



**CHARTER TOWNSHIP OF MARQUETTE, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Township Board

Charter Township of Marquette
Marquette County, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Marquette, Michigan (the "Township"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As stated in Note 13 to the basic financial statements, the Township adopted *GASB Statement No. 87, Leases* in 2022, which represents a change in its policy for reporting lease activities. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting

for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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



Gabridge & Company, PLC
Grand Rapids, Michigan
May 22, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

**Charter Township of Marquette
Management's Discussion and Analysis
December 31, 2022**

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, 2022.

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 \$21,925,570 (net position). Of this amount, an unrestricted deficit exists in the government activities of (\$1,611,453) while an unrestricted surplus of \$6,280,018 exists in the business-type activities.
- At the close of the current fiscal year, the Township's governmental funds reported combined fund balances of \$2,671,896. Approximately 65.2%, or \$1,742,513, of this amount is available for spending at the Township's discretion (*unassigned fund balance*).
- The general fund had \$2,864,454 of revenues, \$1,933,523 of expenditures, and net other financing uses of (\$425,734) leading to an *increase* in general fund balance of \$505,197 during the year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,742,513, or approximately 70.8% of total general fund expenditures and transfers out.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying

event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., changes in the net pension liability and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The government activities of the Township include legislative, elections, public safety, recreation and culture, community and economic development, and general services and administration. These activities are funded primarily by property taxes, charges for services, and State of Michigan revenue sharing. The business-type activities of the Township include the water system, wastewater system, and solid waste disposal activities and are funded primarily with charges for services.

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

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

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

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

The Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the township improvements fund, and the fire fund, which are considered to be major funds. Data from the other two governmental funds are combined into a single aggregated presentation. Individual fund data for each of these

nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the wastewater, solid waste and water funds, all three of which are considered to be major funds of the Township. Data from the other two proprietary funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements in the combining and individual fund statements and schedule section of this report.

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

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

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 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, 2022 and December 31, 2021:

Charter Township of Marquette's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 3,884,926	\$ 3,858,298	\$ 6,007,019	\$ 5,557,499	\$ 9,891,945	\$ 9,415,797
Receivables, net	2,365,345	2,342,317	433,191	355,590	2,798,536	2,697,907
Prepaid Items	35,304	37,454	11,546	15,718	46,850	53,172
Total Current Assets	6,285,575	6,238,069	6,451,756	5,928,807	12,737,331	12,166,876
<i>Noncurrent Assets</i>						
Restricted Cash and Investments	-	-	1,007,286	458,560	1,007,286	458,560
Long-term Receivables	-	-	394,662	-	394,662	-
Capital Assets not being Depreciated	3,083,313	2,427,735	881,135	1,972,957	3,964,448	4,400,692
Capital Assets being Depreciated, net	4,557,672	4,665,598	11,255,636	10,095,099	15,813,308	14,760,697
Investment in Joint Venture	-	-	474,075	455,027	474,075	455,027
Total Assets	13,926,560	13,331,402	20,464,550	18,910,450	34,391,110	32,241,852
DEFERRED OUTFLOWS OF RESOURCES						
Pension	300,021	242,750	187,263	151,005	487,284	393,755
Total Deferred Outflows of Resources	300,021	242,750	187,263	151,005	487,284	393,755
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	72,646	179,999	179,836	144,025	252,482	324,024
Customer Deposits	26,000	30,000	133,222	158,281	159,222	188,281
Accrued Payroll and Related Liabilities	35,152	35,944	12,167	13,083	47,319	49,027
Current Portion of Compensated Absences	9,155	16,339	11,776	11,989	20,931	28,328
Current Portion of Long-term Debt	611,825	585,365	311,372	300,086	923,197	885,451
Accrued Interest Payable	88,115	79,837	4,763	6,262	92,878	86,099
Unearned Revenue	312,805	203,895	338	35	313,143	203,930
Internal Balances	-	158,080	-	(158,080)	-	-
Total Current Liabilities	1,155,698	1,289,459	653,474	475,681	1,809,172	1,765,140
<i>Noncurrent Liabilities</i>						
Compensated Absences	27,465	33,173	35,326	24,342	62,791	57,515
Long-term Debt	5,126,717	5,735,534	1,240,327	1,551,766	6,367,044	7,287,300
Net Pension Liability	382,950	540,013	239,024	335,920	621,974	875,933
Total Liabilities	6,692,830	7,598,179	2,168,151	2,387,709	8,860,981	9,985,888
DEFERRED INFLOWS OF RESOURCES						
Pension	313,481	150,780	195,664	93,794	509,145	244,574
Deferred Lease Revenue	-	-	415,622	-	415,622	-
Taxes Levied for a Subsequent Period	3,167,076	3,104,336	-	-	3,167,076	3,104,336
Total Deferred Inflows of Resources	3,480,557	3,255,116	611,286	93,794	4,091,843	3,348,910
NET POSITION						
Net Investment in Capital Assets	5,491,083	4,746,856	10,585,072	10,216,204	16,076,155	14,963,060
Restricted	173,564	591,273	1,007,286	458,560	1,180,850	1,049,833
Unrestricted (Deficit)	(1,611,453)	(2,617,272)	6,280,018	5,905,188	4,668,565	3,287,916
Total Net Position	\$ 4,053,194	\$ 2,720,857	\$ 17,872,376	\$ 16,579,952	\$ 21,925,570	\$ 19,300,809

Governmental Activities. Total net position of the Township's governmental activities was \$4,053,194 as of December 31, 2022.

Unrestricted net position – There was a deficit balance in unrestricted net position of (\$1,611,453) as of December 31, 2022. The unrestricted net position of government activities represents the accumulated results of all past year's operations. The operating results of the general fund will have a significant impact on the unrestricted net position from year to year.

Business-type Activities. The net position of the business-type activities stood at \$17,872,376 as of December 31, 2022. 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, \$16,076,155 or 73.3% of net position. The net investment in capital assets is the total amount of capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Township uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. \$1,180,850 or 5.4% is the portion of net position that is restricted for debt service, and \$4,668,565 or 21.3% is unrestricted.

Cash and investments, including restricted cash and investments, for the Township increased by \$1,024,874 largely contributed by the net cash flows provided by enterprise funds of \$998,246. Receivables, including long-term receivables, and deferred lease revenue increased largely due to the implementation of **GASB Statement No. 87 Leases**.

Net pension liability decreased by \$253,959 and pension related deferred inflows of resources increased by \$264,571 as the pension plan's net investment income was greater than expected. Pension related deferred outflows of resources increased by \$93,529 largely due to the changes in differences between expected and actual experiences and assumptions. Accounts payable decreased by \$71,542 due to the timing of expenditures at year-end. Customer deposits decreased by \$29,059 as the Township had returned more utility deposits than received. Unearned revenue increased by \$109,213 largely due to \$205,531 of American Rescue Plan Act revenues received in the current year against \$96,621 of monies expended in the current year for capital purchases.

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 2022 and 2021:

Charter Township of Marquette's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenue						
Program Revenues						
Charges for Services	\$ 264,158	\$ 244,091	\$ 3,502,004	\$ 3,370,163	\$ 3,766,162	\$ 3,614,254
Operating Grants and Contributions	14,157	31,051	47,664	78,434	61,821	109,485
Capital Grants and Contributions	-	-	152,884	-	152,884	-
Total Program Revenues	<u>278,315</u>	<u>275,142</u>	<u>3,702,552</u>	<u>3,448,597</u>	<u>3,980,867</u>	<u>3,723,739</u>
General Revenues						
Taxes	3,311,320	3,238,667	-	-	3,311,320	3,238,667
Unrestricted State Sources	490,806	409,993	-	-	490,806	409,993
Investment Income	31,373	1,397	58,258	9,390	89,631	10,787
Increase in Investment in Joint Venture	-	-	19,048	-	19,048	-
Total General Revenues	<u>3,833,499</u>	<u>3,650,057</u>	<u>77,306</u>	<u>9,390</u>	<u>3,910,805</u>	<u>3,659,447</u>
Total Revenues	<u>4,111,814</u>	<u>3,925,199</u>	<u>3,779,858</u>	<u>3,457,987</u>	<u>7,891,672</u>	<u>7,383,186</u>
Expenses						
General Government	1,058,725	1,032,254	-	-	1,058,725	1,032,254
Public Safety	964,075	995,226	-	-	964,075	995,226
Public Works	41,354	119,276	-	-	41,354	119,276
Community and Economic Development	224,428	200,475	-	-	224,428	200,475
Recreation and Culture	324,875	332,147	-	-	324,875	332,147
Interest on Long-term Debt	176,020	170,961	-	-	176,020	170,961
Wastewater	-	-	943,954	894,277	943,954	894,277
Solid Waste	-	-	480,043	552,598	480,043	552,598
Water	-	-	1,041,888	1,060,552	1,041,888	1,060,552
Stormwater	-	-	5,220	1,294	5,220	1,294
Metro Authority	-	-	6,329	11,309	6,329	11,309
Total Expenses	<u>2,789,477</u>	<u>2,850,339</u>	<u>2,477,434</u>	<u>2,520,030</u>	<u>5,266,911</u>	<u>5,370,369</u>
Transfers In (Out)	<u>10,000</u>	<u>10,000</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>1,332,337</u>	<u>1,084,860</u>	<u>1,292,424</u>	<u>927,957</u>	<u>2,624,761</u>	<u>2,012,817</u>
<i>Net Position at the Beginning of Period</i>	<u>2,720,857</u>	<u>1,635,997</u>	<u>16,579,952</u>	<u>15,651,995</u>	<u>19,300,809</u>	<u>17,287,992</u>
Net Position at the End of Period	<u>\$ 4,053,194</u>	<u>\$ 2,720,857</u>	<u>\$ 17,872,376</u>	<u>\$ 16,579,952</u>	<u>\$ 21,925,570</u>	<u>\$ 19,300,809</u>

The Township's total revenues were \$7,891,672 during the year. The cost of all programs and services was \$5,266,911, leaving an increase in net position of \$2,624,761. Our analysis below separately considers the operations of governmental and business-type activities:

- Governmental activities' revenues increased largely due to an increase in taxable value along with an increase in unrestricted state sources.
- Business-type activities' revenues increased due to an increase in charges for services related to utility usage and an increase in state and federal grants received or recognized during the current fiscal year.
- Governmental activities' expenses decreased by 2.14%, or (\$60,862), with the largest decrease a result of fewer road improvements during the year.
- Business-type activities' expenses decreased by (\$42,596), or 1.69%, with overall expenses fluctuating year-to-year.

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. 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, township improvements, and fire funds.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,742,513, while total fund balance increased by \$505,197 to \$1,919,432. 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 70.8% of total general fund expenditures and transfers out while total fund balance represents approximately 78.0% of that same amount. The increase is largely due to an increase in taxes and unrestricted state sources.

The fire fund, a major fund, had a \$417,709 decrease in the fund balance during the current fiscal year which put the overall fund balance at \$173,564 as of December 31, 2022. The significant change in fund balance is the result of the Township paying for the purchase of a fire truck in the current fiscal year.

The township improvements fund, a major fund, had a \$50,000 increase in the fund balance during the current fiscal year which put the overall fund balance at \$563,065 as of December 31, 2022. The increase is due to less road improvement expenditures during the current fiscal year.

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

Unrestricted net position of the wastewater fund at the end of the year was \$3,906,891, \$372,655 for the solid waste fund, and for the water fund was \$1,951,541. The total increase (decrease) in the net position for each fund was \$458,680, (\$7,207) and \$813,633, respectively.

General Fund Budgetary Highlights

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

Final budget compared to actual results. The Township had the following expenditures in excess of the amounts appropriated during the year ended December 31, 2022:

<u>Function</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Negative Variance</u>
General Government			
Supervisor and Manager	\$ 173,004	\$ 178,452	\$ (5,448)
Building and Grounds	254,929	262,513	(7,584)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022 and 2021, the Township had \$19,777,756 and \$19,161,389 invested in a variety of capital assets including land and improvements, buildings and improvements, infrastructure, and other equipment (see table below), respectively:

	<u>2022</u>	<u>2021</u>
Construction in Progress	\$ 787,381	\$ 50,961
Land	2,376,787	2,376,787
Land Improvements	800,280	800,280
Buildings and Improvements, net	5,938,541	5,930,728
Vehicles, net	244,856	167,272
Furniture and Equipment, net	277,165	233,678
Infrastructure, net	9,352,746	9,601,683
Totals	\$ 19,777,756	\$ 19,161,389

The following were significant purchases in the current fiscal year:

- Pierce Rescue Pumper of \$706,539
- Building and Grounds and Public Safety Vehicles of \$80,371
- Pumping Stations of \$71,630
- Excavator and Hydraulic Boom of \$96,621
- Public Works Facility Structural Improvements of \$166,484

More information on capital assets can be found in the notes to the financial statements.

Long-term Debt

At the end of fiscal year 2022 and 2021, the Township had \$7,290,241 and \$8,172,751 in long-term debt outstanding. Principal payments for the year were \$882,510. Further details on long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Township budgeted \$2,644,600 of revenues and \$2,580,703 of expenditures for the general fund in 2023. The Township continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2023, the Township plans again to use current revenues to provide essential services and to maintain the Township's financial reserves at similar levels. Property tax revenues are expected to change minimally reflecting fairly stable property values. The ongoing costs of providing essential services for the citizens of the Township will again need to be monitored in order to maintain the financial condition of 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:

Charter Township of Marquette
1000 Commerce Drive
Marquette, Michigan 49855

Basic Financial Statements

Charter Township of Marquette
Statement of Net Position
December 31, 2022

	Primary Government			Component Unit - DDA
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 3,884,926	\$ 6,007,019	\$ 9,891,945	\$ 51,027
Accounts Receivable, net	57,140	--	57,140	--
Taxes Receivable	2,078,046	--	2,078,046	53,025
Utility Bills Receivable	--	85,060	85,060	--
Special Assessments Receivable	--	259,530	259,530	--
Current Portion of Leases Receivable	--	32,339	32,339	--
Due from Other Units of Government	230,159	56,262	286,421	--
Prepaid Items	35,304	11,546	46,850	--
Total Current Assets	6,285,575	6,451,756	12,737,331	104,052
<i>Noncurrent Assets</i>				
Restricted Cash and Investments	--	1,007,286	1,007,286	--
Leases Receivable	--	394,662	394,662	--
Capital Assets not being Depreciated	3,083,313	881,135	3,964,448	--
Capital Assets being Depreciated, net	4,557,672	11,255,636	15,813,308	--
Investment in Joint Venture	--	474,075	474,075	--
Total Assets	13,926,560	20,464,550	34,391,110	104,052
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	300,021	187,263	487,284	--
Total Deferred Outflows of Resources	300,021	187,263	487,284	--
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	72,646	179,836	252,482	--
Customer Deposits	26,000	133,222	159,222	--
Accrued Payroll and Related Liabilities	35,152	12,167	47,319	--
Current Portion of Compensated Absences	9,155	11,776	20,931	--
Current Portion of Long-term Debt	611,825	311,372	923,197	--
Accrued Interest Payable	88,115	4,763	92,878	--
Unearned Revenue	312,805	338	313,143	--
Total Current Liabilities	1,155,698	653,474	1,809,172	--
<i>Noncurrent Liabilities</i>				
Compensated Absences	27,465	35,326	62,791	--
Long-term Debt	5,126,717	1,240,327	6,367,044	--
Net Pension Liability	382,950	239,024	621,974	--
Total Liabilities	6,692,830	2,168,151	8,860,981	--
DEFERRED INFLOWS OF RESOURCES				
Pension Related	313,481	195,664	509,145	--
Deferred Lease Revenue	--	415,622	415,622	--
Taxes Levied for a Subsequent Period	3,167,076	--	3,167,076	53,025
Total Deferred Inflows of Resources	3,480,557	611,286	4,091,843	53,025
NET POSITION				
Net Investment in Capital Assets	5,491,083	10,585,072	16,076,155	--
<i>Restricted for:</i>				
Debt Service	--	1,007,286	1,007,286	--
Public Safety	173,564	--	173,564	--
<i>Unrestricted</i>	(1,611,453)	6,280,018	4,668,565	51,027
Total Net Position	\$ 4,053,194	\$ 17,872,376	\$ 21,925,570	\$ 51,027

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, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Unit - DDA
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 1,058,725	\$ 115,086	\$ 1,390	\$ --	\$ (942,249)	\$ --	\$ (942,249)	\$ --
Public Safety	964,075	125,942	11,397	--	(826,736)	--	(826,736)	--
Public Works	41,354	--	--	--	(41,354)	--	(41,354)	--
Community and Economic Development	224,428	6,615	--	--	(217,813)	--	(217,813)	--
Recreation and Culture	324,875	16,515	1,370	--	(306,990)	--	(306,990)	--
Interest on Long-term Debt	176,020	--	--	--	(176,020)	--	(176,020)	--
Total Governmental Activities	2,789,477	264,158	14,157	--	(2,511,162)	--	(2,511,162)	--
Business-type Activities:								
Stormwater	5,220	1,499	--	31,262	--	27,541	27,541	--
Wastewater	943,954	1,284,465	--	73,311	--	413,822	413,822	--
Solid Waste	480,043	470,307	2,133	--	--	(7,603)	(7,603)	--
Metro Authority	6,329	--	6,106	--	--	(223)	(223)	--
Water	1,041,888	1,745,733	39,425	48,311	--	791,581	791,581	--
Total Business-type Activities	2,477,434	3,502,004	47,664	152,884	--	1,225,118	1,225,118	--
Total Primary Government	\$ 5,266,911	\$ 3,766,162	\$ 61,821	\$ 152,884	\$ (2,511,162)	\$ 1,225,118	\$ (1,286,044)	--
Component Unit								
Downtown Development Authority	\$ --	\$ --	\$ --	\$ --	--	--	--	--
Total Component Unit	\$ --	\$ --	\$ --	\$ --	--	--	--	--
General Purpose Revenues and Transfers:								
Revenues								
Taxes					3,311,320	--	3,311,320	42,902
Unrestricted State Sources					490,806	--	490,806	--
Investment Income					31,373	58,258	89,631	43
Increase in Investment in Joint Venture					--	19,048	19,048	--
Transfers					10,000	(10,000)	--	--
Total General Revenues and Transfers					3,843,499	67,306	3,910,805	42,945
Change in Net Position					1,332,337	1,292,424	2,624,761	42,945
<i>Net Position at Beginning of Period (Restated, Note 14)</i>					2,720,857	16,579,952	19,300,809	8,082
Net Position at End of Period					\$ 4,053,194	\$ 17,872,376	\$ 21,925,570	\$ 51,027

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

**Charter Township of Marquette
Balance Sheet
Governmental Funds
December 31, 2022**

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Fire</u>	<u>Township Improvements</u>			
ASSETS						
Cash and Investments	\$ 2,661,977	\$ 605,356	\$ 512,516	\$ 105,077	\$ 3,884,926	
Accounts Receivable, net	17,329	39,811	--	--	57,140	
Taxes Receivable	1,334,607	576,981	--	166,458	2,078,046	
Due from Other Units of Government	179,610	--	50,549	--	230,159	
Prepaid Items	19,919	15,385	--	--	35,304	
Advances to Other Funds	120,000	--	--	--	120,000	
Total Assets	<u>\$ 4,333,442</u>	<u>\$ 1,237,533</u>	<u>\$ 563,065</u>	<u>\$ 271,535</u>	<u>\$ 6,405,575</u>	
LIABILITIES						
Accounts Payable	\$ 65,455	\$ 7,191	\$ --	\$ --	\$ 72,646	
Customer Deposits	26,000	--	--	--	26,000	
Accrued Payroll and Related Liabilities	15,136	20,016	--	--	35,152	
Unearned Revenue	312,805	--	--	--	312,805	
Advances from Other Funds	--	120,000	--	--	120,000	
Total Liabilities	<u>419,396</u>	<u>147,207</u>	<u>--</u>	<u>--</u>	<u>566,603</u>	
DEFERRED INFLOWS OF RESOURCES						
Taxes Levied for a Subsequent Period	1,994,614	916,762	--	255,700	3,167,076	
Total Liabilities and Deferred Inflows of Resources	<u>2,414,010</u>	<u>1,063,969</u>	<u>--</u>	<u>255,700</u>	<u>3,733,679</u>	
FUND BALANCE						
Nonspendable for Prepaid Expenditures	139,919	15,385	--	--	155,304	
Restricted for Fire	--	158,179	--	--	158,179	
Assigned for:	--	--	--	--	--	
Police Vehicle	37,000	--	--	--	37,000	
Township Improvements	--	--	563,065	--	563,065	
Liquor Law Enforcement	--	--	--	7,544	7,544	
Library	--	--	--	8,291	8,291	
Unassigned	1,742,513	--	--	--	1,742,513	
Total Fund Balance	<u>1,919,432</u>	<u>173,564</u>	<u>563,065</u>	<u>15,835</u>	<u>2,671,896</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,333,442</u>	<u>\$ 1,237,533</u>	<u>\$ 563,065</u>	<u>\$ 271,535</u>	<u>\$ 6,405,575</u>	

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

Charter Township of Marquette
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2022

Total Fund Balance - Governmental Funds	\$	2,671,896
General government capital assets of \$11,188,595, net of accumulated depreciation of \$3,547,610, are not financial resources and, accordingly, are not reported in the funds.		7,640,985
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(5,738,542)
Net pension liability, plus pension related deferred outflows and inflows of resources related to its participation in the MERS defined benefit pension plan, are not recorded in the governmental funds but are recorded in the statement of net position.		(396,410)
Compensated absences are not due in and payable in the current period and, therefore, are not reported in the funds.		(36,620)
In the statement of net position, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.		(88,115)
Total Net Position - Governmental Activities	\$	<u>4,053,194</u>

Charter Township of Marquette
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2022

	<u>General</u>	<u>Special Revenue</u> Fire	<u>Capital Projects</u> Township Improvements	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 2,203,052	\$ 867,003	\$ --	\$ 241,265	\$ 3,311,320
Licenses and Permits	34,165	225	--	--	34,390
Intergovernmental	490,053	2,443	--	10,007	502,503
Charges for Services	18,432	121,929	--	--	140,361
Interest and Rentals	31,373	--	--	--	31,373
Other Revenue	87,379	4,488	--	--	91,867
Total Revenues	<u>2,864,454</u>	<u>996,088</u>	<u>--</u>	<u>251,272</u>	<u>4,111,814</u>
Expenditures					
General Government	1,078,947	--	--	--	1,078,947
Public Safety	220,275	1,329,797	--	--	1,550,072
Public Works	41,354	--	--	--	41,354
Community and Economic Development	233,619	--	--	--	233,619
Recreation and Culture	86,187	--	--	235,455	321,642
Debt Service, Principal	196,575	--	385,782	--	582,357
Debt Service, Interest	76,566	--	91,176	--	167,742
Total Expenditures	<u>1,933,523</u>	<u>1,329,797</u>	<u>476,958</u>	<u>235,455</u>	<u>3,975,733</u>
Excess of Revenues Over (Under) Expenditures	<u>930,931</u>	<u>(333,709)</u>	<u>(476,958)</u>	<u>15,817</u>	<u>136,081</u>
Other Financing Sources (Uses)					
Transfers In	101,224	--	526,958	--	628,182
Transfers Out	(526,958)	(84,000)	--	(7,224)	(618,182)
Net Other Financing Sources (Uses)	<u>(425,734)</u>	<u>(84,000)</u>	<u>526,958</u>	<u>(7,224)</u>	<u>10,000</u>
Net Change in Fund Balance	505,197	(417,709)	50,000	8,593	146,081
<i>Fund Balance at Beginning of Period</i>	<u>1,414,235</u>	<u>591,273</u>	<u>513,065</u>	<u>7,242</u>	<u>2,525,815</u>
Fund Balance at End of Period	\$ 1,919,432	\$ 173,564	\$ 563,065	\$ 15,835	\$ 2,671,896

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, 2022

Total Net Change in Fund Balances - Governmental Funds	\$	146,081
<p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This amount is represented by capital outlay of \$797,726 in excess of depreciation expense of \$250,074.</p>		
		547,652
<p>The statement of activities reports changes to net pension liability and pension related deferrals as pension expense; however, the expenditures recorded on the governmental funds equals actual pension contributions.</p>		
		51,633
<p>Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements. In addition, amortization of bond premium are reductions in long-term debt in the government-wide financial statements.</p>		
		582,357
<p>Change to compensated absences are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.</p>		
		12,892
<p>Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.</p>		
		(8,278)
Changes in Net Position - Governmental Activities	\$	<u>1,332,337</u>

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

Charter Township of Marquette
Statement of Net Position
Proprietary Funds
December 31, 2022

Business-type Activities - Enterprise Funds

	Wastewater	Solid Waste	Water	Other Enterprise Funds	Total Enterprise Funds
ASSETS					
<i>Current Assets</i>					
Cash and Investments	\$ 3,332,749	\$ 351,928	\$ 2,268,847	\$ 53,495	\$ 6,007,019
Utility Bills Receivable	10,936	61,688	12,436	--	85,060
Special Assessments Receivable	242,678	--	16,852	--	259,530
Current Portion of Leases Receivable	--	--	32,339	--	32,339
Due from Other Units of Government	25,000	--	--	31,262	56,262
Prepaid Items	4,124	63	7,359	--	11,546
Advances to Other Funds	47,572	--	--	--	47,572
Total Current Assets	3,663,059	413,679	2,337,833	84,757	6,499,328
<i>Noncurrent Assets</i>					
Restricted Cash and Investments	306,520	--	700,766	--	1,007,286
Leases Receivable	--	--	394,662	--	394,662
Capital Assets not being Depreciated	597,105	--	240,000	44,030	881,135
Capital Assets being Depreciated, net	4,406,661	--	6,821,548	27,427	11,255,636
Investment in Joint Venture	474,075	--	--	--	474,075
Total Assets	9,447,420	413,679	10,494,809	156,214	20,512,122
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related	76,357	8,917	101,989	--	187,263
Total Deferred Outflows of Resources	76,357	8,917	101,989	--	187,263
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	104,841	13,465	55,478	6,052	179,836
Customer Deposits	--	14,876	88,572	29,774	133,222
Accrued Payroll and Related Liabilities	4,766	563	6,838	--	12,167
Current Portion of Compensated Absences	4,937	--	6,839	--	11,776
Current Portion of Long-term Debt	23,186	--	288,186	--	311,372
Accrued Interest Payable	--	--	4,763	--	4,763
Unearned Revenue	--	338	--	--	338
Advances from Other Funds	--	--	47,572	--	47,572
Total Current Liabilities	137,730	29,242	498,248	35,826	701,046
<i>Noncurrent Liabilities</i>					
Compensated Absences	14,810	--	20,516	--	35,326
Long-term Debt	347,663	--	892,664	--	1,240,327
Net Pension Liability	97,463	11,382	130,179	--	239,024
Total Liabilities	597,666	40,624	1,541,607	35,826	2,215,723
DEFERRED INFLOWS OF RESOURCES					
Pension Related	79,783	9,317	106,564	--	195,664
Deferred Lease Revenue	--	--	415,622	--	415,622
Total Deferred Inflows of Resources	79,783	9,317	522,186	--	611,286
NET POSITION					
Net Investment in Capital Assets	4,632,917	--	5,880,698	71,457	10,585,072
<i>Restricted for:</i>					
Debt Service	306,520	--	700,766	--	1,007,286
<i>Unrestricted</i>	3,906,891	372,655	1,951,541	48,931	6,280,018
Total Net Position	\$ 8,846,328	\$ 372,655	\$ 8,533,005	\$ 120,388	\$ 17,872,376

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, 2022

Business-type Activities - Enterprise Funds

	Wastewater	Solid Waste	Water	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues					
Charges for Services	\$ 1,105,746	\$ 317,996	\$ 1,226,330	\$ --	\$ 2,650,072
Total Operating Revenues	<u>1,105,746</u>	<u>317,996</u>	<u>1,226,330</u>	<u>--</u>	<u>2,650,072</u>
Operating Expenses					
Personnel Services	298,996	34,302	416,436	--	749,734
Operations and Maintenance	417,852	445,741	327,610	5,220	1,196,423
Depreciation Expense	215,336	--	227,658	6,329	449,323
Total Operating Expenses	<u>932,184</u>	<u>480,043</u>	<u>971,704</u>	<u>11,549</u>	<u>2,395,480</u>
Operating Income (Loss)	<u>173,562</u>	<u>(162,047)</u>	<u>254,626</u>	<u>(11,549)</u>	<u>254,592</u>
Non-Operating Revenues (Expenses)					
Investment Income	35,810	396	22,052	--	58,258
Debt Service Fees	130,181	--	415,990	--	546,171
Connection Fees	24,570	--	31,162	--	55,732
Gain on Sale of Capital Assets	9,851	--	9,851	--	19,702
Permits, Fees, and Special Assessments	6,800	--	8,575	1,499	16,874
Other Revenue	7,317	152,311	53,825	--	213,453
State Grants	25,000	2,133	39,425	37,368	103,926
Federal Grants	48,311	--	48,311	--	96,622
Increase in Investment in Joint Venture	19,048	--	--	--	19,048
Grant Expense	--	--	(36,713)	--	(36,713)
Interest Expense	(11,770)	--	(33,471)	--	(45,241)
Net Non-Operating Revenues (Expenses)	<u>295,118</u>	<u>154,840</u>	<u>559,007</u>	<u>38,867</u>	<u>1,047,832</u>
Income Before Transfers	<u>468,680</u>	<u>(7,207)</u>	<u>813,633</u>	<u>27,318</u>	<u>1,302,424</u>
Transfers Out	(10,000)	--	--	--	(10,000)
Change In Net Position	<u>458,680</u>	<u>(7,207)</u>	<u>813,633</u>	<u>27,318</u>	<u>1,292,424</u>
<i>Net Position at Beginning of Period (Restated, Note 14)</i>	8,387,648	379,862	7,719,372	93,070	16,579,952
Net Position at End of Period	<u>\$ 8,846,328</u>	<u>\$ 372,655</u>	<u>\$ 8,533,005</u>	<u>\$ 120,388</u>	<u>\$ 17,872,376</u>

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

Charter Township of Marquette
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

Business-type Activities - Enterprise Funds

	Wastewater	Solid Waste	Water	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities					
Cash Received from Charges for Service	\$ 1,105,775	\$ 286,016	\$ 1,220,679	\$ --	\$ 2,612,470
Cash Payments to Employees for Wages and Benefits	(308,361)	(34,656)	(428,146)	--	(771,163)
Cash Payments to Suppliers for Goods and Services	(381,111)	(449,088)	(324,270)	(27,030)	(1,181,499)
Net Cash Provided by (Used in) Operating Activities	416,303	(197,728)	468,263	(27,030)	659,808
Cash Flows from Non-capital Financing Activities					
Transfers Out	(10,000)	--	--	--	(10,000)
Interfund Balances	9,234	158,080	(9,234)	--	158,080
Permits, Fees, and Special Assessments	54,469	--	9,811	1,499	65,779
Other Revenue	7,317	152,311	42,446	--	202,074
State Grants	--	2,133	39,425	6,106	47,664
Grant Expense	--	--	(36,713)	--	(36,713)
Net Cash Provided by Non-capital Financing Activities	61,020	312,524	45,735	7,605	426,884
Cash Flows from Capital and Related Financing Activities					
Debt Service Fees	130,181	--	415,990	--	546,171
Connection Fees	24,570	--	31,162	--	55,732
Gain on Sale of Capital Assets	9,851	--	9,581	--	19,432
Federal Grants	48,311	--	48,311	--	96,622
Net Capital Asset Activity	(274,341)	--	(199,397)	(44,030)	(517,768)
Principal Payments on Debt	(22,577)	--	(277,576)	--	(300,153)
Interest Payments on Debt	(11,770)	--	(34,970)	--	(46,740)
Net Cash Used in Capital and Related Financing Activities	(95,775)	--	(6,899)	(44,030)	(146,704)
Cash Flows from Investing Activities					
Investment Income	35,810	396	22,052	--	58,258
Net Cash Provided By Investing Activities	35,810	396	22,052	--	58,258
Net Increase in Cash and Investments	417,358	115,192	529,151	(63,455)	998,246
Cash and Investments - Beginning of Year	3,221,911	236,736	2,440,462	116,950	6,016,059
Cash and Investments - End of Year	\$ 3,639,269	\$ 351,928	\$ 2,969,613	\$ 53,495	\$ 7,014,305
Statement of Net Position					
Cash and Investments	3,332,749	351,928	2,268,847	53,495	6,007,019
Restricted Cash and Investments	306,520	--	700,766	--	1,007,286
Total Cash and Investments	\$ 3,639,269	\$ 351,928	\$ 2,969,613	\$ 53,495	\$ 7,014,305
Reconciliation of Operating Income (Loss) to					
Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ 173,562	\$ (162,047)	\$ 254,626	\$ (11,549)	\$ 254,592
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided by (Used in) Operating Activities:					
Depreciation Expense	215,336	--	227,658	6,329	449,323
Changes in Assets, Liabilities, and Related Deferrals					
Utility Bills Receivable	29	(32,283)	(5,651)	--	(37,905)
Prepaid Items	1,841	5	2,326	--	4,172
Accounts Payable	34,900	(4,008)	(6)	4,925	35,811
Customer Deposits	--	656	1,020	(26,735)	(25,059)
Accrued Payroll and Related Liabilities	(622)	74	(368)	--	(916)
Compensated Absences	4,467	--	6,304	--	10,771
Unearned Revenue	--	303	--	--	303
Net Pension Liability and Related Deferrals	(13,210)	(428)	(17,646)	--	(31,284)
Net Cash Provided by (Used in) Operating Activities	\$ 416,303	\$ (197,728)	\$ 468,263	\$ (27,030)	\$ 659,808

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

**Charter Township of Marquette
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022**

	Custodial Funds
ASSETS	
Cash and Investments	\$ 1,362,382
Prepaid Items	3,487
<i>Total Assets</i>	1,365,869
LIABILITIES	
Undistributed Collections	67,042
Accounts Payable	748
Due to Other Units of Governments	1,298,079
<i>Total Liabilities</i>	1,365,869
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	\$ --

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

Charter Township of Marquette
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022

	Custodial Funds
ADDITIONS	
Taxes Collected for Other Units of Government	\$ 4,270,911
County Clerk Collections	240,769
<i>Total Additions</i>	4,511,680
DEDUCTIONS	
Payments of Property Taxes to Other Units of Government	4,270,911
County Clerk Distributions	240,769
<i>Total Deductions</i>	4,511,680
<i>Change in Net Position</i>	--
<i>Net Position at Beginning of Period</i>	--
<i>Net Position at End of Period</i>	\$ --

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

Notes to the Financial Statements

Charter Township of Marquette

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Charter Township of Marquette (the “Township” or “government”) have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the Township’s accounting policies are described below.

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.

In accordance with generally accepted accounting principles and GASB Statement No. 61, "*The Financial Reporting Entity*," these financial statements represent the Township for financial reporting purposes. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if component unit data were not included. Accordingly, the Township discretely presents one component unit in these financial statements, the *Downtown Development Authority*.

Discretely Presented Component Unit

The *Downtown Development Authority (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.

Joint Ventures

As defined in GASB Statement No. 14, "*The Financial Reporting Entity*," a joint venture is a legal entity or other organization that results from a contractual arrangement (or interlocal agreement) and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Township participates in the following joint ventures:

Marquette County Solid Waste Management Authority – The Marquette County Solid Waste Management Authority’s (the “Authority”) governing board includes joint representation as appointed by the participating governments’ governing bodies. The reporting entity is one of 22 municipalities who came together to form the Authority does not constitute enough representation to exert significant influence over the Authority’s operations. The Authority selects the management staff, sets user charges and budgets, and controls all aspects of its operations and

Charter Township of Marquette

Notes to the Financial Statements

developments. As enumerated in footnote 10, the Authority is not accounted for within the reporting entity.

Marquette Area Wastewater Treatment Facility – The Marquette Area Wastewater Treatment Facility’s (the “Facility”) governing board includes joint representation as appointed by the participating governments’ governing bodies. As enumerated in footnote 11, the Facility is being accounted for as an equity investment within the reporting entity.

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. *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

Charter Township of Marquette

Notes to the Financial Statements

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, state shared revenues, 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 receivables 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.

The Township reports the following major governmental funds:

The ***general fund*** is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. Revenues are derived primarily from property taxes, state distributions or grants, charges for services, licenses and fees, interest income, and other intergovernmental revenues.

The ***fire fund*** accounts for the activity of the government's operating costs of fire protection and response services. Revenues are derived primarily from property taxes, charges for services, and interest income.

The ***township improvements fund*** accounts for the activities related to development and improvement of the Township's general capital assets. Revenues are derived primarily from interfund transfers, state distributions or grants, interest income, and other intergovernmental revenues.

The Township reports the following major proprietary funds:

The ***wastewater fund*** accounts for the operation of the Township's wastewater system. Revenues are derived primarily from charges for services, licenses and fees, interest income, and other intergovernmental revenues.

The ***solid waste fund*** accounts for the operation of the Township's solid waste activities. Revenues are derived primarily from charges for services, reimbursements, interest income, and other intergovernmental revenues.

The ***water fund*** accounts for the operation of the Township's water mains and pumping facilities. Revenues are derived primarily from charges for services, licenses and fees, interest income, and other intergovernmental revenues.

Charter Township of Marquette

Notes to the Financial Statements

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.

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 are not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Investments

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

Statutes authorize the primary government and component units to invest in the following:

- In bonds, securities and other obligations of the United States or agency or instrumentality of the United States.
- In certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation, a saving and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.

Charter Township of Marquette

Notes to the Financial Statements

- In United States government of federal agency obligation repurchase agreements.
- In banker's acceptances of United States banks.
- In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Investments are stated at fair market value. Pooled investment income is generally allocated to the general fund.

Restricted Cash and Investments

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.

Receivables and Payables

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.

Although the Township's 2022 ad valorem tax is levied and collectible on December 1, 2022, it is the Township'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 2021 state taxable value (generating the Township's 2022 tax revenues) for real/personal property of the Township totaled approximately \$276,378,413. The ad valorem taxes levied consisted of 4.8078, 1.4702, 0.5880, 0.3920, 0.8880, 2.8000, and 0.4980 mills for the Township's general operating, road, fire equipment, police, library, fire operating, and recreation, respectively. These amounts are recognized in the general fund, fire fund, and library fund.

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."

Charter Township of Marquette

Notes to the Financial Statements

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.

Capital Assets

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

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

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

	<u>Years</u>
Buildings and 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

Charter Township of Marquette

Notes to the Financial Statements

and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payables are reported net of the applicable bond premium or discount. Issuance costs are expensed during the period incurred.

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

Pension

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

Deferred Outflows / Inflows of Resources

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Township reports both deferred inflows and deferred outflows. All of the deferred outflows and a portion of the deferred inflows relate to the Township's portion of the Township's net pension liability. The net pension liability amounts are related to differences between expected and actual experience, changes of assumptions, differences between projected and actual pension plan investment earnings, and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow or inflow of resources in the period to which they apply.

An additional portion of the deferred inflows are related to lease revenues. The Township is a lessor for leases relating to cell towers. Each year the Township reports lease income and reduces the deferred inflow based on amounts received.

Charter Township of Marquette

Notes to the Financial Statements

Lastly, the Township reports property taxes levied during the year that were intended to finance future periods. These amounts are reported as deferred inflows of resources and are recognized as an inflow of resources in the period that the amounts become available.

Unearned Revenues

Unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Fund Balance Policies

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The *nonspendable fund balance* classification includes amounts that cannot be spent because they are either; a) not in spendable form – pre-paid items or inventories; or b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either; a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Township Board – the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the Township's intent to be used for specific purposes, but are neither restricted nor committed. Amounts are designated by the Supervisor.

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 Board.

Fund Balance Flow Assumptions

Sometimes the Township 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

Charter Township of Marquette

Notes to the Financial Statements

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.

Net Position Flow Assumption

Sometimes the Township 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. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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.

Charter Township of Marquette

Notes to the Financial Statements

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?
 - 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.

Charter Township of Marquette

Notes to the Financial Statements

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.

Excess of Expenditures Over Budget

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. Budgetary control is exercised at the activity level in the general fund and the function level in other funds.

The Township's general fund had the following expenditures in excess of the amounts appropriated during the year ended December 31, 2022:

Function	Final Budget	Actual Amount	Negative Variance
General Government			
Supervisor and Manager	\$ 173,004	\$ 178,452	\$ (5,448)
Building and Grounds	254,929	262,513	(7,584)

Deficit Net Position

The Township has an unrestricted net position deficit in its governmental activities in the amount of (\$1,611,453) as of December 31, 2022.

Note 3 - Deposits and Investments

Following is a reconciliation of deposit and investment balances as of December 31, 2022:

	Primary Government	Component Unit - DDA	Totals
Statement of Net Position			
Cash and Investments	\$ 9,891,945	\$ 51,027	\$ 9,942,972
Restricted Cash and Investments	1,007,286	-	1,007,286
Statement of Fiduciary Net Position			
Cash and Investments	1,969	-	1,969
<i>Total Cash and Investments</i>	\$ 10,901,200	\$ 51,027	\$ 10,952,227
Deposits and Investments			
Checking and Savings Accounts			\$ 9,929,113
Certificates of Deposit			1,022,414
Petty Cash			700
<i>Total</i>			\$ 10,952,227

Charter Township of Marquette

Notes to the Financial Statements

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be returned. State law does not require, and the Township does not have a policy for deposit custodial credit risk. As of year-end, \$2,551,085 of the Township's bank balance of \$12,507,937 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.

Custodial Credit Risk - Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. At year-end, substantially all of the investment securities were uninsured and uncollateralized.

Following is a summary of the Township's investments as of December 31, 2022:

Cash and Cash Equivalents	\$ 1,354,531
Certificates of Deposit	1,022,414
<i>Total Investments</i>	<u>\$ 2,376,945</u>

Credit Risk - Investments

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. The Township has no investments where credit risk ratings were applicable.

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.

Charter Township of Marquette

Notes to the Financial Statements

Maturity dates for investments held at year-end are summarized as follows:

No Maturity	\$ 1,354,531
Less than 1 Year	<u>1,022,414</u>
Total Investments	<u>\$ 2,376,945</u>

Fair Value Measurement

The Township is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Township's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The Township had \$2,376,945 of investments had a Level 1 fair value measurement as of December 31, 2022.

Restricted Cash and Investments

Wastewater Fund – The Township is not required to have restricted cash within the wastewater fund. The Township has elected to restrict cash for future and expected debt service and capital contributions to the Marquette Area Wastewater Treatment Facility. The total restricted cash and investments for the Township's wastewater fund was \$306,519.

Water Fund - The ordinance authorizing issuance of the Series 2005 Water Supply System Revenue Bonds required that specific accounts be established, and monies deposited as follows:

Bond Reserve Account - The lesser of 10% of the principal amount of the bonds, an amount equal to the maximum annual principal and interest requirements on the bonds, or 125% of the average annual principal and interest requirements. At December 31, 2022, the Township was required to have \$282,212 in this account.

Charter Township of Marquette

Notes to the Financial Statements

Bond and Interest Redemption Fund - At least 100% of the amount of interest due on the next ensuing interest payment plus not less than 100% of the principal maturing on the next principal payment. At December 31, 2022, the Township was required to have \$273,606 in this account.

The total restricted cash and investments for the Township's water fund was \$700,766.

Note 4 - Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Construction in Progress	\$ 50,961	\$ 706,539	\$ (50,961)	\$ 706,539
Land	2,136,787	-	-	2,136,787
Land Improvements	239,987	-	-	239,987
Subtotal	<u>2,427,735</u>	<u>706,539</u>	<u>(50,961)</u>	<u>3,083,313</u>
Capital Assets being Depreciated				
Buildings and Improvements	5,558,857	44,708	-	5,603,565
Vehicles	1,355,508	62,639	(21,324)	1,396,823
Furniture and Equipment	1,070,093	34,801	-	1,104,894
Subtotal	<u>7,984,458</u>	<u>142,148</u>	<u>(21,324)</u>	<u>8,105,282</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,176,081)	(152,435)	-	(1,328,516)
Vehicles	(1,284,915)	(29,054)	21,324	(1,292,645)
Furniture and Equipment	(857,864)	(68,585)	-	(926,449)
Subtotal	<u>(3,318,860)</u>	<u>(250,074)</u>	<u>21,324</u>	<u>(3,547,610)</u>
Capital Assets being Depreciated, net	<u>4,665,598</u>	<u>(107,926)</u>	<u>-</u>	<u>4,557,672</u>
Capital Assets, net	<u>\$ 7,093,333</u>	<u>\$ 598,613</u>	<u>\$ (50,961)</u>	<u>\$ 7,640,985</u>

Depreciation expense of \$250,074 was charged to the general government (\$96,288), public safety (\$134,932), and recreation and culture (\$18,854) functions of the Township.

Charter Township of Marquette

Notes to the Financial Statements

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

Business-type Activities	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets not being Depreciated				
Construction in Progress	\$ -	\$ 80,842	\$ -	\$ 80,842
Land	240,000	-	-	240,000
Land Improvements	560,293	-	-	560,293
Subtotal	<u>800,293</u>	<u>80,842</u>	<u>-</u>	<u>881,135</u>
Capital Assets being Depreciated				
Buildings and Improvements	1,939,490	166,483	-	2,105,973
Vehicles	366,639	68,693	(11,790)	423,542
Furniture and Equipment	197,398	96,621	-	294,019
Infrastructure	15,691,704	105,399	-	15,797,103
Subtotal	<u>18,195,231</u>	<u>437,196</u>	<u>(11,790)</u>	<u>18,620,637</u>
Less Accumulated Depreciation				
Buildings and Improvements	(391,538)	(50,943)	-	(442,481)
Vehicles	(269,960)	(24,694)	11,790	(282,864)
Furniture and Equipment	(175,949)	(19,350)	-	(195,299)
Infrastructure	(6,090,021)	(354,336)	-	(6,444,357)
Subtotal	<u>(6,927,468)</u>	<u>(449,323)</u>	<u>11,790</u>	<u>(7,365,001)</u>
Capital Assets being Depreciated, net	<u>11,267,763</u>	<u>(12,127)</u>	<u>-</u>	<u>11,255,636</u>
Capital Assets, net	<u>\$ 12,068,056</u>	<u>\$ 68,715</u>	<u>\$ -</u>	<u>\$ 12,136,771</u>

Depreciation expense of \$449,323 was charged to the water (\$227,658), wastewater (\$215,336), and metro authority (\$6,329) funds of the Township.

Note 5 - Leases Receivable

The Township is reporting total lease receivables of \$427,001 as of December 31, 2022. For fiscal year 2022, the Township reported lease revenue of \$31,079 and interest revenue of \$10,953 related to lease payments received.

Verizon Wireless Cell Tower Agreement – On October 14, 2008 the Township entered into a 5-year lease agreement with Verizon Wireless. This lease agreement included the right to extend this lease for four (5) additional and successive five-year terms. The Township plans to execute all extensions. Based on this agreement, the Township is receiving monthly payments through 2033.

AT&T Cell Tower Agreement – On June 1, 2007 the Township entered into a 5-year lease agreement with AT&T. This lease agreement included the right to extend this lease for five (5) additional and successive five-year terms. The Township plans to execute all extensions. Based on this agreement, the Township is receiving monthly payments through 2037.

Charter Township of Marquette

Notes to the Financial Statements

Note 6 - Long-term Debt

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

Long-term obligation activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Direct Borrowings or Placements					
Township Hall / Fire Hall Loan	\$ 2,062,371	\$ -	\$ (138,386)	\$ 1,923,985	\$ 148,809
Township Hall Parking Lot	132,358	-	(9,238)	123,120	9,507
2015 MI Transportation Fund Bonds	2,222,914	-	(210,782)	2,012,132	222,943
2016 MI Transportation Fund Bonds	1,751,508	-	(175,000)	1,576,508	180,000
Grove Street Land Loan	151,748	-	(48,951)	102,797	50,566
Total Direct Borrowings or Placements	<u>6,320,899</u>	<u>-</u>	<u>(582,357)</u>	<u>5,738,542</u>	<u>611,825</u>
Compensated Absences	49,512	7,473	(20,365)	36,620	9,155
Total Governmental Activities	<u>\$ 6,370,411</u>	<u>\$ 7,473</u>	<u>\$ (602,722)</u>	<u>\$ 5,775,162</u>	<u>\$ 620,980</u>
Business-type Activities					
Direct Borrowings or Placements					
Drinking Water Program Bond	\$ 1,065,000	\$ -	\$ (255,000)	\$ 810,000	\$ 265,000
Department of Public Works Facility	786,852	-	(45,153)	741,699	46,372
Total Direct Borrowings or Placements	<u>1,851,852</u>	<u>-</u>	<u>(300,153)</u>	<u>1,551,699</u>	<u>311,372</u>
Compensated Absences	36,331	12,060	(1,289)	47,102	11,776
Total Business-type Activities	<u>1,888,183</u>	<u>12,060</u>	<u>(301,442)</u>	<u>1,598,801</u>	<u>323,148</u>
Total Primary Government	<u>\$ 8,258,594</u>	<u>\$ 19,533</u>	<u>\$ (904,164)</u>	<u>\$ 7,373,963</u>	<u>\$ 944,128</u>

Compensated absences within governmental activities are most frequently paid by the general fund whereas within business-type activities are paid by the wastewater and water funds.

Charter Township of Marquette

Notes to the Financial Statements

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

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%. The following is the maturity table of the note payable:

Township Hall / Fire Hall Loan			
	Principal	Interest	Total
2023	\$ 148,809	\$ 56,530	\$ 205,339
2024	150,309	55,030	205,339
2025	154,968	50,371	205,339
2026	159,772	45,567	205,339
2027	164,725	40,614	205,339
2028-2032	903,462	123,233	1,026,695
2033-2034	241,940	8,867	250,807
Totals	\$ 1,923,985	\$ 380,212	\$ 2,304,197

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%. The following is the maturity table of the note payable:

Township Hall Parking Lot			
	Principal	Interest	Total
2023	\$ 9,507	\$ 3,946	\$ 13,453
2024	9,824	3,629	13,453
2025	10,138	3,315	13,453
2026	10,462	2,991	13,453
2027	10,796	2,657	13,453
2028-2032	59,378	7,887	67,265
2033	13,015	416	13,431
Totals	\$ 123,120	\$ 24,841	\$ 147,961

Charter Township of Marquette

Notes to the Financial Statements

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

Michigan Transportation Fund Bonds, 2015			
	Principal	Interest	Total
2023	\$ 222,943	\$ 51,322	\$ 274,265
2024	235,103	46,864	281,967
2025	251,317	41,868	293,185
2026	255,371	36,213	291,584
2027	263,478	30,148	293,626
2028 - 2030	783,920	48,520	832,440
Totals	\$ 2,012,132	\$ 254,935	\$ 2,267,067

\$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. The following is the maturity table of the bond payable:

Michigan Transportation Fund Bonds, 2016			
	Principal	Interest	Total
2023	\$ 180,000	\$ 32,138	\$ 212,138
2024	185,000	28,538	213,538
2025	190,000	24,838	214,838
2026	195,000	21,038	216,038
2027	200,000	17,138	217,138
2028 - 2030	626,508	27,014	653,522
Totals	\$ 1,576,508	\$ 150,704	\$ 1,727,212

Charter Township of Marquette

Notes to the Financial Statements

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%. The following is the maturity table of the note payable:

Grove Street Land Loan			
	Principal	Interest	Total
2023	\$ 50,566	\$ 3,387	\$ 53,953
2024	52,231	1,721	53,952
Totals	\$ 102,797	\$ 5,108	\$ 107,905

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%. The following is the maturity table of the bond payable:

Drinking Water Program Bond			
	Principal	Interest	Total
2023	\$ 265,000	\$ 17,212	\$ 282,212
2024	270,000	11,581	281,581
2025	275,000	5,844	280,844
Totals	\$ 810,000	\$ 34,637	\$ 844,637

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%. The following is the maturity table of the note payable:

Department of Public Works Facility			
	Principal	Interest	Total
2023	\$ 46,372	\$ 22,323	\$ 68,695
2024	47,832	20,863	68,695
2025	49,268	19,427	68,695
2026	50,746	17,949	68,695
2027	52,268	16,427	68,695
2028-2032	285,828	57,647	343,475
2033-2036	209,385	13,666	223,051
Totals	\$ 741,699	\$ 168,302	\$ 910,001

Note 7 - 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

Charter Township of Marquette

Notes to the Financial Statements

for governmental funds. Interfund transactions resulting in interfund receivables and payables consisted of \$120,000 due to the general fund from the fire fund and \$47,572 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:

Transfer In	Transfer Out	Amount
General	Fire	\$ 84,000
General	Other Governmental Funds	7,224
General	Wastewater	10,000
Township Improvements	General	526,958

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 8 – Defined Benefit 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.

Benefits Provided

Division	Benefit Multiplier	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
Union, Open	2.00%	No Max	5	60	-	50/25 or 55/15	10
Admin Non-Union, Open	2.00%	No Max	5	60	-	50/25 or 55/15	10

Charter Township of Marquette

Notes to the Financial Statements

At the December 31, 2021 valuation date, the following Township employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	8
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	6
Active Plan Members	<u>20</u>
<i>Total Employees Covered by MERS</i>	<u>34</u>

Contributions

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

Contributions during the year were as follows:

<u>Division</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
Union, Open	2.00%	13.28%
Admin Non-Union, Open	2.00%	14.72%

Employer contributions for open plans were a percentage of monthly wages.

Net Pension Liability

The Township's net pension liability was measured as of December 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that same date.

Actuarial Assumptions

The total pension liability in the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases 3% plus merit and longevity: 3% in the long-term

Investment rate of return: 7.00%, net of investment and administrative expense including inflation

Charter Township of Marquette

Notes to the Financial Statements

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3-4%. Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019. The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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

Asset Class	Target Allocation	Long-term Expected Gross Rate of Return	Long-term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global Equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.00%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.00%	9.50%	1.90%	2.50%	1.40%
	<u>100.00%</u>		<u>7.00%</u>		<u>4.50%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.60%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the 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
Balance at December 31, 2020	\$ 4,200,353	\$ 3,324,420	\$ 875,933
Service Cost	105,147	-	105,147
Interest on Total Pension Liability	315,294	-	315,294
Changes in Benefits	-	-	-
Difference Between Expected and Actual Experience	(195,727)	-	(195,727)
Changes in Assumptions	166,721	-	166,721
Employer Contributions	-	156,306	(156,306)
Employee Contributions	-	25,142	(25,142)
Net Investment Income	-	469,331	(469,331)
Benefit Payments, Including Refunds	(208,641)	(208,641)	-
Administrative Expenses	-	(5,385)	5,385
<i>Net Changes</i>	<u>182,794</u>	<u>436,753</u>	<u>(253,959)</u>
Balance at December 31, 2021	<u>\$ 4,383,147</u>	<u>\$ 3,761,173</u>	<u>\$ 621,974</u>

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

The following presents the net pension liability of the employer, calculated using the discount rate of 7.60%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.60%) or 1% higher (8.60%) than the current rate:

	1% Decrease	Current	1% Increase
	(6.60%)	Discount Rate	(8.60%)
	(7.60%)	(7.60%)	(8.60%)
Net Pension Liability of the Township	<u>\$ 1,158,899</u>	<u>\$ 621,974</u>	<u>\$ 170,894</u>

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 Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the employer recognized pension expenses of \$95,542. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Experience	\$ 86,623	\$ 241,611
Differences in Assumptions	222,203	-
Excess (Deficit) Investment Returns	-	267,534
Contributions Subsequent to the Measurement Date*	178,458	-
Total	\$ 487,284	\$ 509,145

*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, 2023.

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

Year Ending December 31,	Amount
2023	\$ (39,456)
2024	(96,871)
2025	(41,543)
2026	(17,614)
2027	(4,835)

Note 9 - 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 10 – Joint Venture - 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"). The Authority was

Charter Township of Marquette

Notes to the Financial Statements

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.

As of December 31, 202, the Township is one of 22 municipalities who came together to form the Authority. The Authority does not depend on the revenues from any single participant to exist; thus, the Township does not have financial responsibility for the Authority and as such the Township's initial investment in the Authority is not recorded on the financial statements.

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.

Note 11 – Joint Venture - 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 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 Charter Township of Marquette. During fiscal 1998, the Charter 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

Charter Township of Marquette

Notes to the Financial Statements

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.

As required by Governmental Accounting Standards Board Statement No. 14, the Township's equity interest is shown as an asset in the wastewater fund. 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.

Charter Township of Marquette

Notes to the Financial Statements

A summary of condensed financial information as of and for the fiscal year ended September 30, 2022, of the Facility, in the aggregate, is as follows:

Assets	16,704,232
Deferred Outflows of Resources	234,691
Liabilities	8,814,760
Deferred Inflows of Resources	342,865
Net Position	7,781,298
Operating Revenues	2,235,684
Operating Expenses	(2,739,520)
Non-operating Revenues	1,189,574
Non-operating Expenses	(341,179)
Increase in Net Position	344,559
Township's Share of Net Gain	19,048

Charter Township of Marquette

Notes to the Financial Statements

Note 12 - Subsequent Events

The Board is currently working to determine how to utilize an estimated \$312,805 of American Rescue Plan Act funds which are available to the Township for expenditure for various public safety reimbursements and infrastructure projects through 2024.

Management is not aware of any other subsequent events that would have a significant impact on the financial condition of the Township.

Note 13 - Adoption of GASB Statement No. 87, Leases

The Township adopted the provisions of *GASB Statement No. 87, Leases*, in the current year, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Detailed information can be found in Note 5 of these Notes to the Financial Statements.

Note 14 – Prior Period Adjustment

The Township is one of 22 municipalities who came together to form the Marquette County Solid Waste Management Authority (the “Authority”). The Authority does not depend on the revenues from any single participant to exist; thus, the Township does not have financial responsibility for the Authority and as such the Township’s initial investment of \$190,837 in the Authority has been removed from the books of the Township.

The prior period adjustment within the solid waste fund resulted in a decrease in capital assets of \$190,837 along with a decrease in accumulated depreciation of \$190,837, resulting in a net change in net position of \$0.

The Township had recorded \$298,684 as an investment in the Marquette Area Wastewater Treatment Facility (the “Facility”); however, it recorded it as a depreciable capital asset and depreciated the asset fully. The Facility is dependent upon the three municipalities for debt service principal contributions along with a portion of capital contributions, thus, the Township does have financial responsibility for the Facility and the Township’s investment in the Facility should be recorded as an investment in joint venture.

The prior period adjustment within the Wastewater fund resulted in a decrease in capital assets of \$298,694 along with a decrease in accumulated depreciation of \$298,694 and an increase in investment in joint venture of \$455,027, resulting in a net change in net position of \$455,027.

Charter Township of Marquette

Notes to the Financial Statements

The Township had several capital assets that were incorrectly recorded in previous years. The prior period adjustment within the wastewater fund resulted in a net decrease in capital assets of \$337,669 along with a corresponding decrease in net position of the same amount, whereas the prior period adjustment within the water fund resulted in a net decrease in capital assets of \$403,212 along with a corresponding decrease in net position of the same amount.

The following schedule summarizes the changes in net position:

	<u>Wastewater</u>	<u>Water</u>	<u>Business-type Activities</u>
Net Position at December 31, 2021, as Reported	<u>\$ 8,270,290</u>	<u>\$ 8,122,584</u>	<u>\$ 16,865,806</u>
<i>Adjustments to:</i>			
Investment in Joint Venture	455,027	-	455,027
Capital Assets	<u>(337,669)</u>	<u>(403,212)</u>	<u>(740,881)</u>
Net Position at December 31, 2021, as Restated	<u>\$ 8,387,648</u>	<u>\$ 7,719,372</u>	<u>\$ 16,579,952</u>

Required Supplemental 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 2,049,170	\$ 1,996,170	\$ 2,203,052	\$ 206,882
Licenses and Permits	12,500	12,500	34,165	21,665
Intergovernmental	370,468	586,468	490,053	(96,415)
Charges for Services	4,850	4,850	18,432	13,582
Interest and Rentals	7,000	7,000	31,373	24,373
Other Revenue	66,020	73,020	87,379	14,359
Total Revenues	<u>2,510,008</u>	<u>2,680,008</u>	<u>2,864,454</u>	<u>184,446</u>
Other Financing Sources				
Transfers In	101,225	101,225	101,224	(1)
Total Revenues and Other Financing Sources	<u>2,611,233</u>	<u>2,781,233</u>	<u>2,965,678</u>	<u>184,445</u>
Expenditures				
General Government				
Legislative	30,600	30,600	28,962	1,638
Supervisor and Manager	169,004	173,004	178,452	(5,448)
Treasurer	27,633	30,633	18,500	12,133
Assessor	218,674	218,824	177,759	41,065
Clerk	141,395	171,045	162,323	8,722
Elections	18,000	29,000	24,217	4,783
Professional Services	97,300	97,300	39,738	57,562
Building and Grounds	206,929	254,929	262,513	(7,584)
Administration	180,015	210,215	186,483	23,732
Total General Government	<u>1,089,550</u>	<u>1,215,550</u>	<u>1,078,947</u>	<u>136,603</u>
Public Safety				
Law Enforcement	234,581	234,581	220,275	14,306
Public Works				
Street Lights	43,700	43,700	41,354	2,346
Community and Economic Development				
Planning and Zoning	237,646	237,646	219,691	17,955
Community Promotion	23,500	23,500	13,928	9,572
Total Community and Economic Development	<u>261,146</u>	<u>261,146</u>	<u>233,619</u>	<u>27,527</u>
Recreation and Culture				
Recreation Facilities	118,110	118,110	86,187	31,923
Debt Service	278,244	278,244	273,141	5,103
Total Expenditures	<u>2,025,331</u>	<u>2,151,331</u>	<u>1,933,523</u>	<u>217,808</u>
Other Financing Uses				
Transfers Out	526,958	526,958	526,958	--
Total Expenditures and Other Financing Uses	<u>2,552,289</u>	<u>2,678,289</u>	<u>2,460,481</u>	<u>217,808</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>58,944</u>	<u>102,944</u>	<u>505,197</u>	<u>402,253</u>
Net Change in Fund Balance	<u>58,944</u>	<u>102,944</u>	<u>505,197</u>	<u>402,253</u>
Fund Balance at Beginning of Period	1,414,235	1,414,235	1,414,235	--
Fund Balance at End of Period	<u>\$ 1,473,179</u>	<u>\$ 1,517,179</u>	<u>\$ 1,919,432</u>	<u>\$ 402,253</u>

Charter Township of Marquette
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Fire
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 856,414	\$ 837,414	\$ 867,003	\$ 29,589
Licenses and Permits	400	400	225	(175)
Intergovernmental	--	--	2,443	2,443
Charges for Services	79,100	94,100	121,929	27,829
Interest and Rentals	500	500	--	(500)
Other Revenue	700	700	4,488	3,788
Total Revenues	<u>937,114</u>	<u>933,114</u>	<u>996,088</u>	<u>62,974</u>
Expenditures				
Public Safety	694,667	1,401,667	1,329,797	71,870
Total Expenditures	<u>694,667</u>	<u>1,401,667</u>	<u>1,329,797</u>	<u>71,870</u>
Other Financing Uses				
Transfers Out	84,000	84,000	84,000	--
Total Expenditures and Other Financing Uses	<u>778,667</u>	<u>1,485,667</u>	<u>1,413,797</u>	<u>71,870</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>158,447</u>	<u>(552,553)</u>	<u>(417,709)</u>	<u>134,844</u>
Net Change in Fund Balance	<u>158,447</u>	<u>(552,553)</u>	<u>(417,709)</u>	<u>134,844</u>
<i>Fund Balance at Beginning of Period</i>	591,273	591,273	591,273	--
Fund Balance at End of Period	<u>\$ 749,720</u>	<u>\$ 38,720</u>	<u>\$ 173,564</u>	<u>\$ 134,844</u>

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 105,147	\$ 108,962	\$ 111,308	\$ 108,001	\$ 109,390	\$ 97,700	\$ 95,929	\$ 92,987
Interest	315,294	286,202	276,935	260,493	242,053	221,501	201,235	181,186
Difference Between Expected and Actual Experience	(195,727)	129,934	(43,064)	(93,367)	(73,464)	(34,028)	(84,232)	-
Changes in Assumptions	166,721	54,879	93,366	-	-	-	148,370	-
Benefit Payments, Including Refunds	(208,641)	(181,923)	(84,547)	(57,964)	(35,618)	(32,629)	(32,629)	(32,629)
Net Change in Pension Liability	<u>182,794</u>	<u>398,054</u>	<u>353,998</u>	<u>217,163</u>	<u>242,361</u>	<u>252,544</u>	<u>328,673</u>	<u>241,544</u>
<i>Total Pension Liability - Beginning</i>	4,200,353	3,802,299	3,448,301	3,231,138	2,988,777	2,736,233	2,407,560	2,166,016
Total Pension Liability - Ending (a)	<u>\$ 4,383,147</u>	<u>\$ 4,200,353</u>	<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>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 156,306	\$ 148,317	\$ 138,128	\$ 142,659	\$ 127,288	\$ 118,830	\$ 108,190	\$ 108,170
Contributions - Employee	25,142	27,104	25,743	25,087	23,447	21,798	21,034	20,973
Net Investment Income (Loss)	469,331	385,406	351,430	(105,020)	291,572	214,201	(27,908)	100,658
Benefit Payments, Including Refunds	(208,641)	(181,923)	(84,547)	(57,964)	(35,618)	(32,629)	(32,629)	(32,629)
Administrative Expenses	(5,385)	(6,007)	(6,062)	(5,051)	(4,594)	(4,218)	(3,961)	(3,736)
Net Change in Plan Fiduciary Net Position	<u>436,753</u>	<u>372,897</u>	<u>424,692</u>	<u>(289)</u>	<u>402,095</u>	<u>317,982</u>	<u>64,726</u>	<u>193,436</u>
<i>Plan Fiduciary Net Position - Beginning</i>	3,324,420	2,951,523	2,526,831	2,527,120	2,125,025	1,807,043	1,742,317	1,548,881
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,761,173</u>	<u>\$ 3,324,420</u>	<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>
Net Pension Liability - Ending (a) - (b)	\$ 621,974	\$ 875,933	\$ 850,776	\$ 921,470	\$ 704,018	\$ 863,752	\$ 929,190	\$ 665,243
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.81%	79.15%	77.62%	73.28%	78.21%	71.10%	66.04%	72.37%
Covered Payroll	\$ 1,187,635	\$ 1,231,530	\$ 1,301,048	\$ 1,277,837	\$ 1,199,004	\$ 1,083,225	\$ 1,082,096	\$ 1,048,652
Net Pension Liability as a Percentage of Covered Payroll	52.37%	71.13%	65.39%	72.11%	58.72%	79.74%	85.87%	63.44%

Notes to Schedule:

* Built prospectively upon implementation on GASB 68. An additional year will be added until ten years are presented.

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

December 31, 2015 valuation - The investment rate of return assumption was reduced from 8.25% to 8.00%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.00-4.00% to 3.25%, and the mortality assumption was updated to be based on the RP-2014 tables.

December 31, 2019 valuation - The investment rate of return assumption was reduced from 8.00% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.

December 31, 2020 valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.

December 31, 2021 valuation - The investment rate of return was reduced from 7.35% to 7.00%.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$ 194,508	\$ 156,036	\$ 148,317	\$ 138,128	\$ 142,126	\$ 127,288	\$ 118,830	\$ 108,190	\$ 108,170	\$ 84,792
Contributions in Relation to the Actuarially Determined Contribution	178,458	156,036	148,317	138,128	142,126	127,288	118,830	108,190	108,170	84,792
Contribution Deficiency (Excess)	<u>\$ 16,050</u>	<u>\$ -</u>								
Covered Payroll	1,295,347	1,257,115	1,231,530	1,301,048	1,277,837	1,199,004	1,083,225	1,082,096	1,048,652	816,878
Contributions as a Percentage of Covered Payroll	14%	12%	12%	11%	11%	11%	11%	10%	10%	10%

Notes to Schedule:

Valuation Date: December 31, 2021

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

Methods and Assumptions used to Determine Contribution Rates

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	17 Years
Asset Valuation Method	5 Year, Smoothed
Inflation	2.50%
Salary Increases	3.00% plus merit and longevity; 3.00% in the long-term
Investment Rate of Return	7.00%, net of investment and administrative expense including inflation.
Retirement Age	60
Mortality	Mortality rates used were based on a version of Pub-2010 and fullygenerational MP-2019.

Other Supplemental Information

**Charter Township of Marquette
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Liquor Law Enforcement</u>	<u>Library</u>	
ASSETS			
Cash and Investments	\$ 7,544	\$ 97,533	\$ 105,077
Taxes Receivable	--	166,458	166,458
<i>Total Assets</i>	<u>\$ 7,544</u>	<u>\$ 263,991</u>	<u>\$ 271,535</u>
LIABILITIES			
<i>Total Liabilities</i>	--	--	--
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for a Subsequent Period	--	255,700	255,700
<i>Total Liabilities and Deferred Inflows of Resources</i>	--	255,700	255,700
FUND BALANCE			
Assigned	7,544	8,291	15,835
Unassigned	--	--	--
<i>Total Fund Balance</i>	<u>7,544</u>	<u>8,291</u>	<u>15,835</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<u>\$ 7,544</u>	<u>\$ 263,991</u>	<u>\$ 271,535</u>

Charter Township of Marquette
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2022

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Liquor Law Enforcement</u>	<u>Library</u>	
Revenues			
Taxes	\$ --	\$ 241,265	\$ 241,265
Intergovernmental	8,952	1,055	10,007
<i>Total Revenues</i>	<u>8,952</u>	<u>242,320</u>	<u>251,272</u>
Expenditures			
Recreation and Culture	--	235,455	235,455
<i>Total Expenditures</i>	<u>--</u>	<u>235,455</u>	<u>235,455</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,952</u>	<u>6,865</u>	<u>15,817</u>
Other Financing Uses			
Transfers Out	(7,224)	--	(7,224)
<i>Net Other Financing Uses</i>	<u>(7,224)</u>	<u>--</u>	<u>(7,224)</u>
<i>Net Change in Fund Balance</i>	<u>1,728</u>	<u>6,865</u>	<u>8,593</u>
<i>Fund Balance at Beginning of Period</i>	5,816	1,426	7,242
<i>Fund Balance at End of Period</i>	<u>\$ 7,544</u>	<u>\$ 8,291</u>	<u>\$ 15,835</u>

**Charter Township of Marquette
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2022**

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Stormwater</u>	<u>Metro Authority</u>	
ASSETS			
<i>Current Assets</i>			
Cash and Investments	\$ 34,876	\$ 18,619	\$ 53,495
Due from Other Units of Government	31,262	--	31,262
Total Current Assets	<u>66,138</u>	<u>18,619</u>	<u>84,757</u>
<i>Noncurrent Assets</i>			
Capital Assets not being Depreciated	44,030	--	44,030
Capital Assets being Depreciated, net	--	27,427	27,427
Total Assets	<u>110,168</u>	<u>46,046</u>	<u>156,214</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	6,052	--	6,052
Customer Deposits	29,774	--	29,774
Total Liabilities	<u>35,826</u>	<u>--</u>	<u>35,826</u>
NET POSITION			
Net Investment in Capital Assets	44,030	27,427	71,457
<i>Unrestricted</i>	30,312	18,619	48,931
Total Net Position	<u>\$ 74,342</u>	<u>\$ 46,046</u>	<u>\$ 120,388</u>

Charter Township of Marquette
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2022

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Stormwater</u>	<u>Metro Authority</u>	
Operating Revenues			
<i>Total Operating Revenues</i>	--	--	--
Operating Expenses			
Operations and Maintenance	\$ 5,220	\$ --	\$ 5,220
Depreciation Expense	--	6,329	6,329
<i>Total Operating Expenses</i>	5,220	6,329	11,549
<i>Operating Income (Loss)</i>	(5,220)	(6,329)	(11,549)
Non-Operating Revenues			
Permits, Fees, and Special Assessments	1,499	--	1,499
State Grants	31,262	6,106	37,368
<i>Net Non-Operating Revenues</i>	32,761	6,106	38,867
<i>Change In Net Position</i>	27,541	(223)	27,318
<i>Net Position at Beginning of Period</i>	46,801	46,269	93,070
<i>Net Position at End of Period</i>	\$ 74,342	\$ 46,046	\$ 120,388

**Charter Township of Marquette
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2022**

	<u>Enterprise</u>		<u>Total Enterprise Funds</u>
	<u>Stormwater</u>	<u>Metro Authority</u>	
Cash Flows From Operating Activities			
Cash Payments to Suppliers for Goods and Services	\$ (27,030)	\$ -	\$ (27,030)
<i>Net Cash Used in Operating Activities</i>	<u>(27,030)</u>	<u>-</u>	<u>(27,030)</u>
Cash Flows From Non-capital Financing Activities			
Permits, Fees, and Special Assessments	1,499	-	1,499
State Grants	-	6,106	6,106
<i>Net Cash Provided by Non-capital Financing Activities</i>	<u>1,499</u>	<u>6,106</u>	<u>7,605</u>
Cash Flows From Capital and Related Financing Activities			
Purchase of Capital Assets	(44,030)	-	(44,030)
<i>Net Cash Used in Capital Related Financing Activities</i>	<u>(44,030)</u>	<u>-</u>	<u>(44,030)</u>
<i>Net Increase (Decrease) in Cash and Investments</i>	(69,561)	6,106	(63,455)
Cash and Investments - Beginning of Year.	104,437	12,513	116,950
<i>Cash and Investments - End of Year</i>	<u>\$ 34,876</u>	<u>\$ 18,619</u>	<u>\$ 53,495</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities			
Operating Loss	\$ (5,220)	\$ (6,329)	\$ (11,549)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:			
Depreciation Expense	-	6,329	6,329
Changes in Assets and Liabilities:			
Accounts Payable	4,925	-	4,925
Customer Deposits	(26,735)	-	(26,735)
<i>Net Cash Used in Operating Activities</i>	<u>\$ (27,030)</u>	<u>\$ -</u>	<u>\$ (27,030)</u>

**Charter Township of Marquette
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022**

	Custodial Funds		Total Custodial Funds
	Trust and Agency	Tax Collection	
ASSETS			
Cash and Investments	\$ 42,980	\$ 1,319,402	\$ 1,362,382
Prepaid Items	3,487	--	3,487
<i>Total Assets</i>	46,467	1,319,402	1,365,869
LIABILITIES			
Undistributed Collections	45,719	21,323	67,042
Accounts Payable	748	--	748
Due to Other Units of Governments	--	1,298,079	1,298,079
<i>Total Liabilities</i>	46,467	1,319,402	1,365,869
NET POSITION			
Restricted for Individuals, Organizations, and Other Governments	--	--	--

**Charter Township of Marquette
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022**

	Custodial Funds		Total Custodial Funds
	Trust and Agency	Tax Collection	
ADDITIONS			
Taxes Collected for Other Units of Government	\$ 4,902	\$ 4,270,911	\$ 4,270,911
County Clerk Collections	240,769	--	240,769
Total Additions	245,671	4,270,911	4,511,680
DEDUCTIONS			
Payments of Property Taxes to Other Units of Government	4,902	4,270,911	4,270,911
County Clerk Distributions	240,769	--	240,769
Total Deductions	245,671	4,270,911	4,511,680
Change in Net Position	--	--	--
<i>Net Position at Beginning of Period</i>	--	--	--
Net Position at End of Period	\$ --	\$ --	\$ --

May 22, 2023

To the Members of the Township Board

Charter Township of Marquette
Marquette County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Marquette, Michigan (the "Township") for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 27, 2023. 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. There were no new accounting policies adopted, except as stated in Note 13 to the financial statements, and the application of existing policies was not changed during the fiscal year ended December 31, 2022. We noted no transactions entered into by 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 future economic.
- 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.

We evaluated the key factors and assumptions used above in determining that they are reasonable in relation to the financial statements taken as a whole.

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, 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 May 22, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the 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 pension schedules, 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.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we have identified deficiencies in internal control that we consider to be material weaknesses.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies to be material weaknesses:

Material Weakness - 2022-001 - Material Audit Adjustments and Financial Statement Preparation

Criteria: All governmental units in Michigan are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of the management. The preparation of financial statements in accordance with GAAP requires internal controls over both: 1) recording, processing, and summarizing accounting data (i.e. maintaining internal accounting records), and 2) reporting government-wide and fund financial statements, including the related notes to the financial statements (i.e. external financial reporting).

Condition: We identified and proposed material audit adjustments that management reviewed and approved.

As is the case with many small and medium-sized governmental units, the Township has historically relied on its independent external auditor to assist with the preparation of the financial statements, the related notes, and the management's discussion and analysis as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditor, who cannot, by definition, be considered part of the Township's internal controls. Having the auditor draft the annual financial statements is allowable under current auditing standards and ethical guidelines

and may be the most efficient and effective method for preparation of the Township's financial statements. However, when an entity (on its own) lacks the ability to produce financial statements that conform to GAAP, or when material audit adjustments are identified by the auditor, auditing standards require that such conditions be communicated in writing as material weaknesses.

Cause: This condition was caused by the Township's decision to outsource the preparation of its annual financial statements to the external auditor rather than incur the costs of obtaining the necessary training and expertise required for the Township to perform this task internally because outsourcing the task is considered more cost effective.

Effect: The Township's accounting records were initially misstated by amounts material to the financial statements. In addition, the Township lacks complete internal controls over the preparation of its financial statements in accordance with GAAP, and, instead, relies, at least in part, on assistance from its external auditor for assistance with this task.

Auditor's Recommendation: We recommend that management continue to monitor the relative costs and benefits of securing the internal or other external resources necessary to develop material adjustments and prepare a draft of the Township's annual financial statements versus contracting with its auditor for these services.

Management Response: Management has made an ongoing evaluation of the respective costs and benefits of obtaining internal or external resources, specifically for the preparation of financial statements, and has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so. Management will continue to review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

Material Weakness - 2022-002 - Segregation of Incompatible Duties

Criteria: Management is responsible for establishing and maintaining internal controls in order to safeguard the assets of the Township. A key element of internal control is the segregation of incompatible duties within the accounting function.

Condition/Finding: The Township has accounting functions which are performed by the same individual and are not subject to a documented independent review and approval. These areas include cash reconciliation, cash disbursements, cash receipting, and manual journal entries.

Cause: This condition is a result of the limited size of the Township's accounting staff.

Effect: As a result of this condition, the Township is exposed to an increased risk that misstatements (whether caused by error or fraud) may occur and not be prevented or detected and corrected by management on a timely basis.

Recommendation: While there are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and the segregation of incompatible duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management as possible.

View of Responsible Officials: As a result of limited staffing, we cannot accomplish the desired segregation of duties. Management staff will provide increased oversight and review of operations to help correct errors and to deter inappropriate actions and potential fraud.

Material Weakness - 2022-003 - Timely Bank Reconciliations

Criteria: The APM states “all bank accounts must be reconciled to the local unit accounting records monthly and should then be reviewed by the appropriate supervisory personnel. Bank statements and reconciliations must be retained for audit purposes.”

Condition/Finding: Bank accounts are not being reconciled and independently review in a timely fashion.

Cause: This condition is due to the Township’s negligence in fulfilling its responsibilities.

Effect: As a result of this condition, the Township is exposed to an increased risk that misstatements (whether caused by error or fraud) may occur and not be prevented or detected and corrected by management on a timely basis.

Recommendation: We recommend that the Township Board prepare, approve, and institute a reconciliation process that ensures bank reconciliations are performed monthly and reviewed by a Board member. We further recommend that the bank statements and all related documents be maintained in accordance with the Records Retentions Act of Michigan (seven years).

View of Responsible Officials: Management staff will improve processes in order to ensure that all bank accounts of the Township are reconciled and independently reviewed in a timely manner.

Township’s Response to Findings

The Township’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Restriction on Use

This information is intended solely for the information and use of the Township Board 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,



Gabridge & Company, PLC
Grand Rapids, MI

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

To the Village Council
Village of Beulah, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Beulah, Michigan (the "Village"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 26, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022 – 01 and 2022 – 02, that we consider to be material weaknesses.

Report on Compliance and Other Matters

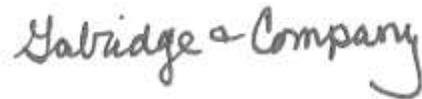
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Gabridge & Company, PLC
Grand Rapids, Michigan
May 26, 2023