

**MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT
(COMPONENT UNIT OF THE CITY OF MARQUETTE, IOWA)**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND OTHER INFORMATION
SCHEDULE OF FINDINGS**

June 30, 2013

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MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT
(COMPONENT UNIT OF THE CITY OF MARQUETTE, IOWA)

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robyn Denning	Chairperson	June 30, 2013
Norma Mason	Vice Chairperson	June 30, 2014
Joe Collins	Secretary/Treasurer	Resigned Nov. 7, 2012
Tracey Melver	Public Safety Commissioner	June 30, 2013
Rogeta Halvorson	Public Safety Commissioner	June 30, 2014
Gaylinda Hallberg	Public Safety Commissioner (Appointed Nov. 7, 2012)	June 30, 2013
Steve McCorkindale	Attorney	Indefinite
Kris Eulberg	Secretary/Treasurer	Indefinite

INDEPENDENT AUDITOR'S REPORT

To the Public Safety Commission
Of the Mar-Mac Unified Law Enforcement District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mar-Mac Unified Law Enforcement District (a 28E Organization), component unit of the City of Marquette, Iowa as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the major fund of the Mar-Mac Unified Law Enforcement District as of June 30, 2013, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 10 and 20 through 22 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 23, 2013 on our consideration of the Mar-Mac Unified Law Enforcement District's internal control over financial reporting, and our tests of its compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mar-Mac Unified Law Enforcement District's internal control over financial reporting and compliance.

Elkader, Iowa

August 23, 2013

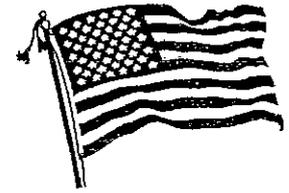


Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392



Mar-Mac Unified Law Enforcement District

319 Pleasant Drive • P.O. Box 69
Marquette, IA 52158
563-873-2500 • Fax 563-873-2209
ORI IA 0220400



Serving the Communities of Marquette and McGregor

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mar-Mac Unified Law Enforcement District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

Receipts of the District's governmental activities increased 5.1%, or \$ 15,349. Payments from the two participating cities increased \$ 18,276.

Disbursements decreased by \$ 21,574 from fiscal 2012 to fiscal 2013. Disbursements for personal services increased by \$ 6,082, capital outlay disbursements decreased \$ 32,840, disbursements for material and services decreased \$ 4,925. The District also returned \$ 10,109 to the participating cities.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the District as a whole and presents an overall view of the District's finances.

The Fund Financial Statement tells how government services were financed in the short term, as well as what remains for future spending. The fund financial statements report the District's operations in more detail than the government-wide statement by providing information about the fund.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison to the District's budget for the year.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements, and the financial statements of the District are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and operational results of funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITY

Government-wide Financial Statement

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the District's net position. Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position presents the District's one governmental activity, public safety.

Fund Financial Statement

The District has only one fund, which is a governmental fund. This focuses on how money flows into and out of that fund, and the balance at year-end that is available for spending. The governmental fund financial statement provides a detailed, short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near term to finance the District's programs.

The required financial statement for the governmental fund is a statement of cash receipts, disbursements and changes in cash balance.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The District's cash balance increased from a year ago, increasing from approximately \$ 56,000 to approximately \$ 86,000. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)

	<u>Year Ended June 30,</u>	
	<u>2013</u>	<u>2012</u>
Receipts		
Program receipts:		
Charges for service	\$ 264	246
Operating grants and contributions	44	47
General receipts:		
Sale of assets	5	5
Miscellaneous	3	2
Total receipts	316	300
Disbursements		
Public Safety	286	308
Change in cash basis net position	30	(8)
Cash basis net position beginning of year	56	64
Cash basis net position end of year	<u>\$ 86</u>	<u>56</u>

GOVERNMENTAL FUND ANALYSIS

As Mar-Mac Unified Law Enforcement District completed the year, its governmental fund reported a balance of \$ 85,711, an increase of \$ 29,415 from last year's total of \$ 56,296. The following are the major reasons for the change in fund balance:

The District assessments to the cities of Marquette and McGregor were \$ 17,971 more than in 2012. The District did refund \$ 10,109 to the cities.

Compensation to employees, including benefits and payroll taxes increased \$ 6,082 to \$ 223,834. Operating grants and contributions decreased \$ 2,828 to \$ 44,315. Capital outlays decreased \$ 32,840 to \$ 21,558.

BUDGETARY HIGHLIGHTS

The District did not amend its budget during the year. Actual disbursements were \$ 22,546 more than the amount budgeted, as the District spent unbudgeted reserve and grant funds of approximately \$ 56,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Mar-Mac Unified Law Enforcement District's appointed officials and citizens considered many factors when setting the fiscal year 2014 budget and assessments that will be charged to Marquette and McGregor for police protection.

Budgeted disbursements for 2014 are \$ 252,647, approximately \$ 11,391 less than the 2013 budget. Marquette's share of the 2014 budget will be \$ 156,641 and McGregor's share will be \$ 96,006. The District has added no major new programs or initiatives to the 2014 budget.

If these estimates are realized, the budgeted cash balance is expected to increase \$ 6,200 by the close of fiscal 2014.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers of Marquette and McGregor with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Kris Eulberg, Secretary/Treasurer, 319 Pleasant Drive, Marquette, Iowa.

BASIC FINANCIAL STATEMENTS

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT
 (COMPONENT UNIT OF THE CITY OF MARQUETTE, IOWA)
 CASH BASIS STATEMENT OF NET POSITION
 As of and for the Year Ended June 30, 2013

Disbursements:	
Public safety	<u>\$ 286,684</u>
Program receipts:	
Charges for service	264,218
Operating grants and contributions	<u>44,315</u>
Total program receipts	<u>308,533</u>
Net program receipts	<u>21,849</u>
General receipts:	
Unrestricted interest on investments	369
Miscellaneous	2,480
Sale of assets	<u>4,777</u>
Total general receipts	<u>7,626</u>
Change in cash basis net position	29,475
Cash basis net position, beginning of year	<u>56,296</u>
Cash basis net position, end of year	<u><u>\$ 85,771</u></u>
Cash Basis Net Position	
Unrestricted	<u><u>\$ 85,771</u></u>

See notes to financial statements.

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT
 (COMPONENT UNIT OF THE CITY OF MARQUETTE, IOWA)
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCES
 GOVERNMENTAL FUND
 As of and for the Year Ended June 30, 2013

Receipts:	
Use of money and property	\$ 369
Intergovernmental	307,011
Miscellaneous	<u>4,002</u>
Total receipts	<u>311,382</u>
Disbursements:	
Operating:	
Personal services	223,834
Material and services	31,183
Capital outlay	<u>21,558</u>
Total disbursements	<u>276,575</u>
Excess of receipts under disbursements	<u>34,807</u>
Other financing sources (uses):	
Sale of capital assets	4,777
Refund to participating cities	<u>(10,109)</u>
Total other financing sources (uses)	<u>(5,332)</u>
Change in cash balances	29,475
Cash balances beginning of year	<u>56,296</u>
Cash balances end of year	<u>\$ 85,771</u>
Cash Basis Fund Balance	
Unassigned	<u>\$ 85,771</u>

See notes to financial statements.

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT
(COMPONENT UNIT OF THE CITY OF MARQUETTE, IOWA)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mar-Mac Unified Law Enforcement District is a component unit of the City of Marquette, Iowa, as determined by criteria specified by the Governmental Accounting Standards Board. The District is a political subdivision of the State of Iowa located in Clayton County. It was first incorporated in 1999 and operates under Chapter 28E of the Code of Iowa. The District is governed by a five member board known as the Mar-Mac Public Safety Commission. The cities of Marquette and McGregor each appoint two commissioners, who are persons currently serving as either Mayor or Council Member of the City making the appointment. The appointments are made by the Mayor, subject to approval by a majority vote of the Council; provided, however that if the Mayor appoints himself/herself as a commissioner, approval by the Council is not required. One commissioner is appointed by the Board of Directors of McGregor Hook and Ladder Company No. 1 (MHLIC), who is a resident of the Fire District served by MHLIC and is not the Mayor, member of the City Council, or an employee of either City. The District provides police protection and law enforcement services to the citizens of the Cities of Marquette and McGregor.

A. Reporting Entity

For financial reporting purposes, the Mar-Mac Unified Law Enforcement District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on the organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Mar-Mac Unified Law Enforcement District has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position (previously referred to as net assets) reports

information on all of the nonfiduciary activities of the District.

The Cash Basis Statement of Activities and Net Position presents the District's nonfiduciary net position. Net position is reported in the following category/component:

Unrestricted net position consists of cash balances not meeting the definition of either nonexpendable restricted net position or expendable restricted net position. Unrestricted net position often has constraints on cash balances imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program receipts are reported instead as general receipts.

Primary Governments (Cities of Marquette and McGregor) and District (Mar-Mac Unified Law Enforcement District) Activity and Balances - Resource flows between the primary governments and the District are reported as if they were external transactions.

Fund Financial Statement - A separate financial statement is provided for the governmental fund. The District's only governmental fund is the General Fund. The General Fund is the general operating fund of the District. All receipts from the two participating cities and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

C. Measurement Focus and Basis of Accounting

The Mar-Mac Unified Law Enforcement District maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the District are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the fund in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the District's policy is generally to apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

D. Governmental Cash Basis Fund Balance

In the governmental fund financial statement, the cash basis fund balance is classified as unassigned, having no restrictions placed upon it.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

(2) CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities, certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the Public Safety Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost sharing multiple-employer defined benefit pension plan

administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: IPERS; P.O. Box 9117; Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of covered salary. Certain employees in special risk occupations, such as police, and the District contribute an actuarially determined contribution rate, which currently is 6.84% and 10.27%, respectively. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$ 16,556, \$ 15,835 and \$ 13,431, respectively, equal to the required contributions for each year.

(4) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 4 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis with retirees required to contribute 100% of the cost. The most recent active member monthly premiums for the District and plan members are \$ 349 for single coverage and \$ 872 for family coverage. For the year ended June 30, 2013, the District contributed \$ 28,611 and plan members eligible for benefits contributed \$ 3,341 toward the family benefit portion of the plan.

(5) COMPENSATED ABSENCES

District employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the District until used or paid.

The District's approximate liability for earned vacation and compensatory hours payable to employees at termination at June 30, 2013 is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 7,900
Comp hours	<u>2,000</u>
Total	<u>\$ 9,900</u>

This liability has been computed based on rates of pay in effect at June 30, 2013.

(6) RISK MANAGEMENT

The Mar-Mac Unified Law Enforcement District is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

(7) NON-CASH TRANSACTIONS

On December 1, 1999, the inventories and equipment and other tangible personal property devoted to the use of the police departments of Marquette and McGregor were transferred, without consideration, by the Cities to the District for use in the performance of the duties and functions of the District. Following the transfers, the Commission has sole discretion and responsibility regarding the use, retention, maintenance and disposition of such assets; provided, however, that no tangible asset of the District may be disposed of except in exchange for fair market value and any consideration received by the District upon any disposition of assets shall be retained and reported to both Cities.

(8) RELATED PARTY TRANSACTIONS

The Police Station facilities in Marquette are being leased by the City to the District for the sum of \$ 1 per year. The District shall be responsible for all interior maintenance of such facilities and the City shall be responsible for exterior maintenance, including snow removal. All necessary heat, electricity, water, and sewer utility services shall be provided by the City, without charge, to the District. Said lease shall automatically terminate without need for notice upon termination of 28E agreement.

Receipts from the Cities of Marquette and McGregor for the fiscal year ended June 30, 2013 were \$ 171,624 and \$ 92,413, respectively. Refunds to the Cities of Marquette and McGregor were \$ 6,571 and \$ 3,538, respectively during the fiscal year.

OTHER INFORMATION

MAR-MAC UNITED LAW ENFORCEMENT DISTRICT
 (COMPONENT UNIT OF THE CITY OF MARQUETTE, IOWA)
 BUDGETARY COMPARISON SCHEDULE
 OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL (CASH BASIS)
 OTHER INFORMATION
 Year Ended June 30, 2013

	Actual	Less Funds not Required to be Budgeted	Total	Budgeted Amounts	Budgeted Amounts to Actual Variance
Receipts:					
Use of money and property	\$ 369	(369)	-	-	-
Intergovernmental	307,011	(42,973)	264,038	264,038	-
Miscellaneous	4,002	(4,002)	-	-	-
Total receipts	311,382	(47,344)	264,038	264,038	-
Disbursements:					
Public safety	276,575	(56,467)	220,108	239,744	19,636
Excess of receipts over disbursements	34,807	9,123	43,930	24,294	19,636
Other financing sources, net Deficiency of receipts and other financing sources	(5,332)	5,332	-	-	-
under disbursements	29,475	14,455	43,930	24,294	19,636
Balance beginning of year	56,296	-	56,296	52,302	3,994
Balance end of year	\$ 85,771	14,455	100,226	76,596	23,630

See accompanying independent auditor's report and notes to other
 Information-Budgetary reporting.

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT
(COMPONENT UNIT OF THE CITY OF MARQUETTE, IOWA)

NOTES TO OTHER INFORMATION - BUDGETARY REPORTING

June 30, 2013

This budgetary comparison is presented as other information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund.

In accordance with the 28E agreement creating the Mar-Mac Unified Law Enforcement District, the Cities shall appropriate and pay to the District each fiscal year sums equal to the following percentages of the District's budget for the year: Marquette, 65%; McGregor, 35%, to the extent funds are not made available to the District from other sources. Each City shall pay to the District one-fourth of the City's share of the budget amount on or before July 10, October 10, January 10 and April 10 each year. On or before January 1 of each year during the term of this agreement, the Commission shall adopt and submit to each City a proposed budget for the next fiscal year. The proposed budget shall set forth the total dollar amount to be appropriated to the District by each City. The Council of each City shall then consider and either approve or reject said budget request, by no later than February 1. If either Council fails to approve the budget request by February 1, the two City Councils and the Commission shall meet in joint session during February to discuss and negotiate concerning the budget for the next fiscal year. At such time, the Commission may amend its budget request, but the proportional contribution by each City shall not be altered. If the Commission and both City Councils fail to agree upon and approve a budget for the next fiscal year by March 1, the 28E agreement automatically terminates.

Beginning with fiscal year 2014, the Cities shall appropriate and pay to the District each fiscal year sums equal to the following percentages of the District's budget for the year:

Year Ended June 30,	<u>Marquette</u>	<u>McGregor</u>
2014	62%	38%
2015	59	41
2016	56	44
2017	53	47
Thereafter	50	50

The District shall have full authority to apply for and receive grants for law enforcement purposes, but no such grants shall obligate the District or either City to contribute or expend non-grant monies beyond amounts included in an approved budget. A budget proposed by the District may include a sum to be set aside and accumulated in an equipment purchase fund to be expended in a subsequent year. Any budget surplus shall be carried over and used to reduce payments by the Cities for the next fiscal year's budget.

The District shall have no power to impose any tax of any nature, nor pledge the credit of either City, nor incur any debt or other financial obligation, the payment of which has not been provided for in the current or an approved future budget; provided however, that this restriction shall not prevent the District from entering into equipment service and maintenance contracts.

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN S. CLAUSEN, CPA

124A Main • P.O. Box 359

Elkader, Iowa 52043

(563) 245-2154 • (800) 310-2154

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Public Safety Commission
Of the Mar-Mac Unified Law Enforcement District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Mar-Mac Unified Law Enforcement District (a 28E Organization), component unit of the City of Marquette as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 23, 2013. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mar-Mac Unified Law Enforcement District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness Mar-Mac Unified Law Enforcement District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mar-Mac Unified Law Enforcement District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Mar-Mac's Unified Law Enforcement District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mar-Mac Unified Law Enforcement District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes,

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Mar-Mac Unified Law Enforcement District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

August 23, 2013



Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT
(COMPONENT UNIT OF THE CITY OF MARQUETTE, IOWA)
SCHEDULE OF FINDINGS
Year Ended June 30, 2013

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses were identified

INSTANCES OF NON-COMPLIANCE

No matters were noted.

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT
(COMPONENT UNIT OF THE CITY OF MARQUETTE, IOWA)
SCHEDULE OF FINDINGS
Year Ended June 30, 2013

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-13 Certified Budget - Disbursements for the year ended June 30, 2013 did not exceed the amount budgeted.
- II-B-13 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-13 Travel Expense - No disbursements of District money for travel expenses of spouses of District officials or employees were noted.
- II-D-13 Business Transactions - No business transactions between the District and District officials were noted.
- II-E-13 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- II-F-13 Commission Minutes - No transactions were found that we believe should have been approved in the Commission minutes but were not.
- II-G-13 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.