



**CITY OF MARSHALL  
CALHOUN COUNTY, MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2018**

# **CITY OF MARSHALL, MICHIGAN**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2018

Prepared by: Finance Department

### **Finance Director**

Jon Bartlett

### **Treasurer**

William Dopp

### **Staff**

Julie Cain-Derouin, Assessor

Kate Chism, Utility Billing

*Position Currently Open*, Receptionist / Cashier

Cassandra Heitfeld, Payroll / Accounting Clerk

Christy Ramey, Purchasing Agent

Cindy Tanner, Accountant

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## **INTRODUCTORY SECTION**



December 14, 2018

To the Honorable Mayor & City Council, and Citizens of the City of Marshall:

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of 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.

Gabridge & Company, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Marshall’s financial statements for the year ending June 30, 2018. The independent auditor’s report is located at the front of the financial section of this report.

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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Marshall, founded in 1830, is located in the south-central part of the state. It currently occupies approximately 7.5 square miles and, according to the 2010 US Census, serves a population of 7,088. The City of Marshall is empowered to levy a property tax on real & personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation and PA 425 Conditional Land Transfers, which it has done from time to time.

The City of Marshall operates under the Mayor-Council form of government. Policy-making and legislative authority are vested in the governing council (Council) consisting of the Mayor and six other members. Council members serve four-year terms, with three members elected every two years. The Mayor is elected for a two-year term. The Mayor, with Council approval, appoints the Marshall City Manager, who in turn appoints City department heads and directors. The City Attorney is appointed by the Mayor, with Council approval.

The City of Marshall provides a full range of services, including police and fire protection; snow and leaf removal; traffic control; on- and off-street parking; building inspections; licenses and permits; the construction and maintenance of streets, and other infrastructure; recreational and cultural activities; Federal

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subsidized housing; and transit services. The City of Marshall is a public power community, providing electric, water, and wastewater services to the City and surrounding townships. On March 20, 2017, Council approved the construction of a high-speed fiber-optic utility for Marshall City residents and it is expected to be completed in 2019.

The Council is required to adopt an initial budget for the fiscal year no later than the first meeting in June preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Marshall's financial planning and control. The budget is prepared by fund, function (e.g., General Fund), and department (e.g., police). Department heads may request transfers of resources within a department as they see fit. Transfers in excess of \$20,000 needs approval from City Council.

### **Local Economy**

The City of Marshall is a rural metropolitan area located near the intersection of two major interstates. The City of Marshall is the home for many corporations, and functions as a central shopping area for the surrounding community. Major industries located within the government's boundaries or in close proximity include hospitals, computer hardware and software support firms, automotive supply and other assorted manufacturing, retail stores, and several financial institutions and insurance agencies. Marshall School district and the City of Marshall also have a significant economic presence, employing nearly 300 teachers, professionals, and support staff.

Because of its varied economic base, unemployment has been relatively stable except during the three years between 2009 and 2011. During the past ten years, the unemployment rate rose from an initial low of 6.9 percent (2004) to a decade high of 13.6 percent in the year 2009. The City of Marshall continues to experience unemployment rates slightly higher than state and national averages. According to Homefacts.com, the City of Marshall's current unemployment rate was 3.8% compared to 3.7% nationally and 3.8% for the State of Michigan.

According to Homefacts.com, the City's median family income was \$44,635, compared to the national average of \$55,775. The City's population remains steady at 7,038. Despite the softening of the housing market, housing values in the vicinity of the City of Marshall continue to remain strong due to a short supply of houses for sale. The median value of an owner-occupied home in the City of Marshall was \$108,400, as compared to \$101,400 for Calhoun County overall and \$137,500 for the State of Michigan.

Due to its strong and healthy local economy, the City of Marshall received a credit rating of AA- from Standard & Poor's Service in 2014, an increase from A+ in the prior period.

Over the past year, the City experienced a comfortable period of economic growth and investment. Three downtown rehabilitation projects converting obsolete or



underutilized buildings into mixed use commercial and residential housing were completed in 2018.

During the past ten years, the government's expenditures related to public safety have increased not only in amount, but also as a percentage of total expenditures in the General Fund, currently at 46.85%. Much of this increase reflects a regional trend that has seen the salaries and benefits of police and firefighters growing at a much faster rate than those of other categories of public-sector employees.

### **Long-term Financial Planning and Major Initiatives**

City Council and Administrative Staff are in the process of developing a ten-year budget model for all funds and activities. This budget model is being built with parameters set forth by Council and staff that were discussed over several work sessions, and is a continuous work in progress.

As part of its strategic plan, the Council also envisions the continued revitalization of Marshall's Downtown corridor and expansion of the City's Industrial Park. A close working relationship with the Marshall Area Economic Development Alliance (MAEDA) is intended to assure that the needs of the community and the City are both accomplished.

As previously mentioned, the City of Marshall has undergone a recent period of comfortable growth and expansion, as reflected by an increase in residential and commercial building permits.

As an example of the aforementioned development, this past two years the City sold a city owned vacant three-story building in the downtown area to a private investor. The rehabilitation of this building has been completed with a pub style restaurant, 7 apartments, and 2 boutique hotel suites.

The City of Marshall operates a senior residence facility called Marshall House Apartments. The facility receives rent subsidies through the U.S. Department of Housing and Urban Development to offset reduced rents for qualified residents. In 2015, Marshall House conducted a Rent Comparability Study that was approved by the Department of Housing and Urban Development (HUD) that will ensure the viability of Marshall House for the near term future. The Marshall House recently installed two new elevators at the facility at a cost of over \$450,000.

The City of Marshall maintains a six-year Capital Improvement Program which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. This process gives the City of Marshall the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with the City's capital projects and budgets resources accordingly. The City of Marshall maintains a vehicle replacement policy which serves as its fleet replacement guide over a ten-year period. The Regional Law Enforcement Center, completed in 2016, is a

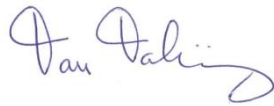
cooperative project with Calhoun County and the State of Michigan. While the City will own the structure, long-term lease agreements with the County and State will provide for sharing of operational costs. The fiscal year 2018-2019 Capital Improvement Program anticipates \$222,550 in capital projects for vehicle replacement, equipment maintenance, and infrastructure upgrades.

### **Relevant financial policies**

The City of Marshall has adopted a comprehensive set of financial policies. The Marshall City Council reviewed and adopted new financial policies in February 2016. These policies include the Investment Policy, Fund Balance Reserves Policy, Debt Management Policy, and the Capital Improvement Program Policy. In addition, City administration has recently adopted a City Credit Card Policy and a new Fixed Asset/Capital Purchase Policy.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the City of Marshall. We wish to thank all departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Marshall's finances.

Respectfully submitted,



Tom Tarkiewicz, City Manager



Jon B. Bartlett, Finance Director

# **CITY OF MARSHALL, MICHIGAN**

## **ELECTED AND APPOINTED OFFICIALS**

FOR THE YEAR ENDED JUNE 30, 2018

### **Elected Officials**

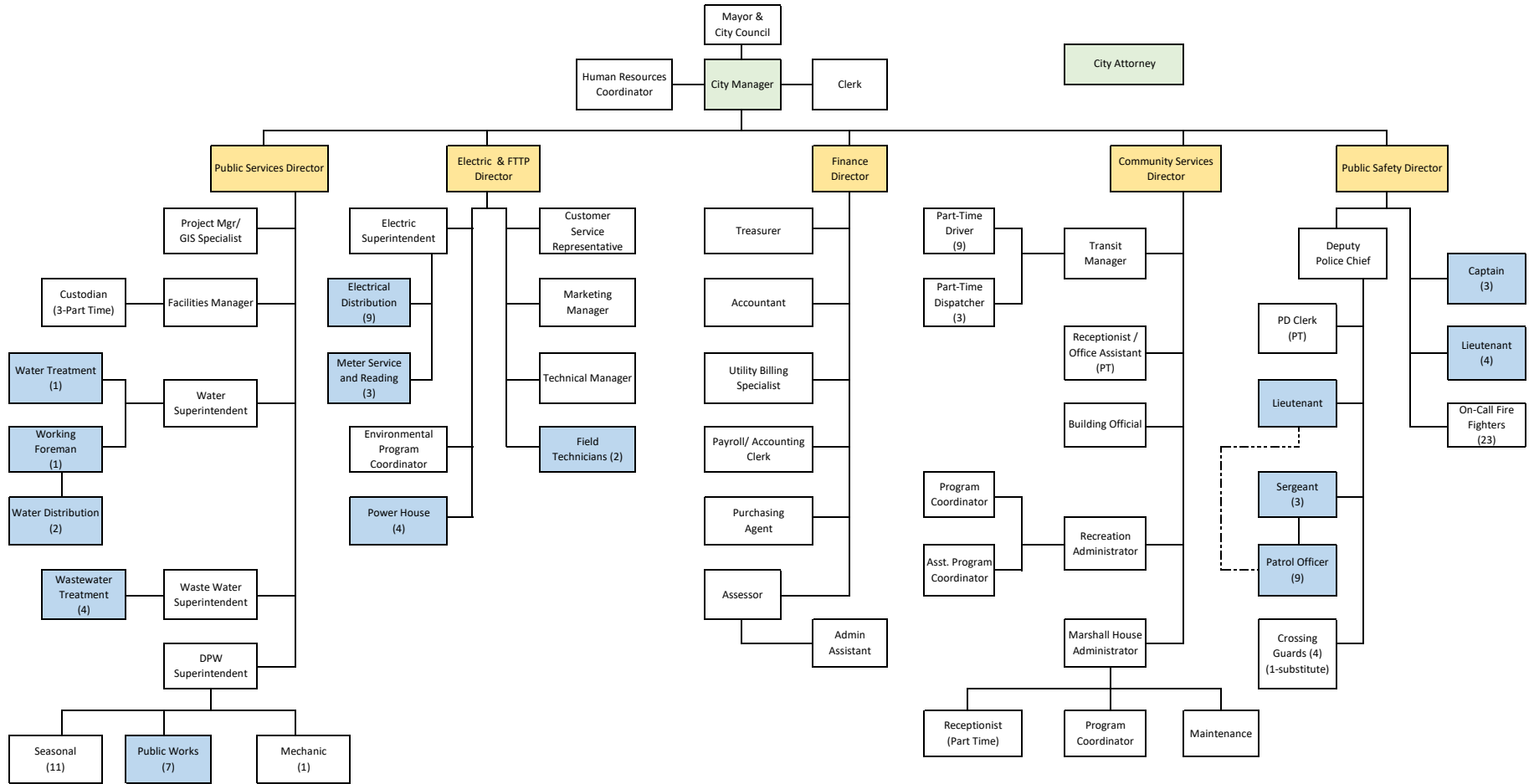
Jack Reed	Mayor
Kari Schurig	Ward 1 Councilmember
Nick Metzger	Ward 2 Councilmember
Brent Williams	Ward 3 Councilmember
Michael McNeil	Ward 4 Councilmember
Robert Costa	Ward 5 Councilmember
Joe Caron	At-Large Councilmember

### **Appointed Officials**

Tom Tarkiewicz	City Manager
Trisha Nelson	City Clerk
William Dopp III	Treasurer
Julie Cain-Derouin	Assessor
James Dyer	City Attorney

# City of Marshall - Organization Chart

Revised 11/28/17





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Marshall  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Commission  
City of Marshall, 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 the City of Marshall, Michigan, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Marshall, Michigan's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Michigan, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 19 to the financial statements, during the year ended June 30, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of implementing this pronouncement, the City's net OPEB liability has been recognized on the government-wide statements and, as discussed in Note 14, the 2018 financial statements have been restated. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension and OPEB schedules, 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marshall, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, Dial-A-Ride transportation fund transit schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The combining and individual nonmajor fund financial statements, along with the Dial-A-Ride transportation fund transit schedules, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, along with the Dial-A-Ride transportation fund transit 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of the City of Marshall, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marshall, Michigan's internal control over financial reporting and compliance.



Grand Rapids, Michigan  
December 14, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management for the City of Marshall, Michigan (the "City" or "government"), 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 June 30, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

### Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$14,037,039 (net position).
- The government's total net position increased by \$262,474.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,507,708, an increase of \$552,753. Approximately 25 percent of this total amount, or \$1,394,704, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,394,704, or 22% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave and long-term debt obligations).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City include electric, wastewater, water, public transit, and public housing.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government wide financial statements. However, unlike the government wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the electric, wastewater, water, Dial-A-Ride, public housing (Marshall House), and fiber to the premise funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses *internal service funds* to account for its motor pool, employee safety services, and data processing/computer technology. The internal service funds have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, wastewater, and water funds which are considered to be major funds of the City. Conversely, non-major enterprise funds and internal service funds are combined into single, aggregate presentations in the proprietary fund financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with nonmajor funds, along with budgetary and pension / OPEB schedules.

## Government-wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,037,039 at the close of the most recent fiscal year. The following chart illustrates the composition of net position:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 3,289,799	\$ 2,416,272	\$ 2,935,220	\$ 4,994,127	\$ 6,225,019	\$ 7,410,399
Investments	2,369,091	2,050,302	1,396,605	1,249,158	3,765,696	3,299,460
Accounts Receivable	89,284	86,000	1,007,151	769,097	1,096,435	855,097
Due from Other Governments	135,968	123,823	15,159	17,808	151,127	141,631
Inventories and Prepaids	158,033	157,865	1,509,558	865,201	1,667,591	1,023,066
<b>Total Current Assets</b>	<b>6,042,175</b>	<b>4,834,262</b>	<b>6,863,693</b>	<b>7,895,391</b>	<b>12,905,868</b>	<b>12,729,653</b>
<i>Noncurrent Assets</i>						
Restricted Cash and Cash Equivalents	-	-	1,169,433	770,975	1,169,433	770,975
Capital Assets not being Depreciated	2,559,160	2,861,954	2,207,630	476,872	4,766,790	3,338,826
Capital Assets being Depreciated	28,085,493	28,472,938	19,626,613	20,003,459	47,712,106	48,476,397
Special Assessments Receivable	-	-	80,679	107,572	80,679	107,572
Investment in MSCPA	-	-	5,289,720	4,629,106	5,289,720	4,629,106
<b>Total Assets</b>	<b>36,686,828</b>	<b>36,169,154</b>	<b>35,237,768</b>	<b>33,883,375</b>	<b>71,924,596</b>	<b>70,052,529</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension	266,268	927,343	195,716	817,313	461,984	1,744,656
Deferred Charge on Refunding	26,620	38,604	96,621	116,505	123,241	155,109
<b>Total Deferred Outflows of Resources</b>	<b>292,888</b>	<b>965,947</b>	<b>292,337</b>	<b>933,818</b>	<b>585,225</b>	<b>1,899,765</b>
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts Payable	180,484	182,104	1,640,912	1,288,602	1,821,396	1,470,706
Accrued Payroll	71,857	69,228	62,582	58,582	134,439	127,810
Accrued Interest	73,906	62,731	142,891	89,901	216,797	152,632
Current Portion of Compensated Absences	68,112	60,973	48,106	57,098	116,218	118,071
Current Portion of Long-term Debt	884,993	647,120	851,700	943,456	1,736,693	1,590,576
Unearned Revenue	30,175	47,805	20,600	9,500	50,775	57,305
Internal Balances	(473,687)	-	473,687	-	-	-
<b>Total Current Liabilities</b>	<b>835,840</b>	<b>1,069,961</b>	<b>3,240,478</b>	<b>2,447,139</b>	<b>4,076,318</b>	<b>3,517,100</b>
<i>Noncurrent Liabilities</i>						
Net Other Post-employment Benefit Liability	14,149,138	13,753,270	10,353,657	9,589,356	24,502,795	23,342,626
Net Pension Liability	6,761,585	6,963,725	4,969,949	6,137,518	11,731,534	13,101,243
Compensated Absences	204,337	234,645	144,316	171,293	348,653	405,938
Long-term Debt	7,588,073	7,339,798	8,346,611	9,326,651	15,934,684	16,666,449
Advance from Other Funds	(1,000,000)	(1,000,000)	1,000,000	1,000,000	-	-
Advance from Component Unit	-	-	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Liabilities</b>	<b>28,538,973</b>	<b>28,361,399</b>	<b>29,055,011</b>	<b>29,671,957</b>	<b>57,593,984</b>	<b>58,033,356</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
OPEB	3,161	-	2,313	-	5,474	-
Pension	503,348	76,738	369,976	67,635	873,324	144,373
<b>Total Deferred Inflows of Resources</b>	<b>506,509</b>	<b>76,738</b>	<b>372,289</b>	<b>67,635</b>	<b>878,798</b>	<b>144,373</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	22,198,207	23,386,578	12,732,553	10,180,090	34,930,760	33,566,668
Restricted	2,694,704	2,415,504	1,169,433	770,975	3,864,137	3,186,479
Unrestricted	(16,958,677)	(17,105,118)	(7,799,181)	(5,873,464)	(24,757,858)	(22,978,582)
<b>Total Net Position</b>	<b>\$ 7,934,234</b>	<b>\$ 8,696,964</b>	<b>\$ 6,102,805</b>	<b>\$ 5,077,601</b>	<b>\$ 14,037,039</b>	<b>\$ 13,774,565</b>

The largest portion of the City's net position \$34,930,760 reflects its investment in capital assets (such as land, buildings, vehicles, equipment, systems and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although

the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$3,864,137, represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit unrestricted net position of (\$24,757,858).

The government's net position increased by \$262,474 during the current fiscal year as compared to a decrease of \$2,211,517 for the prior year. The reasons for this overall increase, as well as the reasons for significant changes in the City's assets and liabilities, are discussed in the following sections for governmental activities and business-type activities.

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
<b>Revenue</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 1,076,621	\$ 1,233,088	\$ 16,840,334	\$ 16,359,103	\$ 17,916,955	\$ 17,592,191
Operating Grants and Contributions	2,033,744	1,700,557	683,346	736,165	2,717,090	2,436,722
Capital Grants and Contributions	-	-	120,274	51,702	120,274	51,702
<b>Total Program Revenues</b>	<b>3,110,365</b>	<b>2,933,645</b>	<b>17,643,954</b>	<b>17,146,970</b>	<b>20,754,319</b>	<b>20,080,615</b>
<b>General Revenues</b>						
Property Taxes	3,822,332	3,814,806	181,114	102,840	4,003,446	3,917,646
Intergovernmental	698,620	678,605	-	-	698,620	678,605
Investment Earnings	69,369	40,139	60,816	32,943	130,185	73,082
Gain (Loss) on Sale of Capital Assets	22,078	-	766,808	-	788,886	-
Transfers	1,672,797	2,124,207	(1,672,797)	(2,124,207)	-	-
<b>Total General Revenues</b>	<b>6,285,196</b>	<b>6,657,757</b>	<b>(664,059)</b>	<b>(1,988,424)</b>	<b>5,621,137</b>	<b>4,669,333</b>
<b>Total Revenues</b>	<b>9,395,561</b>	<b>9,591,402</b>	<b>16,979,895</b>	<b>15,158,546</b>	<b>26,375,456</b>	<b>24,749,948</b>
<b>Expenses</b>						
General Government	3,217,359	2,888,618	-	-	3,217,359	2,888,618
Public Safety	3,936,316	4,178,752	-	-	3,936,316	4,178,752
Public Works	2,044,894	2,360,788	-	-	2,044,894	2,360,788
Recreation and Culture	570,898	577,100	-	-	570,898	577,100
Community Development	140,500	116,746	-	-	140,500	116,746
Interest on Long-term Debt	248,324	265,533	-	-	248,324	265,533
Electric	-	-	11,653,138	12,221,708	11,653,138	12,221,708
Wastewater	-	-	1,353,468	1,689,523	1,353,468	1,689,523
Water	-	-	1,438,552	1,467,345	1,438,552	1,467,345
DART	-	-	481,432	494,707	481,432	494,707
Marshall House	-	-	609,052	564,916	609,052	564,916
Fiber to the Premise	-	-	419,049	135,729	419,049	135,729
<b>Total Expenses</b>	<b>10,158,291</b>	<b>10,387,537</b>	<b>15,954,691</b>	<b>16,573,928</b>	<b>26,112,982</b>	<b>26,961,465</b>
<b>Change in Net Position</b>	<b>(762,730)</b>	<b>(796,135)</b>	<b>1,025,204</b>	<b>(1,415,382)</b>	<b>262,474</b>	<b>(2,211,517)</b>
<i>Net Position at the Beginning of Period</i>	<i>8,696,964</i>	<i>9,493,099</i>	<i>5,077,601</i>	<i>6,492,983</i>	<i>13,774,565</i>	<i>15,986,082</i>
<b>Net Position at the End of Period</b>	<b>\$ 7,934,234</b>	<b>\$ 8,696,964</b>	<b>\$ 6,102,805</b>	<b>\$ 5,077,601</b>	<b>\$ 14,037,039</b>	<b>\$ 13,774,565</b>

**Governmental activities.** Governmental activities decreased the City's net position by \$762,730, as compared to a prior year decrease of \$796,135, resulting from the following significant items:

- Property taxes increased marginally from the previous year from \$3,814,806 to \$3,822,332. Millage rates were the same for each of the past two fiscal years for governmental activities. The increase can be attributed to a slight increase in taxable values within the City. The City expects property tax revenues to remain at similar levels

for the upcoming fiscal year.

- Operating grants and contributions increased by \$333,187 primarily due to the increase in Act 51 revenue sharing dollars received within the major street fund.
- Public works expenses decreased by \$315,894 in comparison to the prior year. The decrease was due mostly to the completion of several street construction projects during 2017.
- Transfers in from proprietary funds decreased by \$451,410 in comparison to the prior year, reducing revenues for the governmental activities of the City.

**Business-type activities.** Business-type activities increased the City's net position by \$1,025,204 as compared to a decrease of \$1,415,382 the prior year. The significant changes amongst the enterprise funds are discussed in the proprietary funds paragraphs in the following section.

### **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,507,708, an increase of \$552,753 in comparison with the prior year. Approximately 25% of this total amount, or \$1,394,704, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is *nonspendable, restricted, or committed* to indicate the degree to which those monies are available for the identified purposes.

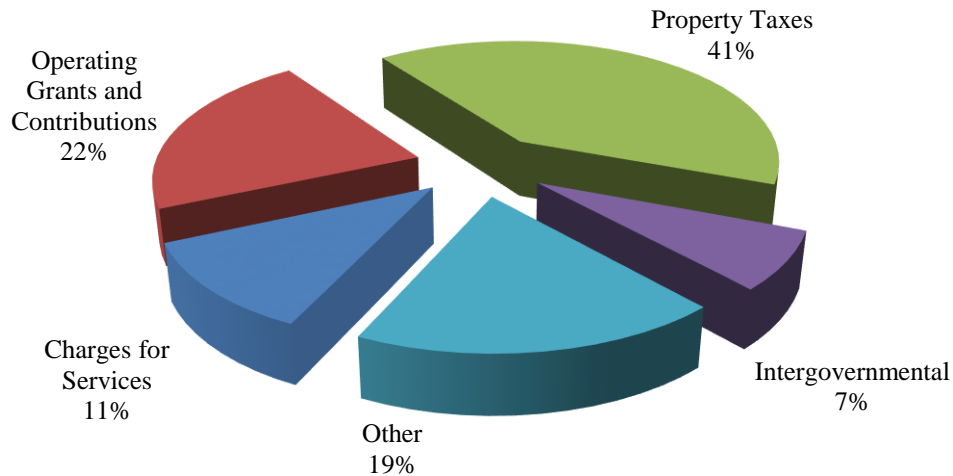
The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,394,704, while the total fund balance was \$2,665,864. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 22 percent of total general fund expenditures, while total fund balance represents approximately 43 percent of that same amount.

Intergovernmental revenues increased during the year by \$217,211 as a result of increased local contributions. Public works and public safety expenditures decreased in comparison in the prior year by \$169,518 and \$313,601, respectively. This is primarily due to several construction projects being completed during 2017.



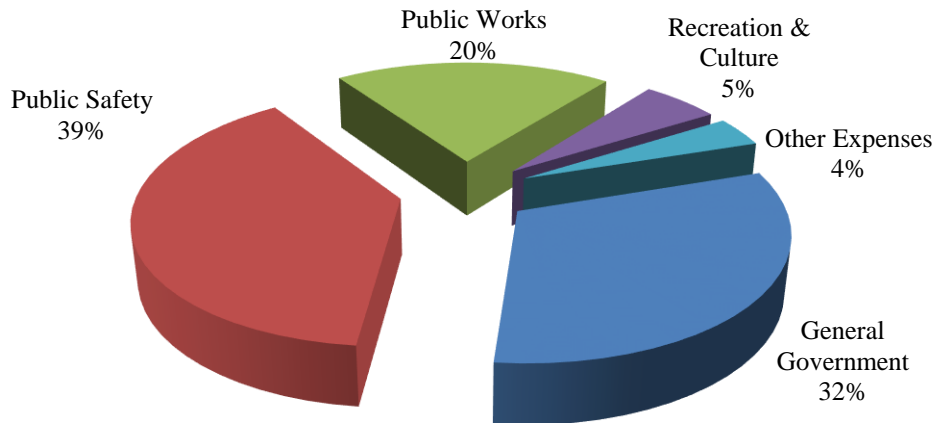
The following chart summarizes the revenue sources for the governmental activities of the City for the most recent fiscal year end:

### Governmental Activities Revenues



The following chart summarizes the expenses for the governmental activities of the City for the most recent fiscal year end:

### Governmental Activities Expenses



**Proprietary funds.** The City’s proprietary funds provide the same type of information found in the business-type activities in the government-wide financial statements, but in more detail.

Unrestricted net position of the electric fund at the end of the year amounted to a deficit of \$(2,835,402). The fund had an increase in net position for the year of \$604,158. The primary reasons for this increase in net position is a gain on sale of capital assets of \$766,808 and an increase in the City’s pro-rata share of its investment in MSCPA of another \$660,614.

The wastewater fund reported unrestricted net position at the end of the year with a deficit of (\$277,912). The fund had an increase in net position for the year of \$376,886. This increase in net position was due in large part to increased rates for services leading to an additional \$181,191 of operating revenues.

The water fund reported a deficit unrestricted net position at the end of the year of (\$1,293,984). The fund had an increase in net position for the year of \$176,476. This increase in net position was due in large part to increased rates for services leading to an additional \$89,478 of operating revenues.

The fiber to the premise fund reported a deficit unrestricted net position of \$(2,492,647). The fund had a decrease in net position for the year of \$395,878. The primary reason for the decrease is a result of operating costs being significantly higher than the charges for services during the year, which will be resolved in future reporting periods as more users are added to the system.

The other nonmajor enterprise funds has a deficit unrestricted net position of \$(899,236) and an increase in net position for the year of \$263,562.

The majority of proprietary funds have a deficit in unrestricted net position due to the implementation of GASB75 as noted in note 19 of the notes to the financial statements.

### **General Fund Budgetary Highlights**

***Original budget compared to final budget.*** At years end, budget amendments were made to either increase or decrease various budgeted line-items from their original adopted amounts. The most significant amendments were made to account for the increased budgeted capital outlay expenditures, intergovernmental revenues, property tax revenues, and charges for services.

***Final budget compared to actual results.*** The City had no significant expenditures in excess of the amount appropriated during the year.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounted to \$52,478,897 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, system, vehicles, equipment, and infrastructure. Net capital assets for governmental activities decreased (2%), and for business-type activities increased by 7%. Overall, total net capital assets for the City increased by 1%.

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,559,160	\$ 2,559,160	\$ 269,663	\$ 269,663	\$ 2,828,823	\$ 2,828,823
Construction in Progress	-	302,794	1,937,967	207,209	1,937,967	510,003
Land Improvements	701,539	923,970	637,917	669,194	1,339,456	1,593,164
Buildings	15,954,426	16,538,836	1,742,704	1,917,751	17,697,130	18,456,587
Vehicles	11,892	12,455	146,253	191,661	158,145	204,116
Equipment	385,093	209,892	3,134,711	2,791,845	3,519,804	3,001,737
Infrastructure	8,514,963	8,227,077	13,965,028	14,433,006	22,479,991	22,660,083
Data Processing	45,704	63,735	-	-	45,704	63,735
Motor Pool	2,471,876	2,496,973	-	-	2,471,876	2,496,973
<b>Total Capital Assets</b>	<b>\$ 30,644,653</b>	<b>\$ 31,334,892</b>	<b>\$ 21,834,243</b>	<b>\$ 20,480,329</b>	<b>\$ 52,478,896</b>	<b>\$ 51,815,221</b>

Significant capital asset additions during the year include the following:

- Green and Montgomery Streets \$306,069
- Fire Department Scuba Equipment \$176,326
- Fiber net services \$1,791,778

Additional information on the City's capital assets can be found in Note 6 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$15,645,000. All of which is comprised of debt backed by the full faith and credit of the City.

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 6,855,000	\$ 7,465,000	\$ 8,790,000	\$ 9,640,000	\$ 15,645,000	\$ 17,105,000

The following table depicts the City's credit rating for the various outstanding debt by Standard & Poor's:

Bonded Debt	Rating
General Obligation Limited Tax Bonds	AA-
General Obligation Unlimited Tax Bonds	AA-

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total state equalized valuation. The current debt limitation for the City is \$24,979,490 which is significantly less than the amount of issued general obligation debt as of year-end.

Additional information on the City's long-term debt can be found in Note 8 of this report.

### **Economic Factors and Future Budgets**

Management has determined that it must develop a much longer budget model. In the past, a two-year budget model was developed and adopted. Management has determined that using this two-year budget model does not adequately show sustainability in future years, therefore in July 2016 management began developing a 5-6 year budget model using numerous parameters. The City continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In FY2019, the City plans again to use current revenues to provide essential services and to maintain the City's financial reserves at levels in line with financial policies. The ongoing costs of providing essential services for the citizens of the City continue to grow while revenues remain flat.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 323 West Michigan Avenue, Marshall, Michigan 49068-1578.

## **BASIC FINANCIAL STATEMENTS**

**City of Marshall**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 3,289,799	\$ 2,935,220	\$ 6,225,019	\$ 218,471
Investments	2,369,091	1,396,605	3,765,696	487,701
Accounts Receivable	89,284	1,002,151	1,091,435	37,784
Interest Receivable	--	5,000	5,000	--
Due from Other Governments	135,968	15,159	151,127	--
Inventories	66,877	1,446,285	1,513,162	--
Prepays	91,156	63,273	154,429	432
<b>Total Current Assets</b>	<b>6,042,175</b>	<b>6,863,693</b>	<b>12,905,868</b>	<b>744,388</b>
<i>Noncurrent Assets</i>				
Restricted Cash and Cash Equivalents	--	1,169,433	1,169,433	1,983
Capital Assets not being Depreciated	2,559,160	2,207,630	4,766,790	--
Capital Assets being Depreciated	28,085,493	19,626,613	47,712,106	500,000
Special Assessments Receivable	--	80,679	80,679	--
Investment in MSCPA	--	5,289,720	5,289,720	--
Advance to Primary Government	--	--	--	1,000,000
<b>Total Assets</b>	<b>36,686,828</b>	<b>35,237,768</b>	<b>71,924,596</b>	<b>2,246,371</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Loss on Refunding	26,620	96,621	123,241	--
Pension	266,268	195,716	461,984	462
<b>Total Deferred Outflows of Resources</b>	<b>292,888</b>	<b>292,337</b>	<b>585,225</b>	<b>462</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	180,484	1,640,912	1,821,396	52,531
Accrued Payroll	71,857	62,582	134,439	391
Accrued Interest	73,906	142,891	216,797	1,890
Current Portion of Compensated Absences	68,112	48,106	116,218	--
Current Portion of Long-term Debt	884,993	851,700	1,736,693	90,000
Unearned Revenue	30,175	20,600	50,775	--
Internal Balances	(473,687)	473,687	--	--
<b>Total Current Liabilities</b>	<b>835,840</b>	<b>3,240,478</b>	<b>4,076,318</b>	<b>144,812</b>
<i>Noncurrent Liabilities</i>				
Net Other Post-employment Benefit Liability	14,149,138	10,353,657	24,502,795	--
Net Pension Liability	6,761,585	4,969,949	11,731,534	11,743
Compensated Absences	204,337	144,316	348,653	--
Long-term Debt	7,588,073	8,346,611	15,934,684	90,000
Advance from Other Funds	(1,000,000)	1,000,000	--	--
Advance from Component Unit	--	1,000,000	1,000,000	--
<b>Total Liabilities</b>	<b>28,538,973</b>	<b>29,055,011</b>	<b>57,593,984</b>	<b>246,555</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB	3,161	2,313	5,474	--
Pension	503,348	369,976	873,324	875
<b>Total Deferred Inflows of Resources</b>	<b>506,509</b>	<b>372,289</b>	<b>878,798</b>	<b>875</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	22,198,207	12,732,553	34,930,760	500,000
<i>Restricted for:</i>				
Highways and Streets	1,615,343	--	1,615,343	--
Drug Law Enforcement	1,274	--	1,274	--
Cemetery Operations	262,943	--	262,943	--
Capital Projects	160,792	--	160,792	--
Leaf, Brush and Trash Removal	14,856	--	14,856	--
Debt Service	317,645	1,169,433	1,487,078	1,983
Cemetery Perpetual Care	321,851	--	321,851	--
<i>Unrestricted</i>	(16,958,677)	(7,799,181)	(24,757,858)	1,497,420
<b>Total Net Position</b>	<b>\$ 7,934,234</b>	<b>\$ 6,102,805</b>	<b>\$ 14,037,039</b>	<b>\$ 1,999,403</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Marshall**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
General Government	\$ 3,217,359	\$ 535,441	\$ 344,874	\$ --	\$ (2,337,044)	\$ --	\$ (2,337,044)	\$ --
Public Safety	3,936,316	219,709	104,219	--	(3,612,388)	--	(3,612,388)	--
Public Works	2,044,894	110,252	1,086,740	--	(847,902)	--	(847,902)	--
Community Development	140,500	13,191	353,033	--	225,724	--	225,724	--
Recreation and Culture	570,898	198,028	144,878	--	(227,992)	--	(227,992)	--
Interest on Long-term Debt	248,324	--	--	--	(248,324)	--	(248,324)	--
<b>Total Governmental Activities</b>	<b>10,158,291</b>	<b>1,076,621</b>	<b>2,033,744</b>	<b>--</b>	<b>(7,047,926)</b>	<b>--</b>	<b>(7,047,926)</b>	<b>--</b>
<b>Business-type Activities:</b>								
Marshall House	609,052	410,761	437,432	110,100	--	349,241	349,241	--
Electric Fund	11,653,138	12,573,684	--	--	--	920,546	920,546	--
DART	481,432	67,601	256,088	--	--	(157,743)	(157,743)	--
Wastewater	1,353,468	1,915,230	--	--	--	561,762	561,762	--
Water	1,438,552	1,834,575	--	--	--	396,023	396,023	--
FiberNet	419,049	38,483	--	--	--	(380,566)	(380,566)	--
<b>Total Business-type Activities</b>	<b>15,954,691</b>	<b>16,840,334</b>	<b>693,520</b>	<b>110,100</b>	<b>--</b>	<b>1,689,263</b>	<b>1,689,263</b>	<b>--</b>
<b>Total Primary Government</b>	<b>\$ 26,112,982</b>	<b>\$ 17,916,955</b>	<b>\$ 2,727,264</b>	<b>\$ 110,100</b>	<b>\$ (7,047,926)</b>	<b>\$ 1,689,263</b>	<b>\$ (5,358,663)</b>	<b>--</b>
<b>Component Units</b>								
Total Component Units	\$ 609,344	\$ --	\$ 68,533	\$ --	--	--	--	(540,811)
<b>Total Component Units</b>	<b>\$ 609,344</b>	<b>\$ --</b>	<b>\$ 68,533</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(540,811)</b>
<b>General Purpose Revenues and Transfers:</b>								
<b>Revenues</b>								
Intergovernmental					698,620	--	698,620	--
Property Taxes					3,822,332	181,114	4,003,446	605,100
Investment Earnings					69,369	60,816	130,185	23,821
Gain on Sale of Capital Assets					22,078	766,808	788,886	--
<b>Transfers</b>					1,672,797	(1,672,797)	--	--
<b>Total General Revenues and Transfers</b>					<b>6,285,196</b>	<b>(664,059)</b>	<b>5,621,137</b>	<b>628,921</b>
<b>Change in Net Position</b>					<b>(762,730)</b>	<b>1,025,204</b>	<b>262,474</b>	<b>88,110</b>
<i>Net Position at Beginning of Period (Restated, Note 19)</i>					8,696,964	5,077,601	13,774,565	1,911,293
<b>Net Position at End of Period</b>					<b>\$ 7,934,234</b>	<b>\$ 6,102,805</b>	<b>\$ 14,037,039</b>	<b>\$ 1,999,403</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Marshall  
Balance Sheet  
Governmental Funds  
June 30, 2018**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,002,433	\$ 876,678	\$ 1,879,111
Investments	226,552	1,820,093	2,046,645
Accounts Receivable	61,234	24,000	85,234
Due from Other Governments	--	135,968	135,968
Inventories	17,940	48,937	66,877
Prepays	69,220	6,856	76,076
Due from Other Funds	473,687	--	473,687
Advance to Other Funds	1,000,000	--	1,000,000
<b><i>Total Assets</i></b>	<b><u>\$ 2,851,066</u></b>	<b><u>\$ 2,912,532</u></b>	<b><u>\$ 5,763,598</u></b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 87,106	\$ 68,059	\$ 155,165
Accrued Payroll	67,921	2,629	70,550
Unearned Revenue	30,175	--	30,175
<b><i>Total Liabilities</i></b>	<b><u>185,202</u></b>	<b><u>70,688</u></b>	<b><u>255,890</u></b>
<b>FUND BALANCE</b>			
Nonspendable	1,087,160	377,644	1,464,804
Restricted	--	2,317,060	2,317,060
Committed	184,000	147,140	331,140
Unassigned	1,394,704	--	1,394,704
<b><i>Total Fund Balance</i></b>	<b><u>2,665,864</u></b>	<b><u>2,841,844</u></b>	<b><u>5,507,708</u></b>
<b><i>Total Liabilities and Fund Balance</i></b>	<b><u>\$ 2,851,066</u></b>	<b><u>\$ 2,912,532</u></b>	<b><u>\$ 5,763,598</u></b>

The Notes to the Financial Statements are an integral part of these Financial Statements



**City of Marshall**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2018**

Total Fund Balance - Governmental Funds	\$	5,507,708
Net position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.		2,621,514
In the statement of activities, interest is accrued on long-term debt, whereas in governmental funds, the interest expenditure is reported when due.		(59,084)
Compensated absences are not due in and payable in the current period, and therefore, are not reported in the funds.		(270,652)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(7,330,891)
Other post-employment benefits, and opeb related deferrals, are not due and payable in the current period and, therefore, are not reported in the funds.		(13,807,100)
Net pension liabilities, and pension related deferrals, are not due and payable in the current period and, therefore, are not reported in the funds.		(6,880,954)
Unamortized deferred loss on refunding.		26,620
General government capital assets of \$46,128,512, net of accumulated depreciation of \$18,001,439, are not financial resources, and accordingly are not reported in the funds.		28,127,073
<b>Total Net Position - Governmental Funds</b>	<b>\$</b>	<b><u>7,934,234</u></b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Marshall**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property Taxes	\$ 3,728,536	\$ 93,796	\$ 3,822,332
Licenses and Permits	216,119	--	216,119
Intergovernmental	1,070,351	1,426,534	2,496,885
Charges for Services	392,793	199,845	592,638
Fines and Forfeitures	24,814	--	24,814
Other	240,821	222,265	463,086
Investment Earnings	40,063	26,613	66,676
<b>Total Revenues</b>	<u>5,713,497</u>	<u>1,969,053</u>	<u>7,682,550</u>
<b>Expenditures</b>			
General Government	1,802,089	668,131	2,470,220
Public Safety	2,564,421	308,032	2,872,453
Public Works	960,415	509,767	1,470,182
Community Development	140,500	--	140,500
Recreation and Culture	472,191	--	472,191
Capital Outlay	222,503	313,145	535,648
Debt Service - Principal	67,140	580,000	647,140
Debt Service - Interest	11,211	237,663	248,874
<b>Total Expenditures</b>	<u>6,240,470</u>	<u>2,616,738</u>	<u>8,857,208</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(526,973)</u>	<u>(647,685)</u>	<u>(1,174,658)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	1,508,589	1,046,110	2,554,699
Transfers Out	(516,144)	(311,144)	(827,288)
<b>Net Other Financing Sources (Uses)</b>	<u>992,445</u>	<u>734,966</u>	<u>1,727,411</u>
<b>Net Change in Fund Balance</b>	<b>465,472</b>	<b>87,281</b>	<b>552,753</b>
<i>Fund Balance at Beginning of Period</i>	2,200,392	2,754,563	4,954,955
<b>Fund Balance at End of Period</b>	<u><b>\$ 2,665,864</b></u>	<u><b>\$ 2,841,844</b></u>	<u><b>\$ 5,507,708</b></u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Marshall**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended June 30, 2018**

Total Net Change in Fund Balances - Governmental Funds	\$	552,753
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements.		(14,400)
Governmental fund report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$1,182,759 is in excess of capital outlay expenditures of \$535,648.		(647,111)
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		12,534
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		23,075
Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements.		647,140
In the statement of activities, an expense is recorded for other post-employment benefits (OPEB) to adjust net OPEB liability to the actuarial determined amount less any contributions to fund the obligation. This is the difference between the prior year and the current year net OPEB liability.		(379,611)
The change in net pension liability amounts does require the use of current resources and is not reported in the governmental funds.		(945,126)
Net amortization of premiums and loss on refunding of bonds.		(11,984)
<b>Changes in Net Position - Governmental Funds</b>	<b>\$</b>	<b><u>(762,730)</u></b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Marshall  
Statement of Net Position  
Proprietary Funds  
June 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>						<b>Governmental Activities Internal Service Funds</b>
	<b>Electric Fund</b>	<b>Wastewater</b>	<b>Water</b>	<b>Fiber to the Premise</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Funds</b>
<b>ASSETS</b>							
<i>Current Assets</i>							
Cash and Cash Equivalents	\$ --	\$ 610,637	\$ 492,873	\$ 1,048,468	\$ 783,242	\$ 2,935,220	\$ 1,410,688
Investments	2,462	564,751	549,383	--	280,009	1,396,605	322,446
Accounts Receivable	722,874	146,182	125,586	3,873	3,636	1,002,151	4,050
Interest Receivable	5,000	--	--	--	--	5,000	--
Due from Other Governments	--	--	--	--	15,159	15,159	--
Inventories	922,772	9,338	65,201	448,974	--	1,446,285	--
Prepays	20,478	16,181	9,735	10,212	6,667	63,273	15,080
<b>Total Current Assets</b>	<b>1,673,586</b>	<b>1,347,089</b>	<b>1,242,778</b>	<b>1,511,527</b>	<b>1,088,713</b>	<b>6,863,693</b>	<b>1,752,264</b>
<i>Noncurrent Assets</i>							
Restricted Cash and Cash Equivalents	876,895	48,196	244,342	--	--	1,169,433	--
Capital Assets not being Depreciated	112,844	19,439	137,380	1,937,967	--	2,207,630	--
Capital Assets being Depreciated	7,135,319	4,532,993	6,745,603	23,950	1,188,748	19,626,613	2,517,580
Special Assessments Receivable	80,679	--	--	--	--	80,679	--
Investment in MSCPA	5,289,720	--	--	--	--	5,289,720	--
Advance to Other Funds	1,000,000	500,000	--	--	--	1,500,000	--
<b>Total Assets</b>	<b>16,169,043</b>	<b>6,447,717</b>	<b>8,370,103</b>	<b>3,473,444</b>	<b>2,277,461</b>	<b>36,737,768</b>	<b>4,269,844</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Loss on Refunding	49,925	12,954	33,742	--	--	96,621	--
Pension	117,979	26,955	31,183	--	19,599	195,716	4,478
<b>Total Deferred Outflows of Resources</b>	<b>167,904</b>	<b>39,909</b>	<b>64,925</b>	<b>--</b>	<b>19,599</b>	<b>292,337</b>	<b>4,478</b>
<b>LIABILITIES</b>							
<i>Current Liabilities</i>							
Accounts Payable	906,084	152,655	97,523	424,383	60,267	1,640,912	25,319
Accrued Payroll	31,720	8,544	8,790	6,419	7,109	62,582	1,307
Accrued Interest	31,554	17,359	26,478	67,500	--	142,891	14,822
Current Portion of Compensated Absences	30,446	7,440	7,742	1,468	1,010	48,106	449
Current Portion of Long-term Debt	260,000	161,900	429,800	--	--	851,700	211,992
Unearned Revenue	--	--	--	--	20,600	20,600	--
Due to Other Funds	473,687	--	--	--	--	473,687	--
<b>Total Current Liabilities</b>	<b>1,733,491</b>	<b>347,898</b>	<b>570,333</b>	<b>499,770</b>	<b>88,986</b>	<b>3,240,478</b>	<b>253,889</b>
<i>Noncurrent Liabilities</i>							
Net Other Post-employment Benefit Liability	6,212,194	1,207,927	1,553,048	--	1,380,488	10,353,657	345,122
Net Pension Liability	2,995,931	684,485	791,843	--	497,690	4,969,949	113,723
Compensated Absences	91,337	22,321	23,227	4,404	3,027	144,316	1,348
Long-term Debt	3,785,288	2,274,540	2,286,783	--	--	8,346,611	930,183
Advance from Other Funds	--	--	--	2,500,000	--	2,500,000	--
Advance from Component Unit	--	--	--	1,000,000	--	1,000,000	--
<b>Total Liabilities</b>	<b>14,818,241</b>	<b>4,537,171</b>	<b>5,225,234</b>	<b>4,004,174</b>	<b>1,970,191</b>	<b>30,555,011</b>	<b>1,644,265</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
OPEB	1,388	270	347	--	308	2,313	77
Pension	223,025	50,955	58,947	--	37,049	369,976	8,466
<b>Total Deferred Inflows of Resources</b>	<b>224,413</b>	<b>51,225</b>	<b>59,294</b>	<b>--</b>	<b>37,357</b>	<b>372,289</b>	<b>8,543</b>
<b>NET POSITION</b>							
Net Investment in Capital Assets	3,252,800	2,128,946	4,200,142	1,961,917	1,188,748	12,732,553	1,375,405
<i>Restricted for:</i>							
Debt Service	876,895	48,196	244,342	--	--	1,169,433	--
<i>Unrestricted</i>	<u>(2,835,402)</u>	<u>(277,912)</u>	<u>(1,293,984)</u>	<u>(2,492,647)</u>	<u>(899,236)</u>	<u>(7,799,181)</u>	<u>1,246,109</u>
<b>Total Net Position</b>	<b>\$ 1,294,293</b>	<b>\$ 1,899,230</b>	<b>\$ 3,150,500</b>	<b>\$ (530,730)</b>	<b>\$ 289,512</b>	<b>\$ 6,102,805</b>	<b>\$ 2,621,514</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Marshall**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Business-type Activities - Enterprise Funds						Governmental Activities
	Electric Fund	Wastewater	Water	Fiber to the Premise	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Operating Revenues</b>							
Charges for Services	\$ 12,402,654	\$ 1,896,980	\$ 1,817,536	\$ 38,483	\$ 420,654	\$ 16,576,307	\$ 824,860
Other	164,629	18,250	17,039	--	57,708	257,626	--
<b>Total Operating Revenues</b>	<u>12,567,283</u>	<u>1,915,230</u>	<u>1,834,575</u>	<u>38,483</u>	<u>478,362</u>	<u>16,833,933</u>	<u>824,860</u>
<b>Operating Expenses</b>							
Personnel Services	2,449,664	364,562	613,017	273,298	555,520	4,256,061	45,207
Material and Supplies	296,251	101,790	42,399	58,413	54,147	553,000	210,495
Purchased Power	7,900,442	127,115	39,813	--	100,581	8,167,951	24,969
Contractual	545,457	108,486	112,994	10,308	112,818	890,063	70,159
Insurance	44,041	28,298	4,616	--	18,752	95,707	58,939
Maintenance	214,652	44,099	72,685	15,081	72,911	419,428	111,752
Administration	1,246	252	249	6,949	--	8,696	--
Other Expense	360,938	98,709	90,865	--	73,464	623,976	6,355
Depreciation	386,342	419,190	343,741	--	102,291	1,251,564	281,895
<b>Total Operating Expenses</b>	<u>12,199,033</u>	<u>1,292,501</u>	<u>1,320,379</u>	<u>364,049</u>	<u>1,090,484</u>	<u>16,266,446</u>	<u>809,771</u>
<b>Operating Income (Loss)</b>	<u>368,250</u>	<u>622,729</u>	<u>514,196</u>	<u>(325,566)</u>	<u>(612,122)</u>	<u>567,487</u>	<u>15,089</u>
<b>Non-Operating Revenues (Expenses)</b>							
Intergovernmental Subsidies	--	--	--	--	693,520	693,520	--
Capital Grants and Contributions	--	--	--	--	110,100	110,100	--
Property Taxes	--	--	--	--	181,114	181,114	--
Investment Earnings	39,934	15,124	5,693	2,108	4,358	67,217	3,061
Gain (Loss) on Sale of Capital Assets	766,808	--	--	--	--	766,808	36,886
Change in Investment in MSCPA	660,614	--	--	--	--	660,614	--
Interest Expense	(114,719)	(60,967)	(118,173)	(55,000)	--	(348,859)	(14,822)
<b>Net Non-Operating Revenues (Expenses)</b>	<u>1,352,637</u>	<u>(45,843)</u>	<u>(112,480)</u>	<u>(52,892)</u>	<u>989,092</u>	<u>2,130,514</u>	<u>25,125</u>
<b>Income Before Contributions and Transfers</b>	<u>1,720,887</u>	<u>576,886</u>	<u>401,716</u>	<u>(378,458)</u>	<u>376,970</u>	<u>2,698,001</u>	<u>40,214</u>
Transfers In	--	--	--	--	--	--	--
Transfers Out	(1,116,729)	(200,000)	(225,240)	(17,420)	(113,408)	(1,672,797)	(54,614)
<b>Change In Net Position</b>	<u>604,158</u>	<u>376,886</u>	<u>176,476</u>	<u>(395,878)</u>	<u>263,562</u>	<u>1,025,204</u>	<u>(14,400)</u>
<i>Net Position at Beginning of Period (Restated, Note 19)</i>	690,135	1,522,344	2,974,024	(134,852)	25,950	5,077,601	2,635,914
<b>Net Position at End of Period</b>	<u>\$ 1,294,293</u>	<u>\$ 1,899,230</u>	<u>\$ 3,150,500</u>	<u>\$ (530,730)</u>	<u>\$ 289,512</u>	<u>\$ 6,102,805</u>	<u>\$ 2,621,514</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Marshall**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>						<b>Governmental</b>
	<b>Electric Fund</b>	<b>Wastewater</b>	<b>Water</b>	<b>Fiber to the Premise</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities</b>							
Receipts from Customers and Other	\$ 12,347,135	\$ 1,915,906	\$ 1,846,787	\$ 34,610	\$ 489,434	\$ 16,633,872	\$ 822,220
Payments to Suppliers	(9,641,300)	(381,031)	(288,881)	(533,084)	(527,040)	(11,371,336)	(502,930)
Payments to Employees	(1,967,163)	(537,312)	(565,134)	53,811	(428,780)	(3,444,578)	(85,480)
<b>Net Cash from (used in) Operating Activities</b>	<b>738,672</b>	<b>997,563</b>	<b>992,772</b>	<b>(444,663)</b>	<b>(466,386)</b>	<b>1,817,958</b>	<b>233,810</b>
<b>Cash Flows from Noncapital and Related Financing Activities</b>							
Intergovernmental Subsidies	-	-	-	-	696,170	696,170	-
Property Taxes	-	-	-	-	181,114	181,114	-
Changes in Advances/Interfund	(526,313)	-	-	1,000,000	-	473,687	-
Transfers In (Out)	(1,116,729)	(200,000)	(225,240)	(17,420)	(113,408)	(1,672,797)	(54,614)
<b>Net Cash from (used in) Capital and Related Financing Activities</b>	<b>(1,643,042)</b>	<b>(200,000)</b>	<b>(225,240)</b>	<b>982,580</b>	<b>763,876</b>	<b>(321,826)</b>	<b>(54,614)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>							
Purchase of Capital Assets	(205,196)	(81,545)	(63,477)	(1,815,728)	(439,532)	(2,605,478)	(238,767)
Proceeds from Sale of Capital Assets	766,808	-	-	-	-	766,808	36,886
Principal and Interest Paid on Capital Debt	(385,151)	(410,342)	(552,288)	-	-	(1,347,781)	-
Proceeds from Installment Purchase Agreement	-	-	-	-	-	-	1,142,175
Capital Grants and Contributions	-	-	-	-	110,100	110,100	-
<b>Net Cash from (used in) Capital and Related Financing Activities</b>	<b>176,461</b>	<b>(491,887)</b>	<b>(615,765)</b>	<b>(1,815,728)</b>	<b>(329,432)</b>	<b>(3,076,351)</b>	<b>940,294</b>
<b>Cash Flows from Investing Activities</b>							
Interest Received on Investments	39,934	15,124	5,693	2,108	4,358	67,217	894
Sale (Purchase) of Investment Securities	3,450	(14,448)	90,244	-	(226,693)	(147,447)	-
<b>Net Cash from Investing Activities</b>	<b>43,384</b>	<b>676</b>	<b>95,937</b>	<b>2,108</b>	<b>(222,335)</b>	<b>(80,230)</b>	<b>894</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(684,525)</b>	<b>306,352</b>	<b>247,704</b>	<b>(1,275,703)</b>	<b>(254,277)</b>	<b>(1,660,449)</b>	<b>1,120,384</b>
<i>Cash and Cash Equivalents Beginning of Period</i>	<i>1,561,420</i>	<i>352,481</i>	<i>489,511</i>	<i>2,324,171</i>	<i>1,037,519</i>	<i>5,765,102</i>	<i>290,304</i>
<b>Cash and Cash Equivalents End of Period</b>	<b>\$ 876,895</b>	<b>\$ 658,833</b>	<b>\$ 737,215</b>	<b>\$ 1,048,468</b>	<b>\$ 783,242</b>	<b>\$ 4,104,653</b>	<b>\$ 1,410,688</b>
<b>Reconciliation to Statement of Net Position</b>							
Cash and Cash Equivalents	\$ -	\$ 610,637	\$ 492,873	\$ 1,048,468	\$ 783,242	\$ 2,935,220	\$ 1,410,688
Restricted Cash and Cash Equivalents	876,895	48,196	244,342	-	-	1,169,433	-
<b>Total</b>	<b>\$ 876,895</b>	<b>\$ 658,833</b>	<b>\$ 737,215</b>	<b>\$ 1,048,468</b>	<b>\$ 783,242</b>	<b>\$ 4,104,653</b>	<b>\$ 1,410,688</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Marshall**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>						<b>Governmental Activities Internal Service Funds</b>
	<b>Electric Fund</b>	<b>Wastewater</b>	<b>Water</b>	<b>Fiber to the Premise</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>							
<b>Operating Income (Loss)</b>	\$ 368,250	\$ 622,729	\$ 514,196	\$ (325,566)	\$ (612,122)	\$ 567,487	\$ 15,089
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</b>							
<b>Cash from Operating Activities:</b>							
Depreciation	386,342	419,190	343,741	-	102,291	1,251,564	281,895
<b>Changes in Assets and Liabilities:</b>							
Receivables	(220,148)	676	12,212	(3,873)	(28)	(211,161)	(2,640)
Inventories	(164,448)	3,545	(946)	(448,974)	-	(610,823)	-
Prepays	(6,593)	(11,803)	(3,283)	(9,987)	(1,868)	(33,534)	600
Accounts Payable	(107,232)	135,976	78,969	337,096	(92,499)	352,310	(20,861)
Accrued Payroll	528	(516)	440	2,658	890	4,000	(16)
Compensated Absences	(25,858)	(11,107)	(4,190)	3,983	1,203	(35,969)	(94)
Unearned Revenue	-	-	-	-	11,100	11,100	-
Net Pension Liability	25,996	(238,993)	(59,947)	-	29,313	(243,631)	(59,581)
Net Other Post-employment Benefits Liability	481,835	77,866	111,580	-	95,334	766,615	19,418
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 738,672</b>	<b>\$ 997,563</b>	<b>\$ 992,772</b>	<b>\$ (444,663)</b>	<b>\$ (466,386)</b>	<b>\$ 1,817,958</b>	<b>\$ 233,810</b>
<b>Noncash Item</b>							
Change in Investment in MSCPA	\$ 660,614	\$ -	\$ -	\$ -	\$ -	\$ 660,614	\$ -
Prior Period Adjustment (See Note 19)	(4,404,040)	(939,803)	(1,147,834)	-	(995,612)	(7,487,289)	(283,441)
<b>Total</b>	<b>\$ (3,743,426)</b>	<b>\$ (939,803)</b>	<b>\$ (1,147,834)</b>	<b>\$ -</b>	<b>\$ (995,612)</b>	<b>\$ (6,826,675)</b>	<b>\$ (283,441)</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Marshall**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2018**

	<b>Agency</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 69,260
Accounts Receivable	152,734
<i>Total Assets</i>	\$ 221,994
<b>LIABILITIES</b>	
Undistributed Receipts	221,994
<i>Total Liabilities</i>	\$ 221,994

The Notes to the Financial Statements are an integral part of these Financial Statements



**City of Marshall  
Statement of Net Position  
Component Units  
June 30, 2018**

	<u>LDFA</u>	<u>EDC</u>	<u>DDA</u>	<u>Total Component Units</u>
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 138,052	\$ 9,774	\$ 70,645	\$ 218,471
Investments	457,853	--	29,848	487,701
Accounts Receivable	25,000	--	12,784	37,784
Prepays	--	--	432	432
<b>Total Current Assets</b>	<u>620,905</u>	<u>9,774</u>	<u>113,709</u>	<u>744,388</u>
<i>Noncurrent Assets</i>				
Restricted Cash and Cash Equivalents	295	--	1,688	1,983
Capital Assets being Depreciated	500,000	--	--	500,000
Advance to Primary Government	1,000,000	--	--	1,000,000
<b>Total Assets</b>	<u>2,121,200</u>	<u>9,774</u>	<u>115,397</u>	<u>2,246,371</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	--	--	462	462
<b>Total Deferred Outflows of Resources</b>	<u>--</u>	<u>--</u>	<u>462</u>	<u>462</u>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	33,904	--	18,627	52,531
Accrued Payroll	--	--	391	391
Accrued Interest	1,890	--	--	1,890
Current Portion of Long-term Debt	90,000	--	--	90,000
<b>Total Current Liabilities</b>	<u>125,794</u>	<u>--</u>	<u>19,018</u>	<u>144,812</u>
<i>Noncurrent Liabilities</i>				
Net Pension Liability	--	--	11,743	11,743
Long-term Debt	90,000	--	--	90,000
<b>Total Liabilities</b>	<u>215,794</u>	<u>--</u>	<u>30,761</u>	<u>246,555</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	--	--	875	875
<b>Total Deferred Inflows of Resources</b>	<u>--</u>	<u>--</u>	<u>875</u>	<u>875</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	500,000	--	--	500,000
Debt Service	295	--	1,688	1,983
<i>Unrestricted</i>	1,405,111	9,774	82,535	1,497,420
<b>Total Net Position</b>	<u>\$ 1,905,406</u>	<u>\$ 9,774</u>	<u>\$ 84,223</u>	<u>\$ 1,999,403</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**City of Marshall  
Statement of Activities  
Component Units  
For the Year Ended June 30, 2018**

	<u>L DFA</u>	<u>EDC</u>	<u>DDA</u>	<u>Total Component Units</u>
<b>Expenses</b>				
Community Development	\$ 467,117	\$ --	\$ 131,310	\$ 598,427
Interest Expense	10,395	--	522	10,917
<b>Total Expenses</b>	<u>477,512</u>	<u>--</u>	<u>131,832</u>	<u>609,344</u>
<b>Program Revenues</b>				
Operating Grants and Contributions	1,000	--	67,533	68,533
<b>Total Program Revenues</b>	<u>1,000</u>	<u>--</u>	<u>67,533</u>	<u>68,533</u>
<b>Net Program Revenues (Expenses)</b>	<u>(476,512)</u>	<u>--</u>	<u>(64,299)</u>	<u>(540,811)</u>
<b>General Revenue</b>				
Property Taxes	451,749	--	153,351	605,100
Investment Earnings	23,477	--	344	23,821
<b>Total General Revenues</b>	<u>475,226</u>	<u>--</u>	<u>153,695</u>	<u>628,921</u>
<b>Change in Net Position</b>	<u>(1,286)</u>	<u>--</u>	<u>89,396</u>	<u>88,110</u>
<i>Net Position at Beginning of Period</i>	1,906,692	9,774	(5,173)	1,911,293
<b>Net Position at End of Period</b>	<u>\$ 1,905,406</u>	<u>\$ 9,774</u>	<u>\$ 84,223</u>	<u>\$ 1,999,403</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

## **NOTES TO FINANCIAL STATEMENTS**

## City of Marshall

### Notes to the Financial Statements

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#### **Note 1 - Summary of Significant Accounting Policies**

The basic financial statements of the City of Marshall, Michigan (the “City” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

#### ***Reporting Entity***

The City of Marshall, Michigan is a municipal corporation formed in 1830 and governed by a seven-member council and administered by an appointed city manager. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the government’s operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The blended and discretely presented component units each have a June 30 year-end.

#### ***Blended Component Unit***

The Building Authority is a blended component unit which finances and constructed the City’s public buildings and other structures. It is included within the reporting entity as it provides services exclusively to the City.

#### ***Discretely Presented Component Units***

The Downtown Development Authority (the “DDA”) is a discretely presented component unit which corrects and prevents deterioration in the downtown district, encourages historical preservation, and promotes economic growth within the district. It is included within the reporting entity as the City Council appoints and may remove the DDA board and approves the DDA budget.

The Local Development Finance Authority (the “LDFA”) is a discretely presented component unit which enhances and expands industrial development to eliminate the conditions of joblessness and underemployment. It is included within the reporting entity as the City Council appoints and may remove the LDFA board and approves the LDFA budget.

The Economic Development Corporation (the “EDC”) is a discretely presented component unit which promotes economic development within the community. It is included within the reporting entity as the City Council appoints and may remove the EDC board and approves the EDC budget.

Separate financial statements are not prepared for the discretely presented component units; accordingly, fund financial statements for these entities are presented herein as supplementary information.

# City of Marshall

## Notes to the Financial Statements

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### ***Basis of Presentation***

***Government-wide Financial Statements.*** The statements of net position and activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the City's *governmental* and *business-type activities*. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: a) fees, fines and charges paid by the recipients of goods or services offered by the programs and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

### ***Fund Financial Statements***

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports one major governmental fund:

The ***general fund*** is used to account for and reports all financial resources not accounted for and reported in another fund.

The City reports the following major enterprise funds:

The ***electric fund*** accounts for the operation and maintenance of the electric supply system; financing is provided primarily by user charges.

The ***fiber to the premise fund*** accounts for the building, operation and maintenance of the fiber system; financing is provided through the internal advances and charges for services.

The ***wastewater fund*** accounts for the activities of the government's sewage disposal and treatment system; financing is provided primarily by user charges.

## City of Marshall

### Notes to the Financial Statements

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The *water fund* accounts for the activities of the government's water distribution and treatment system; financing is provided primarily by user charges.

Additionally, the City reports the following fund types:

*Special revenue funds* are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

*Debt service funds* are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*Permanent funds* are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's purposes.

*Internal service funds* account for the activity of goods and services provided to other departments and funds on a cost reimbursement basis. The City's internal service funds account for motor pool, data processing, and safety operations.

*Agency funds* account for assets held for other governments in an agency capacity. The City's agency funds account for tax collections held temporarily prior to disbursing to other taxing entities and an impressed payroll fund to segregate payroll related disbursements.

#### **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## City of Marshall

### Notes to the Financial Statements

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The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end or one year for expenditure-driven grants. Property taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

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 ongoing operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses are not meeting this definition are reported as nonoperating revenues and expenses.

#### ***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end. The legal level of budgetary control is the departmental level.

On or before its first meeting in April of each year, the City Manager must present the proposed budget to the government's council for review. The proposed budget must be on file and available for public inspection for a period of not less than one week prior to adoption by City Council, which must occur not later than the first meeting in June.

Formal budgetary integration is employed as a management control during the year. Supplemental appropriations were approved by the City Council in the form of budget amendment resolutions or as part of special authorizing motions for grants, bonds or notes, the total of which was not significant in relation to the original budget appropriation valuations.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year-end are reported as commitments of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

## City of Marshall

### Notes to the Financial Statements

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#### **Assets, Deferred Inflows and Outflows of Resources, Liabilities, and Equity**

##### ***Deposits and Investments***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

Investments are reported at fair value.

##### ***Interfund Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either *interfund receivables/payables* (i.e., the current portion of interfund loans) or *advances to/from other funds* (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as *internal balances*.

##### ***Inventories and Prepaid Items***

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Inventories of governmental funds are recorded as expenditures when purchased, except for road salt included in the major street fund.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

##### ***Restricted Cash and Cash Equivalents***

Certain proceeds of bond issues as well as other resources set aside for the repayment of debt are classified as restricted cash and cash equivalents on the statement of net position because their use is limited by applicable bond covenants.

##### ***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads,



## City of Marshall

### Notes to the Financial Statements

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sidewalks, and similar items acquired or constructed since 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Type</u>	<u>Years</u>
Land Improvements	5-50
Building and Improvements	5-50
Public Domain Infrastructure	50
Systems Infrastructure	25-50
Machinery and Equipment	3-25

#### *Deferred Outflows of Resources*

In addition to assets, the statement of net 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 periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category, the deferred charge on refunding and pension related deferred outflows. 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. The government-wide statements and proprietary funds also report pension-related deferred outflows from the difference between projected and actual investment earnings of the pension plan, changes in assumptions, and City contributions made after the measurement date of the net pension liability.

#### *Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, subject to certain limitations. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee

## City of Marshall

### Notes to the Financial Statements

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resignations or retirements.

#### ***Long-term Obligations***

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, 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 the effective interest method. 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 issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Deferred Inflows of Resources***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows 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 / reduction of expense) until that time. The City has two items that qualifies for reporting in this category: pension related deferred inflows and OPEB related deferred inflows. The government-wide statements and proprietary funds report deferred inflows from the difference between expected and actual experience of the pension plan and of the OPEB plan

#### ***Net Position Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### ***Fund Balance Flow Assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to

## City of Marshall

### Notes to the Financial Statements

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calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### ***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, interfund advances, and the nonspendable portion of endowments. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has delegated the responsibility for making fund balance assignments to the Finance Director and City Treasurer.

*Unassigned fund balance* is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the City Council. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in 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.

The City Council has adopted a fund balance reserve policy to provide a general framework for setting unassigned fund balance. The ratios vary depending on the fund, ranging from 18-25 percent of the annual operating expenditures or 1.2 debt service ratio. If the unassigned fund

## City of Marshall

### Notes to the Financial Statements

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balance falls below the minimum range, the City will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy. At June 30, 2018, total fund balance of the general fund met the minimum percentage requirement.

#### ***Net OPEB Liability***

The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Retiree Health Care Plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. As of June 30, 2018, the City has recorded a net OPEB Liability. Investments are reported at fair value.

#### ***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.

#### ***Use of Estimates***

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

#### **Note 2 - Statutory Compliance**

##### **Excess of expenditures over appropriations in budgetary funds**

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the City were adopted on a departmental level basis.

The City did not incur any significant expenditures in excess of the amounts appropriated at the legal level of budgetary control within the major fund during the year ended June 30, 2018.

## City of Marshall

### Notes to the Financial Statements

#### Note 3 - Unrestricted Net Position Deficit

At June 30, 2018, the City had the following deficit unrestricted net positions:

	<b>Unrestricted Net Position</b>
<b>Governmental Activities</b>	\$ (16,958,677)
<b>Business-type Activities</b>	
Electric	(2,835,402)
Wastewater	(277,912)
Water	(1,293,984)
Fiber to the Premise	(2,492,647)
DART	(927,748)

#### Note 4 - Cash and Investments

Following is a reconciliation of deposit and investment balances as of June 30, 2018:

	<b>Primary</b>	<b>Component</b>	<b>Totals</b>
<b>Statement of Net Position</b>			
Cash and Cash Equivalents	\$ 6,225,019	\$ 218,471	\$ 6,443,490
Investments	3,765,696	487,701	4,253,397
Restricted Cash and Equivalents	1,169,433	1,983	1,171,416
<b>Statement of Fiduciary Assets and Liabilities</b>			
Cash and Cash Equivalents	69,260	-	69,260
<b>Total</b>	\$ 11,229,408	\$ 708,155	\$ 11,937,563
<b>Deposits and Investments</b>			
Bank deposits (checking, savings, and certificates of deposit)			\$ 6,039,041
MBIA Class Account			2,593,306
Investments			3,303,916
Cash on hand			1,300
<b>Total</b>			\$ 11,937,563

**Custodial Credit Risk - Deposits.** For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to the government. As of June 30, 2018, \$5,868,713 of the City's total bank balance of \$7,987,910 was exposed to custodial credit risk as it was uninsured and uncollateralized.

The City's investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

## City of Marshall

### Notes to the Financial Statements

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**Interest Rate Risk.** It is the City's policy that, unless matched to a specific cash flow, the government will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The average maturity of the portfolio investments in the external investment pools was less than 60 days as of June 30, 2018.

**Concentration of Credit Risk.** The City's investment policy provides that, except for U.S. treasuries and authorized investment pools, no more than 50 percent of the total investment portfolio may be invested in a single security type or with a single financial institution.

**Custodial Credit Risk - Investments.** The City's investments as of June 30, 2018 were as follows:

<u>Deposit/Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
MBIA Investment Fund	n/a	\$ 3,187,034	S&P - AAAM

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. All of the City's investments comply with its policy regarding the types of investments it may hold.

**Fair Value Measurement.** The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2018:

- All Investments for the MBIA Investment fund, with a balance of \$3,187,034 at June 30, 2018, which are valued using significant other observable inputs (level 2 inputs), investments are valued using a pricing model utilizing observable fair value measures of fund/pool investments and other observable inputs to determining the fair value of the securities making up the of investments fund/pool.

The City directly held certificates of deposit totaling \$2,710,188 which were included as investments on the financial statements. However, the certificates of deposit were included in the bank deposit section of this footnote disclosure as they were held directly by the City.

## City of Marshall

### Notes to the Financial Statements

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#### Note 5 - Investment in the Michigan South Central Power Agency

The Michigan South Central Power Agency (MSCPA or the “Agency”) was organized in 1978 under the authority of Public Act 448 of 1976 to supply electricity to member municipalities in south central Michigan. The Act provides that the MSCPA establish rates and charges to produce revenues sufficient to cover its costs, but may not operate for profit, except for the public benefit. The MSCPA is governed by a board of commissioners, comprised of one representative from each member municipality and the MSCPA general manager. Member municipalities and their respective shares of ownership are as follows:

<u>Municipality</u>	<u>Shares</u>
City of Coldwater	46.0%
City of Hillsdale	23.0%
City of Marshall	21.6%
Village of Clinton	5.9%
Village of Union City	3.6%
	<u>100.0%</u>

The City has entered into a contract with the MSCPA that requires the City to purchase all of its bulk power supply from the Agency and to pay its share of the Agency’s operating and debt service costs. The City has also entered into an agreement for services to be provided by the Agency with respect to substation facilities, which requires the City to sell to the Agency power generated by the City’s facilities.

The City accounts for its investment in the MSCPA as a joint venture in accordance with generally accepted accounting standards. Information presented below is taken from financial statements of the MSCPA for the year ended June 30, 2018, which was audited by other auditors whose report dated August 24, 2018 expressed an unmodified opinion on those financial statements. A copy of these financial statements can be obtained by addressing request to Michigan South Central Power Agency, 720 Herring Rd., Litchfield, MI 49252.

# City of Marshall

## Notes to the Financial Statements

Summary information of the City's equity interest in the MSCPA as of June 30, 2018 is as follows:

	<b>MSCPA</b>
<b>Assets</b>	
Current	\$ 20,377,566
Noncurrent	12,694,260
Capital Assets, Net	20,390,922
<b><i>Total Assets</i></b>	<b>53,462,748</b>
<b>Deferred Outflow of Resources</b>	<b>571,899</b>
<b>Liabilities</b>	
Current	5,033,424
Long-term	12,466,296
<b><i>Total Liabilities</i></b>	<b>17,499,720</b>
<b>Deferred Inflows of Resources</b>	<b>11,824,655</b>
<b>Net Position</b>	<b>\$ 24,710,272</b>
Revenues	\$ 50,272,122
Expenses	48,180,598
Operating Income	2,091,524
Non-operating Revenue	4,344,023
Non-operating Expenses	(3,148,887)
Non-operating Income	1,195,136
<b><i>Change in Net Position</i></b>	<b>3,286,660</b>
Net Position, Beginning of the Year	21,423,612
<b>Net Position, End of the Year</b>	<b>\$ 24,710,272</b>
<b>Marshall's Share</b>	<b>\$ 5,289,720</b>



# City of Marshall

## Notes to the Financial Statements

### Note 6 - Capital Assets

Capital asset activity for the governmental activities of the primary government for the year ended June 30, 2018 was as follows:

Governmental Activities	June 30, 2017	Additions	Reductions	Transfers from CIP	June 30, 2018
<b>Capital assets not being depreciated</b>					
Land	\$ 2,559,160	\$ -	\$ -	\$ -	\$ 2,559,160
Construction in process	302,794	-	-	(302,794)	-
<b>Total Capital Assets not Being Depreciated</b>	<u>2,861,954</u>	<u>-</u>	<u>-</u>	<u>(302,794)</u>	<u>2,559,160</u>
<b>Capital Assets Being Depreciated</b>					
Land Improvements	5,607,316	-	-	-	5,607,316
Buildings	23,574,210	9,973	-	-	23,584,183
Vehicles	40,607	-	-	-	40,607
Equipment	832,402	212,530	-	-	1,044,932
Infrastructure	12,676,375	313,145	-	302,794	13,292,314
<b>Total Capital Assets Being Depreciated</b>	<u>42,730,910</u>	<u>535,648</u>	<u>-</u>	<u>302,794</u>	<u>43,569,352</u>
<b>Less Accumulated Depreciation</b>					
Land Improvements	4,683,346	222,431	-	-	4,905,777
Buildings	7,035,374	594,383	-	-	7,629,757
Vehicles	28,152	563	-	-	28,715
Equipment	622,510	37,329	-	-	659,839
Infrastructure	4,449,298	328,053	-	-	4,777,351
<b>Total Accumulated Depreciation</b>	<u>16,818,680</u>	<u>1,182,759</u>	<u>-</u>	<u>-</u>	<u>18,001,439</u>
<b>Total Net Capital Assets Being Depreciated</b>	<u>25,912,230</u>	<u>(647,111)</u>	<u>-</u>	<u>302,794</u>	<u>25,567,913</u>
<b>Internal Service Funds</b>					
Data Processing	63,735	(18,031)	-	-	45,704
Motor Pool	2,496,973	(25,097)	-	-	2,471,876
<b>Total Internal Service Funds</b>	<u>2,560,708</u>	<u>(43,128)</u>	<u>-</u>	<u>-</u>	<u>2,517,580</u>
<b>Total Capital Assets - Governmental Activities</b>	<u>\$ 31,334,892</u>	<u>\$ (690,239)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,644,653</u>

The City has entered into an operating lease for a portion of the Marshall Regional Law Enforcement Center (MRLEC). The cost of the MRLEC was \$11,091,797 and depreciation expense was \$316,908 during the year. Total of accumulated depreciation as of year-end was \$633,816.

# City of Marshall

## Notes to the Financial Statements

Capital asset activity for the business-type activities of the primary government for the year ended June 30, 2018 was as follows:

<b>Business-type Activities</b>	<b>June 30, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Transfers from CIP</b>	<b>June 30, 2018</b>
<b>Capital assets not being depreciated</b>					
Land	\$ 269,663	\$ -	\$ -	\$ -	\$ 269,663
Construction in process	207,209	1,791,778	-	(61,020)	1,937,967
<b>Total Capital Assets not Being Depreciated</b>	<b>476,872</b>	<b>1,791,778</b>	<b>-</b>	<b>(61,020)</b>	<b>2,207,630</b>
<b>Capital Assets Being Depreciated</b>					
Land Improvements	893,935	-	-	-	893,935
Buildings	7,773,167	46,519	24,209	-	7,795,477
Vehicles	926,288	-	19,494	-	906,794
Equipment	12,997,831	489,133	73,857	61,020	13,474,127
Infrastructure	27,914,501	278,050	74,735	-	28,117,816
<b>Total Capital Assets Being Depreciated</b>	<b>50,505,722</b>	<b>813,702</b>	<b>192,295</b>	<b>61,020</b>	<b>51,188,149</b>
<b>Less Accumulated Depreciation</b>					
Land Improvements	224,741	31,277	-	-	256,018
Buildings	5,855,416	221,566	24,209	-	6,052,773
Vehicles	734,627	45,406	19,492	-	760,541
Equipment	10,205,986	207,287	73,857	-	10,339,416
Infrastructure	13,481,495	746,028	74,735	-	14,152,788
<b>Total Accumulated Depreciation</b>	<b>30,502,265</b>	<b>1,251,564</b>	<b>192,293</b>	<b>-</b>	<b>31,561,536</b>
<b>Total Net Capital Assets Being Depreciated</b>	<b>20,003,457</b>	<b>(437,862)</b>	<b>2</b>	<b>61,020</b>	<b>19,626,613</b>
<b>Total Capital Assets - Business-type</b>	<b>\$ 20,480,329</b>	<b>\$ 1,353,916</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ 21,834,243</b>

Component unit capital assets activity for the year ended June 30, 2018 was as follows:

<b>Local Development Finance Authority (LDFA)</b>	<b>June 30, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2018</b>
<b>Capital Assets not Being Depreciated</b>				
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
<b>Capital Assets Being Depreciated</b>				
Equipment	91,640	-	-	91,640
<b>Less Accumulated Depreciation</b>				
Equipment	91,640	-	-	91,640
<b>Total Capital Assets Being Depreciated, Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total LDFA Component Unit Capital Assets</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500,000</b>

**City of Marshall**

Notes to the Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities**

General Government	\$ 194,738
Public Safety	415,819
Public Works	516,706
Parks and Recreation	55,496
Internal Service Funds*	281,895
<b>Total Governmental Activities</b>	<b>\$ 1,464,654</b>

**Business-type Activities**

Electric	\$ 386,342
Wastewater	419,190
Water	343,741
Public Transit	42,578
Public Housing	59,713
<b>Total Business-type Activities</b>	<b>\$ 1,251,564</b>

\*Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.

**Note 7 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances (advances) as of June 30, 2018 was as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Fiber to the Premise	General	\$ 1,000,000
Electric	General	473,687
Fiber to the Premise	Wastewater	500,000
Fiber to the Premise	Electric	1,000,000

The \$1,000,000 interfund balance between the fiber to the premise and general fund listed above represents the amount advanced to the fiber to the premise fund to finance the installation of a fiber system, the amounts are not expected paid back in the next fiscal year. All other amounts are temporary interfund balances.

## City of Marshall

### Notes to the Financial Statements

For the year ended June 30, 2018, interfund transfers consisted of the following:

<b>Fund</b>	<b>Transfer In</b>	<b>Transfer Out</b>
General	\$ 516,144	\$ 1,508,589
Building Authority	-	685,700
DART	19,590	-
Data	17,269	-
Fiber to the Premise	17,420	-
Local Streets	17,593	250,000
Major Streets	293,515	36
Major Streets - Capital Fund	36	-
Marshall House	93,818	-
Marshall Regional Law Enforcement Center	-	110,374
Motor Pool	37,345	-
Wastewater	200,000	-
Water	225,240	-
Electric	1,116,729	-
<b>Total</b>	<b>\$ 2,554,699</b>	<b>\$ 2,554,699</b>

Transfers are used to: 1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; 2) move receipts restricted to or allowed for 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.

## City of Marshall

### Notes to the Financial Statements

#### Note 8 - Long-term Debt

*General obligation bonds.* The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The discretely presented component unit bonds were issued for local development projects.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. The original amount of general obligation bonds issued in prior years for the governmental activities items listed below was \$10,530,000 and \$12,860,000 for business-type activities. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>Governmental Activities</b>		
2016 General Obligation and Refunding	2.00%-4.00%	\$ 810,000
2012 Improvements	2.00%-3.30%	60,000
2013 Transportation Bonds	2.00%-3.00%	1,280,000
2014 Building Authority	2.00%-4.00%	4,705,000
<b><i>Total Governmental Activities</i></b>		<b><u>\$ 6,855,000</u></b>
<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>Business-type Activities</b>		
2016 General Obligation and Refunding	2.00%-4.00%	\$ 4,330,000
2008 Refunding	3.00%-4.00%	200,000
2009 Water Main	4.00%-5.10%	865,000
2012 Improvements	2.00%-3.30%	3,395,000
<b><i>Total Business-type Activities</i></b>		<b><u>\$ 8,790,000</u></b>

**City of Marshall**

Notes to the Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 635,000	\$ 228,156	\$ 863,156
2020	725,000	214,513	939,513
2021	280,000	198,413	478,413
2022	290,000	191,013	481,013
2023	280,000	183,413	463,413
2024-2028	1,580,000	768,331	2,348,331
2029-2033	1,310,000	498,025	1,808,025
2034-2038	1,435,000	240,800	1,675,800
2039	320,000	12,800	332,800
<b>Totals</b>	<b>\$ 6,855,000</b>	<b>\$ 2,535,464</b>	<b>\$ 9,390,464</b>

<b>Year Ending June 30</b>	<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 851,700	\$ 294,662	\$ 1,146,362
2020	645,000	271,985	916,985
2021	495,000	256,415	751,415
2022	510,000	240,305	750,305
2023	545,000	223,675	768,675
2024-2028	2,790,000	814,100	3,604,100
2029-2033	2,290,000	314,405	2,604,405
2034-2038	663,300	40,350	703,650
<b>Totals</b>	<b>\$ 8,790,000</b>	<b>\$ 2,455,897</b>	<b>\$ 11,245,897</b>

*Revenue bonds.* The discretely presented component unit issued bonds were for infrastructure improvements at the Brooks Industrial Park including roads, land improvements, and electric. The original amount of revenue bond issued in prior years for the issues listed below was \$1,360,000 for discretely presented component units. No new or refunding revenue bonds were issued during the current year. These bonds are issued as 20-year serial bonds with varying amounts of principal maturing each year. Revenue bonds outstanding at year-end are as follows:

<b>Purpose</b>	<b>Interest Rate</b>	<b>Amount</b>
<b>Component Units</b>		
2005 Local Development	3.50%-4.30%	<u>\$ 180,000</u>

**City of Marshall**

Notes to the Financial Statements

Revenue bond debt service requirements to maturity are as follows:

<b>Year Ending</b>	<b>Component Units</b>		
	<b>June 30</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 90,000	\$ 7,560	\$ 97,560
2020	90,000	3,780	93,780
<b>Totals</b>	<b>\$ 180,000</b>	<b>\$ 11,340</b>	<b>\$ 191,340</b>

*Installment obligations.* The government has entered into various long-term installment payment agreements. The original amount of installment obligations issued in prior years for the issues listed below was \$1,892,544. The Motor Pool Equipment installment obligations were issued during the current year in the amount of \$1,142,175. The business-type activities installment obligations were issued during the year in the amount of \$350,369.

Installment obligations outstanding at year-end are as follows:

<b>Purpose</b>	<b>Interest Rate</b>	<b>Amount</b>
<b>Governmental Activities</b>		
2018 Motor Pool IPA	N/A	\$ 1,142,175
2015 Fire Truck	2.33%	308,902
<b>Total</b>		<b>\$ 1,451,077</b>

Annual debt service requirements to maturity for installment obligations, except as noted above, are as follows:

<b>Year Ending</b>	<b>Governmental Activities</b>		
	<b>June 30</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 249,993	\$ 49,746	\$ 299,739
2020	258,816	40,922	299,738
2021	267,941	31,798	299,739
2022	277,426	22,312	299,738
2023	287,236	12,500	299,736
2024-2026	109,665	3,935	113,600
<b>Totals</b>	<b>\$ 1,451,077</b>	<b>\$ 161,213</b>	<b>\$ 1,612,290</b>

## City of Marshall

### Notes to the Financial Statements

*Changes in Long-term Debt.* Long-term liability activity for the year ended June 30, 2018 was as follows:

	June 30, 2017	Additions	Reductions	June 30, 2018	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 7,465,000	\$ -	\$ 610,000	\$ 6,855,000	\$ 635,000
Installment Contracts	346,042	1,142,175	37,140	1,451,077	249,993
Compensated Absences	295,618	-	23,169	272,449	-
Deferred Amounts for Issuance Premiums	175,876	-	8,887	166,989	-
<b>Total Governmental Activities</b>	<b>8,282,536</b>	<b>1,142,175</b>	<b>679,196</b>	<b>8,745,515</b>	<b>884,993</b>
<b>Business-type Activities</b>					
General Obligation Bonds	9,640,000	-	850,000	8,790,000	851,700
Installment Contracts	186,912	-	186,912	-	-
Compensated Absences	228,391	-	35,969	192,422	-
Deferred Amounts for Issuance Premiums	443,195	-	34,884	408,311	-
<b>Total Business-type Activities</b>	<b>10,498,498</b>	<b>-</b>	<b>1,107,765</b>	<b>9,390,733</b>	<b>851,700</b>
<b>Total Primary Government Long-term Debt</b>	<b>\$ 18,781,034</b>	<b>\$ 1,142,175</b>	<b>\$ 1,786,961</b>	<b>\$ 18,136,248</b>	<b>\$ 1,736,693</b>
<b>Component Unit - LDFA</b>					
Revenue Bond	\$ 270,000	\$ -	\$ 90,000	\$ 180,000	\$ 90,000
<b>Component Unit - DDA</b>					
General Obligation Bonds	\$ 55,000	\$ -	\$ 55,000	\$ -	\$ -

For governmental activities; compensated absences are generally liquidated by the general fund.

#### **Note 9 - Segment Information – Enterprise Funds**

The government issued general obligation bonds to finance and refinance certain improvements to its electric, water, and wastewater system. Because the electric, water and wastewater funds are segments and are reported as major funds in the fund financial statements, segment disclosures herein are not required.

#### **Note 10 - Risk Management**

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2018, the government carried insurance through various commercial carriers, including the Michigan Municipal League, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

#### **Note 11 - Property Taxes**

The government's property taxes are levied each August 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable



## City of Marshall

### Notes to the Financial Statements

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without penalty and interest through September 15; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Calhoun County. Assessed values, as established annually by the government and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. The taxable value of real and personal property in the City for the 2017 levy, including industrial facilities, was \$197,050,191. The government's general operating tax rate for fiscal 2017-18 was 17.1629 mills with an additional 0.9393 mills for recreation, 0.9393 for public transportation and .5000 for leaf, brush and trash removal.

Property taxes for the DDA and LDFA are derived from tax increment financing agreements with the various applicable taxing authorities. Under these arrangements, the DDA and LDFA receives the property taxes levied on the increment of current taxable values over the base year values on those properties located within the established tax increment financing district. The DDA's operating tax rate for fiscal year 2017-18 was 1.6129 mills based on taxable value of \$7,311,300.

Property taxes are recognized in the fiscal year in which they are levied.

#### **Note 12 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

#### **Note 13 - Employee Retirement Systems**

##### **Defined Contribution Pension Plan**

The City provides a defined contribution pension plan, which provides retirement benefits to qualified employees who were hired after July 1, 2013. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate in the plans vests based on year of service with 100% vesting occurring after 5 years of service. The City and participants contribute a percentage of participant's salary to the plans. City contributions to the MERS plan at 10% of salary and participant contributions are 7.7% of salary. City contributions for the fiscal year 2017 were \$165,263 and participant contributions were \$127,253. The plan provisions and contribution amounts were established by the City Council and may be amended by the Council. The plan is administered along with the defined benefit pension plans, through MERS.

**City of Marshall**

Notes to the Financial Statements

**Defined Benefit Pension Plan**

***Benefits Provided***

*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. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. 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](http://www.mersofmich.com).

Retirement benefits for employees are calculated as follows:

<u>Division</u>	<u>Benefit Multiplier</u>	<u>Benefit Maximum</u>	<u>Final Average Compensation (Years)</u>	<u>Normal Retirement Age</u>	<u>Unreduced Benefit (Age/Years of Service)</u>	<u>Reduced Benefit (Age/Years of Service)</u>	<u>Vesting (Years)</u>
General Employee - Closed	2.50%	80%	5	60	55/25	50/25 or 55/15	10
Fire Division - Open	3.00%	80%	3	60	50/25	55/15	10
Dispatch - Closed	2.50%	80%	5	60	55/25	50/25 or 55/15	10
Patrol Officers - Open	3.00%	80%	3	60	50/25	55/15	10
Sergeants - Open	3.00%	80%	3	60	50/25	55/15	10

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police employee benefit terms may be subject to binding arbitration in certain circumstances.

***Employees Covered by Benefit Terms***

At the December 31, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	88
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	<u>52</u>
Total employees covered by MERS	<u><u>155</u></u>

***Contributions***

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly,

## City of Marshall

### Notes to the Financial Statements

MERS retains an independent actuary to determine the annual contribution. 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 costs of benefits earned by plan members 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.

For the year ended June 30, 2018, the City had the following contribution rates:

Division	Employee Contributions	Employer Contributions
General Employee - Closed	7.70%	\$72,824/month
Fire Division - Open	10.39%	34.86%
Dispatch - Closed	9.03%	\$1,623/month
Patrol Officers - Open	8.79%	16.02%
Sergeants - Open	8.79%	19.98%

#### *Net Pension Liability*

The net pension liability reported at June 30, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2016</b>	\$ 34,352,142	\$ 21,237,785	\$ 13,114,357
Service cost	433,744	-	433,744
Interest	2,674,178	-	2,674,178
Differences between expected and actual	(639,786)	-	(639,786)
Changes in benefit terms	4,811	-	4,811
Contributions - Employer	-	862,172	(862,172)
Contributions - Employee	-	282,382	(282,382)
Net investment income	-	2,742,993	(2,742,993)
Benefit payments, including refunds	(2,283,549)	(2,283,549)	-
Administrative expenses	-	(43,520)	43,520
<b>Net changes</b>	189,398	1,560,478	(1,371,080)
<b>Balance at December 31, 2017</b>	\$ 34,541,540	\$ 22,798,263	\$ 11,743,277

## City of Marshall

### Notes to the Financial Statements

Net pension liabilities are generally liquidated by the general fund within the governmental activities. Total net pension liability is recognized in the governmental activities, business-type activities, and DDA (component unit).

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

For the year ended June 30, 2018, the City recognized pension expense of \$1,565,662. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 493,565
Excess (deficit) investment returns	-	380,634
* Contributions subsequent to the measurement date	462,446	-
Total	\$ 462,446	\$ 874,199

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date, \$462,446, will be recognized as a reduction in the net pension liability for the year ending June 30, 2019.

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

Years Ending	
June 30	Amount
2018	\$ (145,777)
2019	(156,888)
2020	(353,278)
2021	(218,256)
	\$ (874,199)

#### ***Actuarial Assumptions***

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5% (3-4% for 2014)

Salary Increases: base wage inflation of 3.75% in the long-term

# City of Marshall

## Notes to the Financial Statements

Investment rate of return: 7.75%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on a weighted blend of RP-2014 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of RP-2014 disabled retire mortality tables of a 50% Male and 50% Female blend of disabled retirees. (1994 group annuity tables is 2014)

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	55.50%	8.65%
Global fixed income	18.50%	3.76%
Real assets	13.50%	9.72%
Diversifying strategies	12.50%	7.50%
	<u>100.0%</u>	

### ***Discount Rate***

The discount rate used to measure the total pension liability is 8.00%. 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.

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

The following presents the net pension liability of the City, calculated using the discount rate of 8.00 percent, as well as what the City's net pension liability would be if it were calculated using a

**City of Marshall**

Notes to the Financial Statements

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 of the City	\$ 15,389,910	\$ 11,743,277	\$ 8,659,293

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available in the separately issued plan financial statements.

**Note 14 - Postemployment Health Care Benefits**

***Plan Description***

The City provides retiree healthcare benefits through the City of Marshall’s retiree healthcare plan (the “Plan”) to eligible employees and their spouses. The benefits are provided under collective bargaining agreements. The plan does not issue a publicly available financial report.

***Benefits Provided and Contributions***

The Plan was established and is being funded under the authority of the City. The plan's funding policy is that the employer will contribute discretionary amounts if able in subsequent years. There are no long term contracts for contributions to the plan. The plan has no legally required reserves.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (June 30, 2018):

Inactive plan members or beneficiaries currently receiving benefits	67
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	10
Total employees covered by the Plan	77

## City of Marshall

### Notes to the Financial Statements

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#### *Methods and Assumptions*

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 and a measurement date of June 30, 2018 and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Included in investment rate of return
Salary increases	4.50%
Investment rate of return	7.75% including inflation
20-year Aa Municipal bond rate	3.00%
Mortality	RP 2014, sex distinct, annuitant and non-annuitant, headcount weighted, adjusted to 2006 and projected with scale MP-2017

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the retirement plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	55.5%	8.65%
Global fixed income	18.5%	3.76%
Real assets	13.5%	9.72%
Diversifying strategies	12.5%	7.50%

#### *Discount Rate*

The discount rate used to measure the total OPEB liability was 3.01%. The projection of cash flows used to determine the discount rate assumed that City contributions will be \$200,000 prorated on number of active employees in subsequent years. Based on those assumptions, the retirement plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members past 2019. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. June 30, 2018 is the first year of required compliance with GASB 75. The discount used to develop

## City of Marshall

### Notes to the Financial Statements

the beginning of year liability was 3.11% - the bond rate in effect at that time.

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

Changes in OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	OPEB Liability
<b>Balance at June 30, 2017</b>	\$ 24,706,936	\$ 873,977	\$ 23,832,959
Service cost	155,319	-	155,319
Interest	764,687	-	764,687
Differences between expected and actual experience	(107,694)	-	(107,694)
Changes in actuarial assumptions	471,768	-	471,768
Contributions - employer	-	548,507	(548,507)
Net investment income	-	67,943	(67,943)
Benefit payments, including refunds	(548,507)	(548,507)	-
Administrative expenses	-	(2,206)	2,206
<i>Net changes</i>	<i>735,573</i>	<i>65,737</i>	<i>669,836</i>
<b>Balance at June 30, 2018</b>	<b>\$ 25,442,509</b>	<b>\$ 939,714</b>	<b>\$ 24,502,795</b>

#### *Sensitivity of the Net OPEB Liability to Changes in the Discount and Trend Rates*

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

	1% Decrease, 2.51%	Current Discount Rate, 3.51%	1% Increase, 4.51%
	Net OPEB Liability	\$ 30,018,152	\$ 24,502,795
	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 20,488,700	\$ 24,502,795	\$ 29,634,520

#### *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plan*

For the year ended June 30, 2018, the City recognized OPEB expense of \$1,223,817. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Source	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	\$ 5,474

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB



**City of Marshall**

Notes to the Financial Statements

expense as follows:

Years Ending June 30	Amount
2019	\$ (1,368)
2020	(1,368)
2021	(1,368)
2022	(1,370)

**Note 15 - Net Investment in Capital Assets**

Following is a summary of net investment in capital assets as presented in the government-wide statement of net position:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Units</b>
Capital Assets, Net	\$ 30,644,653	\$ 21,834,243	\$ 500,000
Less:			
Capital Related Bonds and Installment Contracts	8,306,077	8,790,000	-
Unamortized Premium on Bonds	166,989	408,311	-
Add:			
Unamortized Loss on Refunding	26,620	96,621	-
<b>Total Net Investment in Capital Assets</b>	<b>\$ 22,198,207</b>	<b>\$ 12,732,553</b>	<b>\$ 500,000</b>

**Note 16 - Dial-A-Ride Disclosures**

The following disclosures are required by the Michigan Department of Transportation (MDOT) relative to the City's Dial-A-Ride program which is funded by and through MDOT:

***Cost Allocation Plans***

The Dial-A-Ride has two cost allocation plans (central service - building and new freedom) where the methodology has been approved by the Office of Passenger Transportation (OPT). The cost allocation plans were adhered to in the preparation of the financial statements.

***Nonfinancial Methodology***

The methodology used for compiling vehicle mileage is adequate and reliable.

## City of Marshall

### Notes to the Financial Statements

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#### ***Depreciation***

The depreciation expense reported in 51300 equals the ineligible depreciation reported in 55007. Therefore, the depreciation assurance regarding approval of useful life is not required.

#### ***Capital Funds Used to Pay for Operating***

No operating expenses are subtracted out as ineligible because no capital money was used to pay for operating expenses for the fiscal year ended June 30, 2018.

#### ***Expenses Associated with PTMS Codes 406 & 407***

\$550 of expenses associated with 406xx Auxiliary Transportation Revenue (advertising revenue) and / or 407xx Non-transportation are subtracted out as ineligible under 56002 Ineligible Expenses Associated with Advertising Revenue for the year ended June 30, 2018.

#### ***Retirement Benefits***

The Dial-A-Ride offers two pension compensation plans: MERS defined benefit and MERS defined contribution. During the fiscal year ended September 30, 2017 the Dial-A-Ride paid \$6,950 in 50210 DC Pensions under its MERS defined contribution plan. The entire amount was expensed on the books and reported in 50210 DC Pensions. The entire sum of \$6,950 was paid (e.g., an out-of-pocket payment) and, therefore, no DC pension is subtracted out under 58010 Ineligible DC Pensions.

Pension costs incurred for the MERS defined benefit plan were calculated pursuant to the MERS GASB 68 Implementation Guide. The total pension expense recognized as calculated in STEP 6 of the guide was \$42,201 for the Dial-A-Ride's fiscal year end of September 30, 2017. The entire amount of \$42,201 was expensed on the books and is reported in 50220 DB Pensions as of September 30, 2017. The transit agency paid (e.g., an out of pocket payment) \$10,969, therefore, \$31,232 is subtracted out under 58020 Ineligible DB Pension.

The transit agency incurred \$48,709 in 50202 Other Post-employment Benefits (OPEB) and expensed the entire amount on its books. Of the \$48,709 incurred, \$48,709 was paid. Therefore, none of the expense was subtracted out as ineligible under 58030 Ineligible OPEB.

**City of Marshall**

Notes to the Financial Statements

**Note 17 - Fund Balances - Governmental Funds**

The City reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Nonspendable</b>			
Prepays	\$ 69,220	\$ 6,856	\$ 76,076
Inventory	17,940	48,937	66,877
Advance	1,000,000	-	1,000,000
Endowment	-	321,851	321,851
<b>Total Nonspendable</b>	<u>1,087,160</u>	<u>377,644</u>	<u>1,464,804</u>
<b>Restricted</b>			
Capital Projects	-	50	50
Major and Local Streets	-	1,564,978	1,564,978
Leaf, Brush and Trash	-	13,881	13,881
Drug Law Enforcement	-	157,563	157,563
Cemetery	-	262,943	262,943
Debt Service	-	317,645	317,645
<b>Total Restricted</b>	<u>-</u>	<u>2,317,060</u>	<u>2,317,060</u>
<b>Committed</b>			
Fire Truck Replacement	184,000	-	184,000
Recreation Scholarships	-	-	-
Special Projects	-	147,140	147,140
<b>Total Committed</b>	<u>184,000</u>	<u>147,140</u>	<u>331,140</u>
<b>Unassigned</b>	<u>1,394,704</u>	<u>-</u>	<u>1,394,704</u>
<b>Total Fund Balances - Governmental Funds</b>	<u>\$ 2,665,864</u>	<u>\$ 2,841,844</u>	<u>\$ 5,507,708</u>

**Note 18 - Tax Abatements**

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property.

## City of Marshall

### Notes to the Financial Statements

By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended June 30, 2018, the City's property taxes were reduced by \$48,874 under this program.

#### **Note 19 - Change in Accounting Principle**

During the current year, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the government-wide statements now include an increase in OPEB liability by \$11,816,032 that corresponded with a decrease in net position of the same amount. Business-type activities statements now include an increase in OPEB liability by \$7,532,289 that corresponded with a decrease in net position of the same amount.

The following table shows the changes described above and includes the adjustments of net position indicated above:

	<b>Motor Pool</b>	<b>Governmental Activities</b>
Net Position - June 30, 2017, as previously reported		
As previously reported, including reclassification	\$ 2,558,422	\$ 20,512,996
Adoption of GASB Statement No. 75	(283,441)	(11,816,032)
Net Position - June 30, 2017 - as restated	\$ 2,274,981	\$ 8,696,964

	<b>Marshall House</b>	<b>Electric</b>	<b>DART</b>	<b>Wastewater</b>	<b>Water</b>	<b>Business-type Activities</b>
Net Position - June 30, 2017, as previously reported						
As previously reported, including reclassification	\$ 1,157,928	\$ 5,094,175	\$ (91,366)	\$ 2,462,147	\$ 4,121,858	\$ 12,609,890
Adoption of GASB Statement No. 75	(283,441)	(4,404,040)	(757,171)	(939,803)	(1,147,834)	(7,532,289)
Net Position - June 30, 2017 - as restated	\$ 874,487	\$ 690,135	\$ (848,537)	\$ 1,522,344	\$ 2,974,024	\$ 5,077,601

#### **Note 20 - Subsequent Events and Commitments**

Subsequent events have been evaluated through December 14, 2018, the date the financial statements were available to be issued.

The City is a member of American Municipal Power (AIVIP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 6,500 kilowatts of a total 771,281 kilowatts, giving the City a 0.84 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to

## City of Marshall

### Notes to the Financial Statements

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projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$1,121,047. The City received a credit of \$577,071 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$293,962 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$250,014. The City is not reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's potential liability.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the City has made payments of \$282,039 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the City's Allocation of additional costs incurred by the project is \$12,391 and interest expense incurred on AMP's line-of-Credit of \$1,022, resulting in a net credit balance for impaired cost estimate at June 30, 2017 of \$18,612. The City does have a potential PHFU Liability of \$305,045 resulting in a net total potential liability of \$286,433, assuming the net credit balance earns no interest and the assets making up the PHFU (Principally the land comprising the Meigs County site) have no value/ Stranded Costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such as negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

Management is not aware of any other subsequent events that would have a significant impact on the financial condition of the City.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative) Final to Actual
<b>Revenues</b>				
Property Taxes	\$ 3,576,490	\$ 3,734,309	\$ 3,728,536	\$ (5,773)
Licenses and Permits	157,000	188,700	216,119	27,419
Intergovernmental	816,136	959,136	1,070,351	111,215
Charges for Services	187,552	418,370	392,793	(25,577)
Fines and Forfeitures	51,800	27,048	24,814	(2,234)
Other	226,328	239,614	240,820	1,206
Investment Earnings	10,045	36,745	40,063	3,318
<b>Total Revenues</b>	<u>5,025,351</u>	<u>5,603,922</u>	<u>5,713,496</u>	<u>109,574</u>
<b>Other Financing Sources</b>				
Transfers In	1,516,875	1,516,875	1,508,589	(8,286)
<b>Total Revenues and Other Financing Sources</b>	<u>6,542,226</u>	<u>7,120,797</u>	<u>7,222,085</u>	<u>101,288</u>
<b>Expenditures</b>				
<b>General Government</b>				
City Council	3,507	3,507	3,052	455
City Manager	166,944	168,444	167,126	1,318
City Assessor	159,439	140,000	134,807	5,193
City Attorney	50,000	50,000	48,308	1,692
Human Resources	82,654	85,100	85,698	(598)
Clerk	94,966	96,266	86,772	9,494
Treasurer	496,382	499,482	492,974	6,508
City Hall	71,024	72,224	71,490	734
Chapel	900	900	885	15
Other City Property	29,300	32,800	32,760	40
Cemetery	179,292	179,442	158,482	20,960
Non-departmental	567,258	555,848	519,734	36,114
<b>Total General Government</b>	<u>1,901,666</u>	<u>1,884,013</u>	<u>1,802,088</u>	<u>81,925</u>
<b>Public Safety</b>				
Police	1,486,309	1,474,329	1,472,151	2,178
Crossing Guards	11,791	11,791	11,403	388
Dispatch Operations	112,500	112,500	110,470	2,030
Fire	940,130	940,530	838,607	101,923
Inspection	142,181	140,000	131,790	8,210
<b>Total Public Safety</b>	<u>2,692,911</u>	<u>2,679,150</u>	<u>2,564,421</u>	<u>114,729</u>
<b>Public Works</b>				
Street	772,720	713,680	676,550	37,130
Composting	31,937	31,937	23,592	8,345
Engineering	36,310	36,310	25,797	10,513
Airport	137,730	147,349	140,805	6,544
Public Services Building	129,431	129,431	93,671	35,760
<b>Total Public Works</b>	<u>1,108,128</u>	<u>1,058,707</u>	<u>960,415</u>	<u>98,292</u>
<b>Community and Economic Development</b>				
Planning and Zoning	82,827	137,480	125,137	12,343
Farmers Market	17,624	17,624	15,363	2,261
<b>Total Community and Economic Development</b>	<u>100,451</u>	<u>155,104</u>	<u>140,500</u>	<u>14,604</u>
<b>Recreation and Culture</b>				
Parks	84,829	97,957	75,295	22,662
Recreation	397,156	437,973	396,896	41,077
<b>Total Recreation and Culture</b>	<u>481,985</u>	<u>535,930</u>	<u>472,191</u>	<u>63,739</u>
<b>Capital Outlay</b>	91,030	227,520	222,503	5,017
<b>Debt Service</b>	77,634	77,634	78,351	(717)
<b>Total Expenditures</b>	<u>6,453,805</u>	<u>6,618,058</u>	<u>6,240,469</u>	<u>377,589</u>
<b>Other Financing Uses</b>				
Transfers Out	531,441	531,441	516,144	15,297
<b>Total Expenditures and Other Financing Uses</b>	<u>6,985,246</u>	<u>7,149,499</u>	<u>6,756,613</u>	<u>392,886</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(443,020)</u>	<u>(28,702)</u>	<u>465,472</u>	<u>494,174</u>
<b>Net Change in Fund Balance</b>	<u>(443,020)</u>	<u>(28,702)</u>	<u>465,472</u>	<u>494,174</u>
<i>Fund Balance at Beginning of Period</i>	2,200,392	2,200,392	2,200,392	--
<b>Fund Balance at End of Period</b>	<u>\$ 1,757,372</u>	<u>\$ 2,171,690</u>	<u>\$ 2,665,864</u>	<u>\$ 494,174</u>

**City of Marshall**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Four Calendar Years**

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service Cost	\$ 433,744	\$ 479,907	\$ 499,467	\$ 494,170
Interest	2,674,178	2,624,048	2,516,972	2,450,825
Changes in Benefit Terms	4,811	-	-	-
Differences Between Expected and Actual Experience	(639,786)	(201,324)	(31,309)	-
Changes in Assumptions	-	-	1,499,182	-
Benefit Payments, Including Refunds	(2,283,549)	(2,222,675)	(2,142,685)	(2,143,777)
<b>Net Change in Pension Liability</b>	189,398	679,956	2,341,627	801,218
<i>Total Pension Liability - Beginning</i>	34,352,142	33,672,186	31,330,559	30,529,341
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 34,541,540</b>	<b>\$ 34,352,142</b>	<b>\$ 33,672,186</b>	<b>\$ 31,330,559</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 862,172	\$ 790,417	\$ 710,139	\$ 611,791
Contributions - Member	282,382	311,834	329,215	353,729
Net Investment Income	2,742,993	2,241,410	(311,804)	1,337,330
Benefit Payments, Including Refunds	(2,283,549)	(2,222,675)	(2,142,685)	(2,143,777)
Administrative Expenses	(43,520)	(44,490)	(46,163)	(48,890)
<b>Net Change in Plan Fiduciary Net Position</b>	1,560,478	1,076,496	(1,461,298)	110,183
<i>Plan Fiduciary Net Position - Beginning</i>	21,237,785	20,161,289	21,622,587	21,512,404
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 22,798,263</b>	<b>\$ 21,237,785</b>	<b>\$ 20,161,289</b>	<b>\$ 21,622,587</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 11,743,277</b>	<b>\$ 13,114,357</b>	<b>\$ 13,510,897</b>	<b>\$ 9,707,972</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66%	62%	60%	69%
Covered Payroll	\$ 3,220,900	\$ 3,544,724	\$ 3,714,381	\$ 3,702,727
Net Pension Liability as a Percentage of Covered Payroll	365%	370%	364%	262%

\* Built prospectively upon implementation of GASB 68



**City of Marshall**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**Last 10 Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	\$ 862,172	\$ 815,277	\$ 710,139	\$ 654,990	\$ 568,171	\$ 480,936	\$ 415,427	\$ 339,409	\$ 247,197	\$ 224,057
Contributions in Relation to the Actuarially Determined Contribution	<u>862,172</u>	<u>815,277</u>	<u>710,139</u>	<u>654,990</u>	<u>568,171</u>	<u>480,936</u>	<u>415,427</u>	<u>339,409</u>	<u>247,197</u>	<u>224,057</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	3,317,527	3,459,896	3,751,525	3,702,728	4,139,755	4,165,476	4,390,462	4,121,120	4,291,122	4,216,281
Contributions as a Percentage of Covered Payroll	26%	24%	19%	18%	14%	12%	9%	8%	6%	5%

*Notes*

**Valuation Date**

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

**Methods and assumptions used to determine contribution rates**

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of pay, open
Remaining amortization period	15 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the 2014 Grouped Annuity Mortality

**City of Marshall**  
**Required Supplementary Information**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Last Fiscal Year**

	2018
<b>Total OPEB Liability</b>	
Service Cost	\$ 155,319
Interest	764,687
Differences Between Expected and Actual Experience	(107,694)
Changes in Assumptions	471,768
Benefit Payments, Including Refunds	(548,507)
<i><b>Net Change in total OPEB Liability</b></i>	<i>735,573</i>
<i>Total OPEB Liability - Beginning</i>	<i>24,706,936</i>
<i><b>Total OPEB Liability - Ending (a)</b></i>	<i><b>\$ 25,442,509</b></i>
<b>Plan Fiduciary Net Position</b>	
Contributions/benefit payments made from general operating funds	\$ 548,507
Net Investment Income	67,943
Benefit Payments, Including Refunds	(548,507)
Administrative Expenses	(2,206)
<i><b>Net Change in Plan Fiduciary Net Position</b></i>	<i>65,737</i>
<i>Plan Fiduciary Net Position - Beginning</i>	<i>873,977</i>
<i><b>Plan Fiduciary Net Position - Ending (b)</b></i>	<i><b>\$ 939,714</b></i>
<i><b>Net OPEB Liability - Ending (a) - (b)</b></i>	<i><b>\$ 24,502,795</b></i>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	4%
Covered Payroll	\$ 4,919,422
Net OPEB Liability as a Percentage of Covered Payroll	498%

\* *Built prospectively upon implementation of GASB 75*

**City of Marshall**  
**Required Supplementary Information**  
**Schedule of Contributions - OPEB**  
**Last Fiscal Year**

	2018
Actuarially Determined Contribution	\$ 8,242,097
Contributions in Relation to the Actuarially Determined Contribution	548,507
Contribution Deficiency (Excess)	\$ 7,693,590
 Covered Payroll	 \$ 4,919,422
 Contributions as a Percentage of Covered Payroll	 11%

*Notes*

**Valuation Date: June 30, 2018**

**Methods and assumptions used to determine contribution rates**

Actuarial cost method	Projected Unit Credit (level dollar)
Amortization method	Average Future Service
Remaining amortization period	3 years
Asset valuation method	Equal to market value of assets
Inflation	N/A
Salary increases	2.50%
Investment rate of return	7.50%
Retirement Age	Varies depending on plan adoption
Mortality	IRS 1.430 (h) Annuitant and non-annuitant (sex distinct) tables

\* Built prospectively upon implementation of GASB 75

## **OTHER SUPPLEMENTARY INFORMATION**

# City of Marshall

## Nonmajor Governmental Fund Descriptions

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### **SPECIAL REVENUE FUNDS**

**Major Streets** - is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended which are for use on major streets. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

**Local Streets** - This fund is used to account for the receipt and expenditures of state shared gas and weight taxes under Act 51, P.A. 1951 as amended which are for use on local streets within the City. Gas and weight taxes are distributed to cities and villages in Michigan on the basis of population and the number of miles of streets.

**Leaf, Brush, and Trash Removal** - This fund is used to account for property taxes collected for the gathering and disposal of City resident's yard waste and waste.

**Drug Forfeiture Fund** - This fund is used to account for drug forfeitures collected by the City to be used for public safety purposes.

**Marshall Regional Law Enforcement Center** - This fund is used to account for operations of the Marshall Area Regional Law Enforcement Center.

### **DEBT SERVICE FUNDS**

**Building Authority** – To account for the payment of bonds issued to acquire and construct various buildings and building improvements.

### **CAPITAL PROJECT FUND**

**Major Streets** - The purpose is to assist capital projects for streets designated as major within the City.

**Building Authority Construction** - accounts for the large capital projects of the City.

**Special Projects** - This fund is used to account for grants and other revenue sources received by the City intended to finance short-term projects.

### **PERMANENT FUND**

**Cemetery** - Perpetual care of a cemetery lot is part of the purchase price. This principal amount is an endowment and the investment income is used to maintain the cemetery operation.

**City of Marshall  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018**

	<b>Special Revenue</b>				<b>Debt Service</b>	
	<b>Major Streets</b>	<b>Local Streets</b>	<b>Leaf, Brush and Trash Removal</b>	<b>Drug Forfeiture Fund</b>	<b>Regional Law Enforcement Center</b>	<b>Building Authority</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 7,460	\$ 182,092	\$ 28,167	\$ 2,177	\$ 139,055	\$ 317,645
Investments	964,995	311,385	--	--	--	--
Accounts Receivable	--	--	--	--	24,000	--
Due from Other Governments	101,905	34,063	--	--	--	--
Inventories	48,937	--	--	--	--	--
Prepays	739	689	975	--	4,453	--
<b>Total Assets</b>	<b>\$ 1,124,036</b>	<b>\$ 528,229</b>	<b>\$ 29,142</b>	<b>\$ 2,177</b>	<b>\$ 167,508</b>	<b>\$ 317,645</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 27,069	\$ 8,017	\$ 14,286	\$ 903	\$ 5,973	\$ --
Accrued Payroll	963	873	--	--	793	--
<b>Total Liabilities</b>	<b>28,032</b>	<b>8,890</b>	<b>14,286</b>	<b>903</b>	<b>6,766</b>	<b>--</b>
<b>FUND BALANCE</b>						
Nonspendable	49,676	689	975	--	4,453	--
Restricted	1,046,328	518,650	13,881	1,274	156,289	317,645
Committed	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>1,096,004</b>	<b>519,339</b>	<b>14,856</b>	<b>1,274</b>	<b>160,742</b>	<b>317,645</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,124,036</b>	<b>\$ 528,229</b>	<b>\$ 29,142</b>	<b>\$ 2,177</b>	<b>\$ 167,508</b>	<b>\$ 317,645</b>

**City of Marshall  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018**

	<b>Capital Projects</b>			<b>Permanent</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Major Streets</b>	<b>Building Authority Construction</b>	<b>Special Projects</b>	<b>Cemetery</b>	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ --	\$ 50	\$ 132,736	\$ 67,296	\$ 876,678
Investments	--	--	26,215	517,498	1,820,093
Accounts Receivable	--	--	--	--	24,000
Due from Other Governments	--	--	--	--	135,968
Inventories	--	--	--	--	48,937
Prepays	--	--	--	--	6,856
<b>Total Assets</b>	<b>\$ --</b>	<b>\$ 50</b>	<b>\$ 158,951</b>	<b>\$ 584,794</b>	<b>\$ 2,912,532</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ --	\$ --	\$ 11,811	\$ --	\$ 68,059
Accrued Payroll	--	--	--	--	2,629
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>11,811</b>	<b>--</b>	<b>70,688</b>
<b>FUND BALANCE</b>					
Nonspendable	--	--	--	321,851	377,644
Restricted	--	50	--	262,943	2,317,060
Committed	--	--	147,140	--	147,140
Unassigned	--	--	--	--	--
<b>Total Fund Balance</b>	<b>--</b>	<b>50</b>	<b>147,140</b>	<b>584,794</b>	<b>2,841,844</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ --</b>	<b>\$ 50</b>	<b>\$ 158,951</b>	<b>\$ 584,794</b>	<b>\$ 2,912,532</b>

**City of Marshall**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue				Debt Service	
	Major Streets	Local Streets	Leaf, Brush and Trash Removal	Drug Forfeiture Fund	Regional Law Enforcement Center	Building Authority
<b>Revenues</b>						
Property Taxes	\$ --	\$ --	\$ 93,796	\$ --	\$ --	\$ --
Intergovernmental	807,533	279,182	--	--	--	--
Charges for Services	--	--	--	--	194,895	--
Other	--	--	--	--	90,893	--
Investment Earnings	12,044	5,162	52	11	687	--
<b>Total Revenues</b>	<b>819,577</b>	<b>284,344</b>	<b>93,848</b>	<b>11</b>	<b>286,475</b>	<b>--</b>
<b>Expenditures</b>						
General Government	--	--	--	--	--	--
Public Safety	--	--	--	15,501	292,531	--
Public Works	274,778	155,895	79,094	--	--	--
Capital Outlay	--	313,145	--	--	--	--
Debt Service - Principal	100,000	--	--	--	--	480,000
Debt Service - Interest	31,463	--	--	--	--	206,200
<b>Total Expenditures</b>	<b>406,241</b>	<b>469,040</b>	<b>79,094</b>	<b>15,501</b>	<b>292,531</b>	<b>686,200</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>413,336</b>	<b>(184,696)</b>	<b>14,754</b>	<b>(15,490)</b>	<b>(6,056)</b>	<b>(686,200)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	36	250,000	--	--	110,374	685,700
Transfers Out	(293,515)	(17,593)	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>(293,479)</b>	<b>232,407</b>	<b>--</b>	<b>--</b>	<b>110,374</b>	<b>685,700</b>
<b>Net Change in Fund Balance</b>	<b>119,857</b>	<b>47,711</b>	<b>14,754</b>	<b>(15,490)</b>	<b>104,318</b>	<b>(500)</b>
<i>Fund Balance at Beginning of Period</i>	976,147	471,628	102	16,764	56,424	318,145
<b>Fund Balance at End of Period</b>	<b>\$ 1,096,004</b>	<b>\$ 519,339</b>	<b>\$ 14,856</b>	<b>\$ 1,274</b>	<b>\$ 160,742</b>	<b>\$ 317,645</b>



**City of Marshall**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>Capital Projects</b>			<b>Permanent</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Major Streets</b>	<b>Building Authority Construction</b>	<b>Special Projects</b>	<b>Cemetery</b>	
<b>Revenues</b>					
Property Taxes	\$ --	\$ --	\$ --	\$ --	\$ 93,796
Intergovernmental	--	--	339,819	--	1,426,534
Charges for Services	--	--	--	4,950	199,845
Other	--	--	131,372	--	222,265
Investment Earnings	36	--	5,021	3,600	26,613
<b>Total Revenues</b>	<b>36</b>	<b>--</b>	<b>476,212</b>	<b>8,550</b>	<b>1,969,053</b>
<b>Expenditures</b>					
General Government	--	--	668,131	--	668,131
Public Safety	--	--	--	--	308,032
Public Works	--	--	--	--	509,767
Capital Outlay	--	--	--	--	313,145
Debt Service - Principal	--	--	--	--	580,000
Debt Service - Interest	--	--	--	--	237,663
<b>Total Expenditures</b>	<b>--</b>	<b>--</b>	<b>668,131</b>	<b>--</b>	<b>2,616,738</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>36</b>	<b>--</b>	<b>(191,919)</b>	<b>8,550</b>	<b>(647,685)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	--	--	--	--	1,046,110
Transfers Out	(36)	--	--	--	(311,144)
<b>Net Other Financing Sources (Uses)</b>	<b>(36)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>734,966</b>
<b>Net Change in Fund Balance</b>	<b>--</b>	<b>--</b>	<b>(191,919)</b>	<b>8,550</b>	<b>87,281</b>
<i>Fund Balance at Beginning of Period</i>	--	50	339,059	576,244	2,754,563
<b>Fund Balance at End of Period</b>	<b>\$ --</b>	<b>\$ 50</b>	<b>\$ 147,140</b>	<b>\$ 584,794</b>	<b>\$ 2,841,844</b>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Major Streets**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Intergovernmental	\$ 566,536	\$ 768,833	\$ 807,533	\$ 38,700
Investment Earnings	4,000	4,000	12,044	8,044
<b>Total Revenues</b>	<u>570,536</u>	<u>772,833</u>	<u>819,577</u>	<u>46,744</u>
<b>Other Financing Sources</b>				
Transfers In	--	--	36	36
<b>Total Revenues and Other Financing Sources</b>	<u>570,536</u>	<u>772,833</u>	<u>819,613</u>	<u>46,780</u>
<b>Expenditures</b>				
Public Works	323,575	537,853	274,778	263,075
Debt Service	131,463	131,463	131,463	--
<b>Total Expenditures</b>	<u>455,038</u>	<u>669,316</u>	<u>406,241</u>	<u>263,075</u>
<b>Other Financing Uses</b>				
Transfers Out	293,515	293,515	293,515	--
<b>Total Expenditures and Other Financing Uses</b>	<u>748,553</u>	<u>962,831</u>	<u>699,756</u>	<u>263,075</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(178,017)</u>	<u>(189,998)</u>	<u>119,857</u>	<u>309,855</u>
<b>Net Change in Fund Balance</b>	<u>(178,017)</u>	<u>(189,998)</u>	<u>119,857</u>	<u>309,855</u>
<i>Fund Balance at Beginning of Period</i>	976,147	976,147	976,147	--
<b>Fund Balance at End of Period</b>	<u>\$ 798,130</u>	<u>\$ 786,149</u>	<u>\$ 1,096,004</u>	<u>\$ 309,855</u>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Local Streets**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Intergovernmental	\$ 183,235	\$ 247,525	\$ 279,182	\$ 31,657
Investment Earnings	2,200	2,200	5,162	2,962
<b>Total Revenues</b>	<u>185,435</u>	<u>249,725</u>	<u>284,344</u>	<u>34,619</u>
<b>Other Financing Sources</b>				
Transfers In	250,000	250,000	250,000	--
<b>Total Revenues and Other Financing Sources</b>	<u>435,435</u>	<u>499,725</u>	<u>534,344</u>	<u>34,619</u>
<b>Expenditures</b>				
Public Works	214,873	214,873	155,895	58,978
Capital Outlay	252,000	310,000	313,145	(3,145)
<b>Total Expenditures</b>	<u>466,873</u>	<u>524,873</u>	<u>469,040</u>	<u>55,833</u>
<b>Other Financing Uses</b>				
Transfers Out	17,593	17,593	17,593	--
<b>Total Expenditures and Other Financing Uses</b>	<u>484,466</u>	<u>542,466</u>	<u>486,633</u>	<u>55,833</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(49,031)</u>	<u>(42,741)</u>	<u>47,711</u>	<u>90,452</u>
<b>Net Change in Fund Balance</b>	<u>(49,031)</u>	<u>(42,741)</u>	<u>47,711</u>	<u>90,452</u>
Fund Balance at Beginning of Period	471,628	471,628	471,628	--
<b>Fund Balance at End of Period</b>	<u>\$ 422,597</u>	<u>\$ 428,887</u>	<u>\$ 519,339</u>	<u>\$ 90,452</u>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Leaf, Brush and Trash Removal**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Property Taxes	\$ 96,054	\$ 96,054	\$ 93,796	\$ (2,258)
Investment Earnings	30	30	52	22
<b><i>Total Revenues</i></b>	<u>96,084</u>	<u>96,084</u>	<u>93,848</u>	<u>(2,236)</u>
<b>Expenditures</b>				
Public Works	95,995	95,995	79,094	16,901
<b><i>Total Expenditures</i></b>	<u>95,995</u>	<u>95,995</u>	<u>79,094</u>	<u>16,901</u>
<b><i>Excess (Deficiency) of Revenues</i></b>				
<b><i>Over Expenditures</i></b>	89	89	14,754	14,665
<b><i>Net Change in Fund Balance</i></b>	<u>89</u>	<u>89</u>	<u>14,754</u>	<u>14,665</u>
<i>Fund Balance at Beginning of Period</i>	102	102	102	--
<b><i>Fund Balance at End of Period</i></b>	<u>\$ 191</u>	<u>\$ 191</u>	<u>\$ 14,856</u>	<u>\$ 14,665</u>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Drug Forfeiture Fund**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative) Final to Actual</u>
<b>Revenues</b>				
Investment Earnings	\$ --	\$ --	\$ 11	\$ 11
<i>Total Revenues</i>	<u>--</u>	<u>--</u>	<u>11</u>	<u>11</u>
<b>Expenditures</b>				
Public Safety	--	14,500	15,501	(1,001)
<i>Total Expenditures</i>	<u>--</u>	<u>14,500</u>	<u>15,501</u>	<u>(1,001)</u>
<i>Excess (Deficiency) of Revenues</i>				
<i>Over Expenditures</i>	<u>--</u>	<u>(14,500)</u>	<u>(15,490)</u>	<u>(990)</u>
<i>Net Change in Fund Balance</i>	<u>--</u>	<u>(14,500)</u>	<u>(15,490)</u>	<u>(990)</u>
<i>Fund Balance at Beginning of Period</i>	16,764	16,764	16,764	--
<i>Fund Balance at End of Period</i>	<u>\$ 16,764</u>	<u>\$ 2,264</u>	<u>\$ 1,274</u>	<u>\$ (990)</u>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Marshall Regional Law Enforcement Center**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Charges for Services	\$ 208,150	\$ 206,672	\$ 194,895	\$ (11,777)
Other	--	--	90,893	90,893
Investment Earnings	100	100	687	587
<b>Total Revenues</b>	<u>208,250</u>	<u>206,772</u>	<u>286,475</u>	<u>79,703</u>
<b>Other Financing Sources</b>				
Transfers In	125,670	125,670	110,374	(15,296)
<b>Total Revenues and Other Financing Sources</b>	<u>333,920</u>	<u>332,442</u>	<u>396,849</u>	<u>64,407</u>
<b>Expenditures</b>				
Public Safety	306,112	306,112	292,531	13,581
<b>Total Expenditures</b>	<u>306,112</u>	<u>306,112</u>	<u>292,531</u>	<u>13,581</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</b>	<u>27,808</u>	<u>26,330</u>	<u>104,318</u>	<u>77,988</u>
<b>Net Change in Fund Balance</b>	<b>27,808</b>	<b>26,330</b>	<b>104,318</b>	<b>77,988</b>
<i>Fund Balance at Beginning of Period</i>	56,424	56,424	56,424	--
<b>Fund Balance at End of Period</b>	<u>\$ 84,232</u>	<u>\$ 82,754</u>	<u>\$ 160,742</u>	<u>\$ 77,988</u>

## City of Marshall

### Nonmajor Enterprise Fund Descriptions

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#### NONMAJOR ENTERPRISE FUNDS

*Marshall House* - This fund is used to account for the activity of a lower-income senior citizen housing facility.

*DART* - This fund is used to account for the operation and maintenance of a local public transportation system.

**City of Marshall**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2018**

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Marshall House</u>	<u>DART</u>	
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 666,335	\$ 116,907	\$ 783,242
Investments	--	280,009	280,009
Accounts Receivable	1,559	2,077	3,636
Due from Other Governments	--	15,159	15,159
Prepays	1,921	4,746	6,667
<b>Total Current Assets</b>	<u>669,815</u>	<u>418,898</u>	<u>1,088,713</u>
<i>Noncurrent Assets</i>			
Capital Assets being Depreciated	1,102,573	86,175	1,188,748
<b>Total Assets</b>	<u>1,772,388</u>	<u>505,073</u>	<u>2,277,461</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	9,061	10,538	19,599
<b>Total Deferred Outflows of Resources</b>	<u>9,061</u>	<u>10,538</u>	<u>19,599</u>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	51,156	9,111	60,267
Accrued Payroll	3,590	3,519	7,109
Current Portion of Compensated Absences	802	208	1,010
Unearned Revenue	--	20,600	20,600
<b>Total Current Liabilities</b>	<u>55,548</u>	<u>33,438</u>	<u>88,986</u>
<i>Noncurrent Liabilities</i>			
Net Other Post-employment Benefit Liability	345,122	1,035,366	1,380,488
Net Pension Liability	230,085	267,605	497,690
Compensated Absences	2,404	623	3,027
<b>Total Liabilities</b>	<u>633,159</u>	<u>1,337,032</u>	<u>1,970,191</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB	77	231	308
Pension	17,128	19,921	37,049
<b>Total Deferred Inflows of Resources</b>	<u>17,205</u>	<u>20,152</u>	<u>37,357</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,102,573	86,175	1,188,748
<i>Unrestricted</i>	28,512	(927,748)	(899,236)
<b>Total Net Position</b>	<u>\$ 1,131,085</u>	<u>\$ (841,573)</u>	<u>\$ 289,512</u>



**City of Marshall**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2018**

	<b>Enterprise</b>		<b>Total Enterprise Funds</b>
	<b>Marshall House</b>	<b>DART</b>	
<b>Operating Revenues</b>			
Charges for Services	\$ 368,159	\$ 52,495	\$ 420,654
Other	42,602	15,106	57,708
<b>Total Operating Revenues</b>	<b>410,761</b>	<b>67,601</b>	<b>478,362</b>
<b>Operating Expenses</b>			
Personnel Services	255,437	300,083	555,520
Material and Supplies	24,214	29,933	54,147
Purchased Power	100,581	--	100,581
Contractual	83,333	29,485	112,818
Insurance	12,427	6,325	18,752
Maintenance	38,831	34,080	72,911
Other Expense	34,516	38,948	73,464
Depreciation	59,713	42,578	102,291
<b>Total Operating Expenses</b>	<b>609,052</b>	<b>481,432</b>	<b>1,090,484</b>
<b>Operating Income (Loss)</b>	<b>(198,291)</b>	<b>(413,831)</b>	<b>(612,122)</b>
<b>Non-Operating Revenues (Expenses)</b>			
Intergovernmental Subsidies	437,432	256,088	693,520
Capital Grants and Contributions	110,100	--	110,100
Property Taxes	--	181,114	181,114
Investment Earnings	1,175	3,183	4,358
<b>Net Non-Operating Revenues (Expenses)</b>	<b>548,707</b>	<b>440,385</b>	<b>989,092</b>
<b>Income Before Contributions and Transfers</b>	<b>350,416</b>	<b>26,554</b>	<b>376,970</b>
Transfers In	--	--	--
Transfers Out	(93,818)	(19,590)	(113,408)
<b>Change In Net Position</b>	<b>256,598</b>	<b>6,964</b>	<b>263,562</b>
<i>Net Position at Beginning of Period (Restated, Note 19)</i>	874,487	(848,537)	25,950
<b>Net Position at End of Period</b>	<b>\$ 1,131,085</b>	<b>\$ (841,573)</b>	<b>\$ 289,512</b>

**City of Marshall**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2018**

	Enterprise		Total Enterprise Funds
	Marshall House	DART	
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ 412,021	\$ 77,413	\$ 489,434
Payments to Suppliers	(394,489)	(132,551)	(527,040)
Payments to Employees	(208,778)	(220,002)	(428,780)
<i>Net Cash Used by Operating Activities</i>	(191,246)	(275,140)	(466,386)
<b>Cash Flows from Noncapital and Related Financing Activities</b>			
Intergovernmental	437,432	258,738	696,170
Property Taxes	-	181,114	181,114
Transfers In (Out)	(93,818)	(19,590)	(113,408)
<i>Net Cash from Capital and Related Financing Activities</i>	343,614	420,262	763,876
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of Capital Assets	(439,532)	-	(439,532)
Intergovernmental	110,100	-	110,100
<i>Net Cash Used by Capital and Related Financing Activities</i>	(329,432)	-	(329,432)
<b>Cash Flows from Investing Activities</b>			
Interest Received on Investments	1,175	3,183	4,358
Sale (Purchase) of Investment Securities	-	(226,693)	(226,693)
<i>Net Cash from Investing Activities</i>	1,175	(223,510)	(222,335)
<i>Net Increase (Decrease in Cash and Cash Equivalents</i>	(175,889)	(78,388)	(254,277)
<i>Cash and Cash Equivalents Beginning of Period</i>	842,224	195,295	1,037,519
<i>Cash and Cash Equivalents End of Period</i>	\$ 666,335	\$ 116,907	\$ 783,242
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>			
<b>Operating Income (Loss)</b>	\$ (198,291)	\$ (413,831)	\$ (612,122)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</b>			
<b>Cash from Operating Activities:</b>			
Depreciation	59,713	42,578	102,291
<b>Changes in Assets and Liabilities:</b>			
Receivables	1,260	(1,288)	(28)
Prepays	(1,200)	(668)	(1,868)
Accounts Payable	(99,387)	6,888	(92,499)
Accrued Payroll	182	708	890
Compensated Absences	736	467	1,203
Unearned Revenue	-	11,100	11,100
Net Pension Liability	26,322	2,991	29,313
Net Other Post-employment Liability	19,419	75,915	95,334
<i>Net Cash Used by Operating Activities</i>	\$ (191,246)	\$ (275,140)	\$ (466,386)
<b>Noncash Items</b>			
Prior Period Adjustment (See Note 19)	\$ (238,441)	\$ (757,171)	\$ (995,612)

# City of Marshall

## Internal Service Fund Descriptions

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### INTERNAL SERVICE FUNDS

*Motor Pool* - Operates the motor pool for the City.

*Data Processing* - Provides computer services to the various other funds that use the City's network.

*Safety* - This fund was created to educate and encourage safety throughout the City organization.

**City of Marshall**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2018**

	<u>Internal Service</u>			<u>Total Internal Service Funds</u>
	<u>Data Processing</u>	<u>Motor Pool</u>	<u>Safety</u>	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 139,918	\$ 1,269,184	\$ 1,586	\$ 1,410,688
Investments	172,627	132,016	17,803	322,446
Accounts Receivable	4,050	--	--	4,050
Prepays	13,924	1,156	--	15,080
<b>Total Current Assets</b>	<u>330,519</u>	<u>1,402,356</u>	<u>19,389</u>	<u>1,752,264</u>
<i>Noncurrent Assets</i>				
Capital Assets being Depreciated	45,704	2,471,876	--	2,517,580
<b>Total Assets</b>	<u>376,223</u>	<u>3,874,232</u>	<u>19,389</u>	<u>4,269,844</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	1,017	3,461	--	4,478
<b>Total Deferred Outflows of Resources</b>	<u>1,017</u>	<u>3,461</u>	<u>--</u>	<u>4,478</u>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	8,150	17,146	23	25,319
Accrued Payroll	--	1,307	--	1,307
Accrued Interest	--	14,822	--	14,822
Current Portion of Compensated Absences	--	449	--	449
Current Portion of Long-term Debt	--	211,992	--	211,992
<b>Total Current Liabilities</b>	<u>8,150</u>	<u>245,716</u>	<u>23</u>	<u>253,889</u>
<i>Noncurrent Liabilities</i>				
Net Other Post-employment Benefit Liability	--	345,122	--	345,122
Net Pension Liability	25,835	87,888	--	113,723
Compensated Absences	--	1,348	--	1,348
Long-term Debt	--	930,183	--	930,183
<b>Total Liabilities</b>	<u>33,985</u>	<u>1,610,257</u>	<u>23</u>	<u>1,644,265</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB	--	77	--	77
Pension	1,923	6,543	--	8,466
<b>Total Deferred Inflows of Resources</b>	<u>1,923</u>	<u>6,620</u>	<u>--</u>	<u>8,543</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	45,704	1,329,701	--	1,375,405
<i>Unrestricted</i>	295,628	931,115	19,366	1,246,109
<b>Total Net Position</b>	<u>\$ 341,332</u>	<u>\$ 2,260,816</u>	<u>\$ 19,366</u>	<u>\$ 2,621,514</u>

**City of Marshall**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2018**

	<u>Internal Service</u>			<u>Total Internal Service Funds</u>
	<u>Data Processing</u>	<u>Motor Pool</u>	<u>Safety</u>	
<b>Operating Revenues</b>				
Charges for Services	\$ 177,865	\$ 646,995	\$ --	\$ 824,860
<b>Total Operating Revenues</b>	<u>177,865</u>	<u>646,995</u>	<u>--</u>	<u>824,860</u>
<b>Operating Expenses</b>				
Personnel Services	--	45,207	--	45,207
Material and Supplies	41,418	169,077	--	210,495
Purchased Power	--	24,969	--	24,969
Contractual	67,666	2,125	368	70,159
Insurance	--	58,939	--	58,939
Maintenance	35,307	76,445	--	111,752
Other Expense	--	6,355	--	6,355
Depreciation	18,031	263,864	--	281,895
<b>Total Operating Expenses</b>	<u>162,422</u>	<u>646,981</u>	<u>368</u>	<u>809,771</u>
<b>Operating Income (Loss)</b>	<u>15,443</u>	<u>14</u>	<u>(368)</u>	<u>15,089</u>
<b>Non-Operating Revenues (Expenses)</b>				
Investment Earnings	1,359	1,102	600	3,061
Gain on Sale of Capital Assets	--	36,886	--	36,886
Interest Expense	--	(14,822)	--	(14,822)
<b>Net Non-Operating Revenues (Expenses)</b>	<u>1,359</u>	<u>23,166</u>	<u>600</u>	<u>25,125</u>
<b>Income Before Contributions and Transfers</b>	<u>16,802</u>	<u>23,180</u>	<u>232</u>	<u>40,214</u>
Transfers Out	(17,269)	(37,345)	--	(54,614)
<b>Change In Net Position</b>	<u>(467)</u>	<u>(14,165)</u>	<u>232</u>	<u>(14,400)</u>
<i>Net Position at Beginning of Period (Restated, Note 19)</i>	341,799	2,274,981	19,134	2,635,914
<b>Net Position at End of Period</b>	<u>\$ 341,332</u>	<u>\$ 2,260,816</u>	<u>\$ 19,366</u>	<u>\$ 2,621,514</u>

**City of Marshall**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2018**

	Internal Service			Total Internal Service Funds
	Data Processing	Motor Pool	Safety	
<b>Cash Flows from Operating Activities</b>				
Receipts from Interfund Services	\$ 174,299	\$ 647,921	\$ -	\$ 822,220
Payments to Suppliers	(138,398)	(364,187)	(345)	(502,930)
Payments to Employees	1,414	(86,894)	-	(85,480)
<b>Net Cash Provided by Operating Activities</b>	<b>37,315</b>	<b>196,840</b>	<b>(345)</b>	<b>233,810</b>
<b>Cash Flows from Noncapital and Related Financing Activities</b>				
Transfers In (Out)	(17,269)	(37,345)	-	(54,614)
<b>Net Cash from Capital and Related Financing Activities</b>	<b>(17,269)</b>	<b>(37,345)</b>	<b>-</b>	<b>(54,614)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of Capital Assets	-	(238,767)	-	(238,767)
Proceeds from Sale of Capital Assets	-	36,886	-	36,886
Proceeds from Installment Purchase Agreement	-	1,142,175	-	1,142,175
<b>Net Cash from Capital and Related Financing Activities</b>	<b>-</b>	<b>940,294</b>	<b>-</b>	<b>940,294</b>
<b>Cash Flows from Investing Activities</b>				
Interest Received on Investments	197	214	483	894
<b>Net Cash from Investing Activities</b>	<b>197</b>	<b>214</b>	<b>483</b>	<b>894</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>20,243</b>	<b>1,100,003</b>	<b>138</b>	<b>1,120,384</b>
Cash and Cash Equivalents Beginning of Period	119,675	169,181	1,448	290,304
<b>Cash and Cash Equivalents End of Period</b>	<b>\$ 139,918</b>	<b>\$ 1,269,184</b>	<b>\$ 1,586</b>	<b>\$ 1,410,688</b>
<b>Reconciliation to Statement of Net Position</b>				
Cash and Cash Equivalents	\$ 139,918	\$ 1,269,184	\$ 1,586	\$ 1,410,688
<b>Total</b>	<b>\$ 139,918</b>	<b>\$ 1,269,184</b>	<b>\$ 1,586</b>	<b>\$ 1,410,688</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
<b>Operating Income (Loss)</b>	\$ 15,443	\$ 14	\$ (368)	\$ 15,089
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</b>				
<b>Cash from Operating Activities:</b>				
Depreciation	18,031	263,864	-	281,895
<b>Changes in Assets and Liabilities:</b>				
Receivables	(3,566)	926	-	(2,640)
Prepays	910	(310)	-	600
Accounts Payable	5,083	(25,967)	23	(20,861)
Accrued Payroll	-	(16)	-	(16)
Compensated Absences	-	(94)	-	(94)
Net Pension Liability	1,414	(60,995)	-	(59,581)
Net Other Post-employment Liability	-	19,418	-	19,418
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 37,315</b>	<b>\$ 196,840</b>	<b>\$ (345)</b>	<b>\$ 233,810</b>
<b>Noncash Items</b>				
Prior Period Adjustment (See Note 19)	-	(283,441)	-	(283,441)
<b>Total</b>	<b>\$ -</b>	<b>\$ (283,441)</b>	<b>\$ -</b>	<b>\$ (283,441)</b>

# City of Marshall

## Fiduciary Fund Descriptions

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### **FIDUCIARY FUNDS**

*Current Tax* - This fund is used to record the receipt and transfers of property taxes collected by the City on behalf of the state county, school districts, and other governments.

*Payroll* - This fund is used to account for receipt and disbursement of payroll withholdings.

**City of Marshall**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2018**

	<b>Agency</b>		
	<b>Current Tax</b>	<b>Payroll</b>	<b>Total Agency</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 17,705	\$ 51,555	\$ 69,260
Accounts Receivable	152,734	--	152,734
<i>Total Assets</i>	\$ 170,439	\$ 51,555	\$ 221,994
<b>LIABILITIES</b>			
Undistributed Receipts	170,439	51,555	221,994
<i>Total Liabilities</i>	\$ 170,439	\$ 51,555	\$ 221,994



**City of Marshall**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2018**

**Current Tax**

	<b>June 30, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2018</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,429	\$ 18,967,128	\$ 18,950,852	\$ 17,705
Accounts Receivable	158,569	21,624	27,459	152,734
<b>Total Assets</b>	<b>159,998</b>	<b>18,988,752</b>	<b>18,978,311</b>	<b>170,439</b>
<b>LIABILITIES</b>				
Undistributed Receipts	159,998	18,988,752	18,978,311	170,439
<b>Total Liabilities</b>	<b>\$ 159,998</b>	<b>\$ 18,988,752</b>	<b>\$ 18,978,311</b>	<b>\$ 170,439</b>

**Payroll**

	<b>June 30, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2018</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 50,130	\$ 3,228,111	\$ 3,226,686	\$ 51,555
<b>Total Assets</b>	<b>50,130</b>	<b>3,228,111</b>	<b>3,226,686</b>	<b>51,555</b>
<b>LIABILITIES</b>				
Undistributed Receipts	50,130	3,228,111	3,226,686	51,555
<b>Total Liabilities</b>	<b>\$ 50,130</b>	<b>\$ 3,228,111</b>	<b>\$ 3,226,686</b>	<b>\$ 51,555</b>

**Total**

	<b>June 30, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2018</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 51,559	\$ 22,195,239	\$ 22,177,538	\$ 69,260
Accounts Receivable	158,569	21,624	27,459	152,734
<b>Total Assets</b>	<b>210,128</b>	<b>22,216,863</b>	<b>22,204,997</b>	<b>221,994</b>
<b>LIABILITIES</b>				
Undistributed Receipts	210,128	22,216,863	22,204,997	221,994
<b>Total Liabilities</b>	<b>\$ 210,128</b>	<b>\$ 22,216,863</b>	<b>\$ 22,204,997</b>	<b>\$ 221,994</b>

# City of Marshall

## Component Unit Fund Descriptions

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### COMPONENT UNITS

*Local Development Finance Authority (LDFA)* - This fund was established to assist in the economic growth within the industrial park.

*Downtown Development Authority (DDA)* - This fund is designed to assist in the economic growth of the central business district.

*Economic Development Corporation (EDC)* - This fund was established to act as an economic development corporation for the City in accordance with State law.

**City of Marshall**  
**Statement of Net Position and Downtown Development Authority Fund Balance**  
**Component Unit - Downtown Development Authority (DDA)**  
**June 30, 2018**

	<b>Governmental Fund Type</b>		<b>Statement of Net Position</b>
	<b>DDA</b>	<b>Adjustments</b>	
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 70,645	\$ --	\$ 70,645
Investments	29,848	--	29,848
Accounts Receivable	12,784	--	12,784
Prepays	432	--	432
<b>Total Current Assets</b>	<b>113,709</b>	<b>--</b>	<b>113,709</b>
<i>Noncurrent Assets</i>			
Restricted Cash and Cash Equivalents	1,688	--	1,688
<b>Total Assets</b>	<b>115,397</b>	<b>--</b>	<b>115,397</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	--	462	462
<b>Total Deferred Outflows of Resources</b>	<b>--</b>	<b>462</b>	<b>462</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	18,627	--	18,627
Accrued Payroll	391	--	391
<b>Total Current Liabilities</b>	<b>19,018</b>	<b>--</b>	<b>19,018</b>
<i>Noncurrent Liabilities</i>			
Net Pension Liability	--	11,743	11,743
<b>Total Liabilities</b>	<b>19,018</b>	<b>11,743</b>	<b>30,761</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	--	875	875
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>875</b>	<b>875</b>
<b>FUND BALANCE</b>			
<i>Debt Service</i>	1,688	(1,688)	--
<i>Unrestricted</i>	94,691	(94,691)	--
<b>Total Fund Balance</b>	<b>\$ 96,379</b>	<b>\$ (96,379)</b>	<b>\$ --</b>
<b>NET POSITION</b>			
<i>Debt Service</i>		1,688	1,688
<i>Unrestricted</i>		82,535	82,535
<b>Total Net Position</b>		<b>\$ 84,223</b>	<b>\$ 84,223</b>

**City of Marshall**  
**Statement of Activities and Downtown Development Authority Fund Revenue,**  
**Expenditures, and Changes in Fund Balance**  
**Component Unit - Downtown Development Authority (DDA)**  
**For the Year Ended June 30, 2018**

	<b>Governmental Fund Type</b>		<b>Statement of Activities</b>
	<b>DDA</b>	<b>Adjustments</b>	
<b>Expenses</b>			
Community Development	\$ 130,667	\$ 643	\$ 131,310
Debt Service - Principal	55,000	(55,000)	--
Debt Service - Interest	1,101	(579)	522
<b>Total Expenses</b>	<b>186,768</b>	<b>(54,936)</b>	<b>131,832</b>
<b>Program Revenues</b>			
Operating Grants and Contributions	67,533	--	67,533
<b>Total Program Revenues</b>	<b>67,533</b>	<b>--</b>	<b>67,533</b>
<b>Net Program Revenues (Expenses)</b>	<b>(119,235)</b>	<b>54,936</b>	<b>(64,299)</b>
<b>General Revenue</b>			
Property Taxes	153,351	--	153,351
Investment Earnings	344	--	344
<b>Total General Revenues</b>	<b>153,695</b>	<b>--</b>	<b>153,695</b>
<b>Change in Fund Balance / Net Position</b>	<b>34,460</b>	<b>54,936</b>	<b>89,396</b>
<i>Fund Balance / Net Position at Beginning of Period</i>	61,919	(67,092)	(5,173)
<b>Fund Balance / Net Position at End of Period</b>	<b>\$ 96,379</b>	<b>\$ (12,156)</b>	<b>\$ 84,223</b>

**City of Marshall**  
**Statement of Net Position and Local Development Finance Authority Fund Balance**  
**Component Unit - Local Development Finance Authority (LDFA)**  
**June 30, 2018**

	<b>Governmental Fund Type</b>		<b>Statement of Net Position</b>
	<b>LDFA</b>	<b>Adjustments</b>	
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 138,052	\$ --	\$ 138,052
Investments	457,853	--	457,853
Accounts Receivable	25,000	--	25,000
<b>Total Current Assets</b>	<b>620,905</b>	<b>--</b>	<b>620,905</b>
<i>Noncurrent Assets</i>			
Restricted Cash and Cash Equivalents	295	--	295
Capital Assets not being Depreciated	--	500,000	500,000
Advance to Primary Government	1,000,000	--	1,000,000
<b>Total Assets</b>	<b>1,621,200</b>	<b>500,000</b>	<b>2,121,200</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	33,904	--	33,904
Accrued Interest	--	1,890	1,890
Current Portion of Long-term Debt	--	90,000	90,000
<b>Total Current Liabilities</b>	<b>33,904</b>	<b>91,890</b>	<b>125,794</b>
<i>Noncurrent Liabilities</i>			
Long-term Debt	--	90,000	90,000
<b>Total Liabilities</b>	<b>33,904</b>	<b>181,890</b>	<b>215,794</b>
<b>FUND BALANCE</b>			
Net Investment in Capital Assets	--	--	--
<i>Unrestricted</i>	1,587,296	(1,587,296)	--
<b>Total Fund Balance</b>	<b>\$ 1,587,296</b>	<b>\$ (1,587,296)</b>	<b>\$ --</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets		500,000	500,000
<i>Restricted for:</i>			
Debt Service		295	295
<i>Unrestricted</i>		1,405,111	1,405,111
<b>Total Net Position</b>		<b>\$ 1,905,406</b>	<b>\$ 1,905,406</b>

**City of Marshall**  
**Statement of Activities and Local Development Finance Authority Fund Revenue,**  
**Expenditures, and Changes in Fund Balance**  
**Component Unit - Local Development Finance Authority (LDFA)**  
**For the Year Ended June 30, 2018**

	<u>Governmental Fund Type</u>		<b>Statement of Activities</b>
	<u>LDFA</u>	<u>Adjustments</u>	
<b>Expenses</b>			
Community Development	\$ 467,117	\$ --	\$ 467,117
Debt Service - Principal	90,000	(90,000)	--
Debt Service - Interest	11,340	(945)	10,395
<b>Total Expenses</b>	<u>568,457</u>	<u>(90,945)</u>	<u>477,512</u>
<b>Program Revenues</b>			
Operating grants and contributions	1,000	--	1,000
<b>Total Program Revenues</b>	<u>1,000</u>	<u>--</u>	<u>1,000</u>
<b>Net Program Revenues (Expenses)</b>	<u>(567,457)</u>	<u>90,945</u>	<u>(476,512)</u>
<b>General Revenue</b>			
Property Taxes	451,749	--	451,749
Investment Earnings	23,477	--	23,477
<b>Total General Revenues</b>	<u>475,226</u>	<u>--</u>	<u>475,226</u>
<b>Change in Fund Balance / Net Position</b>	<u>(92,231)</u>	<u>90,945</u>	<u>(1,286)</u>
<i>Fund Balance / Net Position at Beginning of Period</i>	1,679,527	227,165	1,906,692
<b>Fund Balance / Net Position at End of Period</b>	<u>\$ 1,587,296</u>	<u>\$ 318,110</u>	<u>\$ 1,905,406</u>

**City of Marshall**  
**Statement of Net Position and Economic Development Corporation Fund Balance**  
**Component Unit - Economic Development Corporation (EDC)**  
**June 30, 2018**

	<b>Governmental Fund Type</b>		<b>Statement of Net Position</b>
	<b>EDC</b>	<b>Adjustments</b>	
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 9,774	\$ --	\$ 9,774
<b>Total Assets</b>	<b>9,774</b>	<b>--</b>	<b>9,774</b>
<b>LIABILITIES</b>			
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>FUND BALANCE</b>			
Unrestricted	9,774	(9,774)	--
<b>Total Fund Balance</b>	<b>\$ 9,774</b>	<b>\$ (9,774)</b>	<b>\$ --</b>
<b>NET POSITION</b>			
Unrestricted		9,774	9,774
<b>Total Net Position</b>		<b>\$ 9,774</b>	<b>\$ 9,774</b>

**City of Marshall**  
**Statement of Activities and Economic Development Corporation Fund Revenue,**  
**Expenditures, and Changes in Fund Balance**  
**Component Unit - Economic Development Corporation (EDC)**  
**For the Year Ended June 30, 2018**

	<u>Governmental Fund Type</u>		<u>Statement of Activities</u>
	<u>EDC</u>	<u>Adjustments</u>	
<b>General Revenue</b>			
Investment Earnings	--	--	--
<i>Total General Revenues</i>	--	--	--
<i>Change in Fund Balance / Net Position</i>	--	--	--
<i>Fund Balance / Net Position at Beginning of Period</i>	9,774	--	9,774
<i>Fund Balance / Net Position at End of Period</i>	<b>\$ 9,774</b>	<b>\$ --</b>	<b>\$ 9,774</b>



**DIAL A RIDE TRANSPORTATION FUND  
TRANSIT SCHEDULES**

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 1 - Schedule of Local Revenues**  
**For the Year Ended June 30, 2018**

	<u>Jul. 1, 2017 to Sep. 30, 2017</u>	<u>Oct. 1, 2017 to Jun. 30, 2018</u>	<u>Total</u>
<b>Local Revenues</b>			
Demand Response (Farebox)			
Regular Service	\$ 11,537	\$ 40,958	\$ 52,495
Advertising	1,050	10,338	11,388
Tax Levy	174,833	6,281	181,114
Contributions from Local Units	9,500	24,637	34,137
Interest Income	296	2,887	3,183
<b>Total Local Revenues</b>	<u>\$ 197,216</u>	<u>\$ 85,101</u>	<u>\$ 282,317</u>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 1A - Schedule of Local Revenues**  
**For the Year Ended September 30, 2017**

	<u>Oct. 1, 2016 to Jun. 30, 2017</u>	<u>Jul. 1, 2017 to Sep. 30, 2017</u>	<u>Total</u>
<b>Local Revenues</b>			
Demand Response (Farebox)			
Regular Service	\$ 47,660	\$ 11,537	\$ 59,197
Advertising	4,212	1,050	5,262
Tax Levy	10,708	174,833	185,541
Contributions from Local Units	10,000	9,500	19,500
Interest Income	622	296	918
<b>Total Local Revenues</b>	<u>\$ 73,202</u>	<u>\$ 197,216</u>	<u>\$ 270,418</u>

**City of Marshall**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2018**

Federal Grantor / Pass Through Grantor Program Title	Federal CFDA Number	State Grantor Number	Program or Award Amount	Current Year Expenditures					Prior Year's Expended
				Total	Federal	State	Local	Settlement	
<b>Michigan Department of Transportation (MDOT)</b>									
Local Bus Operating Assistance (Act 51)		2016-0128	-	\$ (15,605)	\$ -	\$ -	\$ -	\$ (15,605)	\$ -
Local Bus Operating Assistance (Act 51)		2017-0128	157,348	24,016	-	24,016	-	-	133,332
Local Bus Operating Assistance (Act 51)		2018-0128	115,410	115,410	-	115,410	-	-	-
<b>Total State Assistance</b>				<u>123,821</u>	<u>-</u>	<u>139,426</u>	<u>-</u>	<u>(15,605)</u>	<u>133,332</u>
<b>U.S. Department of Transportation</b>									
Passed Through MDOT									
Rural Transit Assistance Program	20.509	N/A	823	823	823	-	-	-	-
Operating Assistance (FY 16)	20.509	12-0128 / P8	-	(2,582)	-	-	-	(2,582)	-
Operating Assistance (FY 17)	20.509	12-0128 - P1	71,828	8,628	8,628	-	-	-	63,200
Operating Assistance (FY 18)	20.509	12-0128 - P3	54,469	54,469	54,469	-	-	-	-
<b>Total Federal Assistance</b>				<u>61,338</u>	<u>63,920</u>	<u>-</u>	<u>-</u>	<u>(2,582)</u>	<u>63,200</u>
<b>Total State &amp; Federal Assistance</b>				<u>\$ 185,159</u>	<u>\$ 63,920</u>	<u>\$ 139,426</u>	<u>\$ -</u>	<u>\$ (18,187)</u>	<u>\$ 196,532</u>

**City of Marshall  
Dial-A-Ride Fund  
Schedule 2A - Schedule of Federal & State Awards  
For the Year Ended June 30, 2018**

	<u>Jul. 1, 2017 to Sep. 30, 2017</u>	<u>Oct. 1, 2017 to Jun. 30, 2018</u>	<u>Total</u>
<b>Michigan Department of Transportation</b>			
Local Bus Operating (Act 51)	\$ 24,016	\$ 115,410	\$ 139,426
Prior Year Settlement	(15,605)	-	(15,605)
<b>Federal Transit Administration</b>			
Section 5311 - Operating	8,628	54,469	63,097
Rural Transit Assistance Program	-	823	823
Prior Year Settlement	(2,582)	-	(2,582)
<b>Total</b>	<u>\$ 14,457</u>	<u>\$ 170,702</u>	<u>\$ 185,159</u>

**City of Marshall  
Dial-A-Ride Fund  
Schedule 2B - Schedule of Federal & State Awards  
For the Year Ended September 30, 2017**

	<u>Oct. 1, 2016 to Jun. 30, 2017</u>	<u>Jul. 1, 2017 to Sep. 30, 2017</u>	<u>Total</u>
<b>Michigan Department of Transportation</b>			
Local Bus Operating (Act 51)	\$ 133,332	\$ 24,016	\$ 157,348
Prior Year Settlement	-	(15,605)	(15,605)
Section 5311 - Capital	1,433	-	1,433
<b>Federal Transit Administration</b>			
Section 5311 - Operating	63,200	8,628	71,828
Prior Year Settlement	-	(2,582)	(2,582)
Section 5311 - Capital	5,734	-	5,734
<b>Total</b>	<u>\$ 203,699</u>	<u>\$ 14,457</u>	<u>\$ 218,156</u>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 3 - Operating & Contract Expenses**  
**For the Year Ended June 30, 2018**

<b>Expenses</b>	Nonurban
Labor	\$ 169,934
Fringe Benefits	112,538
Services	31,482
Materials & Supplies	69,525
Utilities	1,494
Insurance	5,751
Taxes and Fees	41
Operating Lease and Rentals	18,083
Miscellaneous	1,469
Depreciation	42,580
<b><i>Total Expenses</i></b>	<b>\$ 452,897</b>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 3A - Operating Expenses By Program**  
**For the Year Ended June 30, 2018**

	<b>Nonurban</b>		<b>Total</b>
	July 1, 2017 to Sept. 30, 2017	Oct. 1, 2017 to June 30, 2018	
<b>Expenses</b>			
Labor	\$ 36,039	\$ 133,895	\$ 169,934
Fringe Benefits	20,799	91,739	112,538
Services	8,286	23,196	31,482
Materials & Supplies	14,419	55,106	69,525
Utilities	205	1,289	1,494
Insurance	-	5,751	5,751
Taxes and Fees	1	40	41
Operating Lease and Rentals	4,679	13,404	18,083
Miscellaneous	-	1,469	1,469
Depreciation	12,618	29,962	42,580
<b>Total Expenses</b>	<b>\$ 97,046</b>	<b>\$ 355,851</b>	<b>\$ 452,897</b>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 3B - Operating Expenses by Program**  
**For the Year Ended September 30, 2017**

	<b>Nonurban</b>		<b>Total</b>
	Oct. 1, 2016 to June 30, 2017	July 1, 2017 to Sept. 30, 2017	
<b>Expenses</b>			
Labor	\$ 153,620	\$ 36,039	\$ 189,659
Fringe Benefits	104,530	20,799	125,329
Services	23,316	8,286	31,602
Materials & Supplies	31,690	14,419	46,109
Utilities	1,492	205	1,697
Insurance	4,450	-	4,450
Taxes and Fees	2,117	1	2,118
Operating Lease and Rentals	13,698	4,679	18,377
Miscellaneous	700	-	700
Depreciation	44,601	12,618	57,219
<b>Total Expenses</b>	<b>\$ 380,214</b>	<b>\$ 97,046</b>	<b>\$ 477,260</b>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 4R - Nonurban Regular Service Revenue Report**  
**For the Year Ended September 30, 2017**

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**Revenues**

Demand Response (Farebox)	
Regular Service	\$ 59,197
Advertising	5,262
Tax Levy	185,541
Contributions from Local Units	19,500
State Operating Assistance	157,348
State Operating Assistance, Prior Year Settlements	(15,605)
Federal Section 5311	71,828
Federal Operating Assistance, Prior Year Settlements	(2,582)
Rural Transit Assistance Program	823
Interest Income	918
<b><i>Total Revenues</i></b>	<b><u>\$ 482,230</u></b>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 4E - Regular Service Operating and Contract Expenses**  
**For the Year Ended September 30, 2017**

	Operations	Maintenance	General & Administrative	Total System
<b>Operating Expenses</b>				
<b>501 Labor</b>				
50101 Operators Salaries & Wages	124,303	-	-	124,303
50102 Other Salaries & Wages	-	-	34,528	34,528
50103 Dispatchers' Salaries & Wages	30,828	-	-	30,828
<b>502 Fringe Benefits</b>				
50200 Fringe Benefits	17,145	-	10,324	27,469
50210 DC Pensions	6,950	-	-	6,950
50220 DB Pensions	42,201	-	-	42,201
50230 Other Postemployment Benefits	48,709	-	-	48,709
<b>503 Services</b>				
50302 Advertising	951	550	110	1,611
50399 Other Services	1,780	4,335	23,876	29,991
<b>504 Materials &amp; Supplies</b>				
50401 Fuel & Lubricants	22,523	-	-	22,523
50402 Tires & Tubes	4,942	-	-	4,942
50499 Other Materials & Supplies	619	16,872	1,153	18,644
<b>505 Utilities</b>				
50500 Utilities	1,695	-	-	1,695
<b>506 Insurance</b>				
50603 Liability Insurance	4,450	-	-	4,450
<b>507 Taxes and Fees</b>				
50700 Taxes and Fees	488	1,632	-	2,120
<b>509 Miscellaneous Expenses</b>				
50902 Travel, Meetings, & Training	-	-	-	-
50903 Association Dues & Subscriptions	700	-	-	700
<b>512 Operating Leases &amp; Rentals</b>				
51200 Operating Leases & Rentals	12,855	-	5,522	18,377
<b>513 Depreciation</b>				
51300 Depreciation	57,219	-	-	57,219
<b>Total Operating Expenses</b>	<u>378,358</u>	<u>23,389</u>	<u>75,513</u>	<u>477,260</u>
<b>550 Ineligible Expense</b>				
55007 Ineligible Depreciation	57,219	-	-	57,219
55008 Ineligible Capital Outlay	-	-	-	-
55009 Ineligible Dues	-	-	-	-
<b>560 Ineligible Advertising</b>	-	550	-	550
<b>580 Ineligible Expense</b>				
58020 Ineligible Pension	31,232	-	-	31,232
<b>Total Ineligible Expenses</b>	<u>88,451</u>	<u>550</u>	<u>-</u>	<u>89,001</u>
<b>Total Eligible Expenses</b>				<u>\$ 388,259</u>



**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 5 - Operating Assistance Calculation**  
**For the Year Ended September 30, 2017**

	<b>Nonurban</b>
Total Expenses	\$ 477,260
Less Ineligible Expenses	
Depreciation	57,219
OPEB and Retirement Expense	31,232
Ineligible Advertising	550
Total Ineligible Expenses per R&E Manual	89,001
Total State Eligible Expenses	388,259
Eligible Expenses for State Reimbursement	388,259
Reimbursement Rate	40.5266%
State Operating Assistance	157,348
 Total Federal Eligible Expenses	
State Eligible Expense (per above)	388,259
Eligible Expenses for Federal Reimbursement	388,259
Reimbursement Rate	18.50%
Federal Operating Assistance	\$ 71,828

**City of Marshall  
Dial-A-Ride Fund  
Schedule of Nonfinancial Information  
For the Year Ended June 30, 2018**

	Nonurban	
	Miles	Hours
<b>Demand Response</b>		
First Quarter (7/1/17 to 9/30/17)	23,991	1,926
Second Quarter (10/1/17 to 12/31/17)	24,300	1,860
Third Quarter (1/1/18 to 3/31/18)	26,788	2,066
Fourth Quarter (4/1/18 to 6/30/18)	25,851	1,977
<b>Total</b>	<b>100,930</b>	<b>7,829</b>

**City of Marshall  
Dial-A-Ride Fund  
Schedule of Nonfinancial Information  
For the Year Ended September 30, 2017**

	Nonurban	
	Miles	Hours
<b>Demand Response</b>		
First Quarter (10/1/16 to 12/31/16)	23,184	1,918
Second Quarter (1/1/17 to 3/31/17)	27,558	2,108
Third Quarter (4/1/17 to 6/30/17)	24,243	1,890
Fourth Quarter (7/1/17 to 9/30/17)	23,991	1,926
<b>Total</b>	<b>98,976</b>	<b>7,842</b>

**City of Marshall  
Dial-A-Ride Fund  
Schedule 6 - Comments and Recommendations  
For the Year Ended June 30, 2018**

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**Statutory Compliance**

Our review of procedures for compliance with statutory requirements disclosed the items noted in our letter to management and the City Council dated December 14, 2018.

## **STATISTICAL SECTION**

## City of Marshall Statistical Section

This part of the City of Marshall’s comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements and note disclosures says about the City’s overall financial health.

<b>Contents</b>	<b>Table</b>
<b>Financial Trends</b>	
These schedules contain information to help the reader understand how the City’s financial performance and well-being have changed over time.	A-1 to A-4
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	B-1 to B-4
<b>Debt Capacity</b>	
These present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	C-1 to C-5
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment in which the City’s financial activities take place.	D-1 to D-2
<b>Operating Information</b>	
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 activities it performs.	E-1 to E-3

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

CITY OF MARSHALL, MICHIGAN

Table A-1

Net Position by Component (Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014*	2015	2016	2017**	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$ 13,738,175	\$ 13,551,965	\$ 13,960,325	\$ 13,632,575	\$ 12,672,273	\$ 15,176,566	\$ 21,390,237	\$ 23,338,239	\$ 23,386,578	\$ 22,198,207
Restricted	775,833	793,141	772,879	787,803	2,422,083	2,182,533	4,086,071	2,292,920	2,415,504	2,694,704
Unrestricted	3,267,007	2,769,352	2,239,903	2,174,819	2,155,568	(3,815,329)	(5,137,373)	(4,322,028)	(17,105,118)	(16,958,677)
<b>Total governmental activities net position</b>	<b>\$ 17,781,015</b>	<b>\$ 17,114,458</b>	<b>\$ 16,973,107</b>	<b>\$ 16,595,197</b>	<b>\$ 17,249,924</b>	<b>\$ 13,543,770</b>	<b>\$ 20,338,935</b>	<b>\$ 21,309,131</b>	<b>\$ 8,696,964</b>	<b>\$ 7,934,234</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 8,401,227	\$ 7,964,028	\$ 8,378,716	\$ 8,876,689	\$ 7,186,806	\$ 9,411,751	\$ 9,538,687	\$ 11,447,031	\$ 10,180,090	\$ 12,732,553
Restricted	4,346,482	4,948,057	4,347,200	5,285,471	5,511,602	2,862,097	843,583	844,514	770,975	1,169,433
Unrestricted	11,143,627	12,700,071	14,338,174	12,825,500	12,538,534	9,553,805	11,752,693	1,733,727	(5,873,464)	(7,799,181)
<b>Total business-type activities net position</b>	<b>\$ 23,891,336</b>	<b>\$ 25,612,156</b>	<b>\$ 27,064,090</b>	<b>\$ 26,987,660</b>	<b>\$ 25,236,942</b>	<b>\$ 21,827,653</b>	<b>\$ 22,134,963</b>	<b>\$ 14,025,272</b>	<b>\$ 5,077,601</b>	<b>\$ 6,102,805</b>
<b>Total primary government</b>										
Net investment in capital assets	\$ 22,139,402	\$ 21,515,993	\$ 22,339,041	\$ 22,509,264	\$ 19,859,079	\$ 24,588,317	\$ 30,928,924	\$ 34,785,270	\$ 33,566,668	\$ 34,930,760
Restricted	5,122,315	5,741,198	5,120,079	6,073,274	7,933,685	5,044,630	4,929,654	3,137,434	3,186,479	3,864,137
Unrestricted	14,410,634	15,469,423	16,578,077	14,900,319	14,694,102	5,738,476	6,615,320	(2,588,301)	(22,978,582)	(24,757,858)
<b>Total primary government net position</b>	<b>\$ 41,672,351</b>	<b>\$ 42,726,614</b>	<b>\$ 44,037,197</b>	<b>\$ 43,482,857</b>	<b>\$ 42,486,866</b>	<b>\$ 35,371,423</b>	<b>\$ 42,473,898</b>	<b>\$ 35,334,403</b>	<b>\$ 13,774,565</b>	<b>\$ 14,037,039</b>

Source: City of Marshall Finance Department

\* Restated Due to GASB 68

\*\* Restated Due to GASB 75

CITY OF MARSHALL, MICHIGAN

Table A-2

Changes in Net Position (Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,681,749	\$ 1,901,417	\$ 1,907,279	\$ 2,035,070	\$ 1,536,135	\$ 1,180,247	\$ 1,927,654	\$ 2,375,248	\$ 2,888,618	\$ 3,217,359
Public safety	2,450,835	2,624,281	2,722,997	2,675,567	2,662,719	2,680,317	3,151,608	3,608,123	4,178,752	3,936,316
Public works	1,992,259	1,713,933	1,877,076	1,954,109	1,980,187	2,337,102	2,331,817	2,145,946	2,360,788	2,044,894
Parks and recreation	644,071	484,408	623,244	599,982	591,491	588,463	593,371	599,585	577,100	570,898
Community/economic development	182,485	138,669	151,077	167,198	148,806	154,714	202,552	146,387	116,746	140,500
Interest on long-term debt	158,971	325,155	135,294	121,582	178,430	138,467	318,524	296,478	265,533	248,324
Subtotal governmental activities	7,110,370	7,187,863	7,416,967	7,553,508	7,097,768	7,079,310	8,525,526	9,171,767	10,387,537	10,158,291
Business-type activities:										
Electric	12,388,402	12,804,410	12,118,033	12,352,835	13,118,049	12,432,134	12,301,471	17,440,376	12,221,708	11,653,138
Wastewater	1,308,655	1,214,436	1,310,960	1,343,044	1,453,850	1,329,436	1,600,776	1,760,453	1,689,523	1,353,468
Water	1,201,031	1,309,664	1,287,914	1,219,040	1,326,138	1,329,071	1,333,100	1,549,304	1,467,345	1,438,552
Public transit	428,501	428,624	401,678	385,992	397,214	398,912	416,893	533,012	494,707	481,432
Public housing	442,605	489,195	521,490	584,902	532,270	565,450	618,134	626,970	564,916	609,052
Fiber to the Premise	-	-	-	-	-	-	-	-	135,729	419,049
Subtotal business-type activities	15,769,194	16,246,329	15,640,075	15,885,813	16,827,521	16,055,003	16,270,374	21,910,115	16,573,928	15,954,691
<b>Total primary government expenses</b>	<b>22,879,564</b>	<b>23,434,192</b>	<b>23,057,042</b>	<b>23,439,321</b>	<b>23,925,289</b>	<b>23,134,313</b>	<b>24,795,900</b>	<b>31,081,882</b>	<b>26,961,465</b>	<b>26,112,982</b>
<b>Program revenues</b>										
Governmental activities:										
Charges for Services:										
General Government	197,666	752,660	1,248,330	1,173,148	362,535	346,127	536,501	526,366	617,103	535,441
Public Safety	-	-	-	-	-	-	56,895	219,946	287,850	219,709
Public Works	-	-	-	-	-	-	82,703	89,057	128,518	110,252
Parks & Recreation	207,941	213,405	212,962	217,355	207,822	209,400	205,607	208,262	185,244	198,028
Community Development	-	-	-	-	-	-	41,429	13,286	14,373	13,191
Operating grants and contributions	1,468,297	1,034,464	1,311,931	1,426,002	1,317,998	1,799,614	985,757	1,360,797	1,700,557	2,033,744
Capital grants and contributions	-	-	91,257	-	308,299	28,658	8,068,221	861,121	-	-
Subtotal governmental activities	1,873,904	2,000,529	2,864,480	2,816,505	2,196,654	2,383,799	9,977,113	3,278,835	2,933,645	3,110,365
Business-type activities:										
Charges for Services, Grants and Contributions										
Electric	14,078,379	14,189,257	13,303,892	12,260,940	12,271,455	13,129,478	13,597,667	11,819,594	12,421,717	12,573,684
Wastewater	1,263,518	1,239,442	1,360,653	1,433,183	1,550,497	2,256,421	1,565,950	1,530,627	1,734,039	1,915,230
Water	1,429,141	1,294,364	1,451,374	1,261,023	1,431,091	1,534,055	1,560,798	1,577,947	1,755,013	1,834,575
Public transit	397,758	481,598	259,904	299,264	240,024	291,195	383,125	338,098	357,567	323,689
Public housing	613,620	622,401	553,654	562,688	563,818	565,867	618,300	896,406	878,634	958,293
Fiber to the Premise	-	-	-	-	-	-	-	-	-	38,483
Subtotal business-type activities	17,782,416	17,827,062	16,929,477	15,817,098	16,056,885	17,777,016	17,725,840	16,162,672	17,146,970	17,643,954
<b>Total primary government program revenues</b>	<b>\$ 19,656,320</b>	<b>\$ 19,827,591</b>	<b>\$ 19,793,957</b>	<b>\$ 18,633,603</b>	<b>\$ 18,253,539</b>	<b>\$ 20,160,815</b>	<b>\$ 27,702,953</b>	<b>\$ 19,441,507</b>	<b>\$ 20,080,615</b>	<b>\$ 20,754,319</b>
<b>Net (expense)/revenues</b>										
Governmental activities	\$ (5,236,466)	\$ (5,187,334)	\$ (4,552,487)	\$ (4,737,003)	\$ (4,901,114)	\$ (4,695,511)	\$ 1,451,587	\$ (5,892,932)	\$ (7,453,892)	\$ (7,047,926)
Business-type activities	2,013,222	1,580,733	1,289,402	(68,715)	(770,636)	1,722,013	1,455,466	(5,747,443)	573,042	1,689,263
<b>Total primary government net (expenses) revenues</b>	<b>\$ (3,223,244)</b>	<b>\$ (3,606,601)</b>	<b>\$ (3,263,085)</b>	<b>\$ (4,805,718)</b>	<b>\$ (5,671,750)</b>	<b>\$ (2,973,498)</b>	<b>\$ 2,907,053</b>	<b>\$ (11,640,375)</b>	<b>\$ (6,880,850)</b>	<b>\$ (5,358,663)</b>

continued...

CITY OF MARSHALL, MICHIGAN

Table A-2

Changes in Net Position (Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>CITY OF MARSHALL, MICHIGAN</b>										<b>Schedule 2</b>
<b>Change in Net Position (Accrual Basis of Accounting)</b>										<b>Unaudited</b>
Last Ten Fiscal Years										
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>General revenues and other changes</b>										
Governmental activities:										
Property taxes	\$ 3,512,925	\$ 3,639,562	\$ 3,487,465	\$ 3,400,641	\$ 3,352,166	\$ 3,768,238	3,672,699	3,713,910	3,814,806	3,822,332
Grants and contributions not restricted to specific programs	726,066	625,155	610,106	639,043	627,376	645,432	653,948	647,700	678,605	698,620
Unrestricted investment earnings	129,880	16,266	3,148	11,760	8,912	6,890	19,120	19,200	40,139	69,369
Gain (Loss) on Sale of Capital Assets	-	-	72,609	70,729	2,937	46,366	(278,809)	-	-	22,078
Other	-	-	-	-	-	-	-	-	-	-
Transfers	785,066	239,794	237,808	236,925	1,143,440	1,235,502	1,276,620	1,284,794	2,124,207	1,672,797
Subtotal governmental activities	<u>5,153,937</u>	<u>4,520,777</u>	<u>4,411,136</u>	<u>4,359,098</u>	<u>5,134,831</u>	<u>5,702,428</u>	<u>5,343,578</u>	<u>5,665,604</u>	<u>6,657,757</u>	<u>6,285,196</u>
Business-type activities:										
Property Taxes	103,966	107,787	102,461	99,887	94,849	94,396	91,882	93,691	102,840	181,114
Unrestricted investment earnings	64,325	265,514	49,650	29,323	970,211	21,691	22,111	26,379	32,943	60,816
Gain (Loss) on Sale of Capital Assets	-	6,580	247,959	-	(178,079)	-	14,471	-	-	766,808
Other	-	-	-	-	-	-	-	-	-	-
Transfers	(785,066)	(239,794)	(237,808)	(236,925)	(1,143,440)	(1,235,502)	(1,276,620)	(1,284,794)	(2,124,207)	(1,672,797)
Subtotal business-type activities	<u>(616,775)</u>	<u>140,087</u>	<u>162,262</u>	<u>(107,715)</u>	<u>(256,459)</u>	<u>(1,119,415)</u>	<u>(1,148,156)</u>	<u>(1,164,724)</u>	<u>(1,988,424)</u>	<u>(664,059)</u>
<b>Total primary government general revenues</b>	<u>4,537,162</u>	<u>4,660,864</u>	<u>4,573,398</u>	<u>4,251,383</u>	<u>4,878,372</u>	<u>4,583,013</u>	<u>4,195,422</u>	<u>4,500,880</u>	<u>4,669,333</u>	<u>5,621,137</u>
<b>Change in net position</b>										
Governmental activities	(82,529)	(666,557)	(141,351)	(377,905)	233,717	1,006,917	6,795,165	(227,328)	(796,135)	(762,730)
Business-type activities	1,396,447	1,720,820	1,451,664	(176,430)	(1,027,095)	602,598	307,310	(6,912,167)	(1,415,382)	1,025,204
<b>Total primary government change in net position</b>	<u>\$ 1,313,918</u>	<u>\$ 1,054,263</u>	<u>\$ 1,310,313</u>	<u>\$ (554,335)</u>	<u>\$ (793,378)</u>	<u>\$ 1,609,515</u>	<u>\$ 7,102,475</u>	<u>\$ (7,139,495)</u>	<u>\$ (2,211,517)</u>	<u>\$ 262,474</u>

concluded.

Source: City of Marshall Finance Department



CITY OF MARSHALL, MICHIGAN

Table A-3

Fund Balances - Governmental Funds (Modified Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Nonspendable	\$ 116,527	\$ 39,487	\$ 38,530	\$ 105,373	\$ 77,186	\$ 33,049	\$ 44,757	\$ 83,788	\$ 1,087,598	\$ 1,087,160
Restricted	-	-	-	-	-	-	1,778,715	-	-	-
Committed	547,464	524,796	560,089	560,089	560,089	735,594	163,014	185,450	184,490	184,000
Unassigned	1,261,838	1,315,574	1,653,876	1,705,362	2,192,258	839,801	2,640,174	1,800,039	928,304	1,394,704
<b>Total general fund</b>	<b>\$ 1,925,829</b>	<b>\$ 1,879,857</b>	<b>\$ 2,252,495</b>	<b>\$ 2,370,824</b>	<b>\$ 2,829,533</b>	<b>\$ 1,608,444</b>	<b>\$ 4,626,660</b>	<b>\$ 2,069,277</b>	<b>\$ 2,200,392</b>	<b>\$ 2,665,864</b>
<b>All Other Governmental Funds</b>										
Nonspendable	24,202	14,728	475,731	487,746	327,004	328,494	360,458	364,687	376,438	377,644
Restricted	169,060	1,257,545	559,297	643,073	2,115,425	1,854,039	1,946,898	1,928,233	2,039,066	2,317,060
Committed	1,032,080	76,528	212,824	201,989	152,197	265,120	140,250	127,171	339,059	147,140
<b>Total all other governmental funds</b>	<b>\$ 1,225,342</b>	<b>\$ 1,348,801</b>	<b>\$ 1,247,852</b>	<b>\$ 1,332,808</b>	<b>\$ 2,594,626</b>	<b>\$ 2,447,653</b>	<b>\$ 2,447,606</b>	<b>\$ 2,420,091</b>	<b>\$ 2,754,563</b>	<b>\$ 2,841,844</b>

Note: GASB 54 was adopted beginning with fiscal 2011; prior years were not retroactively restated.

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table A-4**

**Changes in Fund Balances - Governmental Funds (Modified Accrual Basis of Accounting)  
Last Ten Fiscal Years**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Revenue</b>										
Property taxes	\$ 3,512,925	\$ 3,639,562	\$ 3,487,465	\$ 3,400,641	\$ 3,352,166	\$ 3,768,238	\$ 3,672,699	\$ 3,713,910	\$ 3,814,806	\$ 3,822,332
Licenses and permits	34,633	35,117	61,282	41,394	50,050	104,559	123,507	135,298	154,236	216,119
Intergovernmental	1,536,871	1,366,748	1,324,937	1,718,070	1,444,400	1,724,191	9,637,134	2,779,687	2,101,157	2,496,885
Charges for services	320,646	339,129	350,782	387,488	391,519	350,833	357,153	551,026	598,347	592,638
Fines and forfeitures	50,328	69,736	66,186	113,861	128,788	100,135	56,895	55,654	66,563	24,814
Investment earnings	113,413	20,180	16,594	32,037	16,883	13,761	19,120	19,200	38,522	66,676
Other	657,492	292,871	597,100	346,975	500,974	720,855	456,372	404,870	691,947	463,086
<b>Total revenue</b>	<b>6,226,308</b>	<b>5,763,343</b>	<b>5,904,346</b>	<b>6,040,466</b>	<b>5,884,780</b>	<b>6,782,572</b>	<b>14,322,880</b>	<b>7,659,645</b>	<b>7,465,578</b>	<b>7,682,550</b>
<b>Expenditures</b>										
General government	1,705,119	1,119,515	869,675	1,222,585	1,972,898	1,699,623	1,674,114	2,054,008	2,496,542	2,470,220
Public safety	2,241,007	2,445,258	2,560,189	2,504,409	2,552,181	2,575,066	2,852,751	3,040,070	3,211,194	2,872,453
Public works	829,809	778,047	868,755	891,416	834,956	829,025	1,385,688	1,383,425	1,481,661	1,470,182
Highways and streets	400,635	305,912	227,098	182,133	181,679	283,544	-	-	-	-
Community development	137,716	96,799	106,995	121,126	103,562	99,855	191,161	134,469	104,064	140,500
Culture and recreation	474,752	351,566	480,477	461,359	460,439	463,674	463,145	507,962	469,366	472,191
Debt service:										
Principal	596,746	402,231	417,580	439,073	364,905	355,000	495,000	492,773	2,076,185	647,140
Interest and other charges	189,560	323,817	146,302	118,213	101,660	122,391	239,424	297,101	250,902	248,874
Bond Issuance Costs	-	-	-	-	58,020	-	37,275	-	32,782	-
Capital outlay	507,626	71,039	257,219	335,312	528,865	2,973,015	10,606,331	3,619,529	545,248	535,648
<b>Total expenditures</b>	<b>7,082,970</b>	<b>5,894,184</b>	<b>5,934,290</b>	<b>6,275,626</b>	<b>7,159,165</b>	<b>9,401,193</b>	<b>17,944,889</b>	<b>11,529,337</b>	<b>10,667,944</b>	<b>8,857,208</b>
Revenues over (under) expenditures	(856,662)	(130,841)	(29,944)	(235,160)	(1,274,385)	(2,618,621)	(3,622,009)	(3,869,692)	(3,202,366)	(1,174,658)
<b>Other financing sources (uses)</b>										
Issuance of bonds / long-term debt	-	-	63,825	-	1,825,000	-	5,325,000	400,000	1,470,000	-
Premium on bonds	-	-	-	-	26,472	-	173,558	-	19,132	-
Sale of capital assets	-	-	-	201,520	-	15,057	-	-	-	-
Transfers in	1,106,856	413,969	575,216	514,153	1,355,328	1,438,770	1,661,141	1,891,677	3,007,109	2,554,699
Transfers out	(348,253)	(205,641)	(337,408)	(277,228)	(211,888)	(203,268)	(519,521)	(1,006,883)	(828,288)	(827,288)
<b>Total other financing sources (uses)</b>	<b>758,603</b>	<b>208,328</b>	<b>301,633</b>	<b>438,445</b>	<b>2,994,912</b>	<b>1,250,559</b>	<b>6,640,178</b>	<b>1,284,794</b>	<b>3,667,953</b>	<b>1,727,411</b>
<b>Net change in fund balance</b>	<b>\$ (98,059)</b>	<b>\$ 77,487</b>	<b>\$ 271,689</b>	<b>\$ 203,285</b>	<b>\$ 1,720,527</b>	<b>\$ (1,368,062)</b>	<b>\$ 3,018,169</b>	<b>\$ (2,584,898)</b>	<b>\$ 465,587</b>	<b>\$ 552,753</b>
Debt service as a percentage of noncapital expenditures	11.96%	12.47%	9.93%	9.38%	7.04%	7.43%	10.01%	9.99%	22.99%	10.77%

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table B-1**

**Taxable and Estimated Actual Value of Property  
Last Ten Fiscal Years**

As of Dec. 31,	FYE June 30,	Residential (1)		Commercial (1)		Industrial (1)		Utility		Total		(2) Total Direct Tax Rate
		Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	
2017	2018	\$ 129,289,499	\$ 306,267,400	\$ 41,893,918	\$ 112,751,800	\$ 29,636,539	\$ 75,629,400	\$ 2,461,152	\$ 4,941,200	203,281,108	499,589,800	19.5415
2016	2017	126,837,660	294,034,800	41,423,975	106,609,200	33,813,213	86,241,400	2,505,119	5,018,400	204,579,967	491,903,800	19.0862
2015	2016	126,638,972	292,882,000	39,386,893	98,290,980	50,108,403	120,615,600	2,419,716	4,847,600	218,553,984	516,636,180	18.9862
2014	2015	124,599,214	284,523,200	39,547,803	97,879,200	47,124,743	114,202,400	2,277,213	4,572,400	213,548,973	501,177,200	19.0862
2013	2014	126,770,173	278,727,900	47,608,965	112,412,200	42,502,565	91,783,800	2,805,420	5,662,200	219,687,123	488,586,100	19.0862
2012	2013	130,379,679	279,414,900	47,317,444	110,927,484	38,281,232	95,792,472	2,480,653	4,961,306	218,459,008	491,096,162	16.8862
2011	2012	136,530,496	301,750,600	53,082,869	113,507,598	36,262,417	91,800,800	1,941,829	4,061,000	227,817,611	511,119,998	16.8862
2010	2011	135,275,254	300,975,500	57,379,499	130,611,800	41,044,660	105,672,800	2,340,476	4,771,400	236,039,889	542,031,500	16.8862
2009	2010	142,443,237	321,713,012	57,822,583	139,672,008	47,490,702	124,682,400	1,809,064	3,708,400	249,565,586	589,775,820	16.7634
2008	2009	142,443,237	329,642,392	54,402,936	130,930,646	41,624,506	106,696,472	1,663,135	3,419,000	240,133,814	570,688,510	16.7634

(1) Includes properties subject to Industrial Facility Tax exemptions.

(2) Per \$1,000 of taxable value.

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table B-2**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>City Direct Rates</b>				<b>Overlapping Rates</b>								
	<b>City</b>	<b>Leaf, Brush and Trash Pickup</b>	<b>Dial-A-Ride</b>	<b>Recreation</b>	<b>Marshall Public Schools</b>	<b>State Education Tax</b>	<b>Calhoun County Intermediate School Dist.</b>	<b>County</b>	<b>Marshall Library</b>	<b>Kellogg Community College</b>	<b>Marshall Ambulance Authority</b>	<b>Total Homestead</b>	<b>Total Non-Homestead</b>
2018	17.1629	0.5000	0.9393	0.9393	26.0500	6.0000	6.2057	6.4713	1.6711	3.6136	0.7000	52.2532	70.2532
2017	17.1629	0.5000	0.4840	0.9393	26.0500	6.0000	6.2057	6.4713	1.6711	3.6136	0.5000	51.5979	69.5979
2016	17.1629	0.4000	0.4840	0.9393	26.0500	6.0000	6.2057	6.4713	1.9911	3.6136	0.5000	51.8179	69.8179
2015	17.1629	0.5000	0.4840	0.9393	25.8800	6.0000	6.2057	6.4713	2.0711	3.6136	0.5000	51.8279	69.8279
2014	17.1629	0.5000	0.4840	0.9393	25.8800	6.0000	6.2057	6.4713	2.0671	3.6136	0.4819	51.8058	69.8058
2013	15.4629	-	0.4840	0.9393	25.8800	6.0000	6.2057	6.3713	2.0711	3.7106	0.4831	49.6080	67.6080
2012	15.4629	-	0.4840	0.9393	25.8800	6.0000	6.2057	6.3713	2.0711	3.7106	0.4831	49.6080	67.6080
2011	15.4629	-	0.4840	0.9393	26.0000	6.0000	6.2057	6.3713	2.0661	3.7106	0.4831	49.7230	67.7230
2010	15.4629	-	0.4840	0.8165	23.4500	6.0000	6.2057	6.3713	2.0711	3.7106	0.4925	47.0646	65.0646
2009	15.4629	-	0.4840	0.8165	23.4500	6.0000	6.2057	6.3713	2.0711	3.7106	0.4925	47.0646	65.0646

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table B-3**

**Principal Property Taxpayers  
Fiscal Year and Nine Years Ago**

<b>Taxpayer</b>	<b>FY2018</b>			<b>FY2009</b>		
	<b>(1) Taxable Valuation</b>	<b>Rank</b>	<b>% of Total City Taxable Value</b>	<b>(1) Taxable Valuation</b>	<b>Rank</b>	<b>% of Total City Taxable Value</b>
Tenneco	\$ 9,726,794	1	4.78%	\$ 6,362,800	2	2.65%
Consumers Energy	3,315,357	2	1.63%	-	-	-
KC Holding Co (K-Mart)	2,355,477	3	1.16%	1,778,257	10	0.74%
Joseph Campbell	1,516,200	4	0.75%	9,200,582	1	3.83%
Financing VI-Healthcare	1,359,556	5	0.67%	-	-	-
Bostik Ink	1,315,463	6	0.65%	3,372,711	6	1.40%
Stag Marshall LLC	1,279,500	7	0.63%	-	-	-
Ella Em Brown Charitable C	1,258,586	8	0.62%	-	-	-
Walden Pond Inv.	1,187,800	9	0.58%	-	-	-
Loves Travel Stops	1,098,363	10	0.54%	-	-	-
Autocam Corp	-	-	-	3,898,600	3	1.62%
Marshall Brass Co.	-	-	-	3,478,123	4	1.45%
Tri-State MI Assoc	-	-	-	3,383,265	5	1.41%
Borg Warner	-	-	-	3,271,920	7	1.36%
Stelmi America	-	-	-	2,623,902	8	1.09%
State Farm Insurance	-	-	-	2,187,685	9	0.91%
	<u>\$ 24,413,096</u>		<u>12.01%</u>	<u>\$ 39,557,845</u>		<u>16.47%</u>

(1) Includes ad valorem and Industrial Facilities Tax properties.

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table B-4**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

(1) Fiscal Year Ended June 30,	(2) Taxes Levied for the Fiscal Year	Collections to March 1st of Fiscal Year of the Levy		Delinquent Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2018	\$ 3,874,249	\$ 3,871,090	99.92%	\$ 1,099	\$ 3,872,189	99.95%
2017	3,777,564	3,766,035	99.69%	5,046	3,771,081	99.83%
2016	3,988,294	3,974,085	99.64%	7,773	3,981,858	99.84%
2015	3,973,980	3,965,617	99.79%	5,547	3,971,164	99.93%
2014	4,079,395	4,064,069	99.62%	9,611	4,073,680	99.86%
2013	4,030,907	4,026,677	99.90%	2,749	4,029,426	99.96%
2012	3,847,025	3,843,336	99.90%	917	3,844,253	99.93%
2011	3,983,452	3,974,060	99.76%	2,367	3,976,427	99.82%
2010	4,136,283	4,123,480	99.69%	6,077	4,129,557	99.84%
2009	4,025,403	4,010,552	99.63%	12,563	4,023,115	99.94%

(1) Property taxes are levied August 1 of the current fiscal year based on taxable property values as of the preceding December 31. Unpaid property taxes become delinquent as of March 1 of the current fiscal year. The City's delinquent real property taxes are purchased by the Calhoun County Treasurer. Uncollected personal property taxes are collected by the City Treasurer.

(2) Includes Industrial Facility Tax (Leaf, Brush & Trash collection tax beginning in 2014). Also includes taxes captured by Tax Incremental Finance Authority (TIFA) Districts.

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table C-1**

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Governmental activities</b>										
General obligation bonds	\$ 3,435,000	\$ 3,150,000	\$ 2,850,000	\$2,540,000	\$4,030,000	\$3,675,000	\$8,505,000	\$8,030,000	\$7,465,000	\$6,855,000
Installment contracts	497,600	355,369	146,532	598,552	460,920	350,567	237,024	502,427	327,512	1,451,077
Insurance premium/discount(net)	(128,434)	(116,854)	(105,271)	(93,690)	30,900	28,963	193,642	184,763	175,876	166,989
<b>Total governmental activities</b>	<b>3,804,166</b>	<b>3,388,515</b>	<b>2,891,261</b>	<b>\$3,044,862</b>	<b>\$4,521,820</b>	<b>\$4,054,530</b>	<b>\$8,935,666</b>	<b>\$8,717,190</b>	<b>\$7,968,388</b>	<b>\$8,473,066</b>
<b>Business-type activities</b>										
General obligation bonds	6,055,000	6,960,000	6,405,000	5,815,000	8,940,000	8,245,000	7,535,000	6,795,000	9,640,000	8,790,000
Revenue bonds	990,001	740,000	680,000	620,000	555,000	490,000	420,000	345,000	265,000	-
Installment contracts	996,075	947,070	720,000	720,000	720,000	-	-	280,368	186,912	-
Insurance premium/discount (net)	(24,669)	(22,743)	(20,819)	(18,894)	82,262	74,470	66,677	58,884	443,195	408,311
<b>Total business-type activities</b>	<b>8,016,407</b>	<b>8,624,327</b>	<b>7,784,181</b>	<b>7,136,106</b>	<b>10,297,262</b>	<b>8,809,470</b>	<b>8,021,677</b>	<b>7,479,252</b>	<b>10,535,107</b>	<b>9,198,311</b>
<b>Total primary government outstanding debt</b>	<b>\$ 11,820,573</b>	<b>\$ 12,012,842</b>	<b>\$ 10,675,442</b>	<b>\$ 10,180,968</b>	<b>\$ 14,819,082</b>	<b>\$ 12,864,000</b>	<b>\$ 16,957,343</b>	<b>\$ 16,196,442</b>	<b>\$ 18,503,495</b>	<b>\$ 17,671,377</b>
Total taxable value	\$ 406,249,284	\$ 249,565,586	\$ 236,039,889	\$227,817,611	\$218,459,008	\$219,687,123	\$213,548,973	\$ 218,553,984	\$ 204,579,967	\$ 203,281,108
Ratio of total debt to taxable value	2.91%	4.81%	4.52%	4.47%	6.78%	5.86%	6.77%	7.41%	9.04%	8.69%
Total population	7,459	7,459	7,086	7,088	7,040	7,035	7,035	7,094	7,088	7,094
Total debt per capita	\$ 1,585	\$ 1,695	\$ 1,506	\$ 1,436	\$ 2,091	\$ 1,815	\$ 2,392	\$ 2,283	\$ 2,611	\$ 2,491
% of personal income	43.46%	44.16%	39.25%	37.43%	53.43%	46.39%	61.15%	58.40%	72.68%	63.29%
Personal Income per capita	\$ 27,200	\$ 27,200	\$ 27,200	\$ 27,200	\$ 27,733	\$ 27,733	\$ 27,733	\$ 27,733	\$ 25,458	\$ 27,920

**CITY OF MARSHALL, MICHIGAN**

**Table C-2**

**Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years**

<b>Year</b>	<b>Governmental General Obligation Bonds</b>	<b>Business-type General Obligation Bonds</b>	<b>Total</b>	<b>Amounts Available in Debt Service Funds</b>	<b>Net General Bonded Debt Outstanding</b>	<b>% of Total Personal Income</b>	<b>% of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2018	\$6,855,000	\$ 8,790,000	\$ 15,645,000	\$ (317,645)	\$ 15,327,355	7.74%	7.54%	\$ 2,161
2017	7,640,876	10,083,195	17,724,071	(318,145)	17,405,926	9.65%	8.51%	2,456
2016	8,214,763	6,853,884	15,068,647	(1,000)	15,067,647	8.70%	6.89%	2,124
2015	8,698,642	7,601,677	16,300,319	-	16,300,319	9.04%	7.63%	2,317
2014	3,703,963	8,319,470	12,023,433	(9,404)	12,014,029	6.66%	5.47%	1,708
2013	4,060,900	9,022,262	13,083,162	(29,365)	13,053,797	7.23%	5.98%	1,854
2012	2,446,310	5,796,106	8,242,416	(108,631)	8,133,785	4.48%	3.57%	1,148
2011	2,744,729	6,384,181	9,128,910	(123,823)	9,005,087	4.96%	3.82%	1,271
2010	3,033,146	6,937,257	9,970,403	(123,779)	9,846,624	5.99%	3.95%	1,320
2009	3,306,566	6,030,331	9,336,897	(123,458)	9,213,439	5.61%	3.84%	1,235
2008	3,774,985	6,438,406	10,213,391	(124,484)	10,088,907	6.14%	4.26%	1,353

Source: City of Marshall Finance Department  
 General Obligation Bond amounts are net of any premium or discount.  
 Details regarding the City's debt can be found in the notes to the financial statements.



**CITY OF MARSHALL, MICHIGAN**

**Table C-3**

**Computation of Net Direct and Overlapping Governmental Activities Debt  
As of June 30, 2018**

		<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefited Entity</u>	<u>Net Amount Outstanding</u>
<b>Direct debt</b>				
General obligation bonds (1)		\$15,645,000	\$ -	\$ 15,645,000
Installment contracts		<u>1,451,077</u>	<u>-</u>	<u>1,451,077</u>
<b>Net direct debt</b>		<u>\$17,096,077</u>	<u>\$ -</u>	<u>17,096,077</u>
	<b>City Share of Debt (2)</b>			
<b>Overlapping debt</b>				
Marshall School District	29.86%	45,875,000		13,698,275
Calhoun County	5.82%	53,755,250		3,128,556
Marshall District Library	37.41%	-		-
Kellogg Community College	5.82%	15,120,000		879,984
<b>Net overlapping debt</b>				<u>17,706,815</u>
<b>Net direct and overlapping debt</b>				<u>\$ 34,802,892</u>

(1) Governmental activity debt only

(2) Based on Taxable Value of the City of Marshall (\$203,281,108) compared to Taxable Value of the entire taxing jurisdiction.

Source: Municipal Advisory Council of Michigan and the City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table C-4**

**Legal Debt Margin  
Last Ten Fiscal Years**

**Legal debt margin calculation for fiscal 2018**

Assessed value (including IFT values)	<u>\$ 249,794,900</u>
Debt limit (10% of assessed value)	24,979,490
Less: net debt applicable to limit	<u>(18,503,495)</u>
<b>Legal debt margin</b>	<u>\$ 6,475,995</u>

<u>Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
2018	\$ 24,979,490	\$ 18,503,495	\$ 6,475,995	74.07%
2017	24,595,190	18,257,025	6,338,165	74.23%
2016	25,831,809	16,196,442	9,635,367	62.70%
2015	25,058,860	16,957,343	8,101,517	67.67%
2014	24,429,305	12,864,000	11,565,305	52.66%
2013	24,554,808	14,819,082	9,735,726	60.35%
2012	25,556,000	10,180,968	15,375,032	39.84%
2011	27,101,575	10,675,442	16,426,133	39.39%
2010	29,448,791	12,012,842	17,435,949	40.79%
2009	28,534,426	11,870,573	16,663,853	41.60%

Source: City of Marshall Finance Department  
Assessed Value = one-half of Estimated Actual Value (Schedule 5)

City of Marshall

Table C-5

Pledged-Revenue Coverage  
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>(1) Gross Revenue</u>	<u>(2) Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Total Debt Service Requirement</u>	<u>Coverage</u>
<b>Water Revenue Bonds (3)</b>					
2018	-	-	-	n/a	n/a
2017	-	-	-	n/a	n/a
2016	-	-	-	n/a	n/a
2015	-	-	-	n/a	n/a
2014	-	-	-	n/a	n/a
2013	-	-	-	n/a	n/a
2012	-	-	-	n/a	n/a
2011	-	-	-	n/a	n/a
2010	1,300,062	823,711	476,351	999	476.83
2009	1,438,252	751,432	686,820	1,049	654.74
<b>Sewer Revenue Bonds (4)</b>					
2018	-	-	-	n/a	n/a
2017	-	-	-	n/a	n/a
2016	-	-	-	n/a	n/a
2015	-	-	-	n/a	n/a
2014	-	-	-	n/a	n/a
2013	-	-	-	n/a	n/a
2012	-	-	-	n/a	n/a
2011	-	-	-	n/a	n/a
2010	1,236,775	844,425	392,350	196,811	1.99
2009	1,266,569	873,076	393,493	197,330	1.99
<b>Electric Revenue Bonds (5)</b>					
2018	12,567,283	12,199,033	368,250	96,570	3.81
2017	12,414,551	11,541,197	873,354	95,860	9.11
2016	11,834,418	11,055,268	779,150	95,860	8.13
2015	13,611,884	11,776,240	1,835,644	94,890	19.34
2014	13,144,054	13,561,207	(417,153)	93,625	(4.46)
2013	13,228,258	11,608,613	1,619,645	95,350	16.99
2012	12,224,904	11,762,521	462,383	93,475	4.95
2011	13,102,431	11,475,571	1,626,860	96,430	16.87
2010	13,208,622	12,190,994	1,017,628	94,178	10.81
2009	12,587,675	11,710,294	877,381	96,721	9.07

(1) Includes utility service charges along with investment income.

(2) Excludes depreciation expense.

(3) Water revenue bonds were issued in 1993 and 1999; A portion was refunded in 2006; remaining paid in full 2010.

(4) Wastewater revenue bonds were issued in 1989 and 1999; portion was refunded in 2006; paid in full 2010.

(5) Electric revenue bonds were issued in 1976 and 1999; 1976 issue was paid in full 2005.

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table D-1**

**Demographic and Economic Statistics  
Last Ten Years**

<b>Year</b>	<b>(2) Population</b>	<b>(1) Total Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>(2) Unemployment Rate</b>
2018	7094	\$ 198,064	\$ 27,920	3.60%
2017	7088	\$ 180,446	\$ 25,458	4.80%
2016	7094	\$ 173,243	\$ 24,421	4.40%
2015	7035	\$ 180,300	\$ 25,629	5.40%
2014	7035	\$ 180,300	\$ 25,629	7.60%
2013	7040	\$ 180,428	\$ 25,629	7.90%
2012	7088	\$ 181,658	\$ 25,629	9.30%
2011	7086	\$ 181,607	\$ 25,629	11.40%
2010	7459	\$ 164,270	\$ 22,023	11.50%
2009	7459	\$ 164,270	\$ 22,023	7.50%

(1) The amount shown is calculated based the City population times the Per capita money income

(2) Source: Homefacts.com as of 6/30/2018.

Sources:

United State Census - Quick Facts Marshall (City)

CITY OF MARSHALL, MICHIGAN

Table D-2

Principal Employers  
Fiscal Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
Oaklawn Hospital	1,000	1	18.72%	644	1	12.91%
Tenneco Auto.	1,000	2	18.72%	427	5	8.56%
Marshall Schools	270	3	5.05%	185	6	3.71%
Eaton Auto.	210	4	3.93%	467	4	9.36%
Marshall Excelsior	200	5	3.74%	*		
Autocam Corp.	89	10	1.67%	99	10	1.99%
Michigan Kitchen Distributors	140	6	2.62%	*		
Oaklawn Medical Group	126	7	2.36%	*		
Medilodge of Marshall	107	8	2.00%	*		
Tribal Manuf.	100	9	1.87%	*		
Progressive Dynamics	89	10	1.67%	104	9	2.09%
City of Marshall	86	11	1.61%	97	11	1.95%
State Farm Insurance				569	2	11.41%
Lear Corporation				530	3	10.63%
Joseph Campbell				167	7	3.35%
Marshall Brass				160	8	3.21%
	<u>3,417</u>		<u>63.95%</u>	<u>3,449</u>		<u>69.16%</u>
<b>Estimated total city employment</b>	<u>5,343</u>			<u>4,987</u>		

\* Not available.

Source: City of Marshall - MAEDA

**CITY OF MARSHALL, MICHIGAN**

**Table E-1**

**Full-time Governmental Employees by Function/Program  
Last Ten Fiscal Years**

**Full Time Equivalent Employees as of June 30**

<b>Function/Program</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General Government	8.0	7.5	7.4	7.1	6.7	10.0	14.5	12.8	11.4	10.3
Community & Economic Development	2.0	1.6	1.6	1.6	1.1	1.2	2.0	2.2	0.8	2.0
Public Safety (Police & Fire)	22.0	21.0	21.0	22.0	21.0	21.0	21.0	24.0	22.0	21.0
Transportation	3.5	3.1	3.1	3.1	3.0	3.0	3.0	3.0	3.0	1.0
Public Works										
Streets & Roads	7.0	6.8	6.7	6.7	6.4	9.0	11.0	9.9	9.9	12.0
Marshall House Apartments	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Electric	17.0	19.3	19.3	19.4	21.7	20.7	16.4	17.2	17.2	17.7
FiberNet									2.0	4.7
Wastewater	7.0	7.3	7.3	6.2	7.3	7.3	9.5	6.5	6.2	6.5
Water	6.5	6.5	6.6	6.6	6.6	6.6	6.6	5.3	5.3	6.2
Parks and Recreation	4.0	4.0	3.0	3.0	3.0	3.3	4.0	4.3	4.3	3.5
<b>Total</b>	<b>80</b>	<b>80</b>	<b>79</b>	<b>79</b>	<b>80</b>	<b>85</b>	<b>91</b>	<b>88</b>	<b>85</b>	<b>88</b>

Source: City of Marshall

**CITY OF MARSHALL, MICHIGAN**

**Table E-2**

**Operating Indicators by Function/Program  
Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Election Data (Even Election Years)</b>										
Registered Voters	-	5,303	-	5,460	-	5,452	5,544	5,659	5,027	5,622
Voters (at the polls or absentee) [November Elections]	-	2,502	-	3,444	-	2,331	N/A	3,546	N/A	3,125
Percent Participating	-	47.2%	-	63.1%	-	42.8%	N/A	62.7%	N/A	55.6%
<b>Police</b>										
Traffic citations	*	*	1,478	2,254	614	614	920	1,050	621	462
Arrests	696	745	835	959	688	701	525	491	526	455
Crime Rate (U.S. Ave 283.7)	241.0	160.0	170.2	136.1	136.1	136.1	169.6	191.1	151.4	N/A
Calls for service	10,802	5,256	6,438	5,189	4,886	4,886	6,947	5,703	3,246	N/A
<b>Community &amp; Economic Development</b>										
Building Inspections Performed	473	454	398	456	1,188	207	172	93	151	140
Building Permits Issued	63	83	79	80	121	118	75	118	114	106
Dollar Value of Building Permits Issued ( e )	\$ 1,922,000	\$ 3,050,000	\$ 1,836,000	\$ 435,000	\$ 4,644,157	\$ 18,765,867	\$ 1,082,500	\$ 2,626,625	\$ 4,506,000	\$ 6,112,000
<b>Public Services</b>										
Energy Billed (kwh)	103,128,220	107,889,673	110,017,513	108,939,712	104,163,961	106,021,809	104,812,021	104,502,417	106,734,000	105,521,658
Water Pumped (gallons)	360,434,816	338,743,821	288,841,299	311,443,072	292,166,800	290,089,956	263,810,557	282,870,000	272,120,000	288,960,000
Water Treated (gallons)	587,790,000	837,180,000	549,780,000	489,780,000	488,730,000	517,870,000	508,440,000	536,010,000	679,680,000	731,610,000
Expenditures on Major Street const. & preserv.	321,913	167,097	162,097	134,120	298,409	311,912	368,205	282,995	644,488	699,754
Expenditures on Local Street const. & preserv.	196,644	236,251	236,251	300,161	293,215	673,732	234,230	371,630	437,494	486,633
<b>Recreation</b>										
Programs Offered	71	80	61	56	55	63	71	119	129	131
Youth Participation in Rec. Activity	3,567	3,529	2,372	2,380	2,521	1,833	1,854	2,715	2,582	2,142
Adult Participation in Rec. Activity	1,865	2,038	2,204	1,850	1,895	1,811	1,619	2,375	2,481	2,542
Senior Participation in Rec. Activity	2,802	3,529	1,321	127	50	55	46	243	237	217
Family Participation in Rec. Activity	1,058	559	1,704	1,705	1,504	1,645	1,747	1,253	1,108	925

e = estimated

(1) switch to consolidated dispatch

Source: City of Marshall Finance Department

CITY OF MARSHALL, MICHIGAN

Table E-3

Capital Asset Statistics by Function/Program  
Last 5 Fiscal Years

Function/Program	2018	2017	2016	2015	2014
<b>Police</b>					
Police department building	1	1	1	1	1
Vehicle patrol units	6	7	7	7	7
<b>Fire (1)</b>					
Number of stations serving City	1	1	1	1	1
Fire units serving City:					
Fire engines	2	2	2	2	1
Ladder trucks	1	1	1	1	1
Rescue vehicles	1	1	1	1	1
Brush trucks	1	1	1	1	1
Utility vehicles	1	1	1		
<b>Public Works</b>					
City streets:					
Miles of major streets	14.38	14.38	14.38	14.38	14.38
Miles of local streets	25.76	25.76	25.76	25.76	25.70
Miles of Trunkline	16.00	16.00	16.00	16.00	16.00
Miles of sidewalks	34.00	34.00	34.00	34.00	34.00
Number of Street Lights	1,375	1,375	1,375	1,375	1,375
Sewer:					
Miles of sanitary mains	49.40	49.40	49.40	49.40	49.35
Miles of storm sewers	38.10	38.10	38.10	38.10	38.05
Treatment capacity	2.62/mgd	2.62/mgd	2.62/mgd	2.62/mgd	2.62/mgd
Water:					
Miles of water mains	59.10	59.10	59.10	59.10	59.07
Number of fire hydrants	500.00	500.00	496.00	496.00	496.00
Treatment capacity	3.86/mgd	3.86/mgd	3.86/mgd	3.86/mgd	3.86/mgd
<b>Parks and Recreation</b>					
Parks:					
City	7	7	6	6	6
Skate	1	1	1	1	1
Park acreage	236	236	235	235	235
Play structures	4	3	3	3	2
Pavilions	5	5	4	4	4
Adult Softball Fields	2	2	2	2	2
Youth Softball Fields	2	2	2	2	2
Sand Volleyball Courts	3	3	3	3	3

\* This is the fifth year for the City of Marshall to develop a CAFR and the historical relevant capital asset data was not captured in a manner to accurately provide historical reference.

Source: City of Marshall Finance Department