



**CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Charter Township of Marquette, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Marquette (the "Township") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor and fiduciary fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor and fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Gabridge & Company, PLC
Grand Rapids, Michigan
April 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Charter Township of Marquette
Management's Discussion and Analysis
December 31, 2021**

Our discussion and analysis of the Charter Township of Marquette (the "Township" or "government"), Michigan's financial performance provides an overview of the Township's financial activities for the year ended December 31, 2021. Please read it in conjunction with the financial statements, which begin on page 15.

Financial Highlights

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$19,586,663 (net position). Of this amount, an unrestricted deficit exists in the government activities of \$2,617,272 while an unrestricted surplus of \$5,450,161 exists in the business-type activities.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$2,525,815. Approximately 53.7% (\$1,355,463) of this amount is available for spending at the Township's discretion (*unassigned fund balance*).
- The general fund had \$2,672,355 of revenues, \$1,865,263 of expenditures, and net other financing uses of \$414,465 leading to an *increase* in general fund balance of \$392,627 during the year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,355,463, or approximately 56.8% of total general fund expenditures and transfers out.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support 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 Township's finances, in a manner similar to private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the Township 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 government activities of the Township include legislative, elections, public safety, recreation and culture, community and economic development, and general services and administration. These activities are funded primarily by property taxes, charges for services, and State of Michigan revenue sharing. The business-type activities of the Township include the water system, wastewater system, and solid waste disposal activities and are funded primarily with charges for services.

The government-wide financial statements included not only the Township itself (known as the *primary government*), but also a legally separate downtown development authority (the "DDA"). Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16-17 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 Township, 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 Township can be divided into three categories: government 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 assessing 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 Township maintains five 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, the Township improvement fund, and the fire fund, which are considered to be major funds. Data from the other two 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 in the combining and individual fund statements and schedules section of this report.

The Township adopts an annual appropriated budget for its general fund and all of its special revenue funds. A budgetary comparison statement has been provided for the general fund and the fire fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary Funds. The Township maintains one type of proprietary fund, known as an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its wastewater, water, stormwater, solid waste, and metro funds.

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 wastewater, solid waste and water funds, all three of which are considered to be major funds of the Township. Data from the other two proprietary funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements in the combining and individual fund statements and schedule section of this report.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

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

The Township maintains one type of fiduciary fund, known as custodial funds. The *custodial funds* report resources held by the Township in a custodial capacity for individuals, private organizations, and other governments.

The fiduciary fund financial statements can be found on page 25-26 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found starting on page 28 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Township's progress in funding its obligation to provide pension benefits to its employees, as well as budgetary comparison schedules for the Township's general fund and its major special revenue funds.

Required supplementary information can be found on pages 56-59 of this report.

The combining statements in connection with the Township's nonmajor funds are presented immediately following the required supplementary information.

Combining and individual fund statements and schedules can be found on pages 61-67 of this report.

Government-wide Overall Financial Analysis

The following table provides a summary of the Township's net position as of December 31, 2021 and 2020:

Charter Township of Marquette's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 3,858,298	\$ 3,269,938	\$ 5,557,499	\$ 4,676,332	\$ 9,415,797	\$ 7,946,270
Receivables (Net)	382,543	421,974	47,155	82,470	429,698	504,444
Special Assessments	-	-	308,435	352,330	308,435	352,330
Taxes Receivable	1,959,774	1,858,072	-	-	1,959,774	1,858,072
Prepaid Items	37,454	30,940	15,718	19,466	53,172	50,406
Total Current Assets	6,238,069	5,580,924	5,928,807	5,130,598	12,166,876	10,711,522
<i>Noncurrent Assets</i>						
Restricted Cash	-	-	458,560	350,520	458,560	350,520
Nondepreciable Capital Assets	2,427,735	2,376,774	1,972,957	1,972,957	4,400,692	4,349,731
Depreciable Capital Assets (Net)	4,665,598	4,829,505	10,835,980	11,069,585	15,501,578	15,899,090
Total Assets	13,331,402	12,787,203	19,196,304	18,523,660	32,527,706	31,310,863
DEFERRED OUTFLOWS OF RESOURCES						
Pension	242,750	164,079	151,005	114,220	393,755	278,299
Total Deferred Outflows of Resources	242,750	164,079	151,005	114,220	393,755	278,299
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	179,999	235,246	144,025	134,134	324,024	369,380
Customer Deposits	30,000	30,000	158,281	186,024	188,281	216,024
Accrued Payroll and Related Liabilities	35,944	33,577	13,083	8,222	49,027	41,799
Current Portion of Compensated Absences	16,339	15,112	11,989	9,870	28,328	24,982
Current Portion of Long-term Debt	585,365	552,734	300,086	292,752	885,451	845,486
Accrued Interest Payable	79,837	92,329	6,262	10,642	86,099	102,971
Unearned Revenue	203,895	-	35	-	203,930	-
Internal Balances	158,080	199,274	(158,080)	(199,274)	-	-
Total Current Liabilities	1,289,459	1,158,272	475,681	442,370	1,765,140	1,600,642
<i>Noncurrent Liabilities</i>						
Compensated Absences	33,173	30,229	24,342	19,740	57,515	49,969
Long-term Debt	5,735,534	6,388,730	1,551,766	1,852,874	7,287,300	8,241,604
Net Pension Liability	540,013	532,586	335,920	318,190	875,933	850,776
Total Liabilities	7,598,179	8,109,817	2,387,709	2,633,174	9,985,888	10,742,991
DEFERRED INFLOWS OF RESOURCES						
Pension	150,780	111,905	93,794	66,857	244,574	178,762
Taxes Levied for a Subsequent Period	3,104,336	3,093,563	-	-	3,104,336	3,093,563
Total Deferred Inflows of Resources	3,255,116	3,205,468	93,794	66,857	3,348,910	3,272,325
NET POSITION						
Net Investment in Capital Assets	4,746,856	4,603,805	10,957,085	10,896,916	15,703,941	15,500,721
Restricted	591,273	423,298	458,560	350,520	1,049,833	773,818
Unrestricted (Deficit)	(2,617,272)	(3,391,106)	5,450,161	4,690,413	2,832,889	1,299,307
Total Net Position	\$ 2,720,857	\$ 1,635,997	\$ 16,865,806	\$ 15,937,849	\$ 19,586,663	\$ 17,573,846

Governmental Activities. Total net position of the Township's governmental activities was \$2,720,857 as of December 31, 2021.

Unrestricted net position – There was a deficit balance in unrestricted net position of \$2,617,272 as of December 31, 2021. The unrestricted net position of government activities represents the accumulated results of all past year's operations. The operating results of the general fund will have a significant impact on the unrestricted net position from year to year.

The decrease in government capital assets for 2021 was primarily related to depreciation of \$232,851, offset by the purchase of assets of \$68,944.

Net receivables decreased by 9% from the prior year, due to the collection 2020 grant revenue in 2021.

Accounts payable decreased by 24% from 2020 due to road work payable in 2020 that was paid during 2021.

Total net position has increased from \$1,635,997 in 2020 to \$2,720,857 in 2021, a change of \$1,084,860.

Business-type Activities. The net position of our business-type activities stood at \$16,865,806 as of December 31, 2021. The Township can generally only use this portion of net position to finance continuing operations of the water system, wastewater system, and the solid waste disposal.

The majority of net position is the net investment in capital assets, \$10,957,085 or 65% of net position. The net investment in capital assets is the total amount of capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$458,560 or 3% is the portion of net position that is restricted for debt service, and \$5,450,161 or 32% is unrestricted.

The results of this year's operations for the Township as a whole are reported in the statement of activities. The following table shows the changes in net position for the fiscal years 2021 and 2020:

Charter Township of Marquette's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenue						
Program Revenues						
Charges for Services	\$ 244,091	\$ 212,094	\$ 3,370,163	\$ 3,261,323	\$ 3,614,254	\$ 3,473,417
Operating Grants and Contributions	31,051	406,599	78,434	6,152	109,485	412,751
Total Program Revenues	275,142	618,693	3,448,597	3,267,475	3,723,739	3,886,168
General Revenues						
Taxes	3,238,667	2,974,427	-	-	3,238,667	2,974,427
Unrestricted State Aid	409,993	459,446	-	-	409,993	459,446
Interest Income	1,397	11,017	9,390	25,493	10,787	36,510
Total General Revenues	3,650,057	3,444,890	9,390	25,493	3,659,447	3,470,383
Total Revenues	3,925,199	4,063,583	3,457,987	3,292,968	7,383,186	7,356,551
Expenses						
Legislative	27,922	26,071	-	-	27,922	26,071
General Services and Administration	1,004,332	1,070,474	-	-	1,004,332	1,070,474
Public Safety	995,226	906,076	-	-	995,226	906,076
Public Works	119,276	289,815	-	-	119,276	289,815
Community and Economic Development	200,475	224,261	-	-	200,475	224,261
Recreation and Culture	332,147	290,337	-	-	332,147	290,337
Interest on Long-term Debt	170,961	191,396	-	-	170,961	191,396
Wastewater Fund	-	-	894,277	927,056	894,277	927,056
Solid Waste Fund	-	-	552,598	419,379	552,598	419,379
Water Fund	-	-	1,060,552	939,053	1,060,552	939,053
Storm Water Fund	-	-	1,294	1,539	1,294	1,539
Metro Fund	-	-	11,309	9,648	11,309	9,648
Total Expenses	2,850,339	2,998,430	2,520,030	2,296,675	5,370,369	5,295,105
Transfers In (Out)	10,000	10,000	(10,000)	(10,000)	-	-
Change in Net Position	1,084,860	1,075,153	927,957	986,293	2,012,817	2,061,446
<i>Net Position at the Beginning of Period</i>	<i>1,635,997</i>	<i>560,844</i>	<i>15,937,849</i>	<i>14,951,556</i>	<i>17,573,846</i>	<i>15,512,400</i>
Net Position at the End of Period	\$ 2,720,857	\$ 1,635,997	\$ 16,865,806	\$ 15,937,849	\$ 19,586,663	\$ 17,573,846

The Township's total revenues were \$7,383,186 during the year. The cost of all programs and services was \$5,370,369, leaving an increase in net position of \$2,012,817. Our analysis below separately considers the operations of governmental and business-type activities:

- Governmental activity revenues increased mainly due to tax revenue (9%).
- Business-type activity revenues increased 5% mainly due to charges for services revenues increasing \$108,840.
- Governmental activity expenditures were 5% below 2020. One reason for the decrease in overall expenses was that the Township had fewer road improvement projects during the year.

- Business-type activity expenses were 10% over 2020, mainly due to increased solid waste fund garbage collection costs and higher landfill usage.

Financial Analysis of Governmental Funds

As noted before the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. Our analysis of the Township's major funds begins on page 17. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Township's major governmental funds include the general, To and fire funds.

The governmental funds had an overall net increase for the year of \$536,551.

Revenues

Total revenues were 3.5% below the prior year, with \$3,920,999 in 2021 and \$4,062,673 in 2020. The decreases were mainly reflected in grant revenue for fire department equipment (fire fund) and the underpass project (Township improvement fund).

Expenditures

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,355,463, while total fund balance increased to \$1,414,235. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 56.8% of total general fund expenditures and transfers out while total fund balance represents approximately 59.3% of that same amount.

The fire fund, a major fund, had a \$167,975 increase in the fund balance during the current fiscal year which put the overall fund balance at \$591,273 as of December 31, 2021.

The Township improvement fund, a major fund, had a \$23,685 decrease in the fund balance during the current fiscal year which put the overall fund balance at \$513,065 as of December 31, 2021.

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

Unrestricted net position of the wastewater fund at the end of the year was \$3,207,478, \$379,862 for the solid waste fund, and for the water fund was \$1,803,507. The total increase (decrease) in the net position for each fund was \$348,692, (\$17,772) and \$603,642, respectively.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were a few amendments to increase the general fund revenues (ARPA funding, State Revenue Sharing) and increase expenditures (tax tribunal payments, year-end vacation payouts, capital).

Final budget compared to actual results. During the current fiscal year, the Township had no expenditures in excess of the appropriated amounts in the general fund.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021 and 2020, the Township had \$19,902,270 and \$20,248,821 invested in a variety of capital assets including land and improvements, buildings and improvements, and other equipment (see table below):

	2021	2020
Construction in Progress	\$ 924,939	\$ 873,978
Land	2,376,787	2,376,787
Land Improvements	800,280	800,280
Investment in WW Treatment Facility	298,684	298,684
Buildings and Improvements	5,930,728	6,120,055
Vehicles	167,272	184,859
Furniture and Equipment	233,678	285,078
Infrastructure	9,169,902	9,309,100
<i>Totals</i>	<u>\$ 19,902,270</u>	<u>\$ 20,248,821</u>

There were additions of \$338,033 during the current fiscal year, which was mostly infrastructure items. Further details on capital assets can be found in the notes to the financial statements.

Long-term Debt

At the end of fiscal year 2021 and 2020, the Township had \$8,272,751 and \$9,087,089 in debt outstanding as depicted in the table below:

	2021	2020
2015 MTF Bond	\$ 2,222,914	\$ 2,417,483
2016 MTF Bond	1,751,508	1,921,508
DWRF Bond	1,065,000	1,315,000
Township Hall Parking Lot	132,358	141,299
Public Works Facility	786,852	830,625
Grove Street Land Loan	151,748	199,121
Township-Fire Hall Note	2,062,371	2,262,054
<i>Totals</i>	<u>\$ 8,172,751</u>	<u>\$ 9,087,090</u>

Principal payments for the year were \$914,339. Further details on long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

In preparing the Township's budget for the year ending December 31, 2022, the Township considered the following issues: state revenue sharing and property tax revenues and corresponding expenditures; DPW rates and the necessary maintenance and capital expenditures in addition to the normal operating costs.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the accountability for the money it receives. If you have questions about this report or need additional information, contact:

Charter Township of Marquette
1000 Commerce Drive
Marquette, Michigan 49855

BASIC FINANCIAL STATEMENTS

**Charter Township of Marquette
Statement of Net Position
December 31, 2021**

	Primary Government			Component Unit - DDA
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 3,858,298	\$ 5,557,499	\$ 9,415,797	\$ 8,082
Receivables (Net)	382,543	47,155	429,698	--
Special Assessments	--	308,435	308,435	--
Taxes Receivable	1,959,774	--	1,959,774	--
Prepaid Items	37,454	15,718	53,172	--
Total Current Assets	6,238,069	5,928,807	12,166,876	8,082
<i>Noncurrent Assets</i>				
Restricted Cash	--	458,560	458,560	--
Nondepreciable Capital Assets	2,427,735	1,972,957	4,400,692	--
Depreciable Capital Assets (Net)	4,665,598	10,835,980	15,501,578	--
Total Assets	13,331,402	19,196,304	32,527,706	8,082
DEFERRED OUTFLOWS OF RESOURCES				
Pension	242,750	151,005	393,755	--
Total Deferred Outflows of Resources	242,750	151,005	393,755	--
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	179,999	144,025	324,024	--
Customer Deposits	30,000	158,281	188,281	--
Accrued Payroll and Related Liabilities	35,944	13,083	49,027	--
Current Portion of Compensated Absences	16,339	11,989	28,328	--
Current Portion of Long-term Debt	585,365	300,086	885,451	--
Accrued Interest Payable	79,837	6,262	86,099	--
Unearned Revenue	203,895	35	203,930	--
Internal Balances	158,080	(158,080)	--	--
Total Current Liabilities	1,289,459	475,681	1,765,140	--
<i>Noncurrent Liabilities</i>				
Compensated Absences	33,173	24,342	57,515	--
Long-term Debt	5,735,534	1,551,766	7,287,300	--
Net Pension Liability	540,013	335,920	875,933	--
Total Liabilities	7,598,179	2,387,709	9,985,888	--
DEFERRED INFLOWS OF RESOURCES				
Pension	150,780	93,794	244,574	--
Taxes Levied for a Subsequent Period	3,104,336	--	3,104,336	--
Total Deferred Inflows of Resources	3,255,116	93,794	3,348,910	--
NET POSITION				
Net Investment in Capital Assets	4,746,856	10,957,085	15,703,941	--
<i>Restricted for:</i>				
Debt Service	--	458,560	458,560	--
Public Safety	591,273	--	591,273	--
<i>Unrestricted (Deficit)</i>	<i>(2,617,272)</i>	<i>5,450,161</i>	<i>2,832,889</i>	<i>8,082</i>
Total Net Position	\$ 2,720,857	\$ 16,865,806	\$ 19,586,663	\$ 8,082

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

**Charter Township of Marquette
Statement of Activities
For the Year Ended December 31, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Unit - DDA
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
Legislative	\$ 27,922	\$ --	\$ --	\$ --	\$ (27,922)	\$ --	\$ (27,922)	\$ --
General Services and Administration	1,004,332	112,544	2,217	--	(889,571)	--	(889,571)	--
Public Safety	995,226	123,102	27,615	--	(844,509)	--	(844,509)	--
Public Works	119,276	--	--	--	(119,276)	--	(119,276)	--
Community and Economic Development	200,475	8,050	--	--	(192,425)	--	(192,425)	--
Recreation and Culture	332,147	395	1,219	--	(330,533)	--	(330,533)	--
Interest on Long-term Debt	170,961	--	--	--	(170,961)	--	(170,961)	--
<i>Total Governmental Activities</i>	<u>2,850,339</u>	<u>244,091</u>	<u>31,051</u>	<u>--</u>	<u>(2,575,197)</u>	<u>--</u>	<u>(2,575,197)</u>	<u>--</u>
Business-type Activities:								
Storm Water Fund	1,294	--	--	--	--	(1,294)	(1,294)	--
Wastewater Fund	894,277	1,245,314	--	--	--	351,037	351,037	--
Solid Waste Fund	552,598	461,960	72,444	--	--	(18,194)	(18,194)	--
Metro Fund	11,309	--	5,990	--	--	(5,319)	(5,319)	--
Water Fund	1,060,552	1,662,889	--	--	--	602,337	602,337	--
<i>Total Business-type Activities</i>	<u>2,520,030</u>	<u>3,370,163</u>	<u>78,434</u>	<u>--</u>	<u>--</u>	<u>928,567</u>	<u>928,567</u>	<u>--</u>
<i>Total Primary Government</i>	<u>\$ 5,370,369</u>	<u>\$ 3,614,254</u>	<u>\$ 109,485</u>	<u>\$ --</u>	<u>(2,575,197)</u>	<u>928,567</u>	<u>(1,646,630)</u>	<u>--</u>
Component Unit								
DDA	\$ --	\$ --	\$ --	\$ --	--	--	--	--
<i>Total Component Unit</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
General Purpose Revenues and Transfers:								
Revenues								
Taxes					3,238,667	--	3,238,667	--
Unrestricted State Aid					409,993	--	409,993	--
Interest Income					1,397	9,390	10,787	--
Transfers					10,000	(10,000)	--	--
<i>Total General Revenues and Transfers</i>					<u>3,660,057</u>	<u>(610)</u>	<u>3,659,447</u>	<u>--</u>
<i>Change in Net Position</i>					1,084,860	927,957	2,012,817	--
<i>Net Position at Beginning of Period</i>					1,635,997	15,937,849	17,573,846	8,082
<i>Net Position at End of Period</i>					<u>\$ 2,720,857</u>	<u>\$ 16,865,806</u>	<u>\$ 19,586,663</u>	<u>\$ 8,082</u>

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

**Charter Township of Marquette
Balance Sheet
Governmental Funds
December 31, 2021**

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Fire Fund</u>	<u>Township Improvement Fund</u>	<u>Other Governmental Funds</u>	
ASSETS					
Cash and Investments	\$ 2,427,123	\$ 1,033,395	\$ 303,313	\$ 94,467	\$ 3,858,298
Receivables (Net)	145,257	27,534	209,752	--	382,543
Taxes Receivable	1,259,043	542,531	--	158,200	1,959,774
Prepaid Items	21,772	15,682	--	--	37,454
<i>Total Assets</i>	<u>\$ 3,853,195</u>	<u>\$ 1,619,142</u>	<u>\$ 513,065</u>	<u>\$ 252,667</u>	<u>\$ 6,238,069</u>
LIABILITIES					
Accounts Payable	\$ 50,186	\$ 129,813	\$ --	\$ --	\$ 179,999
Customer Deposits	30,000	--	--	--	30,000
Accrued Payroll and Related Liabilities	15,663	20,281	--	--	35,944
Unearned Revenue	203,895	--	--	--	203,895
Due to Other Funds	158,080	--	--	--	158,080
<i>Total Liabilities</i>	<u>457,824</u>	<u>150,094</u>	<u>--</u>	<u>--</u>	<u>607,918</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes Levied for a Subsequent Period	1,981,136	877,775	--	245,425	3,104,336
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>2,438,960</u>	<u>1,027,869</u>	<u>--</u>	<u>245,425</u>	<u>3,712,254</u>
FUND BALANCE					
Nonspendable	21,772	15,682	--	--	37,454
Restricted	--	575,591	--	--	575,591
Assigned	37,000	--	513,065	7,242	557,307
Unassigned	1,355,463	--	--	--	1,355,463
<i>Total Fund Balance</i>	<u>1,414,235</u>	<u>591,273</u>	<u>513,065</u>	<u>7,242</u>	<u>2,525,815</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<u>\$ 3,853,195</u>	<u>\$ 1,619,142</u>	<u>\$ 513,065</u>	<u>\$ 252,667</u>	<u>\$ 6,238,069</u>

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

Charter Township of Marquette
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2021

Total Fund Balance - Governmental Funds	\$	2,525,815
General government capital assets of \$10,442,898, net of accumulated depreciation of \$3,349,565, are not financial resources and, accordingly, are not reported in the funds.		7,093,333
Long-term liabilities, including related accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		(6,400,736)
Net pension liability, and the pension related deferrals, are not due and payable in the current period and are not reported in the funds.		(448,043)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(49,512)
Total Net Position - Governmental Activities	\$	<u>2,720,857</u>

Charter Township of Marquette
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
		<u>Fire Fund</u>	<u>Township Improvement Fund</u>		<u>Governmental Funds</u>
Revenues					
Taxes	\$ 2,141,965	\$ 854,240	\$ --	\$ 242,462	\$ 3,238,667
Licenses and Permits	37,960	225	--	--	38,185
Intergovernmental	409,993	741	--	9,720	420,454
Federal Grants	--	15,768	--	--	15,768
Charges for Services	7,703	96,452	--	--	104,155
Contributions	--	2,000	--	--	2,000
Interest and Rents	65,147	74	32	--	65,253
Other	9,587	26,930	--	--	36,517
Total Revenues	2,672,355	996,430	32	252,182	3,920,999
Expenditures					
Legislative	27,922	--	--	--	27,922
General Services and Administration	1,010,263	--	--	--	1,010,263
Public Safety	240,383	676,624	--	--	917,007
Public Works	37,328	--	81,948	--	119,276
Community and Economic Development	205,667	--	--	--	205,667
Recreation and Culture	70,548	--	--	243,947	314,495
Debt Service - Principal	188,166	67,831	364,568	--	620,565
Debt Service - Interest	84,986	--	98,467	--	183,453
Total Expenditures	1,865,263	744,455	544,983	243,947	3,398,648
Excess of Revenues Over (Under) Expenditures	807,092	251,975	(544,951)	8,235	522,351
Other Financing Sources (Uses)					
Sale of Capital Assets	4,200	--	--	--	4,200
Transfers In	102,601	--	521,266	--	623,867
Transfers Out	(521,266)	(84,000)	--	(8,601)	(613,867)
Net Other Financing Sources (Uses)	(414,465)	(84,000)	521,266	(8,601)	14,200
Net Change in Fund Balance	392,627	167,975	(23,685)	(366)	536,551
<i>Fund Balance at Beginning of Period</i>	1,021,608	423,298	536,750	7,608	1,989,264
Fund Balance at End of Period	\$ 1,414,235	\$ 591,273	\$ 513,065	\$ 7,242	\$ 2,525,815

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

Charter Township of Marquette
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2021

Total Net Change in Fund Balances - Governmental Funds	\$	536,551
<p>Expenses in the statement of activities are reported when incurred. However, if they are not to be paid using current financial resources, they are not recorded in the fund statements. This represents the decrease in accrued interest payable of \$12,492 and the increase in compensated absences of \$4,171.</p>		
		8,321
<p>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. This amount represents capital outlay expenditures of \$119,905 less depreciation expense of \$232,851.</p>		
		(112,946)
<p>Changes to the net pension liability, and the pension related deferrals, are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.</p>		
		32,369
<p>Long-term debt payments are reported as financing uses in the governmental funds and thus contribute to the change in fund balance. Debt payment reduces and debt issuance increases the long-term debt on the statement of net position. This represents the amount of principal payment made during the year on long-term debt.</p>		
		620,565
Changes in Net Position - Governmental Activities	\$	<u>1,084,860</u>

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

**Charter Township of Marquette
Statement of Net Position
Proprietary Funds
December 31, 2021**

Business-type Activities - Enterprise Funds

	<u>Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
ASSETS					
<i>Current Assets</i>					
Cash and Investments	\$ 3,048,103	\$ 236,736	\$ 2,155,710	\$ 116,950	\$ 5,557,499
Receivables (Net)	10,965	29,405	6,785	--	47,155
Special Assessments	290,347	--	18,088	--	308,435
Prepaid Items	5,965	68	9,685	--	15,718
Due from Other Funds	--	158,080	--	--	158,080
Total Current Assets	<u>3,355,380</u>	<u>424,289</u>	<u>2,190,268</u>	<u>116,950</u>	<u>6,086,887</u>
<i>Noncurrent Assets</i>					
Restricted Cash	173,808	--	284,752	--	458,560
Nondepreciable Capital Assets	897,963	--	1,074,994	--	1,972,957
Depreciable Capital Assets (Net)	4,384,467	--	6,417,757	33,756	10,835,980
Advances to Other Funds	56,806	--	--	--	56,806
Total Assets	<u>8,868,424</u>	<u>424,289</u>	<u>9,967,771</u>	<u>150,706</u>	<u>19,411,190</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension	61,820	6,615	82,570	--	151,005
Total Deferred Outflows of Resources	<u>61,820</u>	<u>6,615</u>	<u>82,570</u>	<u>--</u>	<u>151,005</u>
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	69,941	17,473	55,484	1,127	144,025
Customer Deposits	--	14,220	87,552	56,509	158,281
Accrued Payroll and Related Liabilities	5,388	489	7,206	--	13,083
Current Portion of Compensated Absences	5,042	--	6,947	--	11,989
Current Portion of Long-term Debt	22,543	--	277,543	--	300,086
Accrued Interest Payable	--	--	6,262	--	6,262
Unearned Revenue	--	35	--	--	35
Total Current Liabilities	<u>102,914</u>	<u>32,217</u>	<u>440,994</u>	<u>57,636</u>	<u>633,761</u>
<i>Noncurrent Liabilities</i>					
Compensated Absences	10,238	--	14,104	--	24,342
Long-term Debt	370,883	--	1,180,883	--	1,551,766
Net Pension Liability	137,521	14,716	183,683	--	335,920
Advances from Other Funds	--	--	56,806	--	56,806
Total Liabilities	<u>621,556</u>	<u>46,933</u>	<u>1,876,470</u>	<u>57,636</u>	<u>2,602,595</u>
DEFERRED INFLOWS OF RESOURCES					
Pension	38,398	4,109	51,287	--	93,794
Total Deferred Inflows of Resources	<u>38,398</u>	<u>4,109</u>	<u>51,287</u>	<u>--</u>	<u>93,794</u>
NET POSITION					
Net Investment in Capital Assets	4,889,004	--	6,034,325	33,756	10,957,085
<i>Restricted for:</i>					
Debt Service	173,808	--	284,752	--	458,560
<i>Unrestricted</i>	3,207,478	379,862	1,803,507	59,314	5,450,161
Total Net Position	<u>\$ 8,270,290</u>	<u>\$ 379,862</u>	<u>\$ 8,122,584</u>	<u>\$ 93,070</u>	<u>\$ 16,865,806</u>

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

Charter Township of Marquette
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

Business-type Activities - Enterprise Funds

	<u>Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Operating Revenues					
Charges for Services	\$ 1,071,751	\$ 297,859	\$ 1,197,890	\$ --	\$ 2,567,500
Permits, Fees, and Special Assessments	4,363	1,007	5,467	--	10,837
Other	5,226	163,094	45,300	--	213,620
Total Operating Revenues	<u>1,081,340</u>	<u>461,960</u>	<u>1,248,657</u>	<u>--</u>	<u>2,791,957</u>
Operating Expenses					
Personnel Services	286,021	30,647	403,185	--	719,853
Supplies	4,125	69,716	7,594	--	81,435
Other Services and Charges	375,140	452,235	389,194	1,294	1,217,863
Depreciation Expense	216,530	--	223,894	11,309	451,733
Total Operating Expenses	<u>881,816</u>	<u>552,598</u>	<u>1,023,867</u>	<u>12,603</u>	<u>2,470,884</u>
Operating Income (Loss)	<u>199,524</u>	<u>(90,638)</u>	<u>224,790</u>	<u>(12,603)</u>	<u>321,073</u>
Non-Operating Revenues (Expenses)					
Interest and Rents	7,655	422	1,305	8	9,390
Debt Service Fee	128,334	--	408,232	--	536,566
Connection Fees	35,640	--	6,000	--	41,640
Grant Revenues	--	72,444	--	5,990	78,434
Interest Expense	(12,461)	--	(36,685)	--	(49,146)
Net Non-Operating Revenues (Expenses)	<u>159,168</u>	<u>72,866</u>	<u>378,852</u>	<u>5,998</u>	<u>616,884</u>
Income Before Contributions and Transfers	<u>358,692</u>	<u>(17,772)</u>	<u>603,642</u>	<u>(6,605)</u>	<u>937,957</u>
Transfers Out	(10,000)	--	--	--	(10,000)
Change In Net Position	<u>348,692</u>	<u>(17,772)</u>	<u>603,642</u>	<u>(6,605)</u>	<u>927,957</u>
<i>Net Position at Beginning of Period</i>	7,921,598	397,634	7,518,942	99,675	15,937,849
Net Position at End of Period	<u>\$ 8,270,290</u>	<u>\$ 379,862</u>	<u>\$ 8,122,584</u>	<u>\$ 93,070</u>	<u>\$ 16,865,806</u>

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

**Charter Township of Marquette
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021**

Business-type Activities - Enterprise Funds

	Wastewater Fund	Solid Waste Fund	Water Fund	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities					
Cash Received from Charges for Service	\$ 1,083,047	\$ 299,128	\$ 1,220,640	\$ -	\$ 2,602,815
Cash Received from Permits, Fees, and Special Assessments	46,940	1,007	6,785	-	54,732
Cash Received from Miscellaneous Income	5,226	163,129	45,300	-	213,655
Cash Payments for Wages and Benefits	(284,163)	(30,023)	(397,785)	-	(711,971)
Cash Payments to Suppliers for Goods and Services	(356,050)	(524,334)	(393,146)	(28,290)	(1,301,820)
<i>Net Cash Provided by Operating Activities</i>	<u>495,000</u>	<u>(91,093)</u>	<u>481,794</u>	<u>(28,290)</u>	<u>857,411</u>
Cash Flows from Non-capital Financing Activities					
Transfers Out	(10,000)	-	-	-	(10,000)
Grant Revenues	-	72,479	-	5,990	78,469
Change in Interfund Balances	9,142	41,194	(9,142)	-	41,194
<i>Net Cash Provided by Non-capital Financing Activities</i>	<u>(858)</u>	<u>113,673</u>	<u>(9,142)</u>	<u>5,990</u>	<u>109,663</u>
Cash Flows from Capital and Related Financing Activities					
Cash Received from Connection Fees	35,640	-	6,000	-	41,640
Proceeds from Debt Service	128,334	-	408,232	-	536,566
Net of Capital Asset Activity	(64,575)	-	(153,553)	-	(218,128)
Interest Payments on Debt	(12,461)	-	(41,065)	-	(53,526)
Principal Payments on Debt	(21,887)	-	(271,887)	-	(293,774)
<i>Net Cash Provided (Used) By Capital and Related Financing Activities</i>	<u>65,051</u>	<u>-</u>	<u>(52,273)</u>	<u>-</u>	<u>12,778</u>
Cash Flows from Investing Activities					
Interest Earned	7,655	422	1,305	8	9,390
<i>Net Cash Provided By Investing Activities</i>	<u>7,655</u>	<u>422</u>	<u>1,305</u>	<u>8</u>	<u>9,390</u>
Net Increase in Cash and Cash Equivalents	566,848	23,002	421,684	(22,292)	989,242
Cash and Cash Equivalents - Beginning of Year	2,655,063	213,769	2,018,778	139,242	5,026,852
<i>Cash and Cash Equivalents - End of Year</i>	<u>\$ 3,221,911</u>	<u>\$ 236,736</u>	<u>\$ 2,440,462</u>	<u>\$ 116,950</u>	<u>\$ 6,016,059</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 199,524	\$ (90,638)	\$ 224,790	\$ (12,603)	\$ 321,073
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	216,530	-	223,894	11,309	451,733
Changes in Assets and Liabilities					
Receivables (Net)	11,296	1,269	22,750	-	35,315
Special Assessments	42,577	-	1,318	-	43,895
Prepaid Items	2,003	(20)	1,765	-	3,748
Deferred Outflows of Resources	(14,483)	(1,729)	(20,573)	-	(36,785)
Accounts Payable	16,360	(2,204)	(5,392)	1,127	9,891
Accrued Expenses and Other Liabilities	4,852	(159)	7,269	(28,123)	(16,161)
Unearned Revenue	-	35	-	-	35
Net Pension Liability	5,651	1,104	10,975	-	17,730
Deferred Inflows of Resources	10,690	1,249	14,998	-	26,937
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>\$ 495,000</u>	<u>\$ (91,093)</u>	<u>\$ 481,794</u>	<u>\$ (28,290)</u>	<u>\$ 857,411</u>

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

**Charter Township of Marquette
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2021**

	Custodial Funds
ASSETS	
Cash and Investments	\$ 1,175,967
Prepaid Items	3,694
<i>Total Assets</i>	1,179,661
LIABILITIES	
Due to Other Governments	1,138,093
Undistributed Collections	41,568
<i>Total Liabilities</i>	1,179,661
NET POSITION	
Restricted for individuals, organizations and other governments	\$ --

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

**Charter Township of Marquette
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2021**

	Custodial Funds
Additions	
Taxes Collected for Other Governments	\$ 6,902,198
<i>Total Additions</i>	6,902,198
Deductions	
Payments of Property Taxes to Other Governments	6,902,198
<i>Total Deductions</i>	6,902,198
<i>Change in Net Position</i>	--
Net Position at Beginning of Period	--
<i>Net Position at End of Period</i>	\$ --

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

NOTES TO THE FINANCIAL STATEMENTS

Charter Township of Marquette

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Marquette (the “Township” or “government”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

Reporting Entity

The Township is governed by an elected seven-member board. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

Discretely Presented Component Unit

The Township discretely presents one component unit in these financial statements, the *Downtown Development Authority* (the “DDA”). The DDA was created to promote economic growth within the Township. The Authority’s governing body, which consists of five individuals, is selected by the Township. In addition, the Authority’s budget is subject to approval by the Township. Because the governing body is appointed by the Township and approves the DDA’s budget, the Township exercises effective control over the activity of the DDA. Financial statements are not separately issued for the DDA.

Jointly Governed Organizations

Marquette County Solid Waste Management Authority

In June 1988, the Charter Township of Marquette joined with 19 other municipalities to create the Marquette County Solid Waste Management Authority (“Authority”). Please read Note 9 for more information.

Marquette Area Wastewater Treatment Facility

On April 7, 1977, and May 31, 1983 the Charter Township of Chocolay, the City of Marquette, and the Charter Township of Marquette entered into contracts to construct and operate a secondary wastewater treatment facility to be known as the “Marquette Area Wastewater Treatment Facility”. Under those agreements the Township of Chocolay owns 14.7% of the facility, the Township of Marquette would own 5.5%, and the City of Marquette would own 79.8%. Please read Note 10 for more information.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Charter Township of Marquette

Notes to the Financial Statements

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Charter Township of Marquette

Notes to the Financial Statements

The Township reports the following major governmental funds:

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

The *fire fund* accounts for the activity of the government's operating costs of fire protection and response services.

The *Township improvement fund* accounts for the activities related to development and improvement of the Township's general capital assets.

The Township reports the following major proprietary funds:

The *wastewater fund* accounts for the operation of the Township's wastewater system.

The *solid waste fund* accounts for the operation of the Township's solid waste activities.

The *water fund* accounts for the operation of the Township's water mains and pumping facilities.

Additionally, the government reports the following fund types:

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

Capital project funds are used to account for the acquisition or construction of general major capital facilities by a governmental unit.

The *custodial funds* are custodial in nature and used to account for assets held by the Township as an agent for another organization or individual.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Charter Township of Marquette

Notes to the Financial Statements

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end. The budget document presents information by fund, function, department, and line items.

The legal level of budgetary control adopted by the governing body is the department level.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Manager submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
3. Pursuant to statute, prior to December 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
4. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Manager not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
5. The Manager is authorized by means of Township policy to make certain transfers:
 - a. The Manager receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or group(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
 - b. The following considerations must be reviewed in determination of transfer approvals:
 - i. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?

Charter Township of Marquette

Notes to the Financial Statements

- ii. Will the transfer maintain the financial integrity of the Township?
 - iii. Will the transfer provide a reasonable solution to the departmental operating problem?
6. Considering the above, the Manager will then decide whether or not the transfer should be made.
7. Supplemental appropriations are submitted to and reviewed by the Manager and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Manager through a budget revision.
8. The Township adopts its annual budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary controls exist at the most detailed level adopted by the Board of Trustees (i.e.) department for analytical purposes. A detailed line item breakdown is prepared for each program.
9. Budgets for the general fund and special revenue funds were adopted in substance on a modified accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the financial report are as originally adopted and/or amended by the Township Board of Trustees.

Assets, Liabilities, Deferred Inflows / Outflows of Resources, and Equity

Cash and Cash Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to the general fund.

Receivables and Payables

In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Charter Township of Marquette

Notes to the Financial Statements

Although the Charter Township of Marquette 2021 ad valorem tax is levied and collectible on December 1, 2021, it is the Charter Township of Marquette's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for the financing of operations. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2020 state taxable value (generating the Township's 2021 tax revenues) for real/personal property of the Township totaled approximately \$275,480,715. The ad valorem taxes levied consisted of 4.8267, 1.4760, 0.5904, 0.3936, 0.8915, and 2.8000 mills for the Township's general operating, road, fire equipment, police, library, and fire operating, respectively. These amounts are recognized in the general fund, fire fund, and library fund.

Prepaid Items

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

Restricted Assets

The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Building Improvements	25-40
Water and Sewage System	50
Infrastructure	5-50
Vehicles, Furniture, and Equipment	3-10

Charter Township of Marquette

Notes to the Financial Statements

Compensated Absences (Vacation and Sick Leave)

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees who terminate their employment after one year of service in good standing and with proper notice will be eligible for a cash bonus of fifty percent of sick leave accrual, providing he/she has accumulated a minimum of ten days. Payment will be made to a maximum of sixty days or the employee may elect the option to freeze his/her sick leave accrual at the time of termination and have it restored if the employee is reemployed within three calendar years from the date of termination. Sick leave will not accrue on terminal leave.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. For new bond issuances of governmental funds after the implementation of GASB Statement No. 34 and all proprietary fund bond issues, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed during the period incurred.

In the fund financial statements, governmental funds 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 uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township only has one item that qualifies for reporting in this category, the pension related deferred outflows. The financial statements report deferred outflows from the difference between projected and actual

Charter Township of Marquette

Notes to the Financial Statements

investment earnings of the pension plan, the difference in pension assumptions, as well as Township contributions made after the measurement date of the net pension liability.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government-wide and governmental fund financial statements report deferred inflows of resources for property taxes levied during the year that were intended to finance future periods. In addition, the Township reports deferred inflows of resources in its full accrual statements related to the difference between expected and actual experience of its pension as well as the net difference between projected and actual earnings on pension plan investments.

Net Position Flow Assumption

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

Restricted net position represents amounts that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in

Charter Township of Marquette

Notes to the Financial Statements

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 creditors, grantors, bondholders, contributors, or laws or regulations of other governments.

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

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Township Board has authorized the Township Manager to assign fund balance. The Township Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the Township's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Township Board. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, the unassigned classification is used only to report a deficit.

Use of Estimates

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

Subsequent Events

The Township may be affected by the recent and ongoing outbreak of the Coronavirus (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. COVID-19 has caused significant government and business disruptions through mandated and voluntary closings and stay at home orders. Management is continuing to evaluate the impact of COVID-19 on the Township.

The Township also purchased a new fire truck in February of 2022. The total cost to the Township was \$706,539.

Charter Township of Marquette

Notes to the Financial Statements

Note 2 - Budgetary Compliance

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

The Township had no expenditures in excess of the amount appropriated for the year ended December 31, 2021.

Deficit Net Position

The Township has an unrestricted net position deficit in its governmental activities in the amount of \$(2,617,272) as of December 31, 2021.

Note 3 - Deposits and Investments

Following is a reconciliation of deposit balances as of December 31, 2021:

	Primary Government	Component Unit	Totals
Statement of Net Position			
Cash and Investments	\$ 9,415,797	\$ 8,082	\$ 9,423,879
Restricted Cash	458,560	-	458,560
Statement of Fiduciary Net Position			
Cash and Investments	1,175,967	-	1,175,967
Total Cash and Investments	\$ 11,050,324	\$ 8,082	\$ 11,058,406
Cash and Investments			
Checking and Savings Accounts		\$	10,284,347
Brokerage Account			1,594,290
Certificates of Deposit (Mature Within One Year)			773,359
Cash on Hand			700
Total			\$ 11,058,406

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year-end, \$2,067,971 of the Township's bank balance of \$11,121,023 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the Township believes it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk. State law limits investments to specific government securities, certificates of deposits, and bank accounts with qualified financial institutions, commercial paper with specific maximum

Charter Township of Marquette

Notes to the Financial Statements

maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment credit risk.

Credit risk ratings, where applicable, are summarized as follows:

<u>Agency</u>	<u>Rating</u>	<u>Amount</u>
N/A	Not Rated	\$ 1,594,290

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Maturity dates for investments and certificates of deposit held at year-end are summarized as follows:

	<u>Certificates of Deposit</u>	<u>Brokerage Account</u>
No Maturity	\$ -	\$ 1,594,290
Due Within 1 Year	773,359	-
Total	<u>\$ 773,359</u>	<u>\$ 1,594,290</u>

Fair Value Measurement

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

The Township has the following recurring fair value measurement as of December 31, 2021:

- Investments held with Raymond James totaled \$1,594,290. Investments included in Raymond James are cash and cash alternatives. These are valued using Level 1 inputs.

Charter Township of Marquette

Notes to the Financial Statements

Note 4 - Capital Assets

Capital asset activity of the Township's governmental activities during the year was as follows:

Governmental Activities:	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets not being depreciated				
Construction in Progress	\$ -	\$ 50,961	\$ -	\$ 50,961
Land	2,136,787	-	-	2,136,787
Land Improvements	239,987	-	-	239,987
<i>Total Capital Assets not being depreciated</i>	<u>2,376,774</u>	<u>50,961</u>	<u>-</u>	<u>2,427,735</u>
Capital Assets being depreciated				
Buildings and Improvements	5,558,857	-	-	5,558,857
Vehicles	1,363,015	33,239	10,041	1,386,213
Furniture and Equipment	1,034,388	35,705	-	1,070,093
Total Capital Assets being depreciated	<u>7,956,260</u>	<u>68,944</u>	<u>10,041</u>	<u>8,015,163</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,036,452	139,629	-	1,176,081
Vehicles	1,304,377	21,284	10,041	1,315,620
Furniture and Equipment	785,926	71,938	-	857,864
Total Accumulated Depreciation	<u>3,126,755</u>	<u>232,851</u>	<u>10,041</u>	<u>3,349,565</u>
<i>Capital Assets being depreciated, Net</i>	<u>4,829,505</u>	<u>(163,907)</u>	<u>-</u>	<u>4,665,598</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 7,206,279</u>	<u>\$ (112,946)</u>	<u>\$ -</u>	<u>\$ 7,093,333</u>

Charter Township of Marquette

Notes to the Financial Statements

Capital asset activity of the Township's business-type activities during the year was as follows:

Business-type Activities:	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets not being depreciated				
Construction in Progress	\$ 873,980	\$ -	\$ -	\$ 873,980
Land	240,000	-	-	240,000
Land Improvements	560,293	-	-	560,293
Investment in Waste Water Treatment Facility	298,684	-	-	298,684
Total Capital Assets not being depreciated	<u>1,972,957</u>	<u>-</u>	<u>-</u>	<u>1,972,957</u>
Capital Assets being depreciated				
Buildings and Improvements	1,939,488	-	-	1,939,488
Vehicles	423,425	-	56,786	366,639
Furniture and Equipment	197,398	-	-	197,398
Infrastructure	14,873,898	218,128	-	15,092,026
Solid Waste Management Authority	190,837	-	-	190,837
Total Capital Assets being depreciated	<u>17,625,046</u>	<u>218,128</u>	<u>56,786</u>	<u>17,786,388</u>
Less Accumulated Depreciation				
Buildings and Improvements	341,840	49,698	-	391,538
Vehicles	297,204	29,542	56,786	269,960
Furniture and Equipment	160,782	15,167	-	175,949
Infrastructure	5,564,798	357,326	-	5,922,124
Solid Waste Management Authority	190,837	-	-	190,837
Total Accumulated Depreciation	<u>6,555,461</u>	<u>451,733</u>	<u>56,786</u>	<u>6,950,408</u>
Capital Assets being depreciated, Net	<u>11,069,585</u>	<u>(233,605)</u>	<u>-</u>	<u>10,835,980</u>
Business Activities Capital Assets, Net	<u>\$ 13,042,542</u>	<u>\$ (233,605)</u>	<u>\$ -</u>	<u>\$ 12,808,937</u>

Depreciation expense was charged to the programs of the Township for the year as follows:

Governmental Activities	
General Government	\$ 87,969
Public Safety	126,478
Recreation and Culture	18,404
Total Governmental Activities	<u>\$ 232,851</u>
Business-type Activities	
Water Fund	\$ 223,894
Wastewater Treatment Fund	216,530
Metro Authority Fund	11,309
Total Business-type Activities	<u>\$ 451,733</u>

Charter Township of Marquette

Notes to the Financial Statements

Note 5 - Interfund Receivables, Payables, and Transfers

The Township reports interfund balances between many of its funds. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds. Interfund transactions resulting in interfund receivables and payables consisted of \$158,080 due to the solid waste fund from the general fund and \$56,806 due to the wastewater fund from the water fund. This balance resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

A schedule of the interfund transfers for the year is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 84,000
General Fund	Liquor Fund	8,601
General Fund	Wastewater Fund	10,000
Township Improvement	General Fund	521,266

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

Note 6 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Township contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time of debt service payments are due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Charter Township of Marquette

Notes to the Financial Statements

Long-term obligation activity can be summarized as follows:

	December 31, 2020	Additions	Reductions	December 31, 2021	Due Within One Year
Governmental Activities					
Direct Borrowings or Placements					
Township-Fire Hall Loan	\$ 2,262,054	\$ -	\$ 199,683	\$ 2,062,371	\$ 141,406
Township Hall Parking Lot	141,299	-	8,941	132,358	9,225
2015 MI Transportation Fund Bonds	2,417,482	-	194,568	2,222,914	210,782
2016 MI Transportation Fund Bonds	1,921,508	-	170,000	1,751,508	175,000
Grove Street Land Loan	199,121	-	47,373	151,748	48,952
Total Direct Borrowings or Placements	6,941,464	-	620,565	6,320,899	585,365
Compensated Absences	45,341	4,171	-	49,512	16,339
Total Governmental Activities	\$ 6,986,805	\$ 4,171	\$ 620,565	\$ 6,370,411	\$ 601,704
Business-type Activities					
Direct Borrowings or Placements					
Drinking Water Bond	\$ 1,315,000	\$ -	\$ 250,000	\$ 1,065,000	\$ 255,000
PW Facility	830,625	-	43,773	786,852	45,086
Total Direct Borrowings or Placements	2,145,625	-	293,773	1,851,852	300,086
Compensated Absences	29,609	6,722	-	36,331	11,989
Total Business-type Activities	2,175,234	6,722	293,773	1,888,183	312,075
Total Primary Government	\$ 9,162,039	\$ 10,893	\$ 914,338	\$ 8,258,594	\$ 913,779

Individual bond and long-term debt obligation activity can be summarized as follows:

Township Fire Hall Loan			
December 31, 2021			
	Principal	Interest	Total
2022	\$ 141,406	\$ 63,933	\$ 205,339
2023	145,789	59,550	205,339
2024	150,309	55,030	205,339
2025	154,968	50,371	205,339
2026	159,772	45,567	205,339
2027-2031	876,297	150,398	1,026,695
2032-2034	433,830	22,316	456,146
Totals	\$ 2,062,371	\$ 447,165	\$ 2,509,536

The Township Fire Hall Loan is a construction note payable from a local bank to finance the construction of the new Township hall, fire hall, and DPW building. Principal and interest payments of \$205,339 are due each January 15. The note accrues interest at a rate of 3.1%.

Charter Township of Marquette

Notes to the Financial Statements

Township Hall Parking Lot December 31, 2021

	Principal	Interest	Total
2022	\$ 9,225	\$ 4,228	\$ 13,453
2023	9,520	3,933	13,453
2024	9,824	3,629	13,453
2025	10,138	3,315	13,453
2026	10,462	2,991	13,453
2027-2031	57,540	9,725	67,265
2032-2033	25,649	1,235	26,884
Totals	\$ 132,358	\$ 29,056	\$ 161,414

The Township Hall Parking Lot Note is a construction note payable from a local bank to finance the construction of the new Township hall parking lot. Principal and interest payments of \$13,453 are due each December 31. The note accrues interest at a rate of 3.15%.

Michigan Transportation Fund Bonds, 2015 December 31, 2021

	Principal	Interest	Total
2022	\$ 210,782	\$ 55,538	\$ 266,320
2023	222,943	51,322	274,265
2024	235,103	46,864	281,967
2025	251,317	41,868	293,185
2026	255,371	36,213	291,584
2027-2030	1,047,398	78,668	1,126,066
Totals	\$ 2,222,914	\$ 310,473	\$ 2,533,387

The Bond was originally issued for \$2,548,536 during 2015 with \$472,728 of issuances in 2016. The Bond was used to fund road improvement projects paid for by the Township. Bond payments are due semi-annually on March 1 (interest only) and September 1 (principal and interest) with an interest rate ranging from 2.00 - 3.00%, maturing in 2030.

Charter Township of Marquette

Notes to the Financial Statements

Michigan Transportation Fund Bonds, 2016

December 31, 2021

	Principal	Interest	Total
2022	\$ 175,000	\$ 35,638	\$ 210,638
2023	180,000	32,138	212,138
2024	185,000	28,538	213,538
2025	190,000	24,838	214,838
2026	195,000	21,038	216,038
2027-2030	826,508	44,152	870,660
Totals	\$ 1,751,508	\$ 186,342	\$ 1,937,850

\$1,148,227 of the 2016 Michigan Transportation Fund Bonds were drawn during 2016 with another \$1,388,281 drawn in 2017. The Bond is used to fund road improvement projects paid for by the Township. Bond payments are due semi-annually on March 1 (interest only) and September 1 (principal and interest) with an interest rate ranging from 2.00 - 3.00%, maturing in 2030.

Grove Street Land Loan

December 31, 2021

	Principal	Interest	Total
2022	\$ 48,952	\$ 5,000	\$ 53,952
2023	50,565	3,387	53,952
2024	52,231	1,721	53,952
Totals	\$ 151,748	\$ 10,108	\$ 161,856

A bank loan for \$245,000 was issued during 2019 to purchase 30 acres of vacant land. Annual principal and interest installments of \$53,952 are due through January 2024 with a fixed interest rate of 3.25%.

Drinking Water Program Bond

December 31, 2021

	Principal	Interest	Total
2022	\$ 255,000	\$ 22,631	\$ 277,631
2023	265,000	17,212	282,212
2024	270,000	11,581	281,581
2025	275,000	5,844	280,844
Totals	\$ 1,065,000	\$ 57,268	\$ 1,122,268

The Drinking Water Program Bond was originally issued for \$4,250,000 on June 23, 2005. Bond payments are due semi-annually on April 1 (interest) and on October 1 (principal plus interest) with an interest rate of 2.125%.

Charter Township of Marquette

Notes to the Financial Statements

	DPW Facility		
	December 31, 2021		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 45,086	\$ 23,609	\$ 68,695
2023	46,439	22,256	68,695
2024	47,832	20,863	68,695
2025	49,268	19,427	68,695
2026	50,746	17,949	68,695
2027-2031	277,502	65,973	343,475
2032-2036	269,979	21,767	291,746
Totals	<u>\$ 786,852</u>	<u>\$ 191,844</u>	<u>\$ 978,696</u>

The DPW Facility Note is a construction note payable from a local bank to finance the construction of the new DPW building. Principal and interest payments of \$68,916 are due each December 31. The note accrues interest at a rate of 3.15%.

Compensated absences within governmental activities are most frequently paid by the general fund.

Note 7 - Pension Plan

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Charter Township of Marquette

Notes to the Financial Statements

Benefits Provided

Union and Admin Non-union Divisions

	<u>2020 Valuation</u>
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions:	2%
Act 88:	Yes (Adopted 5/18/2004)

Employees Covered by Benefit Terms

At the December 31, 2020 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>20</u>
<i>Total employees covered by MERS</i>	<u>33</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Township contributions ranged from 12.31% to 12.59% based on annual payroll for open divisions with an additional 2% contribution rate from the employees (across both divisions).

Net Pension Liability

The Township's net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Charter Township of Marquette

Notes to the Financial Statements

Actuarial Assumptions

The total pension liability in the December 31, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.5%
- Salary Increases: 3.00% plus merit and longevity - 3.00% in the long-term
- Investment rate of return: 7.35%, net of investment and administrative expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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

Asset Class	Target Allocation	Target Gross Rate of Return	Long-term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	7.45%	4.47%	2.50%	2.97%
Global fixed income	20.00%	4.90%	0.98%	2.50%	0.48%
Private Investments	20.00%	9.50%	1.90%	2.50%	1.40%
	<u>100.00%</u>		<u>7.35%</u>		<u>4.85%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.6%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the

Charter Township of Marquette

Notes to the Financial Statements

rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

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

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 3,802,299	\$ 2,951,523	\$ 850,776
Service cost	108,962	-	108,962
Interest	286,202	-	286,202
Difference between expected and actual experience	129,934	-	129,934
Change in assumptions	54,879	-	54,879
Contributions - Employer	-	148,317	(148,317)
Contributions - Employee	-	27,104	(27,104)
Net investment loss	-	385,406	(385,406)
Benefit payments, including refunds	(181,923)	(181,923)	-
Administrative expenses	-	(6,007)	6,007
Net changes	398,054	372,897	25,157
Balance at December 31, 2020	\$ 4,200,353	\$ 3,324,420	\$ 875,933

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

The following presents the net pension liability of the Township, calculated using the discount rate of 7.60%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Net pension liability of the Township	\$ 1,384,923	\$ 875,933	\$ 447,061

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Charter Township of Marquette

Notes to the Financial Statements

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

For the year ended December 31, 2021, the Township recognized pension expense of \$131,821. At December 31, 2021 the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 115,940
Difference between expected and actual experience	108,278	128,634
Difference in assumptions	129,171	-
Employer contributions to the plan subsequent to the measurement date *	156,306	-
<i>Total</i>	\$ 393,755	\$ 244,574

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2022.

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

Years Ending December 31,	Amount
2022	\$ (5,308)
2023	8,960
2024	(48,454)
2025	6,873
2026	30,804

Note 8 - Risk Management

The local government unit is exposed to various risks of loss related to and omissions, and employee injuries (workers' compensation), as well as to employees. To mitigate the risk of loss the Township participates in the Michigan Townships Participating Plan. The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at an owner cost than would be available on an individual basis.

Note 9 - Fund Balances

The Township has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. GASB 54 establishes fund balance classifications that

Charter Township of Marquette

Notes to the Financial Statements

comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Summarized information on fund balances of the Township's funds was as follows:

Fund Balances	General	Fire Fund	Township Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid Expenditures	\$ 21,772	\$ 15,682	\$ -	\$ -	\$ 37,454
Restricted					
Fire	-	575,591	-	-	575,591
Assigned					
Police Vehicle	37,000	-	-	-	37,000
Township Improvements	-	-	513,065	-	513,065
Public Safety	-	-	-	5,816	5,816
Library	-	-	-	1,426	1,426
<i>Total Assigned Fund Balances</i>	<u>37,000</u>	<u>-</u>	<u>513,065</u>	<u>7,242</u>	<u>557,307</u>
Unassigned	1,355,463	-	-	-	1,355,463
Total Fund Balances	<u>\$ 1,414,235</u>	<u>\$ 591,273</u>	<u>\$ 513,065</u>	<u>\$ 7,242</u>	<u>\$ 2,525,815</u>

Note 10 - Joint Venture

In June 1988, The Charter Township of Marquette joined with 19 other municipalities to create the Marquette County Solid Waste Management Authority ("Authority"). The Authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair, and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill. Including all improvements, appurtenances, easements, accessory facilities and structures, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements and function as a solid waste disposal area under Act 641. The Authority also establishes and administers procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill. The Authority will provide reimbursement to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a Board of Trustees consisting of: 1) a member (who is the Chairperson of the board of Trustees) designated by the Sands Township Supervisor on behalf of Sands Township, 2) members designated by the Marquette City Commission, 3) members designated by the Marquette County Board of Commissioners, and 4) one resident of the City of Marquette appointed by the other 6 Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

Separately audited financial statements for the Marquette County Solid Waste Management Authority can be obtained by contacting the Authority administrator at 600 County Road NP, Marquette, Michigan 49855.

Charter Township of Marquette

Notes to the Financial Statements

The Township's share of assets, liabilities, and fund equity is approximately 1 percent. Summary financial information as of and for the fiscal year ended June 30, 2021 were as follows:

Statement of Net Position

Assets	
Current and Other Assets	\$ 6,160,576
Capital Assets, Net	15,361,002
Total Assets	<u>21,521,578</u>
Deferred Outflows of Resources	
Pension	<u>220,020</u>
Liabilities	
Current Liabilities	1,080,829
Non-current Liabilities	9,307,206
Total Liabilities	<u>10,388,035</u>
Deferred Inflows of Resources	
Pension	<u>206,958</u>
Net Position	
Net Investment in Capital Assets	8,859,491
Restricted	965,119
Unrestricted	1,221,995
Total Net Position	<u>\$ 11,046,605</u>

Change in Net Position

Operating Revenues	
Service Revenues	\$ 4,656,470
Operating Expenses	
Operations	3,718,525
Depreciation	595,693
Total Operating Expenses	<u>4,314,218</u>
Income (Loss) from Operations	<u>342,252</u>
Non-operating Revenues (Expenses)	
Interest Income	54,884
Gain on Disposal of Assets	18,350
State Capital Grants	513,060
Interest Expense	(63,987)
Total Non-operating Revenues (Expenses)	<u>522,307</u>
Change in Net Position	864,559
Net Position at the Beginning of Period	<u>10,182,046</u>
Net Position at the End of Period	<u>\$ 11,046,605</u>

Charter Township of Marquette

Notes to the Financial Statements

The City of Marquette has pledged its full faith and credit for the Marquette County Solid Waste Management Authority Bonds, Series 1988. These bonds are payable from the net revenues of the Authority, as well as by each member of the Authority to the extent of their pro rata share of the principal and interest requirements on the bonds.

Note 11 - Investment in Wastewater Treatment Facility

On April 7, 1977 and May 31, 1983 the Charter Township of Chocolay, The City of Marquette, and Township of Marquette entered into contracts to construct and operate a secondary wastewater treatment facility to be known as the “Marquette Area Wastewater Treatment Facility.” Under those agreements the Township of Chocolay would own 14.7% of the facility, the Charter Township of Marquette would own 5.5% and the City of Marquette would own 79.8%.

On July 1, 1993, there was an amendment to the Marquette Township Wastewater Disposal system contract to change the ownership of the three partners involved. The Charter Township of Marquette paid to the City of Marquette and the Charter Township of Chocolay each the sum of \$54,743, representing an allocation of an additional 4.5% of the capacity of the Marquette Area Wastewater Treatment Facility to Marquette Township. During fiscal 1998, the Township of Marquette issued refunding bonds — unlimited tax series 1998, to partially refund the original bond issue. The new ownership percentages for the City of Marquette, Charter Township of Chocolay, and Charter Township of Marquette are 77.55%, 12.45%, and 10.00%, respectively.

On June 26, 2007, there was an amendment to the Marquette Township Wastewater Disposal System Contract to change ownership of the three partners involved. The new ownership percentages for the city of Marquette, the Charter Township of Chocolay, and the Charter Township of Marquette are 85%, 5%, and 10%, respectively.

Effective October 1, 2018, there was an amendment to the Marquette Township Wastewater Disposal System Contract to change ownership of the three partners involved. The new ownership percentages for the city of Marquette, the Charter Township of Chocolay, and the Charter Township of Marquette are 84%, 7%, and 9%, respectively.

The construction of the Facility was partially financed through \$2.5 million general obligation bonds which were partially refunded during fiscal 1998 and issued by Marquette County for which the full faith and credit of the two Townships and the City of Marquette have been pledged. Repayment of the County of Marquette bonds and the interest thereon is the contractual responsibility of the owners of the project based on their share of the ownership. The total investment in the Facility at December 31, 2008 by the Township was \$279,167 including local contribution and its proportionate share of the net equity of the Facility. The Township utilizes the equity method of accounting for the activity in its investment in the Facility. Under the equity method the investment is adjusted for any additional capital investments made and its proportionate share of the Facility’s results of operations.

Charter Township of Marquette

Notes to the Financial Statements

Separately audited financial statements for the Marquette Area Wastewater Treatment Facility can be obtained by contacting the Facility administrator at 300 West Baraga Avenue, Marquette, Michigan 49855.

A summary of condensed financial information of the Facility, in the aggregate, for its fiscal year ended September 30, 2021 was as follows:

Statement of Net Position

Assets	
Current and Other Assets	\$ 1,771,578
Noncurrent Assets	1,537,605
Restricted Assets	2,041,296
Capital Assets, Net	11,765,656
Total Assets	<u>17,116,135</u>
Deferred Outflows	
Pension and OPEB Related	<u>207,810</u>
Liabilities	
Current Liabilities	2,844,237
Non-current Liabilities	6,814,403
Total Liabilities	<u>9,658,640</u>
Deferred Inflows	
Pension and OPEB Related	<u>228,566</u>
Net Position	
Net Investment in Capital Assets	5,761,228
Unrestricted	1,675,511
Total Net Position	<u>\$ 7,436,739</u>

Charter Township of Marquette

Notes to the Financial Statements

Change in Net Position	
Operating Revenues	
Service Revenues	\$ 1,977,325
Other Operating Revenues	19,579
Total Operating Revenues	<u>1,996,904</u>
Operating Expenses	
Operations	1,823,167
Depreciation	707,473
Total Operating Expenses	<u>2,530,640</u>
Income (Loss) from Operations	<u>(533,736)</u>
Non-operating Revenues (Expenses)	
Interest Income	15,157
Transfers from Local Units	1,672,395
Interest Expense	(110,575)
Lease Payment to City of Marquette	(140,005)
Total Non-operating Revenues (Expenses)	<u>1,436,972</u>
Change in Net Position	903,236
Net Position at the Beginning of Period	<u>6,533,503</u>
Net Position at the End of Period	<u>\$ 7,436,739</u>

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Marquette
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes	\$ 2,100,493	\$ 2,079,893	\$ 2,141,965	\$ 62,072
Licenses and Permits	12,500	12,500	37,960	25,460
Intergovernmental	346,625	590,625	409,993	(180,632)
Charges for Services	1,750	7,750	7,703	(47)
Interest and Rents	67,000	64,000	65,147	1,147
Other	6,020	6,020	9,587	3,567
Total Revenues	<u>2,534,388</u>	<u>2,760,788</u>	<u>2,672,355</u>	<u>(88,433)</u>
Other Financing Sources				
Sale of Capital Assets	4,000	4,000	4,200	200
Transfers In	101,225	102,601	102,601	--
Total Revenues and Other Financing Sources	<u>2,639,613</u>	<u>2,867,389</u>	<u>2,779,156</u>	<u>(88,233)</u>
Expenditures				
Legislative	26,854	28,854	27,922	932
General Government				
Supervisor and Manager	151,779	151,779	150,171	1,608
Treasurer	44,671	45,671	41,578	4,093
Assessor	199,061	199,061	185,031	14,030
Clerk	99,825	131,825	128,446	3,379
Elections	5,000	--	--	--
Professional Services	107,200	91,200	63,530	27,670
Building and Grounds	244,326	267,326	191,658	75,668
Administration	223,187	268,187	249,849	18,338
Total General Government	<u>1,075,049</u>	<u>1,155,049</u>	<u>1,010,263</u>	<u>144,786</u>
Law Enforcement (Public Safety)	255,458	255,458	240,383	15,075
Street Lights (Public Works)	42,200	43,700	37,328	6,372
Community and Economic Development				
Planning and Zoning	217,473	217,473	188,936	28,537
Community Promotion	23,500	23,500	16,731	6,769
Total Community and Ec. Development	<u>240,973</u>	<u>240,973</u>	<u>205,667</u>	<u>35,306</u>
Recreation Facilities (Recreation and Culture)	65,100	92,100	70,548	21,552
Debt Service	278,244	278,244	273,152	5,092
Total Expenditures	<u>1,983,878</u>	<u>2,094,378</u>	<u>1,865,263</u>	<u>229,115</u>
Other Financing Uses				
Transfers Out	528,373	521,273	521,266	7
Total Expenditures and Other Financing Uses	<u>2,512,251</u>	<u>2,615,651</u>	<u>2,386,529</u>	<u>229,122</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>127,362</u>	<u>251,738</u>	<u>392,627</u>	<u>140,889</u>
Net Change in Fund Balance	<u>127,362</u>	<u>251,738</u>	<u>392,627</u>	<u>140,889</u>
<i>Fund Balance at Beginning of Period</i>	1,021,608	1,021,608	1,021,608	--
Fund Balance at End of Period	<u>\$ 1,148,970</u>	<u>\$ 1,273,346</u>	<u>\$ 1,414,235</u>	<u>\$ 140,889</u>

Charter Township of Marquette
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fire Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes	\$ 869,457	\$ 851,857	\$ 854,240	\$ 2,383
Licenses and Permits	200	200	225	25
Intergovernmental	--	--	741	741
Federal Grants	500	9,150	15,768	6,618
Charges for Services	65,400	108,000	96,452	(11,548)
Contributions	--	2,000	2,000	--
Interest and Rents	1,750	750	74	(676)
Other	27,000	27,000	26,930	(70)
<i>Total Revenues</i>	<u>964,307</u>	<u>998,957</u>	<u>996,430</u>	<u>(2,527)</u>
Expenditures				
Public Safety	724,565	767,215	676,624	90,591
Debt Service	--	167,831	67,831	100,000
<i>Total Expenditures</i>	<u>724,565</u>	<u>935,046</u>	<u>744,455</u>	<u>190,591</u>
Other Financing Uses				
Transfers Out	84,000	84,000	84,000	--
<i>Total Expenditures and Other Financing Uses</i>	<u>808,565</u>	<u>1,019,046</u>	<u>828,455</u>	<u>190,591</u>
<i>Excess (Deficiency) of Revenues Over Expenditures and Other Uses</i>	<u>155,742</u>	<u>(20,089)</u>	<u>167,975</u>	<u>188,064</u>
<i>Net Change in Fund Balance</i>	<u>155,742</u>	<u>(20,089)</u>	<u>167,975</u>	<u>188,064</u>
<i>Fund Balance at Beginning of Period</i>	423,298	423,298	423,298	--
<i>Fund Balance at End of Period</i>	<u>\$ 579,040</u>	<u>\$ 403,209</u>	<u>\$ 591,273</u>	<u>\$ 188,064</u>

Charter Township of Marquette
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Most Recent Seven Plan Years

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 108,962	\$ 111,308	\$ 108,001	\$ 109,390	\$ 97,700	\$ 95,929	\$ 92,987
Interest	286,202	276,935	260,493	242,053	221,501	201,235	181,186
Difference Between Expected and Actual	129,934	(43,064)	(93,367)	(73,464)	(34,028)	(84,232)	-
Changes in Assumptions	54,879	93,366	-	-	-	148,370	-
Benefit Payments, Including Refunds	(181,923)	(84,547)	(57,964)	(35,618)	(32,629)	(32,629)	(32,629)
Net Change in Pension Liability	398,054	353,998	217,163	242,361	252,544	328,673	241,544
<i>Total Pension Liability - Beginning</i>	<i>3,802,299</i>	<i>3,448,301</i>	<i>3,231,138</i>	<i>2,988,777</i>	<i>2,736,233</i>	<i>2,407,560</i>	<i>2,166,016</i>
Total Pension Liability - Ending (a)	\$ 4,200,353	\$ 3,802,299	\$ 3,448,301	\$ 3,231,138	\$ 2,988,777	\$ 2,736,233	\$ 2,407,560
Plan Fiduciary Net Position							
Contributions - Employer	\$ 148,317	\$ 138,128	\$ 142,659	\$ 127,288	\$ 118,830	\$ 108,190	\$ 108,170
Contributions - Member	27,104	25,743	25,087	23,447	21,798	21,034	20,973
Net Investment Income (Loss)	385,406	351,430	(105,020)	291,572	214,201	(27,908)	100,658
Benefit Payments, Including Refunds	(181,923)	(84,547)	(57,964)	(35,618)	(32,629)	(32,629)	(32,629)
Administrative Expenses	(6,007)	(6,062)	(5,051)	(4,594)	(4,218)	(3,961)	(3,736)
Net Change in Plan Fiduciary Net Position	372,897	424,692	(289)	402,095	317,982	64,726	193,436
<i>Plan Fiduciary Net Position - Beginning</i>	<i>2,951,523</i>	<i>2,526,831</i>	<i>2,527,120</i>	<i>2,125,025</i>	<i>1,807,043</i>	<i>1,742,317</i>	<i>1,548,881</i>
Plan Fiduciary Net Position - Ending (b)	\$ 3,324,420	\$ 2,951,523	\$ 2,526,831	\$ 2,527,120	\$ 2,125,025	\$ 1,807,043	\$ 1,742,317
Net Pension Liability - Ending (a) - (b)	\$ 875,933	\$ 850,776	\$ 921,470	\$ 704,018	\$ 863,752	\$ 929,190	\$ 665,243
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.15%	77.62%	73.28%	78.21%	71.10%	66.04%	72.37%
Covered Payroll	\$ 1,231,530	\$ 1,301,048	\$ 1,277,837	\$ 1,199,004	\$ 1,083,225	\$ 1,082,096	\$ 1,048,652
Net Pension Liability as a Percentage of Covered Payroll	71.13%	65.39%	72.11%	58.72%	79.74%	85.87%	63.44%

Notes to Schedule:

* Built prospectively upon implementation on GASB Statement No.68. An additional year will be added each year until ten years are presented.

**The following were significant changes to economic and demographic assumptions:

2015 valuation - The investment rate of return assumption was reduced from 8.25% to 8.0%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.0-4.0% to 3.25%, and the mortality assumption was updated to be based on the RP-2014 tables.

2019 valuation - The investment rate of return assumption was reduced from 8.00% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.

2020 valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.

**Charter Township of Marquette
Required Supplementary Information
Schedule of Contributions
Last Ten Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 156,036	\$ 148,317	\$ 138,128	\$ 142,126	\$ 127,288	\$ 118,830	\$ 108,190	\$ 108,170	\$ 84,792	\$ 87,550
Contributions in Relation to the Actuarially Determined Contribution	156,036	148,317	138,128	142,126	127,288	118,830	108,190	108,170	84,792	87,550
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	1,257,115	1,231,530	1,301,048	1,277,837	1,199,004	1,083,225	1,082,096	1,048,652	816,878	773,694
Contributions as a Percentage of Covered Payroll	12%	12%	11%	11%	11%	11%	10%	10%	10%	11%

Notes

Valuation Date: December 31, 2020

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	18 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3% plus merit and longevity
Investment rate of return	7.35%
Retirement Age	60
Mortality	Pub-2010 and fully generational MP-2019

OTHER SUPPLEMENTARY INFORMATION

**Charter Township of Marquette
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021**

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Liquor Law Fund</u>	<u>Library Fund</u>	
ASSETS			
Cash and Investments	\$ 5,816	\$ 88,651	\$ 94,467
Taxes Receivable	--	158,200	158,200
<i>Total Assets</i>	<u>\$ 5,816</u>	<u>\$ 246,851</u>	<u>\$ 252,667</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for a Subsequent Period	--	245,425	245,425
<i>Total Liabilities and Deferred Inflows of Resources</i>	--	245,425	245,425
FUND BALANCE			
Assigned	5,816	1,426	7,242
Unassigned	--	--	--
<i>Total Fund Balance</i>	<u>5,816</u>	<u>1,426</u>	<u>7,242</u>
<i>Total Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 5,816</u>	<u>\$ 246,851</u>	<u>\$ 252,667</u>

Charter Township of Marquette
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Liquor Law Fund</u>	<u>Library Fund</u>	
Revenues			
Taxes	\$ --	\$ 242,462	\$ 242,462
Intergovernmental	8,601	1,119	9,720
<i>Total Revenues</i>	<u>8,601</u>	<u>243,581</u>	<u>252,182</u>
Expenditures			
Recreation and Culture	--	243,947	243,947
<i>Total Expenditures</i>	<u>--</u>	<u>243,947</u>	<u>243,947</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,601</u>	<u>(366)</u>	<u>8,235</u>
Other Financing Sources (Uses)			
Transfers Out	(8,601)	--	(8,601)
<i>Net Other Financing Sources (Uses)</i>	<u>(8,601)</u>	<u>--</u>	<u>(8,601)</u>
<i>Net Change in Fund Balance</i>	<u>--</u>	<u>(366)</u>	<u>(366)</u>
<i>Fund Balance at Beginning of Period</i>	5,816	1,792	7,608
<i>Fund Balance at End of Period</i>	<u>\$ 5,816</u>	<u>\$ 1,426</u>	<u>\$ 7,242</u>

**Charter Township of Marquette
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2021**

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Storm Water Fund</u>	<u>Metro Fund</u>	
ASSETS			
<i>Current Assets</i>			
Cash and Investments	\$ 104,437	\$ 12,513	\$ 116,950
Total Current Assets	104,437	12,513	116,950
<i>Noncurrent Assets</i>			
Depreciable Capital Assets (Net)	--	33,756	33,756
Total Assets	104,437	46,269	150,706
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	1,127	--	1,127
Customer Deposits	56,509	--	56,509
Total Liabilities	57,636	--	57,636
NET POSITION			
Investment in Capital Assets	--	33,756	33,756
<i>Unrestricted</i>	46,801	12,513	59,314
Total Net Position	\$ 46,801	\$ 46,269	\$ 93,070

Charter Township of Marquette
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2021

	Enterprise		Total Enterprise Funds
	Storm Water Fund	Metro Fund	
Operating Expenses			
Other Services and Charges	\$ 1,294	\$ --	\$ 1,294
Depreciation Expense	--	11,309	11,309
Total Operating Expenses	<u>1,294</u>	<u>11,309</u>	<u>12,603</u>
Operating Income (Loss)	<u>(1,294)</u>	<u>(11,309)</u>	<u>(12,603)</u>
Non-Operating Revenues (Expenses)			
Investment Income (Loss)	9	(1)	8
Grant Revenues	--	5,990	5,990
Net Non-Operating Revenues (Expenses)	<u>9</u>	<u>5,989</u>	<u>5,998</u>
Change In Net Position	(1,285)	(5,320)	(6,605)
<i>Net Position at Beginning of Period</i>	48,086	51,589	99,675
Net Position at End of Period	\$ 46,801	\$ 46,269	\$ 93,070

**Charter Township of Marquette
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2021**

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Storm Water Fund</u>	<u>Metro Fund</u>	
Cash Flows From Operating Activities			
Cash Payments to Suppliers for Goods and Services	\$ (28,290)	\$ -	\$ (28,290)
<i>Net Cash Used by Operating Activities</i>	<u>(28,290)</u>	<u>-</u>	<u>(28,290)</u>
Cash Flows From Non-capital Financing Activities			
Operating Grant Revenues	-	5,990	5,990
<i>Total Cash Flows Provided by Non-capital Financing Activities</i>	<u>-</u>	<u>5,990</u>	<u>5,990</u>
Cash Flows From Investing Activities			
Investment Income (Loss)	9	(1)	8
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>9</u>	<u>(1)</u>	<u>8</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(28,281)	5,989	(22,292)
Cash and Cash Equivalents - Beginning of Year.	132,718	6,524	139,242
<i>Cash and Cash Equivalents - End of Year</i>	<u>\$ 104,437</u>	<u>\$ 12,513</u>	<u>\$ 116,950</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities			
Operating Loss	\$ (1,294)	\$ (11,309)	\$ (12,603)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation Expense	-	11,309	11,309
Changes in Assets and Liabilities:			
Accounts Payable	1,127	-	1,127
Accrued Expenses and Other Liabilities	(28,123)	-	(28,123)
<i>Net Cash Used by Operating Activities</i>	<u>\$ (28,290)</u>	<u>\$ -</u>	<u>\$ (28,290)</u>

**Charter Township of Marquette
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2021**

	<u>Trust and Agency</u>	<u>Tax Collection</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 37,874	\$ 1,138,093	\$ 1,175,967
Prepaid Items	3,694	--	3,694
<i>Total Assets</i>	<u>41,568</u>	<u>1,138,093</u>	<u>1,179,661</u>
LIABILITIES			
Due to Other Governments	--	1,138,093	1,138,093
Undistributed Collections	41,568	--	41,568
<i>Total Liabilities</i>	<u>41,568</u>	<u>1,138,093</u>	<u>1,179,661</u>
NET POSITION			
Restricted for individuals, organizations and other governments	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Charter Township of Marquette
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2021

	<u>Trust and Agency</u>	<u>Tax Collection</u>	<u>Total</u>
Additions			
Taxes Collected for Other Governments	\$ 3,827	\$ 6,898,371	\$ 6,902,198
Total Additions	<u>3,827</u>	<u>6,898,371</u>	<u>6,902,198</u>
Deductions			
Payments of Property Taxes to Other Governments	3,827	6,898,371	6,902,198
Total Deductions	<u>3,827</u>	<u>6,898,371</u>	<u>6,902,198</u>
Change in Net Position	--	--	--
Net Position at Beginning of Period	--	--	--
Net Position at End of Period	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

April 15, 2022

To the Board of Trustees
Charter Township of Marquette, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Marquette, Michigan (the “Township”) for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 10, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Township’s financial statements were:

- Management’s estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management’s assumptions used to calculate the actuarial report and the net present value of pension benefits.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 15, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management’s discussion and analysis, budgetary comparison schedules, and the schedules for the pension benefit plan, which are required supplementary information (“RSI”) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor and fiduciary fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and management of the Township and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC
Grand Rapids, MI