

**CITY OF MARSHALL  
CALHOUN COUNTY, MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2017**



# **CITY OF MARSHALL, MICHIGAN**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2017

Prepared by: Finance Department

### **Finance Director**

Jon Bartlett

### **Treasurer**

William Dopp

### **Staff**

Julie Cain-Derouin, Assessor

Kate Chism, Utility Billing

*Position Currently Open*, Receptionist / Cashier

Cassandra Heitfeld, Payroll / Accounting Clerk

Christy Ramey, Purchasing Agent

Cindy Tanner, Accountant

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## **INTRODUCTORY SECTION**



December 4, 2017

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

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Gabridge & Company, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Marshall’s financial statements for the year ending June 30, 2017. The independent auditor’s report is located at the front of the financial section of this report.

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

### **Profile of the Government**

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

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

The City of Marshall provides a full range of services, including police and fire protection; snow and leaf removal; traffic control; on- and off-street parking; building inspections; licenses and permits; the construction and maintenance of streets, and other infrastructure; recreational and cultural activities; Federal subsidized housing; and transit services. The City of Marshall is a public power community, providing electric, water, and wastewater services to the City and

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surrounding townships. On March 20, 2017, Council approved the construction of a high-speed fiber-optic utility for Marshall City residents.

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

### **Local Economy**

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

Because of its varied economic base, unemployment has been relatively stable except during the three years between 2009 and 2011. During the past ten years, the unemployment rate rose from an initial low of 6.9 percent (2004) to a decade high of 11.4 percent in the year 2009. The City of Marshall continues to experience unemployment rates slightly higher than state and national averages. According to Homefacts.com, the City of Marshall's unemployment rate was 4.8% compared to 4.1% nationally and 4.2% for the State of Michigan.

According to Homefacts.com, the City's median family income was \$44,635, compared to the national average of \$53,657. The City's population remains steady at 7,094. Despite the softening of the housing market, housing values in the vicinity of the City of Marshall continue to remain strong due to a short supply of houses for sale. The median value of an owner-occupied home in the City of Marshall was \$108,000, as compared to \$101,000 for Calhoun County overall and \$138,000 for the State of Michigan.

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

Over the past year, the City experienced a comfortable period of economic growth and investment. Currently there are three downtown rehabilitation projects converting obsolete or underutilized building into mixed use commercial and residential housing.

During the past ten years, the government's expenditures related to public safety have increased not only in amount, but also as a percentage of total expenditures in the General Fund, currently at 42.8%. 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.



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

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

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

As previously mentioned, the City of Marshall has undergone a recent period of comfortable growth and expansion, as reflected by an increase in residential building permits being issued for single and multi-unit families. New residential development in and around the downtown area has been positive, with new commercial and rental units being constructed and/or approved.

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

The City of Marshall operates a senior residence facility called Marshall House. The facility receives rent subsidies through the U.S. Department of Housing and Urban Development to offset reduced rents for qualified residents. In 2015, Marshall House conducted a Rent Comparability Study that was approved by the Department of Housing and Urban Development (HUD) that will ensure the viability of Marshall House for the near term future. The facility is presently in the process of installing two new elevators at the facility with completion expected December 2017.

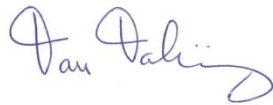
The City of Marshall maintains a six-year Capital Improvement Program which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. This process gives the City of Marshall the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with the City's capital projects and budgets resources accordingly. The City of Marshall maintains a vehicle replacement policy which serves as its fleet replacement guide over a ten-year period. In the fiscal year ending June 30, 2016, the City completed construction of the Marshall Regional Law Enforcement Center (MRLEC) at a cost of \$11.8 million. 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. The fiscal year 2017-2018 Capital Improvement Program anticipates \$5.64 million in capital projects for vehicle replacement, equipment maintenance, and infrastructure upgrades.

**Relevant financial policies**

The City of Marshall has adopted a comprehensive set of financial policies. The Marshall City Council reviewed and adopted new financial policies in February 2016. These policies include the Investment Policy, Fund Balance Reserves Policy, Debt Management Policy and the Capital Improvement Program Policy. In addition, City administration has recently adopted a new City 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 of Marshall. We wish to thank all departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Marshall's finances.

Respectfully submitted,



Tom Tarkiewicz, City Manager



Jon B. Bartlett, Finance Director

# **CITY OF MARSHALL, MICHIGAN**

## **ELECTED AND APPOINTED OFFICIALS**

FOR THE YEAR ENDED JUNE 30, 2017

### **Elected Officials**

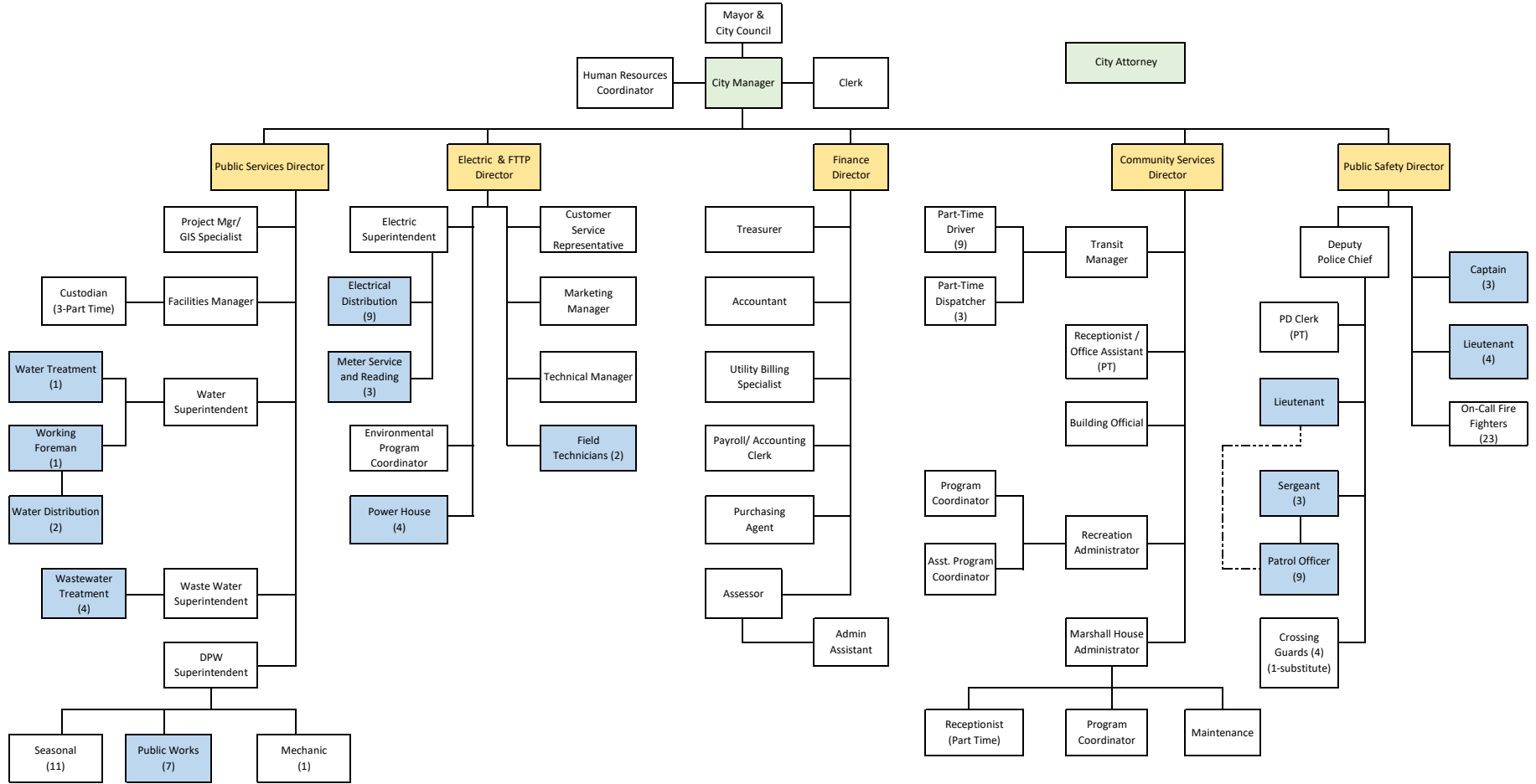
Jack Reed	Mayor
Kari Schurig	Ward 1 Councilmember
Nick Metzger	Ward 2 Councilmember
Brent Williams	Ward 3 Councilmember
Michael McNeil	Ward 4 Councilmember
Robert Costa	Ward 5 Councilmember
Joe Caron	At-Large Councilmember

### **Appointed Officials**

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

# City of Marshall - Organization Chart

Revised 11/28/17





Government Finance Officers Association

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

Presented to

**City of Marshall  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

*Christopher P. Morrill*

Executive Director/CEO

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Commission  
City of Marshall, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Michigan, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Marshall, Michigan's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Michigan, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

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

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



States of America. In our opinion, the combining and individual nonmajor fund financial statements, along with the Dial-A-Ride transportation fund transit schedules, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017, on our consideration of the City of Marshall, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marshall, Michigan's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Galbridge & Company". The signature is written in dark ink and is positioned above the typed name and date.

Grand Rapids, Michigan  
December 4, 2017

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

## Management's Discussion and Analysis

As management for the City of Marshall, Michigan (the "City" or "government"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

### Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$33,122,886 (net position).
- The government's total net position decreased by \$2,211,517.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,954,955, an increase of \$465,587. Approximately 19 percent of this total amount, or \$928,304, 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 \$928,304, or 14% of total general fund expenditures.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The City maintains eleven 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 and building authority funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

## Government-wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,122,886 at the close of the most recent fiscal year. The following chart illustrates the composition of net position:

**City of Marshall**  
**Statement of Net Position as of June 30, 2017 and June 30, 2016**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 2,416,272	\$ 1,559,595	\$ 4,994,127	\$ 1,235,633	\$ 7,410,399	\$ 2,795,228
Investments	2,050,302	3,845,262	1,249,158	1,994,898	3,299,460	5,840,160
Accounts Receivable	86,000	94,870	769,097	699,163	855,097	794,033
Due from Other Governments	123,823	125,309	17,808	2,984	141,631	128,293
Inventories and Prepays	157,865	138,577	865,201	897,060	1,023,066	1,035,637
<b>Total Current Assets</b>	<b>4,834,262</b>	<b>5,763,613</b>	<b>7,895,391</b>	<b>4,829,738</b>	<b>12,729,653</b>	<b>10,593,351</b>
<i>Noncurrent Assets</i>						
Restricted Cash and Cash Equivalents	-	-	770,975	844,514	770,975	844,514
Capital Assets not being Depreciated	2,861,954	3,004,378	476,872	1,536,930	3,338,826	4,541,308
Capital Assets being Depreciated	28,472,938	29,000,463	20,003,459	17,362,082	48,476,397	46,362,545
Special Assessments Receivable	-	-	107,572	-	107,572	-
Investment in MSCPA	-	-	4,629,106	5,191,808	4,629,106	5,191,808
<b>Total Assets</b>	<b>36,169,154</b>	<b>37,768,454</b>	<b>33,883,375</b>	<b>29,765,072</b>	<b>70,052,529</b>	<b>67,533,526</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension	927,343	1,725,303	817,313	1,520,606	1,744,656	3,245,909
Deferred Charge on Refunding	38,604	50,588	116,505	27,271	155,109	77,859
<b>Total Deferred Outflows of Resources</b>	<b>965,947</b>	<b>1,775,891</b>	<b>933,818</b>	<b>1,547,877</b>	<b>1,899,765</b>	<b>3,323,768</b>
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts Payable	182,104	402,419	1,288,602	1,579,426	1,470,706	1,981,845
Accrued Payroll	69,228	64,100	58,582	44,243	127,810	108,343
Accrued Interest	62,731	72,163	89,901	62,805	152,632	134,968
Current Portion of Compensated Absences	60,973	69,730	57,098	53,320	118,071	123,050
Current Portion of Long-term Debt	647,120	731,433	943,456	793,456	1,590,576	1,524,889
Unearned Revenue	47,805	31,040	9,500	-	57,305	31,040
<b>Total Current Liabilities</b>	<b>1,069,961</b>	<b>1,370,885</b>	<b>2,447,139</b>	<b>2,533,250</b>	<b>3,517,100</b>	<b>3,904,135</b>
<i>Noncurrent Liabilities</i>						
Net Other Post-employment Benefit Obligation	1,937,238	1,484,014	2,057,067	1,575,808	3,994,305	3,059,822
Net Pension Liability	6,963,725	7,174,285	6,137,518	6,323,101	13,101,243	13,497,386
Compensated Absences	234,645	209,189	171,293	159,953	405,938	369,142
Long-term Debt	7,339,798	7,985,757	9,326,651	6,685,796	16,666,449	14,671,553
Advance from Other Funds	(1,000,000)	-	1,000,000	-	-	-
Advance from Component Unit	-	-	1,000,000	-	1,000,000	-
<b>Total Liabilities</b>	<b>16,545,367</b>	<b>18,224,130</b>	<b>22,139,668</b>	<b>17,277,908</b>	<b>38,685,035</b>	<b>35,502,038</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension	76,738	11,084	67,635	9,769	144,373	20,853
<b>Total Deferred Inflows of Resources</b>	<b>76,738</b>	<b>11,084</b>	<b>67,635</b>	<b>9,769</b>	<b>144,373</b>	<b>20,853</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	23,386,578	23,338,239	10,180,090	11,447,031	33,566,668	34,785,270
Restricted	2,415,504	2,292,920	770,975	844,514	3,186,479	3,137,434
Unrestricted	(5,289,086)	(4,322,028)	1,658,825	1,733,727	(3,630,261)	(2,588,301)
<b>Total Net Position</b>	<b>\$ 20,512,996</b>	<b>\$ 21,309,131</b>	<b>\$ 12,609,890</b>	<b>\$ 14,025,272</b>	<b>\$ 33,122,886</b>	<b>\$ 35,334,403</b>

By far the largest portion of the City's net position \$33,566,668 reflects its investment in capital assets (such as land, buildings, vehicles, equipment, systems and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide

services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$3,186,479, or 10%), represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit unrestricted net position of (\$3,630,261).

The government's net position decreased by \$2,211,517 during the current fiscal year as compared to a decrease of \$7,139,495 for the prior year. The reasons for this overall decrease, as well as the reasons for significant changes in the City's assets and liabilities, are discussed in the following sections for governmental activities and business-type activities.

**City of Marshall**  
**Change in Net Position for Fiscal Years Ended June 30, 2017 and June 30, 2016**

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
<b>Revenue</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 1,233,088	\$ 1,056,917	\$ 16,359,103	\$ 15,388,650	\$ 17,592,191	\$ 16,445,567
Operating Grants and Contributions	1,700,557	1,360,797	736,165	602,441	2,436,722	1,963,238
Capital Grants and Contributions	-	861,121	51,702	171,581	51,702	1,032,702
<b>Total Program Revenues</b>	<u>2,933,645</u>	<u>3,278,835</u>	<u>17,146,970</u>	<u>16,162,672</u>	<u>20,080,615</u>	<u>19,441,507</u>
<b>General Revenues</b>						
Property Taxes	3,814,806	3,713,910	102,840	93,691	3,917,646	3,807,601
Intergovernmental	678,605	647,700	-	-	678,605	647,700
Investment Earnings	40,139	19,200	32,943	26,379	73,082	45,579
Transfers	2,124,207	1,284,794	(2,124,207)	(1,284,794)	-	-
<b>Total General Revenues</b>	<u>6,657,757</u>	<u>5,665,604</u>	<u>(1,988,424)</u>	<u>(1,164,724)</u>	<u>4,669,333</u>	<u>4,500,880</u>
<b>Total Revenues</b>	<u>9,591,402</u>	<u>8,944,439</u>	<u>15,158,546</u>	<u>14,997,948</u>	<u>24,749,948</u>	<u>23,942,387</u>
<b>Expenses</b>						
General Government	2,888,618	2,375,248	-	-	2,888,618	2,375,248
Public Safety	4,178,752	3,608,123	-	-	4,178,752	3,608,123
Public Works	2,360,788	2,145,946	-	-	2,360,788	2,145,946
Recreation and Culture	577,100	599,585	-	-	577,100	599,585
Community Development	116,746	146,387	-	-	116,746	146,387
Interest on Long-term Debt	265,533	296,478	-	-	265,533	296,478
Electric	-	-	12,221,708	17,440,376	12,221,708	17,440,376
Wastewater	-	-	1,689,523	1,760,453	1,689,523	1,760,453
Water	-	-	1,467,345	1,549,304	1,467,345	1,549,304
DART	-	-	494,707	533,012	494,707	533,012
Marshall House	-	-	564,916	626,970	564,916	626,970
Fiber to the Premise	-	-	135,729	-	135,729	-
<b>Total Expenses</b>	<u>10,387,537</u>	<u>9,171,767</u>	<u>16,573,928</u>	<u>21,910,115</u>	<u>26,961,465</u>	<u>31,081,882</u>
<b>Change in Net Position</b>	(796,135)	(227,328)	(1,415,382)	(6,912,167)	(2,211,517)	(7,139,495)
<i>Net Position at the Beginning of Period</i>	21,309,131	21,536,459	14,025,272	20,937,439	35,334,403	42,473,898
<b>Net Position at the End of Period</b>	<u>\$ 20,512,996</u>	<u>\$ 21,309,131</u>	<u>\$ 12,609,890</u>	<u>\$ 14,025,272</u>	<u>\$ 33,122,886</u>	<u>\$ 35,334,403</u>

**Governmental activities.** Governmental activities decreased the City's net position by (\$796,135), as compared to a prior year decrease of (\$227,328), resulting from the following significant items:

- Property taxes increased from the previous year from \$3,713,910 to \$3,814,806. The City expects property tax revenues to remain at similar levels for the upcoming fiscal year.

- Capital grants and contributions for the Marshall Regional Law Enforcement Center were \$861,121 during 2016, but there were no related revenues for the current year. This decrease is attributable to the completion of the Law Enforcement Center that opened on October 1, 2015.
- Public safety expenses increased by \$570,629 and general government expenses increased by \$513,370 in comparison to the prior year, which were the most significant increases in governmental expenses. These increases were due mostly to the Regional Law Enforcement Center operation.
- Transfers in from proprietary funds increased by \$839,413 in comparison to the prior year, providing additional revenues for the governmental activities of the City.

**Business-type activities.** Business-type activities decreased the City's net position by (\$1,415,382) as compared to a decrease of (\$6,912,167) the prior year. The significant changes amongst the enterprise funds are discussed in the proprietary funds paragraphs in the following section.

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

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

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

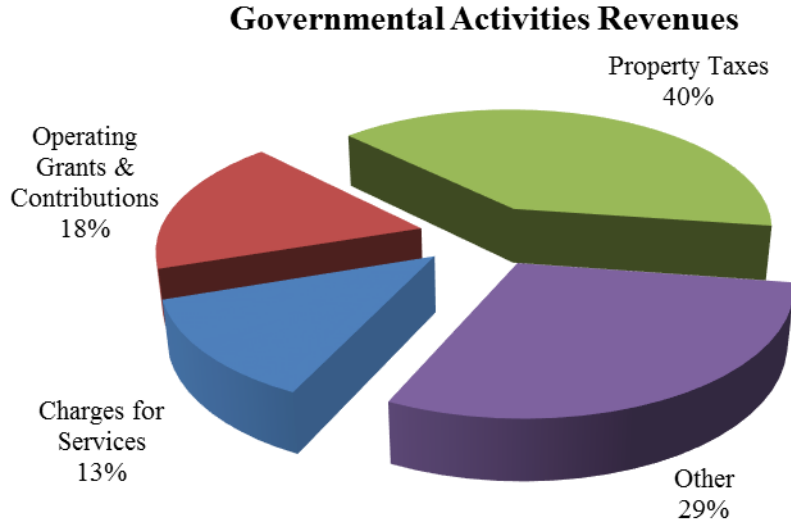
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,954,955, an increase of \$465,587 in comparison with the prior year. Approximately 19% of this total amount, or \$928,304, constitutes unassigned fund balance, which is available for 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 \$928,304, while the total fund balance was \$2,200,392. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 14 percent of total general fund expenditures, while total fund balance represents approximately 33 percent of that same amount.

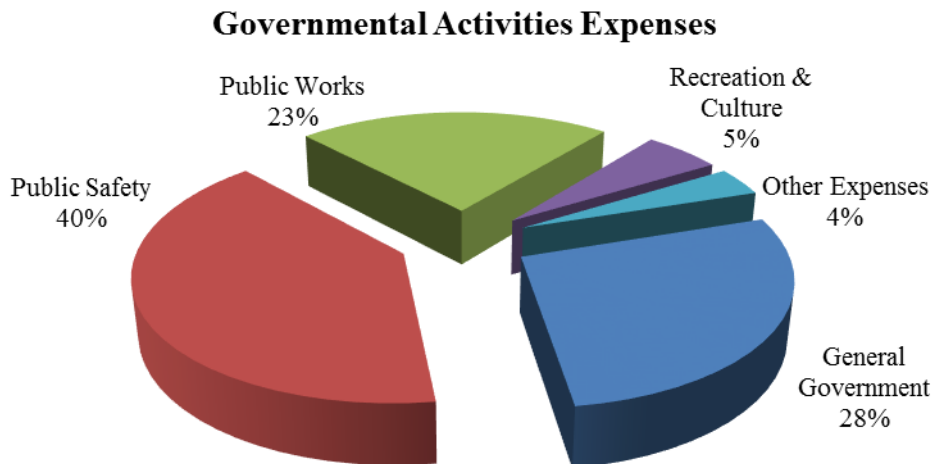
The City has seen a slight increase in taxable valuation in spite of the implementation of a new state-wide small personal property exemption that was instituted in 2014.



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



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



**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 \$1,450,205. The fund had a decrease in net position for the year of (\$1,378,733) as compared to a decrease of (\$6,739,102) in the prior year. The primary reason for the decrease in the prior year was due to a write-off of \$5,286,069 in the electric fund’s investment in Michigan South Central Power Agency (MSCPA). This write-off is due to MSCPA’s decision to close its coal fired Endicott Generating Station in Litchfield Michigan, due to industry changes and new environmental regulations. In the current year, revenues for charges for services and expenses for purchased power increased by \$516,260 and \$566,144, respectively, offsetting for a small impact on the change to net position.

The wastewater fund reported unrestricted net position at the end of the year of \$296,697. For the year, the fund had a decrease in net position of (\$172,177) as compared to a decrease of (\$271,093) in the prior year. Operating expenses decreased in the current year, while charges for services increased by \$200,908, resulting in a smaller decrease in net position.

The water fund reported negative unrestricted net position at the end of the year of (\$168,278). For the year the fund had an increase in net position of \$23,678 as compared to a decrease of (\$49,435) in the prior year. Similar to the other proprietary funds, the reason for this increase was an increase in revenues for charges for services.

The City established a new fund, fiber to the premise. This fund currently has no revenue but had expenses of \$134,852. In future years, the City plans to charge operating revenues similar to the other proprietary funds to fund its operating expenses.

**General Fund Budgetary Highlights**

*Original budget compared to final budget.* At years end, budget amendments were made to either increase or decrease various budgeted line-items from their original adopted amounts.

*Final budget compared to actual results.* The most significant differences between the amended budgeted expenditures and actual expenditures were as follows, all exceptions are below the State of Michigan’s threshold to be considered major:

<b>General Fund</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance</b>
City Manager	\$ 191,672	\$ 192,861	\$ (1,189)
City Attorney	55,000	65,165	(10,165)
Clerk	100,250	103,535	(3,285)
Cemetery	180,804	180,996	(192)
Fire	985,491	986,336	(845)
Debt Service	81,344	127,824	(46,480)

## 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, 2017 amounted to \$51,815,223 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, system, vehicles, equipment, and infrastructure. Net capital assets for governmental activities decreased (2%), and for business-type activities increased by 8%. Overall, total net capital assets for the City increased by 2%.

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,559,160	\$ 2,559,160	\$ 269,663	\$ 269,563	\$ 2,828,823	\$ 2,828,723
Construction in Progress	302,795	32,993	207,210	1,267,367	510,005	1,300,360
Land Improvements	923,970	1,132,273	669,194	588,380	1,593,164	1,720,653
Buildings	16,538,836	17,134,836	1,917,752	2,113,544	18,456,588	19,248,380
Vehicles	12,455	8,613	191,663	237,067	204,118	245,680
Equipment	209,892	256,127	2,791,844	2,936,476	3,001,736	3,192,603
Infrastructure	8,227,076	8,298,187	14,433,005	11,486,614	22,660,081	19,784,801
Data Processing	63,735	84,980	-	-	63,735	84,980
Motor Pool	2,496,973	2,497,672	-	-	2,496,973	2,497,672
<b>Total Capital Assets</b>	<b>\$ 31,334,892</b>	<b>\$ 32,004,841</b>	<b>\$ 20,480,331</b>	<b>\$ 18,899,012</b>	<b>\$ 51,815,223</b>	<b>\$ 50,903,853</b>

Significant capital asset additions during the year include the following:

- Brewer Street Substation \$3,417,847
- Marshall House Parking Lot \$106,905
- North Drive & Monroe Street \$158,988

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

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$17,105,000. All of which is comprised of debt backed by the full faith and credit of the City.

### General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 7,465,000	\$ 8,030,000	\$ 9,640,000	\$ 6,795,000	\$ 17,105,000	\$ 14,825,000
Revenue Bonds	-	-	-	345,000	-	345,000
<b>Total Bonded Debt</b>	<b>\$ 7,465,000</b>	<b>\$ 8,030,000</b>	<b>\$ 9,640,000</b>	<b>\$ 7,140,000</b>	<b>\$ 17,105,000</b>	<b>\$ 15,170,000</b>

The City issued one bond during the year for two purposes; funding a new substation and refunding multiple other bonds. The total bond issuance was \$6,850,000.

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

<u>Bonded Debt</u>	<u>Rating</u>
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 \$25,831,809 which is significantly less than the amount of issued general obligation debt as of year-end.

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

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

Management has determined that it must develop a much longer budget model. In the past, a two-year budget model was developed and adopted. Management has determined that using this two-year budget model does not adequately show sustainability in future years, therefore in July 2016 management began developing a 5-6 year budget model using numerous parameters. The City continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In FY2018, the City plans again to use current revenues to provide essential services and to maintain the City’s financial reserves at levels in line with financial policies. The ongoing costs of providing essential services for the citizens of the City continue to grow while revenues remain flat.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**City of Marshall**  
**Statement of Net Position**  
**June 30, 2017**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 2,416,272	\$ 4,994,127	\$ 7,410,399	\$ 317,947
Investments	2,050,302	1,249,158	3,299,460	484,417
Accounts Receivable	86,000	769,097	855,097	5,117
Due from Other Governments	123,823	17,808	141,631	--
Inventories	79,729	835,462	915,191	--
Prepays	78,136	29,739	107,875	--
<b>Total Current Assets</b>	<b>4,834,262</b>	<b>7,895,391</b>	<b>12,729,653</b>	<b>807,481</b>
<i>Noncurrent Assets</i>				
Restricted Cash and Cash Equivalents	--	770,975	770,975	1,979
Capital Assets not being Depreciated	2,861,954	476,872	3,338,826	500,000
Capital Assets being Depreciated	28,472,938	20,003,459	48,476,397	--
Special Assessments Receivable	--	107,572	107,572	--
Investment in MSCPA	--	4,629,106	4,629,106	--
Advance to Primary Government	--	--	--	1,000,000
<b>Total Assets</b>	<b>36,169,154</b>	<b>33,883,375</b>	<b>70,052,529</b>	<b>2,309,460</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	38,604	116,505	155,109	--
Pension	927,343	817,313	1,744,656	1,746
<b>Total Deferred Outflows of Resources</b>	<b>965,947</b>	<b>933,818</b>	<b>1,899,765</b>	<b>1,746</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	182,104	1,288,602	1,470,706	55,812
Accrued Payroll	69,228	58,582	127,810	638
Accrued Interest	62,731	89,901	152,632	3,414
Current Portion of Compensated Absences	60,973	57,098	118,071	--
Current Portion of Long-term Debt	647,120	943,456	1,590,576	145,000
Unearned Revenue	47,805	9,500	57,305	1,790
<b>Total Current Liabilities</b>	<b>1,069,961</b>	<b>2,447,139</b>	<b>3,517,100</b>	<b>206,654</b>
<i>Noncurrent Liabilities</i>				
Net Other Post-employment Benefit Obligation	1,937,238	2,057,067	3,994,305	--
Net Pension Liability	6,963,725	6,137,518	13,101,243	13,114
Compensated Absences	234,645	171,293	405,938	--
Long-term Debt	7,339,798	9,326,651	16,666,449	180,000
Advance from Other Funds	(1,000,000)	1,000,000	--	--
Advance from Component Unit	--	1,000,000	1,000,000	--
<b>Total Liabilities</b>	<b>16,545,367</b>	<b>22,139,668</b>	<b>38,685,035</b>	<b>399,768</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	76,738	67,635	144,373	145
<b>Total Deferred Inflows of Resources</b>	<b>76,738</b>	<b>67,635</b>	<b>144,373</b>	<b>145</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	23,386,578	10,180,090	33,566,668	500,000
<i>Restricted for:</i>				
Highways and Streets	1,447,775	--	1,447,775	--
Drug Law Enforcement	16,764	--	16,764	--
Cemetery Operations	254,393	--	254,393	--
Capital Projects	56,474	--	56,474	--
Leaf, Brush and Trash Removal	102	--	102	--
Debt Service	318,145	770,975	1,089,120	1,979
Cemetery Perpetual Care	321,851	--	321,851	--
<i>Unrestricted</i>	(5,289,086)	1,658,825	(3,630,261)	1,409,314
<b>Total Net Position</b>	<b>\$ 20,512,996</b>	<b>\$ 12,609,890</b>	<b>\$ 33,122,886</b>	<b>\$ 1,911,293</b>

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

**City of Marshall**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
General Government	\$ 2,888,618	\$ 617,103	\$ 168,221	\$ --	\$ (2,103,294)	\$ --	\$ (2,103,294)	\$ --
Public Safety	4,178,752	287,850	14,472	--	(3,876,430)	--	(3,876,430)	--
Public Works	2,360,788	128,518	722,732	--	(1,509,538)	--	(1,509,538)	--
Community Development	116,746	14,373	544,474	--	442,101	--	442,101	--
Recreation and Culture	577,100	185,244	250,658	--	(141,198)	--	(141,198)	--
Interest on Long-term Debt	265,533	--	--	--	(265,533)	--	(265,533)	--
<i>Total Governmental Activities</i>	<u>10,387,537</u>	<u>1,233,088</u>	<u>1,700,557</u>	<u>--</u>	<u>(7,453,892)</u>	<u>--</u>	<u>(7,453,892)</u>	<u>--</u>
<b>Business-type Activities:</b>								
Marshall House	564,916	398,768	439,866	40,000	--	313,718	313,718	--
Electric Fund	12,221,708	12,421,717	--	--	--	200,009	200,009	--
DART	494,707	59,097	286,768	11,702	--	(137,140)	(137,140)	--
Wastewater	1,689,523	1,734,039	--	--	--	44,516	44,516	--
Water	1,467,345	1,745,482	9,531	--	--	287,668	287,668	--
Fiber to the Premise	135,729	--	--	--	--	(135,729)	(135,729)	--
<i>Total Business-type Activities</i>	<u>16,573,928</u>	<u>16,359,103</u>	<u>736,165</u>	<u>51,702</u>	<u>--</u>	<u>573,042</u>	<u>573,042</u>	<u>--</u>
<i>Total Primary Government</i>	<u>\$ 26,961,465</u>	<u>\$ 17,592,191</u>	<u>\$ 2,436,722</u>	<u>\$ 51,702</u>	<u>\$ (7,453,892)</u>	<u>\$ 573,042</u>	<u>\$ (6,880,850)</u>	<u>--</u>
<b>Component Units</b>								
Component Units	\$ 461,721	\$ --	\$ 69,473	\$ --	--	--	--	(392,248)
<i>Total Component Units</i>	<u>\$ 461,721</u>	<u>\$ --</u>	<u>\$ 69,473</u>	<u>\$ --</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(392,248)</u>
<b>General Purpose Revenues and Transfers:</b>								
<b>Revenues</b>								
Property Taxes					3,814,806	102,840	3,917,646	571,722
Investment Earnings					40,139	32,943	73,022	15,744
Intergovernmental					678,605	--	678,605	--
<b>Transfers</b>					2,124,207	(2,124,207)	--	--
<i>Total General Revenues and Transfers</i>					<u>6,657,757</u>	<u>(1,988,424)</u>	<u>4,669,333</u>	<u>587,466</u>
<i>Change in Net Position</i>					<u>(796,135)</u>	<u>(1,415,382)</u>	<u>(2,211,517)</u>	<u>195,218</u>
<i>Net Position at Beginning of Period</i>					21,309,131	14,025,272	35,334,403	1,716,075
<i>Net Position at End of Period</i>					<u>\$ 20,512,996</u>	<u>\$ 12,609,890</u>	<u>\$ 33,122,886</u>	<u>\$ 1,911,293</u>

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

**City of Marshall  
Balance Sheet  
Governmental Funds  
June 30, 2017**

	<u>Debt Service</u>			
	<u>General</u>	<u>Building Authority</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,016,805	\$ 318,145	\$ 791,018	\$ 2,125,968
Investments	225,027	--	1,504,996	1,730,023
Accounts Receivable	84,265	--	325	84,590
Due from Other Governments	--	--	123,823	123,823
Inventories	25,699	--	54,030	79,729
Prepays	61,899	--	557	62,456
Advance to Other Funds	1,000,000	--	--	1,000,000
<b><i>Total Assets</i></b>	<b><u>\$ 2,413,695</u></b>	<b><u>\$ 318,145</u></b>	<b><u>\$ 2,474,749</u></b>	<b><u>\$ 5,206,589</u></b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 98,859	\$ --	\$ 37,065	\$ 135,924
Accrued Payroll	66,639	--	1,266	67,905
Unearned Revenue	47,805	--	--	47,805
<b><i>Total Liabilities</i></b>	<b><u>213,303</u></b>	<b><u>--</u></b>	<b><u>38,331</u></b>	<b><u>251,634</u></b>
<b>FUND BALANCE</b>				
Nonspendable	1,087,598	--	376,438	1,464,036
Restricted	--	318,145	1,720,921	2,039,066
Committed	184,490	--	339,059	523,549
Unassigned	928,304	--	--	928,304
<b><i>Total Fund Balance</i></b>	<b><u>2,200,392</u></b>	<b><u>318,145</u></b>	<b><u>2,436,418</u></b>	<b><u>4,954,955</u></b>
<b><i>Total Liabilities and Fund Balance</i></b>	<b><u>\$ 2,413,695</u></b>	<b><u>\$ 318,145</u></b>	<b><u>\$ 2,474,749</u></b>	<b><u>\$ 5,206,589</u></b>

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



**City of Marshall**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2017**

Total Fund Balance - Governmental Funds	\$	4,954,955
Net position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.		2,919,355
In the statement of activities, interest is accrued on long-term debt, whereas in governmental funds, the interest expenditure is reported when due.		(62,731)
General government capital assets of \$45,592,864, net of accumulated depreciation of \$16,818,680, are not financial resources, and accordingly are not reported in the funds.		28,774,184
Compensated absences are not due in and payable in the current period and, therefore, are not reported in the funds.		(293,727)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		( 7,986,918 )
Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(1,894,898)
Net pension liabilities are not reported in the funds.		(6,761,763)
Unamortized deferred loss on refunding.		38,604
Certain deferred pension-related amounts are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.		825,935
<b>Total Net Position - Governmental Funds</b>	<b>\$</b>	<b><u>20,512,996</u></b>

**City of Marshall**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	<u>General</u>	<u>Debt Service</u> <u>Building Authority</u>	<u>Other</u> <u>Governmental Funds</u>	<u>Total</u> <u>Governmental Funds</u>
<b>Revenues</b>				
Property Taxes	\$ 3,721,119	\$ --	\$ 93,687	\$ 3,814,806
Licenses and Permits	154,236	--	--	154,236
Intergovernmental	853,140	--	1,248,017	2,101,157
Charges for Services	366,360	--	231,987	598,347
Fines and Forfeitures	65,213	--	1,350	66,563
Other	399,527	--	292,420	691,947
Investment Earnings	24,055	--	14,467	38,522
<b>Total Revenues</b>	<b>5,583,650</b>	<b>--</b>	<b>1,881,928</b>	<b>7,465,578</b>
<b>Expenditures</b>				
General Government	1,905,397	--	591,145	2,496,542
Public Safety	2,878,022	--	333,172	3,211,194
Public Works	1,129,933	--	351,728	1,481,661
Community Development	104,064	--	--	104,064
Recreation and Culture	469,366	--	--	469,366
Capital Outlay	34,031	--	511,217	545,248
Debt Service - Principal	111,185	1,865,000	100,000	2,076,185
Debt Service - Interest	16,639	201,050	33,213	250,902
Debt Service - Bond Issuance Costs	--	32,782	--	32,782
<b>Total Current Expenditures</b>	<b>6,648,637</b>	<b>2,098,832</b>	<b>1,920,475</b>	<b>10,667,944</b>
<b>Excess of Revenues Over</b> <b>(Under) Expenditures</b>	<b>(1,064,987)</b>	<b>(2,098,832)</b>	<b>(38,547)</b>	<b>(3,202,366)</b>
<b>Other Financing Sources (Uses)</b>				
Capital Projects Bonds Issued	45,000	1,425,000	--	1,470,000
Premium on Bonds Issued	1,350	17,782	--	19,132
Transfers In	1,735,219	973,195	298,695	3,007,109
Transfers Out	(585,467)	--	(242,821)	(828,288)
<b>Net Other Financing Sources (Uses)</b>	<b>1,196,102</b>	<b>2,415,977</b>	<b>55,874</b>	<b>3,667,953</b>
<b>Net Change in Fund Balance</b>	<b>131,115</b>	<b>317,145</b>	<b>17,327</b>	<b>465,587</b>
<i>Fund Balance at Beginning of Period</i>	<i>2,069,277</i>	<i>1,000</i>	<i>2,419,091</i>	<i>4,489,368</i>
<b>Fund Balance at End of Period</b>	<b>\$ 2,200,392</b>	<b>\$ 318,145</b>	<b>\$ 2,436,418</b>	<b>\$ 4,954,955</b>

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

**City of Marshall**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended June 30, 2017**

Total Net Change in Fund Balances - Governmental Funds	\$ 465,587
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements.	(125,203)
Proceeds from the capital project bonds are reported as revenue in the fund statements, but reported as liabilities in the statement of net position.	(1,470,000)
Governmental fund report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$545,248 is exceeded by depreciation expense of \$1,193,253.	(648,005)
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.	7,116
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.	(16,284)
Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements.	2,076,185
In the statement of activities, an expense is recorded for other post-employment benefits (OPEB) to adjust net OPEB obligation to the actuarial determined amount less any contributions to fund the obligation. This is the difference between the prior year and the current year net OPEB obligation.	(443,318)
The change in net pension liability amounts does require the use of current resources and is not reported in the governmental funds.	(634,116)
Net amortization of premiums and loss on refunding of bonds.	(8,097)
<b>Changes in Net Position - Governmental Funds</b>	<b>\$ <u>(796,135)</u></b>

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

**City of Marshall  
Statement of Net Position  
Proprietary Funds  
June 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>						<b>Governmental Activities Internal Service Funds</b>
	<b>Electric Fund</b>	<b>Wastewater</b>	<b>Water</b>	<b>Fiber to the Premise</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>ASSETS</b>							
<i>Current Assets</i>							
Cash and Cash Equivalents	\$ 1,082,390	\$ 304,381	\$ 245,666	\$ 2,324,171	\$ 1,037,519	\$ 4,994,127	\$ 290,304
Investments	5,912	550,303	639,627	--	53,316	1,249,158	320,279
Accounts Receivable	480,833	146,858	137,798	--	3,608	769,097	1,410
Due from Other Governments	--	--	--	--	17,808	17,808	--
Inventories	758,324	12,883	64,255	--	--	835,462	--
Prepays	13,885	4,378	6,452	225	4,799	29,739	15,680
<b>Total Current Assets</b>	<b>2,341,344</b>	<b>1,018,803</b>	<b>1,093,798</b>	<b>2,324,396</b>	<b>1,117,050</b>	<b>7,895,391</b>	<b>627,673</b>
<i>Noncurrent Assets</i>							
Restricted Cash and Cash Equivalents	479,030	48,100	243,845	--	--	770,975	--
Capital Assets not being Depreciated	112,844	19,439	137,380	146,189	61,020	476,872	--
Capital Assets being Depreciated	7,316,465	4,870,638	7,025,867	--	790,489	20,003,459	2,560,708
Special Assessments Receivable	107,572	--	--	--	--	107,572	--
Investment in MSCPA	4,629,106	--	--	--	--	4,629,106	--
Advance to Other Funds	--	500,000	--	--	--	500,000	--
<b>Total Assets</b>	<b>14,986,361</b>	<b>6,456,980</b>	<b>8,500,890</b>	<b>2,470,585</b>	<b>1,968,559</b>	<b>34,383,375</b>	<b>3,188,381</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Charge on Refunding	55,472	19,430	41,603	--	--	116,505	--
Pension	466,464	143,728	133,424	--	73,697	817,313	26,896
<b>Total Deferred Outflows of Resources</b>	<b>521,936</b>	<b>163,158</b>	<b>175,027</b>	<b>--</b>	<b>73,697</b>	<b>933,818</b>	<b>26,896</b>
<b>LIABILITIES</b>							
<i>Current Liabilities</i>							
Accounts Payable	1,013,316	16,679	18,554	87,287	152,766	1,288,602	46,180
Accrued Payroll	31,192	9,060	8,350	3,761	6,219	58,582	1,323
Accrued Interest	32,980	17,943	26,478	12,500	--	89,901	--
Current Portion of Compensated Absences	36,910	10,217	8,790	472	709	57,098	473
Current Portion of Long-term Debt	255,000	258,656	429,800	--	--	943,456	--
Unearned Revenue	--	--	--	--	9,500	9,500	--
<b>Total Current Liabilities</b>	<b>1,369,398</b>	<b>312,555</b>	<b>491,972</b>	<b>104,020</b>	<b>169,194</b>	<b>2,447,139</b>	<b>47,976</b>
<i>Noncurrent Liabilities</i>							
Net Other Post-employment Benefit Obligation	1,327,707	190,528	293,981	--	244,851	2,057,067	42,340
Net Pension Liability	3,502,844	1,079,312	1,001,937	--	553,425	6,137,518	201,962
Compensated Absences	110,731	30,651	26,369	1,417	2,125	171,293	1,418
Long-term Debt	4,064,841	2,533,051	2,728,759	--	--	9,326,651	--
Advance from Other Funds	--	--	--	1,500,000	--	1,500,000	--
Advance from Component Unit	--	--	--	1,000,000	--	1,000,000	--
<b>Total Liabilities</b>	<b>10,375,521</b>	<b>4,146,097</b>	<b>4,543,018</b>	<b>2,605,437</b>	<b>969,595</b>	<b>22,639,668</b>	<b>293,696</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Pension	38,601	11,894	11,041	--	6,099	67,635	2,226
<b>Total Deferred Inflows of Resources</b>	<b>38,601</b>	<b>11,894</b>	<b>11,041</b>	<b>--</b>	<b>6,099</b>	<b>67,635</b>	<b>2,226</b>
<b>NET POSITION</b>							
Net Investment in Capital Assets	3,164,940	2,117,350	4,046,291	--	851,509	10,180,090	2,560,708
<i>Restricted for:</i>							
Debt Service	479,030	48,100	243,845	--	--	770,975	--
<i>Unrestricted</i>	1,450,205	296,697	(168,278)	(134,852)	215,053	1,658,825	358,647
<b>Total Net Position</b>	<b>\$ 5,094,175</b>	<b>\$ 2,462,147</b>	<b>\$ 4,121,858</b>	<b>\$ (134,852)</b>	<b>\$ 1,066,562</b>	<b>\$ 12,609,890</b>	<b>\$ 2,919,355</b>

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

**City of Marshall**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds						Governmental
	Electric Fund	Wastewater	Water	Fiber to the Premise	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Operating Revenues</b>							
Charges for Services	\$ 12,300,923	\$ 1,718,950	\$ 1,740,665	\$ --	\$ 412,945	\$ 16,173,483	\$ 739,831
Other	113,628	15,089	4,432	--	44,920	178,069	1,371
<b>Total Operating Revenues</b>	<u>12,414,551</u>	<u>1,734,039</u>	<u>1,745,097</u>	<u>--</u>	<u>457,865</u>	<u>16,351,552</u>	<u>741,202</u>
<b>Operating Expenses</b>							
Personnel Services	2,683,930	751,525	738,580	39,927	611,631	4,825,593	112,319
Material and Supplies	183,208	115,247	41,138	2,392	53,846	395,831	170,361
Purchased Power	7,372,248	128,822	34,365	--	99,187	7,634,622	23,297
Contractual	342,179	79,393	27,394	62,808	50,795	562,569	70,201
Insurance	39,644	21,480	11,810	--	17,135	90,069	59,076
Maintenance	215,976	49,561	82,932	326	79,147	427,942	94,008
Administration	4,507	382	452	17,776	--	23,117	--
Other Expense	344,913	45,809	66,952	--	51,793	509,467	5,703
Depreciation	298,745	420,326	345,108	--	96,089	1,160,268	290,237
<b>Total Operating Expenses</b>	<u>11,541,197</u>	<u>1,612,545</u>	<u>1,348,731</u>	<u>123,229</u>	<u>1,059,623</u>	<u>15,685,325</u>	<u>825,202</u>
<b>Operating Income (Loss)</b>	<u>873,354</u>	<u>121,494</u>	<u>396,366</u>	<u>(123,229)</u>	<u>(601,758)</u>	<u>666,227</u>	<u>(84,000)</u>
<b>Non-Operating Revenues (Expenses)</b>							
Property Taxes	--	--	--	--	102,840	102,840	--
Intergovernmental	--	--	9,531	--	778,336	787,867	--
Investment Earnings	20,687	10,488	6,439	877	1,943	40,434	3,193
Gain (Loss) on Sale of Capital Assets	--	--	--	--	--	--	11,376
Change in Investment in MSCPA	(562,702)	--	--	--	--	(562,702)	--
Interest Expense	(117,809)	(76,978)	(118,614)	(12,500)	--	(325,901)	(1,158)
<b>Net Non-Operating Revenues (Expenses)</b>	<u>(659,764)</u>	<u>(66,490)</u>	<u>(102,644)</u>	<u>(11,623)</u>	<u>883,119</u>	<u>42,958</u>	<u>13,411</u>
<b>Income Before Contributions and Transfers</b>	<u>213,590</u>	<u>55,004</u>	<u>293,722</u>	<u>(134,852)</u>	<u>281,361</u>	<u>708,825</u>	<u>(70,589)</u>
Transfers In	--	--	--	--	72,613	72,613	--
Transfers Out	(1,592,323)	(227,181)	(270,044)	--	(107,272)	(2,196,820)	(54,614)
<b>Change In Net Position</b>	<u>(1,378,733)</u>	<u>(172,177)</u>	<u>23,678</u>	<u>(134,852)</u>	<u>246,702</u>	<u>(1,415,382)</u>	<u>(125,203)</u>
<i>Net Position at Beginning of Period</i>	6,472,908	2,634,324	4,098,180	--	819,860	14,025,272	3,044,558
<b>Net Position at End of Period</b>	<u>\$ 5,094,175</u>	<u>\$ 2,462,147</u>	<u>\$ 4,121,858</u>	<u>\$ (134,852)</u>	<u>\$ 1,066,562</u>	<u>\$ 12,609,890</u>	<u>\$ 2,919,355</u>

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

**City of Marshall**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>						<b>Governmental Activities Internal Service Funds</b>
	<b>Electric Fund</b>	<b>Wastewater</b>	<b>Water</b>	<b>Fiber to the Premise</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>Cash Flows from Operating Activities</b>							
Receipts from Customers and Other	\$ 12,323,786	\$ 1,683,414	\$ 1,710,936	\$ -	\$ 465,409	\$ 16,183,545	\$ 739,792
Payments to Suppliers	(8,837,647)	(492,658)	(281,116)	3,760	(350,766)	(9,958,427)	(425,772)
Payments to Employees	(2,023,461)	(605,714)	(571,312)	(34,277)	(504,537)	(3,739,301)	(82,757)
<i>Net Cash from (used in) Operating Activities</i>	<u>1,462,678</u>	<u>585,042</u>	<u>858,508</u>	<u>(30,517)</u>	<u>(389,894)</u>	<u>2,485,817</u>	<u>231,263</u>
<b>Cash Flows from Noncapital and Related Financing Activities</b>							
Intergovernmental Subsidies	-	-	9,531	-	723,512	733,043	-
Property Taxes	-	-	-	-	102,840	102,840	-
Changes in Advances	-	(500,000)	-	2,500,000	-	2,000,000	-
Transfers In (Out)	(1,592,323)	(227,181)	(270,044)	-	(34,659)	(531,884)	(54,614)
<i>Net Cash from (used in) Capital and Related Financing Activities</i>	<u>(1,592,323)</u>	<u>(727,181)</u>	<u>(260,513)</u>	<u>2,500,000</u>	<u>791,693</u>	<u>2,303,999</u>	<u>(54,614)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>							
Purchase of Capital Assets	(2,373,527)	(48,699)	(8,501)	(146,189)	(164,672)	(2,741,588)	(269,428)
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	11,376
Principal and Interest Paid on Capital Debt	3,297,968	(334,775)	(560,377)	-	-	2,402,816	(121,358)
Capital Grants and Contributions	-	-	-	-	40,000	40,000	-
<i>Net Cash from (used in) Capital and Related Financing Activities</i>	<u>924,441</u>	<u>(383,474)</u>	<u>(568,878)</u>	<u>(146,189)</u>	<u>(124,672)</u>	<u>(298,772)</u>	<u>(379,410)</u>
<b>Cash Flows from Investing Activities</b>							
Interest Received on Investments	20,747	10,488	6,439	877	1,943	40,494	2,115
Sale (Purchase) of Investment Securities	20,925	652,456	1,730	-	70,629	745,740	303,389
<i>Net Cash from Investing Activities</i>	<u>41,672</u>	<u>662,944</u>	<u>8,169</u>	<u>877</u>	<u>72,572</u>	<u>786,234</u>	<u>305,504</u>
<i>Net Increase in Cash and Cash Equivalents</i>	836,468	137,331	37,286	2,324,171	349,699	3,684,955	102,743
<i>Cash and Cash Equivalents Beginning of Period</i>	724,952	215,150	452,225	-	687,820	2,080,147	187,561
<i>Cash and Cash Equivalents End of Period</i>	<u>\$ 1,561,420</u>	<u>\$ 352,481</u>	<u>\$ 489,511</u>	<u>\$ 2,324,171</u>	<u>\$ 1,037,519</u>	<u>\$ 5,765,102</u>	<u>\$ 290,304</u>
<b>Reconciliation to Statement of Net Position</b>							
Cash and Cash Equivalents	\$ 1,082,390	\$ 304,381	\$ 245,666	\$ 2,324,171	\$ 1,037,519	\$ 4,994,127	\$ 290,304
Restricted Cash and Cash Equivalents	479,030	48,100	243,845	-	-	770,975	-
<i>Total</i>	<u>\$ 1,561,420</u>	<u>\$ 352,481</u>	<u>\$ 489,511</u>	<u>\$ 2,324,171</u>	<u>\$ 1,037,519</u>	<u>\$ 5,765,102</u>	<u>\$ 290,304</u>

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

**City of Marshall  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>						<b>Governmental Activities Internal Service Funds</b>
	<b>Electric Fund</b>	<b>Wastewater</b>	<b>Water</b>	<b>Fiber to the Premise</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>							
<b>Operating Income (Loss)</b>	\$ 873,354	\$ 121,494	\$ 396,366	\$ (123,229)	\$ (601,758)	\$ 666,227	\$ (84,000)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</b>							
<b>Cash from Operating Activities:</b>							
Depreciation	298,745	420,326	345,108	-	96,089	1,160,268	290,237
<b>Changes in Assets and Liabilities:</b>							
Receivables	(90,765)	(50,625)	(34,161)	-	(1,956)	(177,507)	(1,410)
Inventories	23,634	5,624	5,957	-	-	35,215	-
Prepays	(1,314)	(536)	(1,595)	(225)	314	(3,356)	(3,727)
Accounts Payable	(301,445)	(57,052)	(20,435)	87,287	823	(290,822)	601
Accrued Payroll	7,993	912	1,684	3,761	(11)	14,339	303
Compensated Absences	13,357	(894)	2,845	1,889	(2,079)	15,118	415
Unearned Revenue	-	-	-	-	9,500	9,500	-
Net Pension Liability	328,496	101,219	93,961	-	51,900	575,576	18,938
Net Other Post-employment Benefits	310,623	44,574	68,778	-	57,284	481,259	9,906
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,462,678</b>	<b>\$ 585,042</b>	<b>\$ 858,508</b>	<b>\$ (30,517)</b>	<b>\$ (389,894)</b>	<b>\$ 2,485,817</b>	<b>\$ 231,263</b>
<b>Noncash Item</b>							
Change in Investment in MSCPA	\$ 562,702	\$ -	\$ -	\$ -	\$ -	\$ 562,702	\$ -

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

**City of Marshall**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 51,559
Accounts Receivable	158,569
<i>Total Assets</i>	210,128
<b>LIABILITIES</b>	
Undistributed Receipts	210,128
<i>Total Liabilities</i>	\$ 210,128

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



**City of Marshall**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2017**

	<u>LDFA</u>	<u>EDC</u>	<u>DDA</u>	<u>Total Component Units</u>
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 250,660	\$ 9,774	\$ 57,513	\$ 317,947
Investments	454,770	--	29,647	484,417
Accounts Receivable	5,000	--	117	5,117
<b>Total Current Assets</b>	<u>710,430</u>	<u>9,774</u>	<u>87,277</u>	<u>807,481</u>
<i>Noncurrent Assets</i>				
Restricted Cash and Cash Equivalents	295	--	1,684	1,979
Capital Assets not being Depreciated	500,000	--	--	500,000
Advance to Primary Government	1,000,000	--	--	1,000,000
<b>Total Assets</b>	<u>2,210,725</u>	<u>9,774</u>	<u>88,961</u>	<u>2,309,460</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	--	--	1,746	1,746
<b>Total Deferred Outflows of Resources</b>	<u>--</u>	<u>--</u>	<u>1,746</u>	<u>1,746</u>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	31,198	--	24,614	55,812
Accrued Payroll	--	--	638	638
Accrued Interest	2,835	--	579	3,414
Current Portion of Long-term Debt	90,000	--	55,000	145,000
Unearned Revenue	--	--	1,790	1,790
<b>Total Current Liabilities</b>	<u>124,033</u>	<u>--</u>	<u>82,621</u>	<u>206,654</u>
<i>Noncurrent Liabilities</i>				
Net Pension Liability	--	--	13,114	13,114
Long-term Debt	180,000	--	--	180,000
<b>Total Liabilities</b>	<u>304,033</u>	<u>--</u>	<u>95,735</u>	<u>399,768</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	--	--	145	145
<b>Total Deferred Inflows of Resources</b>	<u>--</u>	<u>--</u>	<u>145</u>	<u>145</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	500,000	--	--	500,000
<i>Debt Service</i>	295	--	1,684	1,979
<i>Unrestricted</i>	1,406,397	9,774	(6,857)	1,409,314
<b>Total Net Position</b>	<u>\$ 1,906,692</u>	<u>\$ 9,774</u>	<u>\$ (5,173)</u>	<u>\$ 1,911,293</u>

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

**City of Marshall**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2017**

	<u>L DFA</u>	<u>EDC</u>	<u>DDA</u>	<u>Total Component Units</u>
<b>Expenses</b>				
Community Development	\$ 311,547	\$ --	\$ 127,835	\$ 439,382
Debt Service - Interest	13,939	--	8,400	22,339
<b>Total Expenses</b>	<u>325,486</u>	<u>--</u>	<u>136,235</u>	<u>461,721</u>
<b>Program Revenues</b>				
Operating Grants and Contributions	--	--	69,473	69,473
<b>Total Program Revenues</b>	<u>--</u>	<u>--</u>	<u>69,473</u>	<u>69,473</u>
<b>Net Program Revenues (Expenses)</b>	<u>(325,486)</u>	<u>--</u>	<u>(66,762)</u>	<u>(392,248)</u>
<b>General Revenue</b>				
Property Taxes	443,693	--	128,029	571,722
Investment Earnings	15,388	--	356	15,744
<b>Total General Revenues</b>	<u>459,081</u>	<u>--</u>	<u>128,385</u>	<u>587,466</u>
<b>Change in Net Position</b>	<b>133,595</b>	<b>--</b>	<b>61,623</b>	<b>195,218</b>
<i>Net Position at Beginning of Period</i>	1,773,097	9,774	(66,796)	1,716,075
<b>Net Position at End of Period</b>	<u>\$ 1,906,692</u>	<u>\$ 9,774</u>	<u>\$ (5,173)</u>	<u>\$ 1,911,293</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

# City of Marshall

## Notes to the Financial Statements

### Note 1 - Summary of Significant Accounting Policies

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

#### *Reporting Entity*

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

<u>Component Unit</u>	<u>Included in the Reporting Entity because:</u>
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 (LDFFA); enhances and expands industrial development to eliminate the conditions of joblessness and underemployment.	City Council appoints and may remove LDFFA Board, and approves LDFFA budget
Economic Development Corporation (EDC); promotes economic development in the community.	City Council appoints and may remove EDC Board, and approves EDC budget

## City of Marshall

### Notes to the Financial Statements

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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.

#### ***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 ***building authority fund*** accounts for the for the revenues and expenditures related to the bonds financed through the Building Authority Fund.

## City of Marshall

### Notes to the Financial Statements

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The City reports the following major enterprise funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

### Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured

## City of Marshall

### Notes to the Financial Statements

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such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses are not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

## City of Marshall

### Notes to the Financial Statements

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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.

### **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 and Prepaid Items***

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



# City of Marshall

## Notes to the Financial Statements

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

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

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

### ***Capital Assets***

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

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

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

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

<b>Type</b>	<b>Years</b>
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 two items that qualify for reporting in this category, the deferred charge on refunding and pension

## City of Marshall

### Notes to the Financial Statements

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related deferred outflows. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The government-wide statements and proprietary funds also report pension-related deferred outflows from the difference between projected and actual investment earnings of the pension plan, changes in assumptions, and City contributions made after the measurement date of the net pension liability.

#### ***Compensated Absences***

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

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

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue / reduction of expense) until that time. The City only has one item that qualifies for reporting in this category, pension related deferred inflows. The government-wide statements and proprietary funds report deferred inflows from the difference between expected and actual experience of the pension plan.

## City of Marshall

### Notes to the Financial Statements

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

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

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

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

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

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

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

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

# City of Marshall

## Notes to the Financial Statements

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

*Unassigned fund balance* is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the City Council. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City Council has adopted a fund balance reserve policy to provide a general framework for setting unassigned fund balance. The ratios vary depending on the fund, ranging from 18-25 percent of the annual operating expenditures or 1.2 debt service ratio. If the unassigned fund 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, 2017, total fund balance of the general fund met the minimum percentage requirement.

### *Use of Estimates*

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

**City of Marshall**

Notes to the Financial Statements

**Note 2 - Statutory Compliance**

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

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

During the year ended June 30, 2017, the City incurred the following significant expenditures in excess of the amounts appropriated at the legal level of budgetary control:

<b>General Fund</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance</b>
City Manager	\$ 191,672	\$ 192,861	\$ (1,189)
City Attorney	55,000	65,165	(10,165)
Clerk	100,250	103,535	(3,285)
Cemetery	180,804	180,996	(192)
Fire	985,491	986,336	(845)
Debt Service	81,344	127,824	(46,480)
<b>Nonmajor Governmental Funds</b>			
MRLEC	319,635	332,013	(12,378)

**Note 3 - Unrestricted Net Position Deficit**

At June 30, 2017, the City had the following deficit unrestricted net positions:

	<b>Unrestricted Net Position</b>
<b>Governmental Activities</b>	\$ (5,289,086)
<b>Component Units</b>	
DDA	(6,857)
<b>Business-type</b>	
Water	(168,278)
Fiber to the Permise	(134,852)
DART	(220,120)

# City of Marshall

## Notes to the Financial Statements

### Note 4 - Cash and Investments

Following is a reconciliation of deposit and investment balances as of June 30, 2017:

	<u>Primary</u>	<u>Component</u>	<u>Totals</u>
<b>Statement of Net Position</b>			
Cash and Cash Equivalents	\$ 7,410,399	\$ 317,947	\$ 7,728,346
Investments	3,299,460	484,417	3,783,877
Restricted Cash and Equivalents	770,975	1,979	772,954
<b>Statement of Fiduciary Net Position</b>			
Cash and Cash Equivalents	51,559	-	51,559
<b>Total</b>	<u>\$ 11,532,393</u>	<u>\$ 804,343</u>	<u>\$ 12,336,736</u>
<b>Deposits and Investments</b>			
Bank deposits (checking, savings, and certificates of deposit)			\$ 10,323,617
Investments			2,011,819
Cash on hand			1,300
<b>Total</b>			<u>\$ 12,336,736</u>

**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, 2017, \$8,146,392 of the City's total bank balance of \$9,146,733 was exposed to custodial credit risk as it was uninsured and uncollateralized.

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

**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, 2016.

**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.

## City of Marshall

### Notes to the Financial Statements

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**Custodial Credit Risk - Investments.** The City's investments as of June 30, 2017 were as follows:

<u>Deposit/Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
MBIA Investment Fund	n/a	\$ 2,011,819	S&P - AAAM

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

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

The City has the following recurring fair value measurements as of June 30, 2017:

- All Investments for the MBIA Investment fund, with a balance of \$2,011,819 at June 30, 2017, which are valued using significant other observable inputs (level 2 inputs).

The City directly held certificates of deposit totaling \$1,772,058 which were included as investments on the financial statements. However, the certificates of deposit were included in the bank deposit section of this footnote disclosure as they were held directly by the City.

# City of Marshall

## Notes to the Financial Statements

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

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

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

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

The City accounts for its investment in the MSCPA as a joint venture in accordance with generally accepted accounting standards. Information presented below is taken from financial statements of the MSCPA for the year ended June 30, 2017, which was audited by other auditors whose report dated August 21, 2017 expressed an unmodified opinion on those financial statements. A copy of these financial statements can be obtained by addressing request to Michigan South Central Power Agency, 720 Herring Rd., Litchfield, MI 49252.



# City of Marshall

## Notes to the Financial Statements

Summary information of the City's equity interest in the MSCPA as of June 30, 2017 is as follows:

	<u>MSCPA</u>
<b>Assets</b>	
Current	\$ 22,859,533
Noncurrent	12,137,940
Capital Assets, Net	<u>22,156,300</u>
<b>Total Assets</b>	<u>57,153,773</u>
<b>Deferred Outflow of Resources</b>	<u>1,150,848</u>
<b>Liabilities</b>	
Current	7,626,725
Long-term	<u>14,183,722</u>
<b>Total Liabilities</b>	<u>21,810,447</u>
<b>Deferred Inflows of Resources</b>	<u>15,070,562</u>
<b>Net Position</b>	<u>\$ 21,423,612</u>
Revenues	\$ 46,570,736
Expenses	<u>44,177,174</u>
Operating Income	2,393,562
Nonoperating Expenses	(4,839,180)
Capital Contributions	<u>112,526</u>
<b>Change in Net Position</b>	<u>(2,333,092)</u>
Net Position, Beginning of the Year	<u>23,756,704</u>
<b>Net Position, End of the Year</b>	<u>\$ 21,423,612</u>
<b>Marshall's Share (21.61%)</b>	<u>\$ 4,629,106</u>

# City of Marshall

## Notes to the Financial Statements

### Note 6 - Capital Assets

Capital asset activity for the governmental activities of the primary government for the year ended June 30, 2017 was as follows:

Governmental Activities	June 30, 2016	Additions	Reductions	Transfers from CIP	June 30, 2017
<b>Capital assets not being depreciated</b>					
Land	\$ 2,559,160	\$ -	\$ -	\$ -	\$ 2,559,160
Construction in process	32,993	302,794	-	(32,992)	302,794
<b>Total Capital Assets not Being Depreciated</b>	<b>2,592,153</b>	<b>302,794</b>	<b>-</b>	<b>(32,992)</b>	<b>2,861,954</b>
<b>Capital Assets Being Depreciated</b>					
Land Improvements	5,696,892	-	89,576	-	5,607,316
Buildings	23,582,010	-	7,800	-	23,574,210
Vehicles	40,196	5,629	5,218	-	40,607
Equipment	874,972	-	42,570	-	832,402
Infrastructure	12,423,883	236,825	17,325	32,992	12,676,375
<b>Total Capital Assets Being Depreciated</b>	<b>42,617,953</b>	<b>242,454</b>	<b>162,490</b>	<b>32,992</b>	<b>42,730,909</b>
<b>Less Accumulated Depreciation</b>					
Land Improvements	4,564,619	208,303	89,576	-	4,683,346
Buildings	6,447,174	596,000	7,800	-	7,035,374
Vehicles	31,583	1,788	5,219	-	28,152
Equipment	618,845	46,235	42,570	-	622,510
Infrastructure	4,125,696	340,927	17,325	-	4,449,298
<b>Total Accumulated Depreciation</b>	<b>15,787,917</b>	<b>1,193,253</b>	<b>162,490</b>	<b>-</b>	<b>16,818,680</b>
<b>Total Net Capital Assets Being Depreciated</b>	<b>26,830,036</b>	<b>(950,799)</b>	<b>-</b>	<b>32,992</b>	<b>25,912,229</b>
<b>Internal Service Funds</b>					
Data Processing	84,980	(21,245)	-	-	63,735
Motor Pool	2,497,672	411,526	412,225	-	2,496,973
<b>Total Internal Service Funds</b>	<b>2,582,652</b>	<b>390,281</b>	<b>412,225</b>	<b>-</b>	<b>2,560,708</b>
<b>Total Capital Assets - Governmental Activities</b>	<b>\$ 32,004,841</b>	<b>\$ (257,724)</b>	<b>\$ 412,225</b>	<b>\$ -</b>	<b>\$ 31,334,892</b>

The City has entered into an operating lease for a portion of the Marshall Regional Law Enforcement Center (MRLEC). The cost of the MRLEC was \$11,091,797 and depreciation expense was \$316,908, for a total of Accumulated Depreciation of \$316,908.

# City of Marshall

## Notes to the Financial Statements

Capital asset activity for the business-type activities of the primary government for the year ended June 30, 2017 was as follows:

<b>Business-type Activities</b>	<b>June 30, 2016</b>	<b>Additions</b>	<b>Reductions</b>	<b>Transfers from Construction in Progress</b>	<b>June 30, 2017</b>
<b>Capital assets not being depreciated</b>					
Land	\$ 269,563	\$ 100	\$ -	\$ -	\$ 269,663
Construction in process	1,267,367	190,010	-	(1,250,167)	207,209
<b>Total Capital Assets not Being Depreciated</b>	<b>1,536,930</b>	<b>190,110</b>	<b>-</b>	<b>(1,250,167)</b>	<b>476,872</b>
<b>Capital Assets Being Depreciated</b>					
Land Improvements	787,030	106,905	-	-	893,935
Buildings	7,832,938	23,189	82,959	-	7,773,167
Vehicles	1,006,607	-	80,319	-	926,288
Equipment	13,408,566	65,385	476,119	-	12,997,830
Infrastructure	24,315,096	2,355,998	6,760	1,250,167	27,914,501
<b>Total Capital Assets Being Depreciated</b>	<b>47,350,237</b>	<b>2,551,476</b>	<b>646,157</b>	<b>1,250,167</b>	<b>50,505,722</b>
<b>Less Accumulated Depreciation</b>					
Land Improvements	198,650	26,091	-	-	224,741
Buildings	5,719,393	218,981	82,959	-	5,855,415
Vehicles	769,540	45,404	80,319	-	734,625
Equipment	10,472,090	210,016	476,119	-	10,205,987
Infrastructure	12,828,479	659,776	6,760	-	13,481,495
<b>Total Accumulated Depreciation</b>	<b>29,988,152</b>	<b>1,160,268</b>	<b>646,157</b>	<b>-</b>	<b>30,502,263</b>
<b>Total Net Capital Assets Being Depreciated</b>	<b>17,362,085</b>	<b>1,391,208</b>	<b>-</b>	<b>1,250,167</b>	<b>20,003,458</b>
<b>Total Capital Assets - Business-type</b>	<b>\$ 18,899,015</b>	<b>\$ 1,581,316</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,480,331</b>

Component unit capital assets activity for the year ended June 30, 2017 was as follows:

	<b>June 30, 2016</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2017</b>
<b>Local Development Finance Authority (LDFA)</b>				
<b>Capital Assets not Being Depreciated</b>				
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
<b>Capital Assets Being Depreciated</b>				
Equipment	91,640	-	-	91,640
<b>Less Accumulated Depreciation</b>				
Equipment	91,640	-	-	91,640
<b>Total Capital Assets Being Depreciated, Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total LDFA Component Unit Capital Assets</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500,000</b>

## City of Marshall

### Notes to the Financial Statements

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

**Governmental Activities**

General Government	\$	197,582
Public Safety		422,087
Public Works		509,894
Parks and Recreation		63,690
Internal Service Funds*		290,237
<b>Total Governmental Activities</b>	<b>\$</b>	<b>1,483,490</b>

**Business-type Activities**

Electric	\$	298,745
Wastewater		420,326
Water		345,108
Public Transit		42,946
Public Housing		53,143
<b>Total Business-type Activities</b>	<b>\$</b>	<b>1,160,268</b>

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

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

The composition of interfund balances (advances) as of June 30, 2017 was as follows:

Due From	Due To	Amount
Fiber to the Premise	General	\$ 1,000,000
Fiber to the Premise	Wastewater	500,000
Fiber to the Premise	LDFA	1,000,000

The interfund balances listed above represent the amounts advanced to the Fiber to the Premise fund to finance the installation of a fiber system, the amounts are not expected paid back in the next fiscal year.

## City of Marshall

### Notes to the Financial Statements

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For the year ended June 30, 2017, interfund transfers consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Electric Fund	\$ 1,054,572
General	Wastewater Fund	227,181
General	Water Fund	202,825
General	Nonmajor Enterprise Fund	107,272
General	Internal Service Funds	54,614
General	Nonmajor Governmental Fund	54,500
Nonmajor Enterprise Fund	General Fund	72,612
Nonmajor Governmental Fund	General Fund	110,374
Nonmajor Governmental Fund	Nonmajor Governmental Fund	188,321
Building Authority Construction	Electric Fund	537,751
Building Authority Construction	Water Fund	67,219
Building Authority Construction	General Fund	368,225

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.

#### **Note 8 - Long-term Debt**

*General obligation bonds.* The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The discretely presented component unit bonds were issued for 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 \$10,530,000 and \$12,860,000 for business-type activities. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year.

## City of Marshall

### Notes to the Financial Statements

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>Governmental Activities</b>		
2016 General Obligation and Refunding	2.00%-4.00%	\$ 1,155,000
2012 Improvements	2.00%-3.30%	75,000
2013 Transportation Bonds	2.00%-3.00%	1,380,000
2014 Building Authority	2.00%-4.00%	4,855,000
<b><i>Total Governmental Activities</i></b>		<b><u>\$ 7,465,000</u></b>

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>Business-type Activities</b>		
2016 General Obligation and Refunding	2.00%-4.00%	\$ 4,835,000
2008 Refunding	3.00%-4.00%	400,000
2009 Water Main	4.00%-5.10%	925,000
2012 Improvements	2.00%-3.30%	3,480,000
<b><i>Total Business-type Activities</i></b>		<b><u>\$ 9,640,000</u></b>

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>Component Units</b>		
2016 General Obligation and Refunding	2.00%-4.00%	\$ 55,000

## City of Marshall

### Notes to the Financial Statements

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

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 610,000	\$ 240,255	\$ 850,255
2019	635,000	228,156	863,156
2020	725,000	214,513	939,513
2021	280,000	198,413	478,413
2022	290,000	191,013	481,013
2023-2027	1,520,000	820,144	2,340,144
2028-2032	1,395,000	549,225	1,944,225
2033-2037	1,380,000	296,000	1,676,000
2038-2039	630,000	38,000	668,000
<b>Totals</b>	<b>\$ 7,465,000</b>	<b>\$ 2,775,719</b>	<b>\$ 10,240,719</b>

<b>Year Ending June 30</b>	<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 850,000	\$ 317,433	\$ 1,167,433
2019	850,000	294,662	1,144,662
2020	645,000	271,985	916,985
2021	495,000	256,415	751,415
2022	510,000	240,305	750,305
2023-2027	2,790,000	916,755	3,706,755
2028-2032	2,625,000	409,175	3,034,175
2033-2037	875,000	66,600	941,600
<b>Totals</b>	<b>\$ 9,640,000</b>	<b>\$ 2,773,330</b>	<b>\$ 12,413,330</b>

<b>Year Ending June 30</b>	<b>Component Units</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 55,000	\$ 1,100	\$ 56,100
<b>Totals</b>	<b>\$ 55,000</b>	<b>\$ 1,100</b>	<b>\$ 56,100</b>

## City of Marshall

### Notes to the Financial Statements

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

<b>Purpose</b>	<b>Interest Rate</b>	<b>Amount</b>
<b>Component Units</b>		
2005 Local Development	3.50%-4.30%	270,000

Revenue bond debt service requirements to maturity are as follows:

<b>Year Ending</b>	<b>Component Units</b>		
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 90,000	\$ 11,340	\$ 101,340
2019	90,000	7,560	97,560
2020	90,000	3,780	93,780
<b>Totals</b>	<b>\$ 270,000</b>	<b>\$ 22,680</b>	<b>\$ 292,680</b>

*Installment obligations.* The government has entered into various long-term installment payment agreements. The original amount of installment obligations issued in prior years for the issues listed below was \$568,647. The 2015 Motor Pool Equipment installment obligations were issued during the current year in the amount of \$400,000. The business-type activities installment obligations were issued during the year in the amount of \$350,369.

Installment obligations outstanding at year-end are as follows:

<b>Purpose</b>	<b>Interest Rate</b>	<b>Amount</b>
<b>Governmental Activities</b>		
2012 Motor Pool Equipment*	2.89%	\$ -
2015 Fire Truck	2.33%	346,042
<b>Business-type Activities</b>		
2016 Sewer Improvements	0.00%	\$ 186,912

\* Paid off in current year



## City of Marshall

### Notes to the Financial Statements

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

<b>Year Ending</b>	<b>Governmental Activities</b>			
	<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$	37,120	\$ 7,953	\$ 45,073
2019		38,001	7,072	45,073
2020		38,904	6,169	45,073
2021		39,813	5,260	45,073
2022		40,775	4,298	45,073
2023-2025		151,429	7,264	158,693
<b>Totals</b>	<b>\$</b>	<b>346,042</b>	<b>\$ 38,016</b>	<b>\$ 384,058</b>

<b>Year Ending</b>	<b>Business-type Activities</b>			
	<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$	93,456	-	\$ 93,456
2019		93,456	-	93,456
<b>Totals</b>	<b>\$</b>	<b>186,912</b>	<b>\$ -</b>	<b>\$ 186,912</b>

*Changes in Long-term Debt.* Long-term liability activity for the year ended June 30, 2017 was as follows:

	6/30/2016	Additions	Reductions	6/30/2017	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 8,030,000	\$ 1,470,000	\$ 2,035,000	\$ 7,465,000	\$ 610,000
Installment Contracts	502,427	-	156,385	346,042	37,120
Compensated Absences	278,919	48,805	32,106	295,618	60,973
Deferred Amounts for Issuance Premiums	184,763	-	8,887	175,876	-
<b>Total Governmental Activities</b>	<b>8,996,109</b>	<b>1,518,805</b>	<b>2,232,378</b>	<b>8,282,536</b>	<b>708,093</b>
<b>Business-type Activities</b>					
General Obligation Bonds	6,795,000	5,270,000	2,425,000	9,640,000	850,000
Revenue Bonds	345,000	-	345,000	-	-
Installment Contracts	280,368	-	93,456	186,912	93,456
Compensated Absences	213,273	37,189	22,071	228,391	57,098
Deferred Amounts for Issuance Premiums	58,884	416,374	32,063	443,195	-
<b>Total Business-type Activities</b>	<b>7,692,525</b>	<b>5,723,563</b>	<b>2,917,590</b>	<b>10,498,498</b>	<b>1,000,554</b>
<b>Total Primary Government Long-term Debt</b>	<b>\$ 16,688,634</b>	<b>\$ 7,242,368</b>	<b>\$ 5,149,968</b>	<b>\$ 18,781,034</b>	<b>\$ 1,708,647</b>
<b>Component Unit - LDFA</b>					
Revenue Bond	\$ 360,000	\$ -	\$ 90,000	\$ 270,000	\$ 90,000
<b>Component Unit - DDA</b>					
General Obligation Bonds	\$ 105,000	\$ 110,000	\$ 160,000	\$ 55,000	\$ 55,000

## City of Marshall

### Notes to the Financial Statements

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For governmental activities; compensated absences and net other post-employment benefit obligations are generally liquidated by the general fund.

*Advance Refunding.* In July 2016, the City issued \$6,850,000 of General Obligation and Refunding Bonds to advance refund the City's 1999 Electric Revenue, 2002 DDA General Obligation, 2004 General Obligation, 2005 Building Authority, 2006 Limited Tax, and 2007 Limited Tax Obligation Bonds in the amount of \$3,515,000, along with \$3,370,000 in new money for the electric fund. The proceeds of the bonds were used to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payment on the refunded debt. All bonds have since been called, as a result, the bonds are not considered defeased as they have been paid in full and the liability has been removed from the statement of net position. At June 30, 2017, defeased debt in the amount of \$0 was outstanding. These bonds were called for payment between August 19, 2016 and April 1, 2017. The refunding resulted in a net cash savings of \$184,981 and an economic gain of \$170,576.

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

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

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

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2017, the government carried insurance through various commercial carriers, including the Michigan Municipal League, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

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

The government's property taxes are levied each August 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable 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 2016 levy, including industrial facilities, was \$195,605,512. The government's general operating tax rate for fiscal 2016-17 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.

## City of Marshall

### Notes to the Financial Statements

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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 2016-17 was 1.6129 mills based on taxable value of \$7,438,724.

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

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

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

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

#### **Note 13 - Pension Plans**

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

The City provides a defined contribution pension plan, which provides retirement benefits to qualified employees who were hired after July 1, 2013. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's contribution for employees eligible to participate in the plans vests based on year of service with 100% vesting occurring after 5 years of service. The City and participants contribute a percentage of participant's salary to the plans. City contributions to the MERS plan at 10% of salary and participant contributions are 7.7% of salary. City contributions for the fiscal year 2017 were \$150,624 and participant contributions were \$115,979. The plan provisions and contribution amounts were established by the City Council and may be amended by the Council. The plan is administered along with the defined benefit pension plans, through MERS.

##### **Defined Benefit Pension Plan**

###### ***Benefits Provided***

*Plan Description.* The employer's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of

# City of Marshall

## Notes to the Financial Statements

1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

Retirement benefits for employees are calculated as follows:

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

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

### ***Employees Covered by Benefit Terms***

At the December 31, 2016 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	86
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	<u>57</u>
Total employees covered by MERS	<u>158</u>

### ***Contributions***

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

## City of Marshall

### Notes to the Financial Statements

For the year ended June 30, 2017, the City had the following contribution rates:

Division	Employee Contributions	Employer Contributions
General Employee - Closed	7.70%	\$ 62,072
Fire Division - Open	10.39%	29.72%
Dispatch - Closed	9.03%	\$ 1,792
Patrol Officers - Open	8.79%	14.48%
Sergeants - Open	11.24%	15.75%

### *Net Pension Liability*

The net pension liability reported at June 30, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		Net Pension Liability
	Total Pension Liability	Plan Net Position	
<b>Balance at December 31, 2015</b>	\$ 33,672,186	\$ 20,161,289	\$ 13,510,897
Service cost	479,907	-	479,907
Interest	2,624,048	-	2,624,048
Difference in experience	(201,324)	-	(201,324)
Contributions - Employer	-	790,417	(790,417)
Contributions - Employee	-	311,834	(311,834)
Net investment income	-	2,241,410	(2,241,410)
Benefit payments, including refunds	(2,222,675)	(2,222,675)	-
Administrative expenses	-	(44,490)	44,490
<b>Net changes</b>	<b>679,956</b>	<b>1,076,496</b>	<b>(396,540)</b>
<b>Balance at December 31, 2016</b>	<b>\$ 34,352,142</b>	<b>\$ 21,237,785</b>	<b>\$ 13,114,357</b>

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

## City of Marshall

### Notes to the Financial Statements

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

For the year ended June 30, 2017, the City recognized pension expense of \$1,068,048. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience	\$ -	\$ 144,518
Changes in assumptions	499,728	
Excess (deficit) investment returns	845,161	-
Contributions subsequent to the measurement date	401,513	-
Total	<u>\$ 1,746,402</u>	<u>\$ 144,518</u>

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

Years Ending June 30	Amount
2018	\$ 775,029
2019	285,738
2020	274,627
2021	(132,023)
	<u>\$ 1,203,371</u>

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

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Salary Increases: base wage inflation of 3.75% in the long-term (plus merit and longevity from 0 to 11% based on age) (4.5 for 2014)

Investment rate of return: 7.75%, net of investment expense, including inflation (8.25 for 2014)

Mortality rates used for non-disabled plan member were based on a weighted blend of RP-2014 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for

# City of Marshall

## Notes to the Financial Statements

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%
	<u>100.0%</u>	

### ***Discount Rate***

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

# City of Marshall

## Notes to the Financial Statements

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the City	\$ 16,820,305	\$ 13,114,357	\$ 9,980,536

### *Pension Plan Fiduciary Net Position*

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

### **Note 14 - Other Post-employment 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 13, 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, 2016, the date of the last plan valuation, the Plan covered 86 members (18 active plan members and 68 retirees receiving benefits).

**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, 2017, the City contributed \$551,612 to the Plan, all of which was to fund current year benefits. Retirees receiving benefits contributed \$50,702 or 8.42 percent of the total premiums, through their required contribution.

**Annual OPEB Cost and Net OPEB Obligation.** The City is required to contribute at an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The annual required contribution (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.



## City of Marshall

### Notes to the Financial Statements

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	\$ 1,438,495
Interest on Net OPEB Obligation	214,188
Adjustment to Annual Required Contribution	<u>(166,588)</u>
Net OPEB Cost	1,486,095
Contributions Made	<u>(551,612)</u>
<b><i>Change in Net OPEB Obligation</i></b>	<b>934,483</b>
Net OPEB Obligation, Beginning of the Year	<u>3,059,822</u>
<b>Net OPEB Obligation, End of the Year</b>	<b><u>\$ 3,994,305</u></b>

Net other post-employment benefits obligations are generally liquidated by the general fund within governmental activities.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017, and the two preceding years, were as follows:

<b>Year Ending</b>	<b>Annual OPEB</b>	<b>% of Annual</b>	<b>Net OPEB</b>
<b>June 30,</b>	<b>Cost</b>	<b>OPEB Cost</b>	<b>Obligation</b>
<u>          </u>	<u>          </u>	<u>Contributed</u>	<u>          </u>
2015	\$ 1,175,143	58%	\$ 2,325,290
2016	1,411,880	48%	3,059,822
2017	1,486,095	37%	3,994,305

**Funded Status and Funding Progress.** As of June 30, 2016, the most recent actuarial valuation date, the Plan was 3.1 percent funded. The actuarial accrued liability for benefits was \$25,020,779, and the actuarial value of assets was \$775,338, resulting in an unfunded actuarially accrued liability of \$24,245,441. The covered payroll (annual payroll of active employees covered by the plan) was \$1,026,780, and the ratio of the UAAL to the covered payroll was 2,361 percent. The schedule of funding progress, presented as RSI 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.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future 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 to past expectations and new estimates are made about the future.

## City of Marshall

### Notes to the Financial Statements

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**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions are as follows:

**Discount rate - 7%**

Rationale - Rate set by the City of Marshall

**Salary scale - 4,5%**

Rationale - Based on City of Marshall expectations for future salary increases

**Return on plan assets - 7%**

Rationale - Based on plan sponsor expectations

**Mortality rate - RP-2014 Total Dataset Mortality, sex distinct with Scale MP-2015 improvements**

Rationale - Based on most up to date industry standards

**Utilization - 100% Eligible employees will elect coverage at retirement consistent with current coverage; actual coverage used for non-active**

Rationale - Based on past employer experience

**Turnover rates - None**

Rationale - Eligible employees are long-term employees nearing retirement age

**Retirement rates - 100% retirement assumed at age 55**

Rationale - Consistent with employer experience

**Marital assumption - Marital status of members was assumed to continue throughout retirement. Actual spouse data used for retirees.**

Rationale - Actual spousal information known for all plan participants.

**Medical inflation rate - 12.0% initially graded down 1.0% per year to an ultimate rate of 8.0%**

Rationale - Based on plan sponsor expectations for future increases

The actuarial cost method was entry age normal (level % of pay). The amortization method was level % of pay, closed. The remaining amortization period was 27 years as of July 1, 2015. The asset valuation method was market value.

# City of Marshall

## Notes to the Financial Statements

### Note 15 - Net Investment in Capital Assets

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Capital Assets, Net	\$ 31,334,892	\$ 20,334,142	\$ 500,000
Less:			
Capital Related Bonds and Installment Contracts	7,811,042	9,826,912	-
Unamortized Premium on Bonds	175,876	443,645	-
Add:			
Unamortized Loss on Refunding	38,604	116,505	-
<b>Total Net Investment in Capital Assets</b>	<u>\$ 23,386,578</u>	<u>\$ 10,180,090</u>	<u>\$ 500,000</u>

### Note 16 - Dial-A-Ride Disclosures

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

#### *Cost Allocation Plans*

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

#### *Nonfinancial Methodology*

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

#### *Depreciation*

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

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

No operating expenses are subtracted out as ineligible because no capital money was used to pay for operating expenses for the fiscal year ended June 30, 2017.

## City of Marshall

### Notes to the Financial Statements

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

All expenses associated with 406xx Auxiliary Transportation Revenue and / or 407xx Non-transportation are subtracted out as ineligible under 56002 Ineligible Expenses Associated with Advertising Revenue for the year ended June 30, 2017.

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

The Dial-A-Ride offers two pension compensation plans: MERS defined benefit and MERS defined contribution. During the fiscal year ended June 30, 2017 the Dial-A-Ride paid \$6,659 in 50210 DC Pensions under its MERS defined contribution plan. The entire amount was expensed on the books and reported in 50210 DC Pensions. The entire sum of \$6,659 was paid (e.g., an out-of-pocket payment) and, therefore, no DC pension is subtracted out under 58010 Ineligible DC Pensions.

Pension costs incurred for the MERS defined benefit plan were calculated pursuant to the MERS GASB 68 Implementation Guide. The total pension expense recognized as calculated in STEP 6 of the guide was \$39,347 for the Dial-A-Ride's fiscal year end of June 30, 2017. The entire amount of \$39,347 was expensed on the books and is reported in 50220 DB Pensions as of June 30, 2017. The transit agency paid (e.g., an out of pocket payment) of \$38,963, therefore, \$384 (\$39,347 less the amount paid) is subtracted out under 58020 Ineligible DB Pension.

The transit agency incurred \$95,654 in 50202 Other Post-employment Benefits (OPEB) and expensed the entire amount on its books. Of the \$95,654 incurred, \$85,517 was paid. Therefore, \$10,137 of expense was subtracted out as ineligible under 58030 Ineligible OPEB.

## City of Marshall

### Notes to the Financial Statements

#### Note 17 - Fund Balances - Governmental Funds

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

	<b>General Fund</b>	<b>Building Authority</b>	<b>Nonmajor Funds</b>	<b>Total</b>
<b>Nonspendable</b>				
Prepays	\$ 61,899	\$ -	\$ 557	\$ 62,456
Inventory	25,699	-	54,030	79,729
Advance	1,000,000	-	-	1,000,000
Endowment	-	-	321,851	321,851
<b>Total Nonspendable</b>	<b>1,087,598</b>	<b>-</b>	<b>376,438</b>	<b>1,464,036</b>
<b>Restricted</b>				
Capital Projects	-	-	55,917	55,917
Major & Local Streets	-	-	1,393,745	1,393,745
Leaf, Brush and Trash	-	-	102	102
Drug Law Enforcement	-	-	16,764	16,764
Cemetery	-	-	254,393	254,393
Debt Service	-	318,145	-	318,145
<b>Total Restricted</b>	<b>-</b>	<b>318,145</b>	<b>1,720,921</b>	<b>2,039,066</b>
<b>Committed</b>				
Fire Truck Replacement	184,000	-	-	184,000
Recreation Scholarships	490	-	-	490
Special Projects	-	-	339,059	339,059
<b>Total Committed</b>	<b>184,490</b>	<b>-</b>	<b>339,059</b>	<b>523,549</b>
<b>Unassigned</b>	<b>928,304</b>	<b>-</b>	<b>-</b>	<b>928,304</b>
<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 2,200,392</b>	<b>\$ 318,145</b>	<b>\$ 2,436,418</b>	<b>\$ 4,954,955</b>

## City of Marshall

### Notes to the Financial Statements

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#### **Note 18 - Tax Abatements**

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended June 30, 2017, the City's property taxes were reduced by \$52,640 under this program.

#### **Note 19 - Subsequent Events and Commitments**

Subsequent events have been evaluated through December 4, 2017, the date the financial statements were available to be issued.

The City is a member of American Municipal Power (AIVIP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 6,500 kilowatts of a total 771,281 kilowatts, giving the City a 0.84 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$1,121,047. The City received a credit of \$577,071 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$293,962 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$250,014. The City is not reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's potential liability.

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

## City of Marshall

### Notes to the Financial Statements

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**



**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Property Taxes	\$ 3,683,866	\$ 3,759,432	\$ 3,721,119	\$ (38,313)
Licenses and Permits	132,000	135,078	154,236	19,158
Intergovernmental	823,136	854,790	853,140	(1,650)
Charges for Services	403,373	395,159	366,360	(28,799)
Fines and Forfeitures	53,300	55,879	65,213	9,334
Other	299,705	324,204	399,527	75,323
Investment Earnings	7,209	22,309	24,055	1,746
<b>Total Revenues</b>	<b>5,402,589</b>	<b>5,546,851</b>	<b>5,583,650</b>	<b>36,799</b>
<b>Other Financing Sources</b>				
Premium on Bonds Issued	--	--	45,000	45,000
Capital Projects Bonds Issued	--	--	1,350	1,350
Transfers In	1,735,219	1,751,419	1,735,219	(16,200)
<b>Total Revenues and Other Financing Sources</b>	<b>7,137,808</b>	<b>7,298,270</b>	<b>7,365,219</b>	<b>66,949</b>
<b>Expenditures</b>				
<b>General Government</b>				
City Council	4,108	3,708	3,566	142
City Manager	192,672	191,672	192,861	(1,189)
City Assessor	164,111	164,885	155,392	9,493
City Attorney	50,000	55,000	65,165	(10,165)
Human Resources	86,254	89,990	88,391	1,599
Clerk	96,835	100,250	103,535	(3,285)
Treasurer	532,053	530,053	514,522	15,531
City Hall	74,153	74,153	73,462	691
Chapel	1,400	500	372	128
Other City Property	30,000	30,000	29,333	667
Cemetery	133,728	180,804	180,996	(192)
Non-departmental	510,488	573,665	497,802	75,863
<b>Total General Government</b>	<b>1,875,802</b>	<b>1,994,680</b>	<b>1,905,397</b>	<b>89,283</b>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative) Final to Actual</b>
<b>Expenditures</b>				
<b>Public Safety</b>				
Police	1,663,037	1,647,294	1,636,311	10,983
Crossing Guards	14,224	12,224	11,356	868
Dispatch Operations	112,000	110,000	108,635	1,365
Fire	909,032	985,491	986,336	(845)
Inspection	141,977	140,800	135,384	5,416
<b>Total Public Safety</b>	<b>2,840,270</b>	<b>2,895,809</b>	<b>2,878,022</b>	<b>17,787</b>
<b>Public Works</b>				
Street	838,323	808,872	704,887	103,985
Composting	65,056	88,695	76,761	11,934
Engineering	54,581	46,166	43,756	2,410
Airport	152,165	173,778	165,361	8,417
Public Services Building	123,703	141,240	139,168	2,072
<b>Total Public Works</b>	<b>1,233,828</b>	<b>1,258,751</b>	<b>1,129,933</b>	<b>128,818</b>
<b>Community Development</b>				
Planning and Zoning	109,818	89,610	88,656	954
Farmers Market	17,614	18,840	15,408	3,432
<b>Total Community Development</b>	<b>127,432</b>	<b>108,450</b>	<b>104,064</b>	<b>4,386</b>
<b>Recreation and Culture</b>				
Parks	152,712	126,500	101,911	24,589
Recreation	366,251	381,947	367,455	14,492
<b>Total Recreation and Culture</b>	<b>518,963</b>	<b>508,447</b>	<b>469,366</b>	<b>39,081</b>
<b>Capital Outlay</b>	54,550	39,750	34,031	5,719
<b>Debt Service</b>	36,270	81,344	127,824	(46,480)
<b>Total Expenditures</b>	<b>6,687,115</b>	<b>6,887,231</b>	<b>6,648,637</b>	<b>238,594</b>
<b>Other Financing Uses</b>				
Transfers Out	624,701	624,701	585,467	39,234
<b>Total Expenditures and Other Financing Uses</b>	<b>7,311,816</b>	<b>7,511,932</b>	<b>7,234,104</b>	<b>277,828</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(174,008)</b>	<b>(213,662)</b>	<b>131,115</b>	<b>344,777</b>
<b>Net Change in Fund Balance</b>	<b>(174,008)</b>	<b>(213,662)</b>	<b>131,115</b>	<b>344,777</b>
<i>Fund Balance at Beginning of Period</i>	2,069,277	2,069,277	2,069,277	--
<b>Fund Balance at End of Period</b>	<b>\$ 1,895,269</b>	<b>\$ 1,855,615</b>	<b>\$ 2,200,392</b>	<b>\$ 344,777</b>

**City of Marshall**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Three Fiscal Years (Schedule is built prospectively upon implementation of GASB 68)**

	2016	2015	2014
<b>Total Pension Liability</b>			
Service Cost	\$ 479,907	\$ 499,467	\$ 494,170
Interest	2,624,048	2,516,972	2,450,825
Differences Between Expected & Actual Experience	(201,324)	(31,309)	-
Changes in Assumptions	-	1,499,182	-
Benefit Payments, Including Refunds	(2,222,675)	(2,142,685)	(2,143,777)
<b>Net Change in Pension Liability</b>	679,956	2,341,627	801,218
<i>Total Pension Liability - Beginning</i>	33,672,186	31,330,559	30,529,341
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 34,352,142</b>	<b>\$ 33,672,186</b>	<b>\$ 31,330,559</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 790,417	\$ 710,139	\$ 611,791
Contributions - Member	311,834	329,215	353,729
Net Investment Income	2,241,410	(311,804)	1,337,330
Benefit Payments, Including Refunds	(2,222,675)	(2,142,685)	(2,143,777)
Administrative Expenses	(44,490)	(46,163)	(48,890)
<b>Net Change in Plan Fiduciary Net Position</b>	1,076,496	(1,461,298)	110,183
<i>Plan Fiduciary Net Position - Beginning</i>	20,161,289	21,622,587	21,512,404
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 21,237,785</b>	<b>\$ 20,161,289</b>	<b>\$ 21,622,587</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 13,114,357</b>	<b>\$ 13,510,897</b>	<b>\$ 9,707,972</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62%	60%	69%
Covered Employee Payroll	\$ 3,544,724	\$ 3,714,381	\$ 3,702,727
Net Pension Liability as a Percentage of Covered Employee Payroll	370%	364%	262%

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	\$ 815,277	\$ 710,139	\$ 654,990	\$ 568,171	\$ 480,936	\$ 415,427	\$ 339,409	\$ 247,197	\$ 224,057	\$ 227,379
Contributions in Relation to the Actuarially Determined Contribution	815,277	710,139	654,990	568,171	480,936	415,427	339,409	247,197	224,057	227,379
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	3,459,896	3,751,525	3,702,728	4,139,755	4,165,476	4,390,462	4,121,120	4,291,122	4,216,281	4,224,192
Contributions as a Percentage of Covered Employee Payroll	24%	19%	18%	14%	12%	9%	8%	6%	5%	5%

*Notes*

**Valuation Date**

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

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

Actuarial cost method	Entry-age
Amortization method	Level percentage of pay
Remaining amortization period	16 to 22 Years Division Specific
Asset valuation method	5-year smoothed
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	50% Male - 50% Female RP-2014 Mortality Table

**City of Marshall**  
**Required Supplementary Information**  
**Other Post-Employment Benefits**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date June 30,</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio Total</b>	<b>Covered Payroll (c)</b>	<b>UAL as a Percentage of Covered Payroll ((b-a)/c)</b>
2014	\$ 748,830	\$ 13,745,717	\$ 12,996,887	5%	\$ 1,116,556	1164%
2015	770,352	20,151,024	19,380,672	4%	1,011,606	1916%
2016	775,338	25,020,779	24,245,441	3%	1,026,780	2361%

**Schedule of Employer Contributions**

<b>Three-year Trend Information</b>			
<b>Year Ended June 30,</b>	<b>Annual OPEB Cost</b>	<b>Annual Actual Contribution</b>	<b>Percentage of APC Contributed</b>
2015	\$ 1,175,143	\$ 684,715	58%
2016	1,411,880	677,348	48%
2017	1,486,095	551,612	37%

## **OTHER SUPPLEMENTARY INFORMATION**

# City of Marshall

## Nonmajor Governmental Fund Descriptions

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### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

### **DEBT SERVICE FUNDS**

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

### **CAPITAL PROJECT FUND**

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

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

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

### **PERMANENT FUND**

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

**City of Marshall  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

	Special Revenue					Capital Projects			Permanent	Total Nonmajor Governmental Funds
	Major Streets	Local Streets	Leaf, Brush and Trash Removal	Drug Forfeiture Fund	Marshall Regional Law Enforcement	Special Projects	Major Streets	Building Authority Construction	Cemetery	
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ 184,466	\$ 131,176	\$ 15,634	\$ 16,764	\$ 63,394	\$ 317,630	\$ --	\$ 50	\$ 61,904	\$ 791,018
Investments	655,654	309,289	--	--	--	26,038	--	--	514,015	1,504,996
Accounts Receivable	--	--	--	--	--	--	--	--	325	325
Due from Other Governments	91,671	32,152	--	--	--	--	--	--	--	123,823
Inventories	54,030	--	--	--	--	--	--	--	--	54,030
Prepays	--	--	--	--	557	--	--	--	--	557
<b>Total Assets</b>	<b>\$ 985,821</b>	<b>\$ 472,617</b>	<b>\$ 15,634</b>	<b>\$ 16,764</b>	<b>\$ 63,951</b>	<b>\$ 343,668</b>	<b>\$ --</b>	<b>\$ 50</b>	<b>\$ 576,244</b>	<b>\$ 2,474,749</b>
<b>LIABILITIES</b>										
Accounts Payable	\$ 9,578	\$ 254	\$ 15,532	\$ --	\$ 7,092	\$ 4,609	\$ --	\$ --	\$ --	\$ 37,065
Accrued Payroll	96	735	--	--	435	--	--	--	--	1,266
<b>Total Liabilities</b>	<b>9,674</b>	<b>989</b>	<b>15,532</b>	<b>--</b>	<b>7,527</b>	<b>4,609</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>38,331</b>
<b>FUND BALANCE</b>										
Nonspendable	54,030	--	--	--	557	--	--	--	321,851	376,438
Restricted	922,117	471,628	102	16,764	55,867	--	--	50	254,393	1,720,921
Committed	--	--	--	--	--	339,059	--	--	--	339,059
Unassigned	--	--	--	--	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>976,147</b>	<b>471,628</b>	<b>102</b>	<b>16,764</b>	<b>56,424</b>	<b>339,059</b>	<b>--</b>	<b>50</b>	<b>576,244</b>	<b>2,436,418</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 985,821</b>	<b>\$ 472,617</b>	<b>\$ 15,634</b>	<b>\$ 16,764</b>	<b>\$ 63,951</b>	<b>\$ 343,668</b>	<b>\$ --</b>	<b>\$ 50</b>	<b>\$ 576,244</b>	<b>\$ 2,474,749</b>



**City of Marshall**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2017**

	Special Revenue				Capital Projects			Permanent	Total Nonmajor Governmental Funds
	Major Streets	Local Streets	Leaf, Brush and Trash Removal	Drug Forfeiture Fund	Regional Law Enforcement Center	Special Projects	Major Streets	Building Authority Construction	
<b>Revenues</b>									
Property Taxes	\$ --	\$ --	\$ 93,687	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 93,687
Intergovernmental	505,014	205,692	--	--	--	537,311	--	--	1,248,017
Charges for Services	--	--	--	--	221,287	--	--	10,700	231,987
Fines and Forfeitures	--	--	--	1,350	--	--	--	--	1,350
Other	--	27,576	--	--	--	264,844	--	--	292,420
Investment Earnings	5,382	3,351	35	28	108	878	451	--	14,467
<b>Total Revenues</b>	<b>510,396</b>	<b>236,619</b>	<b>93,722</b>	<b>1,378</b>	<b>221,395</b>	<b>803,033</b>	<b>451</b>	<b>--</b>	<b>1,881,928</b>
<b>Expenditures</b>									
General Government	--	--	--	--	--	591,145	--	--	591,145
Public Safety	--	--	--	1,159	332,013	--	--	--	333,172
Public Works	144,280	113,776	93,672	--	--	--	--	--	351,728
Capital Outlay	203,499	307,718	--	--	--	--	--	--	511,217
Debt Service - Principal	100,000	--	--	--	--	--	--	--	100,000
Debt Service - Interest	33,213	--	--	--	--	--	--	--	33,213
<b>Total Expenditures</b>	<b>480,992</b>	<b>421,494</b>	<b>93,672</b>	<b>1,159</b>	<b>332,013</b>	<b>591,145</b>	<b>--</b>	<b>--</b>	<b>1,920,475</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>29,404</b>	<b>(184,875)</b>	<b>50</b>	<b>219</b>	<b>(110,618)</b>	<b>211,888</b>	<b>451</b>	<b>--</b>	<b>(38,547)</b>
<b>Other Financing Sources (Uses)</b>									
Transfers In	63,321	125,000	--	--	110,374	--	--	--	298,695
Transfers Out	(163,500)	(16,000)	--	--	--	--	(63,321)	--	(242,821)
<b>Net Other Financing Sources (Uses)</b>	<b>(100,179)</b>	<b>109,000</b>	<b>--</b>	<b>--</b>	<b>110,374</b>	<b>--</b>	<b>(63,321)</b>	<b>--</b>	<b>55,874</b>
<b>Net Change in Fund Balance</b>	<b>(70,775)</b>	<b>(75,875)</b>	<b>50</b>	<b>219</b>	<b>(244)</b>	<b>211,888</b>	<b>(62,870)</b>	<b>--</b>	<b>17,327</b>
<b>Fund Balance at Beginning of Period</b>	<b>1,046,922</b>	<b>547,503</b>	<b>52</b>	<b>16,545</b>	<b>56,668</b>	<b>127,171</b>	<b>62,870</b>	<b>50</b>	<b>2,419,091</b>
<b>Fund Balance at End of Period</b>	<b>\$ 976,147</b>	<b>\$ 471,628</b>	<b>\$ 102</b>	<b>\$ 16,764</b>	<b>\$ 56,424</b>	<b>\$ 339,059</b>	<b>\$ --</b>	<b>\$ 50</b>	<b>\$ 2,436,418</b>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Major Streets**  
**For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Intergovernmental	\$ 534,586	\$ 535,272	\$ 505,014	\$ (30,258)
Investment Earnings	200	200	5,382	5,182
<b>Total Revenues</b>	<u>534,786</u>	<u>535,472</u>	<u>510,396</u>	<u>(25,076)</u>
<b>Other Financing Sources</b>				
Transfers In	--	--	63,321	63,321
<b>Total Revenues and Other Financing Sources</b>	<u>534,786</u>	<u>535,472</u>	<u>573,717</u>	<u>38,245</u>
<b>Expenditures</b>				
Public Works	193,890	201,890	121,929	79,961
Capital Outlay	176,500	170,147	225,850	(55,703)
Debt Service	133,213	133,213	133,213	--
<b>Total Expenditures</b>	<u>503,603</u>	<u>505,250</u>	<u>480,992</u>	<u>24,258</u>
<b>Other Financing Uses</b>				
Transfers Out	125,000	163,500	163,500	--
<b>Total Expenditures and Other Financing Uses</b>	<u>628,603</u>	<u>668,750</u>	<u>644,492</u>	<u>24,258</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(93,817)</u>	<u>(133,278)</u>	<u>(70,775)</u>	<u>62,503</u>
<b>Net Change in Fund Balance</b>	<u>(93,817)</u>	<u>(133,278)</u>	<u>(70,775)</u>	<u>62,503</u>
<i>Fund Balance at Beginning of Period</i>	1,046,922	1,046,922	1,046,922	--
<b>Fund Balance at End of Period</b>	<u>\$ 953,105</u>	<u>\$ 913,644</u>	<u>\$ 976,147</u>	<u>\$ 62,503</u>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Local Streets**  
**For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Intergovernmental	\$ 160,000	\$ 162,380	\$ 205,692	\$ 43,312
Other	30,000	30,000	27,576	(2,424)
Investment Earnings	160	160	3,351	3,191
<b>Total Revenues</b>	<u>190,160</u>	<u>192,540</u>	<u>236,619</u>	<u>44,079</u>
<b>Other Financing Sources</b>				
Transfers In	125,000	125,000	125,000	--
<b>Total Revenues and Other Financing Sources</b>	<u>315,160</u>	<u>317,540</u>	<u>361,619</u>	<u>44,079</u>
<b>Expenditures</b>				
Public Works	144,024	128,024	113,776	14,248
Capital Outlay	180,000	357,336	307,718	49,618
<b>Total Expenditures</b>	<u>324,024</u>	<u>485,360</u>	<u>421,494</u>	<u>63,866</u>
<b>Other Financing Uses</b>				
Transfers Out	--	16,000	16,000	--
<b>Total Expenditures and Other Financing Uses</b>	<u>324,024</u>	<u>501,360</u>	<u>437,494</u>	<u>63,866</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(8,864)</u>	<u>(183,820)</u>	<u>(75,875)</u>	<u>107,945</u>
<b>Net Change in Fund Balance</b>	<u>(8,864)</u>	<u>(183,820)</u>	<u>(75,875)</u>	<u>107,945</u>
<i>Fund Balance at Beginning of Period</i>	547,503	547,503	547,503	--
<b>Fund Balance at End of Period</b>	<u>\$ 538,639</u>	<u>\$ 363,683</u>	<u>\$ 471,628</u>	<u>\$ 107,945</u>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Leaf, Brush and Trash Removal**  
**For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Property Taxes	\$ 96,720	\$ 95,398	\$ 93,687	\$ (1,711)
Investment Earnings	--	--	35	35
<b>Total Revenues</b>	<u>96,720</u>	<u>95,398</u>	<u>93,722</u>	<u>(1,676)</u>
<b>Expenditures</b>				
Public Works	96,677	95,318	93,672	1,646
<b>Total Expenditures</b>	<u>96,677</u>	<u>95,318</u>	<u>93,672</u>	<u>1,646</u>
<i>Excess (Deficiency) of Revenues</i>				
<i>Over Expenditures</i>	43	80	50	(30)
<b>Net Change in Fund Balance</b>	<u>43</u>	<u>80</u>	<u>50</u>	<u>(30)</u>
<i>Fund Balance at Beginning of Period</i>	52	52	52	--
<b>Fund Balance at End of Period</b>	<u>\$ 95</u>	<u>\$ 132</u>	<u>\$ 102</u>	<u>\$ (30)</u>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Drug Forfeiture Fund**  
**For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Fines and Forfeitures	\$ --	\$ --	\$ 1,350	\$ 1,350
Investment Earnings	--	--	28	28
<b><i>Total Revenues</i></b>	<u>--</u>	<u>--</u>	<u>1,378</u>	<u>1,378</u>
<b>Expenditures</b>				
Public Safety	--	--	1,159	(1,159)
<b><i>Total Expenditures</i></b>	<u>--</u>	<u>--</u>	<u>1,159</u>	<u>(1,159)</u>
<b><i>Excess (Deficiency) of Revenues Over Expenditures</i></b>	<u>--</u>	<u>--</u>	<u>219</u>	<u>219</u>
<b><i>Net Change in Fund Balance</i></b>	<u>--</u>	<u>--</u>	<u>219</u>	<u>219</u>
<b><i>Fund Balance at Beginning of Period</i></b>	16,545	16,545	16,545	--
<b><i>Fund Balance at End of Period</i></b>	<u>\$ 16,545</u>	<u>\$ 16,545</u>	<u>\$ 16,764</u>	<u>\$ 219</u>

**City of Marshall**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Marshall Regional Law Enforcement Center**  
**For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Charges for Services	\$ 208,144	\$ 185,144	\$ 221,287	\$ 36,143
Investment Earnings	--	--	108	108
<b>Total Revenues</b>	<u>208,144</u>	<u>185,144</u>	<u>221,395</u>	<u>36,251</u>
<b>Other Financing Sources</b>				
Transfers In	125,667	115,156	110,374	(4,782)
<b>Total Revenues and Other Financing Sources</b>	<u>333,811</u>	<u>300,300</u>	<u>331,769</u>	<u>31,469</u>
<b>Expenditures</b>				
Public Safety	212,836	319,635	332,013	(12,378)
<b>Total Expenditures</b>	<u>212,836</u>	<u>319,635</u>	<u>332,013</u>	<u>(12,378)</u>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<u>212,836</u>	<u>319,635</u>	<u>332,013</u>	<u>(12,378)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>120,975</u>	<u>(19,335)</u>	<u>(244)</u>	<u>19,091</u>
<b>Net Change in Fund Balance</b>	<u>120,975</u>	<u>(19,335)</u>	<u>(244)</u>	<u>19,091</u>
<i>Fund Balance at Beginning of Period</i>	56,668	56,668	56,668	--
<b>Fund Balance at End of Period</b>	<u>\$ 177,643</u>	<u>\$ 37,333</u>	<u>\$ 56,424</u>	<u>\$ 19,091</u>

## City of Marshall

### Nonmajor Enterprise Fund Descriptions

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#### **NONMAJOR ENTERPRISE FUNDS**

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

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

**City of Marshall**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2017**

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Marshall House</u>	<u>DART</u>	
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 842,224	\$ 195,295	\$ 1,037,519
Investments	--	53,316	53,316
Accounts Receivable	2,819	789	3,608
Due from Other Governments	--	17,808	17,808
Prepays	721	4,078	4,799
<b>Total Current Assets</b>	<b>845,764</b>	<b>271,286</b>	<b>1,117,050</b>
<i>Noncurrent Assets</i>			
Capital Assets not being Depreciated	61,020	--	61,020
Capital Assets being Depreciated	661,735	128,754	790,489
<b>Total Assets</b>	<b>1,568,519</b>	<b>400,040</b>	<b>1,968,559</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	32,133	41,564	73,697
<b>Total Deferred Outflows of Resources</b>	<b>32,133</b>	<b>41,564</b>	<b>73,697</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	150,543	2,223	152,766
Accrued Payroll	3,408	2,811	6,219
Current Portion of Compensated Absences	618	91	709
Unearned Revenue	--	9,500	9,500
<b>Total Current Liabilities</b>	<b>154,569</b>	<b>14,625</b>	<b>169,194</b>
<i>Noncurrent Liabilities</i>			
Net Other Post-employment Benefit Obligation	42,340	202,511	244,851
Net Pension Liability	241,304	312,121	553,425
Compensated Absences	1,852	273	2,125
<b>Total Liabilities</b>	<b>440,065</b>	<b>529,530</b>	<b>969,595</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	2,659	3,440	6,099
<b>Total Deferred Inflows of Resources</b>	<b>2,659</b>	<b>3,440</b>	<b>6,099</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	722,755	128,754	851,509
<i>Unrestricted</i>	435,173	(220,120)	215,053
<b>Total Net Position</b>	<b>\$ 1,157,928</b>	<b>\$ (91,366)</b>	<b>\$ 1,066,562</b>



**City of Marshall**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2017**

	Enterprise		Total Enterprise Funds
	Marshall House	DART	
<b>Operating Revenues</b>			
Charges for Services	\$ 358,060	\$ 54,885	\$ 412,945
Other	40,708	4,212	44,920
<b><i>Total Operating Revenues</i></b>	<b>398,768</b>	<b>59,097</b>	<b>457,865</b>
<b>Operating Expenses</b>			
Personnel Services	246,564	365,067	611,631
Material and Supplies	25,792	28,054	53,846
Purchased Power	99,187	--	99,187
Contractual	49,184	1,611	50,795
Insurance	11,825	5,310	17,135
Maintenance	54,458	24,689	79,147
Other Expense	24,763	27,030	51,793
Depreciation	53,143	42,946	96,089
<b><i>Total Operating Expenses</i></b>	<b>564,916</b>	<b>494,707</b>	<b>1,059,623</b>
<b><i>Operating Income (Loss)</i></b>	<b>(166,148)</b>	<b>(435,610)</b>	<b>(601,758)</b>
<b>Non-Operating Revenues (Expenses)</b>			
Intergovernmental	479,866	298,470	778,336
Property Taxes	--	102,840	102,840
Investment Earnings	1,196	747	1,943
<b><i>Net Non-Operating Revenues (Expenses)</i></b>	<b>481,062</b>	<b>402,057</b>	<b>883,119</b>
<b>Transfers</b>	314,914	(33,553)	281,361
Transfers In	--	72,613	72,613
Transfers Out	(83,818)	(23,454)	(107,272)
<b><i>Change In Net Position</i></b>	<b>231,096</b>	<b>15,606</b>	<b>246,702</b>
<i>Net Position at Beginning of Period</i>	926,832	(106,972)	819,860
<b><i>Net Position at End of Period</i></b>	<b>\$ 1,157,928</b>	<b>\$ (91,366)</b>	<b>\$ 1,066,562</b>

**City of Marshall**  
**Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2017**

**Enterprise**

	<u>Marshall House</u>	<u>DART</u>	<u>Total Enterprise Funds</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ 397,577	\$ 67,832	\$ 465,409
Payments to Suppliers	(254,457)	(96,309)	(350,766)
Payments to Employees	(212,393)	(292,144)	(504,537)
<b>Net Cash Used by Operating Activities</b>	<u>(69,273)</u>	<u>(320,621)</u>	<u>(389,894)</u>
<b>Cash Flows from Noncapital and Related Financing Activities</b>			
Intergovernmental	439,866	283,646	723,512
Property Taxes	-	102,840	102,840
Transfers In (Out)	(83,818)	49,159	(34,659)
<b>Net Cash from Capital and Related Financing Activities</b>	<u>356,048</u>	<u>435,645</u>	<u>791,693</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of Capital Assets	(164,672)	-	(164,672)
Intergovernmental	40,000	-	40,000
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(124,672)</u>	<u>-</u>	<u>(124,672)</u>
<b>Cash Flows from Investing Activities</b>			
Interest Received on Investments	1,196	747	1,943
Sale (Purchase) of Investment Securities	-	70,629	70,629
<b>Net Cash from Investing Activities</b>	<u>1,196</u>	<u>71,376</u>	<u>72,572</u>
<b>Net Increase (Decrease in Cash and Cash Equivalents</b>	<u>163,299</u>	<u>186,400</u>	<u>349,699</u>
<i>Cash and Cash Equivalents Beginning of Period</i>	678,925	8,895	687,820
<b>Cash and Cash Equivalents End of Period</b>	<u>\$ 842,224</u>	<u>\$ 195,295</u>	<u>\$ 1,037,519</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>			
<b>Operating Income (Loss)</b>	\$ (166,148)	\$ (435,610)	\$ (601,758)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</b>			
<b>Cash from Operating Activities:</b>			
Depreciation	53,143	42,946	96,089
<b>Changes in Assets and Liabilities:</b>			
Receivables	(1,191)	(765)	(1,956)
Prepays	(235)	549	314
Accounts Payable	10,987	(10,164)	823
Accrued Payroll	612	(623)	(11)
Compensated Absences	1,023	(3,102)	(2,079)
Unearned Revenue	-	9,500	9,500
Net Pension Liability	22,630	29,270	51,900
Net Other Post-employment Benefits	9,906	47,378	57,284
<b>Net Cash Used by Operating Activities</b>	<u>\$ (69,273)</u>	<u>\$ (320,621)</u>	<u>\$ (389,894)</u>

# City of Marshall

## Internal Service Fund Descriptions

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### INTERNAL SERVICE FUNDS

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

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

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

**City of Marshall**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2017**

	<u>Internal Service</u>			<b>Total Internal Service Funds</b>
	<u>Data Processing</u>	<u>Motor Pool</u>	<u>Safety</u>	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 119,675	\$ 169,181	\$ 1,448	\$ 290,304
Investments	171,465	131,128	17,686	320,279
Accounts Receivable	484	926	--	1,410
Prepays	14,834	846	--	15,680
<b>Total Current Assets</b>	<b>306,458</b>	<b>302,081</b>	<b>19,134</b>	<b>627,673</b>
<i>Noncurrent Assets</i>				
Capital Assets being Depreciated	63,735	2,496,973	--	2,560,708
<b>Total Assets</b>	<b>370,193</b>	<b>2,799,054</b>	<b>19,134</b>	<b>3,188,381</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	3,843	23,053	--	26,896
<b>Total Deferred Outflows of Resources</b>	<b>3,843</b>	<b>23,053</b>	<b>--</b>	<b>26,896</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	3,067	43,113	--	46,180
Accrued Payroll	--	1,323	--	1,323
Current Portion of Compensated Absences	--	473	--	473
<b>Total Current Liabilities</b>	<b>3,067</b>	<b>44,909</b>	<b>--</b>	<b>47,976</b>
<i>Noncurrent Liabilities</i>				
Net Other Post-employment Benefit Obligation	--	42,340	--	42,340
Net Pension Liability	28,852	173,110	--	201,962
Compensated Absences	--	1,418	--	1,418
<b>Total Liabilities</b>	<b>31,919</b>	<b>261,777</b>	<b>--</b>	<b>293,696</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	318	1,908	--	2,226
<b>Total Deferred Inflows of Resources</b>	<b>318</b>	<b>1,908</b>	<b>--</b>	<b>2,226</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	63,735	2,496,973	--	2,560,708
<i>Unrestricted</i>	278,064	61,449	19,134	358,647
<b>Total Net Position</b>	<b>\$ 341,799</b>	<b>\$ 2,558,422</b>	<b>\$ 19,134</b>	<b>\$ 2,919,355</b>

**City of Marshall**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2017**

	<b>Internal Service</b>			<b>Total Internal Service Funds</b>
	<b>Data Processing</b>	<b>Motor Pool</b>	<b>Safety</b>	
<b>Operating Revenues</b>				
Charges for Services	\$ 151,488	\$ 588,343	\$ --	\$ 739,831
Other	--	1,371	--	1,371
<b>Total Operating Revenues</b>	<b>151,488</b>	<b>589,714</b>	<b>--</b>	<b>741,202</b>
<b>Operating Expenses</b>				
Personnel Services	--	112,319	--	112,319
Material and Supplies	18,704	151,657	--	170,361
Purchased Power	--	23,297	--	23,297
Contractual	66,487	3,714	--	70,201
Insurance	--	59,076	--	59,076
Maintenance	23,586	70,422	--	94,008
Other Expense	--	5,689	14	5,703
Depreciation	20,111	270,126	--	290,237
<b>Total Operating Expenses</b>	<b>128,888</b>	<b>696,300</b>	<b>14</b>	<b>825,202</b>
<b>Operating Income (Loss)</b>	<b>22,600</b>	<b>(106,586)</b>	<b>(14)</b>	<b>(84,000)</b>
<b>Non-Operating Revenues (Expenses)</b>				
Investment Earnings	1,487	1,562	144	3,193
Gain (Loss) on Sale of Capital Assets	--	11,376	--	11,376
Interest Expense	--	(1,158)	--	(1,158)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>1,487</b>	<b>11,780</b>	<b>144</b>	<b>13,411</b>
<b>Transfers</b>	<b>24,087</b>	<b>(94,806)</b>	<b>130</b>	<b>(70,589)</b>
Transfers In	--	--	--	--
Transfers Out	(17,269)	(37,345)	--	(54,614)
<b>Change In Net Position</b>	<b>6,818</b>	<b>(132,151)</b>	<b>130</b>	<b>(125,203)</b>
<i>Net Position at Beginning of Period</i>	334,981	2,690,573	19,004	3,044,558
<b>Net Position at End of Period</b>	<b>\$ 341,799</b>	<b>\$ 2,558,422</b>	<b>\$ 19,134</b>	<b>\$ 2,919,355</b>

**City of Marshall**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2017**

	Internal Service			Total Internal Service Funds
	Data Processing	Motor Pool	Safety	
<b>Cash Flows from Operating Activities</b>				
Receipts from Interfund Services	\$ 151,004	\$ 588,788	\$ -	\$ 739,792
Payments to Suppliers	(111,918)	(313,840)	(14)	(425,772)
Payments to Employees	2,705	(85,462)	-	(82,757)
<i>Net Cash Provided by Operating Activities</i>	41,791	189,486	(14)	231,263
<b>Cash Flows from Noncapital and Related Financing Activities</b>				
Transfers In (Out)	(17,269)	(37,345)	-	(54,614)
<i>Net Cash from Capital and Related Financing Activities</i>	(17,269)	(37,345)	-	(54,614)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of Capital Assets	-	(269,428)	-	(269,428)
Proceeds from Sale of Capital Assets	-	11,376	-	11,376
Principal and Interest Paid on Capital Debt	-	(121,358)	-	(121,358)
<i>Net Cash from Capital and Related Financing Activities</i>	-	(379,410)	-	(379,410)
<b>Cash Flows from Investing Activities</b>				
Interest Received on Investments	1,304	809	2	2,115
Sale (Purchase) of Investment Securities	-	303,389	-	303,389
<i>Net Cash from Investing Activities</i>	1,304	304,198	2	305,504
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	25,826	76,929	(12)	102,743
Cash and Cash Equivalents Beginning of Period	93,849	92,252	1,460	187,561
<i>Cash and Cash Equivalents End of Period</i>	\$ 119,675	\$ 169,181	\$ 1,448	\$ 290,304
<b>Reconciliation to Statement of Net Position</b>				
Cash and Cash Equivalents	\$ 119,675	\$ 169,181	\$ 1,448	\$ 290,304
Restricted Cash and Cash Equivalents	-	-	-	-
<i>Total</i>	\$ 119,675	\$ 169,181	\$ 1,448	\$ 290,304
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
<b>Operating Income (Loss)</b>	\$ 22,600	\$ (106,586)	\$ (14)	\$ (84,000)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</b>				
<b>Cash from Operating Activities:</b>				
Depreciation	20,111	270,126	-	290,237
<b>Changes in Assets and Liabilities:</b>				
Receivables	(484)	(926)	-	(1,410)
Prepays	(4,047)	320	-	(3,727)
Accounts Payable	906	(305)	-	601
Accrued Payroll	-	303	-	303
Compensated Absences	-	415	-	415
Net Pension Liability	2,705	16,233	-	18,938
Net Other Post-employment Benefits	-	9,906	-	9,906
<i>Net Cash Provided by Operating Activities</i>	\$ 41,791	\$ 189,486	\$ (14)	\$ 231,263

# City of Marshall

## Fiduciary Fund Descriptions

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### **FIDUCIARY FUNDS**

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

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

**City of Marshall**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	<b>Agency</b>		
	<b>Current Tax</b>	<b>Payroll</b>	<b>Total Agency</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,429	\$ 50,130	\$ 51,559
Accounts Receivable	158,569	--	158,569
<i><b>Total Assets</b></i>	<b>159,998</b>	<b>50,130</b>	<b>210,128</b>
<b>LIABILITIES</b>			
Undistributed Receipts	159,988	50,130	210,118
<i><b>Total Liabilities</b></i>	<b>159,988</b>	<b>50,130</b>	<b>210,118</b>
<b>NET POSITION</b>			
Held in Trust	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>



**City of Marshall**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2017**

**Current Tax**

	<b>June 30, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2017</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,333	\$ 18,820,126	\$ 18,824,030	\$ 1,429
Accounts Receivable	155,817	46,941	44,189	158,569
<b>Total Assets</b>	<b>161,150</b>	<b>18,867,067</b>	<b>18,868,219</b>	<b>159,998</b>
<b>LIABILITIES</b>				
Undistributed Receipts	161,150	18,867,067	18,868,219	159,998
<b>Total Liabilities</b>	<b>\$ 161,150</b>	<b>\$ 18,867,067</b>	<b>\$ 18,868,219</b>	<b>\$ 159,998</b>

**Payroll**

	<b>June 30, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2017</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 54,074	\$ 3,341,796	\$ 3,345,740	\$ 50,130
<b>Total Assets</b>	<b>54,074</b>	<b>3,341,796</b>	<b>3,345,740</b>	<b>50,130</b>
<b>LIABILITIES</b>				
Undistributed Receipts	54,074	3,341,796	3,345,740	50,130
<b>Total Liabilities</b>	<b>\$ 54,074</b>	<b>\$ 3,341,796</b>	<b>\$ 3,345,740</b>	<b>\$ 50,130</b>

**Total**

	<b>June 30, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2017</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 59,407	\$ 22,161,922	\$ 22,169,770	\$ 51,559
Accounts Receivable	155,817	46,941	44,189	158,569
<b>Total Assets</b>	<b>215,224</b>	<b>22,208,863</b>	<b>22,213,959</b>	<b>210,128</b>
<b>LIABILITIES</b>				
Undistributed Receipts	215,224	22,208,863	22,213,959	210,128
<b>Total Liabilities</b>	<b>\$ 215,224</b>	<b>\$ 22,208,863</b>	<b>\$ 22,213,959</b>	<b>\$ 210,128</b>

# City of Marshall

## Component Unit Fund Descriptions

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### COMPONENT UNITS

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

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

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

**City of Marshall**  
**Statement of Net Position and Downtown Development Authority Fund Balance**  
**Component Unit - Downtown Development Authority (DDA)**  
**June 30, 2017**

	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>DDA</u>	<u>Adjustments</u>	
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 57,513	\$ --	\$ 57,513
Investments	29,647	--	29,647
Accounts Receivable	117	--	117
<b>Total Current Assets</b>	<u>87,277</u>	<u>--</u>	<u>87,277</u>
<i>Noncurrent Assets</i>			
Restricted Cash and Cash Equivalents	1,684	--	1,684
<b>Total Assets</b>	<u>88,961</u>	<u>--</u>	<u>88,961</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	--	1,746	1,746
<b>Total Deferred Outflows of Resources</b>	<u>--</u>	<u>1,746</u>	<u>1,746</u>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	24,614	--	24,614
Accrued Payroll	638	--	638
Accrued Interest	--	579	579
Current Portion of Long-term Debt	--	55,000	55,000
Unearned Revenue	--	1,790	1,790
<b>Total Current Liabilities</b>	<u>25,252</u>	<u>57,369</u>	<u>82,621</u>
<i>Noncurrent Liabilities</i>			
Net Pension Liability	--	13,114	13,114
<b>Total Liabilities</b>	<u>25,252</u>	<u>70,483</u>	<u>95,735</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	--	145	145
<b>Total Deferred Inflows of Resources</b>	<u>--</u>	<u>145</u>	<u>145</u>
<b>FUND BALANCE</b>			
<i>Debt Service</i>	1,684	(1,684)	--
<i>Unrestricted</i>	62,025	(62,025)	--
<b>Total Fund Balance</b>	<u>\$ 63,709</u>	<u>\$ (63,709)</u>	<u>\$ --</u>
<b>NET POSITION</b>			
<i>Debt Service</i>		1,684	1,684
<i>Unrestricted</i>		(6,857)	(6,857)
<b>Total Net Position</b>		<u>\$ (5,173)</u>	<u>\$ (5,173)</u>

**City of Marshall**  
**Statement of Activities and Downtown Development Authority Fund Revenue,**  
**Expenditures, and Changes in Fund Balance**  
**Component Unit - Downtown Development Authority (DDA)**  
**For the Year Ended June 30, 2017**

	<b>Governmental Fund Type</b>		<b>Statement of Activities</b>
	<b>DDA</b>	<b>Adjustments</b>	
<b>Expenses</b>			
Community Development	\$ 126,605	\$ 1,230	\$ 127,835
Debt Service - Principal	50,000	(50,000)	--
Debt Service - Interest	8,442	(42)	8,400
<b>Total Expenses</b>	<b>185,047</b>	<b>(48,812)</b>	<b>136,235</b>
<b>Program Revenues</b>			
Charges for Services	--	--	--
Operating Grants and Contributions	71,263	(1,790)	69,473
Capital Grants and Contributions	--	--	--
<b>Total Program Revenues</b>	<b>71,263</b>	<b>(1,790)</b>	<b>69,473</b>
<b>Net Program Revenues (Expenses)</b>	<b>(113,784)</b>	<b>47,022</b>	<b>(66,762)</b>
<b>General Revenue</b>			
Property Taxes	128,029	--	128,029
Investment Earnings	356	--	356
<b>Total General Revenues</b>	<b>128,385</b>	<b>--</b>	<b>128,385</b>
<b>Change in Fund Balance / Net Position</b>	<b>14,601</b>	<b>47,022</b>	<b>61,623</b>
<i>Fund Balance / Net Position at Beginning of Period</i>	49,108	(115,904)	(66,796)
<b>Fund Balance / Net Position at End of Period</b>	<b>\$ 63,709</b>	<b>\$ (68,882)</b>	<b>\$ (5,173)</b>

**City of Marshall**  
**Statement of Net Position and Local Development Finance Authority Fund Balance**  
**Component Unit - Local Development Finance Authority (LDFA)**  
**June 30, 2017**

	<u>Governmental Fund Type</u>		<u>Statement of Net Position</u>
	<u>LDFA</u>	<u>Adjustments</u>	
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ 250,660	\$ --	\$ 250,660
Investments	454,770	--	454,770
Accounts Receivable	5,000	--	5,000
<b>Total Current Assets</b>	<u>710,430</u>	<u>--</u>	<u>710,430</u>
<i>Noncurrent Assets</i>			
Restricted Cash and Cash Equivalents	295	--	295
Capital Assets not being Depreciated	--	500,000	500,000
Advance to Primary Government	1,000,000	--	1,000,000
<b>Total Assets</b>	<u>1,710,725</u>	<u>500,000</u>	<u>2,210,725</u>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	31,198	--	31,198
Accrued Interest	--	2,835	2,835
Current Portion of Long-term Debt	--	90,000	90,000
<b>Total Current Liabilities</b>	<u>31,198</u>	<u>92,835</u>	<u>124,033</u>
<i>Noncurrent Liabilities</i>			
Long-term Debt	--	180,000	180,000
<b>Total Liabilities</b>	<u>31,198</u>	<u>272,835</u>	<u>304,033</u>
<b>FUND BALANCE</b>			
Net Investment in Capital Assets	--	--	--
<i>Unrestricted</i>	1,679,527	(1,679,527)	--
<b>Total Fund Balance</b>	<u>\$ 1,679,527</u>	<u>\$ (1,679,527)</u>	<u>\$ --</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets		500,000	500,000
<i>Resticted for:</i>			
Debt Service		295	295
<i>Unrestricted</i>		1,406,397	1,406,397
<b>Total Net Position</b>		<u>\$ 1,906,692</u>	<u>\$ 1,906,692</u>

**City of Marshall**  
**Statement of Activities and Local Development Finance Authority Fund Revenue,**  
**Expenditures, and Changes in Fund Balance**  
**Component Unit - Local Development Finance Authority (LDFA)**  
**For the Year Ended June 30, 2017**

	<u>Governmental Fund Type</u>		<u>Statement of Activities</u>
	<u>LDFA</u>	<u>Adjustments</u>	
<b>Expenses</b>			
Community Development	\$ 311,547	\$ --	\$ 311,547
Debt Service - Principal	90,000	(90,000)	--
Debt Service - Interest	14,850	(911)	13,939
<b><i>Total Expenses</i></b>	<u>416,397</u>	<u>(90,911)</u>	<u>325,486</u>
<b>General Revenue</b>			
Property Taxes	443,693	--	443,693
Investment Earnings	15,388	--	15,388
<b><i>Total General Revenues</i></b>	<u>459,081</u>	<u>--</u>	<u>459,081</u>
<b><i>Change in Fund Balance / Net Position</i></b>	<b>42,684</b>	<b>90,911</b>	<b>133,595</b>
<i>Fund Balance / Net Position at Beginning of Period</i>	1,636,843	136,254	1,773,097
<b><i>Fund Balance / Net Position at End of Period</i></b>	<u><b>\$ 1,679,527</b></u>	<u><b>\$ 227,165</b></u>	<u><b>\$ 1,906,692</b></u>

**City of Marshall**  
**Statement of Net Position and Economic Development Corporation Fund Balance**  
**Component Unit - Economic Development Corporation (EDC)**  
**June 30, 2017**

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

**City of Marshall**  
**Statement of Activities and Economic Development Corporation Fund Revenue,**  
**Expenditures, and Changes in Fund Balance**  
**Component Unit - Economic Development Corporation (EDC)**  
**For the Year Ended June 30, 2017**

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



**DIAL A RIDE TRANSPORTATION FUND  
TRANSIT SCHEDULES**

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

	<u>Jul. 1, 2016 to Sep. 30, 2016</u>	<u>Oct. 1, 2016 to Jun. 30, 2017</u>	<u>Total</u>
<b>Local Revenues</b>			
Demand Response (Farebox)			
Regular Service	\$ 9,220	\$ 47,660	\$ 56,880
New Freedom	(1,995)	-	(1,995)
Advertising	-	4,212	4,212
Tax Levy	92,132	10,708	102,840
Contributions from Local Units	(10,000)	10,000	-
Interest Income	125	622	747
<b>Total Local Revenues</b>	<u>\$ 89,482</u>	<u>\$ 73,202</u>	<u>\$ 162,684</u>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 1A - Schedule of Local Revenues**  
**For the Year Ended September 30, 2016**

	<u>Oct. 1, 2015 to Jun. 30, 2016</u>	<u>Jul. 1, 2016 to Sep. 30, 2016</u>	<u>Total</u>
<b>Local Revenues</b>			
Demand Response (Farebox)			
Regular Service	\$ 38,349	\$ 9,220	\$ 47,569
New Freedom	6,470	(1,995)	4,475
Advertising	8,713	-	8,713
Tax Levy	(93)	92,132	92,039
Contributions from Local Units	39,280	(10,000)	29,280
Interest Income	398	125	523
<b>Total Local Revenues</b>	<u>\$ 93,117</u>	<u>\$ 89,482</u>	<u>\$ 182,599</u>

**City of Marshall**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2017**

Federal Grantor / Pass Through Grantor Program Title	Federal CFDA Number	State Grantor Number	Program or Award Amount	Current Year Expenditures					Prior Year's Expended
				Total	Federal	State	Local	Settlement	
<b>Michigan Department of Transportation (MDOT)</b>									
Local Bus Operating Assistance (Act 51)		2014-0128	142,685	\$ (2,420)	\$ -	\$ -	\$ -	\$ (2,420)	\$ 103,865
Local Bus Operating Assistance (Act 51)		2015-0128	142,171	(12,346)	-	-	-	(12,346)	142,171
Local Bus Operating Assistance (Act 51)		2016-0128	140,935	41,765	-	36,485	-	5,280	99,170
Local Bus Operating Assistance (Act 51)		2017-0128	141,553	133,332	-	133,332	-	-	-
<b>Total State Assistance</b>				<u>160,331</u>	<u>-</u>	<u>169,817</u>	<u>-</u>	<u>(9,486)</u>	<u>348,956</u>
<b>U.S. Department of Transportation</b>									
Passed Through MDOT									
Operating Assistance (FY 16)	20.509	12-0128 / P8	70,394	18,237	18,237	-	-	-	51,310
Operating Assistance (FY 17)	20.509	12-0128 - P1	81,437	63,200	63,200	-	-	-	-
New Freedom (FY 16)	20.521	12-0128 / P5	71,894	(7,460)	4,535	-	(11,995)	-	79,354
Capital Grant - Section 5311	20.509	12-0128 / P3	15,000	7,167	5,734	1,433	-	-	9,265
<b>Total Federal Assistance</b>				<u>81,144</u>	<u>91,706</u>	<u>1,433</u>	<u>(11,995)</u>	<u>-</u>	<u>201,216</u>
<b>Total State &amp; Federal Assistance</b>				<u>\$ 241,475</u>	<u>\$ 91,706</u>	<u>\$ 171,250</u>	<u>\$ (11,995)</u>	<u>\$ (9,486)</u>	<u>\$ 550,172</u>

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

	<u>Jul. 1, 2016 to Sep. 30, 2016</u>	<u>Oct. 1, 2016 to Jun. 30, 2017</u>	<u>Total</u>
<b>Michigan Department of Transportation</b>			
Local Bus Operating (Act 51)	\$ 41,765	\$ 133,332	\$ 175,097
Prior Year Settlement	(14,766)	-	(14,766)
Section 5311 - Capital	-	1,433	1,433
<b>Federal Transit Administration</b>			
Section 5311 - Operating	18,237	63,200	81,437
Section 5311 - Capital	-	5,734	5,734
New Freedom	4,535	-	4,535
<b>Total</b>	<u>\$ 49,771</u>	<u>\$ 203,699</u>	<u>\$ 253,470</u>

**City of Marshall  
Dial-A-Ride Fund  
Schedule 2B - Schedule of Federal & State Awards  
For the Year Ended September 30, 2016**

	<u>Oct. 1, 2015 to Jun. 30, 2016</u>	<u>Jul. 1, 2016 to Sep. 30, 2016</u>	<u>Total</u>
<b>Michigan Department of Transportation</b>			
Local Bus Operating (Act 51)	\$ 99,170	\$ 41,765	\$ 140,935
Prior Year Settlement	-	(14,766)	(14,766)
Section 5311 - Capital	2,316	-	2,316
<b>Federal Transit Administration</b>			
Section 5311 - Operating	52,157	18,237	70,394
Prior Year Settlement	-	(4,254)	(4,254)
Section 5311 - Capital	9,265	-	9,265
New Freedom	12,355	4,535	16,890
<b>Total</b>	<u>\$ 175,263</u>	<u>\$ 45,517</u>	<u>\$ 220,780</u>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 3 - Operating & Contract Expenses**  
**For the Year Ended June 30, 2017**

<b>Expenses</b>	<u>Nonurban</u>	<u>New Freedom</u>	<u>Total</u>
Labor	\$ 196,541	\$ (8,025)	\$ 188,516
Fringe Benefits	187,337	(10,786)	176,551
Services	22,407	2,282	24,689
Materials & Supplies	31,159	(3,105)	28,054
Utilities	1,955	54	2,009
Insurance	5,311	(1)	5,310
Taxes and Fees	2,118	-	2,118
Operating Lease and Rentals	17,861	(449)	17,412
Miscellaneous	8,838	(1,737)	7,101
Depreciation	45,704	(2,757)	42,947
<b><i>Total Expenses</i></b>	<u>\$ 519,231</u>	<u>\$ (24,524)</u>	<u>\$ 494,707</u>

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

	Nonurban			New Freedom		
	July 1, 2016 to Sept. 30, 2016	Oct. 1, 2016 to June 30, 2017	Total	July 1, 2016 to Sept. 30, 2016	Oct. 1, 2016 to June 30, 2017	Total
<b>Expenses</b>						
Labor	\$ 40,380	156,161	\$ 196,541	\$ (8,025)	\$ -	\$ (8,025)
Fringe Benefits	37,603	149,734	187,337	(10,786)	-	(10,786)
Services	5,896	16,511	22,407	2,282	-	2,282
Materials & Supplies	35,055	(3,896)	31,159	(3,105)	-	(3,105)
Utilities	463	1,492	1,955	54	-	54
Insurance	1,605	3,706	5,311	(1)	-	(1)
Taxes and Fees	1	2,117	2,118	-	-	-
Operating Lease and Rentals	4,163	13,698	17,861	(449)	-	(449)
Miscellaneous	(4,710)	13,548	8,838	(1,737)	-	(1,737)
Depreciation	18,561	27,143	45,704	(2,757)	-	(2,757)
<b>Total Expenses</b>	<b>\$ 139,017</b>	<b>\$ 380,214</b>	<b>\$ 519,231</b>	<b>\$ (24,524)</b>	<b>\$ -</b>	<b>\$ (24,524)</b>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 3B - Operating Expenses by Program**  
**For the Year Ended September 30, 2016**

	Nonurban			New Freedom		
	Oct. 1, 2015 to June 30, 2016	July 1, 2016 to Sept. 30, 2016	Total	Oct. 1, 2015 to June 30, 2016	July 1, 2016 to Sept. 30, 2016	Total
<b>Expenses</b>						
Labor	\$ 154,735	40,380	\$ 195,115	\$ 30,892	\$ (8,025)	\$ 22,867
Fringe Benefits	139,672	37,603	177,275	15,917	(10,786)	5,131
Services	12,269	5,896	18,165	-	2,282	2,282
Materials & Supplies	17,600	35,055	52,655	6,602	(3,105)	3,497
Utilities	1,131	463	1,594	-	54	54
Insurance	1,098	1,605	2,703	842	(1)	841
Taxes and Fees	125	1	126	-	-	-
Operating Lease and Rentals	4,877	4,163	9,040	4,037	(449)	3,588
Miscellaneous	5,533	(4,710)	823	1,737	(1,737)	-
Depreciation	30,893	18,561	49,454	6,972	(2,757)	4,215
<b>Total Expenses</b>	<b>\$ 367,933</b>	<b>\$ 139,017</b>	<b>\$ 506,950</b>	<b>\$ 66,999</b>	<b>\$ (24,524)</b>	<b>\$ 42,475</b>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 4R - Nonurban Regular Service Revenue Report**  
**For the Year Ended September 30, 2016**

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**Revenues**

Demand Response (Farebox)	
Regular Service	\$ 47,569
New Freedom	4,475
Advertising	8,713
Tax Levy	92,039
Contributions from Local Units	29,280
State Operating Assistance	140,935
Federal Section 5311	70,394
New Freedom	16,890
Interest Income	523
<b><i>Total Revenues</i></b>	<b><u>\$ 410,818</u></b>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 4E - Regular Service Operating and Contract Expenses**  
**For the Year Ended September 30, 2016**

	Operations	Maintenance	General & Administrative	Total System
<b>Operating Expenses</b>				
<b>501 Labor</b>				
50101 Operators Salaries & Wages	\$ 127,303	\$ -	\$ 5,080	\$ 132,383
50102 Other Salaries & Wages	-	-	30,566	30,566
50103 Dispatchers' Salaries & Wages	32,166	-	-	32,166
<b>502 Fringe Benefits</b>				
50200 Fringe Benefits	38,774	-	14,656	53,430
50210 DC Pensions	6,659	-	-	6,659
50220 Pension	37,731	-	5,277	43,008
50230 Other Postemployment Benefits	67,374	-	6,804	74,178
<b>503 Services</b>				
50302 Advertising	-	-	896	896
50305 Audit	-	-	-	-
50399 Other Services	1,159	1,714	14,396	17,269
<b>504 Materials &amp; Supplies</b>				
50401 Fuel & Lubricants	15,203	-	-	15,203
50402 Tires & Tubes	911	-	-	911
50404 Major Purchases	-	10,413	-	10,413
50499 Other Materials & Supplies	3,807	21,270	1,051	26,128
<b>505 Utilities</b>				
50500 Utilities	1,594	-	-	1,594
<b>506 Insurance</b>				
50603 Liability Insurance	2,703	-	-	2,703
<b>507 Taxes and Fees</b>				
50700 Taxes and Fees	126	-	-	126
<b>509 Miscellaneous Expenses</b>				
50902 Travel, Meetings, & Training	-	-	123	123
50903 Association Dues & Subscriptions	700	-	-	700
<b>512 Operating Leases &amp; Rentals</b>				
51200 Operating Leases & Rentals	6,483	-	2,557	9,040
<b>513 Depreciation</b>				
51300 Depreciation	49,454	-	-	49,454
<b>Total Operating Expenses</b>	<u>392,147</u>	<u>33,397</u>	<u>81,406</u>	<u>506,950</u>
<b>550 Ineligible Expense</b>				
55007 Ineligible Depreciation	49,454	-	-	49,454
55008 Ineligible Capital Outlay	-	10,413	-	10,413
55009 Ineligible Dues	154	-	-	154
<b>580 Ineligible Expense</b>				
58020 Ineligible Pension	16,805	-	12,081	28,886
58030 Ineligible OPEB	37,241	-	-	37,241
<b>Total Ineligible Expenses</b>	<u>103,654</u>	<u>10,413</u>	<u>12,081</u>	<u>126,148</u>
<b>Total Eligible Expenses</b>				<u>\$ 380,802</u>



**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 4E - New Freedom Operating and Contract Expenses**  
**For the Year Ended September 30, 2016**

	Operations	Maintenance	General & Administrative	Total System
<b>Operating Expenses</b>				
<b>501 Labor</b>				
50101 Operators Salaries & Wages	\$ 14,390	\$ -	\$ 3,610	\$ 18,000
50103 Dispatchers' Salaries & Wages	4,867	-	-	4,867
<b>502 Fringe Benefits</b>				
50200 Fringe Benefits	1,436	-	1,417	2,853
50201 DC Pensions	360	-	-	360
50200 DB Pensions	1,918	-	-	1,918
<b>503 Services</b>				
50399 Other Services	-	-	2,282	2,282
<b>504 Materials &amp; Supplies</b>				
50401 Fuel & Lubricants	3,497	-	-	3,497
<b>505 Utilities</b>				
50500 Utilities	54	-	-	54
<b>506 Insurance</b>				
50603 Liability Insurance	841	-	-	841
<b>512 Operating Leases &amp; Rentals</b>				
51200 Operating Leases & Rentals	3,588	-	-	3,588
<b>513 Depreciation</b>				
51300 Depreciation	4,215	-	-	4,215
<b><i>Total Operating Expenses</i></b>	<u>35,166</u>	<u>-</u>	<u>7,309</u>	<u>42,475</u>
<b>550 Ineligible Expense</b>				
55000 Ineligible JARC and NF Fares	4,475	-	-	4,475
55007 Ineligible Depreciation	2,324	-	-	2,324
<b><i>Total Ineligible Expenses</i></b>	<u>6,799</u>	<u>-</u>	<u>-</u>	<u>6,799</u>
<b><i>Total Eligible Expenses</i></b>				<u>\$ 35,676</u>

**City of Marshall**  
**Dial-A-Ride Fund**  
**Schedule 5 - Operating Assistance Calculation**  
**For the Year Ended September 30, 2016**

	<b>Nonurban</b>
Total Expenses	\$ 506,950
Less Ineligible Expenses	
Depreciation	49,454
Major Purchases	10,413
MPTA Dues	154
OPEB Retirement Expense	37,241
Defined Benefit Pension - GASB 68	28,886
Total Ineligible Expenses per R&E Manual	126,148
Total State Eligible Expenses	380,802
Eligible Expenses for State Reimbursement	380,802
Reimbursement Rate	37.01%
State Operating Assistance	140,935
 Total Federal Eligible Expenses	
State Eligible Expense (per above)	380,802
Less: Additional Federal Ineligible Expenses - Audit Costs	295
Eligible Expenses for Federal Reimbursement	380,507
Reimbursement Rate	18.50%
Federal Operating Assistance	\$ 70,394

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

	Nonurban		New Freedom	
	Miles	Hours	Miles	Hours
<b>Demand Response</b>				
First Quarter (7/1/16 to 9/30/16)	10,605	1,131	9,872	521
Second Quarter (10/1/16 to 12/31/16)	23,184	1,918	-	-
Third Quarter (1/1/17 to 3/31/17)	27,558	2,108	-	-
Fourth Quarter (4/1/17 to 6/30/17)	24,243	1,890	-	-
<b>Total</b>	<b>85,590</b>	<b>7,047</b>	<b>9,872</b>	<b>521</b>

**City of Marshall  
Dial-A-Ride Fund  
Schedule of Nonfinancial Information  
For the Year Ended September 30, 2016**

	Nonurban		New Freedom	
	Miles	Hours	Miles	Hours
<b>Demand Response</b>				
First Quarter (10/1/15 to 12/31/15)	15,996	1,917	11,505	582
Second Quarter (1/1/16 to 3/31/16)	15,091	1,659	12,977	671
Third Quarter (4/1/16 to 6/30/16)	13,551	1,560	12,909	635
Fourth Quarter (7/1/16 to 9/30/16)	10,605	1,131	9,872	521
<b>Total</b>	<b>55,243</b>	<b>6,267</b>	<b>47,263</b>	<b>2,409</b>

**City of Marshall  
Dial-A-Ride Fund  
Schedule 6 - Comments and Recommendations  
For the Year Ended June 30, 2017**

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**Statutory Compliance**

Our review of procedures for compliance with statutory requirements disclosed the items noted in our letter to management and the City Council dated December 4, 2017.

## **STATISTICAL SECTION**

## City of Marshall Statistical Section

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

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

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

CITY OF MARSHALL, MICHIGAN

Table A-1

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

	2008	2009	2010	2011	2012	2013	2014*	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 13,498,671	\$ 13,738,175	\$ 13,551,965	\$ 13,960,325	\$ 13,632,575	\$ 12,672,273	\$ 15,176,566	\$ 21,390,237	\$ 23,338,239	\$ 23,386,578
Restricted	886,955	775,833	793,141	772,879	787,803	2,422,083	2,182,533	4,086,071	2,292,920	2,415,504
Unrestricted	3,477,917	3,267,007	2,769,352	2,239,903	2,174,819	2,155,568	(3,815,329)	(5,137,373)	(4,322,028)	(5,289,086)
<b>Total governmental activities net position</b>	<u>\$ 17,863,543</u>	<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>\$ 13,543,770</u>	<u>\$ 20,338,935</u>	<u>\$ 21,309,131</u>	<u>\$ 20,512,996</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 8,395,344	\$ 8,401,227	\$ 7,964,028	\$ 8,378,716	\$ 8,876,689	\$ 7,186,806	\$ 9,411,751	\$ 9,538,687	\$ 11,447,031	\$ 10,180,090
Restricted	3,642,168	4,346,482	4,948,057	4,347,200	5,285,471	5,511,602	2,862,097	843,583	844,514	770,975
Unrestricted	10,457,377	11,143,627	12,700,071	14,338,174	12,825,500	12,538,534	9,553,805	11,752,693	1,733,727	1,658,825
<b>Total business-type activities net position</b>	<u>\$ 22,494,889</u>	<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>\$ 21,827,653</u>	<u>\$ 22,134,963</u>	<u>\$ 14,025,272</u>	<u>\$ 12,609,890</u>
<b>Total primary government</b>										
Net investment in capital assets	\$ 21,894,015	\$ 22,139,402	\$ 21,515,993	\$ 22,339,041	\$ 22,509,264	\$ 19,859,079	\$ 24,588,317	\$ 30,928,924	\$ 34,785,270	\$ 33,566,668
Restricted	4,529,123	5,122,315	5,741,198	5,120,079	6,073,274	7,933,685	5,044,630	4,929,654	3,137,434	3,186,479
Unrestricted	13,935,294	14,410,634	15,469,423	16,578,077	14,900,319	14,694,102	5,738,476	6,615,320	(2,588,301)	(3,630,261)
<b>Total primary government net position</b>	<u>\$ 40,358,432</u>	<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>\$ 35,371,423</u>	<u>\$ 42,473,898</u>	<u>\$ 35,334,403</u>	<u>\$ 33,122,886</u>

Source: City of Marshall Finance Department

\* Restated Due to GASB 68

CITY OF MARSHALL, MICHIGAN

Table A-2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,689,006	\$ 1,681,749	\$ 1,901,417	\$ 1,907,279	\$ 2,035,070	\$ 1,536,135	\$ 1,180,247	\$ 1,927,654	\$ 2,375,248	\$ 2,888,618
Public safety	2,330,377	2,450,835	2,624,281	2,722,997	2,675,567	2,662,719	2,680,317	3,151,608	3,608,123	4,178,752
Public works	1,930,747	1,992,259	1,713,933	1,877,076	1,954,109	1,980,187	2,337,102	2,331,817	2,145,946	2,360,788
Parks and recreation	615,280	644,071	484,408	623,244	599,982	591,491	588,463	593,371	599,585	577,100
Community/economic development	130,930	182,485	138,669	151,077	167,198	148,806	154,714	202,552	146,387	116,746
Interest on long-term debt	226,164	158,971	325,155	135,294	121,582	178,430	138,467	318,524	296,478	265,533
Subtotal governmental activities	<u>6,922,504</u>	<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>	<u>8,525,526</u>	<u>9,171,767</u>	<u>10,387,537</u>
Business-type activities:										
Electric	12,100,696	12,388,402	12,804,410	12,118,033	12,352,835	13,118,049	12,432,134	12,301,471	17,440,376	12,221,708
Wastewater	1,387,374	1,308,655	1,214,436	1,310,960	1,343,044	1,453,850	1,329,436	1,600,776	1,760,453	1,689,523
Water	1,254,500	1,201,031	1,309,664	1,287,914	1,219,040	1,326,138	1,329,071	1,333,100	1,549,304	1,467,345
Public transit	453,277	428,501	428,624	401,678	385,992	397,214	398,912	416,893	533,012	494,707
Public housing	476,615	442,605	489,195	521,490	584,902	532,270	565,450	618,134	626,970	564,916
Fiber to the Premise	-	-	-	-	-	-	-	-	-	135,729
Subtotal business-type activities	<u>15,672,462</u>	<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>	<u>16,270,374</u>	<u>21,910,115</u>	<u>16,573,928</u>
<b>Total primary government expenses</b>	<u>22,594,966</u>	<u>22,879,564</u>	<u>23,434,192</u>	<u>23,057,042</u>	<u>23,439,321</u>	<u>23,925,289</u>	<u>23,134,313</u>	<u>24,795,900</u>	<u>31,081,882</u>	<u>26,961,465</u>
<b>Program revenues</b>										
Governmental activities:										
Charges for Services:										
General Government	208,970	197,666	752,660	1,248,330	1,173,148	362,535	346,127	536,501	526,366	617,103
Public Safety	-	-	-	-	-	-	-	56,895	219,946	287,850
Public Works	-	-	-	-	-	-	-	82,703	89,057	128,518
Parks & Recreation	214,329	207,941	213,405	212,962	217,355	207,822	209,400	205,607	208,262	185,244
Community Development	-	-	-	-	-	-	-	41,429	13,286	14,373
Operating grants and contributions	1,414,774	1,468,297	1,034,464	1,311,931	1,426,002	1,317,998	1,799,614	985,757	1,360,797	1,700,557
Capital grants and contributions	-	-	-	91,257	-	308,299	28,658	8,068,221	861,121	-
Subtotal governmental activities	<u>1,838,073</u>	<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>	<u>9,977,113</u>	<u>3,278,835</u>	<u>2,933,645</u>
Business-type activities:										
Charges for Services, Grants and Contributions										
Electric	13,886,257	14,078,379	14,189,257	13,303,892	12,260,940	12,271,455	13,129,478	13,597,667	11,819,594	12,421,717
Wastewater	1,328,505	1,263,518	1,239,442	1,360,653	1,433,183	1,550,497	2,256,421	1,565,950	1,530,627	1,734,039
Water	1,450,018	1,429,141	1,294,364	1,451,374	1,261,023	1,431,091	1,534,055	1,560,798	1,577,947	1,755,013
Public transit	250,762	397,758	481,598	259,904	299,264	240,024	291,195	383,125	338,098	357,567
Public housing	601,102	613,620	622,401	553,654	562,688	563,818	565,867	618,300	896,406	878,634
Fiber to the Premise	-	-	-	-	-	-	-	-	-	-
Subtotal business-type activities	<u>17,516,644</u>	<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>	<u>17,725,840</u>	<u>16,162,672</u>	<u>17,146,970</u>
<b>Total primary government program revenues</b>	<u>\$ 19,354,717</u>	<u>\$ 19,656,320</u>	<u>\$ 19,827,591</u>	<u>\$ 19,793,957</u>	<u>\$ 18,633,603</u>	<u>\$ 18,253,539</u>	<u>\$ 20,160,815</u>	<u>\$ 27,702,953</u>	<u>\$ 19,441,507</u>	<u>\$ 20,080,615</u>
<b>Net (expense)/revenues</b>										
Governmental activities	\$ (5,084,431)	\$ (5,236,466)	\$ (5,187,334)	\$ (4,552,487)	\$ (4,737,003)	\$ (4,901,114)	\$ (4,695,511)	\$ 1,451,587	\$ (5,892,932)	\$ (7,453,892)
Business-type activities	1,844,182	2,013,222	1,580,733	1,289,402	(68,715)	(770,636)	1,722,013	1,455,466	(5,747,443)	573,042
<b>Total primary government net (expenses) revenues</b>	<u>\$ (3,240,249)</u>	<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>	<u>\$ 2,907,053</u>	<u>\$ (11,640,375)</u>	<u>\$ (6,880,850)</u>

continued...



**CITY OF MARSHALL, MICHIGAN**

**Table A-2**

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>General revenues and other changes</b>										
Governmental activities:										
Property taxes	\$ 3,457,339	\$ 3,512,925	\$ 3,639,562	\$ 3,487,465	\$ 3,400,641	\$ 3,352,166	\$ 3,768,238	\$ 3,672,699	\$ 3,713,910	\$ 3,814,806
Grants and contributions not restricted to specific programs	728,344	726,066	625,155	610,106	639,043	627,376	645,432	653,948	647,700	678,605
Unrestricted investment earnings	280,872	129,880	16,266	3,148	11,760	8,912	6,890	19,120	19,200	40,139
Gain (Loss) on Sale of Capital Assets	-	-	-	72,609	70,729	2,937	46,366	(278,809)	-	-
Transfers	778,264	785,066	239,794	237,808	236,925	1,143,440	1,235,502	1,276,620	1,284,794	2,124,207
Subtotal governmental activities	<u>5,244,819</u>	<u>5,153,937</u>	<u>4,520,777</u>	<u>4,411,136</u>	<u>4,359,098</u>	<u>5,134,831</u>	<u>5,702,428</u>	<u>5,343,578</u>	<u>5,665,604</u>	<u>6,657,757</u>
Business-type activities:										
Property Taxes	103,253	103,966	107,787	102,461	99,887	94,849	94,396	91,882	93,691	102,840
Unrestricted investment earnings	225,278	64,325	265,514	49,650	29,323	970,211	21,691	22,111	26,379	32,943
Gain (Loss) on Sale of Capital Assets	-	-	6,580	247,959	-	(178,079)	-	14,471	-	-
Transfers	(778,264)	(785,066)	(239,794)	(237,808)	(236,925)	(1,143,440)	(1,235,502)	(1,276,620)	(1,284,794)	(2,124,207)
Subtotal business-type activities	<u>(449,733)</u>	<u>(616,775)</u>	<u>140,087</u>	<u>162,262</u>	<u>(107,715)</u>	<u>(256,459)</u>	<u>(1,119,415)</u>	<u>(1,148,156)</u>	<u>(1,164,724)</u>	<u>(1,988,424)</u>
<b>Total primary government general revenues</b>	<u>4,795,086</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>	<u>4,195,422</u>	<u>4,500,880</u>	<u>4,669,333</u>
<b>Change in net position</b>										
Governmental activities	160,388	(82,529)	(666,557)	(141,351)	(377,905)	233,717	1,006,917	6,795,165	(227,328)	(796,135)
Business-type activities	1,394,449	1,396,447	1,720,820	1,451,664	(176,430)	(1,027,095)	602,598	307,310	(6,912,167)	(1,415,382)
<b>Total primary government change in net position</b>	<u>\$ 1,554,837</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>	<u>\$ 7,102,475</u>	<u>\$ (7,139,495)</u>	<u>\$ (2,211,517)</u>

concluded.

Source: City of Marshall Finance Department

CITY OF MARSHALL, MICHIGAN

Table A-3

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Nonspendable	\$ 61,904	\$ 116,527	\$ 39,487	\$ 38,530	\$ 105,373	\$ 77,186	\$ 33,049	\$ 44,757	\$ 83,788	\$ 1,087,598
Restricted	-	-	-	-	-	-	-	1,778,715	-	-
Committed	547,464	547,464	524,796	560,089	560,089	560,089	735,594	163,014	185,450	184,490
Unassigned	1,335,772	1,261,838	1,315,574	1,653,876	1,705,362	2,192,258	839,801	2,640,174	1,800,039	928,304
<b>Total general fund</b>	<b>\$ 1,945,140</b>	<b>\$ 1,925,829</b>	<b>\$ 1,879,857</b>	<b>\$ 2,252,495</b>	<b>\$ 2,370,824</b>	<b>\$ 2,829,533</b>	<b>\$ 1,608,444</b>	<b>\$ 4,626,660</b>	<b>\$ 2,069,277</b>	<b>\$ 2,200,392</b>
<b>All Other Governmental Funds</b>										
Nonspendable	11,391	24,202	14,728	475,731	487,746	327,004	328,494	360,458	364,687	376,438
Restricted	216,585	169,060	1,257,545	559,297	643,073	2,115,425	1,854,039	1,946,898	1,928,233	2,039,066
Committed	1,076,114	1,032,080	76,528	212,824	201,989	152,197	265,120	140,250	127,171	339,059
<b>Total all other governmental funds</b>	<b>\$ 1,304,090</b>	<b>\$ 1,225,342</b>	<b>\$ 1,348,801</b>	<b>\$ 1,247,852</b>	<b>\$ 1,332,808</b>	<b>\$ 2,594,626</b>	<b>\$ 2,447,653</b>	<b>\$ 2,447,606</b>	<b>\$ 2,420,091</b>	<b>\$ 2,754,563</b>

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

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table A-4**

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Revenue</b>										
Property taxes	\$ 3,457,339	\$ 3,512,925	\$ 3,639,562	\$ 3,487,465	\$ 3,400,641	\$ 3,352,166	\$ 3,768,238	\$ 3,672,699	\$ 3,713,910	\$ 3,814,806
Licenses and permits	45,530	34,633	35,117	61,282	41,394	50,050	104,559	123,507	135,298	154,236
Intergovernmental	1,828,007	1,536,871	1,366,748	1,324,937	1,718,070	1,444,400	1,724,191	9,637,134	2,779,687	2,101,157
Charges for services	340,362	320,646	339,129	350,782	387,488	391,519	350,833	357,153	551,026	598,347
Fines and forfeitures	37,407	50,328	69,736	66,186	113,861	128,788	100,135	56,895	55,654	66,563
Investment earnings	230,538	113,413	20,180	16,594	32,037	16,883	13,761	19,120	19,200	38,522
Other	315,111	657,492	292,871	597,100	346,975	500,974	720,855	456,372	404,870	691,947
<b>Total revenue</b>	<b>6,254,294</b>	<b>6,226,308</b>	<b>5,763,343</b>	<b>5,904,346</b>	<b>6,040,466</b>	<b>5,884,780</b>	<b>6,782,572</b>	<b>14,322,880</b>	<b>7,659,645</b>	<b>7,465,578</b>
<b>Expenditures</b>										
General government	1,658,135	1,705,119	1,119,515	869,675	1,222,585	1,972,898	1,699,623	1,674,114	2,054,008	2,496,542
Public safety	2,322,738	2,241,007	2,445,258	2,560,189	2,504,409	2,552,181	2,575,066	2,852,751	3,040,070	3,211,194
Public works	910,778	829,809	778,047	868,755	891,416	834,956	829,025	1,385,688	1,383,425	1,481,661
Highways and streets	549,865	400,635	305,912	227,098	182,133	181,679	283,544	-	-	-
Community development	86,488	137,716	96,799	106,995	121,126	103,562	99,855	191,161	134,469	104,064
Culture and recreation	481,232	474,752	351,566	480,477	461,359	460,439	463,674	463,145	507,962	469,366
Debt service:										
Principal	596,847	596,746	402,231	417,580	439,073	364,905	355,000	495,000	492,773	2,076,185
Interest and other charges	228,691	189,560	323,817	146,302	118,213	101,660	122,391	239,424	297,101	250,902
Bond Issuance Costs	-	-	-	-	-	58,020	-	37,275	-	32,782
Capital outlay	455,236	507,626	71,039	257,219	335,312	528,865	2,973,015	10,606,331	3,619,529	545,248
<b>Total expenditures</b>	<b>7,290,010</b>	<b>7,082,970</b>	<b>5,894,184</b>	<b>5,934,290</b>	<b>6,275,626</b>	<b>7,159,165</b>	<b>9,401,193</b>	<b>17,944,889</b>	<b>11,529,337</b>	<b>10,667,944</b>
Revenues over (under) expenditures	(1,035,716)	(856,662)	(130,841)	(29,944)	(235,160)	(1,274,385)	(2,618,621)	(3,622,009)	(3,869,692)	(3,202,366)
<b>Other financing sources (uses)</b>										
Issuance of bonds / long-term debt	-	-	-	63,825	-	1,825,000	-	5,325,000	400,000	1,470,000
Premium on bonds	-	-	-	-	-	26,472	-	173,558	-	19,132
Sale of capital assets	-	-	-	-	201,520	-	15,057	-	-	-
Transfers in	838,995	1,106,856	413,969	575,216	514,153	1,355,328	1,438,770	1,661,141	1,891,677	3,007,109
Transfers out	(84,221)	(348,253)	(205,641)	(337,408)	(277,228)	(211,888)	(203,268)	(519,521)	(1,006,883)	(828,288)
<b>Total other financing sources (uses)</b>	<b>754,774</b>	<b>758,603</b>	<b>208,328</b>	<b>301,633</b>	<b>438,445</b>	<b>2,994,912</b>	<b>1,250,559</b>	<b>6,640,178</b>	<b>1,284,794</b>	<b>3,667,953</b>
<b>Net change in fund balance</b>	<b>\$ (280,942)</b>	<b>\$ (98,059)</b>	<b>\$ 77,487</b>	<b>\$ 271,689</b>	<b>\$ 203,285</b>	<b>\$ 1,720,527</b>	<b>\$ (1,368,062)</b>	<b>\$ 3,018,169</b>	<b>\$ (2,584,898)</b>	<b>\$ 465,587</b>
Debt service as a percentage of noncapital expenditures	12.08%	11.96%	12.47%	9.93%	9.38%	7.04%	7.43%	10.01%	9.99%	22.99%

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table B-1**

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

<b>As of Dec. 31,</b>	<b>FYE June 30,</b>	<b>Residential (1)</b>		<b>Commercial (1)</b>		<b>Industrial (1)</b>		<b>Utility</b>		<b>Total</b>		<b>(2) Total</b>
		<b>Taxable Value</b>	<b>Estimated Actual Value</b>	<b>Taxable Value</b>	<b>Estimated Actual Value</b>	<b>Taxable Value</b>	<b>Estimated Actual Value</b>	<b>Taxable Value</b>	<b>Estimated Actual Value</b>	<b>Taxable Value</b>	<b>Estimated Actual Value</b>	<b>Direct Tax Rate</b>
2015	2017	\$126,837,660	\$294,034,800	\$ 41,423,975	\$106,609,200	\$ 33,813,213	\$ 86,241,400	\$ 2,505,119	\$ 5,018,400	204,579,967	491,903,800	19.0862
2014	2016	126,638,972	292,882,000	39,386,893	98,290,980	50,108,403	120,615,600	2,419,716	4,847,600	218,553,984	516,636,180	18.9862
2013	2015	124,599,214	284,523,200	39,547,803	97,879,200	47,124,743	114,202,400	2,277,213	4,572,400	213,548,973	501,177,200	19.0862
2012	2014	126,770,173	278,727,900	47,608,965	112,412,200	42,502,565	91,783,800	2,805,420	5,662,200	219,687,123	488,586,100	19.0862
2011	2013	130,379,679	279,414,900	47,317,444	110,927,484	38,281,232	95,792,472	2,480,653	4,961,306	218,459,008	491,096,162	16.8862
2010	2012	136,530,496	301,750,600	53,082,869	113,507,598	36,262,417	91,800,800	1,941,829	4,061,000	227,817,611	511,119,998	16.8862
2009	2011	135,275,254	300,975,500	57,379,499	130,611,800	41,044,660	105,672,800	2,340,476	4,771,400	236,039,889	542,031,500	16.8862
2008	2010	142,443,237	321,713,012	57,822,583	139,672,008	47,490,702	124,682,400	1,809,064	3,708,400	249,565,586	589,775,820	16.7634
2007	2009	142,443,237	329,642,392	54,402,936	130,930,646	41,624,506	106,696,472	1,663,135	3,419,000	240,133,814	570,688,510	16.7634
2006	2008	139,187,928	323,223,156	53,791,912	131,759,600	42,087,661	105,417,000	1,740,405	3,544,400	236,807,906	563,944,156	16.7634

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

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

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table B-2**

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

<b>Fiscal Year Ended June 30,</b>	<b>City Direct Rates</b>				<b>Overlapping Rates</b>								
	<b>City</b>	<b>Leaf, Brush and Trash Pickup</b>	<b>Dial-A-Ride</b>	<b>Recreation</b>	<b>Marshall Public Schools</b>	<b>State Education Tax</b>	<b>Calhoun County Intermediate School Dist.</b>	<b>County</b>	<b>Marshall Library</b>	<b>Kellogg Community College</b>	<b>Marshall Ambulance Authority</b>	<b>Total Homestead</b>	<b>Total Non-Homestead</b>
2017	17.1629	0.5000	0.4840	0.9393	26.0500	6.0000	6.2057	6.4713	1.6711	3.6136	0.5000	51.5979	69.5979
2016	17.1629	0.4000	0.4840	0.9393	26.0500	6.0000	6.2057	6.4713	1.9911	3.6136	0.5000	51.8179	69.8179
2015	17.1629	0.5000	0.4840	0.9393	25.8800	6.0000	6.2057	6.4713	2.0711	3.6136	0.5000	51.8279	69.8279
2014	17.1629	0.5000	0.4840	0.9393	25.8800	6.0000	6.2057	6.4713	2.0671	3.6136	0.4819	51.8058	69.8058
2013	15.4629	-	0.4840	0.9393	25.8800	6.0000	6.2057	6.3713	2.0711	3.7106	0.4831	49.6080	67.6080
2012	15.4629	-	0.4840	0.9393	25.8800	6.0000	6.2057	6.3713	2.0711	3.7106	0.4831	49.6080	67.6080
2011	15.4629	-	0.4840	0.9393	26.0000	6.0000	6.2057	6.3713	2.0661	3.7106	0.4831	49.7230	67.7230
2010	15.4629	-	0.4840	0.8165	23.4500	6.0000	6.2057	6.3713	2.0711	3.7106	0.4925	47.0646	65.0646
2009	15.4629	-	0.4840	0.8165	23.4500	6.0000	6.2057	6.3713	2.0711	3.7106	0.4925	47.0646	65.0646
2008	15.4629	-	0.4840	0.8165	23.4500	6.0000	6.2057	6.3713	2.0289	3.7106	0.5000	47.0299	65.0299

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table B-3**

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

<b>Taxpayer</b>	<b>2017</b>			<b>2008</b>		
	<b>(1) Taxable Valuation</b>	<b>Rank</b>	<b>% of Total City Taxable Value</b>	<b>(1) Taxable Valuation</b>	<b>Rank</b>	<b>% of Total City Taxable Value</b>
Tenneco	\$ 10,017,841	1	4.90%	\$ 6,895,900	2	2.91%
Consumers Energy	3,347,837	2	1.64%			0.00%
KC Holding Co (K-Mart)	2,362,600	3	1.15%	1,738,277	10	
Joseph Campbell	1,622,337	4	0.79%	9,795,200	1	-
Financing VI-Healthcare	1,347,430	5	0.66%		-	-
Loves Travel Stops	1,346,568	6	0.66%			0.00%
Stag Marshall LLC	1,273,800	7	0.62%		-	-
Walden Pond Inv.	1,177,232	8	0.58%		-	-
LXP I, L.P.	1,144,522	9	0.56%		-	-
Autocam Corp	1,009,365	10	0.49%	4,509,900	4	-
Borg Warner	-	-	-	3,230,900	6	1.36%
Tri-State MI Assoc	-	-	-	3,307,200	5	1.40%
State Farm Insurance	-	-	-	2,082,166	8	0.88%
Marshall Brass Co.	-	-	-	4,674,000	3	1.97%
Bostik Ink	-	-	-	2,026,700	9	0.86%
Stelmi America	-	-	-	2,800,100	7	1.18%
	<b>\$ 24,649,532</b>		<b>12.05%</b>	<b>\$ 41,060,343</b>		<b>17.34%</b>

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

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table B-4**

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

(1) Fiscal Year Ended June 30,	(2) Taxes Levied for the Fiscal Year	Collections to March 1st of Fiscal Year of the Levy		Delinquent Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2017	\$ 3,777,564	\$ 3,766,035	99.69%	\$ 4,898	\$ 3,770,933	99.82%
2016	3,988,294	3,974,085	99.64%	125	3,974,210	99.65%
2015	3,973,980	3,965,617	99.79%	4,875	3,970,492	99.91%
2014	4,079,395	4,064,069	99.62%	11,544	4,075,613	99.91%
2013	4,030,907	4,026,677	99.90%	2,298	4,028,975	99.95%
2012	3,847,025	3,843,336	99.90%	852	3,844,188	99.93%
2011	3,983,452	3,974,060	99.76%	2,383	3,976,443	99.82%
2010	4,136,283	4,123,480	99.69%	6,077	4,129,557	99.84%
2009	4,025,403	4,010,552	99.63%	13,319	4,023,871	99.96%
2008	3,944,595	3,930,130	99.63%	11,027	3,941,157	99.91%

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

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

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table C-1**

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Governmental activities</b>										
General obligation bonds	\$ 3,915,000	\$ 3,435,000	\$ 3,150,000	\$ 2,850,000	\$2,540,000	\$4,030,000	\$3,675,000	\$8,505,000	\$8,030,000	\$7,465,000
Installment contracts	639,346	497,600	355,369	146,532	598,552	460,920	350,567	237,024	502,427	346,042
Insurance premium/discount(net)	(140,015)	(128,434)	(116,854)	(105,271)	(93,690)	30,900	28,963	193,642	184,763	175,876
<b>Total governmental activities</b>	<b>4,414,331</b>	<b>3,804,166</b>	<b>3,388,515</b>	<b>2,891,261</b>	<b>\$3,044,862</b>	<b>\$4,521,820</b>	<b>\$4,054,530</b>	<b>\$8,935,666</b>	<b>\$8,717,190</b>	<b>\$7,986,918</b>
<b>Business-type activities</b>										
General obligation bonds	6,465,000	6,055,000	6,960,000	6,405,000	5,815,000	8,940,000	8,245,000	7,535,000	6,795,000	9,640,000
Revenue bonds	1,235,001	990,001	740,000	680,000	620,000	555,000	490,000	420,000	345,000	-
Installment contracts	1,040,678	996,075	947,070	720,000	720,000	720,000	-	-	280,368	186,912
Insurance premium/discount (net)	(26,594)	(24,669)	(22,743)	(20,819)	(18,894)	82,262	74,470	66,677	58,884	443,195
<b>Total business-type activities</b>	<b>8,714,085</b>	<b>8,016,407</b>	<b>8,624,327</b>	<b>7,784,181</b>	<b>7,136,106</b>	<b>10,297,262</b>	<b>8,809,470</b>	<b>8,021,677</b>	<b>7,479,252</b>	<b>10,270,107</b>
<b>Total primary government outstanding debt</b>	<b>\$ 13,128,416</b>	<b>\$ 11,820,573</b>	<b>\$ 12,012,842</b>	<b>\$ 10,675,442</b>	<b>\$ 10,180,968</b>	<b>\$ 14,819,082</b>	<b>\$ 12,864,000</b>	<b>\$ 16,957,343</b>	<b>\$ 16,196,442</b>	<b>\$ 18,257,025</b>
Total taxable value	\$ 407,867,563	\$ 406,249,284	\$ 249,565,586	\$ 236,039,889	\$227,817,611	\$218,459,008	\$219,687,123	\$250,588,600	\$ 258,318,090	\$ 238,827,900
Ratio of total debt to taxable value	3.22%	2.91%	4.81%	4.52%	4.47%	6.78%	5.86%	6.77%	6.27%	7.64%
Total population	7,459	7,459	7,459	7,086	7,088	7,040	7,035	7,035	7,094	7,088
Total debt per capita	\$ 1,760	\$ 1,585	\$ 1,695	\$ 1,506	\$ 1,436	\$ 2,091	\$ 1,815	\$ 2,392	\$ 2,283	\$ 2,576
% of personal income	48.27%	43.46%	44.16%	39.25%	37.43%	53.43%	46.39%	61.15%	58.40%	71.71%
Personal Income per capita	\$ 27,200	\$ 27,200	\$ 27,200	\$ 27,200	\$ 27,200	\$ 27,733	\$ 27,733	\$ 27,733	\$ 27,733	\$ 25,458

Source: City of Marshall Finance Department; US Census

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



**CITY OF MARSHALL, MICHIGAN**

**Table C-2**

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

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

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

**CITY OF MARSHALL, MICHIGAN**

**Table C-3**

**Computation of Net Direct and Overlapping Governmental Activities Debt  
As of June 30, 2017**

		<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefited Entity</u>	<u>Net Amount Outstanding</u>
<b>Direct debt</b>				
General obligation bonds (1)		\$7,640,876	\$ -	\$ 7,640,876
Installment contracts		346,042	-	346,042
		<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Net direct debt</b>		<u>\$7,986,918</u>	<u>\$ -</u>	<u>7,986,918</u>
	<b>City Share of</b>			
<b>Overlapping debt</b>	<b><u>Debt (2)</u></b>			
Marshall School District	29.75%	46,600,000		13,863,500
Calhoun County	5.69%	29,311,100		1,667,802
Marshall District Library	37.31%	-		-
Kellogg Community College	5.69%	16,115,000		916,944
				<u>16,448,245</u>
<b>Net overlapping debt</b>				<u>16,448,245</u>
				<u>\$ 24,435,163</u>

(1) Governmental activity debt only

(2) Based on Taxable Value of the City of Marshall (\$197,343,512) compared to Taxable Value of the entire taxing jurisdiction.

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

**CITY OF MARSHALL, MICHIGAN**

**Table C-4**

**Legal Debt Margin  
Last Ten Fiscal Years**

**Legal debt margin calculation for fiscal 2016**

Assessed value (including IFT values)	\$ 245,951,900
Debt limit (10% of assessed value)	24,595,190
Less: net debt applicable to limit	<u>(18,257,025)</u>
<b>Legal debt margin</b>	<b><u>\$ 6,338,165</u></b>

<u>Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
2017	\$ 24,595,190	\$ 18,257,025	\$ 6,338,165	74.23%
2016	25,831,809	16,196,442	9,635,367	62.70%
2015	25,058,860	16,957,343	8,101,517	67.67%
2014	24,429,305	12,864,000	11,565,305	52.66%
2013	24,554,808	14,819,082	9,735,726	60.35%
2012	25,556,000	10,180,968	15,375,032	39.84%
2011	27,101,575	10,675,442	16,426,133	39.39%
2010	29,448,791	12,012,842	17,435,949	40.79%
2009	28,534,426	11,870,573	16,663,853	41.60%
2008	28,197,208	13,128,416	15,068,792	46.56%
2007	29,319,970	14,346,560	14,973,410	48.93%

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

City of Marshall

Table C-5

Pledged-Revenue Coverage  
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>(1) Gross Revenue</u>	<u>(2) Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Total Debt Service Requirement</u>	<u>Coverage</u>
<b>Water Revenue Bonds (3)</b>					
2017	-	-	-	n/a	n/a
2016	-	-	-	n/a	n/a
2015	-	-	-	n/a	n/a
2014	-	-	-	n/a	n/a
2013	-	-	-	n/a	n/a
2012	-	-	-	n/a	n/a
2011	-	-	-	n/a	n/a
2010	1,300,062	823,711	476,351	999	476.83
2009	1,438,252	751,432	686,820	1,049	654.74
2008	1,489,038	709,796	779,242	64,304	12.12
<b>Sewer Revenue Bonds (4)</b>					
2017	-	-	-	n/a	n/a
2016	-	-	-	n/a	n/a
2015	-	-	-	n/a	n/a
2014	-	-	-	n/a	n/a
2013	-	-	-	n/a	n/a
2012	-	-	-	n/a	n/a
2011	-	-	-	n/a	n/a
2010	1,236,775	844,425	392,350	196,811	1.99
2009	1,266,569	873,076	393,493	197,330	1.99
2008	1,266,569	873,076	393,493	197,330	1.99
<b>Electric Revenue Bonds (5)</b>					
2017	11,754,727	11,541,197	213,530	80,000	2.67
2016	11,834,418	11,055,268	779,150	95,860	8.13
2015	13,611,884	11,776,240	1,835,644	94,890	19.34
2014	13,144,054	13,561,207	(417,153)	93,625	(4.46)
2013	13,228,258	11,608,613	1,619,645	95,350	16.99
2012	12,224,904	11,762,521	462,383	93,475	4.95
2011	13,102,431	11,475,571	1,626,860	96,430	16.87
2010	13,208,622	12,190,994	1,017,628	94,178	10.81
2009	12,587,675	11,710,294	877,381	96,721	9.07
2008	12,498,722	11,356,382	1,142,340	94,085	12.14

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

(2) Excludes depreciation expense.

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

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

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

Source: City of Marshall Finance Department

**CITY OF MARSHALL, MICHIGAN**

**Table D-1**

**Demographic and Economic Statistics  
Last Ten Years**

<b>Year</b>	<b>Population</b>	<b>(1) Total Personal Income (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>(2) Unemployment Rate</b>
2017	7,088	\$ 180,446	\$ 25,458	4.80%
2016	7,094	173,243	24,421	4.40%
2015	7,035	180,300	25,629	5.40%
2014	7,035	180,300	25,629	7.60%
2013	7,040	180,428	25,629	7.90%
2012	7,088	181,658	25,629	9.30%
2011	7,086	181,607	25,629	11.40%
2010	7,459	164,270	22,023	11.50%
2009	7,459	164,270	22,023	7.50%
2008	7,459	164,270	22,023	6.80%

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

(2) Source: Homefacts.com as of 6/30/2017.

Sources:

United State Census - Quick Facts Marshall (City)

CITY OF MARSHALL, MICHIGAN

Table D-2

Principal Employers  
Fiscal Year and Nine Years Ago

Employer	2017			2008		
	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
Oaklawn Hospital	1,000	1	18.72%	644	1	12.91%
Tenneco Auto.	1,000	2	18.72%	427	5	8.56%
Marshall Schools	270	3	5.05%	185	6	3.71%
Eaton Auto.	210	4	3.93%	467	4	9.36%
Marshall Excelsior	200	5	3.74%	*		
Michigan Kitchen Distributors	140	6	2.62%	*		
Oaklawn Medical Group	126	7	2.36%	*		
Medilodge of Marshall	107	8	2.00%	*		
Tribal Manuf.	100	9	1.87%	*		
Autocam Corp.	89	10	1.67%	99	10	1.99%
City of Marshall	86		1.61%	97	11	1.95%
Progressive Dynamics	89		1.67%	104	9	2.09%
State Farm Insurance				569	2	11.41%
Lear Corporation				530	3	10.63%
Joseph Campbell				167	7	3.35%
Marshall Brass				160	8	3.21%
	<u>3,417</u>		<u>63.95%</u>	<u>3,449</u>		<u>69.16%</u>
<b>Estimated total city employment</b>	<u>5,343</u>			<u>4,987</u>		

\* Not available.

Source: City of Marshall - MAEDA

**CITY OF MARSHALL, MICHIGAN**

**Table E-1**

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

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Government	9.0	8.0	7.5	7.4	7.1	6.7	10.0	14.5	12.8	11.4
Community & Economic Development	2.0	2.0	1.6	1.6	1.6	1.1	1.2	-	2.2	0.8
Public Safety (Police & Fire)	24.0	22.0	21.0	21.0	22.0	21.0	21.0	21.0	24.0	22.0
Transportation	4.0	3.5	3.1	3.1	3.1	3.0	3.0	3.0	3.0	2.0
Public Works										
Streets & Roads	7.5	7.0	6.8	6.7	6.7	6.4	9.0	11.0	9.9	8.5
Electric	14.0	17.0	19.3	19.3	19.4	21.7	20.7	16.4	17.2	18.0
Wastewater	7.0	7.0	7.3	7.3	6.2	7.3	7.3	9.5	6.5	6.2
Water	6.5	6.5	6.5	6.6	6.6	6.6	6.6	6.6	5.3	6.2
Parks and Recreation	4.0	4.0	4.0	3.0	3.0	3.0	3.3	4.0	4.3	3.5
<b>Total</b>	<b>78.0</b>	<b>77.0</b>	<b>77.0</b>	<b>75.9</b>	<b>75.8</b>	<b>76.8</b>	<b>82.1</b>	<b>86.0</b>	<b>85.0</b>	<b>78.6</b>

Source: City of Marshall Human Resources Department

**CITY OF MARSHALL, MICHIGAN**

**Table E-2**

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

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Election Data (Even Election Years)</b>										
Registered Voters	5,673	-	5,303	-	5,460	-	5,452	5,544	5,659	5,639
Voters (at the polls or absentee) [November Elections]	3,575	-	2,502	-	3,444	-	2,331	N/A	N/A	3,546
Percent Participating	63.0%	-	47.2%	-	63.1%	-	42.8%	N/A	N/A	62.9%
<b>Police</b>										
Traffic citations	*	*	*	1,478	2,254	614	614	920	1,050	1,119
Arrests	815	696	745	835	959	688	701	525	491	600
Crime Rate (U.S. Ave 297.7)	241.0	241.0	160.0	170.2	136.1	136.1	136.1	169.6	N/A	162.0
Calls for service	12,671	10,802	5,256	6,438	5,189	4,886	4,886	6,947	5,703	7,362
<b>Community &amp; Economic Development</b>										
Building Inspections Performed	370	473	454	398	456	1,188	207	172	93	341
Building Permits Issued	77	63	83	79	80	121	118	75	118	108
Dollar Value of Building Permits Issued ( e )	\$ 663,000	\$ 1,922,000	\$ 3,050,000	\$ 1,836,000	\$ 435,000	\$ 4,644,157	\$ 18,765,867	\$ 1,082,500	\$ 2,626,625	N/A
<b>Public Services</b>										
Energy Billed (kwh)	113,950,367	103,128,220	107,889,673	110,017,513	108,939,712	104,163,961	106,021,809	104,812,021	104,502,417	104,536,568
Water Pumped (gallons)	437,412,252	360,434,816	338,743,821	288,841,299	311,443,072	292,166,800	290,089,956	263,810,557	282,870,000	267,707,930
Water Treated (gallons)	653,850,000	587,790,000	837,180,000	549,780,000	489,780,000	488,730,000	517,870,000	508,440,000	536,010,000	536,660,000
Expenditures on Major Street const. & preserv.	208,567	321,913	167,097	162,097	134,120	298,409	311,912	368,205	282,995	668,750
Expenditures on Local Street const. & preserv.	429,463	196,644	236,251	236,251	300,161	293,215	673,732	234,230	371,630	501,360
<b>Recreation</b>										
Programs Offered	87	71	80	61	56	55	63	71	119	134
Youth Participation in Rec. Activity	2,887	3,567	3,529	2,372	2,380	2,521	1,833	1,854	2,715	1,863
Adult Participation in Rec. Activity	3,823	1,865	2,038	2,204	1,850	1,895	1,811	1,619	2,375	1,358
Senior Participation in Rec. Activity	1,951	2,802	3,529	1,321	127	50	55	46	243	53
Family Participation in Rec. Activity	1,679	1,058	559	1,704	1,705	1,504	1,645	1,747	1,253	1,042

e = estimated

(1) switch to consolidated dispatch

Source: City of Marshall Finance Department



**CITY OF MARSHALL, MICHIGAN**

**Table E-3**

**Capital Asset Statistics by Function/Program  
Last Four Fiscal Years**

<b>Function/Program</b>	<b>2017 *</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Police</b>				
Police department building	1	1	1	1
Vehicle patrol units	7	7	7	7
<b>Fire (1)</b>				
Number of stations serving City	1	1	1	1
Fire units serving City:				
Fire engines	1	2	2	1
Ladder trucks	1	1	1	1
Rescue vehicles	1	1	1	1
Brush trucks	1	1	1	1
Utility vehicles	2	1		
<b>Public Works</b>				
City streets:				
Miles of major streets	14.38	14.38	14.38	14.38
Miles of local streets	25.76	25.76	25.76	25.70
Miles of Trunkline	16.00	16.00	16.00	16.00
Miles of sidewalks	34.64	34.00	34.00	34.00
Number of Street Lights	1,375	1,375	1,375	1,375
Sewer:				
Miles of sanitary mains	49.40	49.40	49.40	49.35
Miles of storm sewers	38.10	38.10	38.10	38.05
Treatment capacity	2.62/mgd	2.62/mgd	2.62/mgd	2.62/mgd
Water:				
Miles of water mains	59.10	59.10	59.10	59.07
Number of fire hydrants	496.00	496.00	496.00	496.00
Treatment capacity	3.86/mgd	3.86/mgd	3.86/mgd	3.86/mgd
<b>Parks and Recreation</b>				
Parks:				
City	7	6	6	6
Skate	1	1	1	1
Park acreage	236	235	235	235
Play structures	3	3	3	2
Pavilions	5	4	4	4
Adult Softball Fields	2	2	2	2
Youth Softball Fields	2	2	2	2
Sand Volleyball Courts	3	3	3	3

\* This is the fourth 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