



**CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2020**

## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5
<b>BASIC FINANCIAL STATEMENTS</b>	
<hr/>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	15
Statement of Activities	16
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balance	19
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with Statement of Activities	20
<b>Proprietary Funds</b>	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Net Position	22
Statement of Cash Flows	23
<b>Fiduciary Funds</b>	
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
<b>Notes to the Financial Statements</b>	27
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<hr/>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	55
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Fire Fund	56
Schedule of Changes in Net Pension Liability and Related Ratios	57
Schedule of Contributions	58
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
<hr/>	
<b>Nonmajor Governmental Funds</b>	
Combining Balance Sheet – Governmental Funds	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	61
<b>Nonmajor Enterprise Funds</b>	
Combining Statement of Net Position – Enterprise Funds	62
Combining Statement of Revenues, Expenses, and Changes in Net Position – Enterprise Funds	63
Combining Statement of Cash Flows – Enterprise Funds	64
<b>Fiduciary Funds</b>	
Combining Statement of Fiduciary Net Position	65
Combining Statement of Changes in Fiduciary Net Position	66

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Charter Township of Marquette, Michigan

**Report on the Financial Statements**

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 Charter Township of Marquette, Michigan (the "Township"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Independent Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2020, 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.

## **Change in Accounting Principle**

As stated in Note 11 to the basic financial statements, the Township adopted GASB Statement No. 84 *Fiduciary Activities* in 2020, which represents a change in its policy for reporting fiduciary activities. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules for the pension benefit plan, as stated 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.

### *Other 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 fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining 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 basic financial statements. Such 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 fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Gabridge & Company, PLC  
Grand Rapids, Michigan  
June 18, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

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, 2020. Please read it in conjunction with the financial statements, which begin on page immediately following this section of the report.

### 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 \$17,573,846 (net position). Of this amount, an unrestricted deficit exists in the government activities of \$3,391,106 while an unrestricted surplus of \$4,690,413 exists in the business-type activities.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$1,989,264. Approximately 48.6% (\$967,638) of this amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$967,638, or approximately 44 percent 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 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., uncollected taxes 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.

**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 fire fund, and the Township improvement 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.

**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 and water funds, both of which are considered to be major funds of the Township. Data from the other three 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.

**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 agency funds. The *Custodial funds* report resources held by the Township in a custodial capacity for individuals, private organizations, and other governments.

**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.

**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.

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

## Government-wide Overall Financial Analysis

The following table provides a summary of the Township's net position as of December 31, 2020 and 2019.

### Charter Township of Marquette's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash and Investments	\$ 3,269,938	\$ 2,344,925	\$ 4,676,332	\$ 3,748,222	\$ 7,946,270	\$ 6,093,147
Receivables (Net)	421,974	151,151	82,470	94,458	504,444	245,609
Special Assessments	-	-	352,330	388,258	352,330	388,258
Taxes Receivable	1,858,072	2,302,490	-	-	1,858,072	2,302,490
Prepaid Items	30,940	20,359	19,466	18,288	50,406	38,647
<b>Total Current Assets</b>	<b>5,580,924</b>	<b>4,818,925</b>	<b>5,130,598</b>	<b>4,249,226</b>	<b>10,711,522</b>	<b>9,068,151</b>
<i>Noncurrent Assets</i>						
Restricted Cash	-	-	350,520	250,104	350,520	250,104
Nondepreciable Capital Assets	2,376,774	2,359,865	1,972,957	1,972,955	4,349,731	4,332,820
Depreciable Capital Assets (Net)	4,829,505	4,891,004	11,069,585	11,371,960	15,899,090	16,262,964
<b>Total Assets</b>	<b>12,787,203</b>	<b>12,069,794</b>	<b>18,523,660</b>	<b>17,844,245</b>	<b>31,310,863</b>	<b>29,914,039</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension	164,079	232,879	114,220	156,551	278,299	389,430
<b>Total Deferred Outflows of Resources</b>	<b>164,079</b>	<b>232,879</b>	<b>114,220</b>	<b>156,551</b>	<b>278,299</b>	<b>389,430</b>
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts Payable	235,246	226,985	134,134	116,096	369,380	343,081
Customer Deposits	30,000	30,987	186,024	178,717	216,024	209,704
Accrued Payroll and Related Liabilities	33,577	51,746	8,222	26,323	41,799	78,069
Current Portion of Compensated Absences	15,112	14,656	9,870	10,545	24,982	25,201
Current Portion of Long-term Debt	552,734	526,744	292,752	286,446	845,486	813,190
Accrued Interest Payable	92,329	100,491	10,642	13,550	102,971	114,041
Unearned Revenue	-	-	-	3,937	-	3,937
Internal Balances	199,274	208,764	(199,274)	(208,764)	-	-
<b>Total Current Liabilities</b>	<b>1,158,272</b>	<b>1,160,373</b>	<b>442,370</b>	<b>426,850</b>	<b>1,600,642</b>	<b>1,587,223</b>
<i>Noncurrent Liabilities</i>						
Compensated Absences	30,229	43,966	19,740	31,633	49,969	75,599
Long-term Debt	6,388,730	7,022,369	1,852,874	2,145,626	8,241,604	9,167,995
Net Pension Liability	532,586	551,040	318,190	370,430	850,776	921,470
<b>Total Liabilities</b>	<b>8,109,817</b>	<b>8,777,748</b>	<b>2,633,174</b>	<b>2,974,539</b>	<b>10,742,991</b>	<b>11,752,287</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension	111,905	111,123	66,857	74,701	178,762	185,824
Taxes Levied for a Subsequent Period	3,093,563	2,852,958	-	-	3,093,563	-
<b>Total Deferred Inflows of Resources</b>	<b>3,205,468</b>	<b>2,964,081</b>	<b>66,857</b>	<b>74,701</b>	<b>3,272,325</b>	<b>3,038,782</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	4,603,805	4,388,153	10,896,916	10,912,843	15,500,721	15,300,996
Restricted	423,298	220,214	350,520	250,104	773,818	470,318
Unrestricted	(3,391,106)	(4,047,523)	4,690,413	3,788,609	1,299,307	(258,914)
<b>Total Net Position</b>	<b>\$ 1,635,997</b>	<b>\$ 560,844</b>	<b>\$ 15,937,849</b>	<b>\$ 14,951,556</b>	<b>\$ 17,573,846</b>	<b>\$ 15,512,400</b>

**Governmental Activities.** Total net position of the Township's governmental activities was \$1,635,997 as of December 31, 2020.

*Unrestricted* net position – There was a deficit balance in unrestricted net position of \$3,391,106 as of December 31, 2020. The unrestricted net position of government activities represents the accumulated results of all past years' operations. The operating results of the general fund will have a significant impact on the unrestricted net position from year to year.

Cash increased by approximately 40%, which was a result of the overall increase in net position plus taxes receivable being collected earlier than prior years.

The decrease in government capital assets for 2020 was primarily related to depreciation of \$227,129, offset by the purchase of assets of \$182,539.

Net receivables increased by 179% from the prior year, due to grant revenue being earned as of year-end, but not collected.

Accounts payable increased by 3% from 2019.

Total net position has increased from \$560,844 in 2019 to \$1,635,997 in 2020, a change of \$1,075,153. The largest part of the increase was due to the increase in property taxes of \$244,357.

**Business-type Activities.** The net position of our business-type activities stood at \$15,937,849 as of December 31, 2020. 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, \$10,896,916 or 68% of net position. The net position 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.

\$350,520, or 2%, is the portion of net position that is restricted for debt service, and \$4,690,413, or 30%, 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 2020 and 2019.

**Charter Township of Marquette's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Revenue</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 212,094	\$ 186,166	\$ 3,261,323	\$ 3,170,664	\$ 3,473,417	\$ 3,356,830
Operating Grants and Contributions	406,599	254,898	6,152	66,253	412,751	321,151
<b>Total Program Revenues</b>	<b>618,693</b>	<b>441,064</b>	<b>3,267,475</b>	<b>3,236,917</b>	<b>3,886,168</b>	<b>3,677,981</b>
<b>General Revenues</b>						
Taxes	2,974,427	2,730,070	-	-	2,974,427	2,730,070
State Sources	459,446	358,896	-	-	459,446	358,896
Investment Income	11,017	36,650	25,493	64,570	36,510	101,220
<b>Total General Revenues</b>	<b>3,444,890</b>	<b>3,125,616</b>	<b>25,493</b>	<b>64,570</b>	<b>3,470,383</b>	<b>3,190,186</b>
<b>Total Revenues</b>	<b>4,063,583</b>	<b>3,566,680</b>	<b>3,292,968</b>	<b>3,301,487</b>	<b>7,356,551</b>	<b>6,868,167</b>
<b>Expenses</b>						
Legislative	26,071	25,481	-	-	26,071	25,481
General Services and Administration	1,070,474	946,650	-	-	1,070,474	946,650
Public Safety	906,076	858,848	-	-	906,076	858,848
Public Works	289,815	333,276	-	-	289,815	333,276
Community and Economic Development	224,261	231,998	-	-	224,261	231,998
Recreation and Culture	290,337	323,699	-	-	290,337	323,699
Interest on Long-term Debt	191,396	203,776	-	-	191,396	203,776
Wastewater Fund	-	-	927,056	1,039,078	927,056	1,039,078
Solid Waste Fund	-	-	419,379	444,715	419,379	444,715
Water Fund	-	-	939,053	973,648	939,053	973,648
Storm Water Fund	-	-	1,539	222	1,539	222
Metro Fund	-	-	9,648	5,428	9,648	5,428
<b>Total Expenses</b>	<b>2,998,430</b>	<b>2,923,728</b>	<b>2,296,675</b>	<b>2,463,091</b>	<b>5,295,105</b>	<b>5,386,819</b>
<b>Transfers In (Out)</b>	<b>10,000</b>	<b>10,000</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>1,075,153</b>	<b>652,952</b>	<b>986,293</b>	<b>828,396</b>	<b>2,061,446</b>	<b>1,481,348</b>
<i>Net Position at the Beginning of Period</i>	<i>560,844</i>	<i>(92,108)</i>	<i>14,951,556</i>	<i>14,123,160</i>	<i>15,512,400</i>	<i>14,031,052</i>
<b>Net Position at the End of Period</b>	<b>\$ 1,635,997</b>	<b>\$ 560,844</b>	<b>\$ 15,937,849</b>	<b>\$ 14,951,556</b>	<b>\$ 17,573,846</b>	<b>\$ 15,512,400</b>

The Township's total revenues were \$7,356,551 during the year. The cost of all programs and services was \$5,295,105, leaving an increase in net position of \$2,061,446. Our analysis below separately considers the operations of governmental and business-type activities:

- Government funds revenue increased mainly due to grant revenue and property taxes.
- Public Works funds revenue was within one percent of 2019. Both Wastewater and Water sales increased over 2019 (6% and 8%, respectively), offset by lower permit fees and interest. Landfill usage (and corresponding revenue) was also down by 32%.
- Government funds expenditures were within 2% of 2019. The General Fund had a decrease in expenditures during 2020, due to the land purchase of \$245,000 in 2019. Conversely, the Fire Fund had an increase in expenditures during 2020 due to the purchase of equipment via a grant.

- Public works funds expenditures were 7% less than 2019, due to less activity in 2020 due to Covid (landfill usage, projects, etc.)

## **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 after the government-wide financial statements. 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 fund, the fire fund, and the Township improvement fund.

The governmental funds had an overall net increase for the year of \$541,779.

### *Revenues*

Total revenues were 14% over the prior year, with \$4,062,673 in 2020 and \$3,566,680 in 2019. The increases were mainly reflected in grant revenue for recreation (General Fund), fire department equipment (Fire Fund), and the underpass project (Township Improvements Department).

### *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 \$967,638, while total fund balance increased to \$1,021,608. 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 55 percent of total general fund expenditures, while total fund balance represents approximately 58 percent of that same amount.

The fire fund, a major fund, had a \$203,084 increase in the fund balance during the current fiscal year which put the overall fund balance at \$423,298 as of December 31, 2020.

The Township improvement fund, a major fund, had a \$28,158 increase in the fund balance during the current fiscal year which put the overall fund balance at \$536,750 as of December 31, 2020.

**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 \$2,740,808, \$397,634 for the solid waste fund, and for the water fund was \$1,497,361. The total increase, (decrease) in the net position for each fund was \$325,910, (\$31,989), and \$696,305, respectively.

## General Fund Budgetary Highlights

**Original budget compared to final budget.** During the year there were a few amendments to decrease the general fund revenues (less than 1%) and increase expenditures (3%). The increases relate to adjustments for year-end vacation payouts, a retirement payout, capital (recreation) and general services administration, offset by decreases in professional services and appropriations.

**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 2020 and 2019, the Township had \$20,248,821 and \$20,595,784 invested in a variety of capital assets including land and improvements, buildings and improvements, and other equipment (See table below).

	2020	2019
Construction in Progress	\$ 873,978	\$ 873,978
Land	2,376,787	2,376,787
Land Improvements	800,280	783,371
Investment in WW Treatment Facility	298,684	298,684
Buildings and Improvements	6,120,055	6,254,123
Vehicles	184,859	108,542
Furniture and Equipment	285,078	279,422
Infrastructure	9,309,100	9,620,877
<b>Totals</b>	<b>\$ 20,248,821</b>	<b>\$ 20,595,784</b>

There were additions of \$182,539 during the current fiscal year, which included the purchase of an ambulance, firefighting equipment, a Case loader, and usual infrastructure items. Further details on capital assets can be found in the Footnotes to the Financial Statements.

### Long-term Debt

At the end of fiscal year 2020 and 2019, The Township had \$9,087,090 and \$9,981,185 in debt outstanding as depicted in the table on the following page.

### Charter Township of Marquette's Long-term Debt

	2020	2019
2015 MTF Bond	2,417,482	2,599,889
2016 MTF Bond	1,921,508	2,086,508
DWRF Bond	1,315,000	1,560,000
Township Hall Parking Lot	141,299	149,951
Public Works Facility	830,625	872,072
Grove Street Land Loan	199,121	245,000
Township-Fire Hall Note	2,262,054	2,467,765
<b><i>Totals</i></b>	<b><u>\$ 9,087,090</u></b>	<b><u>\$ 9,981,185</u></b>

Principal payments for the year were \$894,095. Further details on long-term debt can be found in the Footnotes to the Financial Statements.

### Economic Factors and Next Year's Budgets and Rates

In preparing the Charter Township of Marquette, Michigan's budget for the year ending December 31, 2021, 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. Further, the Township is continuing to evaluate the significance of the impact of COVID-19 on the future revenues and expenditures for the Township.

### 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 the Charter Township of Marquette, 1000 Commerce Drive, Marquette, Michigan 49855.

## **BASIC FINANCIAL STATEMENTS**



**Charter Township of Marquette  
Statement of Net Position  
December 31, 2020**

	Primary Government			Component Unit - DDA
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Investments	\$ 3,269,938	\$ 4,676,332	\$ 7,946,270	\$ 36,582
Receivables (Net)	421,974	82,470	504,444	--
Special Assessments	--	352,330	352,330	--
Taxes Receivable	1,858,072	--	1,858,072	--
Prepaid Items	30,940	19,466	50,406	--
<b>Total Current Assets</b>	<b>5,580,924</b>	<b>5,130,598</b>	<b>10,711,522</b>	<b>36,582</b>
<i>Noncurrent Assets</i>				
Restricted Cash	--	350,520	350,520	--
Nondepreciable Capital Assets	2,376,774	1,972,955	4,349,729	--
Depreciable Capital Assets (Net)	4,829,505	11,069,587	15,899,092	--
<b>Total Assets</b>	<b>12,787,203</b>	<b>18,523,660</b>	<b>31,310,863</b>	<b>36,582</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	164,079	114,220	278,299	--
<b>Total Deferred Outflows of Resources</b>	<b>164,079</b>	<b>114,220</b>	<b>278,299</b>	<b>--</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	235,246	134,134	369,380	28,500
Customer Deposits	30,000	186,024	216,024	--
Accrued Payroll and Related Liabilities	33,577	8,222	41,799	--
Current Portion of Compensated Absences	15,112	9,870	24,982	--
Current Portion of Long-term Debt	552,734	292,752	845,486	--
Accrued Interest Payable	92,329	10,642	102,971	--
Internal Balances	199,274	(199,274)	--	--
<b>Total Current Liabilities</b>	<b>1,158,272</b>	<b>442,370</b>	<b>1,600,642</b>	<b>28,500</b>
<i>Noncurrent Liabilities</i>				
Compensated Absences	30,229	19,740	49,969	--
Long-term Debt	6,388,730	1,852,874	8,241,604	--
Net Pension Liability	532,586	318,190	850,776	--
<b>Total Liabilities</b>	<b>8,109,817</b>	<b>2,633,174</b>	<b>10,742,991</b>	<b>28,500</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	111,905	66,857	178,762	--
Taxes Levied for a Subsequent Period	3,093,563	--	3,093,563	--
<b>Total Deferred Inflows of Resources</b>	<b>3,205,468</b>	<b>66,857</b>	<b>3,272,325</b>	<b>--</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	4,603,805	10,896,916	15,500,721	--
<i>Restricted for:</i>				
Debt Service	--	350,520	350,520	--
Public Safety	423,298	--	423,298	--
<i>Unrestricted</i>	(3,391,106)	4,690,413	1,299,307	8,082
<b>Total Net Position</b>	<b>\$ 1,635,997</b>	<b>\$ 15,937,849</b>	<b>\$ 17,573,846</b>	<b>\$ 8,082</b>

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, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Unit - DDA
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
Legislative	\$ 26,071	\$ --	\$ --	\$ --	\$ (26,071)	\$ --	\$ (26,071)	\$ --
General Services and Administration	1,070,474	106,125	5,320	--	(959,029)	--	(959,029)	--
Public Safety	906,076	95,649	191,527	--	(618,900)	--	(618,900)	--
Public Works	289,815	--	209,752	--	(80,063)	--	(80,063)	--
Community and Economic Development	224,261	10,320	--	--	(213,941)	--	(213,941)	--
Recreation and Culture	290,337	--	--	--	(290,337)	--	(290,337)	--
Interest on Long-term Debt	191,396	--	--	--	(191,396)	--	(191,396)	--
<b>Total Governmental Activities</b>	<b>2,998,430</b>	<b>212,094</b>	<b>406,599</b>	<b>--</b>	<b>(2,379,737)</b>	<b>--</b>	<b>(2,379,737)</b>	<b>--</b>
<b>Business-type Activities:</b>								
Storm Water Fund	1,539	1,000	--	--	--	(539)	(539)	--
Wastewater Fund	927,056	1,245,766	--	--	--	318,710	318,710	--
Solid Waste Fund	419,379	386,597	--	--	--	(32,782)	(32,782)	--
Metro Fund	9,648	--	6,152	--	--	(3,496)	(3,496)	--
Water Fund	939,053	1,627,960	--	--	--	688,907	688,907	--
<b>Total Business-type Activities</b>	<b>2,296,675</b>	<b>3,261,323</b>	<b>6,152</b>	<b>--</b>	<b>--</b>	<b>970,800</b>	<b>970,800</b>	<b>--</b>
<b>Total Primary Government</b>	<b>\$ 5,295,105</b>	<b>\$ 3,473,417</b>	<b>\$ 412,751</b>	<b>\$ --</b>	<b>\$ (2,379,737)</b>	<b>\$ 970,800</b>	<b>\$ (1,408,937)</b>	<b>--</b>
<b>Component Unit</b>								
DDA	\$ --	\$ --	\$ --	\$ --	--	--	--	--
<b>Total Component Unit</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>General Purpose Revenues and Transfers:</b>								
Taxes					2,974,427	--	2,974,427	5,681
State Sources					459,446	--	459,446	--
Interest Income					11,017	25,493	36,510	--
<b>Transfers</b>					10,000	(10,000)	--	--
<b>Total General Revenues and Transfers</b>					<b>3,454,890</b>	<b>15,493</b>	<b>3,470,383</b>	<b>5,681</b>
<b>Change in Net Position</b>					<b>1,075,153</b>	<b>986,293</b>	<b>2,061,446</b>	<b>5,681</b>
<i>Net Position at Beginning of Period</i>					560,844	14,951,556	15,512,400	2,401
<b>Net Position at End of Period</b>					<b>\$ 1,635,997</b>	<b>\$ 15,937,849</b>	<b>\$ 17,573,846</b>	<b>\$ 8,082</b>

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

**Charter Township of Marquette  
Balance Sheet  
Governmental Funds  
December 31, 2020**

	<u>General</u>	<u>Special Revenue Fire Fund</u>	<u>Capital Projects Township Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Investments	\$ 1,919,747	\$ 776,823	\$ 472,062	\$ 101,306	\$ 3,269,938
Receivables (Net)	177,247	34,975	209,752	--	421,974
Taxes Receivable	1,199,582	506,621	--	151,869	1,858,072
Prepaid Items	16,970	13,970	--	--	30,940
<i>Total Assets</i>	<u>\$ 3,313,546</u>	<u>\$ 1,332,389</u>	<u>\$ 681,814</u>	<u>\$ 253,175</u>	<u>\$ 5,580,924</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 68,186	\$ 21,996	\$ 145,064	\$ --	\$ 235,246
Customer Deposits	30,000	--	--	--	30,000
Accrued Payroll and Related Liabilities	12,184	21,393	--	--	33,577
Due to Other Funds	199,274	--	--	--	199,274
<i>Total Liabilities</i>	<u>309,644</u>	<u>43,389</u>	<u>145,064</u>	<u>--</u>	<u>498,097</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes Levied for a Subsequent Period	1,982,294	865,702	--	245,567	3,093,563
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>2,291,938</u>	<u>909,091</u>	<u>145,064</u>	<u>245,567</u>	<u>3,591,660</u>
<b>FUND BALANCE</b>					
Nonspendable	16,970	13,970	--	--	30,940
Restricted	--	409,328	--	--	409,328
Assigned	37,000	--	536,750	7,608	581,358
Unassigned	967,638	--	--	--	967,638
<i>Total Fund Balance</i>	<u>1,021,608</u>	<u>423,298</u>	<u>536,750</u>	<u>7,608</u>	<u>1,989,264</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 3,313,546</u>	<u>\$ 1,332,389</u>	<u>\$ 681,814</u>	<u>\$ 253,175</u>	<u>\$ 5,580,924</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, 2020**

Total Fund Balance - Governmental Funds	\$	1,989,264
General government capital assets of \$10,333,034, net of accumulated depreciation of \$3,126,755, are not financial resources and, accordingly, are not reported in the funds.		7,206,279
Long-term liabilities, including related accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		(7,033,793)
Net pension liability, and the pension related deferrals, are not due and payable in the current period and are not reported in the funds.		(480,412)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(45,341)
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>1,635,997</u></b>

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, 2020**

	<u>General</u>	<u>Special Revenue</u> <u>Fire Fund</u>	<u>Capital Projects</u> <u>Township</u> <u>Improvement</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues</b>					
Taxes	\$ 1,902,289	\$ 835,836	\$ --	\$ 236,302	\$ 2,974,427
Licenses and Permits	19,015	185	--	--	19,200
State Sources	458,174	21,000	209,752	8,477	697,403
Federal Grants	--	161,522	--	--	161,522
Other Grants	5,000	--	--	--	5,000
Charges for Services	3,429	92,950	--	--	96,379
Other	28,943	4,314	--	--	33,257
Interest and Rents	72,428	452	2,605	--	75,485
<b>Total Revenues</b>	<u>2,489,278</u>	<u>1,116,259</u>	<u>212,357</u>	<u>244,779</u>	<u>4,062,673</u>
<b>Expenditures</b>					
Legislative	26,071	--	--	--	26,071
General Services and Administration	964,235	--	--	--	964,235
Public Safety	193,348	586,752	--	--	780,100
Public Works	38,687	--	251,128	--	289,815
Community and Economic Development	211,838	--	--	--	211,838
Recreation and Culture	32,781	--	--	237,218	269,999
Capital Outlay	21,247	161,292	--	--	182,539
Debt Service - Principal	179,110	81,131	347,408	--	607,649
Debt Service - Interest	94,143	--	105,415	--	199,558
<b>Total Expenditures</b>	<u>1,761,460</u>	<u>829,175</u>	<u>703,951</u>	<u>237,218</u>	<u>3,531,804</u>
<b>Excess of Revenues Over</b> <b>(Under) Expenditures</b>	<u>727,818</u>	<u>287,084</u>	<u>(491,594)</u>	<u>7,561</u>	<u>530,869</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	910	--	--	--	910
Transfers In	101,205	--	519,752	--	620,957
Transfers Out	(519,752)	(84,000)	--	(7,205)	(610,957)
<b>Net Other Financing Sources (Uses)</b>	<u>(417,637)</u>	<u>(84,000)</u>	<u>519,752</u>	<u>(7,205)</u>	<u>10,910</u>
<b>Net Change in Fund Balance</b>	<b>310,181</b>	<b>203,084</b>	<b>28,158</b>	<b>356</b>	<b>541,779</b>
<i>Fund Balance at Beginning of Period</i>	711,427	220,214	508,592	7,252	1,447,485
<b>Fund Balance at End of Period</b>	<u>\$ 1,021,608</u>	<u>\$ 423,298</u>	<u>\$ 536,750</u>	<u>\$ 7,608</u>	<u>\$ 1,989,264</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, 2020**

Total Net Change in Fund Balances - Governmental Funds	\$	541,779
<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>		
		607,649
<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 \$8,162 and the decrease in compensated absences of \$13,281.</p>		
		21,443
<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 \$182,539 less depreciation expense of \$227,129.</p>		
		(44,590)
<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>		
		(51,128)
<b>Changes in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>1,075,153</u></b>

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, 2020**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Wastewater Fund</b>	<b>Solid Waste Fund</b>	<b>Water Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and Investments	\$ 2,493,345	\$ 213,769	\$ 1,829,976	\$ 139,242	\$ 4,676,332
Receivables (Net)	22,261	30,674	29,535	--	82,470
Special Assessments	332,924	--	19,406	--	352,330
Prepaid Items	7,968	48	11,450	--	19,466
Due from Other Funds	--	199,274	--	--	199,274
<b>Total Current Assets</b>	<b>2,856,498</b>	<b>443,765</b>	<b>1,890,367</b>	<b>139,242</b>	<b>5,329,872</b>
<i>Noncurrent Assets</i>					
Restricted Cash	161,718	--	188,802	--	350,520
Nondepreciable Capital Assets	897,963	--	1,074,992	--	1,972,955
Depreciable Capital Assets (Net)	4,536,422	--	6,488,100	45,065	11,069,587
Advances to Other Funds	65,948	--	--	--	65,948
<b>Total Assets</b>	<b>8,518,549</b>	<b>443,765</b>	<b>9,642,261</b>	<b>184,307</b>	<b>18,788,882</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension	47,337	4,886	61,997	--	114,220
<b>Total Deferred Outflows of Resources</b>	<b>47,337</b>	<b>4,886</b>	<b>61,997</b>	<b>--</b>	<b>114,220</b>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	53,581	19,677	60,876	--	134,134
Customer Deposits	--	14,485	86,907	84,632	186,024
Accrued Payroll and Related Liabilities	3,307	383	4,532	--	8,222
Current Portion of Compensated Absences	4,170	--	5,700	--	9,870
Current Portion of Long-term Debt	21,376	--	271,376	--	292,752
Accrued Interest Payable	--	--	10,642	--	10,642
<b>Total Current Liabilities</b>	<b>82,434</b>	<b>34,545</b>	<b>440,033</b>	<b>84,632</b>	<b>641,644</b>
<i>Noncurrent Liabilities</i>					
Compensated Absences	8,339	--	11,401	--	19,740
Long-term Debt	393,937	--	1,458,937	--	1,852,874
Net Pension Liability	131,870	13,612	172,708	--	318,190
Advances from Other Funds	--	--	65,948	--	65,948
<b>Total Liabilities</b>	<b>616,580</b>	<b>48,157</b>	<b>2,149,027</b>	<b>84,632</b>	<b>2,898,396</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension	27,708	2,860	36,289	--	66,857
<b>Total Deferred Inflows of Resources</b>	<b>27,708</b>	<b>2,860</b>	<b>36,289</b>	<b>--</b>	<b>66,857</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	5,019,072	--	5,832,779	45,065	10,896,916
<i>Restricted for:</i>					
Debt Service	161,718	--	188,802	--	350,520
<i>Unrestricted</i>	2,740,808	397,634	1,497,361	54,610	4,690,413
<b>Total Net Position</b>	<b>\$ 7,921,598</b>	<b>\$ 397,634</b>	<b>\$ 7,518,942</b>	<b>\$ 99,675</b>	<b>\$ 15,937,849</b>

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, 2020**

**Business-type Activities - Enterprise Funds**

	<b>Wastewater Fund</b>	<b>Solid Waste Fund</b>	<b>Water Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues</b>					
State Sources	\$ --	\$ --	\$ --	\$ 6,152	\$ 6,152
Charges for Services	1,077,004	265,927	1,154,104	--	2,497,035
Permits, Fees, and Special Assessments	1,716	426	5,876	1,000	9,018
Other	10,311	120,244	42,759	--	173,314
<b>Total Operating Revenues</b>	<b>1,089,031</b>	<b>386,597</b>	<b>1,202,739</b>	<b>7,152</b>	<b>2,685,519</b>
<b>Operating Expenses</b>					
Personnel Services	307,675	31,338	407,447	--	746,460
Supplies	8,662	1,576	8,200	--	18,438
Other Services and Charges	374,193	386,465	246,720	1,539	1,008,917
Depreciation Expense	222,791	--	231,801	9,648	464,240
<b>Total Operating Expenses</b>	<b>913,321</b>	<b>419,379</b>	<b>894,168</b>	<b>11,187</b>	<b>2,238,055</b>
<b>Operating Income (Loss)</b>	<b>175,710</b>	<b>-32,782</b>	<b>308,571</b>	<b>-4,035</b>	<b>447,464</b>
<b>Non-Operating Revenues (Expenses)</b>					
Interest and Rents	17,200	793	7,398	102	25,493
Debt Service Fee	127,691	--	401,665	--	529,356
Connection Fees	29,044	--	23,556	--	52,600
Interest Expense	-13,735	--	-44,885	--	-58,620
<b>Net Non-Operating Revenues (Expenses)</b>	<b>160,200</b>	<b>793</b>	<b>387,734</b>	<b>102</b>	<b>548,829</b>
<b>Income Before Contributions and Transfers</b>	<b>335,910</b>	<b>-31,989</b>	<b>696,305</b>	<b>-3,933</b>	<b>996,293</b>
Transfers Out	-10,000	--	--	--	-10,000
<b>Change In Net Position</b>	<b>325,910</b>	<b>-31,989</b>	<b>696,305</b>	<b>-3,933</b>	<b>986,293</b>
<i>Net Position at Beginning of Period</i>	7,595,688	429,623	6,822,637	103,608	14,951,556
<b>Net Position at End of Period</b>	<b>\$ 7,921,598</b>	<b>\$ 397,634</b>	<b>\$ 7,518,942</b>	<b>\$ 99,675</b>	<b>\$ 15,937,849</b>

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, 2020**

**Business-type Activities - Enterprise Funds**

	<b>Wastewater Fund</b>	<b>Solid Waste Fund</b>	<b>Water Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Cash Flows from Operating Activities</b>					
Cash Received from Charges for Service	\$ 1,093,887	\$ 260,856	\$ 1,154,280	\$ -	\$ 2,509,023
Cash Received from Permits, Fees, and Special Assessments	32,198	374	7,437	1,000	41,009
Cash Received from Other Sources	-	-	-	6,152	6,152
Cash Received from Miscellaneous Income	10,311	120,244	42,759	-	173,314
Cash Payments for Wages and Benefits	(329,758)	(33,581)	(429,973)	5,737	(787,575)
Cash Payments to Suppliers for Goods and Services	(405,729)	(382,265)	(220,962)	(1,539)	(1,010,495)
<i>Net Cash Provided by Operating Activities</i>	<u>400,909</u>	<u>(34,372)</u>	<u>553,541</u>	<u>11,350</u>	<u>931,428</u>
<b>Cash Flows from Non-capital Financing Activities</b>					
Transfers Out	(10,000)	-	-	-	(10,000)
Grant Revenues	-	-	-	-	-
Change in Interfund Balances	24,845	9,490	(24,845)	-	9,490
<i>Net Cash Provided by Non-capital Financing Activities</i>	<u>14,845</u>	<u>9,490</u>	<u>(24,845)</u>	<u>-</u>	<u>(510)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Cash Received from Connection Fees	29,044	-	23,556	-	52,600
Proceeds from Debt Service	127,691	-	401,665	-	529,356
Net of Capital Asset Activity	(89,511)	-	(28,051)	(44,305)	(161,867)
Interest Payments on Debt	(13,735)	-	(47,793)	-	(61,528)
Principal Payments on Debt	(20,723)	-	(265,723)	-	(286,446)
<i>Net Cash Provided (Used) By Capital and Related Financing Activities</i>	<u>32,766</u>	<u>-</u>	<u>83,654</u>	<u>(44,305)</u>	<u>72,115</u>
<b>Cash Flows from Investing Activities</b>					
Interest Earned	17,200	793	7,398	102	25,493
<i>Net Cash Provided By Investing Activities</i>	<u>17,200</u>	<u>793</u>	<u>7,398</u>	<u>102</u>	<u>25,493</u>
Net Increase in Cash and Cash Equivalents	465,720	(24,089)	619,748	(32,853)	1,028,526
Cash and Cash Equivalents - Beginning of Year	2,189,343	237,858	1,399,030	172,095	3,998,326
<i>Cash and Cash Equivalents - End of Year</i>	<u>\$ 2,655,063</u>	<u>\$ 213,769</u>	<u>\$ 2,018,778</u>	<u>\$ 139,242</u>	<u>\$ 5,026,852</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating Income (Loss)	\$ 175,710	\$ (32,782)	\$ 308,571	\$ (4,035)	\$ 447,464
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Depreciation Expense	222,791	-	231,801	9,648	464,240
<b>Changes in Assets and Liabilities</b>					
Receivables (Net)	16,883	(5,071)	176	-	11,988
Special Assessments	30,482	-	5,446	-	35,928
Prepaid Items	312	43	(1,533)	-	(1,178)
Deferred Outflows of Resources	18,477	2,123	21,731	-	42,331
Accounts Payable	(23,186)	5,733	35,491	-	18,038
Accrued Expenses and Other Liabilities	(13,006)	(907)	(15,186)	5,737	(23,362)
Unearned Revenue	-	(52)	(3,885)	-	(3,937)
Net Pension Liability	(23,858)	(2,974)	(25,408)	-	(52,240)
Deferred Inflows of Resources	(3,696)	(485)	(3,663)	-	(7,844)
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 400,909</u>	<u>\$ (34,372)</u>	<u>\$ 553,541</u>	<u>\$ 11,350</u>	<u>\$ 931,428</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, 2020**

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and Investments	\$ 1,187,921
Prepaid Items	2,868
<i>Total Assets</i>	1,190,789
<b>LIABILITIES</b>	
Due to Other Governments	1,153,047
Undistributed Collections	37,742
<i>Total Liabilities</i>	1,190,789
<b>NET POSITION</b>	
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, 2020**

	<b>Custodial Funds</b>
<b>Additions</b>	
Taxes Collected for Other Governments	\$ 7,373,480
<i><b>Total Additions</b></i>	<i><b>7,373,480</b></i>
<b>Deductions</b>	
Payments of Property Taxes to Other Governments	7,373,480
<i><b>Total Deductions</b></i>	<i><b>7,373,480</b></i>
<i><b>Change in Net Position</b></i>	<i><b>--</b></i>
Net Position at Beginning of Period	--
<i><b>Net Position at End of Period</b></i>	<i><b>\$ --</b></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

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### **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

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*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

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The government 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 government 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

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#### *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

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- 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

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Although the Charter Township of Marquette 2020 ad valorem tax is levied and collectible on December 1, 2020, 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 2019 state taxable value (generating the Township's 2020 tax revenues) for real/personal property of the Township totaled approximately \$263,011,650. The ad valorem taxes levied consisted of 4.8804, 1.4925, 3.795, and 0.9015 mills for the Township's general operating, road, repair, and improvement purposes, public safety, and the library, respectively. These amounts are recognized in the general fund, fire fund, and library fund.

#### *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.

#### *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.

# Charter Township of Marquette

## Notes to the Financial Statements

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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

### ***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.

### ***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

## Charter Township of Marquette

### Notes to the Financial Statements

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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 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.

#### ***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.

# Charter Township of Marquette

## Notes to the Financial Statements

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### ***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 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 motion or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the motion or resolution remains in place until a similar action is taken (the adoption of another ordinance or 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

# Charter Township of Marquette

## Notes to the Financial Statements

closings and stay at home orders. Management is continuing to evaluate the impact of COVID-19 on the Township.

### 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, 2020.

### Note 3 - Deposits and Investments

Following is a reconciliation of deposit balances as of December 31, 2020:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Totals</u>
<b>Statement of Net Position</b>			
Cash and Investments	\$ 7,946,270	\$ 36,582	\$ 7,982,852
Restricted Cash	350,520	-	350,520
<b>Statement of Fiduciary Assets and Liabilities</b>			
Cash and Investments	1,187,921	-	1,187,921
<b>Total Cash and Investments</b>	<u>\$ 9,484,711</u>	<u>\$ 36,582</u>	<u>\$ 9,521,293</u>
<b>Cash and Investments</b>			
Checking and Savings Accounts		\$	8,749,706
Brokerage Account			1,594,058
Certificates of Deposit (Mature Within One Year)			770,887
Cash on Hand			700
<b>Total</b>			<u>\$ 9,521,293</u>

**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, \$1,859,812 of the Township's bank balance of \$9,483,676 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 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.

## Charter Township of Marquette

### Notes to the Financial Statements

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***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. All of the Township's certificates of deposits had a maturity of less than one year at year-end.

#### ***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, 2020:

- Investments held with Raymond James totaled \$1,594,058. 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:

<b>Governmental Activities:</b>	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets not being depreciated				
Land	\$ 2,136,787	\$ -	\$ -	\$ 2,136,787
Land Improvements	223,078	16,909	-	239,987
Total Capital Assets not being depreciated	<u>2,359,865</u>	<u>16,909</u>	<u>-</u>	<u>2,376,774</u>
Capital Assets being depreciated				
Buildings and Improvements	5,554,519	4,338	-	5,558,857
Vehicles	1,333,207	29,808	-	1,363,015
Furniture and Equipment	902,904	131,484	-	1,034,388
Total Capital Assets being depreciated	<u>7,790,630</u>	<u>165,630</u>	<u>-</u>	<u>7,956,260</u>
Less Accumulated Depreciation				
Buildings and Improvements	897,603	138,849	-	1,036,452
Vehicles	1,286,149	18,228	-	1,304,377
Furniture and Equipment	715,874	70,052	-	785,926
Total Accumulated Depreciation	<u>2,899,626</u>	<u>227,129</u>	<u>-</u>	<u>3,126,755</u>
Capital Assets being depreciated, Net	4,891,004	(61,499)	-	4,829,505
<b><i>Governmental Activities Capital Assets, Net</i></b>	<u>\$ 7,250,869</u>	<u>\$ (44,590)</u>	<u>\$ -</u>	<u>\$ 7,206,279</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:

<b>Business-type Activities:</b>	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets not being depreciated				
Construction in Progress	\$ 873,978	\$ -	\$ -	\$ 873,978
Land	240,000	-	-	240,000
Land Improvements	560,293	-	-	560,293
Investment in Waste Water Treatment Facility	298,684	-	-	298,684
<b>Total Capital Assets not being depreciated</b>	<u>1,972,955</u>	<u>-</u>	<u>-</u>	<u>1,972,955</u>
Capital Assets being depreciated				
Buildings and Improvements	1,939,490	-	-	1,939,490
Vehicles	327,998	95,427	-	423,425
Furniture and Equipment	192,422	4,976	-	197,398
Infrastructure	14,812,434	61,464	-	14,873,898
Solid Waste Management Authority	190,837	-	-	190,837
<b>Total Capital Assets being depreciated</b>	<u>17,463,181</u>	<u>161,867</u>	<u>-</u>	<u>17,625,048</u>
Less Accumulated Depreciation				
Buildings and Improvements	292,142	49,698	-	341,840
Vehicles	266,216	30,988	-	297,204
Furniture and Equipment	143,642	17,140	-	160,782
Infrastructure	5,198,384	366,414	-	5,564,798
Solid Waste Management Authority	190,837	-	-	190,837
<b>Total Accumulated Depreciation</b>	<u>6,091,221</u>	<u>464,240</u>	<u>-</u>	<u>6,555,461</u>
Capital Assets being depreciated, Net	<u>11,371,960</u>	<u>(302,373)</u>	<u>-</u>	<u>11,069,587</u>
<b><i>Business Activities Capital Assets, Net</i></b>	<u>\$ 13,344,915</u>	<u>\$ (302,373)</u>	<u>\$ -</u>	<u>\$ 13,042,542</u>

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

<b>Governmental Activities</b>	
General Government	\$ 89,813
Public Safety	117,744
Recreation and Culture	19,572
<b><i>Total Governmental Activities</i></b>	<u>\$ 227,129</u>
<b>Business-type Activities</b>	
Water Fund	\$ 231,801
Wastewater Treatment Fund	222,791
Metro Authority Fund	9,648
<b><i>Total Business-type Activities</i></b>	<u>\$ 464,240</u>

# Charter Township of Marquette

## Notes to the Financial Statements

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### 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 \$199,274 due to the solid waste fund from the general fund and \$65,948 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	7,205
General Fund	Wastewater Fund	10,000
Township Improvement	General Fund	519,752

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 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 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, 2019	Additions	Reductions	December 31, 2020	Due Within One Year
<b>Governmental Activities</b>					
<b>Direct Borrowings or Placements</b>					
Township-Fire Hall Loan	\$ 2,467,765	\$ -	\$ 205,711	\$ 2,262,054	\$ 131,852
Township Hall Parking Lot	149,951	-	8,652	141,299	8,941
2015 MI Transportation Fund Bonds	2,599,889	-	182,407	2,417,482	194,568
2016 MI Transportation Fund Bonds	2,086,508	-	165,000	1,921,508	170,000
Grove Street Land Loan	245,000	-	45,879	199,121	47,373
<b>Total Direct Borrowings or Placements</b>	<b>7,549,113</b>	<b>-</b>	<b>607,649</b>	<b>6,941,464</b>	<b>552,734</b>
Compensated Absences	58,622	-	13,281	45,341	15,112
<b>Total Governmental Activities</b>	<b>\$ 7,607,735</b>	<b>\$ -</b>	<b>\$ 620,930</b>	<b>\$ 6,986,805</b>	<b>\$ 567,846</b>
<b>Business-type Activities</b>					
<b>Direct Borrowings or Placements</b>					
Drinking Water Bond	\$ 1,560,000	\$ -	\$ 245,000	\$ 1,315,000	\$ 250,000
PW Facility	872,072	-	41,447	830,625	42,752
<b>Total Direct Borrowings or Placements</b>	<b>2,432,072</b>	<b>-</b>	<b>286,447</b>	<b>2,145,625</b>	<b>292,752</b>
Compensated Absences	42,178	-	12,569	29,609	9,870
<b>Total Business-type Activities</b>	<b>2,474,250</b>	<b>-</b>	<b>299,016</b>	<b>2,175,234</b>	<b>302,622</b>
<b>Total Primary Government</b>	<b>\$10,081,985</b>	<b>\$ -</b>	<b>\$ 919,946</b>	<b>\$ 9,162,039</b>	<b>\$ 870,468</b>

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

<b>Township Fire Hall Loan</b>			
<b>December 31, 2020</b>			
	Principal	Interest	Total
2021	\$ 131,852	\$ 73,487	\$ 205,339
2022	138,386	66,953	205,339
2023	142,735	62,604	205,339
2024	147,221	58,118	205,339
2025	151,702	53,637	205,339
2026-2030	833,787	192,908	1,026,695
2031-2034	716,371	100,410	816,781
	<b>\$ 2,262,054</b>	<b>\$ 608,117</b>	<b>\$ 2,870,171</b>

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

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#### Township Hall Parking Lot December 31, 2020

	Principal	Interest	Total
2021	\$ 8,941	\$ 4,513	\$ 13,454
2022	9,226	4,227	13,453
2023	9,521	3,933	13,454
2024	9,815	3,638	13,453
2025	10,138	3,315	13,453
2026-2030	55,753	11,514	67,267
2031-2033	37,905	2,448	40,353
	<u>\$ 141,299</u>	<u>\$ 33,588</u>	<u>\$ 174,887</u>

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, 2020

	Principal	Interest	Total
2021	\$ 194,568	\$ 59,429	\$ 253,997
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
2026-2030	1,302,769	114,881	1,417,650
	<u>\$ 2,417,482</u>	<u>\$ 369,902</u>	<u>\$ 2,787,384</u>

The Bond was originally issued for \$2,548,536 during 2015 with \$472,728 of issuances in 2016. 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.

## Charter Township of Marquette

### Notes to the Financial Statements

#### Michigan Transportation Fund Bonds, 2016

December 31, 2020

	Principal	Interest	Total
2021	\$ 170,000	\$ 39,038	\$ 209,038
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
2026-2030	1,021,508	65,190	1,086,698
	<u>\$ 1,921,508</u>	<u>\$ 225,380</u>	<u>\$ 2,146,888</u>

\$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, 2020

	Principal	Interest	Total
2021	\$ 47,373	\$ 6,579	\$ 53,952
2022	48,952	5,000	53,952
2023	50,565	3,387	53,952
2024	52,231	1,721	53,952
	<u>\$ 199,121</u>	<u>\$ 16,687</u>	<u>\$ 215,808</u>

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, 2020

	Principal	Interest	Total
2021	\$ 250,000	\$ 27,944	\$ 277,944
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
	<u>\$ 1,315,000</u>	<u>\$ 85,212</u>	<u>\$ 1,400,212</u>

## Charter Township of Marquette

### Notes to the Financial Statements

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%.

<b>DPW Facility</b>			
<b>December 31, 2020</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 43,430	\$ 25,265	\$ 68,695
2022	44,751	23,944	68,695
2023	46,112	22,583	68,695
2024	47,457	21,238	68,695
2025	48,958	19,737	68,695
2026-2030	268,013	75,462	343,475
2031-2035	311,347	32,128	343,475
2036	20,557	627	21,184
	<u>\$ 830,625</u>	<u>\$ 220,984</u>	<u>\$ 1,051,609</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](http://www.mersofmich.com).

# Charter Township of Marquette

## Notes to the Financial Statements

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### *Benefits Provided*

#### **Union and Admin Non-union Divisions**

	<u>2019 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, 2019 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>22</u>
<b><i>Total employees covered by MERS</i></b>	<b><u>33</u></b>

### *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 10.43% to 11.41% based on annual payroll for open divisions with an additional 2% contribution rate from the employees (across all divisions).

### *Net Pension Liability*

The Township's net pension liability was measured as of December 31, 2019 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

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#### *Actuarial Assumptions*

The total pension liability in the December 31, 2019 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% in the long-term
- Investment rate of return: 7.35%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Gross Rate of Return</u>	<u>Long-term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	60.00%	7.75%	4.65%	2.50%	3.15%
Global fixed income	20.00%	3.75%	0.75%	2.50%	0.25%
Private Investments	20.00%	9.75%	1.95%	2.50%	1.45%
	<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 7.60%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the 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.



## Charter Township of Marquette

### Notes to the Financial Statements

#### *Changes in Net Pension Liability*

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2018</b>	\$ 3,448,300	\$ 2,526,830	\$ 921,470
Service cost	111,308	-	111,308
Interest	276,935	-	276,935
Difference between expected and actual experience	(43,064)	-	(43,064)
Change in assumptions	93,366	-	93,366
Contributions - Employer	-	138,128	(138,128)
Contributions - Employee	-	25,743	(25,743)
Net investment loss	-	351,430	(351,430)
Benefit payments, including refunds	(84,546)	(84,546)	-
Administrative expenses	-	(6,062)	6,062
Other changes	-	-	-
Net changes	353,999	424,693	(70,694)
<b>Balance at December 31, 2019</b>	\$ 3,802,299	\$ 2,951,523	\$ 850,776

#### *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	Current	1% Increase
	(6.60%)	Discount Rate (7.60%)	(8.60%)
Net pension liability of the Township	\$ 1,272,250	\$ 850,776	\$ 491,692

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, 2020, the Township recognized pension expense of \$181,689. At December 31, 2020, 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	\$ 9,786	\$ -
Difference between expected and actual experience	-	178,762
Difference in assumptions	120,195	-
Employer contributions to the plan subsequent to the measurement date *	148,318	-
<b><i>Total</i></b>	<b>\$ 278,299</b>	<b>\$ 178,762</b>

\* 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, 2021.

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
2021	\$ (16,895)
2022	(3,797)
2023	10,471
2024	(46,943)
2025	8,383

#### ***Significant Changes to the Pension Valuation***

At the February 28, 2019 board meeting, the MERS Retirement Board adjusted key economic assumptions. These assumptions, in particular the investment return assumption, have a significant effect on a plan's required contribution and funding level. Historically low interest rates, along with high equity market valuations, have led to reductions in projected returns for most asset classes. This has resulted in a Board adopted reduction in the investment rate of return assumption from 7.75% to 7.35%, effective with the December 31, 2019 valuation, first impacting 2021 contributions. The Board also changed the assumed rate of wage inflation from 3.75% to 3.00%, with the same effective date.

## Charter Township of Marquette

### Notes to the Financial Statements

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#### **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 - 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, 2020 were as follows:

#### Statement of Net Position

<b>Assets</b>	
Current and Other Assets	\$ 6,316,661
Capital Assets, Net	12,143,415
Total Assets	<u>18,460,076</u>
<b>Deferred Outflows of Resources</b>	
Pension	<u>148,260</u>
<b>Liabilities</b>	
Current Liabilities	1,327,832
Non-current Liabilities	6,966,731
Total Liabilities	<u>8,294,563</u>
<b>Deferred Inflows of Resources</b>	
Pension	<u>131,727</u>
<b>Net Position</b>	
Net Investment in Capital Assets	8,081,733
Restricted	1,257,540
Unrestricted	842,773
Total Net Position	<u>\$ 10,182,046</u>

#### Change in Net Position

<b>Operating Revenues</b>	
Service Revenues	<u>\$ 3,803,185</u>
<b>Operating Expenses</b>	
Operations	3,247,680
Depreciation	606,841
Total Operating Expenses	<u>3,854,521</u>
Income (Loss) from Operations	<u>(51,336)</u>
<b>Non-operating Revenues (Expenses)</b>	
Interest Income	60,534
Gain on Disposal of Assets	3,875
State Capital Grants	240,709
Interest Expense	(77,146)
Total Non-operating Revenues (Expenses)	<u>227,972</u>
<b>Change in Net Position</b>	176,636
Net Position at the Beginning of Period	<u>10,005,410</u>
<b>Net Position at the End of Period</b>	<u>\$ 10,182,046</u>

## Charter Township of Marquette

### Notes to the Financial Statements

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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 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, 2020 was as follows:

#### Statement of Net Position

<b>Assets</b>	
Current and Other Assets	\$ 1,615,063
Noncurrent Assets	1,032,681
Restricted Assets	1,891,304
Capital Assets, Net	11,920,367
Total Assets	<u>16,459,415</u>
<b>Deferred Outflows</b>	
Pension	<u>170,964</u>
<b>Liabilities</b>	
Current Liabilities	1,963,658
Non-current Liabilities	8,067,616
Total Liabilities	<u>10,031,274</u>
<b>Deferred Inflows</b>	
Pension	<u>65,602</u>
<b>Net Position</b>	
Net Investment in Capital Assets	5,116,176
Unrestricted	1,417,327
Total Net Position	<u>\$ 6,533,503</u>

## Charter Township of Marquette

### Notes to the Financial Statements

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<b>Change in Net Position</b>	
<b>Operating Revenues</b>	
Service Revenues	\$ 2,254,332
Other Operating Revenues	6,547
Total Operating Revenues	<u>2,260,879</u>
<b>Operating Expenses</b>	
Operations	2,133,146
Depreciation	707,191
Total Operating Expenses	<u>2,840,337</u>
Income (Loss) from Operations	<u>(579,458)</u>
<b>Non-operating Revenues (Expenses)</b>	
Grant Proceeds	-
Interest Income	20,581
Transfers from Local Units	1,235,185
Interest Expense	(123,415)
Lease Payment to City of Marquette	(134,395)
Total Non-operating Revenues (Expenses)	<u>997,956</u>
<b>Change in Net Position</b>	418,498
Net Position at the Beginning of Period	<u>6,115,005</u>
<b>Net Position at the End of Period</b>	<u>\$ 6,533,503</u>

#### Note 11 - Change in Accounting Principle

The Township adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. There was no change in the beginning fund balance for any funds.

**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, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Taxes	\$ 1,900,129	\$ 1,888,129	\$ 1,902,289	\$ 14,160
Licenses and Permits	14,675	14,675	19,015	4,340
State Sources	348,260	365,260	458,174	92,914
Other Grants	--	--	5,000	5,000
Charges for Services	10,150	3,565	3,429	(136)
Interest and Rents	86,000	86,000	72,428	(13,572)
Other	5,200	5,200	28,943	23,743
<b>Total Revenues</b>	<b>2,364,414</b>	<b>2,362,829</b>	<b>2,489,278</b>	<b>126,449</b>
<b>Other Financing Sources</b>				
Sale Of Capital Assets	--	--	910	910
Transfers In	101,620	101,205	101,205	--
<b>Total Revenues and Other Financing Sources</b>	<b>2,466,034</b>	<b>2,464,034</b>	<b>2,591,393</b>	<b>127,359</b>
<b>Expenditures</b>				
Legislative	80,935	28,935	26,071	2,864
Supervisor and Manager	164,157	230,157	227,885	2,272
Treasurer	41,116	43,116	40,976	2,140
Assessor	199,772	197,772	182,796	14,976
Clerk	97,141	107,141	106,831	310
Elections	18,000	18,000	16,496	1,504
Professional Services	107,500	92,500	79,613	12,887
Building and Grounds	151,638	171,638	152,217	19,421
Administration	129,183	165,183	156,608	8,575
Law Enforcement	195,813	195,813	193,348	2,465
Street Lights	40,450	40,450	38,687	1,763
Planning and Zoning	205,650	215,650	203,141	12,509
Community Promotion	47,500	22,500	9,398	13,102
Recreation Facilities	54,425	43,425	32,893	10,532
Capital Outlay	18,500	41,500	21,247	20,253
Debt Service	277,744	277,744	273,253	4,491
<b>Total Expenditures</b>	<b>1,829,524</b>	<b>1,891,524</b>	<b>1,761,460</b>	<b>130,064</b>
<b>Other Financing Uses</b>				
Transfers Out	505,824	519,752	519,752	--
<b>Total Expenditures and Other Financing Uses</b>	<b>2,335,348</b>	<b>2,411,276</b>	<b>2,281,212</b>	<b>130,064</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>130,686</b>	<b>52,758</b>	<b>310,181</b>	<b>257,423</b>
<b>Net Change in Fund Balance</b>	<b>130,686</b>	<b>52,758</b>	<b>310,181</b>	<b>257,423</b>
<i>Fund Balance at Beginning of Period</i>	711,427	711,427	711,427	--
<b>Fund Balance at End of Period</b>	<b>\$ 842,113</b>	<b>\$ 764,185</b>	<b>\$ 1,021,608</b>	<b>\$ 257,423</b>

**Charter Township of Marquette**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Fire Fund**  
**For the Year Ended December 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Favorable (Unfavorable) Final to Actual</b>
<b>Revenues</b>				
Taxes	\$ 855,476	\$ 835,476	\$ 835,836	\$ 360
Licenses and Permits	1,600	1,600	185	(1,415)
State Sources	(5,250)	20,750	21,000	250
Federal Grants	126,913	152,913	161,522	8,609
Charges for Services	53,800	83,800	92,950	9,150
Interest and Rents	1,750	1,750	452	(1,298)
Other	2,250	2,250	4,314	2,064
<b><i>Total Revenues</i></b>	<u>1,036,539</u>	<u>1,098,539</u>	<u>1,116,259</u>	<u>17,720</u>
<b>Expenditures</b>				
Public Safety	659,055	697,055	586,752	110,303
Capital Outlay	133,259	163,259	161,292	1,967
Debt Service	--	81,131	81,131	--
<b><i>Total Expenditures</i></b>	<u>792,314</u>	<u>941,445</u>	<u>829,175</u>	<u>112,270</u>
<b>Other Financing Uses</b>				
Transfers Out	84,000	84,000	84,000	--
<b><i>Total Expenditures and Other Financing Uses</i></b>	<u>876,314</u>	<u>1,025,445</u>	<u>913,175</u>	<u>112,270</u>
<b><i>Excess (Deficiency) of Revenues Over Expenditures and Other Uses</i></b>	<u>160,225</u>	<u>73,094</u>	<u>203,084</u>	<u>129,990</u>
<b><i>Net Change in Fund Balance</i></b>	<u>160,225</u>	<u>73,094</u>	<u>203,084</u>	<u>129,990</u>
<i>Fund Balance at Beginning of Period</i>	220,214	220,214	220,214	--
<b><i>Fund Balance at End of Period</i></b>	<u>\$ 380,439</u>	<u>\$ 293,308</u>	<u>\$ 423,298</u>	<u>\$ 129,990</u>

**Charter Township of Marquette**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Six Years**

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

\* Built prospectively upon implementation on GASB 68

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution	\$ 148,317	\$ 138,128	\$ 142,126	\$ 127,288	\$ 118,830	\$ 108,190	\$ 108,170	\$ 84,792	\$ 87,550	\$ 87,426
Contributions in Relation to the Actuarially Determined Contribution	148,317	138,128	142,126	127,288	118,830	108,190	108,170	84,792	87,550	87,426
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	1,363,117	1,301,048	1,277,837	1,199,004	1,083,225	1,082,096	1,048,652	816,878	773,694	657,908
Contributions as a Percentage of Covered Payroll	11%	11%	11%	11%	11%	10%	10%	10%	11%	13%

*Notes*

**Valuation Date**

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, closed
Remaining amortization period	20 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35%
Retirement Age	Varies depending on plan adoption
Mortality	50% Male - 50% Female blend of the RP-2014 Group Annuity Mortality Table

## **OTHER SUPPLEMENTARY INFORMATION**

**Charter Township of Marquette  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2020**

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Liquor Law Fund</u>	<u>Library Fund</u>	
<b>ASSETS</b>			
Cash and Investments	\$ 5,816	\$ 95,490	\$ 101,306
Taxes Receivable	--	151,869	151,869
<i>Total Assets</i>	<u>\$ 5,816</u>	<u>\$ 247,359</u>	<u>\$ 253,175</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Levied for a Subsequent Period	--	245,567	245,567
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>245,567</u>	<u>245,567</u>
<b>FUND BALANCE</b>			
Assigned	5,816	1,792	7,608
<i>Total Fund Balance</i>	<u>5,816</u>	<u>1,792</u>	<u>7,608</u>
<i>Total Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 5,816</u>	<u>\$ 247,359</u>	<u>\$ 253,175</u>

**Charter Township of Marquette**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2020**

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Liquor Law Fund</u>	<u>Library Fund</u>	
<b>Revenues</b>			
Taxes	\$ --	\$ 236,302	\$ 236,302
State Sources	7,205	1,272	8,477
<b><i>Total Revenues</i></b>	<u>7,205</u>	<u>237,574</u>	<u>244,779</u>
<b>Expenditures</b>			
Recreation and Culture	--	237,218	237,218
<b><i>Total Expenditures</i></b>	<u>--</u>	<u>237,218</u>	<u>237,218</u>
<b><i>Excess of Revenues Over (Under) Expenditures</i></b>	<u>7,205</u>	<u>356</u>	<u>7,561</u>
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(7,205)	--	(7,205)
<b><i>Net Other Financing Sources (Uses)</i></b>	<u>(7,205)</u>	<u>--</u>	<u>(7,205)</u>
<b><i>Net Change in Fund Balance</i></b>	<u>--</u>	<u>356</u>	<u>356</u>
<i>Fund Balance at Beginning of Period</i>	5,816	1,436	7,252
<b><i>Fund Balance at End of Period</i></b>	<u>\$ 5,816</u>	<u>\$ 1,792</u>	<u>\$ 7,608</u>

**Charter Township of Marquette  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
December 31, 2020**

	Enterprise		Total Enterprise Funds
	Storm Water Fund	Metro Fund	
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Investments	\$ 132,718	\$ 6,524	\$ 139,242
<b>Total Current Assets</b>	132,718	6,524	139,242
<i>Noncurrent Assets</i>			
Depreciable Capital Assets (Net)	--	45,065	45,065
<b>Total Assets</b>	132,718	51,589	184,307
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Customer Deposits	84,632	--	84,632
<b>Total Current Liabilities</b>	84,632	--	84,632
<b>NET POSITION</b>			
Net Investment in Capital Assets	--	45,065	45,065
<i>Unrestricted</i>	48,086	6,524	54,610
<b>Total Net Position</b>	\$ 48,086	\$ 51,589	\$ 99,675



**Charter Township of Marquette**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2020**

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Storm Water Fund</u>	<u>Metro Fund</u>	
<b>Operating Revenues</b>			
State Sources	\$ --	\$ 6,152	\$ 6,152
Permits, Fees, and Special Assessments	1,000	--	1,000
<b><i>Total Operating Revenues</i></b>	<u>1,000</u>	<u>6,152</u>	<u>7,152</u>
<b>Operating Expenses</b>			
Other Services and Charges	1,539	--	1,539
Depreciation Expense	--	9,648	9,648
<b><i>Total Operating Expenses</i></b>	<u>1,539</u>	<u>9,648</u>	<u>11,187</u>
<b><i>Operating Income (Loss)</i></b>	<u>(539)</u>	<u>(3,496)</u>	<u>(4,035)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest and Rents	102	--	102
<b><i>Net Non-Operating Revenues (Expenses)</i></b>	<u>102</u>	<u>--</u>	<u>102</u>
<b>Transfers</b>	(437)	(3,496)	(3,933)
<b><i>Change In Net Position</i></b>	<u>(437)</u>	<u>(3,496)</u>	<u>(3,933)</u>
<i>Net Position at Beginning of Period</i>	48,523	55,085	103,608
<b><i>Net Position at End of Period</i></b>	<u>\$ 48,086</u>	<u>\$ 51,589</u>	<u>\$ 99,675</u>

**Charter Township of Marquette  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended December 31, 2020**

	<b>Enterprise</b>		
	<b>Storm Water Fund</b>	<b>Metro Fund</b>	<b>Total Enterprise Funds</b>
<b>Cash Flows From Operating Activities</b>			
Cash Received from Permits, Fees, and Special Assessments	\$ 1,000	\$ -	\$ 1,000
Cash Received from Other Sources	-	6,152	6,152
Cash Payments for Wages and Benefits	5,737	-	5,737
Cash Payments to Suppliers for Goods and Services	(1,539)	-	(1,539)
<b>Net Cash Provided by Operating Activities</b>	<b>5,198</b>	<b>6,152</b>	<b>11,350</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Purchase of Capital Assets	-	(44,305)	(44,305)
<b>Total Cash Flows used by Capital and Related Financing Activities</b>	<b>-</b>	<b>(44,305)</b>	<b>(44,305)</b>
<b>Cash Flows From Investing Activities</b>			
Interest Earned	102	-	102
<b>Net Cash Provided by Investing Activities</b>	<b>102</b>	<b>-</b>	<b>102</b>
Net Increase in Cash and Cash Equivalents	5,300	(38,153)	(32,853)
Cash and Cash Equivalents - Beginning of Year.	127,418	44,677	172,095
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 132,718</b>	<b>\$ 6,524</b>	<b>\$ 139,242</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income	\$ (539)	\$ (3,496)	\$ (4,035)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
Depreciation Expense	-	9,648	9,648
<b>Changes in Assets and Liabilities:</b>			
Accrued Expenses and Other Liabilities	5,737	-	5,737
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 5,737</b>	<b>\$ 9,648</b>	<b>\$ 11,350</b>

**Charter Township of Marquette  
Combining Statement of Fiduciary Net Position  
Custodial Funds  
December 31, 2020**

	<u>Trust and Agency</u>	<u>Tax Collection</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Investments	\$ 34,874	\$ 1,153,047	\$ 1,187,921
Prepaid Items	2,868	--	2,868
<i>Total Assets</i>	<u>37,742</u>	<u>1,153,047</u>	<u>1,190,789</u>
<b>LIABILITIES</b>			
Due to Other Governments	--	1,153,047	1,153,047
Undistributed Collections	37,742	--	37,742
<i>Total Liabilities</i>	<u>37,742</u>	<u>1,153,047</u>	<u>1,190,789</u>
<b>NET POSITION</b>			
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, 2020**

	<u>Trust and Agency</u>	<u>Tax Collection</u>	<u>Total</u>
<b>Additions</b>			
Taxes Collected for Other Governments	\$ 41,688	\$ 7,331,792	\$ 7,373,480
<b><i>Total Additions</i></b>	<u>773,296</u>	<u>7,331,792</u>	<u>7,373,480</u>
<b>Deductions</b>			
Payments of Property Taxes to Other Governments	41,688	7,331,792	7,373,480
<b><i>Total Deductions</i></b>	<u>773,296</u>	<u>7,331,792</u>	<u>7,373,480</u>
<b><i>Change in Net Position</i></b>	--	--	--
Net Position at Beginning of Period	--	--	--
<b><i>Net Position at End of Period</i></b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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

June 18, 2021

To the Board of Trustees  
Charter Township of Marquette, Michigan

We have audited, in accordance with the 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, 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 Charter Township of Marquette, Michigan (the "Township") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise The Township's basic financial statements, and have issued our report thereon dated June 18, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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*.

## **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC  
Grand Rapids, MI

June 18, 2021

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 Charter Township of Marquette, Michigan (the "Township") for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government 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 3, 2021. 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, except as stated in Note 11 to the financial statements, the application of existing policies was not changed during 2020. 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 June 18, 2021.

### *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 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