CITY OF Marshall Michigan

CITY COUNCIL
WORK SESSION AGENDA
Monday, November 21, 2011
6:00 PM – 6:45 PM
City Hall

A. **Goals Finalization**

B. **Other Items**

C. **Future Work Sessions**

December 5th - Downtown tree project

D. **Future topics**

Mayor:

James Dyer

Council Members:

Ward 1 - Wayne Booton

Ward 2 - Nick Metzger

Ward 3 - Brent Williams

Ward 4 - Jack Reed

Ward 5 - Jody Mankerian

At-Large - Kathy Miller

MARSHALL CITY COUNCIL AGENDA

MONDAY – 7:00 P.M.

NOVEMBER 21, 2011

1) **CALL TO ORDER**

2) **ROLL CALL**

3) **INVOCATION** – Kris Tarkiewicz, Family Bible Church

4) **PLEDGE OF ALLEGIANCE**

5) **APPROVAL OF AGENDA** – Items can be added or deleted from the Agenda by Council action.

6) **PUBLIC COMMENT ON AGENDA ITEMS** – Persons addressing Council are required to give their name and address for the record when called upon by the Mayor. Members of the public shall be limited to speaking for a maximum of five (5) minutes on any agenda item.

7) **CONSENT AGENDA**

   A. **City Council Minutes**

   Regular Session..... Monday, November 7, 2011

   B. **City Bills**

   Regular Purchases.....$223,645.38

   Purchased Power.....$633,402.13

   Weekly Purchases – 11/04/11.....$70,201.29

   Weekly Purchases –11/11/11.....$48,586.23

   Total ..... $ 975,835.03

8) **PRESENTATIONS AND RECOGNITIONS**

   A. **Sister City Update**

   B. **Hospital and Neighborhood Committee Report Receipt**

   C. **Audited Financial Statements for the Fiscal Year Ended June 30, 2011**

9) **INFORMATIONAL ITEMS**

10) **PUBLIC HEARINGS & SUBSEQUENT COUNCIL ACTION**

   A. **Public Hearing - P.A. 425 Land Transfer with Marshall Township**

   City Council will consider the recommendation to adopt the contract with Marshall Township for a P.A. 425 Land Transfer for Marshall Animal Care Center.

11) **OLD BUSINESS**

12) **REPORTS AND RECOMMENDATIONS**

   A. **Electric Department Bucket Truck Purchase**

   City Council will consider the recommendation to accept the bid for the purchase and trade-in of a bucket truck from Altec Industries, Inc. for the amount of $150,330 and to approve the resolution for the installment purchase contract with Tax Exempt Leasing and to authorize the Clerk-Treasurer to sign the installment purchase contract.

Mayor:

James Dyer

Council Members:

Ward 1 - Wayne Booton

Ward 2 - Nick Metzger

Ward 3 - Brent Williams

Ward 4 - Jack Reed

Ward 5 - Jody Mankerian

At-Large - Kathy Miller

CITY OF Marshall Michigan

B. **Motor Pool Budget Amendment**

City Council will consider the recommendation to adopt the resolution to amend the FY 2012 Adopted Budget for the Motor Pool rate adjustment for Streets and the equipment purchase loan.

C. **Federal Energy Regulatory Commission (FERC) Part 12d Inspection**

City Council will consider the recommendation to authorize the Clerk-Treasurer to sign the proposal submitted by Lawson-Fisher Associates P.C. for $62,000 for the Federal Energy Regulatory Commission Part 12d Inspection.

13) APPOINTMENTS / ELECTIONS

14) PUBLIC COMMENT ON NON-AGENDA ITEMS

Persons addressing Council are required to give their name and address for the record when called upon by the Mayor. Members of the public shall be limited to speaking for a maximum of five (5) minutes on any item not on the agenda.

15) COUNCIL AND MANAGER COMMUNICATIONS

16) ADJOURNMENT

Respectfully submitted,

Tom Tarkiewicz
City Manager

CALL TO ORDER

IN REGULAR SESSION Monday, October 17, 2011 at 7:00 P.M. in the Council Chambers of Town Hall, 323 West Michigan Avenue, Marshall, MI, the Marshall City Council was called to order by Mayor Pro Tem Williams.

ROLL CALL

Roll was called:

Present:	Council Members: Booton, Mankerian, Reed, and Williams.
Also Present:	City Manager Tarkiewicz.
Absent:	Council Members: Mayor Dyer, Metzger, and Miller.

Moved Mankerian, supported Reed, to excuse the absence of Mayor Dyer, Metzger, and Miller. On a voice vote: **MOTION CARRIED.**

INVOCATION/PLEDGE OF ALLEGIANCE

Scott Loughrige of Cross Roads Church & Ministries gave the invocation and Mayor Pro Tem Williams led the Pledge of Allegiance.

APPROVAL OF THE AGENDA

Moved Mankerian, supported Booton, to approve the agenda as presented. On a voice vote: **MOTION CARRIED.**

PUBLIC COMMENT ON AGENDA ITEMS

None.

CONSENT AGENDA

Moved Mankerian, supported Booton, to approve the consent agenda:

A. Approve a Temporary Traffic Control Order to implement NO PARKING SCHOOL DAYS 7:00 A.M. TO 4:00 P.M. on Hughes Street during student drop-off and pick-up times.
B. Scheduled a work session for Thursday, January 5, 2012 at 5:30 p.m. at the Calhoun County Law Library to receive a presentation from Redstone Consulting Group on the Joint Police Facility;
C. Approve minutes of the City Council Regular Session held on Monday, October 17, 2011;
D. Approve city bills in the amount of $789,501.23.

On a roll call vote – ayes: Booton, Mankerian, Reed, and Williams; nays: none. **MOTION CARRIED.**

PRESENTATIONS AND RECOGNITIONS

None.

INFORMATIONAL ITEMS

City Manager Tarkiewicz announced the Nationwide Emergency Alert System Test to be conducted on November 9, 2011 at 2:00 p.m.

PUBLIC HEARINGS & SUBSEQUENT COUNCIL ACTION

None.

OLD BUSINESS

None.

REPORTS AND RECOMMENDATIONS

A. Schedule a Public Hearing – P.A. 425 Land Transfer with Marshall Township:

Moved Mankerian, supported Reed, to schedule a public hearing for Monday, November 21, 2011 to hear public comment regarding a P.A. 425 Land Transfer for Marshall Animal Care Center. On a voice vote – **MOTION CARRIED.**

B. Resolution for the Installment Purchase with Tax Exempt Leasing:

Moved Booton, supported Mankerian, to approve the resolution for the installment purchase contract with Tax Exempt Leasing and to authorize the Clerk-Treasurer to sign the installment purchase contract. On a roll call vote – ayes: Mankerian, Reed, Williams, and Booton; nays: none. **MOTION CARRIED.**

C. First Quarter Investment Portfolio and Financial Reports:

Moved Booton, supported Mankerian, to accept and place on file the First Quarter Investment Portfolio and Financial Reports for the City of Marshall. On a voice vote – **MOTION CARRIED**.

APPOINTMENTS / ELECTIONS

A. Airport Board Appointment:

Moved Mankerian, supported Booton, to approve the appointment of Michael Walraven to the Airport Board with a term expiring October 1, 2014. On a voice vote – **MOTION CARRIED**.

B. Local Advisory Committee Appointment:

Moved Mankerian, supported Reed, to approve the appointment of Moreen Hecox to the Local Advisory Committee with a term expiring February 1, 2015. On a voice vote – **MOTION CARRIED**.

C. Downtown Development Authority Appointments:

Moved Mankerian, supported Reed, to approve the reappointments of Sue Damron and Deb Knight to the DDA/Main Street Board with terms expiring on December 31, 2015. On a voice vote – **MOTION CARRIED**.

PUBLIC COMMENT ON NON-AGENDA ITEMS
None.

COUNCIL AND MANAGER COMMUNICATIONS
None.

ADJOURNMENT
The meeting was adjourned at 7:15 p.m.

James L. Dyer, Mayor

Sandra Bird, Clerk-Treasurer

VENDOR APPROVAL SUMMARY REPORT

Date: 11/17/2011
Time: 9:14am
Page: 1

CITY OF MARSHALL

Vendor Name	Vendor Number	Description	Check Amount	Hand Check Amount
AIRGAS GREAT LAKES	4982	CYLINDER RENTAL	75.40	0.00
AIRNAV, LLC	21499	LISTING ON AIRNAV.COM	50.00	0.00
ARBORICULTURE SOCIETY OF MICH	400439	ASM CONFERENCE & MEMBERSHIP	175.00	0.00
ARISTA TRUCK SYSTEMS, INC	300081	VALVE	274.12	0.00
ARROW UNIFORM	6839	CUST #010198-05	578.88	0.00
AUSTIN-BATTERIES PLUS	6532	3D CORE	132.50	0.00
AUTO VALUE MARSHALL	21340	HYD OIL, FLEET OIL, FILTERS	505.03	0.00
B S & A SOFTWARE	7143	ANNUAL SERVICE/SUPPORT	3,495.00	0.00
BAKER TOOL RENTAL & STORAGE	9733	UPS CHARGES	17.34	0.00
BLU FISH CONSULTING, LLC	4473	OCTOBER ADVERTISING	1,560.00	0.00
BOSHEARS FORD SALES INC	7117	2005 F-250	883.69	0.00
BUD'S WRECKER SERVICE	400226	BLACK CROWN VIC	45.00	0.00
CB HALL ELECTRIC COMPANY	3387	BREAK ROOM HEAT - REPAIR	65.00	0.00
CITY OF JACKSON	300396	MCOLES LED	463.74	0.00
CLASSIC DRY CLEANING&TAILORING	5975	CLEANING, LAUNDRY, RPRS	413.80	0.00
COLE CHRYSLER DODGE JEEP	2996	#122 MOUNTING HARDWARE	186.68	0.00
CORNERSTONE OFFICE SYSTEMS	8563	SHARP / X503N	517.64	0.00
COURTNEY & ASSOCIATES	7259	OCTOBER SERVICES	250.00	0.00
CRT, INC	6541	BACKUP DR APPLIANCE SERVICE	339.00	0.00
CRYSTAL FLASH ENERGY	6176	FUEL	2,516.98	0.00
D & D MAINTENANCE SUPPLY	7271	ICE MELT	528.71	0.00
DARLING ACE HARDWARE	7281	TAPE MEASURE, SCREWDRIVER SET	184.93	0.00
DESIGNS & SIGNS	9592	8 X 10 SIGN	30.00	0.00
DIAMOND MANUFACTURING INC	5870	FARE BOX	775.75	0.00
EAST JORDAN IRON WORKS INC	7327	CREDIT	8,685.71	0.00
ED'S DECORATING	9873	PAINTED APTS #401 & #111	350.00	0.00
EJUSTICE SOLUTIONS LLC	300114	RECORDS MANAGEMENT SYS	1,000.00	0.00
EMERGENCY VEHICLE SERVICES INC	3896	ANNUAL INSPECTION & SERVICE	5,223.94	0.00
ESRI INC	6293	ArcView Concurrent Use Upgrade	9,000.00	0.00
EXACTITUDE LLC	400167	HONOLULU HOUSE FENCING	4,000.00	0.00
FASTENAL COMPANY	5789	SPRING PINS	0.37	0.00
FIDLAR TECHNOLOGIES INC	400302	MI COMMERCIAL LAW CITATIONS	253.54	0.00
GRIFFIN PEST SOLUTIONS	400246	323 W MICHIGAN	31.00	0.00
THE HARVESTER FLOWER SHOP	5989	ELOISE AEMISEGGER	174.90	0.00
HD SUPPLY FACILITIES MAINT	9781	BATTERY, US FLAG	182.78	0.00
HERMANS MARSHALL HARDWARE	7446	DOWELS, TAPE	664.80	0.00
HOLLAND BUS COMPANY	5874	DART 10, PCB ASSY	102.31	0.00
IRVIN'S HARDWARE	4331	POLE SAW	479.99	0.00
ISAAC & SONS	7484	APT 426	70.00	0.00
J & K PLUMBING SUPPLY	3351	BACK PRESSURE TESTING SUPPLIES	104.37	0.00
JACK DOHENY SUPPLIES	7309	#320 RELIEF VALVE	168.46	0.00
JACKSON TRUCK SERVICE	7495	CARTRIDGE	208.67	0.00
JIMMY'S JOHNS	4235	COMPOST CENTER	105.00	0.00
K-MART	7501	OCTOBER CHARGES	250.34	0.00
KAR LABORATORIES INC	8817	CYANIDE ANALYSIS	505.00	0.00
KENDALL ELECTRIC INCORPORATED	7511	FLASHLIGHT BULBS	20.48	0.00
LAKELAND ASPHALT CORPORATION	7526	BITUMINOUS AGGREGATES	104.46	0.00
LARRY'S FLOOR COVERING	7530	CARPET & VINYL	969.78	0.00
LAWSON-FISHER ASSOCIATES PC	2291	Licensing Acitvities, Dissolved	2,882.07	0.00
LEWEY'S SHOE REPAIR	7538	SIGN REPAIR	14.00	0.00
M & M PAVEMENT MARKING	2849	PAVEMENT MARKING	3,783.11	0.00
MARSHALL LUMBERTOWN	7569	THICK DECK, DRYWALL, SCREWS	22.91	0.00
MARSHALL TIRE	3771	#709 TIRE	2,399.40	0.00
MEDLER ELECTRIC COMPANY	7604	175 W MH LAMP	955.14	0.00
MICHIGAN ASSOCIATION OF	7617	POST TESTS & MANUAL	370.00	0.00
MICHIGAN DOWNTOWN ASSOC	300093	MEMBERSHIP DUES	200.00	0.00
MICHIGAN METER TECHNOLOGY GRP	400140	1" METERS	2,090.00	0.00
MICHIGAN MUNICIPAL LEAGUE	4494	CDL CONSORTIUM DRIVERS FEE	1,960.00	0.00
MICHIGAN PAVING & MATERIALS CO	4418	2011.03 River/Maple Road Rehab	82,678.69	0.00
MICHIGAN SOUTH CENTRAL	7614	NATURAL GAS - OCTOBER	127.52	0.00
MILL SUPPLY, INC.	400153	#326 SEATBELT	85.63	0.00
MILLER CANFIELD PADDOCK &	7683	GENERAL EMPLOYMENT MATTERS	357.50	0.00
MISSION CAR WASH	217915	OCTOBER SERVICES	37.00	0.00
MORTON SALT	7698	ROAD SALT	31,797.73	0.00
MSC INDUSTRIAL SUPPLY CO	6831	FLAMMABLE STORAGE CABINET	1,395.99	0.00
MWEA	2006	WASTEWATER ADMIN CONFERENCE	315.00	0.00
NAPA OF MARSHALL	2939	SEALED BACKUP LAMP	23.05	0.00

VENDOR APPROVAL SUMMARY REPORT

Date: 11/17/2011
Time: 9:14am
Page: 2

CITY OF MARSHALL

Vendor Name	Vendor Number	Description	Check Amount	Hand Check Amount
NYE UNIFORM COMPANY	7733	SHIRTS	1,008.98	0.00
MARTIN OVERHISER	5181	HERITAGE ROUTE BYWAYS	1,330.00	0.00
PEERLESS MIDWEST INC	6571	ANNUAL WELL&PUMP SERVICE	1,560.00	0.00
PENINSULAR TECHNOLOGIES, LLC	400446	SEWER SOFTWARE SUPPORT	825.00	0.00
POWER LINE SUPPLY	7821	EYE NUTS	254.43	0.00
PRECISION CONCRETE CUTTING	5402	SIDEWALK REPAIRS	8,000.00	0.00
QUALITY ASPHALT PAVING	4184	2011.04 N. Sycamore Street Reh	11,820.62	0.00
QUALITY LAWN CARE	8838	LAWN CARE - MH	500.00	0.00
R&R FIRE TRUCK REPAIR, INC.	7809	ANNUAL EQUIPMENT MAINTENANCE	547.43	0.00
RADIO SHACK	7811	USB 10/100 ADAPTER 2	85.86	0.00
REHMANN ROBSON PC	6455	FINAL BILL FOR AUDIT FY2011	6,640.00	0.00
SIGNS & DESIGNS INC	5403	VEHICLE DECALS BUS #14	2,130.00	0.00
SLC METER SERVICE INC	7841	3" METER STRAINER	404.65	0.00
SOIL AND MATERIAL ENGINEERS	8748	2011.03 and 2011.04 testing	2,450.42	0.00
SPARTAN STORES	9656	OCTOBER CHARGES	164.90	0.00
STANDARD PRINTING & OFFICE	7903	DELIVERY CHARGE	1,005.74	0.00
STATE OF MICHIGAN	4299	WATER SUPPLY ANNUAL FEE	2,246.37	0.00
SUMMIT POINTE	5891	2011 Bridge Inspections	400.00	0.00
TENTH DISTRICT COURT	7939	UNIFORM LAW CITATIONS	1,218.26	0.00
USA BLUEBOOK	2460	3 PHASE POWER MONITOR TIME	173.16	0.00
WARREN ENERGY SOLUTIONS LLC	400404	SEMI-ANNUAL REPORT	150.00	0.00
WEST MICHIGAN LAWN SERVICES	3205	SPRINKLER SYSTEM SERVICE CALLS	1,074.71	0.00
WIL-MAC SALES AND SERVICE	8029	APT 318	340.00	0.00
YOU R SPECIAL, LLC	21522	CLEANING SERVICES-BUILDING	1,020.00	0.00
		Grand Total:	223,645.38	0.00

CHECK NUMBER SERIES AS OF FRIDAY, 11/11/11			
	Beginning #	Ending #	Dated
PAYROLL-ACH	71272	71280	10/29/11-11/11/11
A/P & P/R-OTHER	89503	89683	10/29/11-11/11/11

MICHIGAN SOUTH CENTRAL POWER AGENCY

720 HERRING ROAD • LITCHFIELD, MICHIGAN 49252
PHONE (517) 542-2346 • FAX (517) 542-3049
www.mscpa.net

ORIGINAL INVOICE

MARSHALL CITY ELECTRIC DEPARTMENT
323 WEST MICHIGAN AVENUE
MARSHALL, MICHIGAN 49068
Attn: Mr. Tom Tarkiewicz

Invoice Date:	15-Nov-11
Due Date:	30-Nov-11
Service From:	01-Oct-11
To:	31-Oct-11

Peak Demand	15,870	kw
Total Energy Received	8,797,244	kWh
Hydro Generation	105,446	kWh
Net Billing kWh's	8,691,798	kWh

Area	Entitlement %	Operating and Maintenance Costs	Debt Service	Total
PROJECT 1-ENDICOTT	24.0%	462,721.30	-	462,721.30
PROJECT 2	18.0%	988.86	-	988.86
PROJECT 3	20.2%	572.87	-	572.87
PURCHASED POWER	14.0%	158,100.88		158,100.88
TRANSMISSION	27.8%	(16,766.98)	-	(16,766.98)
MISO	19.0%	(1,957.79)		(1,957.79)
SUBSTATION	34.4%	112.73	-	112.73
ADMINISTRATION	19.0%	27,249.67		27,249.67
MEMBER	15.6%	-		-
MEMBER HYDRO	0.0%	-		-
CAPACITY	15.6%	-		-
RATE STABILIZATION		-		-
TOTAL COST	$	631,021.55	-	631,021.55
	$/kWh	0.07260	0.00000	0.07260
CREDITS	$	2,380.58	-	2,380.58
	$/kWh	0.00027	0.00000	0.00027
NET COST	$	633,402.13	-	633,402.13
	$/kWh	0.07287	0.00000	0.07287

Pay this amount $ 633,402.13

Any amounts due and not paid by the due date shall bear interest at the rate of 1% per month until paid.

VENDOR APPROVAL SUMMARY REPORT

Date: 11/04/2011
Time: 11:16am
Page: 1

CITY OF MARSHALL

Vendor Name	Vendor Number	Description	Check Amount	Hand Check Amount
AD-VISOR & CHRONICLE	7557	AD FOR SALE OF 2003 OLDS	432.11	0.00
ALLSTATE WORKPLACE DIVISION	3431	POLICY #ALLMI550	792.70	0.00
BATTLE CREEK UNLIMITED,INC.	4558	NOVEMBER	14,041.66	0.00
BEARDSLEE LAW OFFICES	3471	WARNER,NORCROSS&JUDD-AGC	1,834.25	0.00
BROADSTRIPE	3293	ACCT #198-040788	2,091.47	0.00
CALHOUN COUNTY EQUALIZATION	7169	CONTRACTUAL ASSESSING SRVC	2,063.92	0.00
CITGO	3724	FLEET #132271610	12,884.65	0.00
LYNN COOK	6022	CDL REIMBURSEMENT	25.00	0.00
NORMAN CORLISS	400436	REFUND UTILITY OVERPAYMENT	19.09	0.00
CORNERSTONE INSPECTION SRVCS	300392	INSPECTIONS	677.00	0.00
ED COSTINE	6061	OPTICAL ALLOWANCE	169.00	0.00
DELTA DENTAL PLAN OF MICHIGAN	7294	CUST #MIO22820001	4,978.78	0.00
DAVID DEMOTT	400428	REFUND UTILITY OVERPAYMENT	38.03	0.00
DENNIS DIXON	400187	EXPENSE REIMBURSEMENT	550.41	0.00
ELLA EM BROWN CHARITABLE CRCLE	300299	REFUND UTILITY TAX CERT	82.11	0.00
LEE FRIEND	6059	BOOT ALLOWANCE	300.00	0.00
DIETMAR GRENTZ	400435	REFUND UTILITY DEPOSIT	5.82	0.00
MICHAEL HICKERSON	400394	REFUND UTILITY OVERPAYMENT	75.04	0.00
JOE KALISZ	9388	REFUND UTILITY OVERPAYMENT	12.34	0.00
MARSHALL ASSOC 1 LLC	400433	REFUND UTILITY OVERPAYMENT	47.14	0.00
MCMASTER-CARR	6133	PADLOCK	176.82	0.00
MEDLER ELECTRIC COMPANY	7604	1000 W MH LAMP	418.13	0.00
NAPA OF MARSHALL	2939	OMALA 150 35LB PAIL	106.56	0.00
OAKLAWN HOSPITAL	1006	REFUND UTILITY OVERPAYMENT	70.70	0.00
CINDY PORTER	9799	BOARD MEETING MINUTES	30.00	0.00
JAMES RUSSELL	400434	REFUND UTILITY DEPOSIT	45.97	0.00
DIANE SASSER	400438	REFUND SECURITY DEPOSIT	42.00	0.00
SPRINT	9628	ACCT #224843832	654.39	0.00
STATE OF MICHIGAN	4872	38-6004708, OCT 2011 SLS TAX	27,408.65	0.00
KAREN WOSJE	400437	REFUND UTILITY DEPOSIT	47.58	0.00
		Grand Total:	70,121.32	0.00

PRESCRIPTION REIMBURSEMENT 79.97

TOTAL CASH DISBURSEMENTS $70,201.29

VENDOR APPROVAL SUMMARY REPORT

CITY OF MARSHALL

Date: 11/11/2011
Time: 9:44am
Page: 1

Vendor Name	Vendor Number	Description	Check Amount	Hand Check Amount
ANGELO'S SUPPLIES INC	5404	SNOW PUSHER	1,799.00	0.00
ARMOUR-ECKRICH	400441	LDFA BOARD HOLIDAY GIFTS	279.63	0.00
CALHOUN COUNTY TREASURER	7177	OCTOBER TRAILER FEES	15,257.33	0.00
CALHOUN INTERMEDIATE	7178	10/16-11-10/31/11 PERS AD VAL	1,446.41	0.00
COMMERCIAL OFFICE PRODUCTS	9769	OFFICE SUPPLIES	820.23	0.00
CONSUMERS ENERGY	5896	Engine gas meter repairs	1,960.00	0.00
CRAIG K KEMPF LIVING TRUST	400440	MTT #0394222 ADJ 2011	15,607.30	0.00
CULLIGAN	736	ACCT #1155180	34.00	0.00
CODY DRUMM	25123	SCHOOL LUNCH	12.73	0.00
ERA NETWORK REAL ESTATE	300460	REFUND UTILITY DEPOSIT	17.99	0.00
FUG	400384	REFUND UTILITY DEPOSIT	57.58	0.00
GRIFFIN PEST SOLUTIONS	400246	PEST CONTROL	31.00	0.00
GRIFFITHS MECHANICAL	21445	PERMIT FEE REFUND	260.00	0.00
ALEX JUHASZ	400443	REFUND UTILITY DEPOSIT	90.21	0.00
KELLOGG COMMUNITY COLLEGE	7507	10/16-11-10/31/11 PERS AD VAL	857.35	0.00
DIANE LARKIN	9373	MDA REGISTRATION & TRAVEL	102.71	0.00
MARSHALL DISTRICT LIBRARY	8065	10/16-11-10/31/11 PERS AD VAL	772.22	0.00
MARSHALL MEDICAL ASSOCIATES	7571	PHYSICALS & SCREENINGS	489.00	0.00
MARSHALL PUBLIC SCHOOLS	7574	10/16-11-10/31/11 PERS AD VAL	4,014.18	0.00
CITY OF MARSHALL	7595	PETTY CASH REIMBURSEMENT	13.02	0.00
MERS	7606	SUPPLEMENTAL VALUATION FEE	30.00	0.00
NU-TWIST SCREEN PRINTING	7732	FLOOR HOCKEY SHIRTS	1,012.05	0.00
R S TECHNICAL SERVICE	7807	Service chlorine and sulfur di	1,952.19	0.00
REPUBLIC SERVICES #249	2096	ACCT #3-0249-1022021	531.98	0.00
JEREMY SPENCER	400442	REFUND UTILITY DEPOSIT	61.71	0.00
STAPLES	8291	7972 3200 0007 4618	622.89	0.00
STILLOTT PROPERTY MANAGEMENT	400136	REFUND TAX CERTIFICATION	221.73	0.00
LUCAS TICE	300431	SCHOOL LUNCH	12.73	0.00
ROGER WEBSTER	400444	REFUND UTILITY DEPOSIT	49.06	0.00
		Grand Total:	48,416.23	0.00

PRESCRIPTION REIMBURSEMENTS 170.00

TOTAL CASH DISBURSEMENTS $48,586.23

CITY OF Marshall Michigan

ADMINISTRATIVE REPORT
November 21, 2011 - CITY COUNCIL MEETING

REPORT TO: Honorable City Council Members

FROM: Mayor James Dyer

SUBJECT: Hospital and Neighborhood Committee Report Receipt

BACKGROUND: Ken Jendryka, Hospital Neighborhood Committee Chair, will deliver the Committee report to the Council on Monday night.

RECOMMENDATION: I am recommending that the two ordinances contained in the report be forwarded on to the Planning Commission for their review. I am further recommending that the Planning Commission return their comments to the City Manager by March 26, 2012, so that the ordinances may be on the April 2, 2012 Council agenda. I am further recommending that any interested parties review the report and return comments to the City Manager by March 26, 2012.

Respectfully submitted,

James Dyer
Mayor

323 W. Michigan Ave.

Marshall, MI 49068

p 269.781.5183

f 269.781.3835

cityofmarshall.com

CITY OF Marshall Michigan

ADMINISTRATIVE REPORT
November 21, 2011 - CITY COUNCIL MEETING

REPORT TO: Honorable Mayor and City Council Members

FROM: Sandra Bird, Clerk-Treasurer
Tom Tarkiewicz, City Manager

SUBJECT: Audited Financial Statements for the Fiscal Year Ended June 30, 2011

BACKGROUND: The City's audit for the FY 2011 is complete, and a copy of the audit report is attached and on the City's website (a hard copy will also be distributed at the November 21, 2011 Regular Council meeting). Mark Kettner, Principal of Rehmann Robson, will be present at the Council meeting to present the report and provide comments on the audited financial statements.

RECOMMENDATION: It is recommended that the Council receive and place on file the FY 2011 Audited Financial Statements as prepared by Rehmann Robson.

Respectfully submitted,

Sandra Bird
Clerk-Treasurer

Tom Tarkiewicz
City Manager

323 W. Michigan Ave.
Marshall, MI 49068
p 269.781.5183
f 269.781.3835
cityofmarshall.com

CITY OF Marshall MICHIGAN

Annual Financial Report

For the Fiscal Year Ended June 30, 2011

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CITY OF MARSHALL, MICHIGAN
Annual Financial Report
For the Fiscal Year Ended June 30, 2011
List of Principal City Officials

Elected Officials

City Council:

James Dyer, Mayor

Wayne Booton, Ward 1
Nick Metzger, Ward 2
Brent Williams, Ward 3
Jack Reed, Ward 4
Jody Mankerian, Ward 5
Kathy Miller, At Large

Administration

City Manager ..... Tom Tarkiewicz

Assessor…… ..... Bonnie Payton

Clerk-Treasurer ..... Sandra Bird

Director of Public Services ..... Carl Fedders

Director of Community Services ..... Natalie Huestis

Police Chief ..... James Schwartz

Fire Chief ..... Robert Kiessling

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For the Fiscal Year Ended June 30, 2011

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FINANCIAL SECTION

Rehmann

Rehmann Robson

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INDEPENDENT AUDITORS' REPORT

November 4, 2011

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Marshall, Michigan***, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Marshall's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marshall, Michigan, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3-11 and the schedules of funding progress and employer contributions on pages 56-57 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marshall's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The nonfinancial information presented on page 75 has not been subjected to the auditing procedures applied to the audit of the basic financial statements and, accordingly, we express no opinion on it.

As described in note 4-G to the financial statements, the beginning net assets of the economic development corporation and local development finance authority component units were restated in order to properly classify a capital asset transfer between the two entities.

Rehmann Lohan

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the ***City of Marshall, Michigan***, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $44,037,197 *(net assets).* Of this amount, $16,578,077 *(unrestricted net assets)* may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net assets increased by $1,310,583.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $3,500,347, an increase of $271,689 in comparison with the prior year. Approximately 47.2 percent of this total amount, or $1,653,876, is *available for spending* at the government's discretion *(unassigned fund balance).*

- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,653,876 or 33.2% of total general fund revenues and other financing sources.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 12-14 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 15-22 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its electric, wastewater, water, public transportation, housing and other operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its motor pool, employee safety services, and data processing/computer technology. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, wastewater, water, Dial-A-Ride, and public housing (Marshall House) funds, which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

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

The basic fiduciary fund financial statements can be found on page 27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-55 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with nonmajor funds. Combining and individual fund financial statements and schedules can be found on pages 58-88 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the City of Marshall, assets exceeded liabilities by $44,037,197 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (50.7 percent) reflects its investment in capital assets (such as land, buildings, vehicles, equipment, systems and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Marshall's Net Assets

	Governmental activities		Business-type activities		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Current and other assets	$ 4,785,679	$ 4,949,696	$ 19,953,504	$ 19,251,511	$ 24,739,183	$ 24,201,207
Capital assets	16,851,586	16,940,480	16,162,897	16,588,355	33,014,483	33,528,835
Total assets	21,637,265	21,890,176	36,116,401	35,839,866	57,753,666	57,730,042
Long-term liabilities outstanding	3,167,161	3,649,147	7,958,774	8,624,327	11,125,935	12,273,474
Other liabilities	1,496,997	1,126,571	1,093,537	1,603,383	2,590,534	2,729,954
Total liabilities	4,664,158	4,775,718	9,052,311	10,227,710	13,716,469	15,003,428
Net assets:						
Invested in capital assets, net of related debt	13,960,325	13,551,965	8,378,716	7,964,028	22,339,041	21,515,993
Restricted	772,879	793,141	4,347,200	4,948,057	5,120,079	5,741,198
Unrestricted	2,239,903	2,769,352	14,338,174	12,700,071	16,578,077	15,469,423
Total net assets	$ 16,973,107	$ 17,114,458	$ 27,064,090	$ 25,612,156	$ 44,037,197	$ 42,726,614

An additional portion of the City's net assets (11.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (37.6 percent or $16,578,077) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net assets increased by $1,310,583 during the current fiscal year as compared to an increase of $1,054,263 for the prior year. The current year increase in net assets reflects the extent by which revenues exceeded accrual basis expenses, including depreciation on governmental capital assets and infrastructure.

City of Marshall's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue:						
Program revenue:						
Charges for services	$ 1,461,292	$ 966,065	$ 15,985,395	$ 15,899,296	$ 17,446,687	$ 16,865,361
Operating grants and contributions	1,311,931	1,034,464	644,678	1,924,536	1,956,609	2,959,000
Capital grants and contributions	91,257	-	299,404	3,230	390,661	3,230
General revenue:						
Property taxes	3,487,465	3,639,562	102,461	107,787	3,589,926	3,747,349
Grants and contributions not restricted to specific programs	610,106	625,155	-	-	610,106	625,155
Other	75,757	16,266	297,609	272,094	373,366	288,360
Total revenue	7,037,808	6,281,512	17,329,547	18,206,943	24,367,355	24,488,455
Expenses:						
General government	1,907,279	1,901,417	-	-	1,907,279	1,901,417
Public safety	2,722,997	2,624,281	-	-	2,722,997	2,624,281
Public works	1,877,076	1,713,933	-	-	1,877,076	1,713,933
Parks and recreation	623,244	484,408	-	-	623,244	484,408
Community development	151,077	138,669	-	-	151,077	138,669
Interest on long-term debt	135,294	325,155	-	-	135,294	325,155
Electric	-	-	12,118,033	12,804,410	12,118,033	12,804,410
Wastewater	-	-	1,310,690	1,214,436	1,310,690	1,214,436
Water	-	-	1,287,914	1,309,664	1,287,914	1,309,664
Public transit	-	-	401,678	428,624	401,678	428,624
Marshall House	-	-	521,490	489,195	521,490	489,195
Total expenses	7,416,967	7,187,863	15,639,805	16,246,329	23,056,772	23,434,192
Change in net assets before transfers	(379,159)	(906,351)	1,689,742	1,960,614	1,310,583	1,054,263
Transfers	237,808	239,794	(237,808)	(239,794)	-	-
Change in net assets	(141,351)	(666,557)	1,451,934	1,720,820	1,310,583	1,054,263
Net assets - beginning of year	17,114,458	17,781,015	25,612,156	23,891,336	42,726,614	41,672,351
Net assets - end of year	$ 16,973,107	$ 17,114,458	$ 27,064,090	$ 25,612,156	$ 44,037,197	$ 42,726,614

Governmental activities. Governmental activities decreased the City's net assets by $141,351 (as compared to a prior year decrease of $666,557). The major element of this decrease and the change from the prior year is mainly due to the decline in revenue growth as a result of decreasing market property values, investment earnings and state shared revenues.

Business-type activities. Business-type activities increased the City's net assets by $1,451,934 as compared to an increase of $1,720,820 the prior year.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $3,500,347, an increase of $271,689 in comparison with the prior year. Approximately 47.2% of this total amount ($1,653,876) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is designated as *nonexpendable, restricted or committed* to indicate the degree to which those monies are available for the identified purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $1,653,876, while the total fund balance was $2,252,495. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total general fund revenues. Unassigned fund balance represents 33.2 percent of total general fund revenues and other financing sources. As a measure of fiscal stability (when examining the City's ability to maintain public services if a major revenue source is disrupted), the ratio of unreserved/undesignated fund balance is 32.6 percent of operating expenses, including the transfers out.

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

The fund balance of the City's general fund increased by $73,815 during the current fiscal year, which was $193,484 more than the total operating deficit that was authorized in the final amended budget (and $158,376 more than the original budget).

The City has seen a reduction in its overall taxable valuation due to the market decline in property values and a few industrial businesses closing.

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

Unrestricted net assets of the electric fund at the end of the year amounted to $11,997,813. The fund had an increase in net assets for the year of $1,293,290. Of the current year increase, $1,211,962 was attributable to the decrease in purchased power expenses.

The wastewater fund reported unrestricted net assets at the end of the year of $475,175. For the year, the fund had an increase in net assets of $60,102 as compared to an increase of $22,768 in the prior year.

The water fund reported unrestricted net assets at the end of the year of $1,345,906. For the year, the fund had an increase in net assets of $147,915 as compared to a decrease of $37,926 in the prior year.

The Dial-A-Ride fund reported unrestricted net assets at the end of the year of $128,188. For the year, the fund had a decrease in net assets of $37,731 as compared to an increase of $169,725 in the prior year.

The Marshall House fund reported unrestricted net assets at the end of the year of $432,621. For the year, the fund had an increase in net assets of $34,593 as compared to an increase of $134,839 in the prior year.

General Fund Budgetary Highlights

Differences between the final amended budgets and actual revenues and expenditures were minor. For the year, general fund budgetary estimates for revenues, expenditures and other financing sources and uses differed from actual, resulting in a net increase in fund balance that was $193,484 more than anticipated in the final amended budget.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounted to $33,014,483 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, system, vehicles, equipment, and streets. Net capital assets for governmental activities decreased .5%, and for business-type activities decreased by 2.6%. Overall, total net capital assets for the City decreased 1.5%.

City of Marshall's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 2,257,343	$ 2,257,343	$ 164,618	$ 164,618	$ 2,421,961	$ 2,421,961
Construction in process	-	235,282	-	-	-	235,282
Land improvements	2,215,272	2,518,619	-	-	2,215,272	2,518,619
Buildings	3,565,247	3,723,205	1,718,651	1,832,629	5,283,898	5,555,834
Vehicles	1,472,731	826,838	552,541	590,018	2,025,272	1,416,856
Equipment	392,342	385,616	379,967	374,221	772,309	759,837
Systems	-	-	13,347,120	13,626,869	13,347,120	13,626,869
Infrastructure	6,948,651	6,993,577	-	-	6,948,651	6,993,577
Total	$ 16,851,586	$ 16,940,480	$ 16,162,897	$ 16,588,355	$ 33,014,483	$ 33,528,835

Additional information on the City's capital assets can be found in Note 3-D. on pages 42-43 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $9,935,000. Of this amount, $9,255,000 is comprised of debt backed by the full faith and credit of the government. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources.

City of Marshall's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	$ 2,850,000	$ 3,150,000	$ 6,405,000	$ 6,960,000	$ 9,255,000	$ 10,110,000
Revenue bonds	-	-	680,000	740,000	680,000	740,000
Total	$ 2,850,000	$ 3,150,000	$ 7,085,000	$ 7,700,000	$ 9,935,000	$ 10,850,000

The City's total bonded debt decreased by $915,000 (8.4 percent) during the current fiscal year; No new bonds were issued during the year.

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

Electric revenue bonds	BBB+
General obligation limited tax bonds	A+
General obligation unlimited tax bonds	A+

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The current debt limitation for the City is $27,101,575 which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3-G. on pages 45-48 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Developed target-based budgets within the context of the forecasted revenues;
- Decline in state shared revenue;
- Decline in property tax revenues; and
- Expenditure increases generally limited to inflation with a dramatically reduced capital project program.

During the current fiscal year, the unassigned fund balance in the general fund increased by $338,302 to $1,653,876. The City has not appropriated any fund balance for fiscal 2011-12 planned expenditures.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MARSHALL, MICHIGAN
Statement of Net Assets
June 30, 2011

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 769,676	$ 1,993,245	$ 2,762,921	$ 189,178
Investments	3,581,453	1,204,498	4,785,951	1,713,889
Receivables	270,242	1,133,056	1,403,298	-
Internal balances	41,529	(41,529)	-	-
Inventories, prepaid items and other assets	122,779	1,169,750	1,292,529	38,829
Investment in MSCPA	-	10,147,284	10,147,284	-
Restricted cash and cash equivalents	-	4,347,200	4,347,200	183,633
Capital assets not being depreciated	2,257,343	164,618	2,421,961	-
Capital assets being depreciated, net	14,594,243	15,998,279	30,592,522	82,051
Total assets	21,637,265	36,116,401	57,753,666	2,207,580
Liabilities				
Accounts payable and accrued expenses	319,278	1,024,173	1,343,451	15,596
Accrued interest payable	32,666	69,364	102,030	14,596
Unearned revenue	25,013	-	25,013	-
Other non-current liabilities - other post-employment liabilities	1,120,040	-	1,120,040	-
Long-term liabilities:				
Due within one year	497,213	695,000	1,192,213	56,748
Due in more than one year	2,669,948	7,263,774	9,933,722	1,705,000
Total liabilities	4,664,158	9,052,311	13,716,469	1,791,940
Net assets				
Invested in capital assets, net of related debt	13,960,325	8,378,716	22,339,041	82,051
Restricted for:				
Debt service	16,259	4,347,200	4,363,459	183,633
Capital projects	61,087	-	61,087	-
Endowment - expendable	695,533	-	695,533	-
Unrestricted	2,239,903	14,338,174	16,578,077	149,956
Total net assets	$ 16,973,107	$ 27,064,090	$ 44,037,197	$ 415,640

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

CITY OF MARSHALL, MICHIGAN
Statement of Activities
For the Year Ended June 30, 2011

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	$ 1,907,279	$ 1,248,330	$ 770,012	$ 91,257	$ 202,320
Public safety	2,722,997	-	-	-	(2,722,997)
Public works	1,877,076	-	541,474	-	(1,335,602)
Parks and recreation	623,244	212,962	445	-	(409,837)
Community development	151,077	-	-	-	(151,077)
Interest on long-term debt	135,294	-	-	-	(135,294)
Total governmental activities	7,416,967	1,461,292	1,311,931	91,257	(4,552,487)
Business-type activities:					
Electric	12,118,033	13,065,884	238,008	-	1,185,859
Wastewater	1,310,690	1,244,313	-	116,340	49,963
Water	1,287,914	1,267,367	943	183,064	163,460
Public transit	401,678	49,323	210,581	-	(141,774)
Public housing	521,490	358,508	195,146	-	32,164
Total business-type activities	15,639,805	15,985,395	644,678	299,404	1,289,672
Total primary governmen	$ 23,056,772	$ 17,446,687	$ 1,956,609	$ 390,661	$ (3,262,815)
Component units					
Community developmen	$ 694,274	$ -	$ 94,311	$ -	$ (599,963)

Continued…

CITY OF MARSHALL, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended June 30, 2011

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net assets				
Net (expense) revenue	$ (4,552,487)	$ 1,289,672	$ (3,262,815)	$ (599,963)
General revenues:				
Property taxes	3,487,465	102,461	3,589,926	723,658
Grants and contributions not restricted to specific programs	610,106	-	610,106	-
Unrestricted investment earnings	3,148	49,650	52,798	11,617
Gain on sale of assets	72,609	247,959	320,568	-
Transfers - internal activities	237,808	(237,808)	-	-
Total general revenues and transfers	4,411,136	162,262	4,573,398	735,275
Change in net assets	(141,351)	1,451,934	1,310,583	135,312
Net assets, beginning of year	17,114,458	25,612,156	42,726,614	280,328
Net assets, end of year	$ 16,973,107	$ 27,064,090	$ 44,037,197	$ 415,640

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

FUND FINANCIAL STATEMENTS

CITY OF MARSHALL, MICHIGAN
Balance Sheet
Governmental Funds
June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Assets			
Cash and cash equivalents	$ 164,180	$ 326,524	$ 490,704
Investments	2,183,246	827,839	3,011,085
Accounts receivable	37,844	121,575	159,419
Taxes receivable	136	-	136
Interfund receivable	11,803	-	11,803
Inventory	-	10,324	10,324
Due from other governments	30,000	80,614	110,614
Prepaid items	38,530	2,254	40,784
TOTAL ASSETS	$ 2,465,739	$ 1,369,130	$ 3,834,869
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 61,018	$ 107,751	$ 168,769
Accrued liabilities	127,136	1,956	129,092
Due to other governments	77	-	77
Interfund payable	-	11,571	11,571
Deferred revenue	25,013	-	25,013
Total liabilities	213,244	121,278	334,522
Fund balances			
Nonexpendable for:			
Inventory	-	10,324	10,324
Prepaid items	38,530	2,254	40,784
Cemetery perpetual care	-	463,153	463,153
Restricted for:			
Highways and streets	-	322,099	322,099
Drug law enforcement	-	4,818	4,818
Cemetery operations	-	232,380	232,380
Committed for:			
Working capital reserve	500,000	-	500,000
Fire truck replacement	58,000	-	58,000
Scholarships	2,089	-	2,089
Highways and streets	-	61,087	61,087
Special projects	-	135,478	135,478
Debt service	-	16,259	16,259
Unassigned	1,653,876	-	1,653,876
Total fund balances	2,252,495	1,247,852	3,500,347
TOTAL LIABILITIES AND FUND BALANCES	$ 2,465,739	$ 1,369,130	$ 3,834,869

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

CITY OF MARSHALL, MICHIGAN

Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2011

Fund balances - total governmental funds	$ 3,500,347
Amounts reported for *governmental activities* in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add - capital assets	27,686,702
Deduct - accumulated depreciation	(12,553,553)
Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
Add - net assets of governmental internal service funds	2,550,385
Add - portion of internal service funds net operating loss attributed to business-type funds	41,529
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - other non-current liabilities - other postemployment benefits	(1,120,040)
Deduct - bonds and installment contracts payable	(2,996,532)
Add - unamortized bond issuance costs	65,356
Deduct - premium on bonds	(5,234)
Add - unamortized deferred loss on refunding	110,505
Deduct - accrued interest on bonds and installment contracts payable	(32,666)
Deduct - compensated absences	(273,692)
Net assets of governmental activities	$ 16,973,107

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

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenue			
Property taxes	$ 3,487,465	$ -	$ 3,487,465
Licenses and permits	61,282	-	61,282
Intergovernmental	771,466	553,471	1,324,937
Charges for services	345,402	5,380	350,782
Fines and forfeitures	66,136	50	66,186
Investment earnings	11,721	4,873	16,594
Other	231,961	365,139	597,100
Total revenue	4,975,433	928,913	5,904,346
Expenditures			
Current expenditures:			
General government	571,933	297,742	869,675
Public safety	2,559,669	520	2,560,189
Public works	868,755	-	868,755
Highways and streets	-	227,098	227,098
Community development	106,995	-	106,995
Culture and recreation	480,477	-	480,477
Debt service:			
Principal	100,515	317,065	417,580
Interest and fiscal charges	23,307	122,995	146,302
Capital outlay	85,969	171,250	257,219
Total expenditures	4,797,620	1,136,670	5,934,290
Revenue over (under) expenditures	177,813	(207,757)	(29,944)
Other financing sources (uses)			
Sale of capital assets	63,825	-	63,825
Transfers in	109,585	465,631	575,216
Transfers out	(277,408)	(60,000)	(337,408)
Total other financing sources (uses)	(103,998)	405,631	301,633
Net change in fund balances	73,815	197,874	271,689
Fund balances, beginning of year, as restated	2,178,680	1,049,978	3,228,658
Fund balances, end of year	$ 2,252,495	$ 1,247,852	$ 3,500,347

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

CITY OF MARSHALL, MICHIGAN

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds	$	271,689
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Add - capital outlay		238,790
Deduct - depreciation expense		(764,265)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Add - principal payments on long-term liabilities		417,580
Deduct - net amortization of premiums and issuance costs on bonds		(18,256)
Add - debt forgiveness on Stanton property		91,257
Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.		
Deduct - net operating loss from governmental activities in internal service funds		(74,144)
Add - interest revenue from governmental internal service funds		4,809
Add - gain on sale of capital assets from governmental internal service funds		8,784
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Deduct - increase in other noncurrent liabilities - other postemployment benefits		(315,543)
Add - decrease in accrued interest payable on bonds		11,007
Deduct - increase in the accrual for compensated absences		(13,059)
Change in net assets of governmental activities	$	(141,351)

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

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2011

	Budget			Actual Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 3,547,787	$ 3,510,418	$ 3,487,465	$ (22,953)
Licenses and permits	48,613	56,313	61,282	4,969
Intergovernmental	696,826	686,226	771,466	85,240
Charges for services	312,345	332,000	345,402	13,402
Fines and forfeitures	42,900	57,100	66,136	9,036
Investment earnings	80,141	8,866	11,721	2,855
Other	212,900	248,574	231,961	(16,613)
Total revenues	4,941,512	4,899,497	4,975,433	75,936
Expenditures				
General government				
Council	5,488	2,975	2,831	(144)
Manager	98,248	97,520	96,425	(1,095)
Assessor	114,423	107,712	103,271	(4,441)
Attorney	70,000	85,400	77,060	(8,340)
Human resources	57,998	55,402	56,133	731
Clerk-Treasurer	298,784	297,944	286,664	(11,280)
City hall	98,829	101,512	96,970	(4,542)
Chapel	2,825	2,825	2,958	133
Other city property	42,450	47,025	47,158	133
Cemetery	171,660	168,422	169,752	1,330
Airport	123,327	158,121	156,865	(1,256)
Compost	59,331	53,672	43,883	(9,789)
Non-departmental	458,260	409,236	415,005	5,769
Administrative and operating costs reimbursed by other funds	(949,641)	(949,641)	(983,042)	(33,401)
Total general government	651,982	638,125	571,933	(66,192)
Public safety				
Police	1,345,699	1,323,794	1,395,945	72,151
Fire	802,902	792,205	815,736	23,531
Dispatch	225,000	237,200	222,675	(14,525)
Inspection / code enforcement	101,128	102,215	104,931	2,716
Crossing guards	36,638	32,962	20,382	(12,580)
Total public safety	2,511,367	2,488,376	2,559,669	71,293
Public works				
Streets	642,453	722,284	744,624	22,340
Public services building	128,375	114,259	100,704	(13,555)
Engineering	23,188	23,037	23,427	390
Total public works	794,016	859,580	868,755	9,175

Continued…

CITY OF MARSHALL, MICHIGAN
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Concluded)
General Fund
For the Year Ended June 30, 2011

	Budget			Actual Over (Under)
	Original	Final	Actual	Final Budget
Expenditures (concluded)				
Community development				
Community development	$ 34,611	$ 34,611	$ 33,165	$ (1,446)
Planning	76,400	75,422	73,830	(1,592)
Total community development	111,011	110,033	106,995	(3,038)
Culture and recreation				
Parks	55,610	89,700	87,608	(2,092)
Recreation	448,550	397,915	392,869	(5,046)
Total culture and recreation	504,160	487,615	480,477	(7,138)
Debt service				
Principal	100,095	100,515	100,515	-
Interest and fiscal charges	23,815	23,395	23,307	(88)
Total debt service	123,910	123,910	123,822	(88)
Capital outlay	165,820	211,520	85,969	(125,551)
Total expenditures	4,862,266	4,919,159	4,797,620	(121,539)
Revenue over (under) expenditures	79,246	(19,662)	177,813	197,475
Other financing sources (uses)				
Sale of capital assets	-	63,800	63,825	25
Transfers in	108,443	114,421	109,585	(4,836)
Transfers out	(272,250)	(278,228)	(277,408)	820
Total other financing uses	(163,807)	(100,007)	(103,998)	(3,991)
Net change in fund balances	(84,561)	(119,669)	73,815	193,484
Fund balance, beginning of year, as restated	2,178,680	2,178,680	2,178,680	-
Fund balance, end of year	$ 2,094,119	$ 2,059,011	$ 2,252,495	$ 193,484

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

CITY OF MARSHALL, MICHIGAN
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Electric	Wastewater	Water	DART	Marshall House	Total	
Assets							
Current assets:							
Cash and cash equivalents	$ 1,232,153	$ 162,164	$ 428,892	$ 7,476	$ 162,560	$ 1,993,245	$ 278,972
Investments	18,029	155,000	596,954	121,377	313,138	1,204,498	570,368
Accounts receivable	868,300	136,657	111,575	-	-	1,116,532	73
Taxes receivable	-	-	-	4	-	4	-
Due from other governments	-	-	-	16,520	-	16,520	-
Inventories	726,273	27,378	74,635	-	-	828,286	-
Prepaid items	10,613	3,381	7,689	3,688	3,834	29,205	6,315
Total current assets	2,855,368	484,580	1,219,745	149,065	479,532	5,188,290	855,728
Noncurrent assets:							
Restricted cash and cash equivalents	3,099,646	712,635	534,919	-	-	4,347,200	-
Capital assets, net	4,613,129	3,722,660	7,185,068	249,703	392,337	16,162,897	1,718,437
Investment in MSCPA	10,147,284	-	-	-	-	10,147,284	-
Unamortized bond issuance costs	18,236	80,713	213,310	-	-	312,259	-
Total noncurrent assets	17,878,295	4,516,008	7,933,297	249,703	392,337	30,969,640	1,718,437
Total assets	20,733,663	5,000,588	9,153,042	398,768	871,869	36,157,930	2,574,165
Liabilities							
Current liabilities:							
Accounts payable	743,307	39,524	5,863	3,171	41,294	833,159	17,332
Accrued payroll	145,931	13,207	15,433	6,764	4,734	186,069	4,008
Accrued interest payable	18,362	11,187	39,815	-	-	69,364	-
Due to other governments	1,947	7	79	2,879	33	4,945	-
Interfund payable	-	-	-	-	-	-	232
Current portion of:							
Compensated absences	29,734	6,548	6,490	2,016	213	45,000	2,208
Bonds payable	90,000	187,297	372,703	-	-	650,000	-
Total current liabilities	1,029,281	257,770	440,383	14,830	46,274	1,788,537	23,780
Noncurrent liabilities:							
Compensated absences	83,794	19,645	19,469	6,047	638	129,593	-
Contracts payable	-	720,000	-	-	-	720,000	-
Bonds payable	1,281,136	1,405,480	3,727,565	-	-	6,414,181	-
Total noncurrent liabilities	1,364,930	2,145,125	3,747,034	6,047	638	7,263,774	-
Total liabilities	2,394,211	2,402,895	4,187,417	20,877	46,911	9,052,311	23,780
Net assets							
Invested in capital assets, net of related debt	3,241,993	1,409,883	3,084,800	249,703	392,337	8,378,716	1,718,437
Restricted for debt service	3,099,646	712,635	534,919	-	-	4,347,200	-
Unrestricted	11,997,813	475,175	1,345,906	128,188	432,621	14,379,703	831,948
Total net assets	$ 18,339,452	$ 2,597,693	$ 4,965,625	$ 377,891	$ 824,958	$ 27,105,619	$ 2,550,385

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

CITY OF MARSHALL, MICHIGAN

Reconciliation of Net Assets on the Statement of Net Assets for Enterprise Funds to Net Assets of Business-type Activities on the Statement of Net Assets

June 30, 2011

Net assets - total enterprise funds	$ 27,105,619
Amounts reported for *business-type activities* in the statement of net assets are different because:	
Internal service funds are used by management to charge the costs of certain services to individual governmental and business-type funds. The net revenue (expense) of the internal service funds are allocated to governmental and business-type activities.	
Deduct - cumulative portion of internal service funds net operating loss attributed to business-type funds	(41,529)
Net assets of business-type activities	$ 27,064,090

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

CITY OF MARSHALL, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Electric	Wastewater	Water	DART	Marshall House	Total	
Operating revenues							
Charges for services	$ 12,991,011	$ 1,238,837	$ 1,259,367	$ 49,323	$ -	$ 15,538,538	$ 719,086
Property taxes	-	-	-	102,461	-	102,461	-
Other	74,873	5,476	8,000	-	358,508	446,857	3,619
Total operating revenues	13,065,884	1,244,313	1,267,367	151,784	358,508	16,087,856	722,705
Operating expenses							
Personal services	1,607,050	446,578	512,981	253,691	166,932	2,987,232	128,061
Materials and supplies	210,969	133,643	101,970	28,247	8,571	483,400	222,101
Purchased power	8,337,523	124,236	46,406	-	126,331	8,634,496	-
Contractual	172,225	99,369	23,798	1,230	105,376	401,998	44,460
Insurance	13,016	22,505	3,719	4,453	9,870	53,563	29,542
Maintenance	5,371	3,337	297	20,597	24,639	54,241	50,826
Administration	792,167	41,730	40,619	19,837	-	894,353	-
Other expense	337,250	44,105	54,917	31,504	20,949	488,725	42,979
Depreciation	540,328	300,795	275,556	42,263	59,299	1,218,241	325,115
Total operating expenses	12,015,899	1,216,298	1,060,263	401,822	521,967	15,216,249	843,084
Operating income (loss)	1,049,985	28,015	207,104	(250,038)	(163,459)	871,607	(120,379)
Nonoperating revenues (expenses)							
Intergovernmental subsidies	-	-	943	210,581	195,146	406,670	-
Investment earnings	36,547	3,978	5,068	1,726	2,331	49,650	4,809
Change in investment in MSCPA	238,008	-	-	-	-	238,008	-
Debt forgiveness on Stanton property	-	54,755	158,180	-	-	212,935	-
Interest expense	(67,249)	(88,231)	(221,841)	-	-	(377,321)	-
Total nonoperating revenues (expenses)	207,306	(29,498)	(57,650)	212,307	197,477	529,942	4,809
Income (loss) before contributions and transfers	1,257,291	(1,483)	149,454	(37,731)	34,018	1,401,549	(115,570)
Capital contributions	-	61,585	24,884	-	-	86,469	-
Other financing sources (uses)							
Gain on sale of assets	247,384	-	-	-	575	247,959	8,784
Transfers out	(211,385)	-	(26,423)	-	-	(237,808)	-
Total other financing sources (uses)	35,999	-	(26,423)	-	575	10,151	8,784
Change in net assets	1,293,290	60,102	147,915	(37,731)	34,593	1,498,169	(106,786)
Net assets, beginning of year	17,046,162	2,537,591	4,817,710	415,622	790,365	25,607,450	2,657,171
Net assets, end of year	$ 18,339,452	$ 2,597,693	$ 4,965,625	$ 377,891	$ 824,958	$ 27,105,619	$ 2,550,385

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

CITY OF MARSHALL, MICHIGAN

Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Assets of Enterprise Funds to the Statement of Activities
For the Year Ended June 30, 2011

Change in net assets - total enterprise funds	$ 1,498,169
Amounts reported for *business-type activities* in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of certain services to individual governmental and business-type funds. The net revenue (expense) of the internal service funds are allocated to governmental and business-type activities.	
Deduct - net operating loss from internal service funds related to enterprise funds	(46,235)
Change in net assets of business-type activities	$ 1,451,934

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

CITY OF MARSHALL, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Fund						Governmenta Activities - Internal Service Funds
	Electric	Wastewater	Water	DART	Marshall House	Total	
Cash flows from operating activities							
Receipts from customers and users	$ 13,307,250	$ 1,211,437	$ 1,258,366	$ 39,089	$ 358,508	$ 16,174,650	$ -
Receipts from property taxes	-	-	-	102,461	-	102,461	-
Receipts from interfund services	-	-	-	-	-	-	722,705
Payments to suppliers	(9,003,861)	(560,603)	(306,820)	(307,344)	(334,726)	(10,513,354)	(429,146)
Payments to employees	(1,596,966)	(440,174)	(507,483)	(253,075)	(164,618)	(2,962,316)	(127,143)
Net cash provided by (used in) operating activities	1,914,256	168,930	403,444	(438,706)	(140,836)	1,907,088	166,416
Cash flows from non-capital financing activities							
Transfers out	(211,385)	-	(26,423)	-	-	(237,808)	-
Intergovernmental subsidies	-	-	943	210,581	195,146	406,670	-
Net cash provided by (used in) non-capital financing activities	(211,385)	-	(25,480)	210,581	195,146	168,862	-
Cash flows from capital and relate financing activities							
Cash received on sale of capital assets	247,384	-	-	-	575	247,959	8,784
Principal and interest paid on debt	(158,603)	(268,438)	(585,140)	-	-	(1,012,181)	-
Purchase of capital assets	(189,566)	29,359	(466,183)	-	(79,925)	(706,315)	(761,696)
Net cash used in capital and related financing activities	(100,785)	(239,079)	(1,051,323)	-	(79,350)	(1,470,537)	(752,912)
Cash flows from investing activitie							
Purchase of investments	-	(150,006)	-	-	(2,626)	(152,632)	(1,162)
Proceeds from investments	21,578	-	22,410	233,875	-	277,863	696,480
Interest received on investments	36,547	3,978	5,068	1,726	2,331	49,650	4,809
Net cash provided by (used in) investing activities	58,125	(146,028)	27,478	235,601	(295)	174,881	700,127
Net increase (decrease) in cash and cash equivalents	1,660,211	(216,177)	(645,881)	7,476	(25,335)	780,294	113,631
Cash and cash equivalent							
Beginning of year	2,671,588	1,090,976	1,609,692	-	187,895	5,560,151	165,341
End of year	$ 4,331,799	$ 874,799	$ 963,811	$ 7,476	$ 162,560	$ 6,340,445	$ 278,972
Reconciliation to statement of net asset							
Cash and cash equivalents	$ 1,232,153	$ 162,164	$ 428,892	$ 7,476	$ 162,560	$ 1,993,245	$ 278,972
Restricted cash and cash equivalents	3,099,646	712,635	534,919	-	-	4,347,200	-
	$ 4,331,799	$ 874,799	$ 963,811	$ 7,476	$ 162,560	$ 6,340,445	$ 278,972

Continued…

CITY OF MARSHALL, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Fund						Governmenta Activities - Internal Service Funds
	Electric	Wastewater	Water	DART	Marshall House	Total	
Reconciliation of operating incom (loss) to net cash provided by (used in operating activitie							
Operating income (loss)	$ 1,049,985	$ 28,015	$ 207,104	$ (250,038)	$ (163,459)	$ 871,607	$ (120,379)
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation	540,328	300,795	275,556	42,263	59,299	1,218,241	325,115
Amortization of bond premiums, issuance costs, and loss on refunding.	2,232	9,289	25,059	-	-	36,580	-
Changes in assets and liabilities:							
Accounts receivable	241,366	(32,876)	(9,001)	6,286	-	205,775	11,852
Due from other governments	-	-	-	(16,520)	-	(16,520)	-
Interfund receivable	281,603	-	-	-	-	281,603	-
Inventories	(83,797)	7,699	(4,265)	-	-	(80,363)	-
Prepaid items	257	70	634	304	(1,893)	(628)	(4,613)
Accounts payable	(127,802)	30,896	1,285	(206,904)	(37,097)	(339,622)	(46,723)
Accrued payroll	(103,444)	(19,789)	(20,461)	(7,447)	1,464	(149,677)	(1,276)
Compensated absences	113,528	26,193	25,959	8,063	850	174,593	2,208
Due to other governments	-	-	-	(12,898)	-	(12,898)	-
Interfund payable	-	(181,362)	(98,426)	(1,815)	-	(281,603)	232
Net cash provided by (used in operating activities	$ 1,914,256	$ 168,930	$ 403,444	$ (438,706)	$ (140,836)	$ 1,907,088	$ 166,416
Non-Cash Items:							
Change in investment in MSCPA	$ 238,008	$ -	$ -	$ -	$ -	$ 238,008	$ -
Capital contributions	-	61,585	24,884	-	-	86,469	-
Debt forgiveness	-	54,755	158,180	-	-	212,935	-

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

CITY OF MARSHALL, MICHIGAN
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

Assets		
Cash and cash equivalents	$	28,530
Delinquent taxes receivable		346,728
Total assets	$	375,258
Liabilities		
Undistributed receipts	$	375,258

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

COMPONENT UNITS
FINANCIAL STATEMENTS

CITY OF MARSHALL, MICHIGAN
Combining Statement of Net Assets
Component Units
June 30, 2011

	Downtown Development Authority	Local Development Finance Authority	Economic Development Corporation	Total
Assets				
Cash and cash equivalents	$ 126,762	$ 53,374	$ 9,042	$ 189,178
Investments	55,036	1,658,853	-	1,713,889
Prepaid items	1,291	-	-	1,291
Unamortized bond issuance costs	-	37,538	-	37,538
Restricted cash and cash equivalents	80,044	103,589	-	183,633
Capital assets being depreciated, net	-	82,051	-	82,051
Total assets	263,133	1,935,405	9,042	2,207,580
Liabilities				
Accounts payable	7,818	5,497	-	13,315
Accrued liabilities	2,281	-	-	2,281
Accrued interest payable	2,304	12,292	-	14,596
Long-term liabilities:				
Due within one year	31,748	25,000	-	56,748
Due in more than one year	535,000	1,170,000	-	1,705,000
Total liabilities	579,151	1,212,789	-	1,791,940
Net assets				
Invested in capital assets	-	82,051	-	82,051
Restricted for debt service	80,044	103,589	-	183,633
Unrestricted (deficit)	(396,062)	536,976	9,042	149,956
Total net assets (deficit)	$ (316,018)	$ 722,616	$ 9,042	$ 415,640

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

CITY OF MARSHALL, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2011

	Downtown Development Authority	Local Development Finance Authority	Economic Development Corporation	Total
Expenses				
Community development	$ 227,864	$ 466,410	$ -	$ 694,274
Program revenues				
Operating grants and contributions	93,561	750	-	94,311
Net program expense	134,303	465,660	-	599,963
General revenues				
Property taxes	207,469	516,189	-	723,658
Unrestricted investment earnings	593	11,024	-	11,617
Total general revenues	208,062	527,213	-	735,275
Change in net assets	73,759	61,553	-	135,312
Net assets (deficit), beginning of year, as restated	(389,777)	661,063	9,042	280,328
Net assets (deficit), end of year	$ (316,018)	$ 722,616	$ 9,042	$ 415,640

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

NOTES to the FINANCIAL STATEMENTS

CITY OF MARSHALL, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1-A Reporting Entity

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

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

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

1-B Basis of Presentation

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

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

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

The City reports the following major governmental fund:

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

The City reports the following major enterprise funds:

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

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

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

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

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

Additionally, the City reports the following fund types:

Special revenue funds. These funds account for revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Debt service funds. These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital projects fund. These funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

Permanent fund. This fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

Internal service funds. These funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes machinery, equipment and building space management services; liability, auto, and workers' compensation self-insurance; information technology services; and printing, mailing and reproduction services.

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

1-C Measurement Focus / Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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

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

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

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

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

1-D Assets, Liabilities and Equity

Deposits and Investments

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

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

Investments are reported at fair value.

Interfund Receivables and Payables

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

Inventories, Prepaid Items and Other Assets

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

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

The City's unamortized bond issuance costs are recorded as other assets in the government-wide financial statements.

Restricted Cash and Cash Equivalents

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

Capital Assets

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

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

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

Infrastructure acquired or constructed since 1980 has been recorded in the governmental activities of the accompanying statement of net assets.

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

Assets	Years
Land improvements	5-50
Buildings and building improvements	5-50
Public domain infrastructure	50
Systems infrastructure	25-50
Machinery and equipment	3-15

Compensated Absences

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

Long-term Obligations

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

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

Fund Equity

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City currently has no *assigned fund balance* as the City Council has not yet given authority for the making of such assignments; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

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

2-B Excess of Expenditures over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the City were adopted on a function level basis, although budget and actual information for the general fund in the fund financial statements has been presented at a level of detail greater than the level of legal budgetary control.

During the year ended June 30, 2011, the City incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control in the following funds:

	Amended Budget	Actual	Over Budget
General fund			
General government:			
Human resources	$ 55,402	$ 56,133	$ 731
Chapel	2,825	2,958	133
Other city property	47,025	47,158	133
Cemetery	168,422	169,752	1,330
Non-departmental	409,236	415,005	5,769
Public safety:			
Police	1,323,794	1,395,945	72,151
Fire	792,205	815,736	23,531
Inspection/code enforcement	102,215	104,931	2,716
Public works:			
Streets	722,284	744,624	22,340
Engineering	23,037	23,427	390
Nonmajor special revenue funds			
Local street fund -			
Capital outlay	130,000	130,194	194

2-C Unrestricted Net Assets Deficit

At June 30, 2011, the Downtown Development Authority had a deficit of $396,062 in unrestricted net assets.

NOTE 3 – DETAILED NOTES ON ACCOUNT BALANCES

3-A Deposits and Investments

Following is a reconciliation of deposit and investment balances as of June 30, 2011:

	Primary Government	Component Units	Total
Statement of net assets:			
Cash and cash equivalents	$ 2,762,921	$ 189,178	$ 2,952,099
Investments	4,785,951	1,713,889	6,499,840
Restricted cash and cash equivalents	4,347,200	183,633	4,530,833
Statement of fiduciary net assets:			
Cash and cash equivalents	28,530	-	28,530
Total	**$ 11,924,602**	**$ 2,086,700**	**$ 14,011,302**

Deposits and investments:	
Bank deposits (checking, savings and certificates of deposit)	$ 12,217,793
Investments (external investment pool)	1,792,639
Cash on hand	870
Total	**$ 14,011,302**

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk, that in the event of a bank failure, the City's deposits may not be returned to the government. As of June 30, 2011, $9,457,997 of the City's total bank balance of $12,265,894 (total book balance was $12,217,793) was exposed to custodial credit risk as it was uninsured and uncollateralized.

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

Custodial Credit Risk - Investments. The City's investments as of June 30, 2011 were as follows:

Deposit/Investment	Maturity	Fair Value	Rating
MBIA Investment Fund	n/a	$ 1,792,639	S&P-AAAm

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

Credit Risk. As of June 30, 2011, the City's investment in the external local government investment pool was rated AAAm by Standards and Poor. All of the City's investments comply with its policy regarding the types of investments it may hold.

Concentration of Credit Risk. The City's investment policy provides that, except for U.S. treasuries and authorized investment pools, no more than 50 percent of the total investment portfolio may be invested in a single security type or with a single financial institution. All investments held at year-end consisted of amounts in the MBIA external investment pool.

Interest Rate Risk. It is the City's policy that, unless matched to a specific cash flow, the government will not directly invest in securities maturing more than three years from the date of purchase. Reserve funds may be invested in securities exceeding three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The average maturity of the portfolio investments in the external investment pools was less than 60 days as of June 30, 2011.

3-B Receivables

Receivables in the governmental activities are 59.1 percent accounts receivables and 40.9 percent due from other governments. Business-type activities receivables are 98.5 percent accounts receivable and 1.5 percent due from other governments.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Deferred revenue reported by:			
General fund	$ -	$ 25,013	$ 25,013

3-C Investment in the Michigan South Central Power Agency

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

	% of Ownership
City of Coldwater	40.0%
City of Hillsdale	25.5%
City of Marshall	24.0%
Village of Clinton	6.5%
Village of Union City	4.0%
	100.0%

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

The City accounts for its investment in the MSCPA as a joint venture in accordance with GASB Statement No. 14. Information presented below is taken from financial statements of the MSCPA for the year ended June 30, 2011, which was audited by other auditors whose report dated August 25, 2011, expressed an unqualified opinion on those financial statements.

Summary information of the City's equity interest in the MSCPA as of June 30, 2011, is as follows:

	MSCPA	City of Marshall (24.0%)
Assets		
Current assets	$ 15,589,935	$ 3,741,585
Non-current assets	8,212,555	1,971,013
Capital assets, net	25,549,360	6,131,846
Total assets	49,351,850	11,844,444
Liabilities		
Current liabilities	6,839,171	1,641,401
Long-term debt	232,331	55,759
Total liabilities	7,071,502	1,697,160
Net assets	**$ 42,280,348**	**$ 10,147,284**
Revenues	$ 43,501,777	$ 10,440,427
Expenses	40,748,520	9,779,645
Operating income	2,753,257	660,782
Nonoperating expenses	1,761,556	422,773
Change in net assets	991,701	238,009
Net assets, beginning of year	41,288,647	9,909,275
Net assets, end of year	**$ 42,280,348**	**$ 10,147,284**

3-D Capital Assets

Capital assets activity of the primary government for the year ended June 30, 2011, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 2,257,343	$ -	$ -	$ 2,257,343
Construction in process	235,282	-	(235,282)	-
Total capital assets not being depreciated	2,492,625	-	(235,282)	2,257,343
Capital assets, being depreciated:				
Land improvements	5,337,016	-	-	5,337,016
Buildings	9,215,020	55,040	-	9,270,060
Vehicles	2,691,021	941,900	(50,362)	3,582,559
Equipment	2,262,158	77,543	-	2,339,701
Infrastructure	9,540,448	161,285	-	9,701,733
Total capital assets being depreciated	29,045,663	1,235,768	(50,362)	30,231,069
Less accumulated depreciation for:				
Land improvements	(2,818,397)	(303,347)	-	(3,121,744)
Buildings	(5,491,815)	(212,998)	-	(5,704,813)
Vehicles	(1,864,183)	(296,007)	50,362	(2,109,828)
Equipment	(1,876,542)	(70,817)	-	(1,947,359)
Infrastructure	(2,546,871)	(206,211)	-	(2,753,082)
Total accumulated depreciation	(14,597,808)	(1,089,380)	50,362	(15,636,826)
Total capital assets, being depreciated, net	14,447,855	146,388	-	14,594,243
Governmental activities capital assets, net	**$ 16,940,480**	**$ 146,388**	**$ (235,282)**	**$ 16,851,586**
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 164,618	$ -	$ -	$ 164,618
Capital assets, being depreciated:				
Buildings	5,203,996	148,653	-	5,352,649
Vehicles	821,110	-	-	821,110
Equipment	1,418,546	22,644	(27,107)	1,414,083
Systems	33,237,717	621,486	-	33,859,203
Total capital assets being depreciated	40,681,369	792,783	(27,107)	41,447,045
Less accumulated depreciation for:				
Buildings	(3,371,367)	(262,631)	-	(3,633,998)
Vehicles	(231,092)	(37,477)	-	(268,569)
Equipment	(1,044,325)	(16,898)	27,107	(1,034,116)
Systems	(19,610,848)	(901,235)	-	(20,512,083)
Total accumulated depreciation	(24,257,632)	(1,218,241)	27,107	(25,448,766)
Total capital assets, being depreciated, net	16,423,737	(425,458)	-	15,998,279
Business-type activities capital assets, net	**$ 16,588,355**	**$ (425,458)**	**$ -**	**$ 16,162,897**

Component unit capital assets activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Land improvements	$ 40,940	$ -	$ -	$ 40,940
Equipment	91,640	-	-	91,640
Total capital assets being depreciated	132,580	-	-	132,580
Less accumulated depreciation :				
Land improvements	(14,231)	(16,998)	-	(31,229)
Equipment	(17,662)	(1,638)	-	(19,300)
Total accumulated depreciation	(31,893)	(18,636)	-	(50,529)
Discretely presented component unit capital assets, net	**$ 100,687**	**$ (18,636)**	**$ -**	**$ 82,051**

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

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

Governmental activities:	
General government	$ 134,492
Public safety	50,809
Public works, including depreciation of general infrastructure assets	411,786
Parks and recreation	124,747
Community development	42,431
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	325,115
Total depreciation expense - governmental activities	**$ 1,089,380**
Business-type activities:	
Electric	$ 540,328
Wastewater	300,795
Water	275,556
Public transit	42,263
Marshall House	59,299
Total depreciation expense - business-type activities	**$ 1,218,241**

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

3-E Payables

Payables in the governmental activities are 58.3 percent vendors and 41.7 percent accrued payroll. Business-type activities are 81.8 percent vendors and 18.2 percent accrued payroll and compensated absences.

3-F Interfund Receivables, Payables and Transfers

At June 30, 2011, the interfund receivables and payables, which resulted from negative cash balances, consisted of the following:

	Receivable	Payable
General fund	$ 11,803	$ -
Nonmajor governmental funds	-	11,571
Internal service funds	-	232
	$ 11,803	**$ 11,803**

For the year ended June 30, 2011, interfund transfers consisted of the following:

	Transfers In	Transfers Out
Governmental funds		
General fund	$ 109,585	$ 277,408
Nonmajor governmental funds	465,631	60,000
Enterprise funds		
Electric fund	-	211,385
Water fund	-	26,423
	$ 575,216	**$ 575,216**

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

3-G Long-term Debt

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. During the year, the City did not issue any water and sewer general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities		
1999 transportation fund bonds	4.05% - 4.60%	$ 405,000
2004 improvements	3.00% - 4.40%	115,000
2005 building authority refunding	3.00% - 4.25%	2,330,000
		$ 2,850,000
Business-type activities		
2004 improvements	3.00% - 4.70%	$ 415,000
2006 refunding	3.65% - 3.80%	2,460,000
2007 electric	3.10% - 3.95%	690,000
2008 refunding	3.00% - 4.00%	1,600,000
2009 water main	4.00% - 5.10%	1,240,000
		$ 6,405,000
Discretely presented component unit		
2002 downtown development	4.20% - 5.10%	**$ 565,000**

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

Year Ending June 30,	Governmental Principal	Governmental Interest	Business-type Principal	Business-type Interest	Component Unit Principal	Component Unit Interest
2012	$ 310,000	$ 114,069	$ 590,000	$ 269,096	$ 30,000	$ 27,653
2013	325,000	101,615	615,000	246,588	35,000	26,333
2014	340,000	83,194	640,000	222,258	40,000	24,758
2015	205,000	77,444	650,000	196,380	40,000	22,918
2016	215,000	69,343	680,000	170,025	45,000	21,038
2017-2021	1,455,000	157,095	2,120,000	494,550	300,000	67,057
2022-2026	-	-	765,000	192,888	75,000	3,825
2027-2031	-	-	345,000	32,220	-	-
	$ 2,850,000	**$ 602,760**	**$ 6,405,000**	**$ 1,824,005**	**$ 565,000**	**$ 193,582**

Revenue bonds. The City also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Business-type activities		
1999 electric	4.25% - 5.20%	**$ 680,000**
Discretely presented component unit		
2005 local development	3.50% - 4.30%	**$ 1,195,000**

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Business-type Principal	Business-type Interest	Component Unit Principal	Component Unit Interest
2012	$ 60,000	$ 33,475	$ 25,000	$ 49,167
2013	65,000	30,350	80,000	48,230
2014	65,000	27,068	85,000	45,030
2015	70,000	23,625	85,000	41,715
2016	75,000	19,890	85,000	38,400
2017-2021	345,000	36,790	455,000	138,705
2022-2026	-	-	380,000	40,755
	$ 680,000	**$ 171,198**	**$ 1,195,000**	**$ 402,002**

Installment Obligations. The government has entered into various long-term installment payment agreements. No new installment obligations were entered into during the current year. Installment obligations outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental activities		
2002 land contract (Quigley)	5.43%	$ 89,043
2006 communication equipment	4.00%	57,489
		$ 146,532
Business-type activities		
2002 public improvement (State Farm)	0.00%	**$ 720,000**

Repayment of the 2002 public improvements (State Farm) is contingent upon the company constructing a new building in the City. While this agreement matures October 1, 2015, repayment is unlikely since the company has closed its existing offices in the City and consolidated its operations in another location.

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

Year Ending	Governmental		Business-type	
June 30,	Principal	Interest	Principal	Interest
2012	$ 117,213	$ 6,571	$ -	$ -
2013	29,319	586	-	-
	146,532	7,157	-	-
State Farm	-	-	720,000	-
	$ 146,532	**$ 7,157**	**$ 720,000**	**$ -**

Changes in Long-Term Debt. Long-term liability activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Forgiveness	Ending Balance	Due Within One Year
Primary Government						
Governmental activities						
General obligation bonds	$ 3,150,000	$ -	$ (300,000)	$ -	$ 2,850,000	$ 310,000
Installment contracts	355,369	-	(117,580)	(91,257)	146,532	117,213
Compensated absences	260,632	83,000	(67,732)	-	275,900	70,000
Add (deduct) deferred amounts:						
For issuance premiums	5,634	-	(400)	-	5,234	-
On refunding	(122,488)	-	11,983	-	(110,505)	-
	$ 3,649,147	**$ 83,000**	**$ (473,729)**	**$ (91,257)**	**$ 3,167,161**	**$ 497,213**
Business-type activities						
General obligation bonds	$ 6,960,000	$ -	$ (555,000)	$ -	$ 6,405,000	$ 590,000
Revenue bonds	740,000	-	(60,000)	-	680,000	60,000
Installment contracts	947,070	-	(14,135)	(212,935)	720,000	-
Compensated absences	172,661	1,932	-	-	174,593	45,000
Add (deduct) deferred amounts:						
For issuance premiums	47,733	-	(5,276)	-	42,457	-
On refunding	(70,477)	-	7,201	-	(63,276)	-
	$ 8,796,987	**$ 1,932**	**$ (627,210)**	**$ (212,935)**	**$ 7,958,774**	**$ 695,000**
Component Unit - LDFA						
Revenue bonds	**$ 1,220,000**	**$ -**	**$ (25,000)**	**$ -**	**$ 1,195,000**	**$ 25,000**
Component Unit - DDA						
General obligation bonds	$ 595,000	$ -	$ (30,000)	$ -	$ 565,000	$ 30,000
Compensated absences	962	786	-	-	1,748	1,748
	$ 595,962	**$ 786**	**$ (30,000)**	**$ -**	**$ 566,748**	**$ 31,748**

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

3-H Segment Information – Enterprise Funds

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

NOTE 4 – OTHER INFORMATION

4-A Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2011, the government carried insurance through various commercial carriers, including the Michigan Municipal League, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

4-B Property Taxes

The government's property taxes are levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through September 15; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Calhoun County. Assessed values, as established annually by the government and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. The taxable value of real and personal property in the City for the 2009 levy, including industrial facilities, was $247,037,874. The government's general operating tax rate for fiscal 2010-11 was 15.4629 mills with an additional 0.9393 mills for recreation, 0.4840 for public transportation, and 1.6129 for DDA (based on $10,564,831 taxable value).

Property taxes for the DDA and LDFA are derived from tax increment financing agreements with the various applicable taxing authorities. Under these arrangements, the DDA and LDFA receives the property taxes levied on the increment of current taxable values over the base year values on those properties located within the established tax increment financing district.

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

4-C Contingent Liabilities

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

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

4-D Postemployment Benefits

Plan description. The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan, to provide postemployment healthcare benefits to eligible retirees and their dependents upon retirement. Retirees who were hired prior to July 15, 1986 are eligible for the benefits subject to length of service criteria at the same level and cost sharing as active employees. Retirees who were hired on or after July 15, 1986 are similarly eligible for the benefits except a sliding scale for sharing the cost of the annual insurance premium between the City and retiree also applies. Finally, for employees hired after January 1, 1997, the City pays no portion of the benefit. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing MI 48917.

Plan Membership. As of June 30, 2011, the date of the last plan valuation, the Plan covered 93 members (25 active plan members and 68 retirees receiving benefits).

Funding policy. The contribution requirements of Plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. For the year ended June 30, 2011, the City contributed $477,942 to the Plan, all of which was to fund current year benefits. Retirees receiving benefits contributed $46,097 or approximately 9 percent of the total premiums, through their required contribution.

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

Annual required contribution	$ 776,921
Interest on net OPEB obligation	56,315
Adjustment to annual required contribution	(39,752)
Net OPEB cost	793,484
Contributions made	(477,942)
Increase in net OPEB obligation	315,542
Net OPEB obligation, beginning of year	804,498
Net OPEB obligation, end of year	**$ 1,120,040**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011, and the two preceding years, were as follows:

Year Ending	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2009	$ 914,127	56%	$ 401,466
06/30/2010	961,400	59%	804,498
06/30/2011	793,484	62%	1,120,040

Funded status and funding progress. As of June 30, 2011, the most recent actuarial valuation date, the Plan was four percent funded. The actuarial accrued liability for benefits was $13,775,992, and the actuarial value of assets was $582,664, resulting in an unfunded actuarially accrued liability of $13,193,328. The covered payroll (annual payroll of the active employees covered by the Plan) was $1,239,229 and the ratio of the UAAL to the covered payroll was 1,065 percent.

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

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

The following simplifying assumptions were made:

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

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

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

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

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections by the City's management. An initial rate of 12 percent was used, decreasing to 8 percent by the year 2015.

Health insurance premiums – 2010-11 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

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

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

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 7.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was 30 years.

4-E Defined Benefit Pension Plan

Plan Description. The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the Retirement Board of MERS. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members and beneficiaries. The MERS Retirement Board establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917, or by calling (800) 767-6377.

Funding Policy. The City was required to contribute 0.00% to 6.86% of the annual covered payroll, depending on the applicable bargaining unit, for the year ended June 30, 2011. City employees are required to contribute 7.70% to 12.24% of their annual covered payroll, depending on the applicable bargaining unit. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the City, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the City.

Annual Pension Cost. For the year ended June 30, 2011, the City's annual pension cost of $339,409 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit.

Funded Status. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, the date of the latest actuarial valuation, was 28 years.

Three-Year Trend Information

Annual Years Ended June 30,	Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2009	$ 224,057	100%	$ -
2010	247,197	100%	-
2011	339,409	100%	-

The funded status of the plan as of December 31, 2010, the date of the latest actuarial valuation, is presented below:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	Funded Ratio Total	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
12/31/08	$25,593,050	$26,297,585	$2,704,535	90%	$4,216,281	64%
12/31/09	23,384,381	27,106,276	3,721,895	86%	4,291,122	87%
12/31/10	23,297,013	28,320,967	5,023,954	82%	4,121,120	122%

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

4-F Net Assets Invested in Capital Assets, Net of Related Debt

Following is a summary of net assets invested in capital assets, net of related debt, as presented in the government-wide statement of net assets:

	Governmental activities	Business-type activities
Capital assets, net	$ 16,851,586	$ 16,162,897
Deduct capital related bonds and installment contracts	(2,996,532)	(7,805,000)
Add unamortized deferred loss on refunding	110,505	63,276
Deduct unamortized premium on bonds	(5,234)	(42,457)
Total invested in capital assets, net of related debt	$ 13,960,325	$ 8,378,716

4-G Restatements

The City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the current year. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The City's beginning general fund balance increased by $298,823 due to the elimination of the airport, composting, parking system and recreation special revenue funds which are now combined with the general fund.

The beginning net assets of the economic development corporation component unit was reduced by $35,208 and the beginning net assets of the local development finance authority component unit increased by $35,208 to properly classify a capital asset transfer between the two entities which occurred in the prior year.

4-H Dial-A-Ride Disclosures

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

Cost Allocation Plans / Eligible Costs

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

1. Facility costs are allocated based on actual square footage occupied by the Dial-A-Ride program. (*BPT reviewed and approved.*)

2. Actual administrative staff wages and fringes are allocated to the Dial-A-Ride program based on applicable objectively measurable output factors such as transaction counts for finance department staff and direct full-time equivalents for administrators. (*BPT review and approval pending.*)

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

Capital Funds

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

Nonfinancial Data

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

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARSHALL, MICHIGAN
Municipal Employees Retirement System of Michigan

Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (Overfunded) (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
2003	$ 20,517,832	$ 19,935,535	$ (582,297)	102.9%	$ 3,839,753	-15.2%
2004	21,006,550	21,189,467	182,917	99.1%	4,102,546	4.5%
2005	21,572,620	23,110,895	1,538,275	93.3%	4,132,958	37.2%
2006	22,495,650	24,022,685	1,527,035	93.6%	4,091,944	37.3%
2007	23,486,337	25,079,823	1,593,486	93.6%	4,224,192	37.7%
2008	23,593,050	26,297,585	2,704,535	89.7%	4,216,281	64.1%
2009	23,384,381	27,106,276	3,721,895	86.3%	4,291,122	86.7%
2010	23,297,013	28,320,967	5,023,954	82.3%	4,121,120	121.9%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed
2007	$ 171,584	$ 171,584	100.00%
2008	227,379	227,379	100.00%
2009	224,057	224,057	100.00%
2010	247,197	247,197	100.00%
2011	339,409	339,409	100.00%

CITY OF MARSHALL, MICHIGAN
Other Postemployment Health Care Benefits

Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
2005	$ 432,046	$ 12,935,963	$ 12,503,917	3.3%	$ 4,132,958	302.5%
2009	432,046	16,431,481	15,999,435	2.6%	1,407,059	1137.1%
2011	582,664	13,775,992	13,193,328	4.2%	1,239,229	1064.6%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed	Net OPEB Obligation
2009	$ 914,127	$ 512,661	56.08%	$ 401,466
2010	952,652	558,368	58.61%	804,498
2011	776,921	477,942	61.52%	1,120,040

COMBINING and INDIVIDUAL FUND FINANCIAL STATEMENTS and SCHEDULES

CITY OF MARSHALL, MICHIGAN
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2011

	Special Revenue	Debt Service	Capital Projects Major Streets	Permanent Cemetery	Totals
ASSETS					
Assets					
Cash and cash equivalents	$ 92,123	$ 16,259	$ 39,378	$ 178,764	$ 326,524
Investments	290,009	-	21,709	516,121	827,839
Accounts receivable	120,927	-	-	648	121,575
Inventory	10,324	-	-	-	10,324
Due from other governments	80,614	-	-	-	80,614
Prepaid items	2,254	-	-	-	2,254
TOTAL ASSETS	$ 596,251	$ 16,259	$ 61,087	$ 695,533	$ 1,369,130
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 107,751	$ -	$ -	$ -	$ 107,751
Accrued liabilities	1,956	-	-	-	1,956
Interfund payable	11,571	-	-	-	11,571
Total liabilities	121,278	-	-	-	121,278
Fund balances					
Nonexpendable for:					
Inventory	10,324	-	-	-	10,324
Prepaid items	2,254	-	-	-	2,254
Cemetery perpetual care	-	-	-	463,153	463,153
Restricted for:					
Highways and streets	322,099	-	-	-	322,099
Drug law enforcement	4,818	-	-	-	4,818
Cemetery operations	-	-	-	232,380	232,380
Committed for:					
Highways and streets	-	-	61,087	-	61,087
Special projects	135,478	-	-	-	135,478
Debt service	-	16,259	-	-	16,259
Total fund balances	474,973	16,259	61,087	695,533	1,247,852
TOTAL LIABILITIES AND FUND BALANCES	$ 596,251	$ 16,259	$ 61,087	$ 695,533	$ 1,369,130

CITY OF MARSHALL, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue	Debt Service	Capital Projects Major Streets	Permanent Cemetery	Totals
Revenues					
Intergovernmental	$ 553,471	$ -	$ -	$ -	$ 553,471
Charges for services	-	-	-	5,380	5,380
Fines and forfeitures	50	-	-	-	50
Investment earnings	365	-	451	4,057	4,873
Other	365,139	-	-	-	365,139
Total revenues	919,025	-	451	9,437	928,913
Expenditures					
Current expenditures:					
General government	297,592	-	-	150	297,742
Public safety	520	-	-	-	520
Highways and streets	227,098	-	-	-	227,098
Debt service:					
Principal	152,065	165,000	-	-	317,065
Interest and fiscal charges	23,764	99,231	-	-	122,995
Capital outlay	171,250	-	-	-	171,250
Total expenditures	872,289	264,231	-	150	1,136,670
Revenues over (under) expenditures	46,736	(264,231)	451	9,287	(207,757)
Other financing sources (uses)					
Transfers in	201,400	264,231	-	-	465,631
Transfers out	(30,000)	-	(30,000)	-	(60,000)
Total other financing sources (uses)	171,400	264,231	(30,000)	-	405,631
Net change in fund balances	218,136	-	(29,549)	9,287	197,874
Fund balances, beginning of year	256,837	16,259	90,636	686,246	1,049,978
Fund balances, end of year	$ 474,973	$ 16,259	$ 61,087	$ 695,533	$ 1,247,852

CITY OF MARSHALL, MICHIGAN
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2011

	Major Street	Local Street	Drug Law Enforcement	Special Projects	Total
ASSETS					
Assets					
Cash and cash equivalents	$ -	$ -	$ 4,818	$ 87,305	$ 92,123
Investments	162,022	122,908	-	5,079	290,009
Accounts receivable	-	-	-	120,927	120,927
Inventory	10,324	-	-	-	10,324
Due from other governments	60,185	20,429	-	-	80,614
Prepaid items	951	1,257	-	46	2,254
TOTAL ASSETS	$ 233,482	$ 144,594	$ 4,818	$ 213,357	$ 596,251
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 27,414	$ 2,504	$ -	$ 77,833	$ 107,751
Accrued liabilities	801	1,155	-	-	1,956
Interfund payable	10,061	1,510	-	-	11,571
Total liabilities	38,276	5,169	-	77,833	121,278
Fund balances					
Nonexpendable for:					
Inventory	10,324	-	-	-	10,324
Prepaid items	951	1,257	-	46	2,254
Restricted for:					
Highways and streets	183,931	138,168	-	-	322,099
Drug law enforcement	-	-	4,818	-	4,818
Committed for special projects	-	-	-	135,478	135,478
Total fund balances	195,206	139,425	4,818	135,524	474,973
TOTAL LIABILITIES AND FUND BALANCES	$ 233,482	$ 144,594	$ 4,818	$ 213,357	$ 596,251

CITY OF MARSHALL, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	Major Street	Local Street	Drug Law Enforcement	Special Projects	Total
Revenues					
Intergovernmental	$ 398,506	$ 142,968	$ -	$ 11,997	$ 553,471
Fines and forfeitures	-	-	50	-	50
Investment earnings	201	137	-	27	365
Other	-	-	-	365,139	365,139
Total revenues	398,707	143,105	50	377,163	919,025
Expenditures					
Current expenditures:					
General government	-	-	-	297,592	297,592
Public safety	-	-	520	-	520
Highways and streets	121,041	106,057	-	-	227,098
Debt service:					
Principal	125,000	-	-	27,065	152,065
Interest and fiscal charges	20,923	-	-	2,841	23,764
Capital outlay	41,056	130,194	-	-	171,250
Total expenditures	308,020	236,251	520	327,498	872,289
Revenues over (under) expenditures	90,687	(93,146)	(470)	49,665	46,736
Other financing sources (uses)					
Transfers in	30,000	160,000	-	11,400	201,400
Transfers out	(30,000)	-	-	-	(30,000)
Total other financing sources	-	160,000	-	11,400	171,400
Net change in fund balances	90,687	66,854	(470)	61,065	218,136
Fund balances, beginning of year	104,519	72,571	5,288	74,459	256,837
Fund balances, end of year	$ 195,206	$ 139,425	$ 4,818	$ 135,524	$ 474,973

CITY OF MARSHALL, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	Major Street Fund			Local Street Fund		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Intergovernmental	$ 368,936	$ 398,506	$ 29,570	$ 121,105	$ 142,968	$ 21,863
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	1,000	201	(799)	300	137	(163)
Other	-	-	-	-	-	-
Total revenues	369,936	398,707	28,771	121,405	143,105	21,700
Expenditures						
Current expenditures:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	157,091	121,041	(36,050)	135,806	106,057	(29,749)
Debt service:						
Principal	125,000	125,000	-	-	-	-
Interest and fiscal charges	20,923	20,923	-	-	-	-
Capital outlay	44,000	41,056	(2,944)	130,000	130,194	194
Total expenditures	347,014	308,020	(38,994)	265,806	236,251	(29,555)
Revenues over (under) expenditures	22,922	90,687	67,765	(144,401)	(93,146)	51,255
Other financing sources (uses)						
Transfers in	40,000	30,000	(10,000)	160,000	160,000	-
Transfers out	(30,000)	(30,000)	-	-	-	-
Total other financing sources (uses)	10,000	-	(10,000)	160,000	160,000	-
Net change in fund balances	32,922	90,687	57,765	15,599	66,854	51,255
Fund balances, beginning of year	185,488	104,519	80,969	72,571	72,571	-
Fund balances (deficit), end of year	$ 218,410	$ 195,206	$ (23,204)	$ 88,170	$ 139,425	$ 51,255

Drug Law Enforcement Fund			Special Projects Fund		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ 50,471	$ 11,997	$ (38,474)
-	50	50	-	-	-
50	-	(50)	50	27	(23)
-	-	-	443,954	365,139	(78,815)
50	50	-	494,475	377,163	(117,312)
-	-	-	455,055	297,592	(157,463)
520	520	-	-	-	-
-	-	-	-	-	-
-	-	-	27,065	27,065	-
-	-	-	2,841	2,841	-
-	-	-	-	-	-
520	520	-	484,961	327,498	(157,463)
(470)	(470)	-	9,514	49,665	40,151
-	-	-	17,670	11,400	(6,270)
-	-	-	-	-	-
-	-	-	17,670	11,400	(6,270)
(470)	(470)	-	27,184	61,065	33,881
5,288	5,288	-	74,459	74,459	-
$ 4,818	$ 4,818	$ -	$ 101,643	$ 135,524	$ 33,881

CITY OF MARSHALL, MICHIGAN
Combining Balance Sheet - Nonmajor Debt Service Funds
June 30, 2011

	Building Authority	1999 Motor Vehicle Highway	Total
ASSETS			
Assets			
Cash and cash equivalents	$ 9,469	$ 6,790	$ 16,259
LIABILITIES AND FUND BALANCES			
Fund balances			
Committed for debt service	$ 9,469	$ 6,790	$ 16,259

CITY OF MARSHALL, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Debt Service Funds
For the Year Ended June 30, 2011

	Building Authority	1999 Motor Vehicle Highway	Total
Expenditures			
Debt service:			
Principal retirement	$ 165,000	$ -	$ 165,000
Interest and fiscal charges	99,231	-	99,231
Total expenditures	264,231	-	264,231
Other financing sources			
Transfers in	264,231	-	264,231
Net change in fund balances	-	-	-
Fund balances, beginning of year	9,469	6,790	16,259
Fund balances, end of year	$ 9,469	$ 6,790	$ 16,259

CITY OF MARSHALL, MICHIGAN
Supplemental Schedule of Operating Expenses
Electric, Wastewater and Water Enterprise Funds
For the Year Ended June 30, 2011

	Electric	Wastewater	Water	Total
Administration				
Personal services	$ 465,055	$ 215,128	$ 244,477	$ 924,660
Materials and supplies	23,689	8,533	8,647	40,869
Contractual	68,838	20,461	20,070	109,369
Insurance	13,016	22,505	3,719	39,240
Maintenance	327	164	164	655
Administration (city allocated costs)	792,167	41,730	40,619	874,516
Other expense	83,182	6,525	9,569	99,276
Depreciation	11,024	8,294	-	19,318
	1,457,298	323,340	327,265	2,107,903
Powerhouse				
Personal services	386,101	-	-	386,101
Materials and supplies	85,820	-	-	85,820
Purchased power	8,337,523	-	-	8,337,523
Contractual	71,016	-	-	71,016
Maintenance	1,908	-	-	1,908
Other expense	17,770	-	-	17,770
Depreciation	216,551	-	-	216,551
	9,116,689	-	-	9,116,689
Line distribution				
Personal services	755,894	-	197,871	953,765
Materials and supplies	101,460	-	32,173	133,633
Purchased power	-	-	1,909	1,909
Contractual	32,371	-	1,973	34,344
Maintenance	3,136	-	133	3,269
Other expense	233,152	-	36,981	270,133
Depreciation	312,753	-	268,895	581,648
	1,438,766	-	539,935	1,978,701
Operations				
Personal services	-	231,450	-	231,450
Materials and supplies	-	125,110	-	125,110
Purchased power	-	124,236	-	124,236
Contractual	-	78,908	-	78,908
Maintenance	-	3,173	-	3,173
Other expense	3,146	37,580	-	40,726
Depreciation	-	292,501	-	292,501
	3,146	892,958	-	896,104

Continued…

CITY OF MARSHALL, MICHIGAN
Supplemental Schedule of Operating Expenses (Concluded)
Electric, Wastewater and Water Enterprise Funds
For the Year Ended June 30, 2011

	Electric	Wastewater	Water	Total
Production				
Personal services	$ -	$ -	$ 70,633	$ 70,633
Materials and supplies	-	-	61,150	61,150
Purchased power	-	-	44,497	44,497
Contractual	-	-	1,755	1,755
Other expense	-	-	8,367	8,367
Depreciation	-	-	6,661	6,661
	-	-	193,063	193,063
Totals				
Personal services	1,607,050	446,578	512,981	2,566,609
Materials and supplies	210,969	133,643	101,970	446,582
Purchased power	8,337,523	124,236	46,406	8,508,165
Contractual	172,225	99,369	23,798	295,392
Insurance	13,016	22,505	3,719	39,240
Maintenance	5,371	3,337	297	9,005
Administration (city allocated costs)	792,167	41,730	40,619	874,516
Other expense	337,250	44,105	54,917	436,272
Depreciation	540,328	300,795	275,556	1,116,679
	$ 12,015,899	$ 1,216,298	$ 1,060,263	$ 14,292,460

CITY OF MARSHALL, MICHIGAN
Supplemental Schedule of Revenues and Expenses
Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2011

Schedule 1 - for the year ended June 30, 2011	7/1/10 to 9/30/10	10/1/10 to 6/30/11	Total
Local revenues:			
Demand response - farebox (nonurban)	$ 12,520	$ 36,803	$ 49,323
Tax levy	102,784	(323)	102,461
Interest and other income	144	1,583	1,727
Total local revenues	$ 115,448	$ 38,063	$ 153,511

Schedule 1A - based on a September 30, 2010 Year End	10/1/09 to 6/30/10	7/1/10 to 9/30/10	Total
Local revenues:			
Demand response - farebox (nonurban)	$ 40,438	$ 12,520	$ 52,958
Tax levy	(576)	102,784	102,208
Gain on sale of capital assets	5,550	-	5,550
Interest and other income	3,209	144	3,353
Total local revenues	$ 48,621	$ 115,448	$ 164,069

Continued…

CITY OF MARSHALL, MICHIGAN
Supplemental Schedule of Revenues and Expenses (Continued)
Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2011

Schedule 2 - Expenditures of Federal and State Awards	Federal CFDA Number	Grant No./ Authorization Number	Program Award Amount	Current Year Revenues				Reported Prior Year	Award Amount Remaining
				Total	Federal	State	Settlement		
U.S. Department of Transportation									
Passed-through Michigan Department of Transportation									
Operating Assistance - Section 5311:									
RTAP	20.509		$ 2,255	$ 2,255	$ 2,255	$ -	$ -	$ -	$ -
Radio equipment	20.509	07-0253 / Z10	35,000	16,520	16,520	-	-	-	18,480
Operating assistance (FY 10)	20.509	MI-18-X050 / Z12	60,101	41,278	41,278	-	-	18,823	-
Operating assistance (FY 11)	20.509	MI-18-X050 / Z13	44,043	26,770	26,770	-	-	-	17,273
Michigan Department of Transportation									
Operating Assistance - Act 51 Nonurban:									
Operating assistance (FY 10)		n/a	131,820	32,955	-	32,955	-	98,865	-
Operating assistance (FY 11)		2012-0128	121,068	76,554	-	76,554	-	-	44,514
Total			$ 394,287	$ 196,332	$ 86,823	$ 109,509	$ -	$ 117,688	$ 80,267

Continued…

CITY OF MARSHALL, MICHIGAN
Supplemental Schedule of Revenues and Expenses (Continued)
Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2011

Schedule 2A - for the year ended June 30, 2011	7/1/10 to 9/30/10	10/1/10 to 6/30/11	Total
Michigan Department of Transportation -			
Local Bus Operating (Act 51)	$ 32,957	$ 76,552	$ 109,509
Federal Transit Administration:			
Section 5311 - operating	-	68,048	68,048
Farebox, radio and RTAP reimbursements	1,931	16,844	18,775
Total	$ 34,888	$ 161,444	$ 196,332

Schedule 2B - based on a September 30, 2010 year end	10/1/09 to 6/30/10	7/1/10 to 9/30/10	Total
Michigan Department of Transportation:			
Local Bus Operating (Act 51)	$ 98,865	$ 32,957	$ 131,822
Capital assistance	41,281	-	41,281
Federal Transit Administration:			
Section 5311 - operating	19,294	-	19,294
Section 5311 - operating (ARRA)	9,391	-	9,391
Section 5311 - capital	80,003	-	80,003
Section 5309 - capital	85,120	-	85,120
Farebox, radio and RTAP reimbursements	2,587	1,931	4,518
Prior year settlement	806	-	806
Total	$ 337,347	$ 34,888	$ 372,235

Continued...

CITY OF MARSHALL, MICHIGAN
Supplemental Schedule of Revenues and Expenses (Continued)
Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2011

Schedule 3 - Operating and Contract Expenses	Nonurban	Total
Expenses:		
Labor	$ 186,223	$ 186,223
Fringe Benefits	69,822	69,822
Services	33,578	33,578
Materials and Supplies	34,627	34,627
Utilities	2,579	2,579
Insurance	4,453	4,453
Taxes	1,479	1,479
Miscellaneous	2,574	2,574
Operating Leases and Rentals	11,062	11,062
Depreciation	42,264	42,264
Ineligible costs (prior year settlements)	13,162	13,162
Total Expenses	$ 401,823	$ 401,823

	Nonurban		
Schedule 3A - Operating Expenses for June 30, 2011	7/1/10 to 9/30/10	10/1/10 to 06/30/11	Total
Expenses:			
Labor	$ 34,982	$ 151,241	$ 186,223
Fringe Benefits	18,977	50,845	69,822
Services	5,510	28,068	33,578
Materials and Supplies	7,593	27,034	34,627
Utilities	162	2,417	2,579
Insurance	-	4,453	4,453
Taxes and Fees	688	791	1,479
Miscellaneous	2,123	451	2,574
Operating Leases and Rentals	2,765	8,297	11,062
Depreciation	8,626	33,638	42,264
Ineligible costs (prior year settlements)	5,346	7,816	13,162
Total Expenses	$ 86,772	$ 315,051	$ 401,823

	Nonurban		
Schedule 3B - Operating Expenses for September 30, 2010	10/1/09 to 6/30/10	7/1/10 to 9/30/10	Total
Expenses:			
Labor	$ 158,704	$ 34,982	$ 193,686
Fringe Benefits	46,558	18,977	65,535
Services	32,241	5,510	37,751
Materials and Supplies	32,558	7,593	40,151
Utilities	473	162	635
Insurance	4,161	-	4,161
Taxes	22	688	710
Miscellaneous	791	2,123	2,914
Operating Leases and Rentals	7,857	2,765	10,622
Depreciation	33,032	8,626	41,658
Ineligible costs (prior year settlements)	19,578	5,346	24,924
Total Expenses	$ 335,975	$ 86,772	$ 422,747

CITY OF MARSHALL, MICHIGAN
Supplemental Schedule of Revenues and Expenses (Concluded)
Dial-A-Ride Transportation Fund
For the Year Ended June 30, 2011

Schedule 5 - Operating Assistance Calculation for September 30, 2010	Nonurban
Total Expenses	$ 422,747
Less Ineligible Expenses	
Depreciation	41,658
RTAP	806
Prior year settlements	24,924
Total Ineligible Expenses Per R&E Manual	67,388
Total State Eligible Expenses	**355,359**
Eligible Expenses for State Reimbursement	355,359
x Reimbursement Percentage	36.99%
State Operating Assistance	$ 131,447
Total Federal Eligible Expenses	
Less Additional Federal Ineligible Expenses Per A-87 - Audit Costs	4,555
Eligible Expenses for Federal Reimbursement	350,804
x Reimbursement Percentage	16%
Federal Operating Assistance	$ 56,129

CITY OF MARSHALL, MICHIGAN
Dial-A-Ride Transportation Fund
Nonurban Regular Service Revenue Report
For the Year Ended September 30, 2010

Code	Description		Amount
401 :	**Farebox Revenue**		
40100	Passenger Fares	$	52,958
407 :	**NonTrans Revenue**		
40760	Gains from the Sale of Capital Assets (two buses)		5,550
408 :	**Local Revenue**		
40800	Taxes Levied Directly for/by Transit Agency		102,208
411 :	**State Formula and Contracts**		
41101	State Operating Assistance		111,451
413 :	**Federal Contracts**		
41301	Federal Section 5311		77,788
41398	RTAP (RTAP for Supervisor Seminar)		3,112
414 :	**Other Revenue**		
41400	Interest Income		3,354
	Total revenues:	**$**	**356,421**

CITY OF MARSHALL, MICHIGAN
Dial-A-Ride Transportation Fund
Nonurban Regular Service Expense Report
For the Year Ended September 30, 2010

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501 :	**Labor**				
50101	Operators' Salaries & Wages	129,846			$ 129,846
50102	Other Salaries & Wages		3,052	9,660	12,712
50103	Dispatchers' Salaries & Wages	51,128			51,128
502 :	**Fringe Benefits**				
50200	Other Fringe Benefits	50,821	671	1,678	53,170
50201	Pension	11,923	442		12,365
503 :	**Services**				
50302	Advertising Fees			237	237
50305	Audit Cost	4,555			4,555
50399	Other Services	16,004	1,670	13,760	31,434
504 :	**Materials and Supplies**				
50401	Fuel & Lubricants	24,720			24,720
50402	Tires & Tubes		2,826		2,826
50404	Major Purchases				-
50499	Other Materials & Supplies	812	11,754	39	12,605
505 :	**Utilities**				
50500	Utilities	635			635
506 :	**Insurance**				
50603	Liability Insurance	4,161			4,161
507 :	**Taxes & Fees**				
50700	Taxes & Fees			710	710
509 :	**Misc. Expenses**				
50902	Travel, Meetings & Training			2,914	2,914
512 :	**Operating Leases & Rentals**				
51200	Operating Leases & Rentals	8,175		2,447	10,622
513 :	**Depreciation**				
51300	Depreciation	41,658			41,658
550 :	**Ineligible Expenses**				
55007	Ineligible Depreciation	41,658			41,658
574 :	**Ineligible Expenses**				
57402	Ineligible RTAP			2,128	2,128

Total expenses:	**396,298**
Total ineligible expenses:	**43,786**
Total eligible expenses:	**$ 352,512**

CITY OF MARSHALL, MICHIGAN
Dial-A-Ride Transportation Fund
Nonurban Regular Service Nonfinancial Report (UNAUDITED)
For the Year Ended September 30, 2010

Public Service

Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle Hours	8,402	-	-	8,402
611	Vehicle Miles	69,444	-	-	69,444
615	Passengers - Regular	23,752	-	-	23,752
616	Passengers - Elderly	6,961	-	-	6,961
617	Passengers - Persons w/ Disabilities	1,623	-	-	1,623
618	Passengers - Elderly Persons w/ Disabilities	6,572	-	-	6,572
622	Total Demand-Response Passengers	39,908	-	-	39,908
625	Days Operated	256	-	-	256

CITY OF MARSHALL, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	Data Processing	Motor Pool	Safety	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 60,990	$ 217,982	$ -	$ 278,972
Investments	165,248	372,075	33,045	570,368
Accounts receivable	-	73	-	73
Prepaid items	4,903	1,412	-	6,315
Total current assets	231,141	591,542	33,045	855,728
Noncurrent assets -				
Capital assets, net	32,821	1,685,616	-	1,718,437
Total assets	263,962	2,277,158	33,045	2,574,165
Liabilities				
Current liabilities:				
Accounts payable	1,911	15,421	-	17,332
Accrued payroll	411	3,476	121	4,008
Interfund payable	-	-	232	232
Compensated absences payable	-	2,208	-	2,208
Total liabilities	2,322	21,105	353	23,780
Net assets				
Invested in capital assets	32,821	1,685,616	-	1,718,437
Unrestricted	228,819	570,437	32,692	831,948
Total net assets	$ 261,640	$ 2,256,053	$32,692	$ 2,550,385

CITY OF MARSHALL, MICHIGAN
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011

	Data Processing	Motor Pool	Safety	Total
Operating revenues				
Charges for services	$ 123,450	$ 595,636	$ -	$ 719,086
Other	-	3,379	240	3,619
Total operating revenues	123,450	599,015	240	722,705
Operating expenses				
Personal services	12,647	111,890	3,524	128,061
Materials and supplies	40,420	180,848	833	222,101
Contractual	41,602	2,848	10	44,460
Insurance	-	29,542	-	29,542
Maintenance	556	50,161	109	50,826
Other expense	-	42,818	161	42,979
Depreciation	14,294	310,821	-	325,115
Total operating expenses	109,519	728,928	4,637	843,084
Operating income (loss)	13,931	(129,913)	(4,397)	(120,379)
Nonoperating revenues				
Investment earnings	1,164	3,405	240	4,809
Gain on sale of capital assets	-	8,784	-	8,784
Total nonoperating revenues	1,164	12,189	240	13,593
Change in net assets	15,095	(117,724)	(4,157)	(106,786)
Net assets, beginning of year	246,545	2,373,777	36,849	2,657,171
Net assets, end of year	$ 261,640	$ 2,256,053	$ 32,692	$ 2,550,385

CITY OF MARSHALL, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	Data Processing	Motor Pool	Safety	Total
Cash flows from operating activities				
Receipts from interfund services	$ 123,450	$ 599,015	$ 240	$ 722,705
Payments to suppliers/claimants	(86,758)	(341,521)	(867)	(429,146)
Payments to employees	(12,582)	(111,037)	(3,524)	(127,143)
Net cash provided (used) by operating activities	24,110	146,457	(4,151)	166,416
Cash flows from capital and related financing activities				
Cash received on sale of capital assets	-	8,784	-	8,784
Purchase of capital assets	-	(761,696)	-	(761,696)
Net cash used in capital and related financing activities	-	(752,912)	-	(752,912)
Cash flows from investing activities				
Purchase of investments	(1,162)	-	-	(1,162)
Proceeds from investments	-	695,593	887	696,480
Interest received on investments	1,164	3,405	240	4,809
Net cash provided by investing activities	2	698,998	1,127	700,127
Net change in cash and cash equivalents	24,112	92,543	(3,024)	113,631
Cash and cash equivalents, beginning of year	36,878	125,439	3,024	165,341
Cash and cash equivalents, end of year	$ 60,990	$ 217,982	$ -	$ 278,972
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ 13,931	$ (129,913)	$ (4,397)	$(120,379)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	14,294	310,821	-	325,115
Changes in assets and liabilities:				
Accounts receivable	-	11,852	-	11,852
Prepaid items	(4,747)	134	-	(4,613)
Accounts payable	567	(47,290)	-	(46,723)
Accrued payroll	65	(1,355)	14	(1,276)
Interfund payable	-	-	232	232
Compensated absences payable	-	2,208	-	2,208
Net cash provided (used) by operating activities	$ 24,110	$ 146,457	$ (4,151)	$ 166,416

CITY OF MARSHALL, MICHIGAN
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

	Current Tax	Imprest Payroll	Total
Assets			
Cash and cash equivalents	$ -	$ 28,530	$ 28,530
Delinquent taxes receivable	346,728	-	346,728
Total assets	$ 346,728	$ 28,530	$ 375,258
Liabilities			
Undistributed receipts	$ 346,728	$ 28,530	$ 375,258

DISCRETELY PRESENTED COMPONENT UNITS

CITY OF MARSHALL, MICHIGAN
Statement of Net Assets and
Governmental Fund Balance Sheet
Downtown Development Authority Component Unit
June 30, 2011

	Special Revenue	Adjustments	Statement of Net Assets
Assets			
Cash and cash equivalents	$ 126,762	$ -	$ 126,762
Investments	55,036	-	55,036
Prepaid items	1,291	-	1,291
Restricted cash and cash equivalents	80,044	-	80,044
Total assets	$ 263,133	-	263,133
Liabilities			
Accounts payable	$ 7,818	-	7,818
Accrued liabilities	2,281	-	2,281
Accrued interest payable	-	2,304	2,304
Long-term liabilities:			
Due within one year	-	31,748	31,748
Due in more than one year	-	535,000	535,000
Total liabilities	10,099	569,052	579,151
Fund balance			
Nonspendable	1,291	(1,291)	-
Unassigned	251,743	(251,743)	-
Total fund balance	253,034	(253,034)	-
Total liabilities and fund balanc	$ 263,133		
Net assets			
Restricted for debt service		80,044	80,044
Unrestricted (deficit)		(396,062)	(396,062)
Total net assets (deficit)		$ (316,018)	$ (316,018)

CITY OF MARSHALL, MICHIGAN

Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
Downtown Development Authority Component Unit
For the Year Ended June 30, 2011

	Special Revenue	Adjustments	Statement of Activities
Revenues			
Property taxes	$ 207,469	$ -	$ 207,469
Investment earnings	593	-	593
Other	93,561	-	93,561
Total revenues	301,623	-	301,623
Expenditures/expenses			
Community development	189,298	787	190,085
Debt service:			
Principal	30,000	(30,000)	-
Interest and fiscal charges	37,888	(109)	37,779
Total expenditures/expenses	257,186	(29,322)	227,864
Change in fund balance/net assets	44,437	29,322	73,759
Fund balances/net assets (deficit)			
Beginning of year	208,597	(598,374)	(389,777)
End of year	$ 253,034	$ (569,052)	$ (316,018)

CITY OF MARSHALL, MICHIGAN

Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Downtown Development Authority Component Unit
Special Revenue Fund
For the Year Ended June 30, 2011

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	$ 207,170	$ 207,469	$ 299
Investment earnings	500	593	93
Other	95,361	93,561	(1,800)
Total revenues	303,031	301,623	(1,408)
Expenditures			
Community development	216,471	189,298	(27,173)
Debt service:			
Principal	36,863	30,000	(6,863)
Interest and fiscal charges	31,026	37,888	6,862
Total expenditures	284,360	257,186	(27,174)
Net change in fund balance	18,671	44,437	25,766
Fund balance, beginning of year	208,597	208,597	-
Fund balance, end of year	$ 227,268	$ 253,034	$ 25,766

CITY OF MARSHALL, MICHIGAN
Statement of Net Assets and
Governmental Fund Balance Sheet
Local Development Finance Authority Component Unit
June 30, 2011

	Special Revenue	Adjustments	Statement of Net Assets
Assets			
Cash and cash equivalents	$ 53,374	$ -	$ 53,374
Investments	1,658,853	-	1,658,853
Unamortized bond issuance costs	-	37,538	37,538
Restricted cash and cash equivalents	103,589	-	103,589
Capital assets being depreciated, net	-	82,051	82,051
Total assets	$ 1,815,816	119,589	1,935,405
Liabilities			
Accounts payable	$ 5,497	-	5,497
Accrued interest payable	-	12,292	12,292
Long-term liabilities:			
Due within one year	-	25,000	25,000
Due in more than one year	-	1,170,000	1,170,000
Total liabilities	5,497	1,207,292	1,212,789
Fund balance			
Unassigned	1,810,319	(1,810,319)	-
Total liabilities and fund balanc	$ 1,815,816		
Net assets			
Invested in capital assets		82,051	82,051
Restricted for debt service		103,589	103,589
Unrestricted		536,976	536,976
Total net assets		$ 722,616	$ 722,616

CITY OF MARSHALL, MICHIGAN

Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
Local Development Finance Authority Component Unit
For the Year Ended June 30, 2011

	Special Revenue	Adjustments	Statement of Activities
Revenues			
Property taxes	$ 516,189	$ -	$ 516,189
Investment earnings	11,024	-	11,024
Other	750	-	750
Total revenues	527,963	-	527,963
Expenditures/expenses			
Community development	393,216	18,636	411,852
Capital outlay	2,006	-	2,006
Debt service:			
Principal	25,000	(25,000)	-
Interest and fiscal charges	50,105	2,447	52,552
Total expenditures/expenses	470,327	(3,917)	466,410
Net change in fund balance/net assets	57,636	3,917	61,553
Fund balances/net assets			
Beginning of year	1,752,683	(1,091,620)	661,063
End of year	$ 1,810,319	$ (1,087,703)	$ 722,616

CITY OF MARSHALL, MICHIGAN

Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Local Development Finance Authority Component Unit
Special Revenue Fund
For the Year Ended June 30, 2011

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Property taxes	$ 516,125	$ 516,189	$ 64
Investment earnings	6,500	11,024	4,524
Other	250	750	500
Total revenues	522,875	527,963	5,088
Expenditures			
Community development	404,411	393,216	(11,195)
Capital outlay	2,600	2,006	(594)
Debt service:			
Principal	25,000	25,000	-
Interest and fiscal charges	50,105	50,105	-
Total expenditures	482,116	470,327	(11,789)
Net change in fund balance	40,759	57,636	16,877
Fund balance, beginning of year	1,752,683	1,752,683	-
Fund balance, end of year	$ 1,793,442	$ 1,810,319	$ 16,877

CITY OF MARSHALL, MICHIGAN
Statement of Net Assets and
Governmental Fund Balance Sheet
Economic Development Corporation Component Unit
June 30, 2011

	Special Revenue	Adjustments	Statement of Net Assets
Assets			
Cash and cash equivalents	$ 9,042	$ -	$ 9,042
Liabilities			
Accounts payable	$ -	-	-
Fund balance			
Unassigned	9,042	(9,042)	-
Total liabilities and fund balanc	$ 9,042		
Net assets			
Unrestricted		$ 9,042	$ 9,042

CITY OF MARSHALL, MICHIGAN

Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balances
Economic Development Corporation Component Unit
For the Year Ended June 30, 2011

	Special Revenue	Adjustments	Statement of Activities
Revenues			
Investment earnings	$ -	$ -	$ -
Expenditures/expenses			
Community development	-	-	-
Total expenditures	-	-	-
Change in fund balance/net assets	-	-	-
Fund balances/net assets			
Beginning of year	9,042	-	9,042
End of year	$ 9,042	$ -	$ 9,042

CITY OF MARSHALL, MICHIGAN

Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Economic Development Corporation Component Unit
Special Revenue Fund
For the Year Ended June 30, 2011

	Budget (Original and Final)	Actual	Actual Over (Under) Final Budget
Revenues			
Investment earnings	$ -	$ -	$ -
Expenditures			
Community development	-	-	-
Net change in fund balance	-	-	-
Fund balance, beginning of year	9,042	9,042	-
Fund balance, end of year	$ 9,042	$ 9,042	$ -

CITY OF Marshall Michigan

ADMINISTRATIVE REPORT
NOVEMBER 21, 2011 - CITY COUNCIL MEETING

REPORT TO: Honorable Mayor and City Council

FROM: Tom Tarkiewicz, City Manager

SUBJECT: Public Hearing for a P.A. 425 Land Transfer with Marshall Township

BACKGROUND: Marshall Animal Care Center at 713 Brewer Street is requesting that Marshall Township and the City of Marshall enter into a Public Act 425 Land Transfer for property located on Brewer Street (Old US 27) in Marshall Township. A PA 425 agreement brings a property into the City to receive City services but gives a portion of the new taxes collected to the Township.

In 2006, the City and Marshall Township entered into a Master 425 Development Agreement. The Master Agreement is attached. The agreement defines the amount of tax given to the Township based on property location and type of development.

PA 425 requires the adoption of a resolution and a public hearing by both governmental bodies. The proposed resolution and contract are attached.

RECOMMENDATION: It is recommended, after hearing comments at the public hearing, that the City Council adopt the contract with Marshall Township for a P.A. 425 Land Transfer for Marshall Animal Care Center.

FISCAL EFFECTS: The property will be taxed at the City rate and 3 mills will be given to Marshall Township.

ALTERNATIVES: As suggested by Council.

Respectfully submitted,

Tom Tarkiewicz
City Manager

323 W. Michigan Ave.
Marshall, MI 49068
p 269.781.5183
f 269.781.3835
cityofmarshall.com

MARSHALL ANIMAL CARE CENTER

713 Brewer Road
Marshall, MI 49068
Telephone: (269) 781-5114

October 20, 2011

Dear Sandy,

We are currently planning an expansion at Marshall Animal Care Center. Currently, we have a small boarding and grooming building behind our main structure. It has become inadequate and we would like to build onto the south side of our main building. This would allow us to offer more expanded services . For this to happen, we were notified that we would have to annex to the city for our sewer services and enter into a 425 Agreement. We are requesting for this to occur as the first step in our process. Please inform us or our builder/architect (Chester, Inc.) if further action needs to occur prior to our breaking ground. We do have a building permit issued by Marshall Township.

Thank you for your attention and we look forward to hearing from you.

Sincerely,

James Rzepka, DVM

Randal Eshuis, DVM

Cc Paul Beardslee

Tom Tarkiewicz

MASTER 425 DEVELOPMENT AGREEMENT
CITY OF MARSHALL / MARSHALL TOWNSHIP

AGREEMENT, Made and entered into on this 14th day of March, 2006 by and between the City of Marshall, a Michigan municipal corporation, having offices at 323 West Michigan Avenue, Marshall, Michigan 49068 (the "City"), and the Township of Marshall, a township duly organized pursuant to the laws of the State of Michigan, and existing in Calhoun County, Michigan, having offices at 13551 Myron Avery Drive, Marshall, Michigan 49068 (the "Township").

WHEREAS, extensive property suitable for industrial, commercial and residential development within the jurisdiction of the Township lies to the north, west and south of the City, and

WHEREAS, the amount of comparable development property lying within the City is limited, and

WHEREAS, the City has excess sewage treatment and water supply capacity capable of serving the development areas in the Township, and

WHEREAS, the Township does not have sewage treatment or water purification plants or distribution systems, and

WHEREAS, the City and the Township have in the past entered into eleven separate agreements pursuant to Act 425 of the Public Acts of 1984 ("425 Agreements") to bring sewer and water to available developmental lands in the Township, and

WHEREAS, the terms of each individual 425 Agreement have been individually negotiated over considerable periods of time, and

WHEREAS, the Township has recently met with Emmett Township to discuss a joint sewer authority which would benefit the developmental lands in both Emmett Township and the Township, and

WHEREAS, such a joint sewer authority would involve the construction of another sewage disposal plant between the City and the City of Battle Creek, costing the taxpayers of the Township, the City, Emmett Township and the City of Battle Creek additional tax dollars and utility charges because the City of Battle Creek and the City each have excess sewage and water capacity to serve the current needs of the townships lying between the City of Battle Creek and the City, and

WHEREAS, it would be in the economic best interest of the residents of the City and Township if the City sewer and water systems served the development lands in the Township, and

WHEREAS, it is the desire of the City and the Township to adopt a Master 425 Agreement which would affect all development lands in the Township thereby assuring prospective developers of Township land of the immediate availability of sewer and water without the previous delays incurred in the negotiation of individual 425 Agreements, and

WHEREAS, the Township and City, through extensive negotiations, have reached an agreement to be utilized in all 425 Agreements to be executed by the City.

NOW, THEREFORE, for and in consideration of the Township's agreement not to develop its own sewer and water system, either individually or in conjunction with an adjoining township or municipality, for a period of ten (10) years and the City's agreement to supply sewer and water, if capacity is available, to Township lands for a period of ten (10) years, BE IT AGREED AS FOLLOWS:

1. **Term of Agreement**. This Agreement shall extend for a period of ten (10) years from and after the date hereof.

2. **Joint Municipal Planning Commission**. A Joint Municipal Planning Commission ("JPC") shall be formed pursuant to Public Act 226 of 2003 (MCL 125.131 et seq.) and maintained as long as there is a 425 Agreement between the City and Township. The JPC shall have an equal number of members from both the Township and the City and shall control all land usages for lands subject to a 425 Agreement between the City and Township regardless of whether the 425 Agreement is dated prior to or subsequent to the date of this Agreement. The details of the organization and conduct of the JPC are on Schedule A attached hereto.

3. **Definitions**. The definition of residentially zoned lands lying South of I-94 and East of I-69 and commercial and industrial lands regardless of location shall be the definition given those land usages in the Marshall City Zoning Ordinance as currently defined. The definition of residentially zoned lands lying North of I-94 or West of I-69 shall be the definition given those land usages in the Marshall Township Zoning Ordinance as currently defined.

In the event a zoning ordinance is amended and a definition changed, the definition shall not be changed for the purpose of this Agreement without the mutual consent of the City and Township.

4. **Ceresco Exception**. The Township area known as Ceresco and defined as the area extending one quarter mile in diameter from the Ceresco dam, may, contrary to the terms of this Agreement, seek sewer and water services from a source other then the City of Marshall in the event such services are made available at a more economical cost than comparable services in the City of Marshall.

5. **Economic Development – Information and Contribution**. The Township Board of Trustees shall designate an economic development officer, with whom the City shall share all development inquiries and who shall receive notice of and be entitled to participate in all meetings with prospective developers. This representative shall be subject to the same confidentiality rules and regulations as are the City's paid economic developers.

In exchange for the economic development services that the City provides, the Township shall contribute fifteen percent (15%) of all tax sharing funds which it receives from industrial lands subject to 425 agreements executed after the date hereof and pursuant to this Agreement but not to exceed twenty percent (20%) of the City's total general fund contribution to the existing Battle Creek Unlimited Contract or such other economic development entity or person with whom the City is contracting. At such time as the Township begins payments pursuant to this paragraph, the Township Economic Development Officer shall participate in contract negotiations with Battle Creek Unlimited or such other economic development entity or person the City is under contract with or seeking to contract with or employ.

6. **Property Owner Request**. In the event an owner of property located in the Township requests sewer and water services from the City and the City has adequate capacity to service the property owner's development, the City and Township shall, subject to the approval of the JPC, enter into a 425 Agreement based upon the terms and conditions herein contained provided the cost of extending the sewer and water to the property owner is not paid by the City.

7. **City Restrictions**. During the term of this Agreement, the City shall not:

a. Enter into a 425 Agreement with any other city, township or other governmental subdivision ("Foreign 425 Agreement") except upon the same terms and

conditions as those detailed in this Agreement for Township lands lying west of I-69 and north of I-94 unless the City agrees to amend the existing 425 Agreements with the Township permitting the Township to incorporate into all its existing 425 Agreements one or more of the provisions of the Foreign 425 Agreement.

b. Sell or agree to sell in the future a parcel of land larger than fifteen (15) acres for commercial or industrial development without the consent of the Township.

c. Permit the common ownership, occupancy or combined use for industrial or commercial purposes of two (2) or more parcels sold or leased by the City after the date hereof totaling more than fifteen (15) acres in size.

All commercial and industrial developments in excess of fifteen (15) acres shall, during the term of this agreement, be constructed only in the Township unless:

1. The Township consents to the development in the City, or

2. The land was not owned by the City of Marshall on January 24, 2006 or subsequently acquired by the City of Marshall.

8. **Township Restrictions**. During the term of this Agreement, the Township shall not:

a. Enter into a 425 Agreement with any other township, city or other governmental subdivision other than the City of Marshall pursuant to this Agreement without the express written consent of the City.

b. Construct or develop a sewage treatment plant, water purification plant or sewer and/or water distribution systems or enter into any agreement for the development, construction and/or supplying of these facilities to service Township properties unless the City refuses to increase capacity after a capacity analysis study of the system indicates the inadequacy

of the system to handle the Township's request or the City refuses to proceed with a capacity analysis study of the system within one hundred twenty (120) days after the Township's request that capacity be increased.

9. **Terms and Conditions of Individual 425 Agreements**.

The individual 425 Agreements to be entered into pursuant to this Agreement shall, depending upon the location and usage of the lands, provide as follows:

A. For commercial and industrial properties east of I-69 and south of I-94:

(1) Agreements shall be for a term of fifty (50) years after which the property shall remain in the City.

(2) The Township shall receive from the City's tax millage 4 mils on industrial property and 3 mils on commercial property for the term of the 425 Agreement.

(3) The cost for the extension of sewer and water lines shall be paid by the land owner and/or additional new users.

(4) An existing building which is zoned commercial or industrial or is a nonconforming commercial or industrial use, if utilized for any purpose or if connected to a septic tank or drain field, that is within three hundred feet (300') of the sewage lines once installed must tie into the sewer and water system upon failure of its existing sewage system under a separate 425 Agreement complying with the terms of this Master Agreement.

(5) The burden of all tax abatements shall be shared by the City and the Township in the same percentages as the millage is shared. In the event the City reduces its millage, the Township's share of millage shall be proportionately reduced provided no additional tax is levied by the City to replace the reduction in millage. If the City's millage is increased, the Township's share of millage shall be proportionately increased.

(6) Sewer and water rates shall not be greater than the rates charged in the City for similar users.

(7) Users, pursuant to this Agreement, shall contribute to repairs and capital improvements to the sewage treatment facilities, water purification plant, well facilities, and distribution systems in the same manner as similar users within the City of Marshall.

B. For commercial and industrial properties west of I-69 or north of I-94:

(1) Agreements shall be for a term of fifty (50) years after which the property shall be transferred back to the Township and the City shall own the utility infrastructure which will encourage the City and the Township to negotiate extensions of the Agreement upon expiration of the fifty (50) year term.

(2) The Township shall receive from the City's tax millage 4 mils on industrial property and 3 mils on commercial property for the term of the 425 Agreement.

(3) The cost for the extension of sewer and water distribution systems shall be paid by the land owner and/or additional new users.

(4) An existing business (commercial or industrial) which is zoned commercial or industrial or is a nonconforming commercial or industrial use, if utilized for any purpose or if connected to a septic tank or drain field, that is within three hundred feet (300') of the sewage lines once installed must tie into the sewer and water system upon failure of its existing sewage system under a separate 425 Agreement complying with the terms of this Master Agreement.

(5) The burden of all tax abatements shall be shared by the City and the Township in the same percentages as the millage is shared. In the event the City reduces its millage, the Township's share of millage shall be proportionately reduced provided no additional

tax is levied by the City to replace the reduction in millage. If the City's millage is increased, the Township's share of millage shall be proportionately increased.

(6) Sewer and water rates shall not be greater than the rates charged in the City for similar users.

(7) Users, pursuant to this Agreement, shall contribute to repairs and capital improvements to the sewage treatment facilities, water purification plant, well facilities, and distribution systems in the same manner as similar users within the City of Marshall.

C. For new residential developments that are east of I-69 and south of I-94:

(1) For the purpose of this paragraph residential development shall be defined as a single family residence on a lot less than five (5) acres in size or multi-family residences on a lot which averages less than five (5) acres per residence but does not qualify as commercial pursuant to paragraph C 7.

(2) Agreements shall be for a term of fifty (50) years after which the property shall remain in the City.

(3) The Township shall receive from the City's tax millage 2 mils on residential property for the term of the 425 Agreement.

(4) The cost for the extension of sewer and water distribution systems shall be paid by the land owner and/or additional new users.

(5) Sewer and water rates shall not be greater than the rates charged in the City for similar users.

(6) Users, pursuant to this Agreement, shall contribute to repairs and capital improvements to the sewage treatment facilities, water purification plant, well facilities, and distribution systems in the same manner as similar users within the City of Marshall.

(7) A Multi-family development shall be deemed commercial if it contains more than four (4) residences on one (1) tax parcel and shall be developed in accordance with the provisions of this agreement dealing with commercial property lying east of I-69 and south of I-94.

(8) The burden of all tax abatements shall be shared by the City and the Township in the same percentages as the millage is shared. In the event the City reduces its millage, the Township's share of millage shall be proportionately reduced provided no additional tax is levied by the City to replace the reduction in millage. If the City's millage is increased, the Township's share of millage shall be proportionately increased.

10. The following developments shall not require a 425 agreement but shall be entitled to receive City sewer and water services upon the terms and conditions set forth:

A. <u>For new single-family residential developments west of I-69 or north of I-94</u>:

(1) If requested by the developer, the Township shall form a sewer district comparable to the Lyon Lake project which shall be accepted by the City.

(2) The property shall remain in the Township.

(3) The cost for extension of sewer shall be paid by the developer or users.

(4) A Multi-family development shall be deemed commercial if it contains more than four (4) residences on one (1) tax parcel and shall be developed in accordance with the provisions of this Agreement dealing with commercial property lying north of I-94 and west of I-69.

(5) Single-family residential users shall contribute to repairs and capital improvements to the sewage treatment facilities, water purification plant, well facilities, and distribution systems in the same manner as similar users within the City.

B. For developed residential property within the Township regardless of location:

(1) The City shall extend sewer and water lines to developed residential areas in the Township pursuant to the provisions of Public Act 129 of 1943 (MCLA 123.231 et seq.) upon the request of the Township or upon a petition being filed with the Township and the City and signed by two-thirds (2/3) of the property owners within 300 feet of the proposed sewer main.

(2) All property owners signing the Petition shall be required to tie into the sewer and water system. A non-signing property owner with a residence within 300 feet of a sewage line once installed must tie into the sewer and water system upon failure of the residence's existing sewer system.

(3) The total cost for extending the distribution lines to developed residential areas including but not limited to bonding, engineering and construction shall be the responsibility of the users to be served by the extended distribution lines.

(4) The distribution lines shall be installed according to City specifications and ownership of the distribution systems shall be conveyed to the City upon the City approving of the installation. The City, upon becoming the owner of the distribution lines, shall thereafter be responsible for the maintenance of the lines.

(5) The users on the new distribution lines shall contribute to repairs and capital improvements to the sewage treatment facilities, water purification plant, well facilities, and distribution systems in the same manner as similar users within the City.

(6) Users on the new distribution lines shall pay water and sewer utility rates as stated in the City's rate ordinance in effect at that time or at 150% of the rate charged by the City as adjusted from time to time for similar users within the City whichever rate is less.

11. **Additional 425 Agreement's Provisions**. The 425 Agreements executed pursuant to this Agreement shall be in the form of Schedule B or Schedule C (whichever is applicable) attached hereto with the additional applicable provisions of this Agreement incorporated therein depending upon the property's location and use.

12. **Existing 425 Agreements**. All existing 425 Agreements executed between the City and the Township shall remain in full force and effect and all payments provided therein shall continue to the Township with the exception of the following three existing 425 Agreements ("Amended 425 Agreements"):

A. Vaccaro property (Agreement dated August 21, 1995). (Intending to include all current development in the southeast quadrant of the I-94 / Old US 27 interchange lying north of the former Belcher Dingman Spaulding property). ("Vaccaro")

B. Norfolk Development Corporation property (Agreement dated October 18, 1993). ("Norfolk")

C. State Farm Mutual Automobile Insurance Company Property (Agreement dated June 21, 1992 on property located in the Southwest quadrant of the I-94 / Old US 27 interchange lying North of F Drive North and East of 16 ½ Mile Road). ("State Farm")

1. The Vaccaro and Norfolk Agreements shall be amended except as to the original transfer date (and the corresponding termination date) to conform with the provisions of this Agreement provided:

a. the City shall reinstate payments of 1.5 mils each year on the Vaccaro and Norfolk Agreements beginning in 2006 and shall continue to pay 2 mils on the Stanton and K-Mart Agreements each year as provided in the Agreements.

b. the City shall incur no obligation to pay the increased millage on the Amended Agreements (1.5 mils on Vaccaro, .5 mils on Norfolk's Condominiums, 1.5 mils on Norfolk's Maplewood Assisted Living) which will result from the amendment of said Agreements until the collection of the 2011 taxes ("Moratorium") except for such sums as are payable prior thereto according to the following formula:

Increased Millage Formula – Each year through 2010 the City shall on or before November 1 pay the Township an additional amount (in lieu of the Amended 425 Agreement additional payments) equal to two (2) mils on residential property three (3) mils on commercial property and four (4) mils on industrial property on all City / Township 425 Agreements entered into after the date of this Master 425 Development Agreement including Amended State Farm Agreement. Payments pursuant to this formula shall not exceed the sums which would otherwise be payable pursuant to the Amended 425 Agreements without the Moratorium.

After January 1, 2011, the obligation to pay the Township the additional tax shall accrue but the City shall not have to pay such funds except from the following source:

Source – Each year after 2010, the City shall on or before November 1 pay the Township an additional amount (to apply upon the additional taxes accruing on the amended 425 agreements) equal to two (2) mils on residential property, three (3) mils on commercial property and four (4) mils on industrial property on all City / Township 425 agreements entered into after the date of this Master 425 Development Agreement including Amended State Farm Agreement. Such payments shall continue until the accrued taxes on the amended 425 agreements shall be paid in full.

2. The State Farm Agreement shall be amended when the land is developed to provide that all provisions thereof shall be in accordance with the terms and conditions of this

Master 425 Development Agreement with an effective date on the date the property is developed and extending for a period of fifty (50) years thereafter. For the purposes of this paragraph, "developed" shall mean the date on which improvements to the land are incorporated into the taxable value and equal more than five percent (5%) of the real estate value incorporated into the taxable value. Until amended, the City shall continue to make millage payments in accordance with the existing Agreement.

13. **City Sewer and Water Capacity**. In the event there is a question as to whether or not the capacity of the City sewage treatment plant, wells, water purification plant or distribution systems is adequate to handle the requested Township service, the issue of capacity shall be determined by an independent consultant agreeable to both the Township and the City. The cost of the consultant shall be paid one-half (½) by the Township and one-half (½) by the City. In the event the City and the Township cannot agree upon a consultant, a consultant shall be selected by the then managing director of the Calhoun County Community Development Office.

14. **Repayment of 425 Payment Withheld Without Notice**. The City shall pay to the Township Eleven Thousand Four Hundred Three and 86/100 Dollars ($11,403.86) on or before March 15, 2006, which is the sum which was withheld without notice from the City's Act 425 payments for 2005.

15. **Legality of Provision**. In the event any provision of this Agreement shall be contrary to public policy or laws of the State of Michigan, such paragraphs, except paragraphs 7 and 8, shall be stricken from this Agreement and all remaining paragraphs and parts thereof shall be fully enforceable. In the event paragraph 7 or 8 or any portion of either is declared contrary to public policy or the laws of the State of Michigan, this Agreement shall be void.

16. **Survival of Provisions**. Upon termination of this Agreement, all then existing 425 Agreements including those amended herein shall continue in full force and effect, as amended, for the periods of time specified in the Agreements and the payments on the amended Agreements accruing after 2010 shall continue to be made by the City until the accrued taxes have been paid in full.

Executed in the presence of:

Tracy L. Hovarter

Tracy L. Hovarter

Donna Kolodica

Donna Kolodica

CITY OF MARSHALL

By: Chester Travis

Chester Travis

Its: Manager

Executed in the presence of:

Tracy L. Hovarter

Tracy L. Hovarter

Donna Kolodica

Donna Kolodica

CITY OF MARSHALL

By: Gail Budrow-Bradstreet

Gail Budrow-Bradstreet

Its: Clerk/Treasurer

STATE OF MICHIGAN)
) SS.
COUNTY OF CALHOUN)

On this 9th day of March, 2006, before me, a Notary Public, in and for said County, personally appeared Chester Travis and Gail Budrow-Bradstreet, who each being first duly sworn, stated that they are respectively the City Manager and the Clerk/Treasurer of the City of Marshall, are authorized to execute the foregoing agreement on behalf of the City of Marshall and that each has done so as the free act and deed of said City of Marshall.

Donna Kolodica

Donna Kolodica, Notary Public
Calhoun County, Michigan
My Commission Expires: 10-17-06
Acting in the County of Calhoun

Executed in the presence of:

CHARLES PARKER

CARLTON STANLEY

MARSHALL TOWNSHIP

By: Eugene Hamaker

Its: Supervisor

Executed in the presence of:

KAREN YANG

MARSHALL TOWNSHIP

By: Cynthia Sink

Its: Clerk

STATE OF MICHIGAN)
) SS.
COUNTY OF CALHOUN)

On this 14th day of March, 2006, before me, a Notary Public, in and for said County, personally appeared Eugene Hamaker and Cynthia Sink, who each being first duly sworn, stated that they are respectively the Supervisor and the Clerk of Marshall Township, are authorized to execute the foregoing agreement on behalf of Marshall Township and that each has done so as the free act and deed of said Marshall Township.

Julia M. Schafer, Notary Public
Calhoun County, Michigan
My Commission Expires: 12-22-2007
Acting in the County of Calhoun

Prepared in the Offices of:
Schroeder, DeGraw, Kendall
Mayhall, DeGraw & Dickerson, PLLC
By: Ronald J. DeGraw
203 East Michigan Avenue
Marshall, Michigan 49068

SCHEDULE A

Joint Municipal Planning Commission Procedures

1. Zoning Ordinance.

Residentially zoned lands lying south of I-94 and east of I-69 and commercial and industrial lands regardless of location shall be administered by the Joint Municipal Planning Commission ("JPC") pursuant to the City of Marshall zoning and planning act and City procedures and definitions will be followed by the JPC.

The residentially zoned lands lying west of I-69 or north of I-94 shall be administered by the JPC pursuant to the Marshall Township zoning and planning acts and Township procedures and definitions will be followed by the JPC.

2. Appointment.

A. The Planning Commissions of the City of Marshall and Marshall Township shall each appoint three (3) of its members as the members of the Joint Planning Commission as well as one (1) alternate member to serve in the event an appointed member is unable to attend a meeting.

B. Appointment to the JPC shall be for a term of three (3) years and each member may be reappointed for two (2) successive terms.

C. A member may be removed for having two (2) unexcused absences from meetings in any twelve (12) month period. An absence shall be excused provided the member advises the JPC in advance of the meeting that he/she is unable to attend the meeting and the reason for such absence. The JPC shall determine rules for excused absences.

D. A vacancy on the JPC shall be filled by the appointment of the alternate member from the municipality from which the vacancy occurred and a new alternate JPC member shall be appointed at the next regular meeting of the Planning Commission of the municipality in which the vacancy occurred.

E. The operating budget of the JPC shall be shared equally by the City and Township.

F. The jurisdictional area of the JPC shall consist of all land subject to 425 agreements between the City and Township regardless of whether the 425 agreement is dated prior to or subsequent to the date of the formation of the JPC.

G. The JPC shall consist of representatives from Marshall City and Marshall Township and no other municipalities shall be involved. The JPC shall exist as long as there is a Master 425 Development Agreement between the City of Marshall and Marshall Township.

H. All administrative functions of the JPC including but not limited to service of notices to adjacent property owners and the preparation of and making publications shall be performed by the Township in the event the Township planning and zoning ordinance are to be applied and by the City in the event the City zoning and planning ordinances are to be applied. In the event business to be conducted at a meeting involves both ordinances of the City and of the Township, each organization shall provide the administrative services necessary for the conduct of the business which is being conducted pursuant to its zoning or planning act.

I. Complete records of all business conducted at the JPC shall be delivered to the City and Township Council and Board, respectively.

"B.1"

(for property south of I-94 and east of I-69)

CITY OF MARSHALL – TOWNSHIP OF MARSHALL
CONTRACT FOR CONDITIONAL TRANSFER OF PROPERTY

This Agreement made on the _____ day of _____, 200___, between the CITY OF MARSHALL, a Michigan municipal corporation, having offices at 323 West Michigan Avenue, Marshall, Michigan 49068 (the "City") and the TOWNSHIP OF MARSHALL, a Township duly organized under the laws of the State of Michigan, and existing in Calhoun County, Michigan, having offices at 13551 Myron Avery Drive, Marshall, Michigan 49068 (the "Township").

WHEREAS, the City and the Township have adopted a Master 425 Agreement dated _____, 2006 for the purpose of providing sewer and water services which are available in the City to Township properties upon the request of a Township property owner, and

WHEREAS, _____ (name), the owner of the property described on Schedule 1 attached hereto ("Property") has requested that the City extend sewer and water services to the Property, and

WHEREAS, the provision of municipal services by the City to the Property would further the economic well-being of both the City and the Township and increase the probability of additional development of the Property, and

WHEREAS, the City has available sewer and water capacity to service the Property, and

WHEREAS, the parties have each conducted a public hearing to receive input on the proposed transfer of property.

NOW, THEREFORE, by authority of Act 425 of the Public Acts of 1984 and pursuant to the Master 425 Agreement entered into between the City and the Township and in consideration of the mutual promises herein set forth, BE IT AGREED AS FOLLOWS:

1. The Township consents to the transfer to the City of the Property.

2. The City agrees to accept the transfer of the Property for all purposes allowed under Public Act 425 of 1984, as amended, to make available municipal services to the Property provided that the Property owner and other users of the utilities extended from the City to the Property shall pay for the cost of the extension.

3. The transfer of the Property contemplated by this agreement shall occur at midnight on _____, _____

4. Following transfer, and during the term of this Agreement, the City shall have full jurisdiction over the Property subject to the following limitations:

> Land usages shall be subject to the Joint Municipal Planning Commission pursuant to the provisions of the Master 425 Agreement.

5. The City and Township agree that the City shall have the authority to assess and collect ad valorem taxes, real and personal, on the Property and any improvements thereon during _____(first year of agreement)_____ and for the remainder of the term of this Agreement. The Township shall have the authority to assess and collect ad valorem taxes, real and personal, on the Property and any improvements thereon through calendar year _____(the year before the City assesses taxes)__.

The City and Township further agree that commencing in the year (first year of the Agreement)_____ and continuing through the fiftieth (50th) full calendar year following the issuance of a Certificate of Occupancy for the first use on the Property, all such taxes which the City collects for its own general operating fund purposes only, and which are attributable to the Property for the term of this Agreement shall be shared between the City and the Township as follows:

A. The Township shall receive the equivalent of (residential – 2; commercial – 3; industrial – 4) mill levied on the taxable value of the Property for the taxable year as established by the City subject to any subsequent adjustments resulting from tax appeals. The City shall transmit the Township's share of such revenues annually on or before 30 days after receipt.

B. Thereafter, all tax revenues from the Property shall be collected and retained by the City.

6. Except as provided in paragraph 7, upon termination, expiration or non-renewal of this Agreement, jurisdiction of the Property shall pass to the City and the Township shall have no further rights or interests in the Property.

7. In the event that the City shall not share tax revenues from the Property as provided in paragraph 5 or shall breach any other provision of this Agreement, the Township shall be entitled to terminate this Agreement, whereupon jurisdiction of the Property shall revert to the Township or the Township may pursue whatever other legal remedies are available to the Township.

8. Any liability the City or the Township incurs to a third party as a result of the performance of duties or the exercise or rights imposed or granted hereunder shall be jointly shared and defended in the same proportion as the taxes are shared as described in paragraph 5.

9. The burden of all tax abatements shall be shared by the City and the Township in the same percentage as the millage is shared. In the event the City reduces its millage, the

Township's share of millage shall be proportionately reduced provided no additional taxes are levied by the City to replace the reduction in millage.

10. Sewer and water rates charged to the Property owner shall not be greater than the rates charged in the City for similar users. Property owners shall contribute to repairs and capital improvements to the sewage treatment facilities, water purification plant, well facilities, and distribution systems in the same manner as similar users within the City of Marshall.

11. In the event there is a conflict between this Agreement and the Master 425 Development Agreement, the terms of the Master 425 Development Agreement shall control unless there is a specific reference in the conflicting provision that it is intended to prevail despite the Master 425 Development Agreement.

12. Within fifteen (15) days of execution of this contract, the City Clerk shall file a duplicate original of this contract with the Calhoun County Clerk, the Michigan Secretary of State and the Calhoun County Register of Deeds.

WITNESSES: CITY OF MARSHALL

_____ By: _____
Chester Travis, City Manager

_____ By: _____
Gail Budrow-Bradstreet, Clerk/Treasurer

WITNESSES: MARSHALL TOWNSHIP

_____ By: _____
Eugene Hamaker, Supervisor

_____ By: _____
Cynthia Sink, Clerk

Preparedin the Offices of:
Schroeder, DeGraw, Kendall
Mayhall, DeGraw & Dickerson, PLLC
By: Ronald J. DeGraw
203 East Michigan Avenue
Marshall, Michigan 49068

(for property north of I-94 and west of I-69)

CITY OF MARSHALL – TOWNSHIP OF MARSHALL
CONTRACT FOR CONDITIONAL TRANSFER OF PROPERTY

This Agreement made on the _____ day of _____, 200___, between the CITY OF MARSHALL, a Michigan municipal corporation, having offices at 323 West Michigan Avenue, Marshall, Michigan 49068 (the "City") and the TOWNSHIP OF MARSHALL, a Township duly organized under the laws of the State of Michigan, and existing in Calhoun County, Michigan, having offices at 13551 Myron Avery Drive, Marshall, Michigan 49068 (the "Township").

WHEREAS, the City and the Township have adopted a Master 425 Agreement dated _____, 2006 for the purpose of providing sewer and water services which are available in the City to Township properties upon the request of a Township property owner, and

WHEREAS, _____ (name), the owner of the property described on Schedule 1 attached hereto ("Property") has requested that the City extend sewer and water services to the Property, and

WHEREAS, the provision of municipal services by the City to the Property would further the economic well-being of both the City and the Township and increase the probability of additional development of the Property, and

WHEREAS, the City has available sewer and water capacity to service the Property, and

WHEREAS, the parties have each conducted a public hearing to receive input on the proposed transfer of property.

NOW, THEREFORE, by authority of Act 425 of the Public Acts of 1984 and pursuant to the Master 425 Agreement entered into between the City and the Township and in consideration of the mutual promises herein set forth, BE IT AGREED AS FOLLOWS:

1. The Township consents to the transfer to the City of the Property.

2. The City agrees to accept the transfer of the Property for all purposes allowed under Public Act 425 of 1984, as amended, to make available municipal services to the Property provided that the Property owner and other users of the utilities extended from the City to the Property shall pay for the cost of the extension.

3. The transfer of the Property contemplated by this agreement shall occur at midnight on _____, _____

4. Following transfer, and during the term of this Agreement, the City shall have full jurisdiction over the Property subject to the following limitations:

> Land usages shall be subject to the Joint Municipal Planning Commission pursuant to the provisions of the Master 425 Agreement.

5. The City and Township agree that the City shall have the authority to assess and collect ad valorem taxes, real and personal, on the Property and any improvements thereon during _____(first year of agreement)_____ and for the remainder of the term of this Agreement. The Township shall have the authority to assess and collect ad valorem taxes, real and personal, on the Property and any improvements thereon through calendar year _____(the year before the City assesses taxes)___.

The City and Township further agree that commencing in the year _(first year of the Agreement)_____ and continuing through the fiftieth (50th) full calendar year following the issuance of a Certificate of Occupancy for the first use on the Property, all such taxes which the City collects for its own general operating fund purposes only, and which are attributable to the Property for the term of this Agreement shall be shared between the City and the Township as follows:

A. The Township shall receive the equivalent of (residential – 2; commercial – 3; industrial – 4) mill levied on the taxable value of the Property for the taxable year as established by the City subject to any subsequent adjustments resulting from tax appeals. The City shall transmit the Township's share of such revenues annually on or before 30 days after receipt.

B. Thereafter, all tax revenues from the Property shall be collected and retained by the City.

6. Except as provided in paragraph 7, upon termination, expiration or non-renewal of this Agreement, jurisdiction of the Property shall return to the Township and the City will have no further rights or interests in the Property except that the City shall own the utility infrastructure.

7. In the event that the City shall not share tax revenues from the Property as provided in paragraph 5 or shall breach any other provision of this Agreement, the Township shall be entitled to terminate this Agreement, whereupon jurisdiction of the Property shall revert to the Township or the Township may pursue whatever other legal remedies are available to the Township.

8. Any liability the City or the Township incurs to a third party as a result of the performance of duties or the exercise or rights imposed or granted hereunder shall be jointly shared and defended in the same proportion as the taxes are shared as described in paragraph 5.

9. The burden of all tax abatements shall be shared by the City and the Township in the same percentage as the millage is shared. In the event the City reduces its millage, the

Township's share of millage shall be proportionately reduced provided no additional taxes are levied by the City to replace the reduction in millage.

10. Sewer and water rates charged to the Property owner shall not be greater than the rates charged in the City for similar users. Property owners shall contribute to repairs and capital improvements to the sewage treatment facilities, water purification plant, well facilities, and distribution systems in the same manner as similar users within the City of Marshall.

11. In the event there is a conflict between this Agreement and the Master 425 Development Agreement, the terms of the Master 425 Development Agreement shall control unless there is a specific reference in the conflicting provision that it is intended to prevail despite the Master 425 Development Agreement.

12. Within fifteen (15) days of execution of this contract, the City Clerk shall file a duplicate original of this contract with the Calhoun County Clerk, the Michigan Secretary of State and the Calhoun County Register of Deeds.

WITNESSES: CITY OF MARSHALL

_____ By: _____
Chester Travis, City Manager

_____ By: _____
Gail Budrow-Bradstreet, Clerk/Treasurer

WITNESSES: MARSHALL TOWNSHIP

_____ By: _____
Eugene Hamaker, Supervisor

_____ By: _____
Cynthia Sink, Clerk

Preparedin the Offices of:
Schroeder, DeGraw, Kendall
Mayhall, DeGraw & Dickerson, PLLC
By: Ronald J. DeGraw
203 East Michigan Avenue
Marshall, Michigan 49068

CITY OF MARSHALL – TOWNSHIP OF MARSHALL
CONTRACT FOR CONDITIONAL TRANSFER OF PROPERTY

This Agreement made on the _____ day of November, 2011, between the CITY OF MARSHALL, a Michigan municipal corporation, having offices at 323 West Michigan Avenue, Marshall, Michigan 49068 (the "City") and the TOWNSHIP OF MARSHALL, a Township duly organized under the laws of the State of Michigan, and existing in Calhoun County, Michigan, having offices at 13551 Myron Avery Drive, Marshall, Michigan 49068 (the "Township").

WHEREAS, the City and the Township have adopted a Master 425 Agreement dated February 25, 2006 for the purpose of providing sewer and water services which are available in the City to Township properties upon the request of a Township property owner, and

WHEREAS, James R. Rzepka, Randall K. Eshuis and Maria J. Eshuis-Romero, the owners of the property described on Schedule 1 attached hereto ("Property") have requested that the City extend sewer and water services to the Property, and

WHEREAS, the provision of municipal services by the City to the Property would further the economic well-being of both the City and the Township and increase the probability of additional development of the Property, and

WHEREAS, the City has available sewer and water capacity to service the Property, and

WHEREAS, the parties have each conducted a public hearing to receive input on the proposed transfer of property.

NOW, THEREFORE, by authority of Act 425 of the Public Acts of 1984 and pursuant to the Master 425 Agreement entered into between the City and the Township and in consideration of the mutual promises herein set forth, BE IT AGREED AS FOLLOWS:

1. The Township consents to the transfer to the City of the Property.

2. The City agrees to accept the transfer of the Property for all purposes allowed under Public Act 425 of 1984, as amended, to make available municipal services to the Property provided that the Property owner and other users of the utilities extended from the City to the Property shall pay for the cost of the extension.

3. The transfer of the Property contemplated by this agreement shall occur at midnight on December 1, 2011.

4. Following transfer, and during the term of this Agreement, the City shall have full jurisdiction over the Property subject to the following limitations:

> Land usages shall be subject to the Joint Municipal Planning Commission pursuant to the provisions of the Master 425 Agreement.

5. The City and Township agree that the City shall have the authority to assess and collect ad valorem taxes, real and personal, on the Property and any improvements thereon during 2012 and for the remainder of the term of this Agreement. The Township shall have the authority to assess and collect ad valorem taxes, real and personal, on the Property and any improvements thereon through calendar year 2011.

The City and Township further agree that commencing in the year 2012 and continuing through the fiftieth (50th) full calendar year thereafter, all such taxes which the City collects for its own general operating fund purposes only, and which are attributable to the Property for the term of this Agreement shall be shared between the City and the Township as follows:

A. The Township shall receive the equivalent of 3 mills levied on the taxable value of the Property for the taxable year as established by the City subject to any subsequent adjustments resulting from tax appeals. The City shall transmit the Township's share of such revenues annually on or before 30 days after receipt.

B. Thereafter, all tax revenues from the Property shall be collected and retained by the City.

6. Except as provided in paragraph 7, upon termination, expiration or non-renewal of this Agreement, jurisdiction of the Property shall pass to the City and the Township shall have no further rights or interests in the Property.

7. In the event that the City shall not share tax revenues from the Property as provided in paragraph 5 or shall breach any other provision of this Agreement, the Township shall be entitled to terminate this Agreement, whereupon jurisdiction of the Property shall revert to the Township or the Township may pursue whatever other legal remedies are available to the Township.

8. Any liability the City or the Township incurs to a third party as a result of the performance of duties or the exercise or rights imposed or granted hereunder shall be jointly shared and defended in the same proportion as the taxes are shared as described in paragraph 5.

9. The burden of all tax abatements shall be shared by the City and the Township in the same percentage as the millage is shared. In the event the City reduces its millage, the Township's share of millage shall be proportionately reduced provided no additional taxes are levied by the City to replace the reduction in millage.

10. Sewer and water rates charged to the Property owner shall not be greater than the rates charged in the City for similar users. Property owners shall contribute to repairs and capital improvements to the sewage treatment facilities, water purification plant, well facilities, and distribution systems in the same manner as similar users within the City of Marshall.

11. In the event there is a conflict between this Agreement and the Master 425 Development Agreement, the terms of the Master 425 Development Agreement shall control unless there is a specific reference in the conflicting provision that it is intended to prevail despite the Master 425 Development Agreement.

12. Within fifteen (15) days of execution of this contract, the City Clerk shall file a duplicate original of this contract with the Calhoun County Clerk, the Michigan Secretary of State and the Calhoun County Register of Deeds.

WITNESSES: CITY OF MARSHALL

_____ By: _____
Tom Tarkiewicz, City Manager

_____ By: _____
Sandra Bird, Clerk/Treasurer

WITNESSES: MARSHALL TOWNSHIP

_____ By: _____
Eugene Hamaker, Supervisor

_____ By: _____
Cynthia Sink, Clerk

Prepared by:
Paul K. Beardslee
Marshall City Attorney
206 S. Kalamazoo Ave.
Marshall, Michigan 49068
(269) 781-5193

Schedule 1

Legal Description of Property

BEGINNING AT THE EAST ¼ POST OF SECTION 23, TOWN 2 SOUTH, RANGE 6 WEST, MARSHALL TOWNSHIP, CALHOUN COUNTY, MICHIGAN; THENCE NORTH 89 DEGREES 31' 10" WEST ALONG THE EAST AND WEST ¼ LINE OF SAID SECTION 23, A DISTANCE OF 55.95 FEET TO THE WEST RIGHT OF WAY LINE OF BREWER ROAD (OLD U.S. 27); THENCE 120.00 FEET ALONG SAID WEST LINE, AND THE ARC OF A CURVE TO THE LEFT WHOSE RADIUS IS 171793.50 FEET AND WHOSE CHORD BEARS NORTH 00 DEGREES 16' 12" WEST, 120.00 FEET TO THE TRUE PLACE OF BGINNING; THENCE NORTH 89 DEGREES 31' 10" WEST, 350.39 FEET; THENCE NORTH 00 DEGREES 27' 15" WEST, 280.00 FEET; THENCE SOUTH 89 DEGREES 31' 10" EAST, 350.96 FEET TO SAID WEST LINE OF BREWER ROAD; THENCE 280.00 FEET ALONG SAID WEST LINE AND THE ARC OF A CURVE TO THE RIGHT, WHOSE RADIUS IS 171793.50 FEET; AND WHOSE CHORD BEARS SOUTH 00 DEGREES 20' 12" EAST, 280.00 FEET TO THE TRUE PLACE OF BEGINNING.

RIGHTS OF THE PUBLIC AND OF ANY GOVERNMENTAL UNIT IN ANY PART THEREOF TAKEN, USED OR DEEDED FOR STREET, ROAD OR HIGHWAY PURPOSES

TAX ROLL NUMBER: 13-16-230-024-00

RESOLUTION AUTHORIZING EXECUTION OF CONTRACT
FOR CONDITIONAL TRANSFER OF PROPERTY

WHEREAS, James R. Rzepka, Randall K. Eshuis and Maria J. Eshuis-Romer, owners of property commonly known as 713 Brewer Street, have petitioned the City of Marshall and Marshall Township for a Conditional Transfer of their property from Marshall Township into the City of Marshall; and

WHEREAS, on February 25, 2006 the City of Marshall entered into a Master 425 Agreement with the Township of Marshall; and

WHEREAS, the Master 425 Agreement facilitates the provision of City services, including municipal sewer, water, police and fire protection to properties currently within Marshall Township according to terms acceptable to both the Township of Marshall and the City of Marshall,

NOW THEREFORE, BE IT RESOLVED, that the City Manager and the Clerk-Treasurer are authorized to execute a Contract for Conditional Transfer of Property commonly known at 713 Brewer Street from the Township of Marshall to the City of Marshall.

IT IS FURTHER RESOLVED, that the Contract for Conditional Transfer shall be in the form of the attached document, subject to changes in form approved by the City Attorney.

As City Clerk I place my seal and sign my name that this is a true and accurate copy of the action taken by the Marshall City Council on _____.

_____
Sandra Bird, Clerk-Treasurer
CITY OF MARSHALL

Dated: _____

CITY OF Marshall Michigan

ADMINISTRATIVE REPORT
November 21, 2011 - CITY COUNCIL MEETING

REPORT TO: Honorable Mayor and City Council

FROM: Dennis Dixon, Electric Superintendent
Carl Fedders, Director of Public Services
Sandra Bird, Clerk-Treasurer
Tom Tarkiewicz, City Manager

SUBJECT: Electric Department Bucket Truck Purchase

BACKGROUND: Included in the FY 2012 Motor Pool budget is the purchase of a new bucket truck. The City of Marshall's Electric Department operates three bucket trucks. In 2002 the city purchased a truck that has experienced a number of mechanical problems. This truck is no longer in service due to an engine malfunction which staff determined was too expensive to repair. The FY 2012 budget for this replacement is $153,080 which will be financed over the next 5 years. The following bids were received:

Altec Industries, Inc	Indianapolis, IN	$150,330.00
Dueco Inc.	Waukesha, WI	$150,927.00
Dueco Inc.	Waukesha, WI	$164,203.00

The Altec Industries Inc. truck meets all required specifications and includes a $4,000 trade in value for the old truck which is suggested by staff.

RECOMMENDATION: Staff recommends that City Council accept the bid for the purchase of the bucket truck and trade-in of the 2002 truck from Altec Industries, Inc. for the amount of $150,330 and to approve the resolution for the installment purchase contract with Tax Exempt Leasing and to authorize the Clerk-Treasurer to sign the installment purchase contract.

FISCAL EFFECTS: None at this time. The appropriation for the bucket truck was approved at the October 17, 2011 Council meeting. The budget amendment for the purchase and financing is included in a separate report to Council.

ALTERNATIVES: As suggested by the Council.

Respectfully submitted,

Dennis Dixon
Electric Superintendent

Carl Fedders
Director of Public Services

Sandra Bird
Clerk Treasurer

Tom Tarkiewicz
City Manager

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City of Marshall,
County of Calhoun, Michigan (the "City")
RESOLUTION #2011-__

A regular meeting of the City Council (the "Council") of the City was held in the Council Chambers of Town Hall, in the City on the 21st day of November, 2011, at 7:00 o'clock in the p.m.

Present: Members _____

Absent: Members _____

The following preamble and resolution were offered by Council Member _____ and supported by Council _____:

WHEREAS:

1. Act No. 99, Public Acts of Michigan, 1933, as amended, authorizes this Council to acquire real or personal property for public purposes by an installment purchase contract; and

2. The Council intends to purchase a 2011 International 4300 Chassis with an Altec 50 ft. Telescopic Articulating Aerial Device, (the "Property") from Altec Industries, Inc., Indianapolis, Indiana (the "Vendor"), in an amount of not to exceed One Hundred Fifty Thousand Three Hundred Thirty Dollars ($150,330), and to enter into an installment purchase agreement (the "Installment Purchase Agreement") to finance a portion of the Property; and

3. The outstanding balance of all City purchases of lands, property or equipment for public purposes, to be paid for in installments (i.e., installment purchase agreements, land contracts, leases, etc.), including purchases made pursuant to this Resolution, exclusive of interest, is $1,435,179; and

4. The taxable value of the real and personal property within the City as of the date hereof is $237,280,781; and

5. This Council has received a proposal from Capital One Public Funding, LLC, Melville, New York (the "Bank") to finance a portion of the Property at an interest rate of two and eighty-nine one hundredths percent (2.89%) per annum.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Competitive bids for the purchase of the Property have been submitted and the Council determines that it is in the best interest of the City to accept the bids of the Vendors.

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2. The Council determines that it is in the best interest of the City to accept the proposal from the Bank to finance a portion of the Property through an Installment Purchase Agreement among the City, the Bank and the Vendors for a total amount not to exceed the sum of One Hundred Twenty Thousand Two Hundred Sixty-Four Dollars ($120,264) at an interest rate of two and eighty-nine hundredths percent (2.89%) over a period not to exceed five (5) years with equal annual principal and interest payments beginning November 1, 2012, with annual interest thereon based upon a 360- day year, 30-day month.

3. The Mayor and Clerk-Treasurer of the City shall execute the Installment Purchase Agreement in substantially the form attached hereto as Exhibit A on behalf of the City and the executed Installment Purchase Agreement shall be delivered to the Bank.

4. The remaining balance of the Installment Purchase Agreement may be prepaid in whole at the times and in the amounts provided in the repayment schedule attached to the Installment Purchase Agreement as Exhibit A.

5. The City hereby irrevocably pledges to make the principal installments and interest payments on the Installment Purchase Agreement beginning with the fiscal year 2012-2013 and during each fiscal year for which an operating budget is adopted, the first operating budget obligation within its authorized millage until such time as the principal installments and interest payments have been paid in full.

6. The City hereby pledges its limited tax full faith and credit for the payment of the principal installments and interest payments on the Installment Purchase Agreement, payable from ad valorem taxes which will be levied within the authorized constitutional and statutory operating millage rate available to the City and an irrevocable appropriation of a sufficient amount of taxes will be made each year from said millage rate for the payment of principal installments and interest payments on the Installment Purchase Agreement.

The obligation to pay the principal installments and interest payments will be the limited tax general obligation of the City, and if tax collections are insufficient to pay the principal of or interest on the borrowing when due, the City pledges to use any and all other resources available for the payment of principal and interest on the Installment Purchase Agreement.

7. The Mayor and Clerk-Treasurer are each further authorized to execute any documents or certificates necessary to complete the transaction. Any of those officers may designate, in writing, an individual to act in their place with respect to the powers conveyed in this paragraph.

8. The useful life of the Property is hereby determined to be not less than twelve (12) years.

9. The City hereby covenants to comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the execution of the Installment Purchase Agreement in order that interest thereon be or continue to be excluded from gross income

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for federal income tax purposes, including the filing of Form 8038-G or 8038-GC with the Internal Revenue Service.

10. The City hereby designates the Installment Purchase Agreement as a "qualified tax-exempt obligation" for purposes of deduction of interest expense by financial institutions under the Internal Revenue Code of 1986, as amended. In making said designation, the Council determines that the reasonably anticipated amount of tax-exempt obligations which will be issued by the City or entities which issue obligations on behalf of the City during calendar year 2011 will not exceed $10,000,000.

11. The outstanding balance of all of the City's contractual agreements for the purchase of real or personal property, exclusive of interest, does not exceed 1.25% of the taxable valuation of real and personal property in the City.

12. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same are hereby rescinded.

Ayes: Council Members _____

Nays: _____

Resolution declared adopted.

_____
Clerk-Treasurer

The undersigned, duly qualified and acting Clerk-Treasurer of the City of Marshall, Calhoun County, Michigan, hereby certifies that the foregoing constitutes a true and complete copy of a resolution adopted by said Council at a regular meeting held on November 21, 2011, the original of which is part of the Council's minutes. The undersigned further certifies that notice of the meeting was given to the public pursuant to the provisions of the "Open Meetings Act" (Act 267, PA 1976, as amended).

_____
Clerk-Treasurer

MFH/mmw

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EXHIBIT A

INSTALLMENT PURCHASE AGREEMENT

PART I

"OBLIGOR" means	City of Marshall, County of Calhoun, Michigan
"VENDOR" means	Altec Industries, Inc., Indianapolis, Indiana
"Property" means	2011 International 4300 Chassis with an Altec 50 ft. Telescopic Articulating Aerial Device
"Purchase Price" means	One Hundred Fifty Thousand Three Hundred Thirty Dollars ($150,330)
"Contract Amount" and "Principal" mean	One Hundred Twenty Thousand Two Hundred Sixty-Four Dollars ($120,264)

"Maturity Date", "Principal Installment", and "Interest Payment" shall have the meanings as described in Exhibit A.

"Dated Date" means	November 28, 2011

"Interest Rate" means the interest rate pursuant to Part II of this Installment Purchase Agreement which shall be two and eighty-nine one hundredths percent (2.89%).

The provisions of Part II of this Installment Purchase Agreement are hereby approved and incorporated herein.

PART II

THIS INSTALLMENT PURCHASE AGREEMENT (the "Installment Purchase Agreement") is dated as of the Dated Date by and between the OBLIGOR, a Michigan municipal corporation, the VENDOR, and Capital One Public Funding, LLC, Melville, New York (the "BANK"), as assignee of VENDOR or registered assigns. All capitalized terms not defined in Part II shall have the meaning set forth in Part I.

1. Purchase Price, Title and Useful Life. The OBLIGOR agrees to purchase and VENDOR agrees to sell and provide the Property to the OBLIGOR for the Purchase Price. The Purchase Price includes all property, equipment, material, labor, tools, freights, service, cabling and installation. The BANK will pay the Contract Amount to the OBLIGOR in federal funds by wire transfer, or other agreed upon method, and the OBLIGOR will pay the full Purchase Price including the difference, if any, between the Contract Amount and the Purchase Price to the VENDOR immediately upon the receipt of the Contract Amount and the delivery of the Property to and acceptance of the Property by the OBLIGOR. Upon delivery to and acceptance by the OBLIGOR, title to the Property shall vest in the OBLIGOR. The OBLIGOR shall not sell, assign title to, lease,

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or obtain further financing with respect to the Property except with the permission of the BANK while Principal remains outstanding under this Installment Purchase Agreement. The OBLIGOR agrees that the useful life of the Property is equal to or longer than the date of the final payment hereunder. The BANK may pledge this Installment Purchase Agreement as security for any obligation of the BANK.

2. Repayment Provisions. The OBLIGOR agrees to pay to the BANK the Principal in the Principal Installments on the Maturity Dates and interest payments on the unpaid Principal balance from the Dated Date at the Interest Rate on the Interest Payment Dates identified in Exhibit A. The Interest Rate shall be the rate set forth in Part I. Interest shall accrue on the unpaid balance of the Principal from the date hereof at the Interest Rate computed on the basis of a 360-day year, 30-day month.

The remaining balance of the Installment Purchase Agreement may be prepaid in whole at the times and in the amounts provided in the repayment schedule attached hereto as Exhibit A.

It is expressly agreed between the VENDOR and the OBLIGOR, and the BANK by acceptance of the assignment of this Installment Purchase Agreement, that the OBLIGOR shall make all payments of principal or interest due hereunder directly to the BANK or to a depository as shall be designated in writing by the BANK. The OBLIGOR further agrees that it will deposit with the BANK, or if so directed shall deposit with said depository, all payments of principal or interest due hereunder in immediately available funds at least one business day before the date on which said principal or interest due hereunder is due or in such other manner or such other time as the BANK shall approve.

3. Events of Default. Upon the occurrence of any of the following events of default, all or part of the unpaid balance of the amount financed, together with accrued interest charges shall, at the option of the BANK, become immediately due and payable without notice or demand:

a. If the OBLIGOR shall default in the payment when due of (i) any Principal Installment of the amount financed or the interest on the unpaid Principal balance or other amount required to be paid by the OBLIGOR hereunder or (ii) any other indebtedness now or hereafter owing to the BANK, or if the OBLIGOR shall default in the performance of any other obligation of the OBLIGOR hereunder;

b. If any warranty or representation made by the OBLIGOR in this Installment Purchase Agreement or in any financial statement, certificate or other agreement, or document at any time furnished to the VENDOR or the BANK shall be false or inaccurate in any material respect;

c. If the OBLIGOR shall dissolve, become insolvent or make an assignment for the benefit of its creditors;

d. If the BANK at any time in good faith believes that the prospect of payment of any indebtedness is impaired.

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If a voluntary or involuntary case in bankruptcy, receivership or insolvency shall at any time be commenced by or against the OBLIGOR, then the entire unpaid balance of the amount financed, together with all accrued finance charges, shall automatically become immediately due and payable, without notice or demand. All or part of the amount financed and accrued finance charges also may become the terms of any other agreement heretofore or hereafter entered into between the OBLIGOR and the BANK.

4. Incorporation by Reference. The VENDOR agrees to all of the instructions, terms and conditions as outlined in the OBLIGOR'S invitation for bids and the acceptance of the VENDOR'S bid by the OBLIGOR or any other agreement between the OBLIGOR and the VENDOR to purchase the Property (the "Purchase Agreement"). In the event of a conflict in terms between this document and the Purchase Agreement the specific terms of this Installment Purchase Agreement shall govern.

5. Assignment by VENDOR to BANK. The VENDOR hereby irrevocably assigns this Installment Purchase Agreement immediately to the BANK in consideration for payment from the BANK of the Contract Amount. The OBLIGOR hereby consents to that assignment, except with respect to the warranties and other obligations of the VENDOR set forth in Paragraphs 4, 7 and 9 of this Installment Purchase Agreement, all of which shall remain the sole responsibility of the VENDOR and shall not be assignable and the VENDOR hereby acknowledges that all of said warranties and other obligations shall not be assigned and remain the sole responsibility of the VENDOR. With respect to the BANK, the OBLIGOR hereby waives any defenses based upon warranty, failure or inability of the VENDOR to perform its non-assignable obligations or the failure of the Property to perform its intended function. The OBLIGOR'S obligation to the BANK is absolute and unconditional and shall remain in full force and effect until the amounts owed hereunder shall have been paid by the OBLIGOR to the BANK and such obligation shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following:

a. Any failure of title with respect to the VENDOR'S interest in the Property or the invalidity, enforceability or termination of this Installment Purchase Agreement;

b. The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in this Installment Purchase Agreement;

c. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment or other similar proceedings affecting the VENDOR or any of its assets or any allocation or contest of the validity of this Installment Purchase Agreement, or the disaffirmance of this Installment Purchase Agreement in any such proceedings;

d. To the extent permitted by law, any event or action which would, in the absence of this clause, result in release or discharge by operation of law of the VENDOR from the performance or observation of any obligation, covenant or agreement contained in this Installment Purchase Agreement;

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e. The default or failure of the VENDOR fully to perform any of its obligations set forth in this Installment Purchase Agreement or any other agreement; or

f. Any casualty or destruction of the Property.

After payment of the Contract Amount, the BANK shall have no liability for payment of monies to the VENDOR or for the performance of any obligations to the VENDOR. The VENDOR represents and warrants that the assignment of this Installment Purchase Agreement to the BANK does not violate any agreement, contract, or loan agreement to which it is a party and that the Installment Purchase Agreement has been duly executed and delivered by the VENDOR.

6. Limited Tax General Obligation. The obligation of the OBLIGOR to pay Principal Installments and interest payments is a limited tax general obligation subject to applicable constitutional, statutory and charter limitations, if any, on the taxing power of the OBLIGOR. The OBLIGOR shall include in its budget and pay each year, until this Installment Purchase Agreement is paid in full, such sum or sums as may be necessary each year to make payments of the Principal Installments and interest herein, when due.

7. Delivery Date. It is agreed that the VENDOR has delivered or will deliver the Property. If the Property is not delivered simultaneously with the execution of this Installment Purchase Agreement the VENDOR agrees to deliver the Property as provided in the Purchase Agreement.

8. Tax Covenant. The OBLIGOR covenants to comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to delivery of this Installment Purchase Agreement in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. The OBLIGOR has designated this Installment Purchase Agreement as a "qualified tax-exempt obligation" within the meaning of the Internal Revenue Code of 1986, as amended.

9. Warranty. Warranties, if any, with respect to the Property shall not be assigned but shall remain enforceable by the OBLIGOR.

10. Entire Agreement. Except for closing documents delivered in connection with the Installment Purchase Agreement to the BANK, this Installment Purchase Agreement (including the provisions of the Purchase Agreement incorporated by reference in section 4 above) constitutes the entire agreement of the parties. All other prior or contemporaneous agreements, understandings, representations and statements, oral or written, are hereby terminated.

11. Amendments. Any attempt to modify the term of this Installment Purchase Agreement or of any supporting document shall be ineffectual unless approved in writing by the BANK.

12. Counterparts. This Installment Purchase Agreement may be executed in any number of counterparts and all of said counterparts taken together shall be deemed to constitute one and the same agreement.

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VENDOR:

ALTEC INDUSTRIES, INC.
INDIANAPOLIS, INDIANA

By:_____

Its:_____

OBLIGOR:

CITY OF MARSHALL
CALHOUN COUNTY
STATE OF MICHIGAN

By:_____
James L. Dyer

Its: Mayor

By:_____
Sandra E. Bird

Its: Clerk-Treasurer

BANK:

CAPITAL ONE PUBLIC FUNDING, LLC
MELVILLE, NEW YORK

By:_____

Its:_____

THRUN LAW FIRM, P.C.

EXHIBIT A

MATURITY SCHEDULE

MATURITY DATE	PRINCIPAL INSTALLMENT	INTEREST PAYMENT*	TOTAL	PRE-PAYMENT AMOUNT
11/01/2012	$ 22,862.00	$ 3,272.88	$ 26,134.88	$100,324.06
11/01/2013	$ 23,319.96	$ 2,814.94	$ 26,134.88	$ 76,304.50
11/01/2014	$ 23,993.91	$ 2,140.97	$ 26,134.88	$ 51,590.77
11/01/2015	$ 24,687.33	$ 1,447.55	$ 26,134.88	$ 26,162.82
11/01/2016	$ 25,400.80	$ 734.08	$ 26,134.88	
TOTAL	**$120,264.00**	**$10,410.40**	**$130,674.40**	

*Interest rate is 2.89%

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CITY OF Marshall Michigan

ADMINISTRATIVE REPORT
November 21, 2011 - CITY COUNCIL MEETING

TO: Honorable Mayor and City Council

FROM: Sandra Bird, Clerk-Treasurer
Tom Tarkiewicz, City Manager

SUBJECT: FY 2012 Mid-Year Budget Amendments- Motor Pool: 1) Rate Adjustment for Streets and 2) Equipment Purchase Loan

BACKGROUND: 1) The Public Services Director reviewed the Motor Pool rates and determined the method used to charge the General Fund Streets, MVH Major Streets and MVH Local Streets Funds needed to be revised. The new method was implemented at the beginning of the current fiscal year and a mid-year budget amendment is recommended to adjust the budgets for this rate change.

2) The City Council recently approved the purchase of various equipment and the financing of the equipment with a purchase installment agreement. A mid-year budget amendment is recommended to amend the revenue and expenditures for the loan proceeds and capital expenditures.

RECOMMENDATION: To authorize and adopt the attached resolution to amend the FY 2012 Adopted Budget for the Motor Pool rate adjustment for Streets and the equipment purchase loan.

FISCAL EFFECTS: 1) To amend and decrease the General Fund Streets department expenditure line item 101-441-941.00 by $40,000, decrease the MVH Major Streets Fund, Street Maintenance department expenditure line item 202-463-941.00 by $30,000, decrease the MVH Major Streets Fund, Trunkline department expenditure line item 202-486-941.00 by $10,000, decrease the MVH Local Streets Fund, Street Maintenance department expenditure line item 203-463-941.00 by $50,000, decrease the Motor Pool Fund, Capital Outlay expenditure line item 661-898-970.00 by $130,000 and decrease the Motor Pool Rents revenue line item 661-000-667.00 by $130,000 for the rate change.

2) To amend and increase the Motor Pool Fund Proceeds from Bonds/Notes revenue line item 661-000-698.00 by $568,646.52 and increase the Motor Pool Fund Capital Outlay expenditure line item 661-898-970.00 by $568,646.52 for the purchase and respective financing of various equipment.

ALTERNATIVES: As suggested by Council.

Respectfully submitted,

Sandra Bird
Clerk-Treasurer

Tom Tarkiewicz
City Manager

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CITY OF MARSHALL, MICHIGAN
RESOLUTION #11-

City of Marshall Authorizing Resolution
To Amend FY 2012 Adopted Budget

1) Reduce Funding for Streets Motor Pool Rate Adjustment and 2) Provide Increased Funding for the Motor Pool Capital Outlay Expenditure Budget for Equipment Purchases with a Source of Funding Provided by an Installment Purchase Agreement Loan

WHEREAS, the Public Services Director has determined a rate change is needed for the Streets Motor Pool rental rate charge, implemented July 1, 2011, and a mid-year budget amendment is recommended to adjust the budgets for this rate change;

THEREFORE, BE IT RESOLVED, that the General Fund Streets department expenditure line item 101-441-941.00 be decreased by $40,000, the MVH Major Streets Fund, Street Maintenance department expenditure line item 202-463-941.00 be decreased by $30,000, the MVH Major Streets Fund, Trunkline department expenditure line item 202-486-941.00 be decreased by $10,000, the MVH Local Streets Fund, Street Maintenance department expenditure line item 203-463-941.00 be decreased by $50,000, the Motor Pool Fund, Capital Outlay expenditure line item 661-898-970.00 be decreased by $130,000 and the Motor Pool Rents revenue line item 661-000-667.00 be decreased by $130,000 for the rate change.

WHEREAS, the City Council recently approved the purchase of various equipment and the financing of the equipment with a purchase installment agreement and a mid-year budget amendment is recommended to amend the revenue and expenditures for the loan proceeds and capital expenditures;

THEREFORE, BE IT RESOLVED, that the Motor Pool Fund Proceeds from Bonds/Notes revenue line item 661-000-698.00 be increased by $568,646.52 and the Motor Pool Fund Capital Outlay expenditure line item 661-898-970.00 be increased by $568,646.52 for the purchase and financing of various equipment.

As Amended, November 21, 2011

_____
Sandra Bird, Clerk-Treasurer

I, Sandra Bird, being duly sworn as the Clerk-Treasurer for the City of Marshall, hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council, City of Marshall, County of Calhoun, State of Michigan, at a regular meeting held on November 21, 2011 and that said meeting was conducted and that the minutes of said meeting were kept and will be or have been made available.

_____
Sandra Bird, Clerk-Treasurer

CITY OF Marshall Michigan

ADMINISTRATIVE REPORT
November 21, 2011 - CITY COUNCIL MEETING

REPORT TO: Honorable Mayor and City Council

FROM: Carl Fedders, Director of Public Services
Keith Zienert, Powerhouse Superintendent
Tom Tarkiewicz, City Manager

SUBJECT: Federal Energy Regulatory Commission (FERC) Part 12d Inspection

BACKGROUND: In 2009, the City was required by the FERC to review the inundation study pertaining to the Hydro Facility that included a dam breach analysis. The results of this analysis show that a failure of either spillway or the embankment under a sunny day condition would inundate both the walkway located downstream of the project and the apartment complex locate on the south side of the river just upstream of the Kalamazoo Avenue bridge. Based on the results of the study and the FERC Guidelines for Project Classification, the Marshall Hydroelectric Project meets the requirements for classification as a High Hazard Project which is a change from the previous designation. Therefore, our hydroelectric project is subject to Part12, Subpart D of the Commissions Regulations, which requires an approved independent consultant conduct a detailed inspection and evaluation of the project works.

The initial study was performed by Lawson-Fisher Associates PC (LFA). In order to take advantage of the knowledge that was obtained during this phase of the project competitive bids were not received for this phase. According to section 32.07 (B) of the City of Marshall Code of Ordinances the formal competitive bidding process shall not be required when professional services, like an engineering study are employed. In addition to this exception, staff believes that selecting Lawson-Fisher Associates PC is the best choice based on the previous professional relationship and the knowledge of the project.

As part of the project, LFA will review the existing project information, perform visual inspection of major project features, and prepare reports. Soil borings of the earthen embankment will be taken to determine parameters necessary to perform stability and seepage analysis. Upon completion of laboratory testing of the soil samples an analysis will be conducted to determine stability. There is not an anticipated need for study of the structural stability of the dams, the powerhouse, intake canal and the headgates based on the Potential Failure Modes Analysis completed in 2009.

RECOMMENDATION: It is recommended that Council authorize the Clerk Treasurer to sign the proposal submitted by Lawson-Fisher Associates P.C. for $62,000 for the Federal Energy Regulatory Commission Part 12d Inspection.

FISCAL EFFECTS: To appropriate $62,000.00 from the Electric Fund Capital Outlay expenditure budget line item 582-900-970.00 for this project.

ALTERNATIVES: As suggested by the Council.

Respectfully submitted,

Carl Fedders
Director of Public Services

Keith Zienert
Keith Zienert
Powerhouse Superintendent

Tom Tarkiewicz
City Manager

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