

CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the Fiscal Year Ended December 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Charter Township of Marquette, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Marquette, Michigan, as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Marquette's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Marquette, Michigan, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 2, 2011, on our consideration of the Charter Township of Marquette, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

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

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



Gabridge & Company, PLC
Grand Rapids, MI
May 2, 2011

Charter Township of Marquette

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Charter Township of Marquette, Michigan's financial performance provides an overview of the Charter Township of Marquette, Michigan's financial activities for the year ended December 31, 2010. Please read it in conjunction with the financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- Net assets for the Charter Township of Marquette as a whole increased by \$733,584 as a result of this year's operations. Net assets of our business-type activities increased by \$307,428, or 3.8 percent, and net assets of our government activities increased by \$426,156 or 21.1 percent.
- During the year, the Charter Township of Marquette had expenses for governmental activities that were \$1,641,534 which is \$426,156 less than the \$2,067,690 generated in governmental revenue sources.
- During the year, the Charter Township of Marquette had expenses for business-type activities that were \$1,822,856 which is \$307,428 less than the \$2,130,284 generated in program revenue sources.
- The General Fund reported a net fund balance of \$188,751, which is a decrease of \$29,294 as a result of this year's operations.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Charter Township of Marquette, Michigan as a whole and present a longer-term view of the Charter Township of Marquette, Michigan's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for the future spending. Fund financial statements also report the Charter Township of Marquette, Michigan's operations in more detail than the government-wide financial statements.

Reporting the Charter Township of Marquette as a Whole

Our analysis of the Charter Township of Marquette, Michigan as a whole begins on page 9. One of the most important questions asked about the Charter Township of Marquette, Michigan's finances is "Is the Charter Township of Marquette, Michigan as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Charter Township of Marquette, Michigan as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Charter Township

of Marquette, Michigan's *net assets* and changes in them. You can think of the net assets – the difference between assets and liabilities – as one way to measure the financial health, or *financial position*. Over time, *increases or decreases* in the net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the patron base and the condition of the capital assets, to assess the *overall financial health* of the Charter Township of Marquette.

In the Statement of Net Assets and the Statement of Activities, we divide the Charter Township of Marquette, Michigan into two kinds of activities:

- **Governmental Activities** – Most of the Charter Township of Marquette, Michigan's basic services are reported here, including the legislative, elections, public safety, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and State of Michigan sources fund most of these activities.
- **Business-Type Activities** – The Charter Township of Marquette, Michigan charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Charter Township of Marquette's Water System, Wastewater System and Solid Waste Disposal activities are reported here.

Table 1 provides a summary of the Charter Township of Marquette's net assets as of December 31, 2010 and 2009.

	2010			2009		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and Other Assets	\$ 2,900,542	\$ 2,612,335	\$ 5,512,877	\$ 2,292,063	\$ 2,584,921	\$ 4,876,984
Capital Assets, net	2,386,244	10,110,139	12,496,383	2,384,731	10,247,329	12,632,060
Total Assets	5,286,786	12,722,474	18,009,260	4,676,794	12,832,250	17,509,044
Current Liabilities	2,279,323	696,115	2,975,438	2,026,610	802,319	2,828,929
Non-Current Liabilities	564,425	3,659,000	4,223,425	633,300	3,970,000	4,603,300
Total Liabilities	2,843,748	4,355,115	7,198,863	2,659,910	4,772,319	7,432,229
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	1,806,101	6,140,139	7,946,240	1,459,800	5,900,519	7,360,319
Restricted	-	378,477	378,477	-	-	-
Unrestricted	636,937	1,848,743	2,485,680	557,084	2,159,412	2,716,496
Total Net Assets	\$ 2,443,038	\$ 8,367,359	\$ 10,810,397	\$ 2,016,884	\$ 8,059,931	\$ 10,076,815

Net assets of the Charter Township of Marquette, Michigan's governmental activities stood at \$2,443,038. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$636,937.

The \$636,937 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The net assets of our business-type activities stood at \$8,367,359. The Charter Township of Marquette can generally only use these net assets to finance continuing operations of the Water System, Wastewater System and Solid Waste Disposal operations.

The results of this year's operations for the Charter Township of Marquette as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for the fiscal years 2010 and 2009.

Table 2 - Statement of Activities

	2010			2009		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues:						
Program Revenues						
Charges for Services	\$ 27,093	\$ 1,596,193	\$ 1,623,286	\$ 52,959	\$ 1,776,771	\$ 1,829,730
Operating Grants and Contributions	30,796	-	30,796	4,755	-	4,755
General Revenues:						
Licenses and Permits	-	-	-	16,380	-	16,380
Property Taxes	1,681,984	-	1,681,984	1,533,038	-	1,533,038
State Sources	217,309	5,017	222,326	205,223	-	205,223
Interest and Investment Earnings	24,247	49,884	74,131	31,048	76,588	107,636
Miscellaneous	46,683	105,511	152,194	30,635	122,440	153,075
Gain on Sale of Capital Assets	4,578	-	4,578	-	-	-
Debt Service Fee	-	408,679	408,679	-	-	-
Total Revenues	2,032,690	2,165,284	4,197,974	1,874,038	1,975,799	3,849,837
Program Expenses:						
Legislative	213,416	-	213,416	418,123	-	418,123
General Services and Administration	506,319	-	506,319	519,351	-	519,351
Public Safety	548,898	-	548,898	466,718	-	466,718
Public Works	15,533	-	15,533	14,095	-	14,095
Community and Economic Development	16,987	-	16,987	90,798	-	90,798
Recreation and Culture	184,557	-	184,557	172,446	-	172,446
Other Expense	-	-	-	13,028	-	13,028
Capital outlay	124,056	-	124,056	(273,451)	-	(273,451)
Debt Service	31,768	-	31,768	33,410	-	33,410
Water System	-	820,600	820,600	-	797,646	797,646
Solid Waste Disposal	-	317,460	317,460	-	287,899	287,899
Wastewater Treatment	-	684,796	684,796	-	571,007	571,007
Total Expenses	1,641,534	1,822,856	3,464,390	1,454,518	1,656,552	3,111,070
Transfers	35,000	(35,000)	-	48,000	(48,000)	-
Increase (Decrease) in net assets	426,156	307,428	733,584	467,520	271,247	738,767
Net Assets, beginning	2,016,882	8,059,931	10,076,813	1,549,364	7,788,684	9,338,048
Net Assets, ending	\$ 2,443,038	\$ 8,367,359	\$ 10,810,397	\$ 2,016,884	\$ 8,059,931	\$ 10,076,815

The Charter Township of Marquette's total revenues were \$4,197,974. The total cost of all programs and services was \$3,464,390, leaving an increase in net assets of \$733,584. Our analysis below separately considers the operations of governmental and business-type activities:

Governmental Activities

The Governmental Activities experienced an increase of net assets for the year of \$426,156. Key reasons for the change in net assets are as follows:

- Net increase in governmental fund balances of \$73,766
- Capital Outlay reclassified to Capital Assets of \$125,569
- Depreciation charged to expenses of \$124,056
- Principal payments reclassified from expenses to liability \$344,788
- Recording change in accrued interest of \$5,220
- Change in compensated absences of \$869

Business-Type Activities

The Business-Type Activities experienced an increase in net assets for the year of \$307,428. Key reasons for the change in net assets are as follows:

- Higher than budgeted revenue from Water and Wastewater Sales, Interest Income, Licenses and Permits, and the Grandview Water project special assessment; in addition to lower than budgeted Water Department Administration expenditures.

THE CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN'S FUNDS

Our analysis of the Charter Township of Marquette, Michigan's major funds begins on page 11. The fund financial statements provide detail information about the most significant funds, not the Charter Township of Marquette, Michigan 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 Charter Township of Marquette, Michigan's major funds include the General Fund, Fire Fund, Township Improvement Fund, Water Fund, Wastewater Fund and Solid Waste Fund.

The Governmental Funds had a net increase for the year of \$73,766.

Revenues

Highlighting the increase was the 9.8% increase in Tax Revenue over 2009.

Expenditures

Major increases over 2009 were in Debt Service, due to the payoff of the Brookton property and Planning, and due to the Contracted Services; offset by decreases in Professional Services and Assessor departments.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Township revised the budget; actual charges to expenditures were \$156,456 less than the budget; conversely, revenues were \$17,150 more than the budget projection.

Budget Amendments made in 2010 reflected:

- Revenues – Decreased Other Revenue, due to the decision not to sell Township-owned land, and the deletion of the Transfer from the Wastewater Fund; offset by higher Interest and Licenses and Permits.
- Expenditures – Increased Professional Services (Attorney Services), Planning (Contracted Services); offset by decreased Capital (Building and Grounds) and Assessor (vacated position was not filled).

The primary variances between the amended budget and actual are as follows:

- Revenues – Increases were for the Fly Ash Disposal and State Revenue Sharing
- Expenditures – The Transfer to Township Improvements was decreased, as well as Professional Services (Attorney Services) were less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010 and 2009, the Charter Township of Marquette had \$12,496,383 and \$12,632,060 invested in a variety of capital assets including land and improvements, buildings and improvements, and other equipment (See table 3 below).

Table 3 - Capital Assets

	2010	2009
Construction in progress	\$ 1,116,862	\$ 1,110,764
Land	1,760,758	1,760,758
Land Improvements	587,498	587,498
Investment in WW Treatment Facility	298,684	298,684
Buildings and Improvements	397,305	377,381
Vehicles	160,012	223,310
Furniture and Equipment	105,183	91,691
Infrastructure	8,014,549	8,118,145
Investment in MCSWF	55,532	63,829
Totals	<u>\$ 12,496,383</u>	<u>\$ 12,632,060</u>

There were additions of \$272,776 during the current fiscal year. Some significant additions included \$100,268 for the Center Street Liftstation, \$20,079 for Grinder Pumps, \$15,765 for Meters, \$39,881 for a Fire Department truck, \$43,469 for the Fire Department Utility Building, \$9,331 for a Copier and \$32,888 for Fire Department Equipment (mainly paid for through a Federal Grant). Further details on capital assets can be found in the Notes to the Financial Statements.

Debt

At the end of fiscal year 2010 and 2009, The Charter Township of Marquette, Michigan had \$4,550,143 and \$5,271,471 in debt outstanding as depicted in Table 4 below.

Table 4 - Long Term Debt

	2010	2009
Wildland Pumper Note	\$ -	\$ 17,955
2004 Land Purchase Note	313,600	352,800
Cornerstone Property Note	266,543	289,776
Fair Avenue Project Note	-	125,991
Brookton Property Note	-	138,409
1998 Sewer Bond	80,000	230,810
Water Land Purchase Note	160,000	176,000
DWRF Bond	3,560,000	3,760,000
Grandview Project Bond	170,000	180,000
Totals	<u>\$ 4,550,143</u>	<u>\$ 5,271,741</u>

There were no new additions to debt for this year. Principal payments for the year were \$721,598. Further details on long-term debt can be found in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the Charter Township of Marquette, Michigan's budget for the year ending December 31, 2011, the Charter Township of Marquette, Michigan 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.

CONTACTING THE CHARTER TOWNSHIP OF MARQUETTE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors with a general overview of the Charter Township of Marquette, Michigan's finances and to show the accountability for the money it receives. If you have questions about this report or need additional information, contact the Charter Township of Marquette, 161 County Road 492, Marquette, Michigan 49855.

Charter Township of Marquette
Statement of Net Assets
December 31, 2010

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
ASSETS				
<i>Current Assets</i>				
Cash & Cash Equivalents	\$ 1,111,249	\$ 1,726,354	\$ 2,837,603	\$ 15,918
Cash & Cash Equivalents - Restricted	--	378,477	378,477	
Receivables (Net)	99,295	60,013	159,308	--
Special Assessments (Current)	--	121,962	121,962	--
Taxes Receivable	1,662,134	--	1,662,134	--
Deferred Refunding Bonds	--	19,532	19,532	--
Prepaid Expenditures	18,486	20,738	39,224	--
Internal Balances	9,378	285,259	9,378	--
Total Current Assets	2,900,542	2,612,335	5,227,618	15,918
<i>Noncurrent Assets</i>				
Capital Assets (Net)	2,386,244	10,110,139	12,496,383	--
Total Assets	5,286,786	12,722,474	17,724,001	15,918
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	97,531	98,452	195,983	--
Customer Deposits	--	84,687	84,687	--
Accrued Payroll & Related Liabilities	6,508	7,400	13,908	--
Compensated Absences	--	35,244	35,244	--
Current Portion of Long-term Debt	63,177	311,000	374,177	--
Accrued Interest Payable	2,435	32,087	34,522	--
Deferred Revenue	1,824,413	127,245	1,951,658	--
Internal Balances	285,259	--	--	--
Total Current Liabilities	2,279,323	696,115	2,690,179	--
<i>Noncurrent Liabilities</i>				
Compensated Absences	47,459	--	47,459	--
Bonds Payable	516,966	3,659,000	4,175,966	--
Total Liabilities	2,843,748	4,355,115	6,913,604	--
NET ASSETS				
Invested in Fixed Assets, Net of Related Debt	1,806,101	6,140,139	7,946,240	--
Restricted Cash	--	378,477	378,477	--
Unrestricted	636,937	1,848,743	2,485,680	15,918
Total Net Assets	\$ 2,443,038	\$ 8,367,359	\$ 10,810,397	\$ 15,918

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, 2010**

Functions/Programs	Program Revenues				Net (Expense) Revenue		Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
Legislative	\$ 213,416	\$ --	\$ --	\$ --	(213,416)	\$ --	(213,416)
General Services & Administration	506,319	16,192	--	--	(490,127)	--	(490,127)
Public Safety	548,898	10,861	579	30,217	(507,241)	--	(507,241)
Public Works	15,533	--	--	--	(15,533)	--	(15,533)
Community & Economic Development	16,987	--	--	--	(16,987)	--	(16,987)
Recreation & Culture	184,557	--	--	--	(184,557)	--	(184,557)
Other	--	40	--	--	40	--	40
Depreciation Expense	124,056	--	--	--	(124,056)	--	(124,056)
Interest Expense	31,768	--	--	--	(31,768)	--	(31,768)
Total Governmental Activities	1,641,534	27,093	579	30,217	(1,583,645)	--	(1,583,645)
Business-type Activities:							
Storm Water Fund	--	--	--	--	--	--	--
Wastewater Treatment Fund	684,796	651,808	--	--	(32,988)	--	(32,988)
Water Fund	820,600	752,491	--	--	(68,109)	--	(68,109)
Solid Waste Fund	317,460	191,894	--	--	(125,566)	--	(125,566)
Metro Fund	--	--	--	--	--	--	--
Total Business-type Activities	1,822,856	1,596,193	--	--	(226,663)	--	(226,663)
Total Primary Government	\$ 3,464,390	\$ 1,623,286	\$ 579	\$ 30,217	\$ (1,583,645)	\$ (226,663)	\$ (1,810,308)
Component Units							
DDA	\$ --	\$ --	\$ --	\$ --	--	--	--
Total Component Units	\$ --	\$ --	\$ --	\$ --	--	--	--
General Purpose Revenues and Transfers:							
Revenues							
Taxes					1,681,984	--	1,681,984
State Sources					217,309	5,017	222,326
Other					46,683	105,511	152,194
Gain on Sale of Capital Assets					4,578	--	4,578
Interest & Investment Income					24,247	49,884	74,131
Debt Service Fee					--	408,679	408,679
Transfers					35,000	(35,000)	--
Total General Revenues and Transfers					2,009,801	534,091	2,543,892
Change in Net Assets					426,156	307,428	733,584
Net Assets at Beginning of Period					2,016,882	8,059,931	10,076,813
Net Assets at End of Period					\$ 2,443,038	\$ 8,367,359	\$ 10,810,397

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

**Charter Township of Marquette
Balance Sheet
Governmental Funds
December 31, 2010**

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash & Cash Equivalents	\$ 454,220	\$ 456,556	\$ 200,473	\$ 1,111,249
Receivables (Net)	84,825	1,555	12,915	99,295
Taxes Receivable	1,246,125	416,009	--	1,662,134
Prepaid Expenditures	8,873	9,613	--	18,486
Due from Other Funds	9,378	--	--	9,378
Total Assets	<u>\$ 1,803,421</u>	<u>\$ 883,733</u>	<u>\$ 213,388</u>	<u>\$ 2,900,542</u>
LIABILITIES				
Accounts Payable	\$ 67,603	\$ 15,168	\$ 14,760	\$ 97,531
Accrued Payroll & Related Liabilities	4,250	2,258	--	6,508
Deferred Revenue	1,363,154	461,259	--	1,824,413
Due to Other Funds	179,663	--	105,596	285,259
Total Liabilities	<u>1,614,670</u>	<u>478,685</u>	<u>120,356</u>	<u>2,213,711</u>
FUND BALANCE				
<i>Unreserved reported in:</i>				
General Fund	188,751	--	--	188,751
Special Revenue	--	405,048	93,032	498,080
Total Fund Balance	<u>188,751</u>	<u>405,048</u>	<u>93,032</u>	<u>686,831</u>
Total Liabilities and Fund Balance	<u>\$ 1,803,421</u>	<u>\$ 883,733</u>	<u>\$ 213,388</u>	<u>\$ 2,900,542</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 Assets
December 31, 2010

Total Fund Balance - Governmental Funds	\$ 686,831
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	2,386,244
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(630,037)
Total Net Assets-Governmental Funds	\$ <u>2,443,038</u>

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

Charter Township of Marquette
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2010

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 1,224,406	\$ 457,578	\$ --	\$ 1,681,984
Licenses & Permits	11,710	579	--	12,289
State Sources	212,162	--	5,147	217,309
Federal Grants	--	30,217	--	30,217
Charges for Services	4,522	10,861	--	15,383
Other	38,339	2,052	7,140	47,531
Interest & Investment Income	14,322	7,238	1,839	23,399
Total Revenues	<u>1,505,461</u>	<u>508,525</u>	<u>14,126</u>	<u>2,028,112</u>
Expenditures				
Legislative	213,416	--	--	213,416
General Services & Administration	507,188	--	--	507,188
Public Safety	231,443	317,455	--	548,898
Public Works	15,533	--	--	15,533
Community & Economic Development	1,892	--	15,095	16,987
Recreation & Culture	184,557	--	--	184,557
Capital Outlay	9,331	116,238	--	125,569
Debt Service	229,554	18,885	133,337	381,776
Total Expenditures	<u>1,392,914</u>	<u>452,578</u>	<u>148,432</u>	<u>1,993,924</u>
Excess of Revenues Over (Under) Expenditures	<u>112,547</u>	<u>55,947</u>	<u>(134,306)</u>	<u>34,188</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	--	4,578	--	4,578
Transfers from other funds	39,660	--	181,501	221,161
Transfers to other funds	(181,501)	--	(4,660)	(186,161)
Net Other Financing Sources (Uses)	<u>(141,841)</u>	<u>4,578</u>	<u>176,841</u>	<u>39,578</u>
Net Change in Fund Balance	<u>(29,294)</u>	<u>60,525</u>	<u>42,535</u>	<u>73,766</u>
<i>Fund Balance at Beginning of Period</i>	<u>218,045</u>	<u>344,523</u>	<u>50,497</u>	<u>613,065</u>
Fund Balance at End of Period	<u>\$ 188,751</u>	<u>\$ 405,048</u>	<u>\$ 93,032</u>	<u>\$ 686,831</u>

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, 2010

Total Net Change in Fund Balances - Governmental Funds	\$	73,766
<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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period</p>		
		1,513
<p>Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets</p>		
		344,788
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, and interest expenditure is reported when due</p>		
		5,220
<p>Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds</p>		
		869
Changes in Net Assets-Governmental Funds	\$	<u>426,156</u>

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

Charter Township of Marquette
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Business-type Activities - Enterprise Funds				
	Wastewater Treatment Fund	Water Fund	Solid Waste Fund	Other Enterprise Funds	Total Enterprise Funds
ASSETS					
<i>Current Assets</i>					
Cash & Cash Equivalents	\$ 569,205	\$ 1,043,408	\$ 2,705	\$ 111,036	\$ 1,726,354
Cash & Cash Equivalents - Restricted	276,629	101,848	--	--	378,477
Receivables (Net)	23,353	16,629	20,031	--	60,013
Special Assessments (Current)	14,049	107,913	--	--	121,962
Deferred Refunding Bonds	19,532	--	--	--	19,532
Prepaid Expenditures	8,064	12,475	199	--	20,738
Due from Other Funds	--	--	285,259	--	285,259
Total Current Assets	910,832	1,282,273	308,194	111,036	2,612,335
<i>Noncurrent Assets</i>					
Capital Assets (Net)	3,400,684	6,653,923	55,532	--	10,110,139
Total Assets	4,311,516	7,936,196	363,726	111,036	12,722,474
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	14,365	40,397	43,690	--	98,452
Customer Deposits	--	69,117	15,570	--	84,687
Accrued Payroll & Related Liabilities	2,635	4,477	288	--	7,400
Compensated Absences	15,707	19,537	--	--	35,244
Current Portion of Long-term Debt	80,000	231,000	--	--	311,000
Accrued Interest Payable	782	31,305	--	--	32,087
Deferred Revenue	--	127,245	--	--	127,245
Total Current Liabilities	113,489	523,078	59,548	--	696,115
<i>Noncurrent Liabilities</i>					
Bonds Payable	--	3,659,000	--	--	3,659,000
Total Liabilities	113,489	4,182,078	59,548	--	4,355,115
NET ASSETS					
Invested in Fixed Assets, Net of Related Debt	3,320,684	2,763,923	55,532	--	6,140,139
Restricted Cash	276,629	101,848	--	--	378,477
<i>Unrestricted</i>	600,714	888,347	248,646	111,036	1,848,743
Total Net Assets	\$ 4,198,027	\$ 3,754,118	\$ 304,178	\$ 111,036	\$ 8,367,359

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 Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds				
	Wastewater Treatment Fund	Water Fund	Solid Waste Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues					
State Sources	\$ --	\$ --	\$ --	\$ 5,017	\$ 5,017
Charges for Services	570,461	663,392	191,239	--	1,425,092
Permits, Fees & Special Assessments	24,868	34,762	655	--	60,285
Other	15,914	28,931	60,666	--	105,511
Total Operating Revenues	<u>611,243</u>	<u>727,085</u>	<u>252,560</u>	<u>5,017</u>	<u>1,595,905</u>
Operating Expenses					
Personnel Services	225,301	333,443	18,324	--	577,068
Supplies	17,664	17,317	651	--	35,632
Other Services & Charges	302,181	215,616	289,925	--	807,722
Depreciation Expense	115,324	160,775	8,297	--	284,396
Total Operating Expenses	<u>660,470</u>	<u>727,151</u>	<u>317,197</u>	<u>--</u>	<u>1,704,818</u>
Operating Income (Loss)	<u>(49,227)</u>	<u>(66)</u>	<u>(64,637)</u>	<u>5,017</u>	<u>(108,913)</u>
Non-Operating Revenues (Expenses)					
Interest & Investment Income	27,922	18,636	2,833	493	49,884
Debt Service Fee	99,881	284,190	24,608	--	408,679
Connection Fees	56,479	54,337	--	--	110,816
Interest Expense	(24,326)	(93,449)	(263)	--	(118,038)
Net Non-Operating Revenues (Expenses)	<u>159,956</u>	<u>263,714</u>	<u>27,178</u>	<u>493</u>	<u>451,341</u>
Income Before Contributions and Transfers	<u>110,729</u>	<u>263,648</u>	<u>(37,459)</u>	<u>5,510</u>	<u>342,428</u>
Transfers to Other Funds	--	(23,000)	(12,000)	--	(35,000)
Change In Net Assets	<u>110,729</u>	<u>240,648</u>	<u>(49,459)</u>	<u>5,510</u>	<u>307,428</u>
<i>Net Assets at Beginning of Period</i>	4,087,298	3,513,470	353,637	105,526	8,059,931
Net Assets at End of Period	<u>\$ 4,198,027</u>	<u>\$ 3,754,118</u>	<u>\$ 304,178</u>	<u>\$ 111,036</u>	<u>\$ 8,367,359</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, 2010

	Business - Type Activities					Total Enterprise Funds
	Enterprise Funds					
	Solid Waste Fund	Wastewater Treatment Fund	Water Fund	Non-Major		
			Storm Water Fund	Metro Fund		
Cash Flows From Operating Activities						
Cash Received from Charges for Services	\$ 211,287	\$ 587,482	\$ 712,848	\$ -	\$ -	\$ 1,511,617
Cash Received from Permits, Fees and Special Assessments	655	24,868	34,762	-	-	60,285
Other Miscellaneous Income	60,666	15,914	28,931	-	5,017	110,528
Cash Payments to Employees for Services and Fringe Benefits	(18,324)	(225,301)	(333,443)	-	-	(577,068)
Cash Payments to Suppliers for Goods and Services	(272,737)	(354,064)	(260,234)	-	-	(887,035)
Total Cash Flows from Operating Activities	(18,453)	48,899	182,864	-	5,017	218,327
Cash Flows From Non-capital Financing Activities						
Transfers from (to) Other Funds	(12,000)	-	(23,000)	-	-	(35,000)
Increase (Decrease) in Due to Other Funds	(2,825)	-	-	-	-	(2,825)
Total Cash Flows from Non-capital Financing Activities	(14,825)	-	(23,000)	-	-	(37,825)
Cash Flows From Capital and Related Financing Activities						
Cash Received from Connection Fees	-	56,479	54,337	-	-	110,816
Payments Received from Debt Service	24,608	99,881	284,190	-	-	408,679
Purchases of Capital Assets	-	(131,402)	(15,804)	-	-	(147,206)
Interest Payments on Bonds	(263)	(24,326)	(93,449)	-	-	(118,038)
Principal Payments on Bonds	-	(150,810)	(226,000)	-	-	(376,810)
Deferred Refunding of Bonds	-	19,533	-	-	-	19,533
Total Cash Flows from Capital and Related Financing Activities	24,345	(130,645)	3,274	-	-	(103,026)
Cash Flows From Investing Activities						
Interest on Investments	2,833	27,922	18,636	355	138	49,884
Total Cash Flows from Investing Activities	2,833	27,922	18,636	355	138	49,884
Net Increase (Decrease) in Cash and Equivalents	(6,100)	(53,824)	181,774	355	5,155	127,360
Cash and Equivalents - Beginning of Year	8,805	899,658	963,482	75,037	30,489	1,977,471
Cash and Equivalents - End of Year	<u>\$ 2,705</u>	<u>\$ 845,834</u>	<u>\$ 1,145,256</u>	<u>\$ 75,392</u>	<u>\$ 35,644</u>	<u>\$ 2,104,831</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income	\$ (64,637)	\$ (49,227)	\$ (66)	\$ -	\$ 5,017	(108,913)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation and Amortization Expense	8,297	115,324	160,775	-	-	284,396
Changes in Assets & Liabilities						
Receivables - net	20,048	17,021	49,456	-	-	86,525
Prepaid Expenses	(8)	(1,241)	(2,038)	-	-	(3,287)
Accounts Payable	15,627	(30,903)	1,028	-	-	(14,248)
Accrued and Other Liabilities	2,220	(2,075)	(26,291)	-	-	(26,146)
Net Cash Provided by Operating Activities	\$ (18,453)	\$ 48,899	\$ 182,864	\$ -	\$ 5,017	\$ 218,327

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

Charter Township of Marquette
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

	Agency Funds
ASSETS	
Cash & Cash Equivalents	\$ 424,153
<i>Total Assets</i>	424,153
LIABILITIES	
Accounts Payable	126
Due to Other Funds	9,378
Due to Others	414,649
<i>Total Liabilities</i>	424,153
NET ASSETS	
Held in Trust	\$ --

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

**Charter Township of Marquette
Combining Statement of Net Assets
Component Units
December 31, 2010**

	DDA	Total Component Units
ASSETS		
<i>Current Assets</i>		
Cash & Cash Equivalents	\$ 15,918	\$ 15,918
Total Current Assets	15,918	15,918
<i>Noncurrent Assets</i>		
Total Assets	15,918	15,918
LIABILITIES		
<i>Current Liabilities</i>		
Total Current Liabilities	--	--
<i>Noncurrent Liabilities</i>		
Total Liabilities	--	--
NET ASSETS		
<i>Unrestricted</i>	15,918	15,918
Total Net Assets	\$ 15,918	\$ 15,918

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

**Charter Township of Marquette
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2010**

	<u>DDA</u>	<u>Total Component Units</u>
Expenses		
<i>Total Expenses</i>	--	--
Program Revenues		
Charges for services	--	--
Operating grants and contributions	--	--
Capital grants and contributions	--	--
<i>Total Program Revenues</i>	--	--
<i>Net Program Revenues (Expenses)</i>	--	--
General Revenue		
Other	\$ 10	\$ 10
Interest & Investment Income	18	18
<i>Total General Revenues</i>	28	28
<i>Change in Net Assets</i>	28	28
<i>Net Assets at Beginning of Period</i>	15,890	15,890
<i>Net Assets at End of Period</i>	<u>\$ 15,918</u>	<u>\$ 15,918</u>

The Notes to the Financial Statements are an integral part of these 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, Michigan 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 Charter Township of Marquette, Michigan.

Reporting Entity

The Charter Township of Marquette, Michigan 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 Units - The Township discretely presents one component unit in these financial statements, the Downtown Development Authority. The Downtown Development Authority was created to promote economic growth within the township. The Authority's governing body, which consists of five individuals, is selected by the Charter Township of Marquette, Michigan. In addition, the Authority's Budget is subject to approval by the Charter Township of Marquette, Michigan.

Jointly Governed Organization

Marquette Township Solid Waste Management Authority - In June 1988, The Charter Township of Marquette, Michigan joined with 19 other municipalities to create the Marquette Township Solid Waste Management Authority ("Authority"). Please read the footnotes 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 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 Township of Marquette would own 5.5% and the City of Marquette would own 79.8%. Please read the footnotes for more information.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally 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.

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable within 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 revenue.

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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows. Property taxes are recognized as revenue 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon 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. Property taxes, state-shared revenue, grant revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under the accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Charter Township of Marquette, Michigan property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Charter Township of Marquette, Michigan as of the preceding December 31st.

Although the Charter Township of Marquette, Michigan 2010 ad valorem tax is levied and collectible on December 1, 2010, it is the Charter Township of Marquette, Michigan's policy to

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

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).

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and 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 December 1st of the following year, at which time penalties and interest are assessed.

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 principal and interest, 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, bridges, 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 Charter Township of Marquette, Michigan 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 estimated market value on the date of donation.

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Building Improvements	25-40 years
Water and Sewage System	50 years
Infrastructure	5 to 50 years
Equipment	3-10 years

Compensated Absences (Vacation and Sick Leave) – It is the Charter Township’s policy to permit employees to accumulated 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 the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates - The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles require the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues and expenditures Actual results may differ from estimated amounts.

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

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

Note 2 - Stewardship, Compliance and Accountability:

Budgeting - 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:

- a. 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.
- b. 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.
- c. 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.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township of Marquette, Michigan 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.
- e. 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:

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

- i. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
 - ii. Will the transfer maintain the financial integrity of the Township?
 - iii. Will the transfer provide a reasonable solution to the departmental operating problem?
- f. Considering the above, the Manager will then decide whether or not the transfer should be made.
- g. 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.
- h. The Township of Marquette, Michigan 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. Accounting, i.e., classification control, resides at the line item detail level.
- i. Budgets for the General Funds were adopted in substance on an 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.

Note 3 – Deposits and Investments

Cash Equivalents - As of December 31, 2010, the Charter Township of Marquette, Michigan's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business Type Activities	Fiduciary Funds	Component Unit	Total Primary Government
Cash and Equivalents	\$ 1,111,249	\$ 1,726,354	\$ 424,153	\$ 15,918	\$ 3,277,674
Investments	-	-	-	-	-
Cash and Equivalents - Restricted	-	378,477	-	-	378,477
	\$ 1,111,249	\$ 2,104,831	\$ 424,153	\$ 15,918	\$ 3,656,151

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Charter Township of Marquette, Michigan's deposits may not be returned to it. State law does not require and the Charter Township of Marquette, Michigan does not have a deposit

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

policy for custodial credit risk. The carrying amounts of the Charter Township of Marquette, Michigan's deposits with financial institutions were \$3,656,151 and the bank balance was \$4,159,909. The bank balance is categorized as follows:

Amount Insured by the FDIC	\$4,157,446
Amount Collateralized with the Financial Institution	-
Amount Uncollateralized and Uninsured	2,463
	<u>\$4,159,909</u>

Investments - As of December 31, 2010, the Charter Township of Marquette, Michigan did not have any investments.

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

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

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

Concentration of Credit Risk - The Charter Township of Marquette, Michigan places no limit on the amount the Charter Township of Marquette, Michigan may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

Note 4 - Receivables:

Receivables as of year-end for the government's individual major and non-major funds, and the internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Fire Fund	Township Improvement Fund	Water Fund	Solid Waste Fund	Wastewater Treatment Fund	Total
Accounts Receivable	\$ 84,825	\$ 1,555	\$ 12,915	\$ 7,690	\$ 11,297	\$ 6,871	\$ 125,153
Taxes Receivable	1,246,125	416,009	-	-	-	-	1,662,134
Utility Billings	-	-	-	8,939	8,734	16,482	34,155
Special Assessments	-	-	-	107,913	-	14,049	121,962
	<u>\$ 1,330,950</u>	<u>\$ 417,564</u>	<u>\$ 12,915</u>	<u>\$ 124,542</u>	<u>\$ 20,031</u>	<u>\$ 37,402</u>	<u>\$ 1,943,404</u>

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

Note 5 – Capital Assets:

Capital asset activity of the Township’s governmental and business-type activities was as follows:

	Balance at January 1, 2010	Additions	Disposals	Balance at December 31, 2010
Construction in progress	\$ 373,588	\$ -	\$ -	\$ 373,588
Land	1,520,758	-	-	1,520,758
Land Improvements	27,205	-	-	27,205
Total Capital Assets, not being depreciated	<u>1,921,551</u>	<u>-</u>	<u>-</u>	<u>1,921,551</u>
Buildings and improvements	502,713	43,469	-	546,182
Vehicles	1,183,392	39,881	4,578	1,218,695
Furniture and equipment	147,685	42,219	-	189,904
Infrastructure	-	-	-	-
Total Capital Assets, being depreciated	<u>1,833,790</u>	<u>125,569</u>	<u>4,578</u>	<u>1,954,781</u>
Less Accumulated Depreciation:				
Buildings and improvements	256,538	14,621	-	271,159
Vehicles	1,044,154	84,588	4,578	1,124,164
Furniture and equipment	69,918	24,847	-	94,765
Infrastructure	-	-	-	-
Total Accumulated Depreciation	<u>1,370,610</u>	<u>124,056</u>	<u>4,578</u>	<u>1,490,088</u>
Governmental Activities Capital Assets, Net	<u>2,384,731</u>	<u>1,513</u>	<u>-</u>	<u>2,386,244</u>
Construction in progress	737,176	6,099	-	743,274
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>1,836,153</u>	<u>6,099</u>	<u>-</u>	<u>1,842,251</u>
Buildings and improvements	353,961	-	-	353,961
Vehicles	201,962	-	-	201,962
Furniture and equipment	60,686	-	-	60,686
Infrastructure	10,341,476	141,108	-	10,482,584
Investment in MCSWF	190,835	-	-	190,835
Total Capital Assets, being depreciated	<u>11,148,920</u>	<u>141,108</u>	<u>-</u>	<u>11,290,028</u>
Less Accumulated Depreciation:				
Buildings and improvements	222,755	8,924	-	231,679
Vehicles	117,890	18,591	-	136,481
Furniture and equipment	46,762	3,880	-	50,642
Infrastructure	2,223,331	244,704	-	2,468,035
Investment in MCSWF	127,006	8,297	-	135,303
Total Accumulated Depreciation	<u>2,737,744</u>	<u>284,396</u>	<u>-</u>	<u>3,022,140</u>
Business Activities Capital Assets, Net	<u>\$ 10,247,329</u>	<u>\$(137,189)</u>	<u>\$ -</u>	<u>\$ 10,110,139</u>

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

Note 6 - Interfund Receivables, Payables, and Transfers

Charter Township of Marquette, Michigan reports Interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of Interfund balances presented in the statements of net assets/balance sheet for governmental funds. Interfund transactions resulting in Interfund receivables and payables are as follows:

Due From Other Funds	
	General Fund
Trust and Agency Fund	\$ 2,998
Tax Collection Fund	6,380
Total Due From Other Funds	<u>\$ 9,378</u>

All balances 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.

		Transfer Out To Other Funds				
		General Fund	Liquor Fund	Water Fund	Solid Waste Fund	Total
General Fund	Transfer In From Other Funds	\$ -	\$ 4,660	\$23,000	\$ 12,000	\$ 39,660
Township Improvement Fund		181,501	-	-	-	181,501
Total		<u>\$181,501</u>	<u>\$ 4,660</u>	<u>\$23,000</u>	<u>\$ 12,000</u>	<u>\$221,161</u>

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 7 – Long-Term Debt

The government 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

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

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.

Individual bond and contractual obligation activity can be summarized as follows:

2004 Land Purchase Note
December 31, 2010

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
✓ 2011	39,200	12,559	51,759
✓ 2012	39,200	11,019	50,219
✓ 2013	39,200	9,419	48,619
✓ 2014	39,200	7,850	47,050
✓ 2015	39,200	6,280	45,480
2016 -2020	117,600	9,433	127,033
	<u>\$ 313,600</u>	<u>\$ 56,560</u>	<u>\$ 370,160</u>

The Note was originally issued for \$588,000 on November 19, 2003. Note payments are due annually, on November 11 (principal and interest) with an interest rate of 3.950%.

Corner Stone Property Note
December 31, 2010

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
✓ 2011	23,977	8,530	32,507
✓ 2012	24,744	7,763	32,507
✓ 2013	25,536	6,971	32,507
✓ 2014	26,353	6,154	32,507
✓ 2015	27,197	5,310	32,507
2016-2020	138,736	12,926	151,662
	<u>\$ 266,543</u>	<u>\$ 47,654</u>	<u>\$ 314,197</u>

The Note was originally issued for \$349,000 on June 31, 2007. Note payments are due annually on November 30 (principal plus interest) with an interest rate of 4.80%.

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

1998A Sewer Bond

December 31, 2010

	Principle	Interest	Total
2011	\$ 80,000	\$ 1,800	\$ 81,800
	<u>\$ 80,000</u>	<u>\$ 1,800</u>	<u>\$ 81,800</u>

The Bond was originally issued for \$1,953,921 on October 8, 1998. Bond payments are due semi-annually on May 1 (principal and interest) and November 1 (interest only).

Water Land Purchase Note

December 31, 2010

	Principle	Interest	Total
✓ 2011	16,000	7,693	23,693
✓ 2012	16,000	6,924	22,924
✓ 2013	16,000	6,154	22,154
✓ 2014	16,000	5,385	21,385
✓ 2015	16,000	4,616	20,616
2016-2020	80,000	11,539	91,539
	<u>\$ 160,000</u>	<u>\$ 42,311</u>	<u>\$ 202,311</u>

The Note was originally issued for \$240,000 on March 25, 2005. Note payments are due annually on March 25 (principal and interest) with an interest rate of 4.750%.

Drinking Water Program Bond

December 31, 2010

	Principle	Interest	Total
✓ 2011	205,000	75,650	280,650
✓ 2012	210,000	71,294	281,294
✓ 2013	215,000	66,831	281,831
✓ 2014	220,000	62,263	282,263
✓ 2015	220,000	57,588	277,588
2016-2020	1,175,000	215,688	1,390,688
2021-2025	1,315,000	85,213	1,400,213
	<u>\$3,560,000</u>	<u>\$ 634,527</u>	<u>\$4,194,527</u>

The 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

**2008 Grandview Water Bond
December 31, 2010**

	Principle	Interest	Total
✓ 2011	10,000	7,178	17,178
✓ 2012	10,000	6,743	16,743
✓ 2013	10,000	6,308	16,308
✓ 2014	15,000	5,764	20,764
✓ 2015	10,000	5,220	15,220
2016-2020	55,000	19,466	74,466
2021-2025	50,000	7,615	57,615
2026-2030	10,000	218	10,218
	<u>\$ 170,000</u>	<u>\$ 58,512</u>	<u>\$ 228,512</u>

The Bond was originally issued for \$200,000 on April 17, 2007. Bond payments are due semi-annually on May 1 (principal and interest) and November 1 (interest only) with an interest rate of 4.349%.

Long-term obligation activity can be summarized as follows:

	January 1, 2010	Additions	Reductions	December 31, 2010	Due Within One Year
Governmental Activities:					
Wild Land Pumper Installment Loan	\$ 17,955	\$ -	\$ 17,955	\$ -	\$ -
2004 Land Purchase Note	352,800	-	39,200	313,600	39,200
Corner Stone Property Note	289,776	-	23,233	266,543	23,977
Fair Avenue Project Note	125,991	-	125,991	-	-
Brookton Property Note	138,409	-	138,409	-	-
Compensated Absences	48,328	-	869	47,459	-
Total Governmental Activities	<u>973,259</u>	<u>-</u>	<u>344,788</u>	<u>627,602</u>	<u>63,177</u>
Business-Type Activities:					
1998A Sewer Bond	230,810	-	150,810	80,000	80,000
Water Note Land Purchase	176,000	-	16,000	160,000	16,000
Drinking Water Bond	3,760,000	-	200,000	3,560,000	205,000
2008 Grandview Water Bond	180,000	-	10,000	170,000	10,000
Compensated Absences	34,946	297	-	35,243	-
Total Business-Type Activities	<u>4,381,756</u>	<u>297</u>	<u>376,810</u>	<u>4,005,243</u>	<u>311,000</u>
Total Primary Government Long-Term	<u>\$ 5,355,015</u>	<u>\$ 297</u>	<u>\$ 721,598</u>	<u>\$ 4,632,845</u>	<u>\$ 374,177</u>

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

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. The Local Governmental Unit has purchased commercial property loss, torts, errors medical benefits provided insurance for claims and 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 – Joint Venture

In June 1988, The Charter Township of Marquette, Michigan 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 and to establish and administer 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 and to provide for the reimbursement with receipt of bond proceeds 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 one (1) member (who is the Chairperson of the board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette County Board of Commissioners, and 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.

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, 2010, is as follows:

Total Assets	\$12,717,616
Total Liabilities	1,503,229
Total Equity	11,214,387
Total Operating Revenues	2,104,052
Total Operating Expenses	2,511,500
Net Income (loss)	\$(47,524)

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 10 - 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 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.

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

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

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 is \$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.

A summary of condensed financial information of the Facility, in the aggregate, for its fiscal year ended June 30, 2010 is as follows:

Assets	\$22,143,655
Liabilities	16,690,787
Fund Equity	5,452,868
Total Operating Revenues	1,497,676
Total Operating Expenses	1,736,124
Net income (loss)	655,551
Township's share of net income (loss)	151,830

Note 11 – Pension Plan:

Plan Description - The Township of Marquette, Michigan participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the Township of Marquette, Michigan. The System provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to maintain the system for these employees was established by negotiation with the Township of Marquette, Michigan's competitive bargaining units.

Annual Pension Cost - For year ended December 31, 2009 (the year of the most recently available plan information), the Township of Marquette, Michigan's annual pension cost of \$75,636 for the plan was equal to the Township of Marquette, Michigan's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2009, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four year

CHARTER TOWNSHIP OF MARQUETTE

Notes to the Financial Statements

period. The unfunded actuarial liability is being amortized as a level percentage of payrolls on a closed basis. The remaining amortization period is 30 years.

Three Year Trend Information from Actuarial Valuation
Fiscal Year Ended December 31

	2009	2008	2007
Annual Pension Cost (APC)	\$ 84,218	\$ 93,362	\$ 72,305
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ -	\$ -	\$ -
Actuarial Value of Assets	\$ 1,040,472	\$ 886,376	\$ 750,325
Actuarial Accrued Liability (AAL)	\$ 1,302,931	\$ 1,386,253	\$ 1,151,470
Unfunded AAL (UAAL)	\$ 262,459	\$ 499,877	\$ 401,145
Funded Ratio	80%	64%	65%
Covered Payroll	\$ 661,015	\$ 684,017	\$ 588,857
UAAL as a Percentage of Covered Payroll	40%	73%	68%

Note 12 – Contingent Liabilities:

Management is not aware of any contingent liabilities that existed as of December 31, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

Charter Township of Marquette
MERS Agent Multiple-Employer Defined Benefit Pension Plan
Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	(Overfunded) Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	750,325	1,151,470	401,145	65%	588,857	68%
12/31/2008	886,376	1,386,253	499,877	64%	684,017	73%
12/31/2009	1,040,472	1,302,931	262,459	80%	661,015	40%

Charter Township of Marquette
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
Revenues				
Taxes	\$ 1,220,275	\$ 1,220,275	\$ 1,224,406	\$ 4,131
Licenses & Permits	1,500	7,500	7,500	--
State Sources	206,391	206,391	212,162	5,771
Charges for Services	2,640	2,640	8,732	6,092
Interest & Rents	6,083	12,083	14,322	2,239
Other	176,422	39,422	38,339	(1,083)
Total Revenues	<u>1,613,311</u>	<u>1,488,311</u>	<u>1,505,461</u>	<u>17,150</u>
Other Financing Sources				
Transfers from other funds	<u>62,660</u>	<u>39,660</u>	<u>39,660</u>	<u>--</u>
Total Revenues and Other Financing Sources	<u>1,675,971</u>	<u>1,527,971</u>	<u>1,545,121</u>	<u>17,150</u>
Expenditures				
Legislative	109,655	228,155	213,416	14,739
General Services & Administration	558,328	512,613	507,188	5,425
Public Safety	196,833	232,823	231,443	1,380
Public Works	16,000	16,000	15,533	467
Community & Economic Development	4,500	2,500	1,892	608
Recreation & Culture	193,350	186,050	184,557	1,493
Capital Outlay	43,975	9,400	9,331	69
Debt Service	230,328	230,328	229,554	774
Total Expenditures	<u>1,352,969</u>	<u>1,417,869</u>	<u>1,392,914</u>	<u>24,955</u>
Other Financing Uses				
Transfers to other funds	<u>313,002</u>	<u>313,002</u>	<u>181,501</u>	<u>131,501</u>
Total Expenditures and Other Financing Uses	<u>1,665,971</u>	<u>1,730,871</u>	<u>1,574,415</u>	<u>156,456</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>10,000</u>	<u>(202,900)</u>	<u>(29,294)</u>	<u>173,606</u>
Net Change in Fund Balance	<u>10,000</u>	<u>(202,900)</u>	<u>(29,294)</u>	<u>173,606</u>
Fund Balance at Beginning of Period	<u>218,045</u>	<u>218,045</u>	<u>218,045</u>	<u>--</u>
Fund Balance at End of Period	<u>\$ 228,045</u>	<u>\$ 15,145</u>	<u>\$ 188,751</u>	<u>\$ 173,606</u>

Charter Township of Marquette
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Fire Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
Revenues				
Taxes	\$ 461,796	\$ 461,796	\$ 457,578	\$ (4,218)
Licenses & Permits	--	--	579	579
Federal Grants	--	23,404	30,217	6,813
Charges for Services	12,300	12,300	10,861	(1,439)
Interest & Rents	6,000	6,000	7,238	1,238
Other	650	650	2,052	1,402
<i>Total Revenues</i>	<u>480,746</u>	<u>504,150</u>	<u>508,525</u>	<u>4,375</u>
Other Financing Sources				
Sale of Capital Assets	--	--	4,578	4,578
<i>Total Revenues and Other Financing Sources</i>	<u>480,746</u>	<u>504,150</u>	<u>513,103</u>	<u>8,953</u>
Expenditures				
Public Safety	362,818	362,818	317,455	45,363
Capital Outlay	96,454	119,858	116,238	3,620
Debt Service	18,889	18,889	18,885	4
<i>Total Expenditures</i>	<u>478,161</u>	<u>501,565</u>	<u>452,578</u>	<u>48,987</u>
Other Financing Uses				
<i>Total Expenditures and Other Financing Uses</i>	<u>478,161</u>	<u>501,565</u>	<u>452,578</u>	<u>48,987</u>
<i>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</i>	<u>2,585</u>	<u>2,585</u>	<u>60,525</u>	<u>57,940</u>
<i>Net Change in Fund Balance</i>	<u>2,585</u>	<u>2,585</u>	<u>60,525</u>	<u>57,940</u>
<i>Fund Balance at Beginning of Period</i>	344,523	344,523	344,523	--
<i>Fund Balance at End of Period</i>	<u>\$ 347,108</u>	<u>\$ 347,108</u>	<u>\$ 405,048</u>	<u>\$ 57,940</u>

OTHER SUPPLEMENTARY INFORMATION

**Charter Township of Marquette
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010**

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Liquor Law Fund</u>	<u>Township Improvement Fund</u>	
ASSETS			
Cash & Cash Equivalents	\$ 5,353	\$ 195,120	\$ 200,473
Receivables (Net)	--	12,915	12,915
<i>Total Assets</i>	<u>\$ 5,353</u>	<u>\$ 208,035</u>	<u>\$ 213,388</u>
LIABILITIES			
Accounts Payable	\$ --	\$ 14,760	\$ 14,760
Due to Other Funds	--	105,596	105,596
<i>Total Liabilities</i>	<u>--</u>	<u>120,356</u>	<u>120,356</u>
FUND BALANCE			
<i>Unreserved</i>	5,353	87,679	93,032
<i>Total Fund Balance</i>	<u>5,353</u>	<u>87,679</u>	<u>93,032</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 5,353</u>	<u>\$ 208,035</u>	<u>\$ 213,388</u>

Charter Township of Marquette
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Liquor Law Fund</u>	<u>Township Improvement Fund</u>	
Revenues			
State Sources	\$ 5,147	\$ --	\$ 5,147
Other	--	7,140	7,140
Interest & Investment Income	5	1,834	1,839
<i>Total Revenues</i>	<u>5,152</u>	<u>8,974</u>	<u>14,126</u>
Expenditures			
Community & Economic Development	--	15,095	15,095
Debt Service	--	133,337	133,337
<i>Total Expenditures</i>	<u>--</u>	<u>148,432</u>	<u>148,432</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,152</u>	<u>(139,458)</u>	<u>(134,306)</u>
Other Financing Sources (Uses)			
Transfers from other funds	--	181,501	181,501
Transfers to other funds	(4,660)	--	(4,660)
<i>Net Other Financing Sources (Uses)</i>	<u>(4,660)</u>	<u>181,501</u>	<u>176,841</u>
<i>Net Change in Fund Balance</i>	492	42,043	42,535
<i>Fund Balance at Beginning of Period</i>	4,861	45,636	50,497
<i>Fund Balance at End of Period</i>	<u>\$ 5,353</u>	<u>\$ 87,679</u>	<u>\$ 93,032</u>

**Charter Township of Marquette
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2010**

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Storm Water Fund</u>	<u>Metro Fund</u>	
ASSETS			
<i>Current Assets</i>			
Cash & Cash Equivalents	\$ 75,392	\$ 35,644	\$ 111,036
Total Current Assets	<u>75,392</u>	<u>35,644</u>	<u>111,036</u>
<i>Noncurrent Assets</i>			
Total Assets	<u>75,392</u>	<u>35,644</u>	<u>111,036</u>
LIABILITIES			
<i>Current Liabilities</i>			
Total Current Liabilities	--	--	--
<i>Noncurrent Liabilities</i>			
Total Liabilities	--	--	--
NET ASSETS			
<i>Unrestricted</i>	75,392	35,644	111,036
Total Net Assets	<u>\$ 75,392</u>	<u>\$ 35,644</u>	<u>\$ 111,036</u>

Charter Township of Marquette
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2010

	Enterprise		
	Storm Water Fund	Metro Fund	Total Enterprise Funds
Operating Revenues			
State Sources	\$ --	\$ 5,017	\$ 5,017
<i>Total Operating Revenues</i>	<u> --</u>	<u> 5,017</u>	<u> 5,017</u>
Operating Expenses			
<i>Total Operating Expenses</i>	<u> --</u>	<u> --</u>	<u> --</u>
<i>Operating Income (Loss)</i>	<u> --</u>	<u> 5,017</u>	<u> 5,017</u>
 Non-Operating Revenues (Expenses)			
Interest & Investment Income	<u> 355</u>	<u> 138</u>	<u> 493</u>
<i>Net Non-Operating Revenues (Expenses)</i>	<u> 355</u>	<u> 138</u>	<u> 493</u>
 <i>Income Before Contributions and Transfers</i>	<u> 355</u>	<u> 5,155</u>	<u> 5,510</u>
Transfers from other funds	<u> --</u>	<u> --</u>	<u> --</u>
Transfers to other funds	<u> --</u>	<u> --</u>	<u> --</u>
<i>Change In Net Assets</i>	<u> 355</u>	<u> 5,155</u>	<u> 5,510</u>
 <i>Net Assets at Beginning of Period</i>	<u> 75,037</u>	<u> 30,489</u>	<u> 105,526</u>
<i>Net Assets at End of Period</i>	<u><u> 75,392</u></u>	<u><u> 35,644</u></u>	<u><u> 111,036</u></u>

May 2, 2011

To the Board of Trustees of the
Charter Township of Marquette, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Marquette for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), 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 22, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Charter Township of Marquette 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 the fiscal year ended December 31, 2010. We noted no transactions entered into by the governmental unit 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 Charter Township of Marquette'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.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

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 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, professional standards define a disagreement with management as 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 May 2, 2011.

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 the governmental unit'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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, MI

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

May 2, 2011

To the Board of Trustees of the
Charter Township of Marquette, Michigan
Marquette, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Marquette, Michigan as of and for the year ended December 31, 2010, which collectively comprise the Charter Township of Marquette, Michigan's basic financial statements and have issued our report thereon dated May 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter Township of Marquette's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Charter Township of Marquette's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

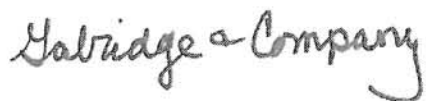
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Best regards,

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