

COUNTY OF MARQUETTE, MICHIGAN

STATEMENT OF NET POSITION

December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and equivalents	\$ 13,129,896	\$ 9,543,315	\$ 22,673,211	\$ 5,125,388
Investments	10,831,325	4,674,835	15,506,160	4,619,653
Investments - restricted	-	3,660,742	3,660,742	-
Receivables, net	11,450,077	3,918,982	15,369,059	12,898,807
Other current assets	33,660	254,923	288,583	2,911,039
<b>TOTAL CURRENT ASSETS</b>	<b>35,444,958</b>	<b>22,052,797</b>	<b>57,497,755</b>	<b>25,554,887</b>
Non-current Assets:				
Net Pension Benefit	-	497,120	497,120	50,587,914
Capital Assets	3,683,154	69,796,194	73,479,348	57,988,813
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,683,154</b>	<b>70,293,314</b>	<b>73,976,468</b>	<b>108,576,727</b>
<b>TOTAL ASSETS</b>	<b>39,128,112</b>	<b>92,346,111</b>	<b>131,474,223</b>	<b>134,131,614</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	1,857,946	435,268	2,293,214	7,347,670
Accrued payroll and related liabilities	254,157	539,056	793,213	-
Current portion of compensated absences	29,876	-	29,876	145,944
Current portion of notes payable	-	-	-	313,404
Other current liabilities	-	189,400	189,400	260,800
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,141,979</b>	<b>1,163,724</b>	<b>3,305,703</b>	<b>8,067,818</b>
Non-current Liabilities:				
Compensated absences	1,464,971	886,236	2,351,207	395,948
Other post-employment benefits	9,461,075	29,413	9,490,488	1,054,250
Other	-	-	-	757,551
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>10,926,046</b>	<b>915,649</b>	<b>11,841,695</b>	<b>2,207,749</b>
<b>TOTAL LIABILITIES</b>	<b>13,068,025</b>	<b>2,079,373</b>	<b>15,147,398</b>	<b>10,275,567</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes levied for a subsequent period	10,245,339	-	10,245,339	-
Community Development	2,919,522	-	2,919,522	-
Forest Road Funds	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>13,164,861</b>	<b>-</b>	<b>13,164,861</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	3,683,154	69,796,194	73,479,348	108,576,727
Restricted	350,634	936,252	1,286,886	14,797,707
Unrestricted	8,861,438	19,534,292	28,395,730	481,613
<b>TOTAL NET POSITION</b>	<b>\$ 12,895,226</b>	<b>\$ 90,266,738</b>	<b>\$ 103,161,964</b>	<b>\$ 123,856,047</b>

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

COUNTY OF MARQUETTE, MICHIGAN

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

Function / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
Governmental Activities:								
Legislative	\$ 267,408	\$ 42,738	\$ 619,744	\$ -	\$ 395,074	\$ -	\$ 395,074	\$ -
Judicial	6,269,721	1,325,013	2,489,568	-	(2,455,140)	-	(2,455,140)	-
Elections	53,942	-	-	-	(53,942)	-	(53,942)	-
Management	1,683,926	-	-	-	(1,683,926)	-	(1,683,926)	-
Public Records	1,968,718	777,119	165,945	-	(1,025,654)	-	(1,025,654)	-
Public Safety	8,731,615	946,478	674,355	-	(7,110,782)	-	(7,110,782)	-
Human Services	5,447,474	683,112	2,505,152	-	(2,259,210)	-	(2,259,210)	-
Resource management/ Development	3,014,765	711,589	196,461	-	(2,106,715)	-	(2,106,715)	-
Other	6,490,865	-	152,086	-	(6,338,779)	-	(6,338,779)	-
Total Governmental Activities	33,928,434	4,486,049	6,803,311	-	(22,639,074)	-	(22,639,074)	-
Business-Type Activities:								
Medical Care Facility	14,620,209	14,036,621	-	-	-	(583,588)	(583,588)	-
Airport	3,996,262	673,556	-	20,307	-	(3,302,399)	(3,302,399)	-
Forestry	302,877	99,797	-	-	-	(203,080)	(203,080)	-
Foreclosure	109,355	186,146	(2,504)	-	-	74,287	74,287	-
100 % Tax Payment Funds	3,573	675,681	-	-	-	672,108	672,108	-
Sewer Fund	1,006,667	808,427	-	-	-	(198,240)	(198,240)	-
Water Fund	449,324	456,203	-	-	-	6,879	6,879	-
Total Business-Type Activities	20,488,267	16,936,431	(2,504)	20,307	-	(3,534,033)	(3,534,033)	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 54,416,701</b>	<b>\$ 21,422,480</b>	<b>\$ 6,800,807</b>	<b>\$ 20,307</b>	<b>(22,639,074)</b>	<b>(3,534,033)</b>	<b>(26,173,107)</b>	<b>-</b>
<b>Component Units:</b>								
County Road Department	\$ 11,825,151	\$ 4,253,230	\$ 5,764,553	\$ 42,163,499	-	-	-	40,356,131
EDC Fund	43,320	35,820	-	-	-	-	-	(7,500)
Brownfield Authority	102,241	-	98,305	-	-	-	-	(3,936)
Land Bank Authority	90,471	-	41,865	-	-	-	-	(48,606)
Drain Maintenance Fund	-	-	-	-	-	-	-	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 12,061,183</b>	<b>\$ 4,289,050</b>	<b>\$ 5,904,723</b>	<b>\$ 42,163,499</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,296,089</b>
General Revenues:								
Taxes					20,125,854	-	20,125,854	-
Unrestricted State sources					1,099,459	-	1,099,459	-
Interest and investment earnings					721,800	26,290	748,090	77,870
Miscellaneous					2,027,219	1,901,768	3,928,987	75,168
Transfers					(438,250)	438,250	-	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>23,536,082</b>	<b>2,366,308</b>	<b>25,902,390</b>	<b>153,038</b>
<b>CHANGE IN NET POSITION</b>					<b>897,008</b>	<b>(1,167,725)</b>	<b>(270,717)</b>	<b>40,449,127</b>
Net position, beginning of year					11,998,218	91,434,463	103,432,681	83,406,920
<b>NET POSITION, END OF YEAR</b>					<b>\$ 12,895,226</b>	<b>\$ 90,266,738</b>	<b>\$ 103,161,964</b>	<b>\$ 123,856,047</b>

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

COUNTY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2014

	General Fund	Health Department Fund	Community Development Fund	Maintenance of Effort Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 10,518,232	\$ 441,369	\$ 195,630	\$ 4,187,613	\$ 5,921,950	\$ 21,264,794
Receivables	381,014	-	-	-	2,458,118	2,839,132
Taxes receivable	3,256,378	-	-	1,094,709	-	4,351,087
Due from State	49,271	145,041	-	-	528,129	722,441
Due from others	12,632	137,475	-	-	-	150,107
Loans receivable	-	-	2,919,522	-	138,758	3,058,280
Other assets	-	15,559	-	-	245	15,804
<b>TOTAL ASSETS</b>	<b>\$ 14,217,527</b>	<b>\$ 739,444</b>	<b>\$ 3,115,152</b>	<b>\$ 5,282,322</b>	<b>\$ 9,047,200</b>	<b>\$ 32,401,645</b>
<b>LIABILITIES</b>						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 116,829	\$ 116,829
Accounts payable	428,166	345,460	112	66,442	242,978	1,083,158
Due to State	-	-	-	-	-	-
Due to others	-	-	-	-	494,198	494,198
Due to other funds	-	-	-	-	-	-
Accrued payroll and related liabilities	245,576	179,964	-	-	32,267	457,807
Accrued sick and vacation	41,926	20,000	-	-	9,876	71,802
<b>TOTAL LIABILITIES</b>	<b>715,668</b>	<b>545,424</b>	<b>112</b>	<b>66,442</b>	<b>896,148</b>	<b>2,223,794</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Taxes levied for a subsequent period	6,444,068	-	2,919,522	1,218,693	2,582,578	13,164,861
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6,444,068</b>	<b>-</b>	<b>2,919,522</b>	<b>1,218,693</b>	<b>2,582,578</b>	<b>13,164,861</b>
<b>FUND BALANCE</b>						
Non-spendable	-	15,559	-	-	139,003	154,562
Restricted	-	178,461	-	-	-	178,461
Assigned	949,983	-	195,518	3,997,187	5,429,471	10,572,159
Unassigned	6,107,808	-	-	-	-	6,107,808
<b>TOTAL FUND BALANCE</b>	<b>7,057,791</b>	<b>194,020</b>	<b>195,518</b>	<b>3,997,187</b>	<b>5,568,474</b>	<b>17,012,990</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 14,217,527</b>	<b>\$ 739,444</b>	<b>\$ 3,115,152</b>	<b>\$ 5,282,322</b>	<b>\$ 9,047,200</b>	<b>\$ 32,401,645</b>

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

**COUNTY OF MARQUETTE, MICHIGAN**

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

December 31, 2014

<b>Total Fund Balances for Governmental Funds</b>			<b>\$ 17,012,990</b>
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			2,972,163
Internal service funds are used by management to administer the activities of the Delinquent Tax Revolving Funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, net of capital assets.			(5,624,956)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Other post-employment benefits	\$	-	
Compensated absences		<u>1,464,971</u>	(1,464,971)
			<hr/>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>			<b><u><u>\$ 12,895,226</u></u></b>

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

COUNTY OF MARQUETTE, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2014

	General Fund	Health Department Fund	Community Development Fund	Maintenance of Effort Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes and penalties	\$ 16,568,943	\$ -	\$ -	\$ 1,187,876	\$ 2,369,035	\$ 20,125,854
Licenses and permits	659,540	-	-	-	-	659,540
Federal sources	497,612	-	152,086	-	786,048	1,435,746
State sources	2,579,461	2,363,365	-	-	1,524,199	6,467,025
Charges for services	3,071,195	667,829	-	-	87,484	3,826,508
Interest earned	666,582	-	58	3,113	50,750	720,503
Other	1,276,148	556,625	61,807	-	132,639	2,027,219
<b>TOTAL REVENUES</b>	<b>25,319,481</b>	<b>3,587,819</b>	<b>213,951</b>	<b>1,190,989</b>	<b>4,950,155</b>	<b>35,262,395</b>
<b>EXPENDITURES</b>						
Legislative	267,408	-	-	-	-	267,408
Judicial	3,361,827	-	-	-	2,953,273	6,315,100
Elections	53,942	-	-	-	-	53,942
Management	1,583,070	-	-	-	-	1,583,070
Public Records	1,679,855	-	-	-	288,863	1,968,718
Public Safety	6,854,868	-	-	-	1,991,345	8,846,213
Human Services	105,393	3,844,645	-	392,478	1,077,981	5,420,497
Resource Management and Development	2,880,705	-	-	-	120,928	3,001,633
Other	4,868,761	-	192,896	-	165,892	5,227,549
<b>TOTAL EXPENDITURES</b>	<b>21,655,829</b>	<b>3,844,645</b>	<b>192,896</b>	<b>392,478</b>	<b>6,598,282</b>	<b>32,684,130</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,663,652</b>	<b>(256,826)</b>	<b>21,055</b>	<b>798,511</b>	<b>(1,648,127)</b>	<b>2,578,265</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	222,532	261,665	-	-	2,155,700	2,639,897
Transfers (out)	(2,917,365)	-	-	(300,000)	(354,800)	(3,572,165)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,694,833)</b>	<b>261,665</b>	<b>-</b>	<b>(300,000)</b>	<b>1,800,900</b>	<b>(932,268)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>968,819</b>	<b>4,839</b>	<b>21,055</b>	<b>498,511</b>	<b>152,773</b>	<b>1,645,997</b>
Fund balance, beginning of year	6,088,972	189,181	174,463	3,498,676	5,415,701	15,366,993
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 7,057,791</b>	<b>\$ 194,020</b>	<b>\$ 195,518</b>	<b>\$ 3,997,187</b>	<b>\$ 5,568,474</b>	<b>\$ 17,012,990</b>

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

**COUNTY OF MARQUETTE, MICHIGAN**

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,645,997

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

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

Capital outlays	\$ 477,679	
Capital assets transferred from internal service funds to general fund	125,746	
Depreciation expense	(482,873)	
Gain (loss) on disposals	<u>(34,017)</u>	
		86,535

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 40,629

Some expenses reported in the statement of activities, such as other post-employment benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. -

Internal service funds are used by management to administer the activities of the Delinquent Tax Revolving Funds. The net revenue of the internal service funds are included in governmental activities in the statement of net position. (876,153)

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 897,008</u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENTS OF NET POSITION

December 31, 2014

	Business - Type Activities: Enterprise Funds							Total	Governmental Activities Internal Service Funds
	Medical Care Facility Operating Fund	Airport Fund	Forestry Fund	Foreclosure Fund	100% Tax Payment Fund	Sewer Fund	Water Fund		
<b>ASSETS</b>									
Current Assets:									
Cash and equivalents	\$ 5,164,357	\$ 1,361,688	\$ 610,638	\$ 482,973	\$ 4,813,537	\$ 807,260	\$ 648,667	\$ 13,889,120	\$ 3,142,286
Cash and equivalents-restricted	3,660,742	-	-	-	-	-	-	3,660,742	-
Accounts receivable	1,261,971	118,321	-	-	2,610,482	167,746	89,492	4,248,012	-
Other assets	237,199	15,392	-	-	132	1,496	704	254,923	17,856
<b>TOTAL CURRENT ASSETS</b>	<b>10,324,269</b>	<b>1,495,401</b>	<b>610,638</b>	<b>482,973</b>	<b>7,424,151</b>	<b>976,502</b>	<b>738,863</b>	<b>22,052,797</b>	<b>3,160,142</b>
Non-current Assets:									
Capital Assets:									
Land and construction in progress	276,387	3,197,326	10,759,408	-	-	-	2,160,000	16,393,121	-
Other capital assets, net of depreciation	4,088,861	45,354,656	52,995	-	-	2,633,869	1,272,692	53,403,073	710,991
Net Pension Benefit	497,120	-	-	-	-	-	-	497,120	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,862,368</b>	<b>48,551,982</b>	<b>10,812,403</b>	<b>-</b>	<b>-</b>	<b>2,633,869</b>	<b>3,432,692</b>	<b>70,293,314</b>	<b>710,991</b>
<b>TOTAL ASSETS</b>	<b>15,186,637</b>	<b>50,047,383</b>	<b>11,423,041</b>	<b>482,973</b>	<b>7,424,151</b>	<b>3,610,371</b>	<b>4,171,555</b>	<b>92,346,111</b>	<b>3,871,133</b>
<b>LIABILITIES</b>									
Current Liabilities:									
Accounts payable	309,131	84,397	331	1,301	-	32,118	7,990	435,268	35,014
Accrued payroll and related liabilities	498,212	31,591	-	-	-	7,673	1,580	539,056	-
Other liabilities	12,167	100,708	-	-	-	38,263	38,262	189,400	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>819,510</b>	<b>216,696</b>	<b>331</b>	<b>1,301</b>	<b>-</b>	<b>78,054</b>	<b>47,832</b>	<b>1,163,724</b>	<b>35,014</b>
Non-current Liabilities:									
Compensated absences	712,878	105,996	-	-	-	43,785	23,577	886,236	-
Other post-employment benefits payable	29,413	-	-	-	-	-	-	29,413	9,461,075
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>742,291</b>	<b>105,996</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,785</b>	<b>23,577</b>	<b>915,649</b>	<b>9,461,075</b>
<b>TOTAL LIABILITIES</b>	<b>1,561,801</b>	<b>322,692</b>	<b>331</b>	<b>1,301</b>	<b>-</b>	<b>121,839</b>	<b>71,409</b>	<b>2,079,373</b>	<b>9,496,089</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>									
Net Investment in capital assets	4,365,248	48,551,982	10,812,403	-	-	2,633,869	3,432,692	69,796,194	710,991
Restricted	-	891,120	45,000	-	-	-	-	936,120	17,856
Unrestricted	9,259,588	281,589	565,307	481,672	7,424,151	854,663	667,454	19,534,424	(6,353,803)
<b>TOTAL NET POSITION</b>	<b>\$ 13,624,836</b>	<b>\$ 49,724,691</b>	<b>\$ 11,422,710</b>	<b>\$ 481,672</b>	<b>\$ 7,424,151</b>	<b>\$ 3,488,532</b>	<b>\$ 4,100,146</b>	<b>\$ 90,266,738</b>	<b>\$ (5,624,956)</b>

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

COUNTY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2014

	Business - Type Activities: Enterprise Funds							Total	Governmental
	Medical Care Facility Operating Fund	Airport Fund	Forestry Fund	Foreclosure Fund	100% Tax Payment Fund	Sewer Fund	Water Fund		Internal Service Funds
<b>OPERATING REVENUES</b>									
Federal sources	\$ -	\$ 46,230	\$ -	\$ -	\$ -	\$ -	\$ 3,413	\$ 49,643	\$ -
State sources	-	20,307	(2,504)	-	-	-	-	17,803	-
Charges for services (net)	14,036,621	627,326	99,797	186,146	-	808,427	452,790	16,211,107	475,895
Penalties and interest on taxes	-	-	-	-	675,681	-	-	675,681	-
Other	398,137	1,231,653	126,500	(6,276)	-	140,394	11,360	1,901,768	63
<b>TOTAL OPERATING REVENUES</b>	<b>14,434,758</b>	<b>1,925,516</b>	<b>223,793</b>	<b>179,870</b>	<b>675,681</b>	<b>948,821</b>	<b>467,563</b>	<b>18,856,002</b>	<b>475,958</b>
<b>OPERATING EXPENSES</b>									
Operating expenses	14,139,485	2,106,047	276,925	109,355	3,573	744,181	322,758	17,702,324	1,712,107
Depreciation	480,724	1,890,215	25,952	-	-	262,486	126,566	2,785,943	135,319
<b>TOTAL OPERATING EXPENSES</b>	<b>14,620,209</b>	<b>3,996,262</b>	<b>302,877</b>	<b>109,355</b>	<b>3,573</b>	<b>1,006,667</b>	<b>449,324</b>	<b>20,488,267</b>	<b>1,847,426</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(185,451)</b>	<b>(2,070,746)</b>	<b>(79,084)</b>	<b>70,515</b>	<b>672,108</b>	<b>(57,846)</b>	<b>18,239</b>	<b>(1,632,265)</b>	<b>(1,371,468)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>									
Interest income	20,312	1,083	433	353	3,151	524	434	26,290	1,297
<b>NON-OPERATING REVENUES (EXPENSES)</b>	<b>20,312</b>	<b>1,083</b>	<b>433</b>	<b>353</b>	<b>3,151</b>	<b>524</b>	<b>434</b>	<b>26,290</b>	<b>1,297</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(165,139)</b>	<b>(2,069,663)</b>	<b>(78,651)</b>	<b>70,868</b>	<b>675,259</b>	<b>(57,322)</b>	<b>18,673</b>	<b>(1,605,975)</b>	<b>(1,370,171)</b>
Transfers in	300,000	350,000	-	-	-	-	-	650,000	500,000
Transfers (out)	-	-	-	(11,750)	(200,000)	-	-	(211,750)	(5,982)
<b>CHANGE IN NET POSITION</b>	<b>134,861</b>	<b>(1,719,663)</b>	<b>(78,651)</b>	<b>59,118</b>	<b>475,259</b>	<b>(57,322)</b>	<b>18,673</b>	<b>(1,167,725)</b>	<b>(876,153)</b>
Net position, beginning of year	13,489,975	51,444,354	11,501,361	422,554	6,948,892	3,545,854	4,081,473	91,434,463	(4,748,803)
<b>NET POSITION, END OF YEAR</b>	<b>\$ 13,624,836</b>	<b>\$ 49,724,691</b>	<b>\$ 11,422,710</b>	<b>\$ 481,672</b>	<b>\$ 7,424,151</b>	<b>\$ 3,488,532</b>	<b>\$ 4,100,146</b>	<b>\$ 90,266,738</b>	<b>\$ (5,624,956)</b>

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



COUNTY OF MARQUETTE, MICHIGAN

PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2014

	Business - Type Activities: Enterprise Funds							Total	Governmental Activities Internal Service Funds
	Medical Care Facility Operating Fund	Airport Fund	Forestry Fund	Foreclosure Fund	100% Tax Payment Fund	Sewer Fund	Water Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Cash received from delinquent taxes	\$ -	\$ -	\$ -	\$ -	\$ 656,152	\$ -	\$ -	\$ 656,152	\$ -
Cash received Federal sources	-	46,230	-	-	-	-	3,413	49,643	-
Cash received State sources	-	20,307	(2,504)	-	-	-	-	17,803	-
Cash received from fees and charges for services	12,485,210	640,182	99,797	186,146	-	773,787	431,644	14,616,766	475,895
Other revenue	1,804,101	1,220,277	238,662	(6,276)	-	140,534	11,426	3,408,724	63
Cash payments to employees for services	(12,980,329)	(1,083,317)	(175,971)	(2,077)	-	(342,391)	(122,310)	(14,706,395)	(21,862)
Other operating expenses	(1,136,392)	(989,618)	(123,995)	(107,228)	(64,323)	(385,703)	(195,081)	(3,002,340)	(385,084)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>172,590</u>	<u>(145,939)</u>	<u>35,989</u>	<u>70,565</u>	<u>591,829</u>	<u>186,227</u>	<u>129,092</u>	<u>1,040,353</u>	<u>69,012</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>									
Cash from (withdrawal from) patient trust	1,508	-	-	-	-	-	-	1,508	-
Transfers in (out)	300,000	350,000	-	(11,750)	(200,000)	-	-	438,250	494,018
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>301,508</u>	<u>350,000</u>	<u>-</u>	<u>(11,750)</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>439,758</u>	<u>494,018</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>									
Cash payments for capital assets	(254,425)	(66,130)	-	-	-	-	-	(320,555)	(213,694)
Proceeds from sale of property and equipment	12,080	-	-	-	-	-	-	12,080	130,276
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(242,345)</u>	<u>(66,130)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,475)</u>	<u>(83,418)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>									
Interest income	20,312	1,083	433	353	3,151	524	434	26,290	1,297
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>20,312</u>	<u>1,083</u>	<u>433</u>	<u>353</u>	<u>3,151</u>	<u>524</u>	<u>434</u>	<u>26,290</u>	<u>1,297</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	252,065	139,014	36,422	59,168	394,980	186,751	129,526	1,197,926	480,909
Cash and cash equivalents, beginning of year	8,573,034	1,222,674	574,216	423,805	4,418,557	620,509	519,141	16,351,936	2,661,377
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 8,825,099</u>	<u>\$ 1,361,688</u>	<u>\$ 610,638</u>	<u>\$ 482,973</u>	<u>\$ 4,813,537</u>	<u>\$ 807,260</u>	<u>\$ 648,667</u>	<u>\$ 17,549,862</u>	<u>\$ 3,142,286</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>									
Operating income (loss)	\$ (185,451)	\$ (2,070,746)	\$ (79,084)	\$ 70,515	\$ 672,108	\$ (57,846)	\$ 18,239	\$ (1,632,265)	\$ (1,371,468)
Adjustments to reconcile operating income to net cash provided by operating activities:									
Depreciation	480,724	1,890,215	25,952	-	-	262,486	126,566	2,785,943	135,319
Bad debt	78,834	-	-	-	-	-	-	78,834	-
Gain on disposal of fixed assets	(12,080)	-	-	-	-	-	-	-	-
Change in assets and liabilities:									
(Increase) decrease in accounts receivable	(50,634)	12,856	112,162	-	(19,530)	(34,640)	(21,146)	(932)	-
(Increase) decrease in other assets	(172,202)	(11,376)	-	-	(132)	140	66	(183,504)	-
(Increase) decrease in net pension benefit	1,440	-	-	-	-	-	-	1,440	(17,856)
Increase (decrease) in accounts payable	(51,497)	14,722	(23,041)	50	(60,617)	10,308	1,955	(108,120)	20,455
Increase (decrease) in accrued payroll and related liabilities	96,163	1,149	-	-	-	331	(81)	97,562	1,302,562
Increase (decrease) in other liabilities	-	(1,202)	-	-	-	1,213	1,212	1,223	-
Increase (decrease) in compensated absences	-	18,443	-	-	-	4,235	2,281	-	-
Increase (decrease) in other post employment benefits	(12,707)	-	-	-	-	-	-	(12,707)	-
<b>NET ADJUSTMENTS</b>	<u>358,041</u>	<u>1,924,807</u>	<u>115,073</u>	<u>50</u>	<u>(80,279)</u>	<u>244,073</u>	<u>110,853</u>	<u>2,659,739</u>	<u>1,440,480</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 172,590</u>	<u>\$ (145,939)</u>	<u>\$ 35,989</u>	<u>\$ 70,565</u>	<u>\$ 591,829</u>	<u>\$ 186,227</u>	<u>\$ 129,092</u>	<u>\$ 1,040,353</u>	<u>\$ 69,012</u>

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

**COUNTY OF MARQUETTE, MICHIGAN**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
December 31, 2014

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and equivalents	\$ 3,752,607
Due from other funds	-
<b>TOTAL ASSETS</b>	<b>\$ 3,752,607</b>
 <b>LIABILITIES:</b>	
Due to others	\$ 3,752,607
<b>TOTAL LIABILITIES</b>	<b>\$ 3,752,607</b>

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

**COUNTY OF MARQUETTE, MICHIGAN**

COMPONENT UNITS

STATEMENTS OF NET POSITION

December 31, 2014

	<b>County Road Commission</b>	<b>EDC</b>	<b>Brownfield Authority</b>	<b>Land Bank Authority</b>	<b>Drain Maintenance</b>	<b>Total</b>
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 9,186,846	\$ 387,015	\$ 14,105	\$ 133,215	\$ 23,860	\$ 9,745,041
Receivables	12,253,341	252,253	224,898	168,315	-	12,898,807
Inventory	1,573,246	-	-	-	-	1,573,246
Prepaid expenses and other assets	881,462	455,479	852	-	-	1,337,793
<b>TOTAL CURRENT ASSETS</b>	<b>23,894,895</b>	<b>1,094,747</b>	<b>239,855</b>	<b>301,530</b>	<b>23,860</b>	<b>25,554,887</b>
Non-current Assets:						
Capital Assets:						
Land and construction in progress	50,587,914	-	-	-	-	50,587,914
Other capital assets, net of depreciation	57,988,813	-	-	-	-	57,988,813
<b>TOTAL NON-CURRENT ASSETS</b>	<b>108,576,727</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108,576,727</b>
<b>TOTAL ASSETS</b>	<b>132,471,622</b>	<b>1,094,747</b>	<b>239,855</b>	<b>301,530</b>	<b>23,860</b>	<b>134,131,614</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Cash overdraft	-	-	-	-	-	-
Accounts payable	7,124,277	-	193,439	6,094	23,860	7,347,670
Accrued payroll and related liabilities	145,944	-	-	-	-	145,944
Current portion of notes payable	-	313,404	-	-	-	313,404
Other current liabilities	137,943	122,857	-	-	-	260,800
<b>TOTAL CURRENT LIABILITIES</b>	<b>7,408,164</b>	<b>436,261</b>	<b>193,439</b>	<b>6,094</b>	<b>-</b>	<b>8,067,818</b>
Non-current Liabilities:						
Compensated absences	395,948	-	-	-	-	395,948
Other post-employment benefits	1,054,250	-	-	-	-	1,054,250
Other	757,551	-	-	-	-	757,551
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,207,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,207,749</b>
<b>TOTAL LIABILITIES</b>	<b>9,615,913</b>	<b>436,261</b>	<b>193,439</b>	<b>6,094</b>	<b>-</b>	<b>10,275,567</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Forest Road Funds	-	-	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Net Investment in capital assets	108,576,727	-	-	-	-	108,576,727
Restricted	14,278,982	518,725	-	-	-	14,797,707
Unrestricted	-	139,761	46,416	295,436	-	481,613
<b>TOTAL NET POSITION</b>	<b>\$ 122,855,709</b>	<b>\$ 658,486</b>	<b>\$ 46,416</b>	<b>\$ 295,436</b>	<b>\$ -</b>	<b>\$ 123,856,047</b>

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

**COUNTY OF MARQUETTE, MICHIGAN**  
**COMPONENT UNITS**  
**STATEMENTS OF ACTIVITIES**

For the Year Ended December 31, 2014

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	County Road Commission	EDC Fund	Brownfield Authority	Land Bank Authority	Drain Maintenance	Total
County Road Commission	\$ 11,825,151	\$ 5,764,553	\$ 42,163,499	\$ 40,356,131	\$ -	\$ -	\$ -	\$ -	\$ 40,356,131
EDC	43,320	-	-	-	(7,500)	-	-	-	(7,500)
Brownfield Authority	102,241	98,305	-	-	-	(3,936)	-	-	(3,936)
Land Bank Authority	90,471	41,865	-	-	-	-	(48,606)	-	(48,606)
Drain Maintenance	-	-	-	-	-	-	-	-	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 12,061,183</b>	<b>\$ 5,904,723</b>	<b>\$ 42,163,499</b>	<b>\$ 40,356,131</b>	<b>(7,500)</b>	<b>(3,936)</b>	<b>(48,606)</b>	<b>-</b>	<b>40,296,089</b>
General Revenues:									
Interest and investment earnings				67,204	10,315	-	351	-	77,870
Miscellaneous				24,594	7,364	1,761	41,449	-	75,168
<b>TOTAL GENERAL REVENUES</b>				<b>91,798</b>	<b>17,679</b>	<b>1,761</b>	<b>41,800</b>	<b>-</b>	<b>153,038</b>
<b>CHANGE IN NET POSITION</b>									
Net position, beginning of year				40,447,929	10,179	(2,175)	(6,806)	-	40,449,127
				82,407,780	648,307	48,591	302,242	-	83,406,920
<b>NET POSITION, END OF YEAR</b>				<b>\$ 122,855,709</b>	<b>\$ 658,486</b>	<b>\$ 46,416</b>	<b>\$ 295,436</b>	<b>\$ -</b>	<b>\$ 123,856,047</b>

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

# COUNTY OF MARQUETTE, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Marquette was organized in 1848 under the provisions of the Michigan Constitution. The County operates under a Commission/Administrator form of government and provides services in the following functional areas: legislative, courts, public records, management, human services, resource management and development, law enforcement, and community maintenance.

The financial statements of the County have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the County are described below.

#### REPORTING ENTITY

The County's financial statements present the County (the primary government) and its component units. In evaluating the County as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the County may or may not be financially accountable and, as such, be includable within the County's financial statements. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationship with the County.

#### Blended Component Units

The Marquette County Health Department (MCHD) is governed by a seven-member board appointed by the County Board. It provides limited health services to the residents of Marquette County. The County of Marquette provides an annual subsidy to the MCHD.

The Marquette County Department of Human Services (DHS) Board is a three member body appointed to three-year terms. Two of the appointments are made by the County Board, and the remaining appointment is made by the Governor through the Director of the State Department of Human Services. The DHS Board directs the operations of social services through its director and it is responsible for maintaining and operating the Marquette County Medical Care Facility.

The Marquette County Medical Care Facility (MCF) is also governed by the three-member DHS Board appointed by the County Board. Although it is a distinct entity from the county, the MCF is reported as if it were part of the primary government because its sole purpose is to provide skilled nursing services to residents of the County of Marquette.

The Marquette County Building Authority is governed by a three-member board appointed by the County Board. Although it is legally separate from the county, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct Marquette County public buildings.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### Discretely Presented Component Units

The component units columns in the combined financial statements include the financial data of the County's other component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Marquette County Road Commission (MCRC) is governed by a three-member board appointed by the County Board. The MCRC may not issue debt or levy a tax without the approval of the County Board. If approval is granted, the County Road Commission's taxes are levied under the taxing authority of the County, as approved by the County Board Commission, and would be included as part of the County's total tax levy as well as reported in the County Road Commission Fund. The MCRC is supported primarily by payments from other local units of government for local maintenance and construction of roads. Funding sources include State of Michigan Motor Vehicle Highway Funds and Federal Aid Secondary Funds. The County of Marquette does not always provide an annual subsidy to the MCRC. The County Road Commission has a fiscal year ending September 30. Accordingly, the component unit financial statement information included in this report reflects activity as of September 30, 2014.

The County Drain Commission pursuant to the Drain Code of 1956, the Drain Commissioner has the responsibility to administer the State Drain Code. The Marquette County Drain Commissioner is elected and is responsible for planning, developing, and maintaining water drainage systems within the County. Each of the drainage districts established is a separate legal entity, with the power to contract, to sue and be sued, to hold, manage, and dispose of real and personal property. The Drain Commissioner has sole responsibility to administer the drainage district established. The Drain Commissioner may issue debt or levy a special assessment as authorized by the Drain Code without the approval of the County Board of Commissioners. Separate financial statements for the County Drain Commission are not published.

The Economic Development Corporation (EDC) of the County of Marquette, which was established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a nine-member Board of Directors appointed by the County Board. The EDC provides assistance to new and expanding small to medium-sized businesses within Marquette County, primarily for job retention and creation purposes. The County of Marquette provides an annual subsidy to the EDC.

The Marquette County Brownfield Redevelopment Authority was established in August 2010 pursuant to the Brownfield Redevelopment Financing Act, Act 381 of the Public Acts of the State of Michigan of 1996, as amended. The Authority is governed by a seven-member board, appointed by the County Board of Commissioners. The overall intent of the Authority is to facilitate the implementation of Brownfield plans relative to the designation and treatment of qualified Brownfield Redevelopment projects; to educate the public and promote the benefits of the Brownfield program throughout Marquette County to encourage revitalization of environmentally distressed areas, to determine the captured taxable value of each parcel of eligible property, and to pursue avenues to sustain, supplement, or enhance the program either through grants or other means.

The Marquette County Land Bank Authority was established in May 2009 pursuant to Public Act 258 of 2003. Its mission is to work collaboratively with local government units and community organizations in finding the best way to return tax-foreclosed properties to the tax roll. The Authority receives funding from the sale of property and the specific tax provisions that apply to the properties it sells. It also has received funding from the County Treasurer's Foreclosure Fund. The Authority is governed by a three-member board consisting of the County Treasurer and two County Board appointees.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### Joint Ventures

As defined in GASB #14, a joint venture is a legal entity or other organization that results from a contractual arrangement (or inter-local agreement) and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain: (a) an ongoing financial interest; or (b) an ongoing financial responsibility. The County participates in the following joint ventures:

Community Mental Health Services (Pathways) Board consists of members of the participating counties as appointed by the respective counties. As enumerated in the Footnotes, Pathways is not being accounted for in the financial statements of the County.

### **BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's legislative, judicial, public safety, recreation and culture and general services and administration are classified as governmental activities. The County's Medical Care Facility, Airport, Forestry, Foreclosure, 100% Tax Payment, Sewer and Water Funds are classified as business-type activities.

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

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

The government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities. For the most part, the effect of inter-fund activities has been removed from these statements.

### **BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets,

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the County:

### **Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the County:

**General Fund** - General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Debt Service Funds** - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Projects Funds** – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

### **Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the County:

**Enterprise Funds** - Enterprise Funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

### **Component Units:**

Component units are used to account for the discretely presented component units which follow proprietary fund accounting guidelines.



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Health Department** provides limited health services to the residents of the County.

The **Community Development Fund** applies for, receives, and disburses funds from MSHDA (Michigan State Housing Development Authority) to rehabilitate private single-family dwellings, provide emergency assistance and home purchase/rehabilitation.

The **Maintenance of Effort Fund** was established to manage the millage proceeds used for the purpose of funding Marquette County's current and future obligations for the County Medical Care Facility.

The County reports the following major proprietary funds:

The **Medical Care Facility Operating Fund** provides skilled nursing services to residents of the County.

The **Airport Fund** provides aviation services to residents of the County.

The **Forestry Fund** provides recreational and forest management services to residents of the County.

The **Foreclosure Fund** accounts for foreclosure of properties within the County.

The **100% Tax Payment Fund** accounts for the purchase and subsequent collection of delinquent real property taxes from the various taxing units throughout the County.

The **Sewer Fund** provides sanitary sewer services to residents of K.I. Sawyer.

The **Water Fund** provides water treatment and distribution services to residents of K.I. Sawyer.

The County's **Internal Service Funds** are presented in the proprietary funds financial statements.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Because the principal users of the internal services are the County's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the general services and administration functional activity.

The County's **Fiduciary Funds** are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.), and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

### BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which the payment is due. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

#### Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

### FINANCIAL STATEMENT AMOUNTS

**Budgets and Budgetary Accounting** - The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the annually adopted budget calendar, generally around September 15, the County Administrator submits to the County Board of Commissioners proposed operating and capital budgets

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

for the fiscal year commencing the following January 1. Proposed budgets include projected expenditures and the means of financing them.

2. Numerous opportunities exist for public comment during the budget process including a formal public hearing.
3. Pursuant to statute, on the second Tuesday of October of each year, the budget for the ensuing year is legally enacted through the adoption of an Annual General Appropriations Act.
4. The general statute governing County budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Marquette County Board of Commissioners, through policy action, specifically directs the Administrator not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognizes that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violation of the Annual General Appropriations Act.
5. The Marquette County Administrator is authorized by means of County policy to make certain transfers:
  - a. The Administrator receives a request for a budget transfer in writing from a department administrator. Such request must specify the necessity for the transfer, as well as the account name and/or group(s) of accounts to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Commissioners.
  - b. The following considerations must be reviewed in determination of transfer approvals:
    - i. Is the transfer consistent with the intent of the Board of Commissioners in adopting the annual budget?
    - ii. Will the transfer maintain the financial integrity of the County?
    - iii. Will the transfer provide a reasonable solution to the budgetary unit-operating problem?
  - c. Considering the above, the Administrator will then decide whether or not the transfer should be made.
  - d. In authorizing such budget transfers, the Administrator may not exceed 10 percent of the aggregate total of all accounts within the budgetary unit budget. The budgetary unit wishing budgetary changes in excess of 10 percent in any budget year must apply, through the Administrator, to the County Board of Commissioners for a budget amendment.

Supplemental appropriations are submitted to and reviewed by the County Administrator and submitted to the Committee of the Whole for further consideration. If approved, they are transmitted to the County Board of Commissioners for their review and approval. If approved, they are implemented by the Administrator's Office through a budget revision.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- f. Provisions of the current policy empower the Administrator to authorize certain transfers in the personnel services account group. In no instance does current policy permit the Administrator to authorize transfers in the operating capital outlay account group. An account group is defined as one of four groups of account numbers and titles as set out in the adopted annual budget of the Marquette County Board of Commissioners, i.e., personnel services, supplies, other charges and services, and operating capital outlay.
6. The County of Marquette adopts its Annual Budget on a program basis. Each program is defined within the formal budget structure and glossary of terms adopted by Board action. The program budget structure consists of five levels of detail as follows: Resource Allocation; Major Functioning Group; Department; Program; Activity.
    - a. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary controls exist at the most detailed level adopted by the Board of Commissioners, i.e., department, program or activity level. A detailed line item breakdown is prepared for each program. Accounting controls are maintained at the line item detail level.
  7. Budgets for the General, Special Revenue, Enterprise and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts, in the Financial Report, are as originally adopted or amended by the County Board of Commissioners.

### **Encumbrances**

The County has adopted the encumbrance method of accounting on a monthly basis. Under the encumbrance method, requisitioned expenditures are recorded as expenditures in the monthly reports. This reserves available resources for expenditures committed in which items or invoices have not yet been received. The County records material encumbrances as a reservation of fund balance at year-end since they do not constitute expenditures or liabilities.

### **Cash Equivalents and Investments**

For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

### **Statements of Cash Flows**

For the purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Special Revenue and Enterprise Funds consists of expendable supplies and materials held for consumption. Inventory is charged to operations upon consumption by the various operating funds within the County.

### Capital Assets

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

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land Improvements	20 years
Building, Structures and Improvements	40 years
Equipment	5-20 years
Water and Sewage System	20 years
Vehicles	5 years
Infrastructure	20-50 years

### Deferred Outflows of Resources

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

### Long-Term Liabilities

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

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

### **Estimates**

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

### **Deferred Inflows of Resources**

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred 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) until that time. The government has two types of items that qualify for reporting in this category. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.

### **Property Taxes**

Property taxes attach as an enforceable lien of property as of December 1 and payable by February 28. Taxes receivable are recorded when levied, as the legal right to receive exists. However, such revenues are not normally received until after the 60-day period following the fiscal year. As stated above, deferred inflow of resources is being recognized for such amounts.

### **Compensated Absences**

The County accrues accumulated unpaid vacation and sick leave days and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

### **Inter-fund Activity**

Inter-fund activity is reported as either loans, services provided reimbursements or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for the disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through April 24, 2015, which is the date of the accompanying independent auditor's report, and which is the date the financial statements were available to be issued.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government and its component units from the Statement of Net Position:

	Primary Government	Component Units	Fiduciary Funds	Total
Unrestricted:				
Cash and cash equivalents	\$22,673,211	\$5,125,388	\$3,752,607	\$31,551,206
Investments	15,506,160	4,619,653	-	20,125,813
Restricted:				
Cash and cash equivalents	16,321	-	-	16,321
Investments	3,644,421	-	-	3,644,421
<b>TOTALS</b>	<b>\$ 41,840,113</b>	<b>\$ 9,745,041</b>	<b>\$ 3,752,607</b>	<b>\$ 55,337,761</b>

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State law does not require, and the County does not have, a deposit policy for custodial credit risk. The carrying amounts of the primary government, component unit and fiduciary fund's deposits with financial institutions were \$31,567,527 and the bank balance was \$30,444,288. The bank balance is categorized as follows:

Amount insured by the FDIC	\$17,414,148
Amount uninsured and uncollateralized	13,030,140
<b>Total</b>	<b>\$30,444,288</b>

Investments

As of December 31, 2014, the County had the following investments.

Primary Government:	Investment Maturities (in years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Federal Home Loan Bank	\$8,895,012	\$-	\$5,861,519	\$2,406,577	\$626,916
Federal National Mortgage Assistance	4,651,826	506,745	3,804,863	242,105	98,113
Federal Farm Credit	490,855	-	490,855	-	-
Michigan State Gen Oblig	112,817	-	-	112,817	-
East Grand Rapids	649,577	-	649,577	-	-
GRSD SWR Auth MI Oblig	369,110	-	369,110	-	-
Ann Arbor MI Gen Oblig	336,963	-	-	336,963	-
Government & Agency – Cash Management	1,154,359	1,154,359	-	-	-
Natexis Bank	501,722	-	501,722	-	-
Federal Farm Credit Bank	994,455	-	994,455	-	-
Federal Nat'l Mtge Assist	993,885	-	993,885	-	-

**NOTE 2 – DEPOSITS AND INVESTMENTS – CONTINUED**

Component Unit (Continued):	Investment Maturities (in years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Government Agency – Cash Management	\$4,370,527	\$4,370,527	\$-	\$-	\$-
Federal Farm Credit Bank	100,083	-	100,083	-	-
Federal Nat'l Mtg Assist	149,043	-	149,043	-	-
<b>TOTALS</b>	<b>\$23,770,234</b>	<b>\$6,031,631</b>	<b>\$13,915,112</b>	<b>\$3,098,462</b>	<b>\$725,029</b>

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the County's investments. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk*

Michigan statutes (Act 196, PA 1997) authorize the County to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classification established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The County has no investment policy that would further limit its investment choices. Ratings are not required for the County's investment in U.S. Government Agencies or equity-type funds. The County's investments are in accordance with statutory authority.

*Concentration of Credit Risk*

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

**NOTE 3 – JOINT VENTURE COMMUNITY MENTAL HEALTH SERVICES**

Pursuant to an amendment to the Mental Health Code, Public Act 290 of 1995, the Counties of Alger, Marquette, Delta, and Luce created a Community Mental Health Authority (Pathways) with powers and duties as defined in Section 205, MCL 330.1205. Under such provisions, Pathways became a separate legal entity from the counties as appointed by the respective counties. Pathways has full power to comply and carry out the financial and clinical provisions of the Mental Health Code. Summary financial information as of and for the fiscal year ended September 30, 2014, for the Board is as follows:

Assets	\$11,200,608
Deferred Outflows of Resources	-
Liabilities	10,368,904
Deferred Inflows of Resources	-
Total Net Position	831,704
Total Revenues	50,867,877
Total Expenditures	50,788,137
Net Increase (decrease) in Net Position	79,740



**NOTE 4 - LONG-TERM DEBT**

The following is a summary of long-term debt transactions during the period ended December 31, 2014, are summarized as follows:

	December 31, 2013	Additions	Subtractions	December 31, 2014	Due Within One Year
<b>Primary Government:</b>					
Compensated Absences	\$2,390,368	\$-	(\$9,285)	\$2,381,083	\$29,876
Total Primary Government	\$2,390,368	\$-	(\$9,285)	\$2,381,083	\$29,876
<b>Discrete Component Units:</b>					
EDC:					
Installment Note Payable #2	\$327,363	\$-	(\$13,959)	\$313,404	\$313,404
ROAD COMMISSION:					
Compensated Absences	497,673	44,219	-	541,892	145,944
Total Discrete Component Units	825,036	44,219	(13,959)	855,296	459,348
<b>TOTAL LONG-TERM DEBT</b>	<b>\$3,215,404</b>	<b>\$44,219</b>	<b>(\$23,244)</b>	<b>\$3,236,379</b>	<b>\$489,224</b>

Annual maturities on the Long-Term Debt are as follows:

	Primary Government		Discrete Component Unit		Total
	Principal	Interest	Principal	Interest	
2015	\$-	\$-	\$313,404	\$-	\$313,404
<b>TOTALS</b>	<b>\$-</b>	<b>\$-</b>	<b>\$313,404</b>	<b>\$-</b>	<b>\$313,404</b>

**NOTE 5 – INTER-FUND TRANSFERS IN AND OUT**

The transfers between funds for the year ended December 31, 2014, are as follows:

		Transfers Out to Other Funds						
		General Fund	Maintenance of Effort Fund	Non-Major Governmental Funds	100% Tax Payment Fund	Internal Service Funds	Foreclosure Funds	Total Transfers In
Transfers In to Other Funds	General Fund	\$-	\$-	\$4,800	\$200,000	\$5,982	\$11,750	\$222,532
	Health Department Fund	261,665	-	-	-	-	-	261,665
	Non-Major Governmental Funds	2,155,700	-	-	-	-	-	2,155,700
	Medical Care Facility Fund	-	300,000	-	-	-	-	300,000
	Airport Fund	-	-	350,000	-	-	-	350,000
	Internal Services Funds	500,000	-	-	-	-	-	500,000
	<b>Total Transfers Out</b>	<b>\$2,917,365</b>	<b>\$300,000</b>	<b>\$354,800</b>	<b>\$200,000</b>	<b>\$5,982</b>	<b>\$11,750</b>	<b>\$3,789,897</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## NOTE 6 – CAPITAL ASSETS

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at December 31, 2013	Additions	Disposals	Balance at December 31, 2014
<b>GOVERNMENTAL ACTIVITIES:</b>				
Construction in progress	\$-	\$-	\$-	\$-
Land	355,233	-	-	355,233
Total Capital Assets, not being depreciated	355,233	-	-	355,233
Land improvements	35,891	-	(1,519)	34,372
Buildings	11,565,251	170,362	(63,377)	11,672,236
Equipment	4,892,725	521,011	(377,940)	5,035,796
Total Capital Assets, being depreciated	16,493,867	691,373	(442,836)	16,742,404
Less Accumulated Depreciation:				
Land improvements	(33,140)	(919)	1,524	(32,535)
Buildings	(9,541,695)	(235,188)	58,844	(9,718,039)
Equipment	(3,625,745)	(382,085)	343,921	(3,663,909)
Total Accumulated Depreciation	(13,200,580)	(618,192)	404,289	(13,414,483)
Government-Type Activities Capital Assets, Net	<u>\$3,648,520</u>	<u>\$73,181</u>	<u>(\$38,547)</u>	<u>\$3,683,154</u>

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

Governmental:	
Courts	\$11,000
Management	100,856
Law Enforcement	306,702
Human Services	26,977
Resource Management	13,132
Other	159,525
Total Depreciation Expense – Governmental Activities	<u>\$618,192</u>

**NOTE 6 – CAPITAL ASSETS – CONTINUED**

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

	Balance at December 31, 2013	Additions	Disposals	Balance at December 31, 2014
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Construction in progress	\$120,190	\$60,050	\$-	\$180,240
Land	15,270,486	-	-	15,270,486
Total Capital Assets, not being depreciated	<u>15,390,676</u>	<u>60,050</u>	<u>-</u>	<u>15,450,726</u>
Land improvements	22,185,825	-	-	22,185,825
Buildings	54,732,680	7,350	-	54,740,030
Utility systems	2,709,814	-	-	2,709,814
Equipment	5,412,758	253,155	(205,455)	5,460,458
Total Capital Assets, being depreciated	<u>85,041,077</u>	<u>260,505</u>	<u>(205,455)</u>	<u>85,096,127</u>
Less Accumulated Depreciation:				
Land improvements	(5,407,810)	(612,066)	-	(6,019,876)
Buildings	(16,720,578)	(1,281,862)	-	(18,002,440)
Utility systems	(1,752,617)	(325,905)	-	(2,078,522)
Equipment	(4,289,166)	(566,110)	205,455	(4,649,821)
Total Accumulated Depreciation	<u>(28,170,171)</u>	<u>(2,785,943)</u>	<u>205,455</u>	<u>(30,750,659)</u>
Business-Type Activities Capital Assets, Net	<u>\$72,261,582</u>	<u>(\$2,465,388)</u>	<u>\$-</u>	<u>\$69,796,194</u>

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

Business-Type Activities:	
Medical Care Facility	\$480,724
Airport	1,890,215
Forestry	25,952
Sewer	262,486
Water	126,566
Total Depreciation Expense – Business-Type Activities	<u>\$2,785,943</u>

**NOTE 6 – CAPITAL ASSETS – CONTINUED**

A summary of component units' capital assets is as follows:

	<u>County Road Commission</u>	<u>Total Component Units</u>
<b>COMPONENT UNITS:</b>		
Capital Assets Not Being Depreciated:		
Land and improvements	\$1,092,661	\$1,092,661
Land improvements – Infrastructure	38,582,190	38,582,190
Construction in progress	10,913,063	10,913,063
Subtotal	<u>50,587,914</u>	<u>50,587,914</u>
Capital Assets Being Depreciated:		
Buildings	2,340,454	2,340,454
Road equipment	13,297,375	13,297,375
Shop equipment	148,309	148,309
Office equipment	272,285	272,285
Engineers' equipment	129,780	129,780
Yard and storage	721,866	721,866
Vehicles	36,975	36,975
Infrastructure – Bridges	18,148,095	18,148,095
Infrastructure – Roads	57,461,059	57,461,059
Subtotal	<u>92,556,198</u>	<u>92,556,198</u>
Less Accumulated Depreciation:		
Buildings	1,552,041	1,552,041
Road equipment	11,557,780	11,557,780
Shop equipment	131,156	131,156
Office equipment	230,644	230,644
Engineers' equipment	100,097	100,097
Yard and storage	553,276	553,276
Vehicles	36,975	36,975
Infrastructure – Bridges	3,134,942	3,134,942
Infrastructure – Roads	17,270,474	17,270,474
Subtotal	<u>34,567,385</u>	<u>34,567,385</u>
Net Capital Assets Being Depreciated	<u>57,988,813</u>	<u>57,988,813</u>
Total Net Capital Assets	<u>\$108,576,727</u>	<u>\$108,576,727</u>

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

Component Units:	
County Road Commission	<u>\$3,347,933</u>
Total Depreciation Expense –	
Component Units	<u><u>\$3,347,933</u></u>

## NOTE 7 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources occur when asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

1. The County has deferred inflows of resources related to the property tax levied December 1, 2014, to be recorded as revenue in the subsequent year when the proceeds of the levy are budgeted and made available for financing of County operations. The Deferred Outflows of Resources related to this is as follows:

General Fund	\$6,444,068
Maintenance of Effort Fund	1,218,693
Central Dispatch Fund	1,098,382
Rescue Safety Fund	337,764
Aging Services Fund	991,305
Veterans Affairs Fund	155,127

2. The Community Development Fund has reported \$2,919,522, which represents Community Development Block Grant loans to various individuals in accordance with the County housing rehabilitation projects. Terms vary with respect to repayment of these loans. Proceeds from repayments on these loans will be used for future County economic and community development.
3. The Medical Care Facility Operating Fund has reported no Proportionate Share Reimbursement Program monies from the State of Michigan.

## NOTE 8 – PENSION PLAN – DEFINED BENEFIT

### DEFINED BENEFIT PENSION PLAN – COUNTY

#### Plan Description

The County contributes to the Municipal Employees Retirement System of Michigan (System), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for all Michigan municipal employees. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI. 48917-9755.

#### Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the County's competitive bargaining units, and requires a contribution from the employees of 2-3 % of gross wages.

#### Annual Pension Cost

For year ended December 31, 2014, the County's annual pension cost of \$4,514,280 for the plan was equal to the County's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2012, using the entry actual age cost method. Significant actuarial assumptions used include: (a) an 8.0 investment rate of return; and (b) projected salary increases of 1.0 percent per year. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The amortization period is 15 years.

**NOTE 8 – PENSION PLAN – DEFINED BENEFIT - CONTINUED**

Calendar Year Ending December 31	Valuation Date December 31	Annual Pension Cost (APC)		Total
		Employer	Employee	
2012	2010	\$3,787,454	\$374,255	\$4,161,709
2013	2011	4,091,565	397,763	4,489,328
2014	2012	4,085,614	428,666	4,514,280

**Trend Information**

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

Three-Year Trend Information				
Fiscal Year Ending December 31	Valuation Date December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	2010	\$4,161,709	100%	\$-
2013	2011	4,489,328	100%	-
2014	2012	4,514,280	100%	-

The Marquette County Medical Care Facility (MCF) is a division of the County's Defined Benefit Pension Plan. During 2012, the MCF remitted \$500,000 of contributions in excess of the annual required contribution to reduce the unfunded status of the Plan. These contributions were capitalized as a net pension benefit. At December 31, 2014, the unamortized balance of the contributions, reported as net pension benefit totaled \$497,120. A net pension benefit will be recognized until the County's adoption of GASB 68.

**Funded Status**

The funded status of the Plan as of the three most recent actuarial valuations is stated below, and ten year funded status information may be found at the Required Supplementary Information section.

Schedule of Funding Progress						
Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	\$56,279,784	\$83,337,441	\$27,057,657	68%	\$10,310,783	262%
2012	58,512,946	86,460,322	27,947,376	68%	10,544,732	265%
2013	63,223,418	92,954,541	29,731,123	68%	10,929,601	272%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**NOTE 8 – PENSION PLAN – DEFINED BENEFIT - CONTINUED**

**DEFINED BENEFIT PENSION PLAN – COUNTY ROAD COMMISSION**

**Plan Description**

The County Road Commission contributes to the Municipal Employees Retirement System of Michigan (System), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for all Michigan municipal employees. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917-9755.

**Funding Policy**

The obligation to contribute to and maintain the system for these employees was established by negotiation with the County's competitive bargaining units, and requires a contribution from the employees of 2.00–5.00% of gross wages.

**Annual Pension Cost**

During the fiscal year ended September 20, 2014, the County Road Commission's annual pension cost of \$1,074,956 for the plan was equal to the Road Commission's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2013, using the entry actual age cost method. Significant actuarial assumptions used include: (a) an 8.0 investment rate of return; and (b) projected salary increases of 4.5 percent per year based on an age-related scale to reflect merit, longevity, and promotional salary increases. The remaining amortization period is 28 years.

Fiscal Year Ending September 30	Valuation Date December 31	Annual Pension Cost (APC)		Total
		Employer	Employee	
2012	2011	\$1,097,099	\$45,986	\$1,143,085
2013	2012	1,107,746	50,838	1,158,584
2014	2013	990,046	84,910	1,074,956

**Trend Information**

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

Three-Year Trend Information				
Fiscal Year Ending September 30	Valuation Date December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	2011	\$1,143,085	100%	\$-
2013	2012	1,158,584	100%	-
2014	2013	1,074,956	100%	-



**NOTE 8 – PENSION PLAN – DEFINED BENEFIT - CONTINUED**

**Funded Status**

The funded status of the Plan as of the three most recent actuarial valuations is stated below, and ten year funded status information may be found at the Required Supplementary Information section.

Schedule of Funding Progress

Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	\$11,483,367	\$24,842,407	\$13,359,040	46%	\$2,228,657	599%
2012	11,680,192	25,299,118	13,618,926	46%	2,138,757	637%
2013	11,875,948	25,002,904	13,126,956	47%	2,263,916	580%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN**

The County also provides pension benefits to its employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The County established the plans in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust, as amended by and as authorized by Section 19A of the Municipal Employee's Retirement System of Michigan Plan Document. The Municipal Employee's Retirement System of Michigan is the current Plan Administrator. The County's total pension expense for this plan for this current fiscal year was \$721,713.

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS - COUNTY**

**DEFINED BENEFIT HEALTH CARE PLAN – COUNTY**

The County administers a single-employer defined benefit health care plan (The Retiree Health Plan). The plan provides health insurance premiums for retirees until age 65 (Medicare eligible), at which time they receive supplemental coverage. Benefit provisions are established through negotiations between the County and bargaining units and employee groups. The retiree's share of premium costs range from 0% to 100%, depending on the employee group, date of hire, and length of service. All contracts with the County's union employees will be renegotiated at various times in the future and, thus, costs and benefits are subject to change. Benefits and contribution requirements (both employer and employee) for unclassified employees are established by county policy and can only be amended by the County Board of Commissioners. The Retiree Health Plan does not issue a publicly available financial report and a legal trust has not yet been established for the plan.

The County's contribution is based on pay-as-you-go financing requirements. For the current year, contributions were \$2,031,577. Current year contributions did not equal the current year's annual required contribution (ARC).

The County's annual other post-employment benefit (OPEB) cost (expense) is equal to the ARC, an amount actuarially determined in accordance with parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 28 years. The first actuarial valuation of the Retiree Health Plan was performed as of December 31, 2006, with the

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – COUNTY - CONTINUED**

requirements of GASB Statement #45 being implemented prospectively. Fiscal year 2008 was the first year for which an actuarially required contribution (ARC) had been determined. The following table shows the components of the County's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the County's OPEB obligation to the plan. The county is studying the establishment of a trust to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that pay-as-you-go funding will continue.

Annual required OPEB contribution	\$3,335,465
Interest on net OPEB obligation	-
Adjustment to annual required contributions	-
	<u>3,335,465</u>
Estimated contributions made by the County of Marquette	<u>(2,031,577)</u>
Increase in net OPEB obligation	1,303,888
OPEB obligation – Beginning of Year	<u>8,157,187</u>
OPEB obligation – End of Year	<u><u>\$9,461,075</u></u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the fiscal years ended December 31 were as follows:

Three-Year Trend Information			
Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
2012	\$3,255,035	60%	\$6,767,581
2013	3,401,512	59%	8,157,187
2014	3,335,465	61%	9,461,075

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31	-	\$54,235,470	\$54,235,470	0%	\$12,390,568	438%
2008	-	57,182,276	57,182,276	0%	12,346,595	463%
2011	-	56,322,534	56,322,534	0%	not available	not available
2013	-					

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

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 healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

## NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – COUNTY – CONTINUED

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

The number of participants as of December 31, 2013, the effective date of the biannual OPEB valuation, included 203 active employees and 195 retirees. There are 5 terminated employees eligible for deferred plan benefits. In the December 31, 2013, actuarial valuation, the liabilities were computed using the Entry Age Normal actuarial cost method. Because the plan is unfunded, an investment rate of return is not necessary. The valuation assumes a 15% healthcare cost trend increase for fiscal year 2014. Valuation includes a 5% inflation assumption. The Unfunded Actuarial Liability (UAAL) is being amortized over 28 years.

### DEFINED BENEFIT HEALTH CARE PLAN – ROAD COMMISSION

The Marquette County Road Commission provides post-employment health care insurance benefits to certain retired union and administrative employees and/or their spouse in accordance with the following provisions:

The hospital and medical coverage benefits are provided in accordance with Article 36 (3) in the union agreement, which states: For employees retiring at or after age fifty-five (55) with at least twenty (20) years of service, or after age sixty (60) with at least fifteen (15) years of service, who, because of age, are not eligible for Medicare coverage, the employer will pay the premium from age sixty (60) necessary for such hospital and medical coverage, including the master medical rider, up to the cost for two (2) party coverage (employee and spouse). For retired employees whose age permits them to be eligible for Medicare coverage, the employer will pay the premium for hospital and medical care coverage only in the amount which is necessary to augment Medicare coverage for the retired employee and their spouse; to the extent permitted by the insurance carrier, employees may elect continuation of the Master Medical rider at their own expense.

The Road Commission has no obligation to make contributions in advance of when insurance premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis). However, as shown below, the Road Commission has made contributions to advance-fund these benefits, as determined by the Board of Road Commissioners through annual budget resolutions.

The Road Commission's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. These valuations computed contribution and actual funding for the fiscal years ended September 30 are summarized as follows:

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – ROAD COMMISSION – CONTINUED

	2014
Annual Required Contribution	<u>\$679,859</u>
Amounts Contributed:	
Payments of Current Premiums	(311,547)
Advance Funding	<u>(235,270)</u>
Increase (Decrease) in Net OPEB Obligation	133,042
Adjustments for Interest and Amortization	39,669
OPEB Obligation – Beginning of Year	<u>881,539</u>
OPEB Obligation – End of Year	<u>\$1,054,250</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the fiscal years ended September 30 were as follows:

Three-Year Trend Information			
Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
2012	\$685,620	74%	\$615,759
2013	707,568	62%	881,539
2014	719,528	76%	1,054,250

Schedule of Funding Progress						
Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2009	\$510,465	\$9,698,377	\$9,187,912	5%	\$2,171,382	423%
2009	510,465	9,698,377	9,187,912	5%	2,228,657	412%
2009	510,465	9,698,377	9,187,912	5%	2,363,916	404%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

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 with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and 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.

## **NOTE 10 – OTHER POST EMPLOYMENT BENEFITS – ROAD COMMISSION – CONTINUED**

In the December 31, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an 8.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual increase in salary between 4.8 percent and 12.9 percent. The assumptions also include expected increases in healthcare costs between 4.5 percent and 9.0 percent. All rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period.

## **NOTE 11 – DEFERRED COMPENSATION PLAN**

The County of Marquette and its Component Unit's offers its employees deferred compensation plans in accordance with the Internal Revenue Code, Section 457. The plans are available to all county employees and permit them to defer a portion of their current earnings until the employee's termination, retirement, death or unforeseeable future.

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

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

The County's plans are administered by International City Management Association (ICMA), Nationwide, and F. T. Jones. The plan administrator's, agree to hold harmless and indemnify the Board, its appointed and elected officers and participating employees from any loss resulting from their failure to perform their duties and services pursuant to the programs.

## NOTE 12 - VESTED EMPLOYEE BENEFITS

The County accrues the liability for earned sick leave based on the vesting method. The liability is accrued as the benefits are earned if it is probable that the County will compensate the employees conditioned upon retirement, death, or termination of employment. Employees earn annual vacation, sick, and combined leave at a rate of a certain number of days per year based on the number of years of service up to a maximum number of accumulated days. Annual vacation, sick, and combined leave days are based on various Labor Union Contract terms and administrative policies of the primary government.

## NOTE 13 – BUDGET VIOLATIONS

Public Act 621 of 1978, Section 18(1), as amended, provides that a County shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures have been shown on an activity and/or program level.

The following funds/departments had excess expenditures over appropriations at December 31, 2014.

<u>Fund/Line Item</u>	<u>Final Amended Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Special Revenue Funds:			
Health Department	\$3,666,105	\$3,844,645	(\$178,540)

## NOTE 14 – CONTINGENT LIABILITIES

The County has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the County. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the county at December 31, 2014.

Risk Management - The County 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. The County has obtained commercial insurance to handle its risk of loss.

Cost Settlement - Medical Care Facility services rendered to various insurance program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a client classification system that is based on clinical, diagnostic, and other factors. Certain health services and defined capital costs are paid based on a cost reimbursement methodology. The facility reports such activity through the submission of its annual cost reports which are subject to audit by the fiscal intermediary. The facility's classification of clients under the program and the appropriateness of their admission are subject to an independent review by a peer review organization.

**NOTE 15 – RESERVED, DESIGNATED AND RESTRICTED FUND EQUITY**

Fund balances in the various funds of the primary government and its component units have been reserved, designated or restricted for the following purposes:

Enterprise Funds:	
Airport Fund:	
Designated for Capital Improvements	\$890,725
Designated for Wall of Honor	395
Forestry Fund:	
Designated for Capital Projects	45,000
Total	<u>\$936,120</u>
Component Units:	
County Road Commission:	
Restricted for County Road Commission Operations	\$14,278,982
E.D.C.:	
Restricted for E.D.C. Operations	518,725
Total	<u>\$14,797,707</u>

**NOTE 16 – PROPERTY TAXES**

The Local Governmental Unit property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31.

Although the Local Governmental Unit 2013 ad valorem tax is levied and collectible on December 1, 2013, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the following year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period sixty (60) days.

The 2013 taxable valuation of the Local Governmental Unit totaled \$2,212,495,906, on which ad valorem taxes levied consisted of 5.2938 mills for the County operating purposes, .4474 mills for Aging Services, .4970 mills for Central Dispatch, .1525 mills for Rescue Safety, .5500 mills for Standardization, and .5997 mills for Countywide transit.

**NOTE 17 – DEFICIT CASH AND INVESTMENT BALANCES**

At December 31, 2014, the following fund had a material cash and investment deficit:

Fund:	Deficit Cash/ Investment Balance
Special Revenue Funds:	<u>                    </u>
Friend of the Court	<u>\$116,829</u>

## NOTE 18 – FUND EQUITY DEFICIT BALANCES

At December 31, 2014, the following funds had deficit fund equity balances:

Fund:	<u>Deficit Fund Equity</u>
Internal Service Funds:	
Employee Retirement Benefits:	
Unreserved	<u>\$7,191,098</u>

A deficit elimination plan is not required for Internal Service Funds.

## NOTE 19 – GASB NO. 54

In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (Statement). Certain significant changes in the Statement will require the following:

As of December 31, 2014, fund balances for each of the County's governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority.
- *Assigned fund balance* – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned fund balance* – amounts that are available for any purpose; these amounts can be reported only in the Agency's General Fund.



**NOTE 19 – GASB NO. 54 - CONTINUED**

As of December 31, 2014, fund balances are composed of the following:

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Government Funds
<b>Non-Spendable:</b>					
Prepaid expenses	\$-	\$15,804	\$-	\$-	\$15,804
Inventory	-	-	-	-	-
Loans receivable	-	138,758	-	-	138,758
<b>Restricted:</b>					
Health Department	-	178,461	-	-	178,461
<b>Assigned:</b>					
General Fund	949,983	-	-	-	949,983
Community Development Fund	-	195,518	-	-	195,518
Maintenance of Effort Fund	-	3,997,187	-	-	3,997,187
Prosecutor's Forfeiture Account Fund	-	35,181	-	-	35,181
Domestic Violence Fund	-	1,105	-	-	1,105
PA 511 Fund	-	45,227	-	-	45,227
Victim Restitution Fund	-	7,933	-	-	7,933
Friend of the Court Fund	-	91,908	-	-	91,908
Sawyer Intermediary Relending Fund	-	143,638	-	-	143,638
Rescue Safety Fund	-	574,175	-	-	574,175
Sheriff MCTV Grant Fund	-	8,749	-	-	8,749
Probate Child Care Fund	-	672,394	-	-	672,394
Central Dispatch Fund	-	1,859,300	-	-	1,859,300
Veteran's Trust Fund	-	733	-	-	733
Veterans Affairs Fund	-	-	-	-	-
Aging Services Fund	-	570,086	-	-	570,086
Homestead Property Administration Fund	-	97,382	-	-	97,382
County Remonumentation Fund	-	61,478	-	-	61,478
Register of Deeds Automation Fund	-	182,204	-	-	182,204
Airport Improvement Fund	-	-	-	582,438	582,438
Public Improvement Fund	-	-	-	495,540	495,540
<b>Unassigned:</b>					
General Fund	6,107,808	-	-	-	6,107,808
<b>TOTAL</b>	<b>\$7,057,791</b>	<b>\$8,877,221</b>	<b>\$-</b>	<b>\$1,077,978</b>	<b>\$17,012,990</b>

## NOTE 20 – SUBSEQUENT EVENTS: MARQUETTE COUNTY SEWER PROJECT

The County is contemplating a \$4,553,000 Sewer project to upgrade the infrastructure to the existing County owned sewer system located at K.I. Sawyer. This project will be funded with a combination of USDA grant funds and low interest bonds. Currently, the County is in the engineering and grant/bond application phase, with construction anticipated to begin in 2015.

## NOTE 21 – NEW GASB STANDARDS

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been implemented during the current fiscal year by the County.

### Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement No. 66, *2012 Technical Corrections (an Amendment to GASB 10 and GASB 62)*. GASB No. 66 eliminates conflicting guidance that resulted from the issuance of GASB 54 and GASB 62, which are both already effective. GASB 10 was amended to allow for risk financing activities to be accounted for in whichever fund type is most applicable (no longer limited to the general fund or an internal service fund). GASB 62 was amended to modify specific guidance related to (1) operating leases with scheduled rent increases, (2) purchase of loans at an amount other than the principal amount, and (3) service fees related to mortgages that are sold when the service rate varies significantly from the current (normal) service fees. This Statement is effective for periods beginning after December 15, 2013. The adoption of GASB No. 66 does not have any impact on the County's financial statements.

### Other Recently Issued Accounting Pronouncements

In June 2012, the GASB issued State No. 67 *Financial Reporting for Pension Plans*. GASB No. 67 establishes the requirements for pension plans administered by trusts to report on their operations, including setting new uniform requirements for actuarial valuations of the total pension liability, and reporting various 10-year trend data as required supplementary information. The financial statements of pension plans will not change substantially as a result of GASB 67, though the additional note disclosures and required supplementary information will be significant. Additionally, actuarial valuations conducted in accordance with GASB 67 will have to match the government's fiscal year, or be rolled forward to that date by the actuary. This Statement is effective for periods beginning after June 15, 2013. The adoption of GASB 67 does not have any impact on the County's financial statement as the County does not have a pension plan administered by trusts.

In January 2013, the GASB issued Statement No. 69 *Government Combinations and Disposals of Government Operations*. GASB No. 69 provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity. This Statement is effective for periods beginning after December 15, 2013. The adoption of GASB No. 69 does not have any impact on the County's financial statements.

In April 2013, the GASB issued Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB No. 70 addresses the accounting and disclosure of situations in which one government offers a financial guarantee on behalf of another government, not-for-profit organization, private entity, or individual without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). A government that extends a nonexchange financial guarantee will be required

## NOTE 21 – NEW GASB STANDARDS - CONTINUED

to recognize a liability when qualitative factors and/or historical data indicate that it is “more likely than not” that the government will be required to make a payment on the guarantee. It further requires governments to disclose any outstanding financial guarantees in the notes to the financial statements. This Statement is effective for periods beginning after June 15, 2013. The County has no such arrangements, therefore the adoption of GASB No. 70 does not have any impact on the County’s financial statements.

## NOTE 22 – UPCOMING CHANGES IN ACCOUNTING STANDARDS

### GASB 68: Accounting and Financial Reporting for Pensions

*Effective for fiscal years beginning after 06/15/2014 (County’s fiscal year FY 2015)*

This standard establishes new requirements for governments to report a “net pension liability” for the unfunded portion of its pension plan. Governments that maintain their own pension plans (either single employer or agent multiple-employer) will report a liability for the difference between the total pension liability calculated in accordance with GASB 67 and the amount held in the pension trust fund. Governments that participate in a cost sharing plan will report a liability for their “proportionate share” of the net pension liability of the entire system.

Historically, governments have only been required to report a net pension obligation to the extent that they have not met the annual required contribution (ARC) in any given year. Upon implementation of this standard, governments will be required to report a net pension liability based on the current funded status of their pension plans. This liability would be limited to the government-wide financial statements and proprietary funds. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods.

GASB 68 also requires more extensive note disclosures and required supplementary information, including 10 years of historical information. The methods used to determine the discount rate (the assumed rate of return on plan assets held in trust) are mandated and must be disclosed, along with what the impact would be on the net pension liability if that rate changed by 1% in either direction. Other new disclosure requirements include details of the changes in the components of the net pension liability, comparisons of actual employer contributions to actuarially determined contributions, and ratios to put the net pension liability in context. For single-employer and agent multiple-employer plans, the information for these statements will come from the annual actuarial valuation. For cost sharing plans, this information will be derived from the financial reports of the plan itself, multiplied by the government’s proportionate share of plan.

GASB 68 is only applicable to pension plans. However, the GASB has announced its intent to issue similar standards for other post-employment benefits (e.g., retiree healthcare) on a two year delay from these standards.

### GASB 71: Pension Transition for Contributions Made Subsequent to the Measurement Date (an Amendment of GASB Statement No. 68)

*Effective for fiscal years beginning after 06/15/15 (County’s fiscal year FY2015)*

This standard is an amendment to GASB 68, and seeks to clarify implementation issues related to amounts that are deferred and amortized at the time GASB 68 is first adopted. It applies to situations in which the measurement date of an actuarial valuation differs from the government’s fiscal year.