



Year Ended
June 30, 2014

Comprehensive
Annual Financial
Report

Prepared by: Finance Office

Kenneth Swisher,
Finance Director

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CITY OF MARSHALL, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014

Prepared by:

Finance Office

Kenneth Swisher, Finance Director

CITY OF MARSHALL, MICHIGAN

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INTRODUCTORY SECTION

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December 2, 2014

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

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, 2014.

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.

Rehmann Robson, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Marshall, Michigan's financial statements for the year ended June 30, 2014. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the government

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

The City operates under the mayor-council form of government. Policy-making and legislative authority are vested in the governing council (the "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 City's manager, who in turn appoints its department heads. The City Treasurer, City Attorney, Assessor and Clerk are also appointed by the Mayor.

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The City 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 highways, streets, and other infrastructure; recreational and cultural activities; low-income housing; and transit services. The City is a public power community, providing electric service to the City and surrounding communities. The City also provides water and wastewater services to the community.

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's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the Council.

Local economy

The City is a rural metropolitan area located near the intersection of two major interstates. The City 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. The school district and the City also have a significant economic presence, employing in total more than 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% (2004) to a decade high of 11.4% in 2009. The City continues to experience unemployment rates consistently lower than national averages. According to the American Fact Finder in its 2012 American Community Survey, the City's unemployment rate was 4.6% compared to 7.7% nationally.

Median family incomes within the City are somewhat higher than for the state as a whole. According to the 2012 American Community Survey, the City's median family income was \$61,277, the county's was \$53,339, while the state's was \$60,749. The City's population recently increased from 7,088 to an estimated 7,094 as reported in the American Community Survey of 2012, in part because of new residential developments in the downtown area. Despite the softening of the housing market nationwide, housing prices in the vicinity of the City continue to remain strong. The median price of a single family home in the vicinity of the City was \$136,400, as compared to \$102,800 for Calhoun County overall and \$128,600 for the State of Michigan.

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

Over the past ten years, the City has experienced a period of significant economic growth and investment. There were more than \$60 million in new tax abatements within the city limits, with nearly 500 new jobs created during this period.

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 governmental funds (currently 37%, reflecting a ten-year increase of 8%). 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.

During this same ten-year period, charges for services related to governmental funds have increased in amount, but has continued in the range of 9% to 12% of total revenues in governmental funds (currently 12%).

Long-term financial planning and major initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year-end was 10.5% of total general fund expenditures and other financing uses. This amount was above the policy guidelines set by the Council for budgetary and planning purposes (i.e., three months of general fund revenues or approximately 18-22%, plus 1.2 times the debt service ratio). The Council recently reviewed the City's strategic plan, including policy guidelines, and plans to maintain the target percent of total general fund revenues.

As part of its strategic plan, the Council also envisions the continued revitalization of its downtown corridor. 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.

The government has also completed a feasibility study on the development of a city income tax. This tax is expected to benefit the government in regard to a stabilization of revenue sources, with potential positive impact on economic development. Accordingly, the City continues to review this study and potentially take the plan to the voters for consideration.

The City operates a senior residence facility called Marshall House. The facility receives rent subsidies through the U.S. Department of Housing and Urban Development to offset reduced rents for qualified residents.

The facility is presently in the process of performing a complete renovation of each of its 100 units.

The City 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 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 its capital projects and budgets resources, accordingly. The City maintains a vehicle replacement policy which serves as its fleet replacement guide over a ten-year period. The fiscal year 2014-2015 Capital Improvement Program anticipates \$1.74 million in capital projects including \$0.25 million in rolling stock replacement. In addition to these capital projects, there is approximately \$9.0 million being utilized for the construction of the Marshall Regional Law Enforcement Center and \$3.4 million for the construction of a new Marshall fire station. The Regional Law Enforcement Center 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.

Relevant financial policies

The City has adopted a comprehensive set of financial policies. The City Council reviewed and adopted new financial policies at the mid-point of the fiscal year. These policies include the Investment Policy, Fund Balance Reserves Policy, Debt Management Policy and the Capital Improvement Program Policy. In addition, City administration adopted a new Credit Card Policy and a new Fixed Asset and 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. 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 City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Tom Tarkiewicz, City Manager

Ken Swisher, Finance Director

(Signatures withheld for security purposes)

CITY OF MARSHALL, MICHIGAN

ELECTED AND APPOINTED OFFICIALS

For the Year Ended June 30, 2014

Elected Officials

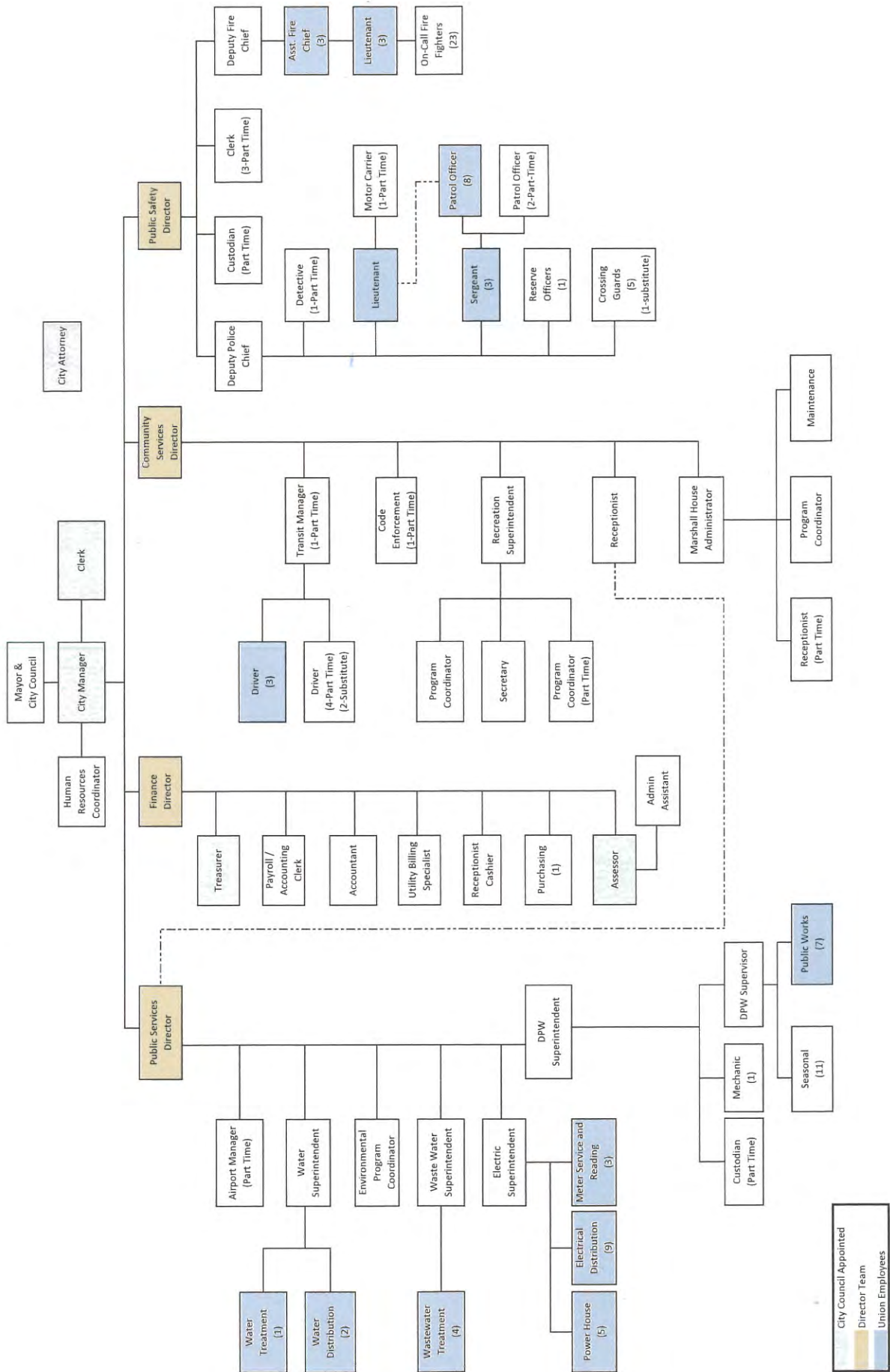
James Dyer	Mayor
David Revore	Ward 1 Councilmember
Nick Metzger	Ward 2 Councilmember
Brent Williams	Ward 3 Councilmember
Jack Reed	Ward 4 Councilmember
Jody Mankerian	Ward 5 Councilmember
Kathy Miller	At-Large Councilmember

Appointed Officials

Tom Tarkiewicz	City Manager
Trisha Nelson	City Clerk
Jon Bartlett	Treasurer
Judy Nelson	Assessor
Paul Beardslee	City Attorney

City of Marshall - Organization Chart

as of 6/30/2014



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 2, 2014

Honorable Mayor and
Members of the City Council
City of Marshall, Michigan

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* (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' 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. 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 auditors' 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 City'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 City'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, 2014 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of funding progress and employer contributions for the pension and other postemployment benefits plans 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's basic financial statements. The combining and individual fund financial statements and schedules, Dial-A-Ride Transportation Fund Transit schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and 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 fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, Dial-A-Ride Transportation Fund Transit schedules and statistical section 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 the information.

Rehmann Robson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MARSHALL, MICHIGAN

Management's Discussion and Analysis

As management of the City of Marshall, Michigan, 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, 2014. 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 at the close of the most recent fiscal year by \$44,096,381 (net position). Of this amount, \$14,463,434 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,609,515.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,056,097, a decrease of \$1,368,062 in comparison with the prior year. Approximately 20.7 percent of this total amount, or \$839,801, 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 \$839,801 or 10.5% of total general fund expenditures and other financing uses.

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 and liabilities, 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).

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.

CITY OF MARSHALL, MICHIGAN

Management's Discussion and Analysis

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 nine 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 nonmajor 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 its electric, wastewater, water, public transportation, housing and other operations. 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. Because these services predominantly benefit governmental rather than business type functions, they 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, water, Dial-A-Ride, and public housing (Marshall House) funds, which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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.

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 by \$44,096,381 at the close of the most recent fiscal year.

CITY OF MARSHALL, MICHIGAN

Management's Discussion and Analysis

By far the largest portion of the City's net position (55.8 percent) 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.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 5,943,294	\$ 7,007,584	\$17,891,482	\$21,022,602	\$23,834,776	\$28,030,186
Capital assets, net	19,156,541	17,107,554	18,179,548	17,435,192	37,336,089	34,542,746
Total assets	25,099,835	24,115,138	36,071,030	38,457,794	61,170,865	62,572,932
Deferred outflows of resources	74,555	86,539	41,673	48,876	116,228	135,415
Long-term liabilities	4,296,440	4,753,654	8,975,447	10,512,626	13,271,887	15,266,280
Other liabilities	2,621,109	2,198,099	1,297,716	2,757,102	3,918,825	4,955,201
Total liabilities	6,917,549	6,951,753	10,273,163	13,269,728	17,190,712	20,221,481
Net position:						
Net investment in capital assets	15,176,566	12,672,273	9,411,751	7,186,806	24,588,317	19,859,079
Restricted	2,182,533	2,422,083	2,862,097	5,511,602	5,044,630	7,933,685
Unrestricted	897,742	2,155,568	13,565,692	12,538,534	14,463,434	14,694,102
Total net position	\$18,256,841	\$17,249,924	\$25,839,540	\$25,236,942	\$44,096,381	\$42,486,866

An additional portion of the City's net position of \$5,044,630 (11.4 percent) represents resources that are subject to external restrictions on how they may be used. The City may use the remaining balance of unrestricted net position of \$14,463,434 (32.8 percent) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net position increased by \$1,609,515 during the current fiscal year as compared to an decrease of \$793,378 for the prior year. The current year increase in net position was a result of the City receiving an increase in property tax revenue, local contributions, grants and federal subsidies, along with rate increases in the electric, water and wastewater funds. In addition, a one time \$720,000 contribution was received in the current year as a result of the elimination of the State Farm contract obligation.

CITY OF MARSHALL, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$ 555,527	\$ 570,357	\$16,627,582	\$15,604,981	\$17,183,109	\$16,175,338
Operating grants	1,799,614	1,317,998	424,369	448,604	2,223,983	1,766,602
Capital grants	28,658	308,299	725,065	3,300	753,723	311,599
General revenues:						
Property taxes	3,768,238	3,352,166	94,396	94,849	3,862,634	3,447,015
Grants and contributions not restricted to specific programs	645,432	627,376	-	-	645,432	627,376
Other	53,256	11,849	21,691	792,132	74,947	803,981
Total revenues	6,850,725	6,188,045	17,893,103	16,943,866	24,743,828	23,131,911
Expenses:						
General government	1,180,247	1,536,135	-	-	1,180,247	1,536,135
Public safety	2,680,317	2,662,719	-	-	2,680,317	2,662,719
Public works	2,337,102	1,980,187	-	-	2,337,102	1,980,187
Parks and recreation	588,463	591,491	-	-	588,463	591,491
Community development	154,714	148,806	-	-	154,714	148,806
Interest on long-term debt	138,467	178,430	-	-	138,467	178,430
Electric	-	-	12,432,134	13,118,049	12,432,134	13,118,049
Wastewater	-	-	1,329,436	1,453,850	1,329,436	1,453,850
Water	-	-	1,329,071	1,326,138	1,329,071	1,326,138
Public transit	-	-	398,912	397,214	398,912	397,214
Public housing	-	-	565,450	532,270	565,450	532,270
Total expenses	7,079,310	7,097,768	16,055,003	16,827,521	23,134,313	23,925,289
Change in net position before transfers	(228,585)	(909,723)	1,838,100	116,345	1,609,515	(793,378)
Transfers	1,235,502	1,143,440	(1,235,502)	(1,143,440)	-	-
Change in net position	1,006,917	233,717	602,598	(1,027,095)	1,609,515	(793,378)
Net position:						
Beginning of year	17,249,924	17,016,207	25,236,942	26,264,037	42,486,866	43,280,244
End of year	\$18,256,841	\$17,249,924	\$25,839,540	\$25,236,942	\$44,096,381	\$42,486,866

Governmental activities. Governmental activities increased the City's net position by \$1,006,917 (as compared to a prior year increase of \$233,717), resulting from an increase of total revenues of \$662,680 while expenses were relatively flat as compared to the prior year. Much of the revenue increase is due to an increase in property taxes and operating grants.

Business-type activities. Business-type activities increased the City's net position by \$602,598 as compared to a decrease of \$1,027,095 the prior year. The change resulted from an increase in revenues due to rate adjustments (electric, wastewater, water) that resulted in a 6.5% increase in charge for services and a one time \$720,000 contribution as a result of the elimination of the State Farm contract obligation.

CITY OF MARSHALL, MICHIGAN

Management's Discussion and Analysis

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 \$4,056,097, a decrease of \$1,368,062 in comparison with the prior year. Approximately 20.7% of this total amount (\$839,801) 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 \$839,801, while the total fund balance was \$1,608,444. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total general fund revenues. Unassigned fund balance represents 12.3 percent of total general fund revenues and other financing sources. As a measure of fiscal stability (when examining the City's ability to maintain public services if a major revenue source is disrupted), the ratio of unassigned fund balance is 10.5 percent of expenditures and transfers out.

It should also be noted that the City has a long-standing policy to maintain a cash reserve of \$500,000 committed for working capital. This amount is included in the committed portion of the total fund balance.

The fund balance of the City's general fund decreased by \$1,221,089 during the current fiscal year. The primary reason for the decrease in fund balance and variance from budget is the result of capital outlay expenditures in the current year that were not budgeted for prior to year end. Much of this capital outlay will be reimbursed by the City's Building Authority once bonds are sold in FY15.

The City has seen a reduction in its overall taxable valuation due to the market decline in property values and the implementation of a new state-wide small personal property exemption.

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 \$10,458,034. The fund had a decrease in net position for the year of \$387,336 as compared to a decrease of \$1,083,336 in the prior year. The reason for the change is a result of an electric rate increase effective February 2014.

The wastewater fund reported unrestricted net position at the end of the year of \$1,693,604. For the year, the fund had an increase in net position of \$1,187,283 as compared to an increase of \$55,585 in the prior year. The reason for the change is a result of a \$720,000 contribution as a result from the elimination of the State Farm contract obligation. In addition, there was a \$305,841 transfer in from the Water fund to close out the 2013 transportation bonds. The proceeds were moved to match the expenses in each fund.

The water fund reported unrestricted net position at the end of the year of \$1,267,813. For the year, the fund had a decrease in net position of \$171,366 as compared to an increase of \$44,149 in the prior year. The reason for the change is a result of a \$379,996 transfer out to other funds in the current year, off-set by increases in sales and reduction to expenses for bond issuance cost, bad debts and capital outlay. As noted above, \$305,841 of the amount transferred out of the water fund was to the wastewater fund for expenditures incurred in that fund.

CITY OF MARSHALL, MICHIGAN

Management's Discussion and Analysis

The Dial-A-Ride fund reported unrestricted net position at the end of the year of \$109,697. For the year, the fund had a decrease in net position of \$23,209 as compared to a decrease of \$69,667 in the prior year. The reason for the change is that total revenues increased by \$47,950 from the prior year while expenses increased only slightly. Revenues increased as a result of an increase in federal grant subsidies.

The Marshall House fund reported unrestricted net position at the end of the year of \$301,588. For the year, the fund had an increase in net position of \$1,476 as compared to an increase of \$32,400 in the prior year. The reason for the change is primarily the result of a loss on the sale of a fixed asset (\$4,492) and the total restoration of five apartments with a total cost of \$26,029.

General Fund Budgetary Highlights

For the year, general fund budgetary estimates for revenues, expenditures and other financing sources and uses differed from actual. The fund balance of the City's general fund decreased by \$1,221,089 during the current fiscal year, which was \$1,353,900 more than the total operating income that was authorized in the final amended budget (and \$1,217,083 more than the original budget). The primary reason for the decrease in fund balance and variance from budget is the result of capital outlay expenditures in the current year that were not budgeted for prior to year end. Much of this capital outlay will be reimbursed by the City's Building Authority once bonds are sold in FY15.

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, 2014, amounted to \$37,336,089 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, system, vehicles, equipment, and infrastructure. Net capital assets for governmental activities increased 12.0%, and for business-type activities increased by 4.3%. Overall, total net capital assets for the City increased 8.1%.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,403,822	\$ 2,078,822	\$ 189,563	\$ 159,838	\$ 2,593,385	\$ 2,238,660
Construction in progress	1,438,651	320,158	-	2,740,149	1,438,651	3,060,307
Land improvements	1,884,274	2,100,678	629,398	442,303	2,513,672	2,542,981
Buildings	3,295,904	3,183,407	2,461,738	2,375,757	5,757,642	5,559,164
Vehicles	1,253,602	1,341,988	180,144	226,678	1,433,746	1,568,666
Equipment	743,406	775,783	2,679,995	1,887,422	3,423,401	2,663,205
Systems	-	-	12,038,710	9,603,045	12,038,710	9,603,045
Infrastructure	8,103,769	7,306,718	-	-	8,103,769	7,306,718
Data processing	33,113	-	-	-	33,113	-
Total capital assets, net	\$19,156,541	\$17,107,554	\$18,179,548	\$17,435,192	\$37,336,089	\$34,542,746

Additional information on the City's capital assets can be found in Note 8 of this report.

CITY OF MARSHALL, MICHIGAN

Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$12,410,000. Of this amount, \$11,920,000 is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 3,675,000	\$ 4,030,000	\$ 8,245,000	\$ 8,940,000	\$11,920,000	\$12,970,000
Revenue bonds	-	-	490,000	555,000	490,000	555,000
Total	\$ 3,675,000	\$ 4,030,000	\$ 8,735,000	\$ 9,495,000	\$12,410,000	\$13,525,000

The City's total bonded debt decreased by \$1,115,000 during the current fiscal year due to principal payments in accordance with scheduled payment terms.

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

Electric revenue bonds	BBB+
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 \$24,429,305 which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 11 of this report.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the City's budget for the next fiscal year:

- Developed target-based budgets within the context of the forecasted revenues;
- State revenue sharing remains flat;
- Slight increase in property tax revenues; and
- Expenditure increases generally limited to inflation except for capital projects.

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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF MARSHALL, MICHIGAN

Statement of Net Position

June 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 1,732,019	\$ 1,025,444	\$ 2,757,463	\$ 388,495
Investments	3,901,305	1,595,307	5,496,612	2,019,686
Receivables	176,253	1,039,325	1,215,578	2,403
Internal balances	75,481	(75,481)	-	-
Inventories, prepaid items and other assets	58,236	902,090	960,326	-
Investment in MSCPA	-	10,542,700	10,542,700	-
Restricted cash and cash equivalents	-	2,862,097	2,862,097	50,215
Capital assets not being depreciated	3,842,473	189,563	4,032,036	500,000
Capital assets being depreciated, net	15,314,068	17,989,985	33,304,053	665
Total assets	25,099,835	36,071,030	61,170,865	2,961,464
Deferred outflows of resources				
Deferred charge on refunding	74,555	41,673	116,228	-
Liabilities				
Accounts payable and accrued expenses	706,899	1,221,781	1,928,680	930
Accrued interest payable	41,608	75,935	117,543	13,089
Unearned revenue	37,740	-	37,740	26,352
Net other postemployment benefit obligation	1,834,862	-	1,834,862	-
Long-term liabilities:				
Due within one year	494,043	821,494	1,315,537	125,000
Due in more than one year	3,802,397	8,153,953	11,956,350	1,340,000
Total liabilities	6,917,549	10,273,163	17,190,712	1,505,371
Net position				
Net investment in capital assets	15,176,566	9,411,751	24,588,317	500,665
Restricted for:				
Debt service	-	2,862,097	-	50,215
Highways and streets	1,560,527	-	4,422,624	-
Drug law enforcement	14,370	-	14,370	-
Capital projects	62,290	-	62,290	-
Cemetery perpetual care and operations	545,346	-	545,346	-
Unrestricted	897,742	13,565,692	14,463,434	905,213
Total net position	\$ 18,256,841	\$ 25,839,540	\$ 44,096,381	\$ 1,456,093

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

CITY OF MARSHALL, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2014

		Program Revenues			
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	\$ 1,180,247	\$ 346,127	\$ 955,969	\$ 28,658	\$ 150,507
Public safety	2,680,317	-	187,345	-	(2,492,972)
Public works	2,337,102	-	656,300	-	(1,680,802)
Parks and recreation	588,463	209,400	-	-	(379,063)
Community development	154,714	-	-	-	(154,714)
Interest on long-term debt	138,467	-	-	-	(138,467)
Total governmental activities	7,079,310	555,527	1,799,614	28,658	(4,695,511)
Business-type activities:					
Electric	12,432,134	13,129,478	-	-	697,344
Wastewater	1,329,436	1,533,340	-	723,081	926,985
Water	1,329,071	1,532,071	-	1,984	204,984
Public transit	398,912	57,223	233,972	-	(107,717)
Public housing	565,450	375,470	190,397	-	417
Total business-type activities	16,055,003	16,627,582	424,369	725,065	1,722,013
Total primary government	\$ 23,134,313	\$ 17,183,109	\$ 2,223,983	\$ 753,723	\$ (2,973,498)
Component units					
Community development	\$ 575,034	\$ -	\$ 95,339	\$ -	\$ (479,695)

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CITY OF MARSHALL, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (4,695,511)	\$ 1,722,013	\$ (2,973,498)	\$ (479,695)
General revenues:				
Property taxes	3,768,238	94,396	3,862,634	610,941
Grants and contributions not restricted to specific programs	645,432	-	645,432	-
Unrestricted investment earnings	6,890	21,691	28,581	7,677
Gain on sale of capital assets	46,366	-	46,366	-
Transfers - internal activities	1,235,502	(1,235,502)	-	-
Total general revenues and transfers	5,702,428	(1,119,415)	4,583,013	618,618
Change in net position	1,006,917	602,598	1,609,515	138,923
Net position, beginning of year	17,249,924	25,236,942	42,486,866	1,317,170
Net position, end of year	\$ 18,256,841	\$ 25,839,540	\$ 44,096,381	\$ 1,456,093

concluded.

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

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FUND FINANCIAL STATEMENTS

CITY OF MARSHALL, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 448,344	\$ 1,053,167	\$ 1,501,511
Investments	1,751,198	1,305,230	3,056,428
Accounts receivable	38,777	-	38,777
Due from other governments	71	137,405	137,476
Inventories	-	18,593	18,593
Prepaid items	33,049	-	33,049
Total assets	\$ 2,271,439	\$ 2,514,395	\$ 4,785,834
Liabilities			
Accounts payable	\$ 490,051	\$ 63,937	\$ 553,988
Accrued liabilities	135,204	2,805	138,009
Unearned revenue	37,740	-	37,740
Total liabilities	662,995	66,742	729,737
Fund balances			
Nonspendable for:			
Inventories	-	18,593	18,593
Prepaid items	33,049	-	33,049
Cemetery perpetual care	-	309,901	309,901
Restricted for:			
Highways and streets	-	1,541,934	1,541,934
Drug law enforcement	-	14,370	14,370
Cemetery operations	-	235,445	235,445
Capital projects	-	62,290	62,290
Leaf, brush and trash removal	-	22,970	22,970
Committed for:			
Working capital reserve	500,000	-	500,000
Fire truck replacement	232,000	-	232,000
Scholarships	3,594	-	3,594
Special projects	-	232,746	232,746
Debt service	-	9,404	9,404
Unassigned	839,801	-	839,801
Total fund balances	1,608,444	2,447,653	4,056,097
Total liabilities and fund balances	\$ 2,271,439	\$ 2,514,395	\$ 4,785,834

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

CITY OF MARSHALL, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
June 30, 2014

Fund balances - total governmental funds	\$ 4,056,097
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Amounts reported for *governmental activities* in the statement of net position
are different because:

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

Capital assets	32,069,990
Accumulated depreciation	(14,763,358)

Internal service funds are used by management to charge the costs of certain equipment
usage to individual governmental funds. The assets and liabilities of the internal service
funds are included in governmental activities in the statement of net position.

Net position of governmental internal service funds	2,559,555
Portion of internal service funds cumulative net operating loss attributed to business-type funds activities	75,481

Certain liabilities, such as bonds payable, are not due and payable in the current period
and therefore are not reported in the funds.

Net other postemployment benefit obligation	(1,834,862)
Bonds payable	(3,675,000)
Premium on bonds	(28,963)
Unamortized deferred loss on refunding	74,555
Accrued interest on bonds and installment contracts payable	(34,854)
Compensated absences	(241,800)

Net position of governmental activities	<u>\$ 18,256,841</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 3,670,781	\$ 97,457	\$ 3,768,238
Licenses and permits	104,559	-	104,559
Intergovernmental	1,056,573	667,618	1,724,191
Charges for services	345,493	5,340	350,833
Fines and forfeitures	98,279	1,856	100,135
Investment earnings	11,925	1,836	13,761
Other	506,524	214,331	720,855
Total revenues	5,794,134	988,438	6,782,572
Expenditures			
Current expenditures:			
General government	1,558,227	141,396	1,699,623
Public safety	2,575,008	58	2,575,066
Public works	829,025	-	829,025
Highways and streets	-	283,544	283,544
Community development	99,855	-	99,855
Culture and recreation	463,674	-	463,674
Debt service:			
Principal	30,000	325,000	355,000
Interest and fiscal charges	3,765	118,626	122,391
Capital outlay	2,270,915	702,100	2,973,015
Total expenditures	7,830,469	1,570,724	9,401,193
Revenues under expenditures	(2,036,335)	(582,286)	(2,618,621)
Other financing sources (uses)			
Sale of capital assets	15,057	-	15,057
Transfers in	996,720	442,050	1,438,770
Transfers out	(196,531)	(6,737)	(203,268)
Total other financing sources (uses)	815,246	435,313	1,250,559
Net change in fund balances	(1,221,089)	(146,973)	(1,368,062)
Fund balances, beginning of year	2,829,533	2,594,626	5,424,159
Fund balances, end of year	\$ 1,608,444	\$ 2,447,653	\$ 4,056,097

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

CITY OF MARSHALL, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ (1,368,062)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,965,434
Depreciation expense	(793,677)
Capital contributions	28,658

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	355,000
Net amortization of premiums and loss on refunding of bonds	(10,044)

Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Net operating loss from governmental activities in internal service funds	(10,681)
Interest revenue from governmental internal service funds	3,173
Gain on sale of capital assets from governmental internal service funds	31,309
Interest expense from governmental internal service funds	(11,187)

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

Change in net other postemployment benefit obligation	(168,133)
Change in accrued interest payable on bonds	(4,889)
Change in the accrual for compensated absences	(9,984)

Change in net position of governmental activities	<u>\$ 1,006,917</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - General Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 3,724,388	\$ 3,670,433	\$ 3,670,781	\$ 348
Licenses and permits	33,500	99,181	104,559	5,378
Intergovernmental	817,888	818,650	1,056,573	237,923
Charges for services	381,640	377,329	345,493	(31,836)
Fines and forfeitures	129,675	92,160	98,279	6,119
Investment earnings	22,700	10,784	11,925	1,141
Other	279,950	314,794	506,524	191,730
Total revenues	5,389,741	5,383,331	5,794,134	410,803
Expenditures				
General government:				
Council	3,408	3,448	3,503	55
Manager	129,981	131,176	127,941	(3,235)
Assessor	83,299	83,299	79,693	(3,606)
Attorney	65,000	82,580	71,363	(11,217)
Human resources	63,512	63,512	61,386	(2,126)
Clerk-Treasurer	283,774	240,774	232,097	(8,677)
City hall	84,971	84,971	80,820	(4,151)
Chapel	2,400	2,400	1,387	(1,013)
Other city property	44,850	36,850	35,730	(1,120)
Cemetery	204,975	194,975	164,443	(30,532)
Airport	170,440	144,440	145,666	1,226
Compost	57,560	56,560	46,417	(10,143)
Non-departmental	519,040	492,040	507,781	15,741
Total general government	1,713,210	1,617,025	1,558,227	(58,798)
Public safety:				
Police	1,468,223	1,502,223	1,539,247	37,024
Fire	797,859	814,359	845,266	30,907
Dispatch	109,000	109,000	80,373	(28,627)
Inspection / code enforcement	91,007	96,507	97,003	496
Crossing guards	17,782	17,782	13,119	(4,663)
Total public safety	2,483,871	2,539,871	2,575,008	35,137
Public works:				
Streets	758,845	710,098	714,017	3,919
Public services building	103,347	97,347	99,638	2,291
Engineering	18,540	18,540	15,370	(3,170)
Total public works	880,732	825,985	829,025	3,040

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CITY OF MARSHALL, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - General Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Community development:				
Community development	\$ 14,861	\$ 8,361	\$ 2,611	\$ (5,750)
Planning	94,713	96,213	97,244	1,031
Total community development	<u>109,574</u>	<u>104,574</u>	<u>99,855</u>	<u>(4,719)</u>
Culture and recreation:				
Parks	87,140	83,140	75,852	(7,288)
Recreation	410,623	392,123	387,822	(4,301)
Total culture and recreation	<u>497,763</u>	<u>475,263</u>	<u>463,674</u>	<u>(11,589)</u>
Debt service:				
Principal	15,000	15,000	30,000	15,000
Interest and fiscal charges	4,400	4,147	3,765	(382)
Total debt service	<u>19,400</u>	<u>19,147</u>	<u>33,765</u>	<u>14,618</u>
Capital outlay	<u>140,906</u>	<u>172,648</u>	<u>2,270,915</u>	<u>2,098,267</u>
Total expenditures	<u>5,845,456</u>	<u>5,754,513</u>	<u>7,830,469</u>	<u>2,075,956</u>
Revenues under expenditures	<u>(455,715)</u>	<u>(371,182)</u>	<u>(2,036,335)</u>	<u>(1,665,153)</u>
Other financing sources (uses)				
Sale of capital assets	-	15,057	15,057	-
Transfers in	978,644	1,015,871	996,720	(19,151)
Transfers out	(526,935)	(526,935)	(196,531)	(330,404)
Total other financing sources (uses)	<u>451,709</u>	<u>503,993</u>	<u>815,246</u>	<u>(349,555)</u>
Net change in fund balance	<u>(4,006)</u>	<u>132,811</u>	<u>(1,221,089)</u>	<u>(1,353,900)</u>
Fund balance, beginning of year	<u>2,829,533</u>	<u>2,829,533</u>	<u>2,829,533</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,825,527</u>	<u>\$ 2,962,344</u>	<u>\$ 1,608,444</u>	<u>\$ (1,353,900)</u>

concluded.

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

CITY OF MARSHALL, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2014

	Business-type Activities - Enterprise Funds			
	Electric	Wastewater	Water	DART
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ 436,591	\$ 390,120	\$ -
Investments	67,827	483,313	750,792	149,036
Accounts receivable	656,845	126,957	120,061	137
Due from other funds	-	257	60	-
Interfund receivable	-	538,206	-	-
Inventories	778,886	52,843	70,361	-
Prepaid items	-	-	-	-
Total current assets	1,503,558	1,638,167	1,331,394	149,173
Noncurrent assets:				
Restricted cash and cash equivalents	2,556,290	45,147	260,660	-
Capital assets not being depreciated	32,744	137,380	19,439	-
Capital assets being depreciated, net	4,209,160	5,266,785	7,779,018	195,596
Long-term special assessments receivable	134,465	-	-	-
Investment in MSCPA	10,542,700	-	-	-
Total noncurrent assets	17,475,359	5,449,312	8,059,117	195,596
Total assets	18,978,917	7,087,479	9,390,511	344,769
Deferred outflows of resources				
Deferred charge on refunding	-	25,371	16,302	-
Liabilities				
Current liabilities:				
Accounts payable	1,053,758	14,569	4,810	16,181
Accrued payroll	50,685	17,518	14,564	8,394
Accrued interest payable	14,164	23,618	38,153	-
Due to other funds	317	-	-	-
Interfund payable	529,711	-	-	8,495
Current portion of:				
Compensated absences	26,700	6,560	6,373	1,602
Contracts payable	-	-	-	-
Bonds payable	105,000	216,871	458,129	-
Total current liabilities	1,780,335	279,136	522,029	34,672
Noncurrent liabilities:				
Compensated absences	80,098	19,678	19,120	4,804
Contracts payable	-	-	-	-
Bonds payable	980,873	3,007,049	4,041,548	-
Total noncurrent liabilities	1,060,971	3,026,727	4,060,668	4,804
Total liabilities	2,841,306	3,305,863	4,582,697	39,476
Net position				
Net investment in capital assets	3,123,287	2,068,236	3,295,643	195,596
Restricted for debt service	2,556,290	45,147	260,660	-
Unrestricted	10,458,034	1,693,604	1,267,813	109,697
Total net position	\$ 16,137,611	\$ 3,806,987	\$ 4,824,116	\$ 305,293

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



Business-type Activities - Enterprise Funds		Governmental Activities -
Marshall House	Total	Internal Service Funds
\$ 198,733	\$ 1,025,444	\$ 230,508
144,339	1,595,307	844,877
860	904,860	-
-	317	-
-	538,206	-
-	902,090	-
-	-	6,594
343,932	4,966,224	1,081,979
-	2,862,097	-
-	189,563	-
539,426	17,989,985	1,849,909
-	134,465	-
-	10,542,700	-
539,426	31,718,810	1,849,909
883,358	36,685,034	2,931,888
-	41,673	-
35,875	1,125,193	11,716
5,427	96,588	3,186
-	75,935	6,754
-	317	-
-	538,206	-
259	41,494	-
-	-	113,543
-	780,000	-
41,561	2,657,733	135,199
783	124,483	110
-	-	237,024
-	8,029,470	-
783	8,153,953	237,134
42,344	10,811,686	372,333
539,426	9,222,188	1,499,342
-	2,862,097	-
301,588	13,830,736	1,060,213
\$ 841,014	\$ 25,915,021	\$ 2,559,555

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CITY OF MARSHALL, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2014

Net position - total enterprise funds	\$ 25,915,021
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Amounts reported for *business-type activities* in the statement of net position
are different because:

Internal service funds are used by management to charge the costs of certain services
to individual governmental and business-type funds. The net revenue (expense) of
the internal service funds are allocated to governmental and business-type activities.

Cumulative portion of internal service funds net operating loss attributed to business-type funds	(75,481)
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Net position of business-type activities	<u>\$ 25,839,540</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			
	Electric	Wastewater	Water	DART
Operating revenues				
Charges for services	\$ 12,971,888	\$ 1,509,166	\$ 1,509,919	\$ 50,748
Other	157,590	24,174	22,152	6,475
Total operating revenues	13,129,478	1,533,340	1,532,071	57,223
Operating expenses				
Personnel services	1,867,914	548,848	579,840	274,037
Materials and supplies	223,977	124,926	109,054	29,683
Purchased power	10,763,152	141,692	37,728	-
Contractual	172,264	98,136	13,233	1,974
Insurance	53,295	25,163	7,508	4,472
Maintenance	3,067	5,508	857	17,768
Administration	4,568	3,788	7,666	10,529
Other expense	472,970	45,902	25	13,299
Depreciation	165,216	219,062	391,091	47,271
Total operating expenses	13,726,423	1,213,025	1,147,002	399,033
Operating income (loss)	(596,945)	320,315	385,069	(341,810)
Nonoperating revenues (expenses)				
Intergovernmental subsidies	-	-	-	233,972
Property taxes	-	-	-	94,396
Investment earnings	14,576	2,587	2,966	233
Change in investment in MSCPA	1,350,334	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Interest expense	(52,010)	(116,485)	(181,389)	-
Total nonoperating revenues (expenses)	1,312,900	(113,898)	(178,423)	328,601
Income (loss) before contributions and transfers	715,955	206,417	206,646	(13,209)
Capital contributions	-	723,081	1,984	-
Transfers in	-	305,841	-	-
Transfers out	(1,103,291)	(48,056)	(379,996)	(10,000)
Change in net position	(387,336)	1,187,283	(171,366)	(23,209)
Net position, beginning of year	16,524,947	2,619,704	4,995,482	328,502
Net position, end of year	\$ 16,137,611	\$ 3,806,987	\$ 4,824,116	\$ 305,293

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



Business-type Activities - Enterprise Funds		Governmental Activities -
Marshall House	Total	Internal Service Funds
\$ -	\$ 16,041,721	\$ 847,922
375,470	585,861	1,015
375,470	16,627,582	848,937
166,792	3,437,431	112,382
21,179	508,819	275,817
126,004	11,068,576	-
128,958	414,565	43,688
10,158	100,596	30,244
26,601	53,801	64,740
-	26,551	-
40,053	572,249	43,798
41,483	864,123	293,199
561,228	17,046,711	863,868
(185,758)	(419,129)	(14,931)
190,397	424,369	-
-	94,396	-
1,329	21,691	3,173
-	1,350,334	-
(4,492)	(4,492)	31,309
-	(349,884)	(11,187)
187,234	1,536,414	23,295
1,476	1,117,285	8,364
-	725,065	-
-	305,841	-
-	(1,541,343)	-
1,476	606,848	8,364
839,538	25,308,173	2,551,191
\$ 841,014	\$ 25,915,021	\$ 2,559,555

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CITY OF MARSHALL, MICHIGAN

Reconciliation

Change in Net Position of Enterprise Funds
to Change in Net Position of Business-type Activities
For the Year Ended June 30, 2014

Change in net position - total enterprise funds	\$ 606,848
Amounts reported for <i>business-type activities</i> in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of certain services to individual governmental and business-type funds. The net revenue (expense) of the internal service funds are allocated to governmental and business-type activities.	
Net operating loss from internal service funds related to enterprise funds	<u>(4,250)</u>
Change in net position of business-type activities	<u><u>\$ 602,598</u></u>

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

CITY OF MARSHALL, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			
	Electric	Wastewater	Water	DART
Cash flows from operating activities				
Receipts from customers and users	\$ 12,929,041	\$ 365,404	\$ 1,511,621	\$ 57,118
Receipts from interfund services	-	-	-	-
Payments to suppliers/claimants	(11,303,896)	(961,863)	(321,081)	(43,123)
Payments to employees	(1,903,523)	(549,940)	(583,263)	(272,938)
Payments for interfund services	(4,568)	(3,788)	(7,666)	(10,529)
Net cash provided by (used in) operating activities	(282,946)	(1,150,187)	599,611	(269,472)
Cash flows from noncapital financing activities				
Transfers in	-	305,841	-	-
Transfers out	(1,103,291)	(48,056)	(379,996)	(10,000)
Intergovernmental subsidies	-	-	-	233,972
Property taxes	-	-	-	94,396
Net cash provided by (used in) noncapital financing activities	(1,103,291)	257,785	(379,996)	318,368
Cash flows from capital and related financing activities				
Cash received on sale of capital assets	-	-	-	-
Principal, interest and fiscal charges on debt	(153,586)	(330,506)	(636,533)	-
Purchase of capital assets	(406,711)	(664,129)	(295,792)	(13,611)
Net cash provided by (used in) capital and related financing activities	(560,297)	(994,635)	(932,325)	(13,611)
Cash flows from investing activities				
Purchase of investments	(50,485)	(251,131)	(750,789)	(35,518)
Proceeds from sale of investments	-	-	-	-
Interest received on investments	14,576	2,587	2,966	233
Net cash provided by (used in) investing activities	(35,909)	(248,544)	(747,823)	(35,285)
Net change in cash and cash equivalents	(1,982,443)	(2,135,581)	(1,460,533)	-
Cash and cash equivalents, beginning of year	4,538,733	2,617,319	2,111,313	-
Cash and cash equivalents, end of year	\$ 2,556,290	\$ 481,738	\$ 650,780	\$ -
Reconciliation to statement of net position				
Cash and cash equivalents	\$ -	\$ 436,591	\$ 390,120	\$ -
Restricted cash and cash equivalents	2,556,290	45,147	260,660	-
	\$ 2,556,290	\$ 481,738	\$ 650,780	\$ -

Business-type Activities - Enterprise Funds		Governmental Activities -
Marshall House	Total	Internal Service Funds
\$ 374,610	\$ 15,237,794	\$ -
-	-	848,937
(363,179)	(12,993,142)	(479,413)
(167,029)	(3,476,693)	(111,679)
-	(26,551)	-
(155,598)	(1,258,592)	257,845
-	305,841	-
-	(1,541,343)	-
190,397	424,369	-
-	94,396	-
190,397	(716,737)	-
-	-	40,681
-	(1,120,625)	(123,666)
(227,663)	(1,607,906)	(151,143)
(227,663)	(2,728,531)	(234,128)
-	(1,087,923)	(3,074)
174,422	174,422	6,904
1,329	21,691	3,173
175,751	(891,810)	7,003
(17,113)	(5,595,670)	30,720
215,846	9,483,211	199,788
\$ 198,733	\$ 3,887,541	\$ 230,508
\$ 198,733	\$ 1,025,444	\$ 230,508
-	2,862,097	-
\$ 198,733	\$ 3,887,541	\$ 230,508

continued...

CITY OF MARSHALL, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			
	Electric	Wastewater	Water	DART
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (596,945)	\$ 320,315	\$ 385,069	\$ (341,810)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	165,216	219,062	391,091	47,271
Changes in assets and liabilities:				
Accounts receivable	(200,437)	(71,487)	(20,450)	(105)
Due from other funds	-	(257)	(60)	-
Interfund receivable	-	(538,206)	-	-
Inventories	38,242	14,818	11,631	-
Prepaid items	13,036	3,109	3,994	3,835
Accounts payable	32,496	(1,096,449)	(168,241)	12,224
Accrued payroll	3,557	2,679	1,531	1,703
Compensated absences	(39,166)	(3,771)	(4,954)	(604)
Due to other funds	317	-	-	-
Interfund payable	529,711	-	-	8,014
Unearned revenue	(228,973)	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (282,946)</u>	<u>\$ (1,150,187)</u>	<u>\$ 599,611</u>	<u>\$ (269,472)</u>
Noncash items				
Change in investment in MSCPA	\$ 1,350,334	\$ -	\$ -	\$ -
Capital contributions - other	-	3,081	1,984	-
Capital contributions - State Farm	-	720,000	-	-

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



Business-type Activities - Enterprise Funds		Governmental Activities -
Marshall House	Total	Internal Service Funds

\$ (185,758) \$ (419,129) \$ (14,931)

41,483	864,123	293,199
(860)	(293,339)	-
-	(317)	-
-	(538,206)	-
-	64,691	-
190	24,164	(3,181)
(10,416)	(1,230,386)	(14,155)
655	10,125	611
(892)	(49,387)	92
-	317	-
-	537,725	(3,790)
-	(228,973)	-
<hr/>		
\$ (155,598)	\$ (1,258,592)	\$ 257,845
<hr/>		

\$ - \$ 1,350,334 \$ -
- 5,065 -
- 720,000 -

concluded.

CITY OF MARSHALL, MICHIGAN

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2014

Assets

Cash and cash equivalents	\$ 71,926
Delinquent taxes receivable	<u>116,376</u>

Total assets	<u>\$ 188,302</u>
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Liabilities

Undistributed receipts	<u>\$ 188,302</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF MARSHALL, MICHIGAN

Combining Statement of Net Position

Component Units

June 30, 2014

	Downtown Development Authority	Local Development Finance Authority	Economic Development Corporation	Total
Assets				
Cash and cash equivalents	\$ 200,878	\$ 180,290	\$ 7,327	\$ 388,495
Investments	163,329	1,856,357	-	2,019,686
Receivables	12	-	2,391	2,403
Restricted cash and cash equivalents	24,209	26,006	-	50,215
Capital assets not being depreciated	-	500,000	-	500,000
Capital assets being depreciated, net	-	665	-	665
Total assets	388,428	2,563,318	9,718	2,961,464
Liabilities				
Accounts payable and accrued expenses	930	-	-	930
Accrued interest payable	2,660	10,429	-	13,089
Unearned revenue	26,352	-	-	26,352
Long-term liabilities:				
Due within one year	40,000	85,000	-	125,000
Due in more than one year	420,000	920,000	-	1,340,000
Total liabilities	489,942	1,015,429	-	1,505,371
Net position				
Net investment in capital assets	-	500,665	-	500,665
Restricted for debt service	24,209	26,006	-	50,215
Unrestricted (deficit)	(125,723)	1,021,218	9,718	905,213
Total net position (deficit)	\$ (101,514)	\$ 1,547,889	\$ 9,718	\$ 1,456,093

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

CITY OF MARSHALL, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended June 30, 2014

	Downtown Development Authority	Local Development Finance Authority	Economic Development Corporation	Total
Expenses				
Community development	\$ 242,034	\$ 332,976	\$ 24	\$ 575,034
Program revenues				
Operating grants and contributions	93,665	1,650	24	95,339
Net revenues (expenses)	(148,369)	(331,326)	-	(479,695)
General revenues				
Property taxes	227,061	383,880	-	610,941
Unrestricted investment earnings	582	6,896	199	7,677
Total general revenues	227,643	390,776	199	618,618
Change in net position	79,274	59,450	199	138,923
Net position (deficit), beginning of year	(180,788)	1,488,439	9,519	1,317,170
Net position (deficit), end of year	\$ (101,514)	\$ 1,547,889	\$ 9,718	\$ 1,456,093

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

NOTES TO FINANCIAL STATEMENTS

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

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CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

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.

Component Unit	Included in the Reporting Entity Because:
Blended:	
Building Authority; finances and constructs the City's public buildings and other structures	Provides services exclusively to the City
Discretely Presented:	
Downtown Development Authority (DDA); Corrects and prevents deterioration in the downtown district, encourages historical preservation and promotes economic growth within the district.	City Council appoints and may remove DDA Board, and approves DDA budget
Local Development Finance Authority (LDFA); enhances and expands industrial development to eliminate the conditions of joblessness and underemployment.	City Council appoints and may remove LDFA Board, and approves LDFA budget
Economic Development Corporation (EDC); promotes economic development in the community.	City Council appoints and may remove EDC Board, and approves 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, MICHIGAN

Notes to Financial Statements

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 the following major governmental funds:

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 *wastewater fund* accounts for the activities of the government's sewage disposal and treatment system.

The *water fund* accounts for the activities of the government's water distribution and treatment system.

The *Dial-A-Ride transportation (DART) fund* accounts for the operation and maintenance of a local public transportation system.

The *Marshall House fund* accounts for the activities of a lower-income senior citizen housing facility.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

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 the City provided to other departments and funds on a cost reimbursement basis.

Agency funds account for assets held for other governments in an agency capacity.

Measurement Focus / Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds 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.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

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.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues, subject to satisfying any grant program matching provisions.

Assets, Deferred 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, Prepaid Items and Other Assets

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, 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 recorded at estimated fair value at the date of donation. 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:

	Years
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 only has one item that qualifies for reporting in this category, the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

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 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.

Fund Balances

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. *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. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City currently has no *assigned fund balance* as the City Council has not yet given authority for the making of such assignments; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

The City Council has adopted a fund balance reserve policy to provide a general framework for setting unreserved, undesignated fund balance. The ratios vary depending on the fund, ranging from 18-25 percent of the annual operating expenditures plus 1.2 debt service ratio. If the unreserved, undesignated fund 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, 2014, total fund balance of the general fund met the minimum percentage requirement.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

2. 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.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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, although budget and actual information for the general fund in the fund financial statements has been presented at a level of detail greater than the level of legal budgetary control.

During the year ended June 30, 2014, the City incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control in the following funds:

	Final Budget	Actual	Over Budget
General fund			
General government:			
Council	\$ 3,448	\$ 3,503	\$ 55
Airport	144,440	145,666	1,226
Non-departmental	492,040	507,781	15,741
Public safety:			
Police	1,502,223	1,539,247	37,024
Fire	814,359	845,266	30,907
Inspection / code enforcement	96,507	97,003	496
Public works:			
Streets	710,098	714,017	3,919
Public services building	97,347	99,638	2,291
Community development - planning	96,213	97,244	1,031
Debt service - principal	15,000	30,000	15,000
Capital outlay	172,648	2,270,915	2,098,267

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

	Final Budget	Actual	Over Budget
Nonmajor special revenue funds			
Major streets fund -			
Highways and streets	170,933	174,155	3,222
Local streets fund:			
Highways and streets	104,915	109,389	4,474
Capital outlay	548,365	564,343	15,978
Component units - special revenue funds			
Downtown development authority fund -			
Community development	178,399	213,309	34,910
Local development finance authority fund -			
Community development	247,491	248,650	1,159
Economic development corporation fund -			
Community development	-	24	24

4. UNRESTRICTED NET POSITION DEFICIT

At June 30, 2014, the Downtown Development Authority had a net deficit of \$101,514 in unrestricted net position.

5. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of June 30, 2014:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and cash equivalents	\$ 2,757,463	\$ 388,495	\$ 3,145,958
Investments	5,496,612	2,019,686	7,516,298
Restricted cash and cash equivalents	2,862,097	50,215	2,912,312
Statement of fiduciary net position			
Cash and cash equivalents	71,926	-	71,926
Total	\$ 11,188,098	\$ 2,458,396	\$ 13,646,494
Deposits and investments			
Bank deposits (checking, savings and certificates of deposit)			\$ 11,728,456
Investments			1,916,838
Cash on hand			1,200
Total			\$ 13,646,494

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, 2014, \$10,414,690 of the City's total bank balance of \$11,914,690 (total book balance was \$11,728,456) was exposed to custodial credit risk as it was uninsured and uncollateralized.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

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.

Custodial Credit Risk - Investments. The City's investments as of June 30, 2014 were as follows:

Deposit/Investment	Maturity	Fair Value	Rating
MBIA Investment Fund	n/a	<u>\$ 1,916,838</u>	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.

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. All investments held at year-end consisted of amounts in the MBIA external investment pool.

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, 2014.

6. RECEIVABLES

Receivables in the governmental activities are 22 percent accounts receivables and 78 percent due from other governments. Business-type activities receivables are 87 percent accounts receivable and 13 percent special assessments.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

7. 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:

City of Coldwater	40.0%
City of Hillsdale	25.5%
City of Marshall	24.0%
Village of Clinton	6.5%
Village of Union City	4.0%
	<hr/>
	100.0%

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, 2014, which was audited by other auditors whose report dated August 21, 2014, 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, MICHIGAN

Notes to Financial Statements

Summary information of the City's equity interest in the MSCPA as of June 30, 2014, is as follows:

	MSCPA	City of Marshall (24.0%)
Assets		
Current	\$ 21,101,943	\$ 5,064,466
Noncurrent	10,824,539	2,597,889
Capital assets, net	33,737,131	8,096,911
Total assets	<u>65,663,613</u>	<u>15,759,267</u>
Liabilities		
Current	5,446,878	1,307,251
Long-term	12,645,575	3,034,938
Total liabilities	<u>18,092,453</u>	<u>4,342,189</u>
Deferred inflow of resources	<u>3,643,242</u>	<u>874,378</u>
Net position	<u>\$ 43,927,918</u>	<u>\$ 10,542,700</u>
Revenues	\$ 70,037,047	\$ 16,808,891
Expenses	<u>64,389,944</u>	<u>15,453,587</u>
Operating income	5,647,103	1,355,305
Nonoperating expenses	<u>(20,710)</u>	<u>(4,970)</u>
Change in net position	5,626,393	1,350,334
Net position, beginning of year	38,301,525	9,192,366
Net position, end of year	<u>\$ 43,927,918</u>	<u>\$ 10,542,700</u>

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

8. CAPITAL ASSETS

Primary government

Capital asset activity for the primary government for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,078,822	\$ 325,000	\$ -	\$ 2,403,822
Construction in progress	320,158	1,438,651	(320,158)	1,438,651
	<u>2,398,980</u>	<u>1,763,651</u>	<u>(320,158)</u>	<u>3,842,473</u>
Capital assets being depreciated:				
Land improvements	5,935,942	81,277	-	6,017,219
Buildings	9,309,185	321,571	-	9,630,756
Vehicles	3,710,528	83,221	(14,784)	3,778,965
Equipment	2,470,588	141,820	(84,219)	2,528,189
Infrastructure	10,610,920	1,037,637	-	11,648,557
Data processing	-	36,216	-	36,216
	<u>32,037,163</u>	<u>1,701,742</u>	<u>(99,003)</u>	<u>33,639,902</u>
Less accumulated depreciation for:				
Land improvements	(3,835,264)	(297,681)	-	(4,132,945)
Buildings	(6,125,778)	(209,074)	-	(6,334,852)
Vehicles	(2,368,540)	(171,607)	14,784	(2,525,363)
Equipment	(1,694,805)	(164,825)	74,847	(1,784,783)
Infrastructure	(3,304,202)	(240,586)	-	(3,544,788)
Data processing	-	(3,103)	-	(3,103)
	<u>(17,328,589)</u>	<u>(1,086,876)</u>	<u>89,631</u>	<u>(18,325,834)</u>
Total capital assets being depreciated, net	<u>14,708,574</u>	<u>614,866</u>	<u>(9,372)</u>	<u>15,314,068</u>
Governmental activities capital assets, net	<u>\$ 17,107,554</u>	<u>\$ 2,378,517</u>	<u>\$ (329,530)</u>	<u>\$ 19,156,541</u>

At June 30, 2014, the City's governmental activities had outstanding commitments through construction contracts of approximately \$11,533,900.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 159,838	\$ 29,725	\$ -	\$ 189,563
Construction in progress	2,740,149	-	(2,740,149)	-
	<u>2,899,987</u>	<u>29,725</u>	<u>(2,740,149)</u>	<u>189,563</u>
Capital assets being depreciated:				
Land improvements	593,314	202,503	(14,649)	781,168
Buildings	7,690,987	305,725	(65,618)	7,931,094
Vehicles	1,185,766	-	(32,621)	1,153,145
Equipment	12,437,235	967,217	(498,852)	12,905,600
Systems	21,245,222	2,847,950	(167,847)	23,925,325
	<u>43,152,524</u>	<u>4,323,395</u>	<u>(779,587)</u>	<u>46,696,332</u>
Less accumulated depreciation for:				
Land improvements	(151,011)	(15,408)	14,649	(151,770)
Buildings	(5,315,230)	(215,252)	61,126	(5,469,356)
Vehicles	(959,088)	(46,534)	32,621	(973,001)
Equipment	(10,549,813)	(174,644)	498,852	(10,225,605)
Systems	(11,642,177)	(412,285)	167,847	(11,886,615)
	<u>(28,617,319)</u>	<u>(864,123)</u>	<u>775,095</u>	<u>(28,706,347)</u>
Total capital assets being depreciated, net	<u>14,535,205</u>	<u>3,459,272</u>	<u>(4,492)</u>	<u>17,989,985</u>
Business-type activities capital assets, net	<u>\$ 17,435,192</u>	<u>\$ 3,488,997</u>	<u>\$ (2,744,641)</u>	<u>\$ 18,179,548</u>

Component unit capital assets activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Local Development Finance Authority				
Capital assets not being depreciated -				
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Capital assets being depreciated:				
Land improvements	40,940	-	(40,940)	-
Equipment	91,640	-	-	91,640
	<u>132,580</u>	<u>-</u>	<u>(40,940)</u>	<u>91,640</u>
Less accumulated depreciation for:				
Land improvements	(10,644)	(1,638)	12,282	-
Equipment	(81,146)	(9,829)	-	(90,975)
	<u>(91,790)</u>	<u>(11,467)</u>	<u>12,282</u>	<u>(90,975)</u>
Total capital assets being depreciated, net	<u>40,790</u>	<u>(11,467)</u>	<u>(28,658)</u>	<u>665</u>
LDFA component unit capital assets, net	<u>\$ 540,790</u>	<u>\$ (11,467)</u>	<u>\$ (28,658)</u>	<u>\$ 500,665</u>

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

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

Depreciation of governmental activities by function

General government	\$	129,501
Public safety		53,990
Public works, including general infrastructure assets		429,765
Parks and recreation		126,467
Community development		53,954
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		293,199

Total governmental activities depreciation expense \$ 1,086,876

Business-type activities

Electric	\$	165,216
Wastewater		219,062
Water		391,091
Public transit		47,271
Public housing		41,483

Total business-type activities depreciation expense \$ 864,123

Depreciation expense for the component unit was charged to the community development function.

During the year the City transferred an asset with an acquisition cost of \$40,940 and related accumulated depreciation of \$12,282 from the Local Development Finance Authority component unit to governmental activities. This transfer is shown as a disposal on the Local Development Finance Authority component unit and an addition above for governmental activities.

9. PAYABLES

Payables in the governmental activities are 80 percent vendors and 20 percent accrued payroll. Business-type activities are 92 percent vendors and 8 percent accrued payroll.

10. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2014, was as follows:

	Due from	Due to	Interfund Receivable	Interfund Payable
Electric fund	\$ -	\$ 317	\$ -	\$ 529,711
Wastewater fund	257	-	538,206	-
Water fund	60	-	-	-
DART	-	-	-	8,495
Totals	<u>\$ 317</u>	<u>\$ 317</u>	<u>\$ 538,206</u>	<u>\$ 538,206</u>

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of \$75,481. This resulted from the allocation of a portion of internal service fund net position of governmental-type internal service funds to business-type activities.

For the year ended June 30, 2014, interfund transfers consisted of the following:

Transfers Out	Transfers In			
	General fund	Nonmajor governmental fund	Wastewater fund	Totals
General fund	\$ -	\$ 196,531	\$ -	\$ 196,531
Nonmajor governmental funds	-	6,737	-	6,737
Electric fund	891,040	212,251	-	1,103,291
Wastewater fund	48,056	-	-	48,056
Water fund	47,624	26,531	305,841	379,996
DART	10,000	-	-	10,000
Totals	\$ 996,720	\$ 442,050	\$ 305,841	\$ 1,744,611

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.

11. 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 lighting in the downtown business district.

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 \$5,205,000 and \$12,860,000 for business-type activities. No new or refunding general obligation bonds or notes were issued during the current year. 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:

Purpose	Interest Rates	Amount
Governmental activities		
2004 improvements	3.00%-4.40%	\$ 75,000
2005 building authority refunding	3.00%-4.25%	1,800,000
2012 improvements	2.00%-3.30%	120,000
2013 transportation bonds	2.00%-3.00%	1,680,000
Total governmental activities		\$ 3,675,000

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

Purpose	Interest Rates	Amount
Business-type activities		
2004 improvements	3.00%-4.70%	\$ 335,000
2006 refunding	3.65%-3.80%	1,540,000
2007 electric	3.10%-3.95%	595,000
2008 refunding	3.00%-4.00%	1,000,000
2009 water main	4.00%-5.10%	1,090,000
2012 improvements	2.00%-3.30%	3,685,000
Total business-type activities		\$ 8,245,000
Discretely presented component unit		
2002 downtown development	4.20%-5.10%	\$ 460,000

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

Year Ending June 30,	Governmental Activities		Business-type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 320,000	\$ 114,657	\$ 710,000	\$ 306,655	\$ 40,000	\$ 22,918
2016	330,000	104,556	740,000	279,100	45,000	21,038
2017	425,000	93,901	620,000	249,550	50,000	18,878
2018	450,000	79,220	630,000	226,200	55,000	16,428
2019	480,000	63,438	630,000	202,120	60,000	13,678
2020-2024	1,040,000	147,853	2,000,000	733,108	210,000	21,898
2025-2029	630,000	59,655	1,985,000	364,605	-	-
2030-2032	-	-	930,000	61,430	-	-
	\$ 3,675,000	\$ 663,280	\$ 8,245,000	\$ 2,422,768	\$ 460,000	\$ 114,838

Revenue bonds. The City's business-type activities issued bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. 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 bonds issued in prior years for the issues listed below was \$995,000 for business-type activities and \$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:

Purpose	Interest Rates	Amount
Business-type activities		
1999 electric	4.25%-5.20%	\$ 490,000
Discretely presented component unit		
2005 local development	3.50%-4.30%	\$ 1,005,000

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Business-type Activities		Component Unit	
	Principal	Interest	Principal	Interest
2015	\$ 70,000	\$ 23,625	\$ 85,000	\$ 41,715
2016	75,000	19,890	85,000	38,400
2017	80,000	15,860	90,000	35,085
2018	85,000	11,570	90,000	31,575
2019	90,000	7,020	90,000	27,795
2020-2024	90,000	2,340	470,000	80,920
2025-2026	-	-	95,000	4,085
	<u>\$ 490,000</u>	<u>\$ 80,305</u>	<u>\$ 1,005,000</u>	<u>\$ 259,575</u>

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 \$568,647. No new installment obligations were issued during the current year. This obligation was issued with five installments with varying amounts of principal maturing each year. Installment obligations outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental activities		
2012 motor pool equipment	2.89%	<u>\$ 350,567</u>

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2015	\$ 113,543	\$ 10,131
2016	116,824	6,850
2017	120,200	3,474
	<u>\$ 350,567</u>	<u>\$ 20,455</u>

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

Changes in Long-term Debt. Long-term liability activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 4,030,000	\$ -	\$ (355,000)	\$ 3,675,000	\$ 320,000
Installment contracts	460,920	-	(110,353)	350,567	113,543
Compensated absences	231,834	36,812	(26,736)	241,910	60,500
Add deferred amounts - for issuance premiums	30,900	-	(1,937)	28,963	-
Total governmental activities	\$ 4,753,654	\$ 36,812	\$ (494,026)	\$ 4,296,440	\$ 494,043
Business-type activities					
General obligation bonds	\$ 8,940,000	\$ -	\$ (695,000)	\$ 8,245,000	\$ 710,000
Revenue bonds	555,000	-	(65,000)	490,000	70,000
Installment contracts	720,000	-	(720,000)	-	-
Compensated absences	215,364	31,255	(80,642)	165,977	41,494
Add deferred amounts - for issuance premiums	82,262	-	(7,792)	74,470	-
Total business-type activities	\$ 10,512,626	\$ 31,255	\$ (1,568,434)	\$ 8,975,447	\$ 821,494
Component unit - LDFA					
Revenue bonds	\$ 1,090,000	\$ -	\$ (85,000)	\$ 1,005,000	\$ 85,000
Component unit - DDA					
General obligation bonds	\$ 500,000	\$ -	\$ (40,000)	\$ 460,000	\$ 40,000

For the governmental activities, compensated absences, net pension obligations (if any) and net other postemployment benefit obligations are generally liquidated by the general fund.

12. 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.

13. 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, 2014, 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.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

14. PROPERTY TAXES

The government's property taxes are levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable 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 2013 levy, including industrial facilities, was \$219,687,123. The government's general operating tax rate for fiscal 2013-14 was 17.1629 mills with an additional 0.9393 mills for recreation, 0.4840 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 2013-14 was 1.6129 mills based on taxable value of \$10,736,366.

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

15. 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.

16. DEFINED BENEFIT PENSION PLAN

Plan Description. The City participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the Retirement Board of MERS. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. The MERS Retirement Board establishes and amends the benefit provisions of the participants in MERS and issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy. The City was required to contribute 0.00% to 6.46% of the annual covered payroll, depending on the applicable bargaining unit, for the year ended June 30, 2014. City employees are required to contribute 7.70% to 12.24% of their annual covered payroll, depending on the applicable bargaining unit. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the City, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the City.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

Annual Pension Cost. For the year ended June 30, 2014, the City's annual pension cost of \$568,171 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% annually in the long-term (1% annually for calendar years 2012-2014), attributable to inflation; and (c) additional projected salary increases of 0.0% to 13.0% per year, depending on age, attributable to seniority/merit.

Funded Status. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, the date of the latest actuarial valuation, was 20-25 years based on division. Three-year trend information is follows:

Years Ended June 30,	Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2012	\$ 415,427	100%	\$ -
2013	480,936	100%	-
2014	568,171	100%	-

The funded status of the plan as of December 31, 2013, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	\$ 22,842,732	\$ 30,961,305	\$ 8,118,573	73.8%	\$ 4,139,755	196.1%

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

17. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The City of Marshall administers a single-employer defined benefit healthcare plan (the "Plan"). In addition to the retirement benefits described in Note 16, the Plan provides health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on a discretionary basis. In accordance with City policy, eligible retirees and their spouses receive healthcare benefits at up to 100 percent of the actual cost, based on hire date, years of service, and bargaining unit. As of June 30, 2014, the date of the last plan valuation, the Plan covered 92 members (21 active plan members, and 71 retirees receiving benefits).

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

Funding Policy. The contribution requirements of Plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. For the year ended June 30, 2014, the City contributed \$655,210 to the Plan, all of which was to fund current year benefits. Retirees receiving benefits contributed \$42,653 or 6.11 percent of the total premiums, through their required contribution.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 796,025
Interest on net OPEB obligation	116,671
Adjustment to annual required contribution	<u>(89,353)</u>
Net OPEB cost	823,343
Contributions made	<u>(655,210)</u>
Increase in net OPEB obligation	168,133
Net OPEB obligation, beginning of year	<u>1,666,729</u>
Net OPEB obligation, end of year	<u><u>\$ 1,834,862</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014, and the two preceding years, were as follows:

Year Ending June 30,	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 790,331	55%	\$ 1,483,111
2013	769,890	76%	1,666,729
2014	823,343	80%	1,834,862

Funded Status and Funding Progress. As of June 30, 2014, the most recent actuarial valuation date, the Plan was 5.2 percent funded. The actuarial accrued liability for benefits was \$14,494,547, and the actuarial value of assets was \$748,830, resulting in an unfunded actuarially accrued liability of \$13,745,717. The covered payroll (annual payroll of the active employees covered by the Plan) was \$1,116,556 and the ratio of the UAAL to the covered payroll was 1,231.1 percent.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2006 United States Life Tables for Males and for Females were used.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections by the City's management. An initial rate of 12 percent was used, decreasing to 8 percent by the year 2019.

Health insurance premiums - 2013-14 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The expected long-term inflation assumption of 4.5 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2006 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 7.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014, was 30 years.

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

18. 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:

	Governmental Activities	Business-type Activities	Component Units
Capital assets, net	\$ 19,156,541	\$ 18,179,548	\$ 500,665
Less: capital related bonds and installment contracts	(4,025,567)	(8,735,000)	-
Less: unamortized premium on bonds	(28,963)	(74,470)	-
Add: unamortized loss on refunding	74,555	41,673	-
Total net investment in capital assets	<u>\$ 15,176,566</u>	<u>\$ 9,411,751</u>	<u>\$ 500,665</u>

19. 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 / Eligible Costs

The City's Dial-A-Ride program/fund uses two cost allocation plans in the determination of its reported costs where the methodology has either been specifically approved by the MDOT Bureau of Passenger Transportation (BPT) or is pending such approval:

1. Facility costs are allocated based on actual square footage occupied by the Dial-A-Ride program. (BPT reviewed and approved.)
2. Actual administrative staff wages and fringes are allocated to the Dial-A-Ride program based on applicable objectively measurable output factors such as transaction counts for finance department staff and direct full-time equivalents for administrators. (BPT review and approval pending.)

These cost allocation plans were adhered to in the preparation of the financial statements.

Capital Funds

No capital funds were used during the current fiscal year to pay for operating expenses; however, if they had been such funds would have been deducted for purposes of calculating eligible costs in accordance with MDOT guidelines.

Nonfinancial Data

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

CITY OF MARSHALL, MICHIGAN

Notes to Financial Statements

20. SUBSEQUENT EVENT

In August 2014, the City issued \$5,325,000 in building authority bonds for the construction of the Marshall Regional Law Enforcement Center facility. These bonds are general obligation bonds and are a direct obligation of the City and the City has pledged the full faith and credit of the government.

■ ■ ■ ■ ■

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARSHALL, MICHIGAN

Required Supplementary Information

June 30, 2014

Municipal Employees' Retirement System of Michigan (MERS) Schedule of Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (Overfunded) (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
2008	\$ 23,593,050	\$ 26,297,585	\$ 2,704,535	89.7%	\$ 4,216,281	64.1%
2009	23,384,381	27,106,276	3,721,895	86.3%	4,291,122	86.7%
2010	23,297,013	28,320,967	5,023,954	82.3%	4,121,120	121.9%
2011	22,830,561	29,133,822	6,303,261	78.4%	4,390,462	143.6%
2012	22,702,847	29,846,291	7,143,444	76.1%	4,165,476	171.5%
2013	22,842,732	30,961,305	8,118,573	73.8%	4,139,755	196.1%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 224,057	100%
2010	247,197	100%
2011	339,409	100%
2012	415,427	100%
2013	480,936	100%
2014	568,171	100%

CITY OF MARSHALL, MICHIGAN

Required Supplementary Information

June 30, 2014

Other Postemployment Healthcare Benefits (OPEB) Schedule of Funding Progress

Actuarial Valuation Date June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
2011	\$ 582,664	\$ 13,775,992	\$ 13,193,328	4.2%	\$ 1,239,229	1064.6%
2012	582,664	13,835,906	13,253,242	4.2%	1,254,497	1056.5%
2014	748,830	14,494,547	13,745,717	5.2%	1,116,556	1231.1%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed
2012	\$ 774,398	\$ 427,260	55.17%
2013	750,863	586,272	78.08%
2014	796,025	655,210	82.31%

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

CITY OF MARSHALL, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2014

			Capital Projects	Permanent	
	Special Revenue	Debt Service	Major Streets	Cemetery	Totals
Assets					
Cash and cash equivalents	\$ 994,608	\$ 9,404	\$ 9,313	\$ 39,842	\$ 1,053,167
Investments	746,299	-	52,977	505,954	1,305,230
Due from other governments	137,405	-	-	-	137,405
Inventories	18,593	-	-	-	18,593
Total assets	\$ 1,896,905	\$ 9,404	\$ 62,290	\$ 545,796	\$ 2,514,395
Liabilities					
Accounts payable	\$ 63,487	\$ -	\$ -	\$ 450	\$ 63,937
Accrued liabilities	2,805	-	-	-	2,805
Total liabilities	66,292	-	-	450	66,742
Fund balances					
Nonspendable for:					
Inventories	18,593	-	-	-	18,593
Cemetery perpetual care	-	-	-	309,901	309,901
Restricted for:					
Highways and streets	1,541,934	-	-	-	1,541,934
Drug law enforcement	14,370	-	-	-	14,370
Cemetery operations	-	-	-	235,445	235,445
Capital projects	-	-	62,290	-	62,290
Leaf, brush and trash removal	22,970	-	-	-	22,970
Committed for:					
Special projects	232,746	-	-	-	232,746
Debt service	-	9,404	-	-	9,404
Total fund balances	1,830,613	9,404	62,290	545,346	2,447,653
Total liabilities and fund balances	\$ 1,896,905	\$ 9,404	\$ 62,290	\$ 545,796	\$ 2,514,395

CITY OF MARSHALL, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2014

			Capital Projects	Permanent	
	Special Revenue	Debt Service	Major Streets	Cemetery	Totals
Revenues					
Property taxes	\$ 97,457	\$ -	\$ -	\$ -	\$ 97,457
Intergovernmental	667,618	-	-	-	667,618
Charges for services	-	-	-	5,340	5,340
Fines and forfeitures	1,856	-	-	-	1,856
Investment earnings	671	-	197	968	1,836
Other	214,331	-	-	-	214,331
Total revenues	981,933	-	197	6,308	988,438
Expenditures					
Current expenditures:					
General government	141,358	-	38	-	141,396
Public safety	58	-	-	-	58
Highways and streets	283,544	-	-	-	283,544
Debt service:					
Principal	140,000	185,000	-	-	325,000
Interest and fiscal charges	38,248	80,378	-	-	118,626
Capital outlay	702,100	-	-	-	702,100
Total expenditures	1,305,308	265,378	38	-	1,570,724
Revenues over (under) expenditures	(323,375)	(265,378)	159	6,308	(582,286)
Other financing sources (uses)					
Transfers in	176,737	265,313	-	-	442,050
Transfers out	-	(6,737)	-	-	(6,737)
Total other financing sources (uses)	176,737	258,576	-	-	435,313
Net change in fund balances	(146,638)	(6,802)	159	6,308	(146,973)
Fund balances, beginning of year	1,977,251	16,206	62,131	539,038	2,594,626
Fund balances, end of year	\$ 1,830,613	\$ 9,404	\$ 62,290	\$ 545,346	\$ 2,447,653

CITY OF MARSHALL, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2014

	Major Street	Local Street	Drug Law Enforcement	Special Projects
Assets				
Cash and cash equivalents	\$ 398,320	\$ 459,537	\$ 14,370	\$ 86,554
Investments	472,266	144,264	-	129,769
Due from other governments	76,157	22,109	-	39,139
Inventories	18,593	-	-	-
Total assets	\$ 965,336	\$ 625,910	\$ 14,370	\$ 255,462
Liabilities				
Accounts payable	\$ 9,330	\$ 18,584	\$ -	\$ 22,716
Accrued liabilities	454	2,351	-	-
Total liabilities	9,784	20,935	-	22,716
Fund balances				
Nonspendable for:				
Inventories	18,593	-	-	-
Restricted for:				
Highways and streets	936,959	604,975	-	-
Drug law enforcement	-	-	14,370	-
Leaf, brush and trash removal	-	-	-	-
Committed for:				
Special projects	-	-	-	232,746
Total fund balances	955,552	604,975	14,370	232,746
Total liabilities and fund balances	\$ 965,336	\$ 625,910	\$ 14,370	\$ 255,462



Leaf, Brush & Trash Removal	Total
\$ 35,827	\$ 994,608
-	746,299
-	137,405
-	18,593
<u>\$ 35,827</u>	<u>\$ 1,896,905</u>
\$ 12,857	\$ 63,487
-	2,805
<u>12,857</u>	<u>66,292</u>
-	18,593
-	1,541,934
-	14,370
22,970	22,970
<u>-</u>	<u>232,746</u>
<u>22,970</u>	<u>1,830,613</u>
<u>\$ 35,827</u>	<u>\$ 1,896,905</u>

CITY OF MARSHALL, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2014

	Major Street	Local Street	Drug Law Enforcement	Special Projects
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	474,869	181,431	-	11,318
Fines and forfeitures	-	-	1,856	-
Investment earnings	345	218	-	108
Other	-	-	-	214,331
Total revenues	475,214	181,649	1,856	225,757
Expenditures				
Current expenditures:				
General government	-	-	-	66,871
Public safety	-	-	58	-
Highways and streets	174,155	109,389	-	-
Debt service:				
Principal	140,000	-	-	-
Interest and fiscal charges	38,248	-	-	-
Capital outlay	137,757	564,343	-	-
Total expenditures	490,160	673,732	58	66,871
Revenues over (under) expenditures	(14,946)	(492,083)	1,798	158,886
Other financing sources				
Transfers in	6,737	170,000	-	-
Net change in fund balances	(8,209)	(322,083)	1,798	158,886
Fund balances, beginning of year	963,761	927,058	12,572	73,860
Fund balances, end of year	\$ 955,552	\$ 604,975	\$ 14,370	\$ 232,746



Leaf, Brush & Trash Removal	Total
\$ 97,457	\$ 97,457
-	667,618
-	1,856
-	671
-	214,331
<u>97,457</u>	<u>981,933</u>
74,487	141,358
-	58
-	283,544
-	140,000
-	38,248
-	702,100
<u>74,487</u>	<u>1,305,308</u>
22,970	(323,375)
-	176,737
22,970	(146,638)
-	1,977,251
<u>\$ 22,970</u>	<u>\$ 1,830,613</u>

CITY OF MARSHALL, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2014

	Major Street Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	422,877	474,869	51,992
Fines and forfeitures	-	-	-
Investment earnings	400	345	(55)
Other	-	-	-
Total revenues	<u>423,277</u>	<u>475,214</u>	<u>51,937</u>
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	170,933	174,155	3,222
Debt service:			
Principal	140,000	140,000	-
Interest and fiscal charges	38,248	38,248	-
Capital outlay	150,000	137,757	(12,243)
Total expenditures	<u>499,181</u>	<u>490,160</u>	<u>(9,021)</u>
Revenues over (under) expenditures	(75,904)	(14,946)	60,958
Other financing sources			
Transfers in	-	6,737	6,737
Net change in fund balances	(75,904)	(8,209)	67,695
Fund balances, beginning of year	<u>185,488</u>	<u>963,761</u>	<u>778,273</u>
Fund balances, end of year	<u>\$ 109,584</u>	<u>\$ 955,552</u>	<u>\$ 845,968</u>



Local Street Fund			Drug Law Enforcement Fund		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
155,883	181,431	25,548	-	-	-
-	-	-	1,856	1,856	-
184	218	34	-	-	-
-	-	-	-	-	-
156,067	181,649	25,582	1,856	1,856	-
-	-	-	-	-	-
-	-	-	58	58	-
104,915	109,389	4,474	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
548,365	564,343	15,978	-	-	-
653,280	673,732	20,452	58	58	-
(497,213)	(492,083)	5,130	1,798	1,798	-
170,000	170,000	-	-	-	-
(327,213)	(322,083)	5,130	1,798	1,798	-
927,058	927,058	-	12,572	12,572	-
\$ 599,845	\$ 604,975	\$ 5,130	\$ 14,370	\$ 14,370	\$ -

continued...

CITY OF MARSHALL, MICHIGAN

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2014

	Special Projects Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	11,318	11,318	-
Fines and forfeitures	-	-	-
Investment earnings	63	108	45
Other	120,892	214,331	93,439
Total revenues	<u>132,273</u>	<u>225,757</u>	<u>93,484</u>
Expenditures			
Current expenditures:			
General government	83,523	66,871	(16,652)
Public safety	-	-	-
Highways and streets	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>83,523</u>	<u>66,871</u>	<u>(16,652)</u>
Revenues over (under) expenditures	48,750	158,886	110,136
Other financing sources			
Transfers in	-	-	-
Net change in fund balances	48,750	158,886	110,136
Fund balances, beginning of year	73,860	73,860	-
Fund balances, end of year	<u>\$ 122,610</u>	<u>\$ 232,746</u>	<u>\$ 110,136</u>



Leaf, Brush and Trash Removal		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ 98,811	\$ 97,457	\$ (1,354)
-	-	-
-	-	-
-	-	-
-	-	-
<hr/>		
98,811	97,457	(1,354)
<hr/>		
97,311	74,487	(22,824)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<hr/>		
97,311	74,487	(22,824)
<hr/>		
1,500	22,970	21,470
-	-	-
<hr/>		
1,500	22,970	21,470
-	-	-
<hr/>		
\$ 1,500	\$ 22,970	\$ 21,470
<hr/>		

concluded.

CITY OF MARSHALL, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2014

	Building Authority	1999 Motor Vehicle Highway	Total
Assets			
Cash and cash equivalents	\$ 9,404	\$ -	\$ 9,404
Fund balances			
Committed for debt service	\$ 9,404	\$ -	\$ 9,404

CITY OF MARSHALL, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended June 30, 2014

	Building Authority	1999 Motor Vehicle Highway	Total
Expenditures			
Debt service:			
Principal	\$ 185,000	\$ -	\$ 185,000
Interest and fiscal charges	80,351	27	80,378
	<hr/>	<hr/>	<hr/>
Total expenditures	265,351	27	265,378
Revenues under expenditures	<hr/> (265,351)	<hr/> (27)	<hr/> (265,378)
Other financing sources (uses)			
Transfers in	265,313	-	265,313
Transfers out	-	(6,737)	(6,737)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	265,313	(6,737)	258,576
Net change in fund balances	(38)	(6,764)	(6,802)
Fund balances, beginning of year	<hr/> 9,442	<hr/> 6,764	<hr/> 16,206
Fund balances, end of year	<hr/> <hr/> \$ 9,404	<hr/> <hr/> \$ -	<hr/> <hr/> \$ 9,404

CITY OF MARSHALL, MICHIGAN

Supplemental Schedule of Operating Expenses

Electric, Wastewater, and Water Enterprise Funds

For the Year Ended June 30, 2014

	Electric	Wastewater	Water	Total
Administration				
Personnel services	\$ 684,264	\$ 256,148	\$ 277,565	\$ 1,217,977
Materials and supplies	22,719	10,480	9,169	42,368
Contractual	72,217	8,836	9,202	90,255
Insurance	53,295	25,163	7,508	85,966
Maintenance	342	167	167	676
Administration (city allocated costs)	4,568	3,788	7,666	16,022
Other expense	100,068	9,554	7,343	116,965
Depreciation	16,535	133	-	16,668
Total administration expenses	954,008	314,269	318,620	1,586,897
Powerhouse				
Personnel services	304,336	-	-	304,336
Materials and supplies	80,525	-	-	80,525
Purchased power	10,763,152	-	-	10,763,152
Contractual	47,651	-	-	47,651
Maintenance	643	-	-	643
Other expense	16,762	-	-	16,762
Depreciation	(122,005)	-	-	(122,005)
Total powerhouse expenses	11,091,064	-	-	11,091,064
Line distribution				
Personnel services	879,314	-	215,561	1,094,875
Materials and supplies	120,733	-	55,955	176,688
Purchased power	-	-	1,753	1,753
Contractual	52,396	-	1,468	53,864
Maintenance	2,082	-	690	2,772
Other expense	260,278	-	53,709	313,987
Depreciation	270,686	-	385,159	655,845
Total line distribution expenses	1,585,489	-	714,295	2,299,784
Operations				
Personnel services	-	292,700	-	292,700
Materials and supplies	-	114,446	-	114,446
Purchased power	-	141,692	-	141,692
Contractual	-	89,300	-	89,300
Maintenance	-	5,341	-	5,341
Other expense	95,862	36,348	(65,327)	66,883
Depreciation	-	218,929	-	218,929
Total operations expenses	95,862	898,756	(65,327)	929,291

continued...

CITY OF MARSHALL, MICHIGAN

Supplemental Schedule of Operating Expenses

Electric, Wastewater, and Water Enterprise Funds

For the Year Ended June 30, 2014

	Electric	Wastewater	Water	Total
Production				
Personnel services	\$ -	\$ -	\$ 86,714	\$ 86,714
Materials and supplies	-	-	43,930	43,930
Purchased power	-	-	35,975	35,975
Contractual	-	-	2,563	2,563
Other expense	-	-	4,300	4,300
Depreciation	-	-	5,932	5,932
Total production expenses	-	-	179,414	179,414
Totals	<u>\$ 13,726,423</u>	<u>\$ 1,213,025</u>	<u>\$ 1,147,002</u>	<u>\$ 16,086,450</u>
Presented in the basic financial statements as				
Personnel services	\$ 1,867,914	\$ 548,848	\$ 579,840	\$ 2,996,602
Materials and supplies	223,977	124,926	109,054	457,957
Purchased power	10,763,152	141,692	37,728	10,942,572
Contractual	172,264	98,136	13,233	283,633
Insurance	53,295	25,163	7,508	85,966
Maintenance	3,067	5,508	857	9,432
Administration (city allocated costs)	4,568	3,788	7,666	16,022
Other expense	472,970	45,902	25	518,897
Depreciation	165,216	219,062	391,091	775,369
Total expenses	<u>\$ 13,726,423</u>	<u>\$ 1,213,025</u>	<u>\$ 1,147,002</u>	<u>\$ 16,086,450</u>

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INTERNAL SERVICE FUNDS

CITY OF MARSHALL, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2014

	Data Processing	Motor Pool	Safety	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 53,087	\$ 176,654	\$ 767	\$ 230,508
Investments	168,841	655,066	20,970	844,877
Prepaid items	6,594	-	-	6,594
Total current assets	<u>228,522</u>	<u>831,720</u>	<u>21,737</u>	<u>1,081,979</u>
Noncurrent assets -				
Capital assets being depreciated, net	<u>71,412</u>	<u>1,778,497</u>	<u>-</u>	<u>1,849,909</u>
Total assets	<u>299,934</u>	<u>2,610,217</u>	<u>21,737</u>	<u>2,931,888</u>
Liabilities				
Current liabilities:				
Accounts payable	5,914	5,802	-	11,716
Accrued payroll	392	2,794	-	3,186
Accrued interest payable	-	6,754	-	6,754
Contracts payable, current portion	-	113,543	-	113,543
Total current liabilities	<u>6,306</u>	<u>128,893</u>	<u>-</u>	<u>135,199</u>
Noncurrent liabilities:				
Compensated absences	-	110	-	110
Contracts payable	-	237,024	-	237,024
Total noncurrent liabilities	<u>-</u>	<u>237,134</u>	<u>-</u>	<u>237,134</u>
Total liabilities	<u>6,306</u>	<u>366,027</u>	<u>-</u>	<u>372,333</u>
Net position				
Net investment in capital assets	71,412	1,427,930	-	1,499,342
Unrestricted	<u>222,216</u>	<u>816,260</u>	<u>21,737</u>	<u>1,060,213</u>
Total net position	<u>\$ 293,628</u>	<u>\$ 2,244,190</u>	<u>\$ 21,737</u>	<u>\$ 2,559,555</u>

CITY OF MARSHALL, MICHIGAN

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2014

	Data Processing	Motor Pool	Safety	Total
Operating revenues				
Charges for services	\$ 142,373	\$ 705,549	\$ -	\$ 847,922
Other	-	1,015	-	1,015
Total operating revenues	<u>142,373</u>	<u>706,564</u>	<u>-</u>	<u>848,937</u>
Operating expenses				
Personnel services	13,578	98,794	10	112,382
Materials and supplies	64,776	208,770	2,271	275,817
Contractual	33,905	9,778	5	43,688
Insurance	-	30,244	-	30,244
Maintenance	420	64,320	-	64,740
Other expense	-	43,641	157	43,798
Depreciation	23,614	269,585	-	293,199
Total operating expenses	<u>136,293</u>	<u>725,132</u>	<u>2,443</u>	<u>863,868</u>
Operating income (loss)	<u>6,080</u>	<u>(18,568)</u>	<u>(2,443)</u>	<u>(14,931)</u>
Nonoperating revenues (expenses)				
Investment earnings	631	2,446	96	3,173
Gain on sale of capital assets	-	31,309	-	31,309
Interest expense	-	(11,187)	-	(11,187)
Total nonoperating revenues (expenses)	<u>631</u>	<u>22,568</u>	<u>96</u>	<u>23,295</u>
Change in net position	<u>6,711</u>	<u>4,000</u>	<u>(2,347)</u>	<u>8,364</u>
Net position, beginning of year	<u>286,917</u>	<u>2,240,190</u>	<u>24,084</u>	<u>2,551,191</u>
Net position, end of year	<u>\$ 293,628</u>	<u>\$ 2,244,190</u>	<u>\$ 21,737</u>	<u>\$ 2,559,555</u>

CITY OF MARSHALL, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2014

	Data Processing	Motor Pool	Safety	Total
Cash flows from operating activities				
Receipts from interfund services	\$ 142,373	\$ 706,564	\$ -	\$ 848,937
Payments to suppliers/claimants	(99,887)	(373,303)	(6,223)	(479,413)
Payments to employees	(13,539)	(98,130)	(10)	(111,679)
Net cash provided by (used in) operating activities	28,947	235,131	(6,233)	257,845
Cash flows from capital and related financing activities				
Cash received on sale of capital assets	-	40,681	-	40,681
Principal, interest and fiscal charges on debt	-	(123,666)	-	(123,666)
Purchase of capital assets	(36,216)	(114,927)	-	(151,143)
Net cash used in capital and related financing activities	(36,216)	(197,912)	-	(234,128)
Cash flows from investing activities				
Purchase of investments	(630)	(2,444)	-	(3,074)
Proceeds from sale of investments	-	-	6,904	6,904
Interest received on investments	631	2,446	96	3,173
Net cash provided by investing activities	1	2	7,000	7,003
Net change in cash and cash equivalents	(7,268)	37,221	767	30,720
Cash and cash equivalents, beginning of year	60,355	139,433	-	199,788
Cash and cash equivalents, end of year	\$ 53,087	\$ 176,654	\$ 767	\$ 230,508
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 6,080	\$ (18,568)	\$ (2,443)	\$ (14,931)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	23,614	269,585	-	293,199
Changes in assets and liabilities:				
Prepaid items	(3,728)	547	-	(3,181)
Accounts payable	2,942	(17,097)	-	(14,155)
Accrued payroll	39	572	-	611
Interfund payable	-	-	(3,790)	(3,790)
Compensated absences	-	92	-	92
Net cash provided by (used in) operating activities	\$ 28,947	\$ 235,131	\$ (6,233)	\$ 257,845

AGENCY FUNDS

CITY OF MARSHALL, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2014

	Current Tax	Imprest Payroll	MAEDA	Total
Assets				
Cash and cash equivalents	\$ 2,314	\$ 27,016	\$ 42,596	\$ 71,926
Delinquent taxes receivable	116,289	-	87	116,376
Total assets	<u>\$ 118,603</u>	<u>\$ 27,016</u>	<u>\$ 42,683</u>	<u>\$ 188,302</u>
Liabilities				
Undistributed receipts	<u>\$ 118,603</u>	<u>\$ 27,016</u>	<u>\$ 42,683</u>	<u>\$ 188,302</u>

CITY OF MARSHALL, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<i>Current Tax</i>				
Assets				
Cash and cash equivalents	\$ 3,353	\$ 21,129,169	(21,130,208)	\$ 2,314
Delinquent taxes receivable	106,545	60,338	(50,594)	116,289
Total assets	<u>\$ 109,898</u>	<u>\$ 21,189,507</u>	<u>\$ (21,180,802)</u>	<u>\$ 118,603</u>
Liabilities				
Undistributed receipts	<u>\$ 109,898</u>	<u>\$ 21,189,507</u>	<u>\$ (21,180,802)</u>	<u>\$ 118,603</u>
<i>Imprest Payroll</i>				
Assets				
Cash and cash equivalents	<u>\$ 28,535</u>	<u>\$ 636,586</u>	<u>\$ (638,105)</u>	<u>\$ 27,016</u>
Liabilities				
Undistributed receipts	<u>\$ 28,535</u>	<u>\$ 636,586</u>	<u>\$ (638,105)</u>	<u>\$ 27,016</u>
<i>MAEDA</i>				
Assets				
Cash and cash equivalents	\$ 8,909	\$ 745,711	\$ (712,024)	\$ 42,596
Delinquent taxes receivable	-	356,837	(356,750)	87
Total assets	<u>\$ 8,909</u>	<u>\$ 1,102,548</u>	<u>\$ (1,068,774)</u>	<u>\$ 42,683</u>
Liabilities				
Undistributed receipts	<u>\$ 8,909</u>	<u>\$ 1,102,548</u>	<u>\$ (1,068,774)</u>	<u>\$ 42,683</u>
<i>Total All Agency Funds</i>				
Assets				
Cash and cash equivalents	\$ 40,797	\$ 22,511,466	\$ (22,480,337)	\$ 71,926
Delinquent taxes receivable	106,545	417,175	(407,344)	116,376
Total assets	<u>\$ 147,342</u>	<u>\$ 22,928,641</u>	<u>\$ (22,887,681)</u>	<u>\$ 188,302</u>
Liabilities				
Undistributed receipts	<u>\$ 147,342</u>	<u>\$ 22,928,641</u>	<u>\$ (22,887,681)</u>	<u>\$ 188,302</u>

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COMPONENT UNITS

CITY OF MARSHALL, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Downtown Development Authority Component Unit

June 30, 2014

	Special Revenue	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 200,878	\$ -	\$ 200,878
Investments	163,329	-	163,329
Accounts receivable	12	-	12
Restricted cash and cash equivalents	24,209	-	24,209
Total assets	<u>\$ 388,428</u>	<u>-</u>	<u>388,428</u>
Liabilities			
Accrued liabilities	\$ 930	-	930
Accrued interest payable	-	2,660	2,660
Unearned revenue	26,352	-	26,352
Long-term liabilities:			
Due within one year	-	40,000	40,000
Due in more than one year	-	420,000	420,000
Total liabilities	27,282	462,660	489,942
Fund balance			
Restricted for debt service	24,209	(24,209)	-
Unassigned	336,937	(336,937)	-
Total liabilities and fund balance	<u>\$ 388,428</u>		
Net position			
Restricted for debt service		24,209	24,209
Unrestricted (deficit)		(125,723)	(125,723)
Total net position (deficit)		<u>\$ (101,514)</u>	<u>\$ (101,514)</u>

CITY OF MARSHALL, MICHIGAN

Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Downtown Development Authority Component Unit For the Year Ended June 30, 2014

	Special Revenue	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 227,061	\$ -	\$ 227,061
Investment earnings	582	-	582
Other	93,665	-	93,665
Total revenues	321,308	-	321,308
Expenditures/expenses			
Community development	213,309	-	213,309
Debt service:			
Principal	40,000	(40,000)	-
Interest and fiscal charges	28,128	597	28,725
Total expenditures/expenses	281,437	(39,403)	242,034
Change in fund balance/net position	39,871	39,403	79,274
Fund balance/net position (deficit), beginning of year	321,275	(502,063)	(180,788)
Fund balance/net position (deficit), end of year	\$ 361,146	\$ (462,660)	\$ (101,514)

CITY OF MARSHALL, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Downtown Development Authority Component Unit

Special Revenue Fund

For the Year Ended June 30, 2014

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ 226,833	\$ 227,061	\$ 228
Investment earnings	487	582	95
Other	118,239	93,665	(24,574)
Total revenues	<u>345,559</u>	<u>321,308</u>	<u>(24,251)</u>
Expenditures			
Community development	178,399	213,309	34,910
Debt service:			
Principal	55,000	40,000	(15,000)
Interest and fiscal charges	28,128	28,128	-
Total expenditures	<u>261,527</u>	<u>281,437</u>	<u>19,910</u>
Net change in fund balance	84,032	39,871	(44,161)
Fund balance, beginning of year	<u>321,275</u>	<u>321,275</u>	<u>-</u>
Fund balance, end of year	<u>\$ 405,307</u>	<u>\$ 361,146</u>	<u>\$ (44,161)</u>

CITY OF MARSHALL, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Local Development Finance Authority Component Unit

June 30, 2014

	Special Revenue	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 180,290	\$ -	\$ 180,290
Investments	1,856,357	-	1,856,357
Restricted cash and cash equivalents	26,006	-	26,006
Capital assets not being depreciated	-	500,000	500,000
Capital assets being depreciated, net	-	665	665
Total assets	<u>\$ 2,062,653</u>	<u>500,665</u>	<u>2,563,318</u>
Liabilities			
Accrued interest payable	\$ -	10,429	10,429
Long-term liabilities:			
Due within one year	-	85,000	85,000
Due in more than one year	-	920,000	920,000
Total liabilities	-	1,015,429	1,015,429
Fund balance			
Restricted for debt service	26,006	(26,006)	-
Unassigned	2,036,647	(2,036,647)	-
Total liabilities and fund balance	<u>\$ 2,062,653</u>		
Net position			
Net investment in capital assets		500,665	500,665
Restricted for debt service		26,006	26,006
Unrestricted		1,021,218	1,021,218
Total net position		<u>\$ 1,547,889</u>	<u>\$ 1,547,889</u>

CITY OF MARSHALL, MICHIGAN

Statement of Activities and Governmental Fund Revenues,

Expenditures, and Changes in Fund Balance

Local Development Finance Authority Component Unit

For the Year Ended June 30, 2014

	Special Revenue	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 383,880	\$ -	\$ 383,880
Investment earnings	6,896	-	6,896
Other	1,650	-	1,650
Total revenues	392,426	-	392,426
Expenditures/expenses			
Community development	248,650	40,125	288,775
Debt service:			
Principal	85,000	(85,000)	-
Interest and fiscal charges	45,030	(829)	44,201
Total expenditures/expenses	378,680	(45,704)	332,976
Net change in fund balance/net position	13,746	45,704	59,450
Fund balance/net position, beginning of year	2,048,907	(560,468)	1,488,439
Fund balance/net position, end of year	\$ 2,062,653	\$ (514,764)	\$ 1,547,889

CITY OF MARSHALL, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Local Development Finance Authority Component Unit

Special Revenue Fund

For the Year Ended June 30, 2014

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	\$ 433,492	\$ 383,880	\$ (49,612)
Investment earnings	21,200	6,896	(14,304)
Other	5,874	1,650	(4,224)
Total revenues	<u>460,566</u>	<u>392,426</u>	<u>(68,140)</u>
Expenditures			
Community development	247,491	248,650	1,159
Debt service:			
Principal	85,000	85,000	-
Interest and fiscal charges	45,030	45,030	-
Total expenditures	<u>377,521</u>	<u>378,680</u>	<u>1,159</u>
Net change in fund balance	83,045	13,746	(69,299)
Fund balance, beginning of year	<u>2,048,907</u>	<u>2,048,907</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,131,952</u></u>	<u><u>\$ 2,062,653</u></u>	<u><u>\$ (69,299)</u></u>

CITY OF MARSHALL, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Economic Development Corporation Component Unit

June 30, 2014

	Special Revenue	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 7,327	\$ -	\$ 7,327
Accounts receivable	2,391	-	2,391
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 9,718</u></u>	<u><u>-</u></u>	<u><u>9,718</u></u>
Fund balance			
Unassigned	\$ 9,718	(9,718)	-
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Net position			
Unrestricted		\$ 9,718	\$ 9,718
		<u><u> </u></u>	<u><u> </u></u>

CITY OF MARSHALL, MICHIGAN

Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Economic Development Corporation Component Unit For the Year Ended June 30, 2014

	Special Revenue	Adjustments	Statement of Activities
Revenues			
Investment earnings	\$ 199	\$ -	\$ 199
Operating grants and contributions	24	-	24
	<hr/>	<hr/>	<hr/>
Total revenues	223	-	223
Expenditures/expenses			
Community development	24	-	24
	<hr/>	<hr/>	<hr/>
Change in fund balance/net position	199	-	199
Fund balance/net position, beginning of year	<hr/> 9,519	<hr/> -	<hr/> 9,519
Fund balances/net position, end of year	<hr/> <hr/> \$ 9,718	<hr/> <hr/> \$ -	<hr/> <hr/> \$ 9,718

CITY OF MARSHALL, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Economic Development Corporation Component Unit

Special Revenue Fund

For the Year Ended June 30, 2014

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Investment earnings	\$ 120	\$ 199	\$ 79
Operating grants and contributions	-	24	24
Total revenues	120	223	103
Expenditures			
Community development	-	24	24
Net change in fund balance	120	199	79
Fund balance, beginning of year	9,519	9,519	-
Fund balance, end of year	<u>\$ 9,639</u>	<u>\$ 9,718</u>	<u>\$ 79</u>

**DIAL-A-RIDE TRANSPORTATION FUND
TRANSIT SCHEDULES**

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CITY OF MARSHALL, MICHIGAN

(Unaudited)

Supplemental Schedule of Revenues and ExpensesDial-A-Ride Transportation Fund
For the Year Ended June 30, 2014

Schedule 1 - for the year ended June 30, 2014	7/1/13 to 9/30/13	10/1/13 to 6/30/14	Total
Local revenues			
Demand response - farebox (nonurban)	\$ 11,761	\$ 38,987	\$ 50,748
Advertising	975	5,500	6,475
Tax levy	94,242	(141)	94,101
Interest and other income	44	191	235
Total local revenues	\$ 107,022	\$ 44,537	\$ 151,559
Schedule 1A - based on a September 30, 2013 year end	10/1/12 to 6/30/13	7/1/13 to 9/30/13	Total
Local revenues			
Demand response - farebox (nonurban)	\$ 45,637	\$ 11,761	\$ 57,398
Advertising	-	975	975
Tax levy	3	94,242	94,245
Gain on sale of capital assets	2,651	-	2,651
Interest and other income	215	44	259
Total local revenues	\$ 48,506	\$ 107,022	\$ 155,528
Schedule 2A - for the year ended June 30, 2014	7/1/13 to 9/30/13	10/1/13 to 6/30/14	Total
Michigan Department of Transportation:			
Local bus operating (Act 51)	\$ 37,761	\$ 109,596	\$ 147,357
Prior year settlement	4,284	-	4,284
Federal Transit Administration:			
Section 5311 - operating	42,480	37,409	81,110
Section 5311 - capital			
Farebox, radio and RTAP reimbursements	-	1,221	1,221
Total	\$ 84,525	\$ 148,226	\$ 233,972
Schedule 2B - based on a September 30, 2013 year end	10/1/12 to 6/30/13	7/1/13 to 9/30/13	Total
Michigan Department of Transportation:			
Local bus operating (Act 51)	\$ 108,486	\$ 37,761	\$ 146,247
Prior year settlement	-	4,284	4,284
Federal Transit Administration:			
Section 5311 - operating	28,196	42,480	70,676
Farebox, radio and RTAP reimbursements	6,284	-	6,284
Total	\$ 142,966	\$ 84,525	\$ 227,491

continued...

Supplemental Schedule of Revenues and Expenses

Dial-A-Ride Transportation Fund

For the Year Ended June 30, 2014

Schedule 3 - Operating and Contract Expenses		Nonurban	Total
Expenses			
Labor	\$ 200,426	\$ 200,426	
Fringe benefits	83,312	83,312	
Services	13,370	13,370	
Materials and supplies	42,562	42,562	
Utilities	496	496	
Insurance	4,471	4,471	
Taxes and fees	192	192	
Miscellaneous	700	700	
Operating leases and rentals	11,968	11,968	
Depreciation	47,271	47,271	
Total expenses	\$ 404,768	\$ 404,768	
Nonurban			
	7/1/13 to 9/30/13	10/1/13 to 06/30/14	Total
Schedule 3A - Operating Expenses for June 30, 2014 year end			
Expenses			
Labor	\$ 44,641	\$ 155,785	\$ 200,426
Fringe benefits	25,321	57,991	83,312
Services	3,849	9,521	13,370
Materials and supplies	6,350	36,212	42,562
Utilities	156	340	496
Insurance	-	4,471	4,471
Taxes and fees	-	192	192
Miscellaneous	-	700	700
Operating leases and rentals	2,992	8,976	11,968
Depreciation	10,695	36,576	47,271
Total expenses	\$ 94,004	\$ 310,764	\$ 404,768
Nonurban			
	10/1/12 to 6/30/13	7/1/13 to 9/30/13	Total
Schedule 3B - Operating Expenses for September 30, 2013 year end			
Expenses			
Labor	\$ 147,049	\$ 44,641	\$ 191,690
Fringe benefits	60,604	25,321	85,925
Services	7,686	3,849	11,535
Materials and supplies	34,394	6,350	40,744
Utilities	449	156	605
Insurance	4,394	-	4,394
Taxes and fees	102	-	102
Operating leases and rentals	9,247	2,992	12,239
Depreciation	36,576	10,695	47,271
Total expenses	\$ 300,501	\$ 94,004	\$ 394,505

continued...

Supplemental Schedule of Revenues and Expenses

Dial-A-Ride Transportation Fund

For the Year Ended June 30, 2014

Schedule 5 - Operating Assistance Calculation for September 30, 2013 year end		Nonurban
Total expenses		<u>\$ 394,505</u>
Less ineligible expenses		
Depreciation		47,271
Prior year settlements		<u>4,284</u>
Total ineligible expenses per R&E Manual		<u>51,555</u>
Total state eligible expenses		<u><u>\$ 342,950</u></u>
Eligible expenses for state reimbursement		342,950
x Reimbursement percentage		<u>36.26%</u>
State operating assistance		<u><u>\$ 124,354</u></u>
Total federal eligible expenses		
State eligible expenses (per above)		342,950
Less: additional federal ineligible expenses per A-87 - Audit costs		<u>756</u>
Eligible expenses for federal reimbursement		342,194
x Reimbursement percentage		<u>16.0%</u>
Federal operating assistance		<u><u>\$ 54,751</u></u>
		concluded.

CITY OF MARSHALL, MICHIGAN

Supplemental Schedule of Revenues and Expenses

Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2014

Schedule 2 - Expenditures of Federal and State Awards	Federal CFDA Number	Grant No./ Authorization Number	Program Award Amount
<u>U.S. Department of Transportation</u>			
Passed-through Michigan Department of Transportation			
Operating Assistance - Section 5311:			
Capital assistance	20.509	07-0253 / Z10	\$ 35,000
Operating assistance (FY 12)	20.509	12-0128 / P1	67,779
Operating assistance (FY 13)	20.509	13-0128 / P1	60,129
Operating assistance (FY 14)	20.509	14-0128 / P1	59,646
<u>Michigan Department of Transportation</u>			
Operating Assistance - Act 51 Nonurban:			
Operating assistance (FY 10)		2011-0128	131,820
Operating assistance (FY 12)		2013-0128	132,756
Operating assistance (FY 13)		2014-0128	136,192
Operating assistance (FY 14)		2015-0128	143,480
Total expenditures of federal and state awards			<u>\$ 766,802</u>

(Unaudited)

--

Current Year Revenues					
Total	Federal	State	Settlement	Reported Prior Year	Award Amount Remaining
\$ 1,221	\$ 1,221	\$ -	\$ -	\$ 16,520	\$ 17,259
-	-	-	-	59,795	7,984
47,829	47,829	-	-	-	12,300
33,281	33,281	-	-	-	26,365
4,284			4,284	131,820	(4,284)
1,605	-	1,605	-	132,756	(1,605)
39,832	-	39,832	-	108,486	(12,126)
105,920	-	105,920	-	-	37,560
<u>\$ 233,972</u>	<u>\$ 82,331</u>	<u>\$ 147,357</u>	<u>\$ 4,284</u>	<u>\$ 449,377</u>	<u>\$ 83,453</u>

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Nonurban Regular Service Revenue Report

Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2014

Code	Description	Amount
401 :	Farebox Revenue	
40100	Passenger Fares	\$ 50,748
406 :	Auxiliary Trans Revenues	
40615	Advertising	6,475
407 :	NonTrans Revenue	
40760	Gains from the Sale of Capital Assets	-
408 :	Local Revenue	
40800	Taxes Levied Directly for/by Transit Agency	94,101
409 :	Local Revenue	
40999	Other Local Contracts & Reimbursements	-
411 :	State Formula and Contracts	
41101	State Operating Assistance	147,357
413 :	Federal Contracts	
41301	Federal Section 5311	82,331
41398	RTAP (RTAP for Supervisor Seminar)	-
414 :	Other Revenue	
41400	Interest Income	235
440 :	Other Revenue	
44000	Refunds and Credits	4,284
Total revenues:		<u>\$ 385,531</u>

CITY OF MARSHALL, MICHIGAN

Nonurban Regular Service Revenue Report

Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2014

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501 :	Labor				
50101	Operators' Salaries & Wages	\$ 128,815	\$ -	\$ -	\$ 128,815
50102	Other Salaries & Wages	-	527	8,932	9,459
50103	Dispatchers' Salaries & Wages	62,152	-	-	62,152
502 :	Fringe Benefits				
50200	Other Fringe Benefits	52,334	56	4,037	56,427
50201	Pension	14,935	-	-	14,935
50202	Other Postemployment Benefits	11,950	-	-	11,950
503 :	Services				
50302	Advertising Fees	188	-	515	703
50305	Audit Cost	-	-	600	600
50399	Other Services	674	2,327	9,066	12,067
504 :	Materials and Supplies				
50401	Fuel & Lubricants	26,353	-	-	26,353
50402	Tires & Tubes	2,338	-	-	2,338
50499	Other Materials & Supplies	1,088	12,182	601	13,871
505 :	Utilities				
50500	Utilities	496	-	-	496
506 :	Insurance				
50603	Liability Insurance	4,471	-	-	4,471
507 :	Taxes & Fees				
50700	Taxes & Fees	133	-	59	192

continued...

CITY OF MARSHALL, MICHIGAN

Nonurban Regular Service Revenue Report

Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2014

Code	Description	Operations	Maintenance	Gen. Admin.	Total
509 :	Misc. Expenses				
50903	Association Dues & Subscriptions	\$ -	\$ -	\$ 700	\$ 700
512 :	Operating Leases & Rentals				
51200	Operating Leases & Rentals	9,934	-	2,034	11,968
513 :	Depreciation				
51300	Depreciation	47,271	-	-	47,271
540 :	Ineligible Expenses				
54000	Ineligible Refunds and Credits	4,284	-	-	4,284
550 :	Ineligible Expenses				
55007	Ineligible Depreciation	47,271	-	-	47,271
Total expenses:					404,768
Total ineligible expenses:					51,555
Total eligible expenses:					<u>\$ 353,213</u>

concluded.

Nonurban Regular Service Nonfinancial Report

Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2014

Public Service

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle Hours	7,678	-	-	7,678
611	Vehicle Miles	60,408	-	-	60,408
615	Passengers - Regular	11,160	-	-	11,160
616	Passengers - Elderly	9,168	-	-	9,168
617	Passengers - Persons w/ Disabilities	1,658	-	-	1,658
618	Passengers - Elderly w/ Disabilities	5,507	-	-	5,507
622	Total Demand-Response Trips	27,493	-	-	27,493

STATISTICAL SECTION

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CITY OF MARSHALL, MICHIGAN

Statistical Section Table of Contents

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

	<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 128
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. 138
Debt Capacity	These schedules 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. 144
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 151
Operating Information	These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. 154

Sources: Unless otherwise noted, the information in these schedules are derived from the annual financial reports for the applicable year.

CITY OF MARSHALL, MICHIGAN

Net Position by Component (Accrual Basis of Accounting)

Last Ten Fiscal Years

	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 11,721,351	\$ 11,541,536	\$ 13,070,336	\$ 13,498,671
Restricted	751,070	783,884	834,405	886,955
Unrestricted	3,628,698	3,976,512	3,798,414	3,477,917
Total net position	<u>\$ 16,101,119</u>	<u>\$ 16,301,932</u>	<u>\$ 17,703,155</u>	<u>\$ 17,863,543</u>
Business-type activities				
Net investment in capital assets	\$ 8,889,884	\$ 8,813,593	\$ 8,163,674	\$ 8,395,344
Restricted	1,477,075	2,142,113	2,905,132	3,642,168
Unrestricted	7,556,347	7,955,342	10,031,634	10,457,377
Total net position	<u>\$ 17,923,306</u>	<u>\$ 18,911,048</u>	<u>\$ 21,100,440</u>	<u>\$ 22,494,889</u>
Total primary government				
Net investment in capital assets	\$ 20,611,235	\$ 20,355,129	\$ 21,234,010	\$ 21,894,015
Restricted	2,228,145	2,925,997	3,739,537	4,529,123
Unrestricted	11,185,045	11,931,854	13,830,048	13,935,294
Total net position	<u>\$ 34,024,425</u>	<u>\$ 35,212,980</u>	<u>\$ 38,803,595</u>	<u>\$ 40,358,432</u>

Source: City of Marshall Finance Department

Schedule 1
Unaudited

2009	2010	2011	2012	2013	2014
\$ 13,738,175	\$ 13,551,965	\$ 13,960,325	\$ 13,632,575	\$ 12,672,273	\$ 15,176,566
775,833	793,141	772,879	787,803	2,422,083	2,182,533
3,267,007	2,769,352	2,239,903	2,174,819	2,155,568	897,742
<u>\$ 17,781,015</u>	<u>\$ 17,114,458</u>	<u>\$ 16,973,107</u>	<u>\$ 16,595,197</u>	<u>\$ 17,249,924</u>	<u>\$ 18,256,841</u>
\$ 8,401,227	\$ 7,964,028	\$ 8,378,716	\$ 8,876,689	\$ 7,186,806	\$ 9,411,751
4,346,482	4,948,057	4,347,200	5,285,471	5,511,602	2,862,097
11,143,627	12,700,071	14,338,174	12,825,500	12,538,534	13,565,692
<u>\$ 23,891,336</u>	<u>\$ 25,612,156</u>	<u>\$ 27,064,090</u>	<u>\$ 26,987,660</u>	<u>\$ 25,236,942</u>	<u>\$ 25,839,540</u>
\$ 22,139,402	\$ 21,515,993	\$ 22,339,041	\$ 22,509,264	\$ 19,859,079	\$ 24,588,317
5,122,315	5,741,198	5,120,079	6,073,274	7,933,685	5,044,630
14,410,634	15,469,423	16,578,077	14,900,319	14,694,102	14,463,434
<u>\$ 41,672,351</u>	<u>\$ 42,726,614</u>	<u>\$ 44,037,197</u>	<u>\$ 43,482,857</u>	<u>\$ 42,486,866</u>	<u>\$ 44,096,381</u>

CITY OF MARSHALL, MICHIGAN

Changes in Net Position (Accrual Basis of Accounting)

Last Ten Fiscal Years

	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government	\$ 1,827,576	\$ 2,205,257	\$ 1,845,842	\$ 1,689,006
Public safety	2,177,858	2,605,345	2,373,758	2,330,377
Public works	1,451,015	1,612,538	1,763,126	1,930,747
Parks and recreation	570,338	563,411	600,926	615,280
Community/economic development	103,036	127,156	127,613	130,930
Interest on long-term debt	304,518	261,514	233,111	226,164
Subtotal governmental activities	<u>6,434,341</u>	<u>7,375,221</u>	<u>6,944,376</u>	<u>6,922,504</u>
Business-type activities:				
Electric	10,707,265	12,003,051	11,682,604	12,100,696
Wastewater	1,291,373	1,262,020	1,269,409	1,387,374
Water	1,333,940	1,302,087	1,156,149	1,254,500
Public transit	430,705	422,032	444,809	453,277
Public housing	497,233	530,229	462,856	476,615
Subtotal business-type activities	<u>14,260,516</u>	<u>15,519,419</u>	<u>15,015,827</u>	<u>15,672,462</u>
Total primary government expenses	<u>20,694,857</u>	<u>22,894,640</u>	<u>21,960,203</u>	<u>22,594,966</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	185,630	162,753	204,888	208,970
Parks and recreation	174,817	188,574	198,571	214,329
Operating grants and contributions	1,067,419	1,580,898	1,209,870	1,414,774
Capital grants and contributions	376,885	856,460	1,479,263	-
Subtotal governmental activities	<u>1,804,751</u>	<u>2,788,685</u>	<u>3,092,592</u>	<u>1,838,073</u>
Business-type activities:				
Charges for services, grants and contributions:				
Electric	12,448,591	13,220,626	14,004,360	13,886,257
Wastewater	1,216,681	1,240,336	1,198,986	1,328,505
Water	1,600,514	1,601,947	1,399,327	1,450,018
Public transit	286,597	281,598	280,490	250,762
Public housing	622,502	630,096	614,970	601,102
Subtotal business-type activities	<u>16,174,885</u>	<u>16,974,603</u>	<u>17,498,133</u>	<u>17,516,644</u>
Total primary government program revenues	<u>17,979,636</u>	<u>19,763,288</u>	<u>20,590,725</u>	<u>19,354,717</u>
Net (expenses) revenues				
Governmental activities	(4,629,590)	(4,586,536)	(3,851,784)	(5,084,431)
Business-type activities	1,914,369	1,455,184	2,482,306	1,844,182
Net primary government (expenses) revenues	<u>(2,715,221)</u>	<u>(3,131,352)</u>	<u>(1,369,478)</u>	<u>(3,240,249)</u>

Schedule 2
Unaudited

2009	2010	2011	2012	2013	2014
\$ 1,681,749	\$ 1,901,417	\$ 1,907,279	\$ 2,035,070	\$ 1,536,135	\$ 1,180,247
2,450,835	2,624,281	2,722,997	2,675,567	2,662,719	2,680,317
1,992,259	1,713,933	1,877,076	1,954,109	1,980,187	2,337,102
644,071	484,408	623,244	599,982	591,491	588,463
182,485	138,669	151,077	167,198	148,806	154,714
158,971	325,155	135,294	121,582	178,430	138,467
<u>7,110,370</u>	<u>7,187,863</u>	<u>7,416,967</u>	<u>7,553,508</u>	<u>7,097,768</u>	<u>7,079,310</u>
12,388,402	12,804,410	12,118,033	12,352,835	13,118,049	12,432,134
1,308,655	1,214,436	1,310,960	1,343,044	1,453,850	1,329,436
1,201,031	1,309,664	1,287,914	1,219,040	1,326,138	1,329,071
428,501	428,624	401,678	385,992	397,214	398,912
442,605	489,195	521,490	584,902	532,270	565,450
<u>15,769,194</u>	<u>16,246,329</u>	<u>15,640,075</u>	<u>15,885,813</u>	<u>16,827,521</u>	<u>16,055,003</u>
22,879,564	23,434,192	23,057,042	23,439,321	23,925,289	23,134,313
197,666	752,660	1,248,330	1,173,148	362,535	346,127
207,941	213,405	212,962	217,355	207,822	209,400
1,468,297	1,034,464	1,311,931	1,426,002	1,317,998	1,799,614
-	-	91,257	-	308,299	28,658
<u>1,873,904</u>	<u>2,000,529</u>	<u>2,864,480</u>	<u>2,816,505</u>	<u>2,196,654</u>	<u>2,383,799</u>
14,078,379	14,189,257	13,303,892	12,260,940	12,271,455	13,129,478
1,263,518	1,239,442	1,360,653	1,433,183	1,550,497	2,256,421
1,429,141	1,294,364	1,451,374	1,261,023	1,431,091	1,534,055
397,758	481,598	259,904	299,264	240,024	291,195
613,620	622,401	553,654	562,688	563,818	565,867
<u>17,782,416</u>	<u>17,827,062</u>	<u>16,929,477</u>	<u>15,817,098</u>	<u>16,056,885</u>	<u>17,777,016</u>
19,656,320	19,827,591	19,793,957	18,633,603	18,253,539	20,160,815
(5,236,466)	(5,187,334)	(4,552,487)	(4,737,003)	(4,901,114)	(4,695,511)
2,013,222	1,580,733	1,289,402	(68,715)	(770,636)	1,722,013
<u>(3,223,244)</u>	<u>(3,606,601)</u>	<u>(3,263,085)</u>	<u>(4,805,718)</u>	<u>(5,671,750)</u>	<u>(2,973,498)</u>

continued...

CITY OF MARSHALL, MICHIGAN

Changes in Net Position (Accrual Basis of Accounting)

Last Ten Fiscal Years

	2005	2006	2007	2008
General revenues and other changes				
Governmental activities:				
Property taxes	\$ 3,439,111	\$ 3,521,909	\$ 3,537,068	\$ 3,457,339
Grants and contributions not restricted to specific programs	747,106	740,388	739,026	728,344
Unrestricted investment earnings	120,735	219,181	329,126	280,872
Gain on sale of capital assets	-	-	-	-
Transfers	695,697	713,913	647,787	778,264
Subtotal governmental activities	<u>5,002,649</u>	<u>5,195,391</u>	<u>5,253,007</u>	<u>5,244,819</u>
Business-type activities:				
Property taxes	102,569	104,800	105,500	103,253
Unrestricted investment earnings	62,951	141,671	249,373	225,278
Gain on sale of capital assets	-	-	-	-
Transfers	(695,697)	(713,913)	(647,787)	(778,264)
Subtotal business-type activities	<u>(530,177)</u>	<u>(467,442)</u>	<u>(292,914)</u>	<u>(449,733)</u>
Total primary government general revenues	<u>4,472,472</u>	<u>4,727,949</u>	<u>4,960,093</u>	<u>4,795,086</u>
Change in net position				
Governmental activities	373,059	608,855	1,401,223	160,388
Business-type activities	1,384,192	987,742	2,189,392	1,394,449
Total primary government change in net position	<u>\$ 1,757,251</u>	<u>\$ 1,596,597</u>	<u>\$ 3,590,615</u>	<u>\$ 1,554,837</u>

Source: City of Marshall Finance Department

Schedule 2
Unaudited

2009	2010	2011	2012	2013	2014
\$ 3,512,925	\$ 3,639,562	\$ 3,487,465	\$ 3,400,641	\$ 3,352,166	\$ 3,768,238
726,066	625,155	610,106	639,043	627,376	645,432
129,880	16,266	3,148	11,760	8,912	6,890
-	-	72,609	70,729	2,937	46,366
785,066	239,794	237,808	236,925	1,143,440	1,235,502
<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>
103,966	107,787	102,461	99,887	94,849	94,396
64,325	265,514	49,650	29,323	970,211	21,691
-	6,580	247,959	-	(178,079)	-
(785,066)	(239,794)	(237,808)	(236,925)	(1,143,440)	(1,235,502)
<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>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>
(82,529)	(666,557)	(141,351)	(377,905)	233,717	1,006,917
<u>1,396,447</u>	<u>1,720,820</u>	<u>1,451,664</u>	<u>(176,430)</u>	<u>(1,027,095)</u>	<u>602,598</u>
<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>

concluded.

CITY OF MARSHALL, MICHIGAN

Fund Balances - Governmental Funds (Modified Accrual Basis of Accounting)

Last Ten Fiscal Years

	2005	2006	2007	2008
General fund				
Nonspendable	\$ 137,774	\$ 137,110	\$ 124,525	\$ 61,904
Committed	595,753	1,258,908	699,290	547,464
Unassigned	1,059,792	832,871	1,249,229	1,335,772
Total general fund	<u>\$ 1,793,319</u>	<u>\$ 2,228,889</u>	<u>\$ 2,073,044</u>	<u>\$ 1,945,140</u>
All other governmental funds				
Nonspendable	\$ 20,529	\$ 21,747	\$ 26,014	\$ 11,391
Restricted	273,158	436,474	348,628	216,585
Committed	1,303,360	1,122,926	1,082,486	1,076,114
Total all other governmental funds	<u>\$ 1,597,047</u>	<u>\$ 1,581,147</u>	<u>\$ 1,457,128</u>	<u>\$ 1,304,090</u>

Source: City of Marshall Finance Department

Schedule 3
Unaudited

2009	2010	2011	2012	2013	2014
\$ 116,527	\$ 39,487	\$ 38,530	\$ 105,373	\$ 77,186	\$ 33,049
547,464	524,796	560,089	560,089	560,089	735,594
1,261,838	1,315,574	1,653,876	1,705,362	2,192,258	839,801
<u>\$ 1,925,829</u>	<u>\$ 1,879,857</u>	<u>\$ 2,252,495</u>	<u>\$ 2,370,824</u>	<u>\$ 2,829,533</u>	<u>\$ 1,608,444</u>
\$ 24,202	\$ 14,728	\$ 475,731	\$ 487,746	\$ 327,004	\$ 328,494
169,060	1,257,545	559,297	643,073	2,115,425	1,854,039
1,032,080	76,528	212,824	201,989	152,197	265,120
<u>\$ 1,225,342</u>	<u>\$ 1,348,801</u>	<u>\$ 1,247,852</u>	<u>\$ 1,332,808</u>	<u>\$ 2,594,626</u>	<u>\$ 2,447,653</u>

CITY OF MARSHALL, MICHIGAN

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

	2005	2006	2007	2008
Revenues				
Property taxes	\$ 3,439,111	\$ 3,521,909	\$ 3,537,068	\$ 3,457,339
Licenses and permits	64,004	70,485	48,432	45,530
Intergovernmental	1,756,061	2,431,164	1,992,430	1,828,007
Charges for services	245,416	247,093	309,405	340,362
Fines and forfeitures	51,027	48,892	45,622	37,407
Investment earnings	91,487	182,791	261,553	230,538
Other	291,478	765,934	385,879	315,111
Total revenues	5,938,584	7,268,268	6,580,389	6,254,294
Expenditures				
Current expenditures:				
General government	1,753,004	2,066,117	1,622,060	1,658,135
Public safety	2,151,503	2,900,999	2,363,359	2,322,738
Public works	826,714	848,198	887,699	910,778
Highways and streets	294,138	250,564	314,659	549,865
Community development	84,237	85,585	85,999	86,488
Culture and recreation	459,040	455,813	479,857	481,232
Debt service:				
Principal	472,161	557,838	569,227	596,847
Interest and fiscal charges	287,953	239,096	243,062	228,691
Bond issuance costs	107,270	-	-	-
Capital outlay	178,996	279,808	917,498	455,236
Total expenditures	6,615,016	7,684,018	7,483,420	7,290,010
Revenues over (under) expenditures	(676,432)	(415,750)	(903,031)	(1,035,716)
Other financing sources (uses)				
Issuance of bonds	3,390,000	181,422	-	-
Premium on bonds	8,052	-	-	-
Sale of capital assets	5,200	22,000	-	-
Transfers in	754,893	978,282	796,696	838,995
Transfers out	(165,277)	(335,119)	(173,529)	(84,221)
Payment to refunding escrow account	(3,104,226)	-	-	-
Total other financing sources (uses)	888,642	846,585	623,167	754,774
Net change in fund balances	\$ 212,210	\$ 430,835	\$ (279,864)	\$ (280,942)
Debt services as a percentage of noncapital expenditures	15.58%	12.06%	14.12%	13.74%

Source: City of Marshall Finance Department

Schedule 4
Unaudited

2009	2010	2011	2012	2013	2014
\$ 3,512,925	\$ 3,639,562	\$ 3,487,465	\$ 3,400,641	\$ 3,352,166	\$ 3,768,238
34,633	35,117	61,282	41,394	50,050	104,559
1,536,871	1,366,748	1,324,937	1,718,070	1,444,400	1,724,191
320,646	339,129	350,782	387,488	391,519	350,833
50,328	69,736	66,186	113,861	128,788	100,135
113,413	20,180	16,594	32,037	16,883	13,761
657,492	292,871	597,100	346,975	500,974	720,855
<u>6,226,308</u>	<u>5,763,343</u>	<u>5,904,346</u>	<u>6,040,466</u>	<u>5,884,780</u>	<u>6,782,572</u>
1,705,119	1,119,515	869,675	1,222,585	1,972,898	1,699,623
2,241,007	2,445,258	2,560,189	2,504,409	2,552,181	2,575,066
829,809	778,047	868,755	891,416	834,956	829,025
400,635	305,912	227,098	182,133	181,679	283,544
137,716	96,799	106,995	121,126	103,562	99,855
474,752	351,566	480,477	461,359	460,439	463,674
596,746	402,231	417,580	439,073	364,905	355,000
189,560	323,817	146,302	118,213	101,660	122,391
-	-	-	-	58,020	-
507,626	71,039	257,219	335,312	528,865	2,973,015
<u>7,082,970</u>	<u>5,894,184</u>	<u>5,934,290</u>	<u>6,275,626</u>	<u>7,159,165</u>	<u>9,401,193</u>
<u>(856,662)</u>	<u>(130,841)</u>	<u>(29,944)</u>	<u>(235,160)</u>	<u>(1,274,385)</u>	<u>(2,618,621)</u>
-	-	63,825	-	1,825,000	-
-	-	-	-	26,472	-
-	-	-	201,520	-	15,057
1,106,856	413,969	575,216	514,153	1,355,328	1,438,770
(348,253)	(205,641)	(337,408)	(277,228)	(211,888)	(203,268)
-	-	-	-	-	-
<u>758,603</u>	<u>208,328</u>	<u>301,633</u>	<u>438,445</u>	<u>2,994,912</u>	<u>1,250,559</u>
<u>\$ (98,059)</u>	<u>\$ 77,487</u>	<u>\$ 271,689</u>	<u>\$ 203,285</u>	<u>\$ 1,720,527</u>	<u>\$ (1,368,062)</u>
<u>13.58%</u>	<u>14.24%</u>	<u>11.03%</u>	<u>10.35%</u>	<u>8.12%</u>	<u>7.42%</u>

CITY OF MARSHALL, MICHIGAN

Taxable and Estimated Actual Value of Property Last Ten Fiscal Years

As of Dec. 31,	FYE June 30,	Residential		Commercial		Industrial (1)	
		Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value
2012	2014	\$ 126,770,173	\$ 278,727,900	\$ 47,608,965	\$ 112,412,200	\$ 42,502,565	\$ 91,783,800
2011	2013	130,379,679	279,414,900	47,317,444	110,927,484	38,281,232	95,792,472
2010	2012	136,530,496	301,750,600	53,082,869	113,507,598	36,262,417	91,800,800
2009	2011	135,275,254	300,975,500	57,379,499	130,611,800	41,044,660	105,672,800
2008	2010	142,443,237	321,713,012	57,822,583	139,672,008	47,490,702	124,682,400
2007	2009	142,443,237	329,642,392	54,402,936	130,930,646	41,624,506	106,696,472
2006	2008	139,187,928	323,223,156	53,791,912	131,759,600	42,087,661	105,417,000
2005	2007	134,954,070	319,341,200	56,980,547	139,589,800	48,882,855	123,955,000
2004	2006	128,860,671	304,965,140	54,412,699	134,264,686	52,837,180	140,677,200
2003	2005	123,655,459	286,774,800	51,531,841	126,302,600	52,538,384	132,601,200

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

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

Source: City of Marshall Finance Department

Schedule 5
Unaudited

Utility		Total		(2) Total
Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Direct Tax Rate
\$ 2,805,420	\$ 5,662,200	\$ 219,687,123	\$ 488,586,100	19.0862
2,480,653	4,961,306	218,459,008	491,096,162	16.8862
1,941,829	4,061,000	227,817,611	511,119,998	16.8862
2,340,476	4,771,400	236,039,889	542,031,500	16.8862
1,809,064	3,708,400	249,565,586	589,775,820	16.7634
1,663,135	3,419,000	240,133,814	570,688,510	16.7634
1,740,405	3,544,400	236,807,906	563,944,156	16.7634
1,723,389	3,513,400	242,540,861	586,399,400	16.7634
1,771,780	3,612,800	237,882,330	583,519,826	16.7634
1,485,627	3,690,600	229,211,311	549,369,200	16.7634

CITY OF MARSHALL, MICHIGAN

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Fiscal Year Ended June 30,	City Direct Rates				Overlapping Rates			
	City	Leaf, Brush and Trash Pickup	Dial -A Ride	Recreation	Marshall Public Schools	State Education Tax	Calhoun County Intermediate School Dist.	County
2014	17.1629	0.5000	0.4840	0.9393	25.8800	6.0000	6.2057	6.4713
2013	15.4629	-	0.4840	0.9393	25.8800	6.0000	6.2057	6.3713
2012	15.4629	-	0.4840	0.9393	25.8800	6.0000	6.2057	6.3713
2011	15.4629	-	0.4840	0.9393	26.0000	6.0000	6.2057	6.3713
2010	15.4629	-	0.4840	0.8165	23.4500	6.0000	6.2057	6.3713
2009	15.4629	-	0.4840	0.8165	23.4500	6.0000	6.2057	6.3713
2008	15.4629	-	0.4840	0.8165	23.4500	6.0000	6.2057	6.3713
2007	15.4629	-	0.4840	0.8165	23.4500	6.0000	6.2057	6.3713
2006	15.4629	-	0.4840	0.8165	23.5947	6.0000	6.2057	6.3713
2005	15.4629	-	0.4840	0.8165	23.5947	6.0000	6.2057	6.3713

Source: Calhoun County

Overlapping Rates				
Marshall Library	Kellogg Community College	Marshall Ambulance Authority	Total Homestead	Total Non- Homestead
2.0671	3.6136	0.4819	51.8058	69.8058
2.0711	3.7106	0.4831	49.6080	67.6080
2.0711	3.7106	0.4831	49.6080	67.6080
2.0661	3.7106	0.4831	49.7230	67.7230
2.0711	3.7106	0.4925	47.0646	65.0646
2.0711	3.7106	0.4925	47.0646	65.0646
2.0289	3.7106	0.5000	47.0299	65.0299
2.0327	3.7106	0.5000	47.0337	65.0337
2.1227	3.7106	0.5000	47.2684	65.2684
2.1411	3.7106	0.5000	47.2868	65.2868

Principal Property Taxpayers
 Current Year and Nine Years Ago

Taxpayer	2014			2005		
	(1) Taxable Valuation	Rank	% of Total City Taxable Value	(1) Taxable Valuation	Rank	% of Total City Taxable Value
Tenneco	\$ 14,911,800	1	6.79%	\$ 6,935,000	2	2.92%
Consumers Energy	3,452,970	2	1.57%	-	-	-
Auto Cam Corp.	3,247,700	3	1.48%	6,585,600	4	2.77%
Joseph Campbell	2,985,400	4	1.36%	9,525,355	1	4.00%
Borg Warner	2,612,001	5	1.19%	-	-	-
Laurel Realty	2,091,200	6	0.95%	-	-	-
Stelmi America	2,059,600	7	0.94%	-	-	-
Loves Travel Stops	1,300,592	8	0.59%	-	-	-
Walden Pond Inv.	1,295,544	9	0.59%	-	-	-
Orion Properties 16	1,231,107	10	0.56%	-	-	-
Eaton Corporation	-	-	-	6,623,298	3	2.78%
State Farm Insurance	-	-	-	6,451,083	5	2.71%
Lear Technologies	-	-	-	5,892,000	6	2.48%
Marshall Brass Co.	-	-	-	4,411,317	7	1.85%
Marshall Hotels LLC	-	-	-	3,207,437	8	1.35%
Agree Limited (K-Mart)	-	-	-	2,381,937	9	1.00%
Sheridan Apt.	-	-	-	2,095,400	10	0.88%
	<u>\$ 35,187,914</u>		<u>16.02%</u>	<u>\$ 54,108,427</u>		<u>22.75%</u>

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

Source: City of Marshall Finance Department

CITY OF MARSHALL, MICHIGAN

Schedule 8
Unaudited**Property Tax Levies and Collections**

Last Ten Fiscal Years

(1) Fiscal Year Ended June 30,	(2) Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy (3)		Delinquent Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2005	\$ 3,261,572	\$ 3,119,604	95.65%	\$ 12,745	\$ 3,132,349	96.04%
2006	3,345,102	3,205,033	95.81%	19,680	3,224,713	96.40%
2007	3,386,192	3,179,086	93.88%	20,846	3,199,932	94.50%
2008	3,121,156	2,987,801	95.73%	11,027	2,998,828	96.08%
2009	3,121,156	2,987,801	95.73%	17,385	3,005,186	96.28%
2010	4,153,634	3,982,843	95.89%	12,156	3,994,999	96.18%
2011	4,000,490	3,855,905	96.39%	7,536	3,863,441	96.57%
2012	3,864,077	3,702,325	95.81%	1,893	3,704,218	95.86%
2013	3,669,433	3,544,533	96.60%	805	3,545,338	96.62%
2014	3,756,439	3,560,006	94.77%	8,200	3,568,206	94.99%

(1) Property taxes are levied July 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 Calhoun County. Uncollected personal property taxes are collected by the City Treasurer.

(2) Includes Industrial Facility Tax and the Leaf, Brush & Trash collection tax for 2014.

(3) Includes settlement payment from Calhoun County Treasurer's department for purchase of delinquent real property tax roll.

Source: City of Marshall Finance Department

CITY OF MARSHALL, MICHIGAN

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

	2005	2006	2007	2008
Governmental activities				
General obligation bonds	\$ 5,155,242	\$ 4,687,821	\$ 4,248,414	\$ 3,774,985
Installment contracts	811,837	895,421	771,193	639,346
Total governmental activities	5,967,079	5,583,242	5,019,607	4,414,331
Business-type activities				
General obligation bonds	4,553,923	4,258,717	6,707,819	6,438,406
Revenue bonds	4,005,001	3,720,000	1,535,001	1,235,001
Installment contracts	1,173,960	1,123,300	1,084,143	1,040,678
Total business-type activities	9,732,884	9,102,017	9,326,963	8,714,085
Total primary government outstanding debt	\$ 15,699,963	\$ 14,685,259	\$ 14,346,570	\$ 13,128,416
 Ratio of total debt to taxable value	 4.22%	 3.74%	 3.65%	 3.22%
Total population	7,459	7,459	7,459	7,459
Total debt per capita	\$ 2,105	\$ 1,969	\$ 1,923	\$ 1,760
% of personal income	71.29%	66.68%	65.14%	59.61%
Personal income per capita	\$ 22,023	\$ 22,023	\$ 22,023	\$ 22,023

Source: City of Marshall Finance Department; US Census

Details regarding the City's debt can be found in the notes to the financial statements.

Schedule 9
Unaudited

2009	2010	2011	2012	2013	2014
\$ 3,306,566 497,600	\$ 3,033,146 355,369	\$ 2,744,729 146,532	\$ 2,446,310 598,552	\$ 4,060,900 460,920	\$ 3,703,963 350,567
<u>3,804,166</u>	<u>3,388,515</u>	<u>2,891,261</u>	<u>3,044,862</u>	<u>4,521,820</u>	<u>4,054,530</u>
6,030,331 990,001 996,075	6,937,257 740,000 947,070	6,384,181 680,000 720,000	5,796,106 620,000 720,000	9,022,262 555,000 720,000	8,319,470 490,000 -
<u>8,016,407</u>	<u>8,624,327</u>	<u>7,784,181</u>	<u>7,136,106</u>	<u>10,297,262</u>	<u>8,809,470</u>
<u>\$ 11,820,573</u>	<u>\$ 12,012,842</u>	<u>\$ 10,675,442</u>	<u>\$ 10,180,968</u>	<u>\$ 14,819,082</u>	<u>\$ 12,864,000</u>
2.91%	4.81%	4.52%	4.47%	6.78%	5.86%
7,459	7,088	7,088	7,088	7,088	7,088
\$ 1,585	\$ 1,695	\$ 1,506	\$ 1,436	\$ 2,091	\$ 1,815
53.67%	43.32%	38.49%	36.71%	53.43%	46.39%
\$ 22,023	\$ 27,733	\$ 27,733	\$ 27,733	\$ 27,733	\$ 27,733

CITY OF MARSHALL, MICHIGAN

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

Year	Governmental Activities General Obligation Bonds	Business-type Activities General Obligation Bonds	Total	Amounts Available in Debt Service Funds	Net General Bonded Debt Outstanding	% of Total Personal Income
2014	\$ 3,703,963	\$ 8,319,470	\$ 12,023,433	\$ (9,404)	\$ 12,014,029	6.11%
2013	4,060,900	9,022,262	13,083,162	(16,206)	13,066,956	6.65%
2012	2,446,310	5,796,106	8,242,416	(16,259)	8,226,157	4.18%
2011	2,744,729	6,384,181	9,128,910	(16,259)	9,112,651	4.64%
2010	3,033,146	6,937,257	9,970,403	(16,259)	9,954,144	5.06%
2009	3,306,566	6,030,331	9,336,897	(16,287)	9,320,610	5.67%
2008	3,774,985	6,438,406	10,213,391	(16,229)	10,197,162	6.21%
2007	4,248,414	6,707,819	10,956,233	(15,906)	10,940,327	6.66%
2006	4,687,821	4,258,717	8,946,538	(15,376)	8,931,162	5.44%
2005	5,155,242	4,553,923	9,709,165	(15,056)	9,694,109	5.90%

Source: City of Marshall Finance Department

Details regarding the City's debt can be found in the notes to the financial statements.

Schedule 10
Unaudited

% of Actual Taxable Value of Property	Per Capita
5.47%	1,694.98
5.98%	1,843.53
3.61%	1,160.58
3.86%	1,285.64
3.99%	1,404.37
3.88%	1,249.58
4.31%	1,367.10
4.51%	1,466.73
3.75%	1,197.37
4.23%	1,299.65

CITY OF MARSHALL, MICHIGAN

Schedule 11
Unaudited**Computation of Net Direct and Overlapping Governmental Activities Debt**

As of June 30, 2014

		Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
Direct debt				
General obligation bonds		\$ 3,703,963	\$ -	\$ 3,703,963
Installment contracts		350,567	-	350,567
Net direct debt		<u>\$ 4,054,530</u>	<u>\$ -</u>	<u>4,054,530</u>
Overlapping debt				
	City Share of Debt (1)			
Marshall School District	44.46%	\$ 52,485,000		23,334,831
Calhoun County	5.99%	12,364,250		740,619
Marshall District Library	40.98%	360,000		147,528
Kellogg Community College	6.01%	9,725,000		584,473
Net overlapping debt				<u>24,807,450</u>
Net direct and overlapping debt				<u>\$ 28,861,980</u>

Source: Municipal Advisory Council of Michigan

(1) Based on Taxable Value of the City of Marshall (\$219,687,123) compared to Taxable Value of the entire taxing jurisdiction.

Legal Debt Margin
Last Ten Fiscal Years

Legal debt margin calculation for fiscal 2014

Assessed value (including IFT values)	<u>\$ 244,293,050</u>
Debt limit (10% of assessed value)	\$ 24,429,305
Less: net debt applicable to limit	<u>(12,864,000)</u>
Legal debt margin	<u>\$ 11,565,305</u>

Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
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	29,488,791	12,012,842	17,475,949	40.74%
2009	28,534,426	11,870,573	16,663,853	41.60%
2008	28,197,208	13,128,416	15,068,792	46.56%
2007	29,319,970	14,346,560	14,973,410	48.93%
2006	29,175,991	14,685,258	14,490,733	50.33%
2005	27,468,460	15,699,963	11,768,497	57.16%

Source: City of Marshall Finance Department

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30,	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service	Total Debt Service Requirement	Coverage
Water Revenue Bonds (3)					
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
2008	1,489,038	709,796	779,242	64,304	12.12
2007	1,439,211	608,938	830,273	63,957	12.98
2006	1,605,934	760,370	845,564	61,569	13.73
2005	1,567,794	779,281	788,513	64,144	12.29
Wastewater Revenue Bonds (4)					
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
2008	1,353,120	896,492	456,628	204,182	2.24
2007	1,238,268	781,399	456,869	304,799	1.50
2006	1,240,615	768,797	471,818	309,523	1.52
2005	1,197,543	776,740	420,803	314,992	1.34
Electric Revenue Bonds (5)					
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
2008	12,498,722	11,356,382	1,142,340	94,085	12.14
2007	12,682,539	10,905,984	1,776,555	96,285	18.45
2006	12,742,648	11,324,075	1,418,573	93,329	15.20
2005	11,843,941	10,111,421	1,732,520	280,473	6.18

(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; a portion was refunded in 2006; remaining paid in full 2010.

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

Source: City of Marshall Finance Department

CITY OF MARSHALL, MICHIGAN

Schedule 14
Unaudited

Demographic and Economic Statistics

Last Ten Years

Year	Population	(1) Total Personal Income (in thousands)	(2) Per Capita Personal Income	(2) Unemployment Rate
2014	7,088	\$ 196,572	\$ 27,733	7.60%
2013	7,088	196,572	27,733	7.60%
2012	7,088	196,572	27,733	7.90%
2011	7,088	196,572	27,733	9.30%
2010	7,088	196,572	27,733	11.40%
2009	7,459	164,270	22,023	11.50%
2008	7,459	164,270	22,023	7.50%
2007	7,459	164,270	22,023	6.80%
2006	7,459	164,270	22,023	6.90%
2005	7,459	164,270	22,023	6.60%

(1) Data specific for the City is not available; accordingly, amount shown is calculated based on City population and per capita personal income for Zip Code 49068 which includes the City of Marshall.

(2) Data is for Zip Code 49068 (data specific for the City not available).

Sources:

United State Census - American Fact Finder
United States Bureau of Labor Statistics

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CITY OF MARSHALL, MICHIGAN

Schedule 15
Unaudited**Principal Employers**

Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
Oaklawn Hospital	950	1	18.29%	644	1	12.91%
Tenneco	515	2	9.91%	427	5	8.56%
Marshall Schools	275	3	5.29%	185	6	3.71%
Eaton Auto.	230	4	4.43%	467	4	9.36%
Tendercare	120	5	2.31%	*		
Progressive Dynamics	90	6	1.73%	104	9	2.09%
City of Marshall	82	7	1.58%	*		
Auto Cam Corp.	75	8	1.44%	99	10	1.99%
Tribal Manuf.	75	9	1.44%	*		
Marshall Excelsior	65	10	1.25%	*		
State Farm Insurance	-	-	-	569	2	11.41%
Lear Corporation	-	-	-	530	3	10.63%
Joseph Campbell	-	-	-	167	7	3.35%
Marshall Brass Co.	-	-	-	160	8	3.21%
	<u>2,477</u>		<u>47.68%</u>	<u>3,352</u>		<u>67.21%</u>
Estimated total city employment	<u>5,195</u>			<u>4,987</u>		

* Not available.

Source: City of Marshall Finance Dept

CITY OF MARSHALL, MICHIGAN

■ Full-Time Equivalent Governmental Employees by Function/Program Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of June 30				
	2005	2006	2007	2008	2009
General government	10.0	10.0	10.0	9.0	8.0
Community & economic development	3.0	3.0	2.50	2.0	2.0
Public safety (police & fire)	27.5	27.5	26.0	24.0	22.0
Transportation	5.0	5.0	4.50	4.0	3.5
Public Works					
Streets & roads	9.3	9.3	8.0	7.5	7.0
Electric	11.3	11.3	12.0	14.0	17.0
Wastewater	6.0	6.0	6.5	7.0	7.0
Water	6.6	6.6	6.5	6.5	6.5
Parks and recreation	4.0	4.0	4.0	4.0	4.0
Total	82.7	82.7	80.0	78.0	77.0

Source: City of Marshall Human Resources Department

Schedule 16
Unaudited

Full-Time Equivalent Employees as of June 30				
2010	2011	2012	2013	2014
7.5	7.4	7.1	6.7	10.0
1.6	1.6	1.6	1.1	1.2
21.0	21.0	22.0	21.0	21.0
3.1	3.1	3.1	3.0	3.0
6.8	6.7	6.7	6.4	9.0
19.3	19.3	19.4	21.7	20.7
7.3	7.3	6.2	7.3	7.3
6.5	6.6	6.6	6.6	6.6
4.0	3.0	3.0	3.0	3.3
<u>77.0</u>	<u>75.9</u>	<u>75.8</u>	<u>76.8</u>	<u>82.1</u>

CITY OF MARSHALL, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008
Election data (even election years)				
registered voters	-	5,551	-	5,673
Voters (at the polls or absentee) [November elections]	-	2,741	-	3,575
Percent participating		49.4%		63.0%
Police				
Traffic citations	*	*	*	*
Arrests	586	601	630	815
Crime rate (U.S. avg 297.7)	233.6	203.7	271.8	241.0
Calls for service	10,553	10,440	10,212	12,671
Community & economic development				
Building inspections performed	712	664	459	370
Building permits issued	75	75	75	77
Dollar value of building permits issued (1)	\$ 500,000	\$ 500,000	\$ 500,000	\$ 663,000
Public services				
Energy billed (kwh)	122,088,840	116,474,094	118,761,214	113,950,367
Water pumped (gallons)	535,861,504	484,753,408	479,567,208	437,412,252
Water treated (gallons)	515,380,000	522,916,000	548,150,000	653,850,000
Expenditures on major street const. & preserv.	n/a	\$ 168,426	\$ 162,794	\$ 78,676
Expenditures on local street const. & preserv.	n/a	\$ 166,904	\$ 214,208	\$ 174,500
Recreation				
Programs Offered	63	75	73	87
Youth Participation in Rec. Activity	6,757	6,559	3,845	2,887
Adult Participation in Rec. Activity	2,941	3,027	2,329	3,823
Senior Participation in Rec. Activity	4,939	5,085	4,248	1,951
Family Participatioin in Rec. Activity	707	1,243	1,189	1,679

(1) = 2005 and 2006 are estimated

* switch to consolidated dispatch

Source: City of Marshall Finance Department

Schedule 17
Unaudited



2009	2010	2011	2012	2013	2014
-	5,303	-	5,460	-	5,452
-	2,502	-	3,444	-	
	47.2%		63.1%		0.0%
*	*	1,478	2,254	614	614
696	745	835	959	*	*
241.0	160.0	170.2	136.1	136.1	136.1
10,802	5,256	6,438	5,189	4,886	4,886
473	454	398	456	1,188	207
63	83	79	80	121	118
\$ 1,922,000	\$ 3,050,000	\$ 1,836,000	\$ 435,000	\$ 4,644,157	\$ 18,765,867
103,128,220	107,889,673	110,017,513	108,939,712	101,795,036	106,021,809
360,434,816	338,743,821	288,841,299	311,443,072	292,166,800	290,089,956
587,790,000	837,180,000	549,780,000	489,780,000	488,730,000	517,870,000
\$ 175,160	\$ 75,014	\$ 58,725	\$ 51,193	\$ 267,549	\$ 311,912
\$ 151,680	\$ 87,153	\$ 184,809	\$ 259,242	\$ 260,954	\$ 673,732
71	80	61	56	55	63
3,567	3,529	2,372	2,380	2,521	1,833
1,865	2,038	2,204	1,850	1,895	1,811
2,802	3,529	1,321	127	50	55
1,058	559	1,704	1,705	1,504	1,645

Capital Asset Statistics by Function/Program
Last Fiscal Year

Function/Program	2014*
Police	
Police department building	1
Vehicle patrol units	7
Fire	
Number of stations serving City	1
Fire units serving City:	
Fire engines	1
Ladder trucks	1
Rescue vehicles	1
Brush trucks	1
Boats	1
Public works	
City streets:	
Miles of major streets	14.38
Miles of local streets	25.70
Miles of trunkline	16.00
Miles of sidewalks	34.00
Number of street lights	1,375
Sewer:	
Miles of sanitary mains	49.4
Miles of storm sewers	38.1
Treatment capacity	2.62/mgd
Water:	
Miles of water mains	59.1
Number of fire hydrants	496
Treatment capacity	3.86/mgd
Parks and recreation	
Parks:	
City	6
Skate	1
Park acreage	235.0
Play structures	2
Pavilions	4

* This is the first 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