOR VEHICLE EQUIPMENT FUND
COMPARATIVE STATEMENT OF NET POSITION
September 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 295,088	\$ 256,916
Accounts receivable	5,533	15,331
Due from local units	636	4,002
Inventory	26,247	25,501
Prepaid expenses	60,550	64,273
TOTAL CURRENT ASSETS	388,054	366,023
Non-current Assets:		
Restricted Assets:		
Equipment reserve	1,013,652	1,011,115
Fuel system reserve	28,863	32,333
OPEB reserve	65,132	45,812
Compensated absences reserve	69,853	67,212
Total Restricted Assets	1,177,500	1,156,472
Land and other non-depreciable assets	-	-
Other capital assets, net of depreciation	1,113,035	1,169,010
TOTAL NON-CURRENT ASSETS	2,290,535	2,325,482
TOTAL ASSETS	2,678,589	2,691,505
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	162,392	24,875
Change in pension assumptions	152,109	-
Change in pension experience	(11,279)	-
Employer contributions subsequent to measurement date	89,111	79,334
TOTAL DEFERRED OUTFLOWS OF RESOURCES	392,333	104,209
LIABILITIES		
Current Liabilities:		
Accounts payable	86,347	75,188
Accrued wages payable	18,045	11,618
TOTAL CURRENT LIABILITIES	104,392	86,806
Non-current Liabilities:		
Compensated absences	69,853	67,212
Other post-employment benefits (OPEB)	65,132	45,812
Net pension liability	1,594,610	1,118,886
TOTAL NON-CURRENT LIABILITIES	1,729,595	1,231,910
TOTAL LIABILITIES	1,833,987	1,318,716
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	1,113,035	1,169,010
Restricted:		
Capital outlay	28,863	32,333
Unrestricted	95,037	275,655
TOTAL NET POSITION	\$ 1,236,935	\$ 1,476,998

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, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
OPERATING REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Sales	216,000	81,833	(134,167)	137,121
Rentals	2,827,370	2,628,360	(199,010)	2,414,017
Reimbursements	320,000	23,048	(296,952)	14,736
Other	22,000	14,139	(7,861)	20,483
TOTAL OPERATING REVENUES	3,385,370	2,747,380	(637,990)	2,586,357
OPERATING EXPENSES:				
Administrative and General:				
Personnel services	668,610	965,402	(296,792)	757,511
Supplies and contractual	1,458,295	1,290,680	167,615	1,540,739
Provision for depreciation	-	423,656	(423,656)	486,452
Total Administrative and General	<u>2,126,905</u>	<u>2,679,738</u>	<u>(552,833)</u>	<u>2,784,702</u>
Capital outlay	<u>782,000</u>	<u>7,461</u>	<u>774,539</u>	<u>29,174</u>
TOTAL OPERATING EXPENSES	2,908,905	2,687,199	221,706	2,813,876
OPERATING INCOME (LOSS)	476,465	60,181	(416,284)	(227,519)
NON-OPERATING REVENUES:				
Investment income	2,500	3,044	544	3,126
Gain (loss) on sale of capital asset	<u>253,000</u>	<u>56,712</u>	<u>(196,288)</u>	<u>7,384</u>
TOTAL NON-OPERATING REVENUES	255,500	59,756	(195,744)	10,510
INCOME BEFORE TRANSFERS	731,965	119,937	(612,028)	(217,009)
Transfers (out)	<u>(731,965)</u>	<u>(360,000)</u>	<u>371,965</u>	<u>(151,000)</u>
CHANGE IN NET POSITION	-	(240,063)	(240,063)	(368,009)
Net position, beginning of year	1,476,998	1,476,998	-	2,835,838
Adjustment for Net Pension Liability	-	-	-	(990,831)
Net position, beginning of year, as restated	<u>1,476,998</u>	<u>1,476,998</u>	<u>-</u>	<u>1,845,007</u>
NET POSITION, END OF YEAR	\$ 1,476,998	\$ 1,236,935	\$ (240,063)	\$ 1,476,998

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 773,312	\$ 1,017,071
Investments:		
United States Government Securities	-	-
Domestic Corporation Bonds	2,506,423	2,392,913
Common, Pooled Mutual Fund	26,135,446	24,161,395
Government National Mortgage Association	-	15
Accounts receivable	-	-
Accrued interest receivable	<u>285</u>	<u>187</u>
TOTAL ASSETS	<u>29,415,466</u>	<u>27,571,581</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Accounts payable	<u>-</u>	<u>107</u>
TOTAL LIABILITIES	<u>-</u>	<u>107</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Held in trust for pension benefits	<u>29,415,466</u>	<u>27,571,474</u>
TOTAL NET POSITION	<u><u>\$ 29,415,466</u></u>	<u><u>\$ 27,571,474</u></u>

CITY OF MARQUETTE, MICHIGAN

AGENCY FUND

COMPARATIVE BALANCE SHEET

September 30, 2016 and 2015

	2016	2015
ASSETS:		
Cash and cash equivalents	\$ 2,544,043	\$ 2,532,368
Accounts receivable	-	-
Taxes receivable - current	2,198,568	2,127,242
Taxes receivable - delinquent personal	19,417	16,534
TOTAL ASSETS	\$ 4,762,028	\$ 4,676,144
LIABILITIES:		
Contract retainage payable	\$ 582,830	\$ 315,249
Accrued wages	1,687,513	1,976,057
Due to State	300,036	292,100
Due to other governments	1,044,180	1,019,156
Due to local units	885,723	833,925
Other liabilities	261,746	239,657
TOTAL LIABILITIES	\$ 4,762,028	\$ 4,676,144

CITY OF MARQUETTE, MICHIGAN

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

September 30, 2016 and 2015

	Balance at September 30, 2015	Additions	Deductions	Balance at September 30, 2016
ASSETS:				
Cash and cash equivalents	\$ 2,532,368	\$ 42,275,732	\$ 42,264,057	\$ 2,544,043
Accounts receivable	-	-	-	-
Taxes receivable - current	2,127,242	33,440,661	33,369,335	2,198,568
Taxes receivable - delinquent personal	16,534	40,980	38,097	19,417
TOTAL ASSETS	<u>\$ 4,676,144</u>	<u>\$ 75,757,373</u>	<u>\$ 75,671,489</u>	<u>\$ 4,762,028</u>
LIABILITIES:				
Contract retainage payable	\$ 315,249	\$ 20,723,681	\$ 20,456,100	\$ 582,830
Accrued wages	1,976,057	8,332,294	8,620,838	1,687,513
Due to State	292,100	4,419,831	4,411,895	300,036
Due to other governments	1,019,156	17,195,573	17,170,549	1,044,180
Due to local units	833,925	12,893,663	12,841,865	885,723
Other liabilities	239,657	88,765	66,676	261,746
TOTAL LIABILITIES	<u>\$ 4,676,144</u>	<u>\$ 63,653,807</u>	<u>\$ 63,567,923</u>	<u>\$ 4,762,028</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, 2016

	Land and Improvements	Buildings and Improvements	Furniture and Equipment	Other	Totals
Governmental Capital Assets:					
Land	\$ 13,322,872	\$ -	\$ -	\$ -	\$ 13,322,872
Land improvements	7,794,482	-	-	-	7,794,482
Buildings	-	5,828,333	-	-	5,828,333
Building improvements	-	6,949,793	-	-	6,949,793
Furniture and equipment	-	-	1,596,739	-	1,596,739
Infrastructure	-	-	-	52,269,828	52,269,828
Construction in progress	-	-	-	7,752,799	7,752,799
TOTAL	\$ 21,117,354	\$ 12,778,126	\$ 1,596,739	\$ 60,022,627	\$ 95,514,846
Investments in Governmental Capital Assets From:					
General fund	\$ 14,352,744	\$ 5,306,910	\$ 1,002,627	\$ 32,221,994	\$ 52,884,275
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	2,914,949	1,935,996	164,920	27,252,871	32,268,736
TOTAL	\$ 21,117,354	\$ 12,778,126	\$ 1,596,739	\$ 60,022,627	\$ 95,514,846

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, 2016

Function and Activity	Balance September 30, 2015	Additions	Deductions	Transfers	Balance September 30, 2016
General Government					
City Commission	\$ 8,999	\$ -	\$ -	\$ -	\$ 8,999
Elections	5,001	-	-	-	5,001
Finance and Accounting	13,186	-	-	-	13,186
Treasurer	5,978	-	-	-	5,978
Information Systems	-	-	-	-	-
Cemetery	280,829	-	-	-	280,829
City Hall and Grounds	2,690,648	18,606	-	-	2,709,254
Other City Property	5,007,754	-	-	-	5,007,754
Total General Government	8,012,395	18,606	-	-	8,031,001
Public Health and Safety:					
Police Department	303,068	-	-	-	303,068
Fire Department	676,567	7,579	-	-	684,146
Total Public Health and Safety	979,635	7,579	-	-	987,214
Highways, Streets and Bridges:					
City Engineer	164,803	-	-	-	164,803
Public Works	8,666,372	2,032,476	-	-	10,698,848
Infrastructure	51,334,013	141,413	-	794,402	52,269,828
Parking System	2,475,516	-	-	-	2,475,516
Total Highways, Streets and Bridges	62,640,704	2,173,889	-	794,402	65,608,995
Other:					
Sanitation	14,932	-	-	-	14,932
Recreation	13,041,188	50,278	(14,725)	-	13,076,741
Other	43,164	-	-	-	43,164
Total Other	13,099,284	50,278	(14,725)	-	13,134,837
TOTAL GOVERNMENTAL CAPITAL ASSETS	84,732,018	2,250,352	(14,725)	794,402	87,762,047
Construction in progress	1,750,803	6,796,398	-	(794,402)	7,752,799
GRAND TOTAL	\$ 86,482,821	\$ 9,046,750	\$ (14,725)	\$ -	\$ 95,514,846

CITY OF MARQUETTE, MICHIGAN

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

September 30, 2016

Function and Activity	Total	Land	Land Improvements	Buildings	Buildings Improvements	Furniture and Equipment	Infrastructure
General Government							
City Commission	\$ 8,999	\$ -	\$ -	\$ -	\$ -	\$ 8,999	\$ -
Elections	5,001	-	-	-	-	5,001	-
Finance and Accounting	13,186	-	-	-	-	13,186	-
Treasurer	5,978	-	-	-	-	5,978	-
Information Systems	-	-	-	-	-	-	-
Cemetery	280,829	98,002	131,574	9,048	42,205	-	-
City Hall and Grounds	2,709,254	100,008	128,596	1,395,545	1,007,247	77,858	-
Other City Property	5,007,754	4,942,779	19,817	45,158	-	-	-
Total General Government	8,031,001	5,140,789	279,987	1,449,751	1,049,452	111,022	-
Public Health and Safety:							
Police Department	303,068	-	-	-	-	303,068	-
Fire Department	684,146	32,296	14,663	154,155	205,899	277,133	-
Total Public Health and Safety	987,214	32,296	14,663	154,155	205,899	580,201	-
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	52,269,828	-	-	-	-	-	52,269,828
Parking System	2,475,516	753,874	70,131	1,320,171	235,396	95,944	-
Total Highways, Streets and Bridges	65,608,995	7,273,850	3,460,278	1,862,966	460,926	281,147	52,269,828
Other:							
Sanitation	14,932	14,932	-	-	-	-	-
Recreation	13,076,741	861,005	4,039,554	2,361,461	5,215,600	599,121	-
Other	43,164	-	-	-	17,916	25,248	-
Total Other	13,134,837	875,937	4,039,554	2,361,461	5,233,516	624,369	-
TOTAL GOVERNMENTAL CAPITAL ASSETS ASSOCIATED TO FUNCTIONS	87,762,047	<u>\$ 13,322,872</u>	<u>\$ 7,794,482</u>	<u>\$ 5,828,333</u>	<u>\$ 6,949,793</u>	<u>\$ 1,596,739</u>	<u>\$ 52,269,828</u>
Construction in progress	<u>7,752,799</u>						
GRAND TOTAL	<u><u>\$ 95,514,846</u></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, 2016

Maturities Year Ending September 30,	WATER SUPPLY FUND													MARINAS FUND
	State Drinking Water Revolving Fund Loan 2009	State Drinking Water Revolving Fund Loan 2011	State Drinking Water Revolving Fund Loan 2015	2006 Water Membrane Revenue Bonds (A)	2007 High Street Bonds	2008 Street Improvements Bonds (B)	2009 Capital Improvements Bonds (D)	2011 Street Improvements Bonds	2012 Capital Improvements Bonds	2013 Refunding Revenue Bonds	2013 Capital Improvements Bonds	2014 Capital Improvements Bonds	2015 Capital Improvements Bonds	2014 Capital Improvements Bonds
2017	\$ 25,000	\$ 20,000	\$ -	\$ 170,000	\$ 16,353	\$ 92,155	\$ 192,780	\$ 17,600	\$ 41,140	\$ -	\$ 50,000	\$ 34,000	\$ 102,195	\$ 10,000
2018	25,000	20,000	20,000	-	16,563	97,070	205,275	18,150	42,075	-	51,250	34,850	102,195	10,250
2019	25,000	25,000	20,000	-	16,880	101,986	212,415	18,700	43,945	-	53,750	35,700	104,645	10,500
2020	25,000	25,000	20,000	-	17,197	105,671	221,340	19,250	44,880	-	55,000	36,550	104,645	10,750
2021	25,000	25,000	20,000	-	17,407	110,586	232,050	19,800	46,750	-	56,250	37,400	107,095	11,000
2022	25,000	25,000	20,000	-	17,619	115,501	249,900	20,350	47,685	-	57,500	38,100	109,545	11,500
2023	25,000	25,000	25,000	-	17,935	117,959	253,470	21,450	49,555	-	60,000	39,950	111,995	11,750
2024	25,000	30,000	25,000	-	18,251	124,103	264,180	22,550	50,490	-	61,250	40,800	114,445	12,000
2025	30,000	30,000	25,000	-	18,568	129,018	-	23,100	52,360	-	63,750	42,500	116,895	12,500
2026	30,000	30,000	25,000	-	18,885	135,161	-	24,200	54,230	-	65,000	44,200	121,792	13,000
2027	30,000	30,000	25,000	-	19,201	140,076	-	25,300	55,165	-	67,500	45,900	-	13,500
2028	30,000	30,000	25,000	-	19,518	145,345	-	-	57,035	-	68,750	48,450	-	14,250
2029	30,000	30,000	15,875	-	3,768	-	-	-	-	-	-	50,150	-	14,750
2030	15,058	30,000	-	-	-	-	-	-	-	-	-	51,850	-	15,250
2031	-	30,000	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	33,908	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 365,058	\$ 438,908	\$ 265,875	\$ 170,000	\$ 218,145	\$ 1,414,631	\$ 1,831,410	\$ 230,450	\$ 585,310	\$ -	\$ 710,000	\$ 581,400	\$ 1,095,447	\$ 171,000
Interest Rates	3%	3%	3%	4%	2%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.0 - 3.0%	1.25%	2.95%	2.0 - 4.0%	2.0 - 3.0%	2.0 - 4.0%
Interest Dates	April and October	April and October	April and October	May and November	April and October	May and November	May and November	April and October	May and November	May and November	February and August	April and October	May and November	April and October
Date of original issue	1/11/2010	6/24/2010	9/29/2014	12/20/2006	3/29/2007	6/28/2008	5/5/2009	9/22/2012	8/7/2012	7/18/2013	9/13/2013	9/30/2014	9/17/2015	9/30/2014
Amount of original issue *	\$ 511,058	\$ 529,507	\$ 330,000	\$ 1,440,000	\$ 342,318	\$ 2,058,137	\$ 2,989,875	\$ 295,900	\$ 704,055	\$ 1,490,000	\$ 867,500	\$ 615,400	\$ 1,095,447	\$ 181,000

Maturities Year Ending September 30,	SEWAGE DISPOSAL FUND										STORMWATER UTILITY FUND							
	State Act 94 Clean Water Assistance Loan Payable 2009	State Revolving Fund Loan 2011	State Revolving Fund Loan 2015	2008 Street Improvements Bonds (B)	2009 Capital Improvements Bonds (D)	2011 Street Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	2014 Capital Improvements Bonds	2015 Capital Improvements Bonds	2006 Street Improvements Bonds (B)	2007 High Street Bonds	2008 Street Improvements Bonds (C)	2009 Capital Improvements Bonds (C)	2011 Street Improvements Bonds	2012 Capital Improvements Bonds	2013 Capital Improvements Bonds	2015 Capital Improvements Bonds
2017	\$ 180,000	\$ 30,000	\$ -	\$ 85,067	\$ 97,200	\$ 49,600	\$ 71,500	\$ 56,000	\$ 94,000	\$ 33,951	\$ 195,000	\$ 5,773	\$ 75,375	\$ 22,140	\$ 28,800	\$ 34,100	\$ 32,000	\$ 7,430
2018	185,000	30,000	30,000	89,604	103,500	51,150	73,125	57,400	96,350	33,951	202,500	5,963	79,395	23,575	29,700	34,875	32,800	7,430
2019	190,000	35,000	30,000	94,140	107,100	52,700	76,375	60,200	98,700	34,751	210,000	6,077	83,415	24,395	30,600	36,425	34,400	7,580
2020	195,000	35,000	35,000	97,543	111,600	54,250	78,000	61,600	101,050	34,751	220,000	6,191	86,431	25,420	31,500	37,200	35,200	7,580
2021	200,000	35,000	35,000	102,080	117,000	55,800	81,250	63,000	103,400	35,551	227,500	6,267	90,451	26,650	32,400	38,750	36,000	7,730
2022	200,000	35,000	35,000	106,617	126,000	57,350	82,875	64,400	108,100	36,351	237,500	6,343	94,471	28,700	33,300	39,525	36,800	7,880
2023	205,000	35,000	35,000	108,885	127,800	60,450	86,125	67,200	110,450	37,151	-	6,457	96,481	29,110	35,100	41,075	38,400	8,030
2024	210,000	40,000	35,000	114,556	133,200	63,550	87,750	68,600	112,800	37,951	-	6,571	101,506	30,340	36,900	41,850	39,200	8,180
2025	-	40,000	35,000	119,093	-	65,100	91,000	71,400	117,500	38,751	-	6,684	105,526	-	37,800	43,400	40,800	8,330
2026	-	40,000	40,000	124,764	-	68,200	94,250	72,800	122,200	40,348	-	6,798	110,551	-	39,600	44,950	41,600	8,639
2027	-	40,000	40,000	129,301	-	71,300	95,875	75,600	126,900	-	-	6,912	114,571	-	41,400	45,725	43,200	-
2028	-	40,000	40,000	138,196	-	-	99,125	77,000	133,950	-	-	8,497	120,601	-	-	47,275	44,000	-
2029	-	40,000	40,000	-	-	-	-	-	138,650	-	-	-	-	-	-	-	-	-
2030	-	40,699	40,000	-	-	-	-	-	143,350	-	-	-	-	-	-	-	-	-
2031	-	-	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2032	-	-	46,785	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 1,565,000	\$ 515,699	\$ 556,785	\$ 1,309,846	\$ 923,400	\$ 649,450	\$ 1,017,250	\$ 795,200	\$ 1,607,400	\$ 363,507	\$ 1,292,500	\$ 78,533	\$ 1,158,774	\$ 210,330	\$ 377,100	\$ 485,150	\$ 454,400	\$ 78,809
Interest Rates	2%	3%	3%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.0 - 3.0%	2.95%	2.0 - 4.0%	2.0 - 3.0%	4%	2%	3.0 - 5.0%	1.5 - 5.0%	2.0 - 4.125%	2.0 - 3.0%	2.95%	2.0 - 3.0%
Interest Dates	April and October	April and October	April and October	May and November	May and November	April and October	May and November	February and August	April and October	May and November	May and November	April and October	May and November	May and November	April and October	May and November	February and August	May and November
issue	3/9/2004	1/11/2010	6/24/2010	6/26/2008	5/5/2009	9/22/2012	8/7/2012	9/13/2013	9/30/2014	9/17/2015	10/31/2006	3/29/2007	6/26/2008	5/5/2009	9/22/2012	8/7/2012	9/13/2013	9/17/2015
Amount of original issue *	\$ 3,470,000	\$ 695,699	\$ 706,785	\$ 1,899,819	\$ 1,507,500	\$ 833,900	\$ 1,223,625	\$ 971,600	\$ 1,701,400	\$ 363,507	\$ 2,737,500	\$ 123,234	\$ 1,683,385	\$ 343,375	\$ 484,200	\$ 583,575	\$ 555,200	\$ 78,809

* Applicable to fund

(A) Outstanding bonds are not subject to optional redemption.

(B) The bonds maturing in the years 2009 to 2018, inclusive, shall not be subject to optional redemption prior to maturity. The bonds, or portions of bonds in multiples of \$5,000 maturing in the years 2019 to 2028, inclusive, shall be subject to redemption at the option of the City in such order of maturity as the City shall determine and within a single maturity by lot on any date on or after May 1, 2018 at par plus accrued interest to the date fixed for redemption.

(C) Outstanding bonds maturing prior to June 1, 2004, are not subject to option redemption prior to maturity. Bonds maturing on or after June 1, 2004, are subject to redemption at the option of the City, in whole or part, in integral multiples of \$5,000, on any date on or after June 1, 2003, at par, plus accrued interest to the redemption date.

(D) The bonds maturing in the years 2009 to 2018, inclusive, shall not be subject to optional redemption prior to maturity. The bonds, or portions of bonds in multiples of \$5,000 maturing in the years 2019 to 2028, inclusive, shall be subject to redemption at the option of the City in such order of maturity as the City shall determine and within a single maturity by lot on any date on or after May 1, 2018 at par plus accrued interest to the date fixed for redemption.

CITY OF MARQUETTE, MICHIGAN

COMPONENT UNITS

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

BOARD OF LIGHT AND POWER: To account for the electric utility

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, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,327,365	\$ 1,866,116
Internally designated assets:		
Customer electric rate stabilization fund	616,067	415,025
Fuel imbursement fund	4,572,727	2,434,790
Capital projects fund cash and cash equivalents	5,274,946	-
Investments - capital projects fund	29,324,627	-
Turbine and major generating equipment overhaul fund	3,515,968	2,707,092
Replacement-risk retention fund	574,360	574,360
Improvement fund	600,000	600,000
Future generation fund	-	1,000,000
Accounts receivable, net	2,215,910	1,768,329
Inventory	4,248,985	3,268,114
Prepaid expenses	295,898	107,451
TOTAL CURRENT ASSETS	54,566,853	14,741,277
Non-current Assets:		
Restricted Assets:		
Bond and interest redemption fund	1,223,832	261,881
Bond reserve fund	5,430,183	723,973
Customer deposits	1,463,199	1,377,177
Pinehill landfill fund	491,004	13,818
TOTAL RESTRICTED ASSETS	8,608,218	2,376,849
Investment in UPPPA	3,368,697	3,206,905
Property, plant, and equipment	181,539,289	141,098,290
Accumulated depreciation	(98,997,038)	(96,548,414)
TOTAL NON-CURRENT ASSETS	94,519,166	50,133,630
TOTAL ASSETS	149,086,019	64,874,907
DEFERRED OUTFLOWS OF RESOURCES		
Change in pension investment projections	3,653,247	319,975
Employer contributions subsequent to measurement	2,071,861	1,880,524
Deferred charge on refunding	64,540	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,789,648	2,200,499
LIABILITIES		
Current Liabilities:		
Accounts payable	5,405,254	563,723
Accrued liabilities	324,240	286,417
Compensated absences	1,117,138	990,140
Customer deposits payable	1,458,850	1,372,769
Other current liabilities	600,988	494,514
TOTAL CURRENT LIABILITIES	8,906,470	3,707,563
Current Liabilities (payable from restricted assets):		
Current maturities on bonds and capital lease	742,244	901,206
Revenue bond accrued interest payable	1,223,803	41,900
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	1,966,047	943,106
Non-current Liabilities:		
Other post-employment benefits (OPEB)	1,341,248	1,656,978
Net pension liability	19,597,730	16,046,663
Bonds payable	66,984,557	3,321,801
Unamortized bond premium	10,281,082	152,834
Reserve for turbine and major generating equipment overhaul	3,515,968	2,707,092
Postclosure costs - Landfill	437,178	440,498
TOTAL NON-CURRENT LIABILITIES	102,157,763	24,325,866
TOTAL LIABILITIES	113,030,280	28,976,535
DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION		
Net investment in capital assets	35,478,241	40,174,035
Restricted for:		
Other activities	8,608,218	1,662,240
Unrestricted	(2,241,072)	(3,737,404)
TOTAL NET POSITION	\$ 41,845,387	\$ 38,098,871

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, 2016
With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES:		
Electricity Sales:		
Urban	\$ 20,582,907	\$ 19,271,393
Rural	12,961,078	12,425,749
Sales to Alger-Delta Co-op	918,833	974,811
Sales to Wisconsin Electric Power Company	182,455	249,329
Street lighting	435,070	412,353
Other municipal departments	1,080,513	977,082
Rent and other	802,979	737,057
TOTAL OPERATING REVENUES	<u>36,963,835</u>	<u>35,047,774</u>
OPERATING EXPENSES:		
Administrative and general	8,894,103	7,228,168
Production	15,961,204	18,460,828
Purchased power	1,031,699	1,230,472
Distribution and transmission	1,586,690	1,534,718
Customer accounting	575,995	534,873
Payment in lieu of property taxes - City of Marquette	1,837,569	1,838,030
Provision for depreciation, excluding amounts charged to other operating expenses (2016 - \$121,608; 2015 - \$100,675)	<u>2,532,378</u>	<u>2,511,406</u>
TOTAL OPERATING EXPENSES	<u>32,419,638</u>	<u>33,338,495</u>
INCOME/(LOSS) FROM OPERATIONS	<u>4,544,197</u>	<u>1,709,279</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income	633,984	293,017
Amortization of bond premium	-	26,580
Interest on long term debt	(1,113,993)	(193,753)
Bond issuance expense	(720,400)	-
Gain on sale of treasury note	62,473	-
Loss on disposal of equipment	<u>(4,231)</u>	<u>(37,844)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(1,142,167)</u>	<u>88,000</u>
NET INCOME/(LOSS)	3,402,030	1,797,279
Capital contributions from customers	<u>344,486</u>	<u>79,538</u>
CHANGE IN NET POSITION	3,746,516	1,876,817
Net position, beginning of year	38,098,871	51,070,731
Adjustment for Net Pension Liability	-	(14,848,677)
Net position, beginning of year, as restated	<u>38,098,871</u>	<u>36,222,054</u>
NET POSITION, END OF YEAR	<u><u>\$ 41,845,387</u></u>	<u><u>\$ 38,098,871</u></u>

CITY OF MARQUETTE, MICHIGAN

BOARD OF LIGHT AND POWER ELECTRIC UTILITY

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 36,578,336	\$ 34,974,397
Cash paid to suppliers and employees	(29,002,101)	(31,128,435)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,576,235	3,845,962
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(36,935,722)	(2,271,336)
Proceeds from sale of equipment	5,370	-
Principal payment on revenue bonds, notes payable and capital lease obligations	(3,890,000)	(831,768)
Capital contributions	344,486	79,538
Proceeds from issuance of long term debt	67,435,000	339,775
Premium on bond issuance	10,499,829	-
Cash payments for bond issuance expense	(720,400)	-
Interest paid on revenue bonds and notes payable	(94,842)	(202,003)
NET CASH (USED) FOR CAPITAL AND FINANCING ACTIVITIES	36,643,721	(2,885,794)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	319,409	280,462
Proceeds from maturities and sales of investment securities	18,010,697	13,020,514
Purchase of investments	(61,088,813)	(14,002,664)
NET CASH (USED) BY INVESTING ACTIVITIES	(42,758,707)	(701,688)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,461,249	258,480
Cash and cash equivalents, beginning of year	1,866,116	1,607,636
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,327,365	\$ 1,866,116
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 4,544,197	\$ 1,709,279
Adjustments to reconcile income to net cash provided by operating activities:		
Depreciation	2,653,986	2,612,081
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	(447,581)	(108,643)
(Increase)/Decrease in inventory	(980,871)	913,208
(Increase)/Decrease in prepaid expenses	(188,447)	185,290
Increase/(Decrease) in accounts payable	1,121,291	(1,936,000)
Increase/(Decrease) in accrued wages and related liabilities	37,823	(35,975)
Increase/(Decrease) in accrued sick and vacation	126,998	56,777
Increase in customer deposits, including accrued interest	86,081	47,266
(Decrease) in landfill site postclosure care cost liability	(3,320)	(9,942)
Increase/(Decrease) in other post-employment benefits (OPEB), and net pension liability	(289,272)	(1,002,820)
Increase in reserve for turbine overhaul	808,876	1,305,000
Increase/(Decrease) in energy optimization program liability	106,474	110,441
NET ADJUSTMENTS	3,032,038	2,136,683
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 7,576,235	\$ 3,845,962

CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
September 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 20,099,930
Taxes receivable, net	-
Accounts receivable, net	-
Due from primary government	-
Other assets	<u>619</u>
TOTAL CURRENT ASSETS	<u>20,100,549</u>
Non-current assets:	
Taxes receivable, net	19,468
Land and construction in progress	<u>1,285,857</u>
TOTAL NON-CURRENT ASSETS	<u>1,305,325</u>
TOTAL ASSETS	<u>21,405,874</u>
DEFERRED OUTFLOWS OF RESOURCES	
Receivables for developer obligations	<u>46,952,035</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>46,952,035</u>
LIABILITIES	
Current liabilities:	
Accounts payable	55,825
Accrued liabilities	1,362
Accrued interest	30,539
Due to primary government	6,479,844
Bonds payable for capital assets- due in one year	70,000
Bonds payable for developer - due in one year	<u>15,000</u>
TOTAL CURRENT LIABILITIES	<u>6,652,570</u>
Non-current liabilities:	
Bonds payable for capital assets - due in more than one year	1,010,000
Bonds payable for developer - due in more than one year	19,732,378
Long term obligations to developers	<u>26,094,118</u>
TOTAL NON-CURRENT LIABILITIES	<u>46,836,496</u>
TOTAL LIABILITIES	<u>53,489,066</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes levied for a subsequent period	<u>569,980</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>569,980</u>
NET POSITION	
Net investment in capital assets	235,000
Restricted	<u>14,063,863</u>
TOTAL NET POSITION	<u><u>\$ 14,298,863</u></u>

CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2016

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 315,287	\$ -	\$ -	\$ (315,287)
Interest on long-term debt	61,078	-	-	(61,078)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 376,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(376,365)</u>
	General revenues:			
	Property taxes			13,108,154
	Interest and investment earnings			1,448
	Miscellaneous			<u>35,000</u>
			Total General Revenues	<u>13,144,602</u>
			CHANGE IN NET POSITION	12,768,237
			Net position, beginning of year	<u>1,530,626</u>
			NET POSITION, END OF YEAR	<u>\$ 14,298,863</u>

CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
COMPARATIVE BALANCE SHEET
September 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 20,099,930	\$ 708,722
Taxes receivable, net	19,468	7,249
Other assets	619	617
TOTAL ASSETS	20,120,017	716,588
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 20,120,017	\$ 716,588
LIABILITIES		
Accounts payable	\$ 55,825	\$ 7,389
Accrued salaries and wages	1,362	1,109
Due to primary government	6,479,844	-
TOTAL LIABILITIES	6,537,031	8,498
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	569,980	463,321
FUND BALANCE		
Restricted	13,013,006	244,769
Unassigned	-	-
TOTAL FUND BALANCE	13,013,006	244,769
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 20,120,017	\$ 716,588

CITY OF MARQUETTE, MICHIGAN
BROWNFIELD REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2016

Total Fund Balances for Governmental Funds	\$ 13,013,006
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost of capital assets	1,285,857	
Accumulated depreciation	<u>-</u>	1,285,857

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Receivables for developer obligations	46,952,035
---------------------------------------	------------

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

Current portion of bonds payable for capital assets	(70,000)	
Current portion of bonds payable for developer	(15,000)	
Accrued interest on bonds	(30,539)	
Bonds payable for capital assets	(1,010,000)	
Bonds payable for developer	(19,732,378)	
Long term obligations to developers	<u>(26,094,118)</u>	<u>(46,952,035)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 14,298,863</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, 2016
With Comparative Actual Amounts for the Fiscal Year Ended September 30, 2015

	2016	2015
REVENUES		
Property taxes	\$ 680,916	\$ 632,444
Private contribution	35,000	25,000
Investment income	1,448	129
	<hr/>	<hr/>
TOTAL REVENUES	717,364	657,573
	<hr/>	<hr/>
EXPENDITURES		
Current operations:		
General government	36,099	36,383
Economic development:		
Supplies and contractual	6,928,648	445,347
Capital outlay	-	-
Debt service		
Principal retirement	85,000	75,000
Interest and fiscal charges	62,230	68,466
	<hr/>	<hr/>
TOTAL EXPENDITURES	7,111,977	625,196
	<hr/>	<hr/>
NET REVENUES OVER EXPENDITURES	(6,394,613)	32,377
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	19,377,378	-
Bond issuance expense	(214,528)	-
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	19,162,850	-
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	12,768,237	32,377
	<hr/>	<hr/>
Fund balance, beginning of year	244,769	212,392
	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	<u><u>\$ 13,013,006</u></u>	<u><u>\$ 244,769</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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 12,768,237

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

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

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

Proceeds from debt issues are an other financing source in the fund, but a debt issue increases long-term liabilities in the statement of net position (19,377,378)

Proceeds from debt issues are a receivable for developer obligations, a deferred outflow of resources, in the statement of net position 19,377,378

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental fund, an interest expenditure is reported when due. 1,152

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 85,000

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 6,863,988

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 (6,950,140)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 12,768,237
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CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
September 30, 2016

	Downtown Development Authority	Peter White Public Library	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,408,374	\$ 2,220,342	\$ 3,628,716
Taxes receivable, net	166,786	95,821	262,607
Accounts receivable, net	10,577	14,138	24,715
Due from Federal	355,936	-	355,936
Other assets	150	10,612	10,762
TOTAL CURRENT ASSETS	1,941,823	2,340,913	4,282,736
Non-current assets:			
Restricted cash and cash equivalents	-	57,454	57,454
Land and construction in progress	174,630	114,704	289,334
Other capital assets, net of depreciation	3,127,164	3,817,448	6,944,612
TOTAL NON-CURRENT ASSETS	3,301,794	3,989,606	7,291,400
TOTAL ASSETS	5,243,617	6,330,519	11,574,136
DEFERRED OUTFLOWS OF RESOURCES			
Change in pension investment projections	-	276,923	276,923
Employer contributions subsequent to measurement date	-	64,270	64,270
Receivables for developer obligations	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	341,193	341,193
LIABILITIES			
Current liabilities:			
Accounts payable	411,848	23,875	435,723
Accrued liabilities	13,952	34,131	48,083
Accrued interest	4,277	-	4,277
Due to others	-	8,527	8,527
Compensated absences	51,737	-	51,737
Bonds payable - due in one year	100,000	330,000	430,000
TOTAL CURRENT LIABILITIES	581,814	396,533	978,347
Non-current liabilities:			
Compensated absences	-	91,817	91,817
Net pension liability	-	1,232,020	1,232,020
Bonds payable	1,080,000	345,000	1,425,000
TOTAL NON-CURRENT LIABILITIES	1,080,000	1,668,837	2,748,837
TOTAL LIABILITIES	1,661,814	2,065,370	3,727,184
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for a subsequent period	536,884	997,184	1,534,068
TOTAL DEFERRED INFLOWS OF RESOURCES	536,884	997,184	1,534,068
NET POSITION			
Net investment in capital assets	2,121,794	3,257,152	5,378,946
Restricted	-	933,208	933,208
Unrestricted	923,125	(581,202)	341,923
TOTAL NET POSITION	\$ 3,044,919	\$ 3,609,158	\$ 6,654,077

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2016

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Peter White Public Library	Total
Governmental Activities:						
Downtown Development Authority	\$ 2,836,562	\$ 196,268	\$ 1,083,320	\$ (1,556,974)	\$ -	\$ (1,556,974)
Peter White Public Library	1,943,318	206,514	782,422	-	(954,382)	(954,382)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 4,779,880	\$ 402,782	\$ 1,865,742	(1,556,974)	(954,382)	(2,511,356)
General revenues:						
Property taxes				783,225	1,290,265	2,073,490
Interest and investment earnings				1,693	74,307	76,000
Miscellaneous				500,310	18,131	518,441
Total General Revenues				1,285,228	1,382,703	2,667,931
CHANGE IN NET POSITION				(271,746)	428,321	156,575
Net position, beginning of year, as restated				3,316,665	3,180,837	6,497,502
NET POSITION, END OF YEAR				\$ 3,044,919	\$ 3,609,158	\$ 6,654,077

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

September 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,408,374
Taxes receivable, net	166,786
Accounts receivable, net	10,577
Due from Federal government	355,936
Due from primary government	-
Other assets	<u>150</u>
TOTAL CURRENT ASSETS	<u>1,941,823</u>
Non-current assets:	
Land and construction in progress	174,630
Other capital assets, net of depreciation	<u>3,127,164</u>
TOTAL NON-CURRENT ASSETS	<u>3,301,794</u>
TOTAL ASSETS	<u>5,243,617</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable	411,848
Accrued liabilities	13,952
Accrued interest	4,277
Compensated absences	51,737
Bonds payable - due in one year	<u>100,000</u>
TOTAL CURRENT LIABILITIES	<u>581,814</u>
Non-current liabilities:	
Bonds payable - due in more than one year	<u>1,080,000</u>
TOTAL NON-CURRENT LIABILITIES	<u>1,080,000</u>
TOTAL LIABILITIES	<u>1,661,814</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes levied for a subsequent period	<u>536,884</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>536,884</u>
NET POSITION	
Net investment in capital assets	2,121,794
Unrestricted	<u>923,125</u>
TOTAL NET POSITION	<u><u>\$ 3,044,919</u></u>

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2016

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 2,781,245	\$ 196,268	\$ 1,083,320	\$ (1,501,657)
Interest on long-term debt	55,317	-	-	(55,317)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,836,562	\$ 196,268	\$ 1,083,320	(1,556,974)
General revenues:				
	Property taxes			783,225
	Interest and investment earnings			1,693
	Gain on the sale of capital assets			-
	Miscellaneous			500,310
	Total General Revenues			1,285,228
	CHANGE IN NET POSITION			(271,746)
	Net position, beginning of year			3,316,665
	NET POSITION, END OF YEAR			\$ 3,044,919

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2016

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,408,374	\$ 1,408,374
Taxes receivable, net	166,786	166,786
Accounts receivable, net	10,577	10,577
Grants receivable, net	355,936	355,936
Other assets	150	150
	<hr/>	<hr/>
TOTAL ASSETS	1,941,823	1,941,823
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	-	-
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,941,823</u>	<u>\$ 1,941,823</u>
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	\$ 411,848	\$ 411,848
Accrued salaries and wages	13,952	13,952
	<hr/>	<hr/>
TOTAL LIABILITIES	425,800	425,800
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for a subsequent period	536,884	536,884
	<hr/>	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	536,884	536,884
	<hr/>	<hr/>
FUND BALANCE		
Restricted	-	-
Unassigned	979,139	979,139
	<hr/>	<hr/>
TOTAL FUND BALANCE	979,139	979,139
	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,941,823</u>	<u>\$ 1,941,823</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, 2016

Total Fund Balances for Governmental Funds	\$	979,139
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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

	5,019,906		
Cost of capital assets			
Accumulated depreciation	<u>(1,718,112)</u>		3,301,794

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			(1,080,000)
Compensated absences			(51,737)
Accrued interest on bonds		<u>(4,277)</u>	

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>3,044,919</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, 2016

	General Fund	Total Governmental Funds
REVENUES		
Property taxes	\$ 783,225	\$ 783,225
Federal sources	1,083,320	1,083,320
State sources	-	-
Intergovernmental revenues	450	450
Charges for services	46,125	46,125
Rentals	150,143	150,143
Investment income	1,693	1,693
Other	499,860	499,860
	<hr/>	<hr/>
TOTAL REVENUES	2,564,816	2,564,816
	<hr/>	<hr/>
EXPENDITURES		
Current operations:		
General government	805,548	805,548
Capital outlay	1,921,874	1,921,874
Debt service		
Principal retirement	100,000	100,000
Interest and fiscal charges	55,680	55,680
	<hr/>	<hr/>
TOTAL EXPENDITURES	2,883,102	2,883,102
	<hr/>	<hr/>
NET REVENUES OVER EXPENDITURES	(318,286)	(318,286)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers (out)	-	-
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-	-
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(318,286)	(318,286)
	<hr/>	<hr/>
Fund balance, beginning of year	1,297,425	1,297,425
	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	\$ 979,139	\$ 979,139
	<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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (318,286)

*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	\$ 182,128	
Depreciation expense	(201,364)	
Net book value of disposals	<u>-</u>	(19,236)

Interest on long-term debt is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount of accrued interest recognized in the Statement of Activities.

363

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of net Position.

100,000

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

Compensated absences	<u>(34,587)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (271,746)</u>
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CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY

STATEMENT OF NET POSITION

September 30, 2016

	Primary Government	Component Unit	Entity- Wide Total
	Governmental Activities	PWPL Development Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,201,341	\$ 19,001	\$ 2,220,342
Investments	-	-	-
Taxes receivable, net	95,821	-	95,821
Accounts receivable, net	14,138	-	14,138
Prepaid expenses	10,612	-	10,612
TOTAL CURRENT ASSETS	2,321,912	19,001	2,340,913
Non-current assets:			
Restricted cash and cash equivalents	-	57,454	57,454
Land and construction in progress	114,704	-	114,704
Other capital assets, net of depreciation	3,817,448	-	3,817,448
TOTAL NON-CURRENT ASSETS	3,932,152	57,454	3,989,606
TOTAL ASSETS	6,254,064	76,455	6,330,519
DEFERRED OUTFLOWS OF RESOURCES			
Change in pension investment projections	276,923	-	276,923
Employer contributions subsequent to measurement date	64,270	-	64,270
TOTAL DEFERRED OUTFLOWS OF RESOURCES	341,193	-	341,193
LIABILITIES			
Current liabilities:			
Accounts payable	23,875	-	23,875
Accrued liabilities	34,131	-	34,131
Due to others	8,527	-	8,527
Bonds payable - due in one year	330,000	-	330,000
TOTAL CURRENT LIABILITIES	396,533	-	396,533
Non-current liabilities:			
Compensated absences	91,817	-	91,817
Net pension liability	1,232,020	-	1,232,020
Bonds payable - due in more than one year	345,000	-	345,000
TOTAL NON-CURRENT LIABILITIES	1,668,837	-	1,668,837
TOTAL LIABILITIES	2,065,370	-	2,065,370
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for a subsequent period	997,184	-	997,184
TOTAL DEFERRED INFLOWS OF RESOURCES	997,184	-	997,184
NET POSITION			
Net investment in capital assets	3,257,152	-	3,257,152
Restricted for:			
Debt services	118,521	-	118,521
Other activities	757,233	57,454	814,687
Unrestricted	(600,203)	19,001	(581,202)
TOTAL NET POSITION	\$ 3,532,703	\$ 76,455	\$ 3,609,158

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2016

Function / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities	Component Units	Entity- Wide Total
Primary Government:						
Governmental Activities:						
Recreation and culture	\$ 1,879,486	\$ 206,514	\$ 702,850	\$ (970,122)	\$ -	\$ -
Interest on long-term debt	33,400	-	-	(33,400)	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,912,886	\$ 206,514	\$ 702,850	(1,003,522)	-	-
Component Units:						
PWPL Development Fund	\$ 30,432	\$ -	\$ 79,572	-	49,140	-
TOTAL COMPONENT UNITS	\$ 30,432	\$ -	\$ 79,572	-	49,140	-
ENTITY-WIDE TOTAL	\$ 1,943,318	\$ 206,514	\$ 782,422			(954,382)
General revenues:						
Property taxes				1,290,265	-	1,290,265
Interest and investment earnings				73,192	1,115	74,307
Proceeds on the sale of fixed assets				-	-	-
Miscellaneous				18,131	-	18,131
Total General Revenues				1,381,588	1,115	1,382,703
CHANGE IN NET POSITION				378,066	50,255	428,321
Net position, beginning of year, as restated				3,154,637	26,200	3,180,837
NET POSITION, END OF YEAR				\$ 3,532,703	\$ 76,455	\$ 3,609,158

CITY OF MARQUETTE, MICHIGAN

NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2016

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,070,350	\$ 746,621	\$ 384,370	\$ 2,201,341
Investments	-	-	-	-
Taxes receivable, net	68,349	-	27,472	95,821
Accounts receivable, net	14,138	-	-	14,138
Prepaid expenditures	10,612	-	-	10,612
TOTAL ASSETS	<u>1,163,449</u>	<u>746,621</u>	<u>411,842</u>	<u>2,321,912</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,163,449</u>	<u>\$ 746,621</u>	<u>\$ 411,842</u>	<u>\$ 2,321,912</u>
LIABILITIES				
Accounts payable	\$ 23,875	\$ -	\$ -	\$ 23,875
Accrued salaries and wages	34,131	-	-	34,131
Due to other funds	6,296	-	2,231	8,527
TOTAL LIABILITIES	<u>64,302</u>	<u>-</u>	<u>2,231</u>	<u>66,533</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	706,094	-	291,090	997,184
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>706,094</u>	<u>-</u>	<u>291,090</u>	<u>997,184</u>
FUND BALANCE				
Non-spendable	10,612	-	-	10,612
Restricted for:				
Debt retirement	-	-	118,521	118,521
Endowments	-	746,621	-	746,621
Unassigned	382,441	-	-	382,441
TOTAL FUND BALANCE	<u>393,053</u>	<u>746,621</u>	<u>118,521</u>	<u>1,258,195</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,163,449</u>	<u>\$ 746,621</u>	<u>\$ 411,842</u>	<u>\$ 2,321,912</u>

CITY OF MARQUETTE, MICHIGAN
NON-MAJOR COMPONENT UNIT - PETER WHITE PUBLIC LIBRARY
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2016

Total Fund Balances for Governmental Funds	\$ 1,258,195
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Amounts reported for governmental activities in the statement of net position are different because:

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

	Cost of capital assets	10,147,807	
	Accumulated depreciation	<u>(6,215,655)</u>	3,932,152

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	1,232,020		
Deferred (outflows) of resources related to net pension liability	(285,342)		
Employer contributions subsequent to measurement date	(64,270)		
Deferred inflows of resources related to net pension liability	<u>8,419</u>		(890,827)

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	(330,000)		
Bonds payable - due in more than one year	(345,000)		
Compensated absences	<u>(91,817)</u>		<u>(766,817)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,532,703</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, 2016

	General Fund	Carroll Paul Memorial Trust Fund	1997 Library Improvement Debt Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 930,819	\$ -	\$ 359,446	\$ 1,290,265
State sources	43,829	-	-	43,829
Local sources	470,944	-	-	470,944
Charges for services	45,523	-	-	45,523
Fine and forfeiture	127,771	-	-	127,771
Rentals	33,220	-	-	33,220
Contributions from private sources	188,077	-	-	188,077
Investment income	21,386	51,806	-	73,192
Other revenues	15,250	-	2,881	18,131
TOTAL REVENUES	1,876,819	51,806	362,327	2,290,952
EXPENDITURES				
Recreation and Culture:				
Personnel services	1,153,935	-	-	1,153,935
Supplies	124,000	-	-	124,000
Other services and charges	385,094	1,018	520	386,632
Capital outlay	97,518	-	-	97,518
Debt service:				
Principal retirement	-	-	320,000	320,000
Interest and fiscal charges	-	-	33,400	33,400
TOTAL EXPENDITURES	1,760,547	1,018	353,920	2,115,485
NET REVENUES OVER EXPENDITURES	116,272	50,788	8,407	175,467
OTHER FINANCING SOURCES (USES)				
Transfers in	26,135	-	-	26,135
Transfers (out)	-	(26,135)	-	(26,135)
TOTAL OTHER FINANCING SOURCES (USES)	26,135	(26,135)	-	-
NET CHANGE IN FUND BALANCE	142,407	24,653	8,407	175,467
Fund balance, beginning of year	250,646	721,968	110,114	1,082,728
FUND BALANCE, END OF YEAR	\$ 393,053	\$ 746,621	\$ 118,521	\$ 1,258,195

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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$	175,467
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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	\$	36,637	
Depreciation expense		(145,218)	
Net book value of disposals		<u>-</u>	(108,581)

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

-

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

320,000

Some expenses such as accrued sick and vacation expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

23,025

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	\$	(31,845)	
Change in deferred outflows related to timing of pension contributions		<u>-</u>	(31,845)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 378,066

CITY OF MARQUETTE, MICHIGAN

STATISTICAL SECTION

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

CONTENTS

TABLE

Financial Trends

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

1 - 5

Revenue Capacity

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

6 - 10

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and City's ability to issue additional debt in the future

11 - 15

Demographic and Economic Information

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

16 - 18

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF MARQUETTE, MICHIGAN
Net Position / Net Assets by Component
Last Ten Fiscal Years

	Fiscal Year									
	2016	2015 *	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net investment in capital assets	\$ 30,048,214	\$ 23,971,445	\$ 24,635,549	\$ 26,385,560	\$ 28,078,995	\$ 26,694,914	\$ 26,639,090	\$ 23,999,985	\$ 29,085,627	\$ 29,731,919
Restricted	792,364	1,482,626	1,873,995	719,411	1,593,378	4,606,252	4,007,127	4,892,891	585,942	568,371
Unrestricted	(9,917,153)	(7,948,501)	15,046,757	15,245,254	14,769,302	14,162,543	15,351,884	15,475,238	13,528,435	13,066,579
Total Governmental Activities										
Net Position / Net Assets	\$ 20,923,425	\$ 17,505,570	\$ 41,556,301	\$ 42,350,225	\$ 44,441,675	\$ 45,463,709	\$ 45,998,101	\$ 44,368,114	\$ 43,200,004	\$ 43,366,869
Business-Type Activities										
Net investment in capital assets	\$ 32,644,974	\$ 33,683,601	\$ 33,852,800	\$ 33,351,560	\$ 33,214,121	\$ 32,923,791	\$ 30,841,543	\$ 21,512,722	\$ 22,922,088	\$ 32,100,572
Restricted	-	1,661,848	2,714,043	211,294	1,142,971	1,137,437	1,607,849	6,761,541	6,008,242	1,938,968
Unrestricted	(524,411)	(2,604,078)	474,848	4,387,928	3,651,627	3,597,011	4,107,196	9,074,796	8,664,067	2,508,757
Total Business-Type Activities										
Net Position / Net Assets	\$ 32,120,563	\$ 32,741,371	\$ 37,041,691	\$ 37,950,782	\$ 38,008,719	\$ 37,658,239	\$ 36,556,588	\$ 37,349,059	\$ 37,594,397	\$ 36,548,297
Primary Government										
Net investment in capital assets	\$ 62,693,188	\$ 57,655,046	\$ 58,488,349	\$ 59,737,120	\$ 61,293,116	\$ 59,618,705	\$ 57,480,633	\$ 45,512,707	\$ 52,007,715	\$ 61,832,491
Restricted	792,364	3,144,474	4,588,038	930,705	2,736,349	5,743,689	5,614,976	11,654,432	6,594,184	2,507,339
Unrestricted	(10,441,564)	(10,552,579)	15,521,605	19,633,182	18,420,929	17,759,554	19,459,080	24,550,034	22,192,502	15,575,336
Total Primary Government										
Net Position / Net Assets	\$ 53,043,988	\$ 50,246,941	\$ 78,597,992	\$ 80,301,007	\$ 82,450,394	\$ 83,121,948	\$ 82,554,699	\$ 81,717,173	\$ 80,794,401	\$ 79,915,166

* 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

	2016	2015	2014 *	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities										
Administration	\$ 6,592,257	\$ 5,234,952	\$ 5,591,640	\$ 4,309,691	\$ 3,814,963	\$ 3,361,070	\$ 3,557,709	\$ 3,820,979	\$ 3,243,699	\$ 3,395,398
Public Health & Safety	10,154,691	8,059,601	8,866,452	7,287,794	6,589,969	6,366,968	6,135,628	5,453,911	5,246,740	4,948,132
Public works	3,425,157	3,457,197	4,302,325	3,615,570	3,811,888	3,636,958	3,574,999	3,415,669	3,378,242	3,039,550
Highway and streets	3,288,402	2,688,985	3,089,215	2,130,526	2,458,941	2,395,994	2,171,826	2,417,291	2,439,873	2,324,877
Social services	672,878	540,432	642,198	462,412	436,476	492,859	821,821	731,239	343,338	355,193
Sanitation	2,960,919	1,915,016	1,914,121	1,538,331	1,544,378	1,484,999	1,208,888	1,240,403	1,393,420	1,238,866
Community services / Recreation and culture	1,472,744	1,396,090	1,866,555	1,469,678	1,335,522	1,249,567	1,582,782	1,389,538	1,702,220	1,261,545
Interest on long-term debt	765,649	702,786	887,454	781,123	804,326	834,359	851,422	772,285	853,910	750,760
Depreciation - Unallocated	1,814,190	1,812,453	2,502,444	2,044,577	1,965,821	1,918,108	1,957,215	1,626,821	1,633,032	1,916,607
Total Governmental Activities Expenses	31,147,087	25,996,512	29,652,604	23,619,682	22,760,784	21,731,080	21,862,280	20,868,136	20,234,384	19,231,068
Business-Type Activities										
Water supply and sewage disposal	-	-	-	-	-	-	-	7,322,444	6,580,392	6,512,473
Water supply	4,988,514	4,578,855	6,124,462	4,305,265	3,930,948	3,608,792	3,618,265	-	-	-
Sewage disposal	5,942,079	5,554,168	6,861,865	5,386,190	5,175,685	4,487,815	4,514,472	-	-	-
Storm water utility	1,245,744	1,245,744	1,242,731	1,336,185	1,030,086	977,604	1,039,151	865,957	1,032,765	891,632
Community services / Recreation and culture	591,566	586,703	1,075,127	585,460	564,667	627,173	385,376	380,639	361,359	384,366
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Depreciation - Unallocated	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	12,747,705	11,962,438	15,572,792	11,593,120	10,701,396	9,926,844	9,557,246	8,592,340	7,994,516	8,757,859
Total Primary Government Expenses	43,894,793	37,958,950	45,225,396	35,212,802	33,462,180	31,657,724	31,419,536	29,460,476	28,228,900	27,988,947
Program Revenues										
Governmental Activities										
Charges for Services	\$ 1,134,353	\$ 1,127,711	\$ 1,359,826	\$ 1,114,877	\$ 1,132,836	\$ 1,221,257	\$ 1,136,397	\$ 1,183,205	\$ 1,218,448	\$ 1,206,989
General government	184,015	196,196	245,345	128,350	189,761	205,75	418,443	290,421	279,723	202,071
Public health	1,179,029	1,278,331	1,295,786	1,278,331	1,063,755	1,298,101	1,446,912	1,271,574	1,066,658	1,205,514
Sanitation	2,687,001	1,973,853	2,048,511	1,478,213	1,249,960	1,377,460	1,240,711	1,363,959	1,470,423	1,255,621
Community services / Recreation and culture	591,373	546,539	676,196	544,566	532,742	467,289	834,142	817,726	786,183	905,996
Operating grants and contributions	4,702,797	2,983,180	2,274,009	934,124	2,493,779	2,274,009	2,522,288	2,656,662	2,560,546	2,392,818
Capital grants and contributions	6,560,733	731,688	202,303	135,960	71,360	93,471	91,364	68,771	68,771	114,702
Total Governmental Activities Program Revenues	17,019,301	8,539,488	8,630,396	5,466,188	7,156,228	7,346,024	7,543,563	7,674,911	7,450,752	7,283,711
Business-Type Activities										
Charges for Services	-	-	-	-	-	-	-	-	-	-
Water supply and sewage disposal	4,341,749	4,190,347	5,051,909	4,281,048	4,265,009	3,868,444	3,693,265	6,471,525	6,095,472	6,025,359
Sewage disposal	5,195,249	4,144,417	6,609,933	5,163,824	5,038,605	4,628,946	3,617,124	-	-	-
Storm water utility	1,241,285	1,213,912	1,414,843	1,045,493	1,097,036	959,570	1,030,634	936,336	862,805	867,963
Community services / Recreation and culture	691,716	1,220,648	1,025,237	486,962	518,836	562,924	343,235	260,882	268,309	284,838
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	275,033	118,089	729,426	749,965	69,271	346,411	11,111	6,830	18,095	25,057
Total Business-Type Activities Program Revenues	11,745,032	10,887,413	14,840,908	11,737,312	10,969,757	10,406,256	8,695,369	8,208,573	7,224,848	-
Total Primary Government Revenues	28,764,333	19,726,911	23,471,304	17,203,500	18,145,985	17,752,319	16,238,932	15,883,484	14,695,433	14,513,559
Net (Expense) Revenue										
Governmental Activities	\$ (14,127,786)	\$ (17,157,014)	\$ (21,022,408)	\$ (18,153,494)	\$ (15,604,596)	\$ (14,318,727)	\$ (13,193,225)	\$ (12,783,632)	\$ (12,783,632)	\$ (11,947,377)
Business-Type Activities	(1,002,674)	(1,075,025)	(731,984)	144,192	285,361	479,651	(861,877)	(373,787)	(749,635)	(1,528,011)
Total Primary Government Net Expense	\$ (15,130,460)	\$ (18,232,039)	\$ (21,754,392)	\$ (18,009,302)	\$ (15,318,195)	\$ (13,905,405)	\$ (15,180,604)	\$ (13,566,992)	\$ (13,533,467)	\$ (13,475,386)
General Revenues and Other Changes in Net Position / Net Assets										
Governmental Activities										
Taxes	\$ 10,940,124	\$ 10,319,719	\$ 13,128,364	\$ 9,393,501	\$ 9,066,039	\$ 8,951,908	\$ 8,935,237	\$ 8,480,442	\$ 8,199,808	\$ 7,579,488
Payments in lieu of taxes	3,436,353	3,456,271	4,225,566	3,367,717	3,138,168	2,777,890	2,638,076	2,332,778	2,647,876	2,370,979
Unrestricted state sources	2,058,219	2,058,219	2,058,219	3,376,889	1,948,939	1,948,939	1,948,939	1,948,939	2,058,219	2,058,219
Interest on sale of capital assets	282,962	219,202	134,258	(47,473)	251,226	119,309	251,949	245,842	482,029	627,856
Gain (loss) on sale of capital assets	854,166	7,384	9,339	1,262	(51,757)	61,862	1,543,022	1,025,349	402,029	-
Miscellaneous	389,389	154,165	352,322	154,680	265,949	112,539	350,313	410,760	432,962	138,306
Transfers	(360,000)	-	(166,410)	(35,321)	(40,596)	(106,128)	(40,056)	(89,625)	(1,718,975)	1,551,006
Total Governmental Activities	17,545,641	16,241,854	20,228,484	16,191,889	14,582,522	13,782,076	15,618,862	14,361,335	12,616,767	14,763,322
Business-Type Activities										
Interest and investment earnings	21,866	22,907	18,541	7,342	9,934	18,001	29,350	58,724	61,743	74,054
Gain on sale of capital assets	-	-	-	5,942	-	-	-	-	-	-
Miscellaneous	-	-	-	-	16,864	497,871	80	15,217	15,217	3,838
Extraordinary item - Winter Storm Damage	-	-	(362,058)	-	-	-	-	-	-	-
Transfers	380,000	-	166,410	50,247	35,321	106,128	40,056	69,625	171,875	(1,951,006)
Total Business-Type Activities	381,866	22,907	(193,517)	63,531	62,119	622,000	89,406	128,429	1,795,935	(1,731,114)
Total Primary Government	\$ 17,927,507	\$ 16,264,761	\$ 20,065,337	\$ 16,255,420	\$ 14,644,641	\$ 14,404,076	\$ 15,688,268	\$ 14,489,764	\$ 14,412,702	\$ 13,260,208
Change in Net Position / Net Assets										
Governmental activities	\$ 3,417,855	\$ (915,180)	\$ (793,924)	\$ (1,961,605)	\$ (1,022,034)	\$ (602,080)	\$ 1,300,135	\$ 1,168,110	\$ (168,865)	\$ 2,815,945
Business-Type activities	(1,002,674)	(1,075,025)	(731,984)	144,192	285,361	479,651	(861,877)	(373,787)	(749,635)	(1,528,011)
Total Primary Government	\$ 2,739,044	\$ (1,990,205)	\$ (1,525,908)	\$ (1,817,413)	\$ (736,673)	\$ (122,429)	\$ 438,258	\$ 794,323	\$ (918,500)	\$ 1,287,934
Total Primary Government	\$ 2,739,044	\$ (1,990,205)	\$ (1,525,908)	\$ (1,817,413)	\$ (736,673)	\$ (122,429)	\$ 438,258	\$ 794,323	\$ (918,500)	\$ 1,287,934

* 2014 is a 15-month fiscal year

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	n/a	n/a	n/a	n/a	n/a	n/a	\$ 691,862	\$ 378,019	\$ 155,423	\$ 362,919
Unreserved	n/a	n/a	n/a	n/a	n/a	n/a	8,905,813	7,914,661	7,525,536	6,212,319
Non-spendable*	\$ 447,303	\$ 414,088	\$ 529,534	\$ 329,423	\$ 307,355	\$ 496,921	n/a	n/a	n/a	n/a
Restricted*	64,618	177,559	223,793	245,597	240,180	3,159,710	n/a	n/a	n/a	n/a
Assigned*	4,466,772	3,863,930	2,888,016	1,503,235	1,501,129	1,498,974	n/a	n/a	n/a	n/a
Unassigned*	8,374,197	8,455,195	9,008,005	8,726,900	8,754,851	4,184,567	n/a	n/a	n/a	n/a
Total General Fund	\$ 13,352,890	\$ 12,910,772	\$ 12,649,348	\$ 10,805,155	\$ 10,803,515	\$ 9,340,172	\$ 9,597,675	\$ 8,292,680	\$ 7,680,959	\$ 6,575,238
All Other Governmental Funds										
Reserved	n/a	n/a	n/a	n/a	n/a	n/a	\$ 1,275,722	\$ 1,653,133	\$ 630,978	\$ 738,103
Unreserved, reported in:										
Special revenue funds	n/a	n/a	n/a	n/a	n/a	n/a	229,228	1,587,331	1,552,428	2,435,075
Capital projects funds	n/a	n/a	n/a	n/a	n/a	n/a	-	108,103	108,103	4,472,029
Debt service funds	n/a	n/a	n/a	n/a	n/a	n/a	509,681	394,785	298,078	-
Non-spendable*	\$ 787,786	\$ 761,387	\$ 744,640	\$ 693,924	\$ 669,565	\$ 659,186	n/a	n/a	n/a	n/a
Restricted*	1,264,343	675,770	483,532	416,098	343,358	259,636	n/a	n/a	n/a	n/a
Assigned*	2,441,230	2,674,404	1,914,986	1,696,230	1,611,847	1,348,749	n/a	n/a	n/a	n/a
Total All Other Governmental Funds	\$ 4,493,359	\$ 4,111,561	\$ 3,143,158	\$ 2,806,252	\$ 2,624,770	\$ 2,267,571	\$ 2,014,631	\$ 3,743,352	\$ 2,589,587	\$ 7,645,207

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

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

	2016	2015	2014 *	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 14,410,979	\$ 13,808,189	\$ 17,400,992	\$ 12,760,678	\$ 12,207,207	\$ 11,668,544	\$ 11,573,313	\$ 10,813,220	\$ 10,847,684	\$ 9,955,477
Federal and state sources	4,481,616	4,435,086	4,996,865	4,008,066	4,083,826	3,866,356	4,146,966	4,321,595	4,868,291	4,488,979
Fines and penalties	70,643	118,012	136,239	113,071	158,192	175,456	298,052	192,373	143,942	99,652
Charges for services	4,868,257	4,265,660	4,565,487	3,542,272	3,656,632	4,038,826	3,631,547	3,684,969	3,353,335	3,509,327
Special assessments	-	14,114	14,114	(23,167)	24,903	32,747	57,507	57,896	61,428	44,179
Intergovernmental	343,530	332,069	383,980	291,264	275,607	261,402	266,980	229,846	205,282	162,210
Investment income	274,997	244,794	136,093	(46,464)	251,125	116,982	265,207	231,468	502,924	838,865
Other revenues	13,129,529	1,737,101	1,391,520	1,040,449	1,348,577	1,289,912	3,042,582	2,548,765	1,783,141	1,417,338
Total Revenues	\$ 37,579,551	\$ 24,955,025	\$ 29,025,290	\$ 21,686,169	\$ 22,006,069	\$ 21,452,225	\$ 23,282,154	\$ 22,080,132	\$ 21,766,027	\$ 20,496,027
Expenditures										
General government	5,584,909	4,417,297	5,318,165	4,095,556	3,404,021	3,299,714	3,310,799	3,778,091	3,277,349	3,148,954
Public health and safety	7,366,980	7,278,038	8,802,764	7,078,837	6,458,878	6,275,530	6,063,263	5,438,693	5,293,882	5,008,943
Public works	3,963,721	3,742,907	4,350,493	3,407,456	3,611,473	3,804,789	4,140,899	3,597,673	3,816,279	3,035,467
Highway and streets	2,248,698	2,587,576	3,206,071	2,136,893	2,057,934	2,483,106	2,430,655	2,738,187	2,293,033	2,265,398
Social services and community development	580,937	532,432	634,983	458,863	435,328	489,211	818,720	730,012	341,963	355,193
Sanitation	2,644,699	1,892,278	1,946,799	1,515,690	1,299,279	1,510,153	1,281,584	1,313,919	1,425,630	1,230,891
Community services / Recreation and culture	1,279,432	1,111,815	1,437,392	1,120,833	1,057,596	933,406	1,273,468	1,224,283	1,377,627	1,325,545
Capital outlay	8,819,107	1,126,282	1,629,475	1,333,372	1,268,591	1,031,817	2,825,517	2,363,024	7,042,207	3,760,586
Other expenditures	-	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Professional and contractual	320	17,127	31,950	36,242	15,595	345	877	59,114	-	298,796
Principal	2,745,388	1,459,316	1,427,363	1,205,973	1,111,502	1,042,166	1,228,215	2,270,127	1,437,359	952,788
Interest	789,199	710,837	795,144	780,142	789,076	813,055	853,446	799,126	906,149	628,993
Total Expenditures	\$ 36,023,390	\$ 24,875,905	\$ 29,580,609	\$ 23,169,857	\$ 21,509,273	\$ 21,683,292	\$ 24,227,443	\$ 24,312,249	\$ 27,211,478	\$ 22,011,554
Excess of revenues over (under) expenditures	1,556,161	79,120	(555,319)	(1,483,688)	496,796	(231,067)	(945,289)	(2,232,117)	(5,445,451)	(1,515,527)
Other Financing Sources (Uses)										
Proceeds from borrowing	-	712,237	4,512,900	1,253,745	1,076,000	-	-	5,959,250	3,209,234	10,819,061
Premium on bond issuance	-	24,675	78,578	65,117	21,373	-	-	168,574	-	3,792
Receipts from other governments	-	-	-	-	746,069	-	-	-	-	-
Payments to other governments	-	-	-	-	(746,069)	-	-	-	-	-
Extinguishment of debt	-	-	-	-	-	-	-	-	-	-
Payments to escrow agent	-	-	(2,315,000)	-	-	-	-	(2,447,038)	-	(5,082,566)
Transfers in	5,474,911	4,676,731	4,301,543	3,669,697	3,305,244	4,554,903	4,481,891	5,521,204	7,722,687	5,082,450
Transfers out	(5,517,518)	(4,262,936)	(3,841,603)	(3,321,749)	(3,078,871)	(4,396,086)	(4,263,514)	(5,204,387)	(9,436,369)	(3,148,031)
Total Other Financing Sources (Uses)	(42,607)	1,150,707	2,736,418	1,686,810	1,323,746	158,817	218,377	3,997,603	1,495,552	7,674,706
Net change in fund balances	\$ 1,513,554	\$ 1,229,827	\$ 2,181,099	\$ 183,122	\$ 1,820,542	\$ (72,250)	\$ (726,912)	\$ 1,765,486	\$ (3,949,899)	\$ 6,159,179
Debt Service as a Percentage of Non-capital Expenditures	13.10%	9.42%	7.98%	9.15%	9.46%	9.18%	10.00%	14.23%	11.85%	8.75%

* 2014 is a 15-month fiscal year

CITY OF MARQUETTE, MICHIGAN

General Governmental Expenditures by Functions ^(A)

Last Ten Fiscal Years

	2016	2015	2014 *	2013	2012	2011	2010	2009	2008	2007
General Government	\$ 5,584,909	\$ 4,417,297	\$ 5,318,165	\$ 4,095,556	\$ 3,404,021	\$ 3,299,714	\$ 3,310,705	\$ 3,778,091	\$ 3,277,349	\$ 3,148,815
Public Health and Safety	7,366,980	7,278,038	8,802,764	7,078,837	6,458,878	6,275,530	6,063,263	5,438,693	5,293,883	5,008,943
Highways, Streets and Bridges	6,212,419	6,330,483	7,556,564	5,544,349	5,669,407	6,287,895	6,571,554	6,335,860	6,109,312	5,300,865
Sanitation	2,644,699	1,892,278	1,946,799	1,515,690	1,299,279	1,510,153	1,281,584	1,313,919	1,425,630	1,230,891
Social Services	580,937	532,432	634,993	458,863	435,328	489,211	818,720	730,012	341,963	355,193
Recreation and Culture	1,279,432	1,111,815	1,437,392	1,120,833	1,057,596	933,406	1,273,468	1,224,283	1,377,627	1,325,545
Capital Outlay	560,136	1,098,782	1,629,475	1,333,372	1,268,591	1,031,817	2,825,517	798,282	299,780	367,866
Debt Service	-	16,557	13,676	13,910	15,250	-	199,631	462,000	485,028	485,595
TOTALS	\$ 24,229,512	\$ 22,677,682	\$ 27,339,828	\$ 21,161,410	\$ 19,608,350	\$ 19,827,726	\$ 22,344,442	\$ 20,081,140	\$ 18,610,572	\$ 17,223,713

* 2014 is a 15-month fiscal year

^(A) Includes General and Special Revenue Funds

CITY OF MARQUETTE, MICHIGAN

General Revenues by Sources ^(A)

Last Ten Fiscal Years

	2016	2015	2014 *	2013	2012	2011	2010	2009	2008	2007
Property Taxes	\$ 10,974,626	\$ 10,356,018	\$ 13,175,326	\$ 9,394,438	\$ 9,068,039	\$ 8,950,947	\$ 8,935,237	\$ 8,480,442	\$ 8,199,808	\$ 7,579,498
Payments in lieu of property taxes	3,436,353	3,452,171	4,225,666	3,366,240	3,139,168	2,717,597	2,638,076	2,332,778	2,647,876	2,375,979
State and Federal sources	4,481,616	4,435,086	4,996,865	4,008,066	4,083,826	3,866,356	4,146,966	4,321,595	4,868,291	4,427,476
Intergovernmental revenue	343,530	332,069	383,980	291,264	275,607	261,402	266,980	229,846	205,282	162,210
Licenses and permits	76,971	49,129	47,364	33,492	35,076	37,472	36,928	35,078	33,354	33,574
Charges for services	4,842,812	4,248,375	4,531,042	3,516,067	3,642,417	4,021,532	3,612,419	3,661,578	3,335,860	3,489,134
Sales	40,579	34,753	49,080	48,167	18,415	23,379	159,410	170,526	162,349	177,963
Use and admission fees	404,027	397,096	446,695	415,920	445,101	442,141	667,473	635,285	622,400	680,392
Fines and forfeits	70,643	118,012	136,239	113,071	158,192	175,456	298,052	192,373	143,942	99,652
Rentals	142,944	108,235	185,228	122,159	130,515	119,710	90,949	88,727	83,776	158,526
Special assessments	-	14,114	14,114	(23,167)	24,903	32,747	57,507	57,896	61,428	44,179
Sale of assets	8,800	-	9,540	1,262	201,614	61,862	1,543,122	1,025,349	251,171	-
Contribution from private sources	2,033,273	409,214	208,640	216,197	173,332	403,618	131,814	92,542	103,756	124,718
Reimbursements	168,869	142,552	303,668	148,441	87,621	36,037	44,632	124,190	268,727	49,910
Investment income	249,251	219,921	141,452	(1,313)	234,182	131,891	250,856	241,972	402,363	614,673
Other revenue	274,247	96,122	95,892	54,791	256,903	165,692	368,254	377,068	253,355	192,255
TOTAL	\$ 27,548,541	\$ 24,412,867	\$ 28,950,791	\$ 21,705,095	\$ 21,974,911	\$ 21,447,639	\$ 23,248,675	\$ 22,067,245	\$ 21,643,738	\$ 20,210,139

* 2014 is a 15-month fiscal year

^(A) Includes General and Special Revenue Funds

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

Fiscal Year Ended	Residential Property	Commercial Property	Industrial Property	Less: Tax Exempt Property	Total	
					Taxable Assessed Value	Total Direct
June 30, 2007	\$ 677,157,600	\$ 942,051,800	\$ 201,124,600	\$ 671,612,000	\$ 1,148,722,000	17.458
June 30, 2008	745,172,800	972,932,800	201,442,400	671,485,600	1,248,062,400	17.342
June 30, 2009	807,892,400	1,015,862,600	193,538,600	671,909,200	1,345,384,400	17.283
June 30, 2010	830,577,700	1,031,887,000	201,423,800	672,005,600	1,391,882,900	17.283
June 30, 2011	838,863,600	1,028,459,800	200,971,400	672,231,000	1,396,063,800	17.263
June 30, 2012	847,599,900	1,030,654,000	201,107,200	675,404,400	1,403,956,700	17.253
June 30, 2013	875,868,800	1,018,676,400	207,203,800	675,331,400	1,426,417,600	17.243
September 30, 2014	883,211,800	1,113,465,600	220,136,800	675,331,400	1,541,482,800	17.143
September 30, 2015	902,211,400	1,136,314,200	215,601,400	675,331,400	1,578,795,600	17.153
September 30, 2016	939,829,600	1,152,263,200	230,026,000	675,331,400	1,646,787,400	17.153

Source: City of Marquette Assessor's Department.

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to 50% of true cash value. Tax rates are per \$1,000 of taxable value.

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

Fiscal Year Ended	City Direct Rates				(A)		(B)	
	General Fund	Senior Services Fund	Library Fund	Debt Service Funds	Total Direct	Overlapping Rates *		Total
						Marquette Area Public School District	County of Marquette	
June 30, 2007	15.273	-	1.405	0.780	17.458	7.500	9.622	34.580
June 30, 2008	15.273	-	1.389	0.680	17.342	7.300	9.520	34.162
June 30, 2009	15.273	-	1.370	0.640	17.283	7.200	9.421	33.904
June 30, 2010	14.923	0.350	1.370	0.640	17.283	7.200	9.447	33.930
June 30, 2011	14.923	0.350	1.370	0.620	17.263	6.950	9.721	33.934
June 30, 2012	14.923	0.350	1.370	0.620	17.263	6.950	9.910	34.123
June 30, 2013	14.923	0.350	1.370	0.600	17.243	6.900	9.945	34.088
September 30, 2014	14.923	0.350	1.370	0.500	17.143	6.550	9.844	33.537
September 30, 2015	14.923	0.350	1.370	0.510	17.153	7.500	9.940	34.593
September 30, 2016	14.923	0.350	1.370	0.510	17.153	7.530	9.940	34.623

Source: City of Marquette Treasurer's Department.

Note: Rates for debt service are set based on each year's requirements.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Marquette.

(A) - Includes Debt Service

(B) - Includes Intermediate School District, Special Education, County Wide Transit, County Medical Facility, and Heritage Authority.

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

Taxpayer	2016			2007		
	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	14.82%	\$ 98,149,600	1	15.73%
DLP Marquette General Hospital	52,031,183	2	7.20%			
Marquette Medical Dental Center	11,744,869	3	1.63%	10,241,278	2	1.69%
American Transmission Co. LLC	5,611,300	4	0.78%			
HJ Larson & Associates, Inc	4,699,821	5	0.65%	3,997,899	4	0.64%
Tourville, Inc.	4,537,737	6	0.63%	3,948,800	5	0.63%
O'Dovero Properties	4,523,266	7	0.63%	4,445,112	3	0.71%
Veridea Group LLC	4,159,432	8	0.58%			
TJ & RM Larson, Inc	3,579,500	9	0.50%			
Mill Creek Community	3,030,300	10	0.42%			
Shopko Properties Spe. Real Estate				3,022,700	6	0.48%
Marquette General Hospital				2,343,493	7	0.38%
Dagnais Real Estate Inc.				2,278,806	8	0.37%
MFC First National Bank				2,266,258	9	0.36%
Marquette Golf & Country Club				2,233,296	10	0.36%
Total	\$ 201,020,508		27.84%	\$ 132,927,242		21.35%

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		Delinquent Personal Property Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
June 30, 2007	\$ 8,812,414	\$ 8,812,414	100.00%	\$ 4,529	\$ 8,812,414	100.00%
June 30, 2008	9,252,961	9,252,961	100.00%	7,450	9,252,961	100.00%
June 30, 2009	9,996,011	9,996,011	100.00%	5,209	9,996,011	100.00%
June 30, 2010	10,531,476	10,509,182	99.79%	12,073	10,521,255	99.90%
June 30, 2011	10,550,308	10,480,552	99.34%	25,204	10,505,757	99.58%
June 30, 2012	10,742,698	10,678,804	99.41%	22,401	10,701,205	99.61%
June 30, 2013	11,085,214	11,026,051	99.47%	15,856	11,041,907	99.61%
September 30, 2014	12,431,713	12,407,485	99.81%	20,697	12,428,182	99.97%
September 30, 2015	12,626,455	12,143,370	96.17%	16,908	12,160,278	96.31%
September 30, 2016	12,699,290	12,417,876	97.78%	35,365	12,453,241	98.06%

Source: Marquette City Treasurer's Department.

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

Fiscal Year	Governmental Activities					Business-Type Activities							Percentage of Personal Income ^a	Total Primary Government	Per Capita ^a
	General Obligation Bonds	Installment Purchase	Building Authority Bonds	Transportation Bonds	State Infrastructure Bank Note	State Revolving Loan	Water & Sewer Bonds*	Water Bonds*	Sewer Bonds*	Storm Water Bond	Marina Bond				
2007	\$ 14,151,087	\$ 245,439	\$ 3,945,000	\$ 735,000	\$ 994,481	\$ 209,061	\$ 9,188,751	\$ -	\$ -	\$ 820,000	\$ 530,000	\$ 30,818,819	5.83%	\$ 30,818,819	1,497
2008	16,270,200	175,500	3,630,000	380,000	911,607	684,636	12,149,606	-	-	2,248,385	460,000	36,909,934	6.80%	36,909,934	1,802
2009	19,007,695	-	-	195,000	828,734	684,636	15,544,376	-	-	4,707,930	385,000	41,353,371	7.15%	41,353,371	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%	39,085,728	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%	37,251,605	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%	38,797,365	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%	39,347,209	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%	43,368,384	2,031
2015	17,865,116	-	-	-	331,496	150,079	-	9,196,194	10,182,009	4,548,246	192,829	42,485,969	5.82%	42,485,969	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%	37,468,537	1,748

* - 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
	General Obligation Bonds			
2007	\$ 20,280,068		1.77%	\$ 989.85
2008	22,051,943		1.77%	1,061.21
2009	20,716,065		1.54%	990.44
2010	19,022,298		1.37%	905.65
2011	17,980,132		1.29%	854.77
2012	17,944,630		1.28%	840.30
2013	17,992,399		1.26%	842.54
2014	19,084,674		1.24%	892.52
2015	18,346,691		1.16%	858.65
2016	15,580,486		0.95%	727.04

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, 2016

Governmental Unit	Overlapping Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
DIRECT DEBT			
City of Marquette	\$ 15,580,486	100.00%	\$ 15,580,486
		TOTAL DIRECT DEBT	<u>15,580,486</u>
OVERLAPPING DEBT			
County School District	7,825,000	62.31%	4,875,758
Library Improvements	675,000	100.00%	675,000
Tax Increment Bonds - DDA	1,180,000	100.00%	1,180,000
2010 Capital Improvement - BRFA	815,000	100.00%	815,000
2010 Recovery Zone Facility - BRFA	370,000	100.00%	370,000
2013 Capital Improvement - BRFA	265,000	100.00%	265,000
2016 Tax Increment Bonds - BRFA	17,195,000	100.00%	<u>17,195,000</u>
		TOTAL OVERLAPPING DEBT	<u>25,375,758</u>
		TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$ 40,956,244</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Marquette County Board of Equalization and Assessment. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Marquette. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF MARQUETTE, MICHIGAN
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2016 ^a	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 83,770,539	\$ 83,141,190	\$ 77,218,149	\$ 71,320,880	\$ 70,197,835	\$ 69,803,190	\$ 69,594,145	\$ 67,269,221	\$ 62,403,120	\$ 50,273,175
Total net debt applicable to limit	52,299,914	18,346,691	19,084,674	17,992,399	17,944,630	17,980,132	19,022,298	20,716,065	22,051,943	20,280,068
Legal Debt Margin	\$ 31,470,625	\$ 64,794,499	\$ 58,133,475	\$ 53,328,481	\$ 52,253,205	\$ 51,823,058	\$ 50,571,847	\$ 46,553,156	\$ 40,351,177	\$ 29,993,107
Total net debt applicable to the limit as a percentage of debt limit	62.43%	22.07%	24.72%	25.23%	25.56%	25.76%	27.33%	30.80%	35.34%	40.34%
Legal Debt Margin Calculation for Fiscal Year 2016:										
State Equalized Assessed Value (SEV)	\$ 837,705,390									
Debt limit (10% of total assessed value)	83,770,539									
Debt applicable to limit:										
General obligation bonds included in										
Governmental Activities	15,580,486									
Business-Type Activities	18,005,726									
Component units	19,320,000									
Less:										
Deferred amounts on bonds										
Governmental Activities	240,014									
Business-Type Activities	366,284									
Amount set aside for repayment of										
general obligation debt	-									
Total net debt applicable to limit	52,299,914									
Legal debt margin	\$ 31,470,625									

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	Principal	Interest	Coverage	Gross Revenue (2)	Less: Operating Expenses	Net Revenue Available for Debt Service	Principal	Interest	Coverage
2007	\$ 6,117,237	\$ 6,212,183	\$ (94,946)	\$ 640,000	\$ 172,915	(0.12)	\$ 301,757	\$ 373,136	\$ (71,379)	\$ 70,000	\$ 16,413	(0.83)
2008	6,211,078	6,237,878	(26,800)	590,000	155,115	(0.04)	280,356	362,092	(81,736)	70,000	15,916	(0.95)
2009	6,520,685	6,855,806	(335,121)	480,000	137,415	(0.54)	262,135	374,556	(112,421)	75,000	14,594	(1.25)
Water Supply Bonds (A)												
2010	3,714,922	3,228,386	486,536	410,000	121,815	0.91	343,235	367,997	(24,762)	70,000	12,512	(0.30)
2011	3,880,222	3,439,781	440,441	410,000	107,465	0.85	297,162	363,968	(66,806)	75,000	10,244	(0.78)
2012	4,271,860	3,580,239	691,621	430,000	92,090	1.32	341,299	413,533	(72,234)	75,000	7,713	(0.87)
2013	4,283,280	3,960,960	322,320	450,000	75,965	0.61	275,212	399,905	(124,693)	80,000	4,900	(1.47)
2014 (B)	5,071,974	5,716,042	(644,068)	490,000	39,469	(1.22)	659,458	824,831	(165,373)	85,000	1,700	(1.91)
2015	4,202,649	4,265,003	(62,354)	495,000	12,500	(0.12)	921,244	403,951	517,293	-	-	-
2016	4,353,648	4,683,258	(329,610)	335,000	6,312	(0.97)	343,931	394,207	(50,276)	-	-	-

Fiscal Year	Stormwater Utility Bonds						Electric Utility Bonds					
	Gross Revenue (3)	Less: Operating Expenses	Net Revenue Available for Debt Service	Principal	Interest	Coverage	Gross Revenue	Less: Operating Expenses	Net Revenue Available for Debt Service	Principal	Interest	Coverage
2007	\$ 844,869	\$ 838,382	\$ 6,487	\$ 245,000	\$ 53,250	0.02	\$ 24,791,443	\$ 20,413,191	\$ 4,378,252	\$ 2,695,000	\$ 291,975	1.47
2008	872,100	987,529	(115,429)	255,000	45,236	(0.38)	27,107,395	20,994,867	6,112,528	2,790,000	203,040	2.04
2009	944,647	675,534	269,113	275,000	21,375	0.91	27,517,310	23,637,370	3,879,940	2,700,000	51,300	1.41
2010	1,031,968	831,113	200,855	290,000	7,250	0.68	27,537,303	26,930,109	607,194	-	-	-
2011	1,000,619	810,311	190,308	-	-	-	29,046,768	28,029,914	1,016,854	-	-	-
2012	1,097,483	858,082	239,401	-	-	-	30,884,443	30,944,182	(59,739)	675,000	352,027	(0.06)
2013	1,046,021	1,153,256	(107,235)	-	-	-	31,827,224	34,351,855	(2,524,631)	765,000	263,000	(2.46)
2014 (B)	1,415,211	1,280,283	134,928	-	-	-	41,876,891	42,182,318	(305,427)	795,000	232,400	(0.30)
2015	1,214,292	1,070,879	143,413	-	-	-	35,047,774	33,338,495	1,709,279	831,768	202,003	1.65
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

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
2007	20,488	\$ 543,054,928	\$ 26,506	30.6	12.8	3,449	6.3%
2008	20,780	578,660,660	27,847	30.6	12.8	3,291	6.3%
2009	20,916	582,447,852	27,847	30.6	12.8	3,221	9.5%
2010	21,004	647,721,352	30,838	32.2	12.8	3,148	10.7%
2011	21,035	671,849,655	31,940	29.1	12.8	3,097	9.1%
2012	21,355	678,811,385	31,787	29.1	12.8	3,047	5.3%
2013	21,355	695,212,025	32,555	29.1	12.8	3,111	5.2%
2014	21,383	730,037,003	34,141	30.7	12.8	3,242	5.1%
2015	21,367	750,216,737	35,111	29.1	12.8	3,251	4.0%
2016	21,430	763,465,180	35,626	29.1	12.8	3,201	3.4%

Sources: Population, personal income, and per capital income provided by the U.S. Department of Commerce, Bureau of Economic Analysis.

Median age provided by the U.S. Bureau of Census.

Education and school enrollment provided by from Marquette-Alger Regional Education Service Agency.

Unemployment provided from the Michigan Employment Security Commission.

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

Taxpayer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Marquette General Health Systems	2,619	1	7.62%	2,398	1	6.68%
Cleveland Cliffs	1,600	2	4.65%	1,300	2	3.62%
Northern Michigan University	918	3	2.67%	1,155	3	3.22%
Peninsula Medical Center	744	4	2.16%	630	4	1.76%
Westwood Mall Merchants	500	5	1.45%	500	5	1.39%
Michigan Department of Corrections	388	6	1.13%	425	7	1.18%
Marquette Area Public School District	382	7	1.11%	425	6	1.18%
Wal-Mart Stores, Inc.	380	8	1.11%			0.00%
Bell Memorial Health System	370	9	1.08%	335	8	0.93%
American Eagle Airlines, Inc.	253	10	0.74%			0.00%
County of Marquette				283	9	0.79%
AMR Regional Aircraft Maintenance Facility				225	10	0.63%
Total	8,154		23.72%	7,676		21.38%

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

Function/Program	(Full-Time Equivalent Employees)									
	2016	2015	2014	2013	2012	2011	June 30, 2010	2009	2008	2007
General Government	27	27	27	28	27	27	26	24	26	26
Administration Services										
Public Health and Safety										
Police Officers	37	39	38	39	39	38	38	38	37	39
Firefighters and Officers	26	26	26	26	26	26	26	26	25	25
Public Works	36	36	37	36	28	29	29	31	32	33
Highway and Streets	8	8	8	8	9	12	12	11	11	11
Social Services	4	4	4	4	4	4	4	4	4	4
Recreation and Culture	4	4	4	4	5	6	6	7	7	6
Storm Water	1	1	1	1	1	1	1	1	1	1
Motor Pool	7	7	7	7	8	8	7	7	7	7
Water	13	13	13	13	13	14	13	15	15	15
Wastewater	10	10	9	8	9	9	9	9	9	9
Library	12	13	13	12	13	14	14	14	15	14
Total	185	188	187	186	182	188	185	187	189	190

Source: City Human Resources Department

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

Function/Program	Fiscal Year									
	2016	2015	2014 *	2013	2012	2011	2010	2009	2008	2007
Police										
Physical arrests	666	903	1,418	1,228	1,398	1,544	1,447	1,571	1,411	1,424
Parking violations	3,438	5,401	7,057	7,348	6,234	7,434	7,932	9,512	9,870	8,888
Traffic violations	4,354	4,299	4,916	2,666	2,963	2,333	2,262	2,542	2,105	2,910
Fire										
Emergency responses	1,323	923	1,030	842	803	783	681	630	562	638
Fires extinguished	21	22	31	34	35	41	28	57	22	29
Inspections	1,570	782	1,852	3,256	2,239	1,247	914	741	781	705
Refuse collection										
Refuse collected (tons per week)	49.0	47.6	54.8	51.9	49.2	53.7	55.2	55.4	56.8	57.4
Recycling (tons per week)	13.4	14.9	15.0	15.1	15.0	16.1	12.6	13.0	15.3	17.2
Other public works										
Street resurfacing (miles)	2.8	3.0	5.6	2.6	2.9	3.0	2.6	1.6	0.3	2.3
Potholes repaired	-	-	-	-	-	-	-	-	-	108
Parks and recreation										
Total Campers	26,715	22,867	18,744	17,014	11,592	11,592	10,380	8,771	8,756	9,308
Beach Attendance	19,285	32,952	16,943	28,687	21,989	35,389	24,317	33,939	28,939	29,557
Library										
Volumes in collection	237,013	243,147	248,447	250,022	246,979	241,924	234,018	224,821	220,812	214,802
Total volumes borrowed	254,758	274,698	353,038	311,041	356,154	362,099	355,489	343,002	327,787	335,991
Water										
Consumers	6,154	6,193	6,178	6,144	6,101	5,911	5,871	5,832	5,801	5,739
Water mains breaks	-	-	-	-	-	4	15	15	12	
Average daily consumption (millions of gallons)	2.25	2.31	2.62	2.45	2.45	2.35	2.55	2.58	2.75	2.77
Wastewater										
Average daily sewage treatment (millions of gallons)	3.03	3.22	3.19	2.83	2.67	2.77	2.71	2.58	3.09	3.04

* 2014 is a 15-month fiscal year

Source: Various City Departments

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

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	99.0
Streetlights	2,524	2,345	2,345	2,345	2,345	2,345	2,345	2,345	2,317	2,317
Parks and recreation										
Parks	20	19	19	19	19	19	19	19	19	19
Playfields	12	12	12	12	12	13	13	13	13	13
Marina	2	2	2	2	2	2	2	2	2	2
Camping Spaces	110	110	110	110	110	110	110	110	110	110
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	98.8	98.7	98.7	98.7	98.1	98.1	98.1	98.1	98.1	96.5
Wastewater										
Sanitary sewers (miles)	88.8	88.7	88.7	88.7	88.7	88.3	88.3	88.3	88.3	93.0
Storm sewers (miles)	52.8	52.6	52.6	52.6	52.1	61.7	50.2	50.2	49.0	59.0

Source: Various City Departments

CITY OF MARQUETTE, MICHIGAN
COMPLIANCE SUPPLEMENT



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

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

We have audited the 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, 2016, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated March 27, 2017. Our report includes a reference to other auditors who audited the financial statements of the Board of Light and Power, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Marquette, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson, Tackman & Company, PLLC

Certified Public Accountants
Marquette, Michigan

March 27, 2017