

# **MARION TOWNSHIP**

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**Report on Audit of Financial Statements**

**For the Year Ended June 30, 2019**

**MARION TOWNSHIP**

**TOWNSHIP OFFICIALS**

Supervisor - Robert Harvey  
Clerk - Tammy Beal  
Treasurer - Duane Stokes

**BOARD OF TRUSTEES**

Robert Harvey  
Tammy Beal  
Duane Stokes  
Gregory Durbin  
Daniel Lowe  
Scott Lloyd  
Les Andersen

**TOWNSHIP ATTORNEYS**

Michael J. Kehoe, P.C.

**TOWNSHIP AUDITORS**

Pfeffer, Hanniford & Palka  
Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

November 8, 2019

To the Board of Trustees  
Marion Township  
2877 West Coon Lake Road  
Howell, Michigan 48843

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion Township, Michigan, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Marion Township, Michigan's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion Township Michigan, as of June 30, 2019, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 - 12 and 42 - 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion Township Michigan's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

Brighton, MI

## **MANAGEMENT DISCUSSION AND ANALYSIS**

## Management Discussion and Analysis June 30, 2019

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Within this section of Marion Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2019. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

### **Overview of the Financial Statements**

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

### ***Government-wide Financial Statements***

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Township-wide statement of position presenting information that includes all the Township's assets, deferred outflows of resources, deferred inflows of resources, and liabilities, 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 as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net position changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include the sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

**Governmental funds** are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net position.

**Proprietary funds** are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Fiduciary funds** are reported in the fiduciary fund financial statements but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

#### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

#### ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

#### **Financial Analysis of the Township as a Whole**

The Township's net position at the end of the fiscal year was \$32,944,236 an increase of \$422,544 over last year's net position of \$32,521,692.



The following tables provide a summary of the Township's financial activities and changes in net position:

**Summary of Net Position  
(Under GASB 34)**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b>ASSETS</b>						
Current and other assets	\$ 15,423,501	\$ 14,779,755	\$ 4,234,984	\$ 4,266,454	\$ 19,658,485	\$ 19,046,209
Capital assets	1,016,390	1,055,392	12,380,112	12,943,762	13,396,502	13,999,154
<b>Total assets</b>	<u>16,439,891</u>	<u>15,835,147</u>	<u>16,615,096</u>	<u>17,210,216</u>	<u>33,054,987</u>	<u>33,045,363</u>
<b>LIABILITIES</b>						
Other liabilities	<u>86,505</u>	<u>477,181</u>	<u>24,246</u>	<u>46,490</u>	<u>110,751</u>	<u>523,671</u>
<b>NET POSITION</b>						
Invested in capital assets	1,016,390	1,055,392	12,380,112	12,943,762	13,396,502	13,999,154
Restricted	570,697	476,328			570,697	476,328
Unrestricted	<u>14,766,299</u>	<u>13,826,246</u>	<u>4,210,738</u>	<u>4,219,964</u>	<u>18,977,037</u>	<u>18,046,210</u>
<b>Total net position</b>	<u>\$ 16,353,386</u>	<u>\$ 15,357,966</u>	<u>\$ 16,590,850</u>	<u>\$ 17,163,726</u>	<u>\$ 32,944,236</u>	<u>\$ 32,521,692</u>

**Summary of Changes in Net Position  
(Under GASB 34)**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b>REVENUES</b>						
<b>Program revenues:</b>						
Charges for services	\$ 151,013	\$ 166,742	\$ 290,146	\$ 288,829	\$ 441,159	\$ 455,571
Operating grants and contributions			2,926	29,995	2,926	29,995
Capital contributions	87,659	49,572	81,860	123,250	169,519	172,822
<b>General revenues:</b>						
State revenues	908,853	907,865			908,853	907,865
Property taxes	507,043	475,468			507,043	475,468
Interest income	98,677	84,085	46,770	48,420		132,505
Other	9,851	7,490		9,927	9,851	17,417
Rental income	57,446	60,135			57,446	60,135
Gain (loss) on sale of capital assets		(62,975)		(205,386)		(268,361)
Change in equity of joint ventures	644,704	86,709			644,704	86,709
<b>Total revenues</b>	<u>2,465,246</u>	<u>1,775,091</u>	<u>421,702</u>	<u>295,035</u>	<u>2,741,501</u>	<u>2,070,126</u>
<b>EXPENSES</b>						
General government	1,084,252	1,014,525			1,084,252	1,014,525
Parks and recreation	113,577	107,391			113,577	107,391
Public works	271,997	1,156,867			271,997	1,156,867
Sewer system			994,578	1,000,954	994,578	1,000,954
<b>Total expenses</b>	<u>1,469,826</u>	<u>2,278,783</u>	<u>994,578</u>	<u>1,000,954</u>	<u>2,464,404</u>	<u>3,279,737</u>
<b>Change in net position</b>	995,420	(503,692)	(572,876)	(705,919)	422,544	(1,209,611)
<b>BEGINNING NET POSITION</b>	<u>15,357,966</u>	<u>15,861,658</u>	<u>17,163,726</u>	<u>17,869,645</u>	<u>32,521,692</u>	<u>33,731,303</u>
<b>ENDING NET POSITION</b>	<u>\$ 16,353,386</u>	<u>\$ 15,357,966</u>	<u>\$ 16,590,850</u>	<u>\$ 17,163,726</u>	<u>\$ 32,944,236</u>	<u>\$ 32,521,692</u>

The governmental activity net position increased by \$995,420, mostly due to a an increase in changes in equity of joint ventures and decreases in road project expenditures.

The business-type activity expenditures exceeded revenues for a net loss of \$572,876 for the year ended June 30, 2019. This is primarily due to depreciation expense, which is an estimate based on management's calculation of estimated useful lives for infrastructure.

### **Financial Analysis of the Township's Funds**

The Township had four major funds for the year ended June 30, 2019. Three of the four major funds were governmental funds which included: the General Fund, the Assessment Revolving Project Fund, and the Water New User Fund. The sole business-type fund was the Sewer Fund.

The General Fund had revenues exceeding expenditures, for a net increase in fund balance totaling \$380,156, primarily due to a decrease in public works road expenditures.

The Assessment Revolving Project Fund had revenues exceeding expenditures for an increase in fund balance of \$59,351. This fund accounts for the collection of special assessments and expenditures for various construction and maintenance projects.

The Water New User Capital Projects Fund had an increase in fund balance of \$35,018 . This fund accounts for the collection of connection fees and special assessments related to the Township's participation in the Marion Howell Oceola Genoa (MHOG) Water Authority.

The Township's sole business-type fund, the Sewer Fund, had a net decrease in its equity of \$572,876, as explained above.

### **Budgetary Highlights**

The Township adopted its General Fund, Assessment Revolving Project Fund and Water New User Fund budgets prior to beginning operations for the year ended June 30, 2019. The budgets were amended during the fiscal year to bring it closer to economic reality before the end of the fiscal year. These amendments were fairly immaterial to the basic financial statements.

### **Capital Asset and Debt Administration**

The Governmental activities acquired \$8,025 in capital assets related to the potential Township Hall addition. The project is in the design phase and does not yet have an estimated cost or date of completion.

The business-type activities acquired \$111,610 in infrastructure, of which \$80,610 was contributed by developers for lines added to the system.

The Township has no outstanding debt as of June 30, 2019.

### **Economic Conditions and Future Activities**

The Township continues to conduct several place-making events during the year. Events included a Halloween "Trunk or Treat," Annual Buck Pole contest, and several community sales. The Township received many compliments on these events.

The Township has noticed an improvement in commercial and residential land development, which will lead to an increase in property tax values and subsequent property tax revenues in future years. Completion dates for the proposed developments are not available at this time. Management is committed to various road repair projects in the next few years.

### **Contacting the Township's Financial Management**

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Marion Township at 2877 West Coon Lake Road, Howell, Michigan 48843.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**MARION TOWNSHIP**

**STATEMENT OF NET POSITION  
JUNE 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
<b>ASSETS</b>			
Cash and investments	\$ 2,809,598	\$ 4,046,559	\$ 6,856,157
Receivables:			
Due from other governments	296,294		296,294
Accounts		177,803	177,803
Special assessments, net	136,923	5,475	142,398
Interest receivable	19,737	5,147	24,884
Prepaid expenses	45,670		45,670
Investment in joint ventures	12,115,279		12,115,279
Capital assets			
Land	377,310	653,877	1,031,187
Other capital assets, net of depreciation	639,080	11,726,235	12,365,315
	<b>16,439,891</b>	<b>16,615,096</b>	<b>33,054,987</b>
<b><u>LIABILITIES</u></b>			
<b>LIABILITIES</b>			
Accounts payable	36,357	24,246	60,603
Accrued liabilities	50,148		50,148
	<b>86,505</b>	<b>24,246</b>	<b>110,751</b>
<b><u>NET POSITION</u></b>			
<b>NET POSITION</b>			
Invested in capital assets	1,016,390	12,380,112	13,396,502
Restricted for:			
Road construction and maintenance	169,612		169,612
Capital projects	401,085		401,085
Unrestricted	14,766,299	4,210,738	18,977,037
	<b>\$ 16,353,386</b>	<b>\$ 16,590,850</b>	<b>\$ 32,944,236</b>

The notes are an integral part of the financial statements.

**MARION TOWNSHIP**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net Revenue (Expenses) and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ (1,084,252)	\$ 149,089	\$	\$	\$ (935,163)	\$	\$ (935,163)
Parks and recreation/ community development	(113,577)				(113,577)		(113,577)
Public works	(271,997)	1,924		87,659	(182,414)		(182,414)
<b>Total governmental activities</b>	<b>(1,469,826)</b>	<b>151,013</b>		<b>87,659</b>	<b>(1,231,154)</b>		<b>(1,231,154)</b>
<b>BUSINESS-TYPE ACTIVITY</b>							
Sewer system	(994,578)	290,146	2,926	81,860		(619,646)	(619,646)
<b>Total</b>	<b>\$ (2,464,404)</b>	<b>\$ 441,159</b>	<b>\$ 2,926</b>	<b>\$ 169,519</b>	<b>(1,231,154)</b>	<b>(619,646)</b>	<b>(1,850,800)</b>
		General revenues					
					507,043		507,043
					908,853		908,853
					87,451	20,176	107,627
					11,226	26,594	37,820
					57,446		57,446
					9,851		9,851
					<b>1,581,870</b>	<b>46,770</b>	<b>1,628,640</b>
		Other Items					
					644,704		644,704
					<b>995,420</b>	<b>(572,876)</b>	<b>422,544</b>
					<b>15,357,966</b>	<b>17,163,726</b>	<b>32,521,692</b>
					<b>\$ 16,353,386</b>	<b>\$ 16,590,850</b>	<b>\$ 32,944,236</b>

The notes are an integral part of the financial statements.



**FUND FINANCIAL STATEMENTS**

**MARION TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	<u>Major Funds</u>			<u>Nonmajor Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Assessment Revolving Project Fund</u>	<u>Water New User Fund</u>	<u>Cemetery Fund</u>	
<b>ASSETS</b>					
Cash and investments	\$ 2,207,192	\$ 198,094	\$ 401,085	\$ 3,227	\$ 2,809,598
Receivables					
Special assessments, net		100,552	36,371		136,923
Due from other governments	296,294				296,294
Due from other funds	14,576				14,576
Other	5,161				5,161
Prepaid expenditures	45,670				45,670
<b>Total assets</b>	<u>\$ 2,568,893</u>	<u>\$ 298,646</u>	<u>\$ 437,456</u>	<u>\$ 3,227</u>	<u>\$ 3,308,222</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 7,875	\$ 28,482	\$	\$	\$ 36,357
Accrued expenditures	44,665				44,665
<b>Total liabilities</b>	<u>52,540</u>	<u>28,482</u>			<u>81,022</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue		100,552	36,371		136,923
<b>FUND BALANCES</b>					
<b>Non-spendable:</b>					
Prepaid expenditures	45,670				45,670
<b>Restricted for:</b>					
Private roads		169,612			169,612
Capital projects			401,085		401,085
<b>Committed to:</b>					
Cemetery				3,227	3,227
<b>Assigned to future budget deficits</b>	121,429				121,429
<b>Unassigned</b>	2,349,254				2,349,254
<b>Total fund balances</b>	<u>2,516,353</u>	<u>169,612</u>	<u>401,085</u>	<u>3,227</u>	<u>3,090,277</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,568,893</u>	<u>\$ 298,646</u>	<u>\$ 437,456</u>	<u>\$ 3,227</u>	<u>\$ 3,308,222</u>

The notes are an integral part of the financial statements.

MARION TOWNSHIP

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019

<b>Total fund balance per balance sheet</b>		\$ 3,090,277
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 1,813,425	
Depreciation	<u>(797,035)</u>	
<b>Capital assets net of depreciation</b>		1,016,390
Equity interests in joint ventures are not financial resources and therefore not reported in the funds		
Equity in joint ventures		12,115,279
Accrued sick and vacation is not included as a liability in the governmental funds		
		(5,483)
Unavailable revenues on special assessments are recognized as revenue in the government-wide statements when originally assessed.		
Unavailable income		<u>136,923</u>
<b>Net position of governmental activities</b>		<u><u>\$ 16,353,386</u></u>

The notes are an integral part of the financial statements.

**MARION TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Major Funds</u>			<u>Nonmajor Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Assessment Revolving Project Fund</u>	<u>Water New User Fund</u>	<u>Cemetery Fund</u>	
<b>REVENUES</b>					
Taxes	\$ 507,043	\$	\$	\$	\$ 507,043
Special assessment - principal		117,839	55,742		173,581
Special assessment - interest		5,222	8,802		14,024
State revenues	908,853				908,853
Licenses and permits	166,450				166,450
Charges for services			12,824	1,924	14,748
Interest and rents	51,300		11		51,311
Miscellaneous	7,651		2,200		9,851
<b>Total revenues</b>	<u>1,641,297</u>	<u>123,061</u>	<u>79,579</u>	<u>1,924</u>	<u>1,845,861</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	1,028,962				1,028,962
Parks and recreation	113,577				113,577
Public works	110,577	63,710	44,561	10,172	229,020
<b>Capital outlay</b>					
General government	8,025				8,025
<b>Total expenditures</b>	<u>1,261,141</u>	<u>63,710</u>	<u>44,561</u>	<u>10,172</u>	<u>1,379,584</u>
<b>Net changes in fund balances</b>	380,156	59,351	35,018	(8,248)	466,277
<b>FUND BALANCE, JULY 1, 2018</b>	<u>2,136,197</u>	<u>110,261</u>	<u>366,067</u>	<u>11,475</u>	<u>2,624,000</u>
<b>FUND BALANCE, JUNE 30, 2019</b>	<u>\$ 2,516,353</u>	<u>\$ 169,612</u>	<u>\$ 401,085</u>	<u>\$ 3,227</u>	<u>\$ 3,090,277</u>

The notes are an integral part of the financial statements.

**MARION TOWNSHIP**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Net change in fund balances - governmental funds</b>		\$ 466,277
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which depreciation exceeded capital outlay is as follows:</p>		
Capital assets purchased	\$ 8,025	
Depreciation expense	<u>(47,027)</u>	
<b>Net effect of capital assets</b>		(39,002)
<p>Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are established for the Statement of Activities.</p>		
Principal collected on assessments	(100,154)	
New assessments	<u>25,835</u>	
<b>Net effect of assessments</b>		(74,319)
<p>Accrued sick and vacation is not included as an expenditure in the governmental funds.</p>		
		(2,240)
<p>Income (loss) from joint ventures is reported in the statement of activities but not in the funds statement of revenues, expenditures and changes in fund balance.</p>		
		<u>644,704</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 995,420</u></u>

The notes are an integral part of the financial statements.

MARION TOWNSHIP

STATEMENT OF NET POSITION  
PROPRIETARY - SEWER FUND  
JUNE 30, 2019

**CURRENT ASSETS**

Cash and cash equivalents	\$ 828,832	
Investments	3,217,727	
Special assessments receivable	5,475	
Accounts receivable - usage	101,355	
Grants receivable	76,448	
Interest receivable	5,147	
	<hr/>	
<b>Total current assets</b>		\$ 4,234,984

**PROPERTY, PLANT AND EQUIPMENT**

Sewer collection system	14,335,081	
Sewer plant	9,795,116	
Computers, equipment, software	134,102	
Land	653,877	
	<hr/>	
	24,918,176	
Less: accumulated depreciation	(12,538,064)	
	<hr/>	
<b>Net property, plant and equipment</b>		<u>12,380,112</u>
<b>Total assets</b>		<u><u>\$ 16,615,096</u></u>

**CURRENT LIABILITIES**

Accounts payable		\$ 24,246
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**NET POSITION**

Invested in capital assets net of related debt	\$ 12,380,112	
Unrestricted	4,210,738	
	<hr/>	
<b>Total net position</b>		<u>16,590,850</u>
<b>Total liabilities and net position</b>		<u><u>\$ 16,615,096</u></u>

The notes are an integral part of the financial statements.

**MARION TOWNSHIP**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY - SEWER FUND  
 FOR THE YEAR ENDED JUNE 30, 2019**

**OPERATING REVENUES**

User charges		\$ 290,146
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**OPERATING EXPENSES**

Contract labor	\$ 35,643	
Sewer usage fee	192,157	
Depreciation expense	675,260	
Utilities	11,498	
Telephone	12,696	
Professional fees	13,171	
Administrative fees - billing administration Genoa Township	26,597	
Repairs and maintenance	35,804	

<b>Total operating expenses</b>		<u>1,002,826</u>
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<b>Operating (loss)</b>		(712,680)
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**NON-OPERATING REVENUES AND (EXPENSES)**

Interest income - assessments	20,176	
Interest income - cash and investments	26,594	
Grant income	2,926	
Grant expenditures	(3,251)	
Uncollectable assessments	11,499	

<b>Total net non-operating revenues (expenses)</b>		57,944
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**CAPITAL CONTRIBUTIONS**

Connection fees - new users	1,250	
Contributed infrastructure	80,610	

<b>Total capital contributions</b>		<u>81,860</u>
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<b>(Decrease) in net position</b>		(572,876)
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<b>NET POSITION, JULY 1, 2018</b>		<u>17,163,726</u>
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<b>NET POSITION, JUNE 30, 2019</b>		<u><u>\$ 16,590,850</u></u>
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The notes are an integral part of the financial statements.

**MARION TOWNSHIP**

**STATEMENT OF CASH FLOWS  
PROPRIETARY - SEWER FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Cash receipts from customer usage	\$ 311,928	
Cash disbursements to vendors	(349,810)	
<b>Net cash (used in) operating activities</b>		<b>\$ (37,882)</b>
 <b>CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Special assessment collections - principal and interest	325,249	
Capital asset acquisitions	(31,000)	
Connection fees received	1,250	
Grant revenues	2,926	
Grant expenditures	(3,251)	
<b>Net cash flows from capital and related financing activities</b>		<b>295,174</b>
 <b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Increase in investments		<u>(2,500,000)</u>
<b>(Decrease) in cash and cash equivalents</b>		<b>(2,242,708)</b>
<b>BALANCE, JULY 1, 2018</b>		<u>3,071,540</u>
<b>BALANCE, JUNE 30, 2019</b>		<u><u>\$ 828,832</u></u>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>		
Operating (loss)		\$ (712,680)
<b>Adjustments to reconcile operating (loss) to net cash (used in) operating activities:</b>		
Depreciation expense		675,260
Change in assets and liabilities:		
Receivables, net		21,782
Accounts payabl and other liabilities		<u>(22,244)</u>
<b>Net cash (used in) operating activities</b>		<u><u>\$ (37,882)</u></u>

The notes are an integral part of the financial statements.



**MARION TOWNSHIP**

**STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2019**

	Agency Funds			
	Flexible Medical Savings Fund	Escrow Fund	Current Tax Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 13,321	\$ 188,257	\$ 156	\$ 201,734
Due from others	1,255			1,255
<b>Total assets</b>	<b>\$ 14,576</b>	<b>\$ 188,257</b>	<b>\$ 156</b>	<b>\$ 202,989</b>
 <b>LIABILITIES</b>				
Due to others	\$	\$ 188,257	\$ 156	\$ 188,413
Due to other funds	14,576			14,576
<b>Total liabilities</b>	<b>\$ 14,576</b>	<b>\$ 188,257</b>	<b>\$ 156</b>	<b>\$ 202,989</b>

The notes are an integral part of the financial statements.

**NOTES TO FINANCIAL STATEMENTS**

## MARION TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

#### **A. THE REPORTING ENTITY**

Marion Township is located in Livingston County, Michigan. The Township operates under a Township Board consisting of seven members and provides various services to its residents.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the financial reporting entity. The Township is the primary government having oversight responsibility and control over all activities. The Township receives funding from local and state government sources and must comply with all requirements of these funding source entities. As required by generally accepted accounting principles, the financial statements of the reporting entity include those activities of the Township (the primary government). The Township does not have any activities included in its financial statements related to component units.

The following potential component units have been evaluated under the criteria established by GASB standards and determined not to be component units based on financial independence and accountability.

1. Marion, Howell, Oceola, Genoa Sewer and Water Authority (MHOG) - Marion Township appoints two members of the Authority's eight-member board. The Authority is fiscally independent from the Township. The Authority is audited as an independent entity in compliance with Public Act 2.
2. Howell Area Fire Authority - Marion Township appoints one member of the Authority's five-member board. The Authority was incorporated January 1, 2002 and is audited as an independent entity in compliance with Public Act 2.
3. Howell Area Parks and Recreation Authority - Marion Township appoints one member of the Authority's five-member board. The Authority was incorporated July 1, 2008 and is audited as an independent entity in compliance with Public Act 2.

#### **B. BASIC FINANCIAL STATEMENTS**

In accordance with GASB standards, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. 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. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets and deferred outflows of resources less liabilities and deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net positions are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net positions not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, a part of the basic financial statements are the fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB standards. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Assessment Revolving Project Fund accounts for the activities associated with the collection of special assessments for the funding of various construction and maintenance projects.

The Water New User Fund accounts for the activity associated with the collection of connection fees from water customers outside of special assessment districts. The connection fees are used for improvement and replacement purposes of the water system (MHOG).

The Township reports the following major business-type fund:

The Sewer Fund accounts for all the activity associated with the operations and maintenance of operating a sewage treatment system.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as other financing sources.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Modified accrual is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary fund, also known as an enterprise fund, financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise fund on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise fund is combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary fund financial statements.

The enterprise fund accounts for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB standards, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the enterprise fund financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Private-sector standards of accounting prior to December 1, 1989 are generally followed in financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activity.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**D. BUDGETS AND BUDGETARY ACCOUNTING**

1. A fiscal year budget for the General Fund and Assessment Revolving Project Fund were adopted by the Township Board in June of 2018. The budget includes proposed expenditures and means of financing them.
2. A public hearing was conducted to obtain taxpayers comments.
3. The budgets for the General Fund and all special revenue funds were adopted on a basis consistent with generally accepted accounting principles.
4. Appropriations lapse at year end.
5. Budgeted amounts are as originally adopted or as amended by the Township Board.

**E. CAPITAL ASSETS**

Under GASB standards, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property is considered a capital asset regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years

Capital assets transferred between governmental activities are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**F. PROPERTY TAXES**

The Township's property taxes are levied and become a lien on December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 14th, with the final collection date of February 28th before they are added to the county delinquent tax rolls.

The Township levied .7856 mills on a taxable value of \$470,064,071. For the year ended June 30, 2019, the Township recognized the property taxes levied December 1, 2018 as revenue.

**G. INVESTMENTS**

Investments are stated at market value, except investments in high quality commercial paper which is stated at amortized cost.

**H. CASH EQUIVALENTS**

For purposes of the statement of cash flows, deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash and cash equivalents.

**I. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**J. RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**K. RECEIVABLES**

When necessary the Township utilizes an allowance for uncollectable accounts to value its receivables. With the exception of special assessment receivables discussed in Note 4, as of the Statement of Net Position date, the Township considers all of its current receivables to be collectable.



**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**L. FUND EQUITY**

In the fund financial statements, under GASB standards, governmental funds report the following components of fund balance:

- Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed - Amounts that have been formally set aside by the Township Board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township Board.
- Assigned - Intent to spend resources on specific purposes expressed by the Township Board; or Supervisor, Clerk, and Treasurer; who are authorized by policy approved by the Township Board to make assignments. All current year assignments have been made by the Township Board.
- Unassigned - Amounts that do not fall into any other aforementioned category. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

**M. DEFERRED OUTFLOW OF RESOURCES**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The government has no items that qualify for reporting in this category.

**N. DEFERRED INFLOW OF RESOURCES**

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The government has one item that qualifies for reporting in this category, which is the unavailable revenue reported in the governmental funds balance sheets. Unavailable revenue is revenue that is legally due the government, but which will not be collected within 60 days after year-end and therefore does not meet the availability criteria for revenue recognition.

**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes Townships to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations. The Township is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all of the investments mentioned in the preceding paragraph. The Township has designated several banks for the deposit of its funds.

As of June 30, 2019, cash and investments consisted of the following:

	<u>Total</u>	<u>Cash</u>	<u>Investments</u>
Checking accounts	\$ 2,833,031	\$ 2,833,031	\$
Money market and savings accounts	607,865	607,865	
Non-negotiable CDs	3,693,791		3,693,791
<b>Total</b>	<u>\$ 7,134,687</u>	<u>\$ 3,440,896</u>	<u>\$ 3,693,791</u>

Cash and investments are presented in the financial statements in the following areas:

Statement of Net Position	
Cash and cash equivalents	\$ 3,162,365
Investments	3,693,791
<b>Total</b>	<u>6,856,156</u>
Fiduciary Funds	
Cash and cash equivalents	<u>201,734</u>
<b>Total cash and investments</b>	<u>\$ 7,057,890</u>

Differences in the above reconciliation and actual amounts consist of petty cash and outstanding items that had not cleared the bank as of June 30, 2019.

MARION TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 2 - DEPOSITS AND INVESTMENTS - continued**

The Township's cash and investments are exposed to various risks as explained in greater detail in the following paragraphs:

**Custodial Credit Risk**

- Deposits - Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Township's deposits may not be returned to the Township.

As of June 30, 2019, the carrying value of deposits in banks totaled \$7,134,687 which was exposed to custodial credit risk as follows:

Insured by FDIC	\$ 4,428,615
Uninsured and collateralized by securities held by pledging financial institutions	2,702,262
Uninsured and uncollateralized	<u>3,610</u>
<b>Total deposits in banks</b>	<b><u>\$ 7,134,487</u></b>

The Township's investment policy does not address this risk.

- Investments - Custodial credit risk for investments 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, collateral or securities that are in the possession of an outside party.

As of June 30, 2019, the Township's investments were exposed to custodial credit risk as follows:

Non-negotiable CD's	<u>\$ 3,693,791</u>
Insured by FDIC	<u>\$ 3,693,791</u>

**Credit Risk**

Credit risk is the risk that a counterparty to an investment will not fulfill its obligations.

As of June 30, 2019, the Township's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poors</u>	<u>Amount</u>
Non-negotiable CD's	Unrated	\$ 3,693,791

The Township's investment policy addresses credit risk and investments held at June 30, 2019, comply with the policy and statutory authority.

**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 3 - INTERFUND TRANSACTIONS AND BALANCES**

Interfund receivables and payables between individual funds of the Township, as reported in the fund financial statements, as of June 30, 2019, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30, 2019 Balance</u>	<u>Description</u>
General Fund	Flexible Medical Savings Fund	\$ 14,576	Reimbursement of forfeitures

The balances are the result of the time lag between dates services are provided or reimbursable expenditures occur and payments between the funds are made.

The Township did not have any transfers between funds for the year ended June 30, 2019.

**NOTE 4 - SPECIAL ASSESSMENTS RECEIVABLE**

Special assessments are levied on various properties within the Township that benefit from certain capital improvements. Generally, such assessments are established in accordance with Public Act 188 of 1954 and collected from property owners in annual installments over a period of five (5) to twenty (20) years. The annual receipts of such assessments are typically used to service debt which financed capital improvements in the assessment district.

The current economic environment has caused a number of property owners in various special assessment districts to become delinquent on their obligation to pay the annual installments in a timely manner. In normal times, these delinquent assessments would be satisfied through a lien and foreclosure process. However, due to the decline in the value of the property collateralizing such assessments, it has become apparent that a portion, if not all, of certain assessments may ultimately be uncollectable. Management has evaluated all uncollected special assessments throughout the Township. As indicated in the following schedule, management has estimated the following long-term special assessments receivable will be uncollectable:

	<u>Assessment Revolving Project Fund</u>	<u>Water New User Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Gross special assessments receivable	\$ 100,552	\$ 58,555	\$ 5,475	\$ 164,582
Less: allowance for uncollectable assessments		(22,184)		(22,184)
<b>Net special assessments receivable</b>	<u>\$ 100,552</u>	<u>\$ 36,371</u>	<u>\$ 5,475</u>	<u>\$ 142,398</u>

**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets for governmental activities is as follows:

	<b>Balance 7/1/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2019</b>
<b><u>Governmental Activities</u></b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 369,285	\$	\$	\$ 369,285
Construction in progress		8,025		8,025
<b>Total capital assets not being depreciated</b>	<b>369,285</b>	<b>8,025</b>		<b>377,310</b>
<b>Capital assets being depreciated:</b>				
Buildings	1,204,795			1,204,795
Equipment	127,853			127,853
Park improvements	103,467			103,467
<b>Subtotal</b>	<b>1,436,115</b>			<b>1,436,115</b>
<b>Accumulated depreciation:</b>				
Buildings	(622,765)	(25,575)		(648,340)
Equipment	(68,058)	(16,980)		(85,038)
Park improvements	(59,185)	(4,472)		(63,657)
<b>Subtotal</b>	<b>(750,008)</b>	<b>(47,027)</b>		<b>(797,035)</b>
<b>Net capital assets being depreciated</b>	<b>686,107</b>	<b>(47,027)</b>		<b>639,080</b>
<b>Net capital assets</b>	<b>\$ 1,055,392</b>	<b>\$ (39,002)</b>	<b>\$</b>	<b>\$ 1,016,390</b>

Construction in progress consists of preliminary costs of doing a reliability study of expanding and (or) improving the Township hall.

The Township has no debt associated with these assets.

Depreciation expense was charged to the following programs:

<b>Governmental activities:</b>	
General government	\$ 42,555
Parks and recreation	4,472
<b>Total depreciation</b>	<b>\$ 47,027</b>

**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 5 - CAPITAL ASSETS – continued**

A summary of changes in capital assets for business-type activities is as follows:

	<u>Balance 7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2019</u>
<b><u>Business-type Activities</u></b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 653,877	\$	\$	\$ 653,877
<b>Capital assets being depreciated:</b>				
Sewer plant	9,795,116			9,795,116
Collection system	14,223,471	111,610		14,335,081
Equipment	134,102			134,102
<b>Subtotal</b>	<u>24,152,689</u>	<u>111,610</u>		<u>24,264,299</u>
<b>Accumulated depreciation:</b>				
Sewer plant	(4,762,927)	(267,757)		(5,030,684)
Collection system	(6,965,775)	(407,503)		(7,373,278)
Equipment	(134,102)			(134,102)
<b>Subtotal</b>	<u>(11,862,804)</u>	<u>(675,260)</u>		<u>(12,538,064)</u>
<b>Net capital assets being depreciated</b>	<u>12,289,885</u>	<u>(563,650)</u>		<u>11,726,235</u>
<b>Net capital assets</b>	<u>\$ 12,943,762</u>	<u>\$ (563,650)</u>	<u>\$</u>	<u>\$ 12,380,112</u>

Depreciation expense was charged to the sewer disposal program.

**NOTE 6 - STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES**

Pursuant to the Governmental Accounting Standards Board (GASB) standards, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year.

The direct method was utilized to present cash flows from operations. The following is a summary of beginning and ending cash and investments for the sewer proprietary fund:

	<u>7/1/2018</u>	<u>6/30/2019</u>
<b>Current assets</b>		
Cash and equivalents	\$ 3,071,540	\$ 828,832

**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 7 - DEFINED CONTRIBUTION PENSION PLANS**

The Township has adopted the MERS 401(a) Defined Contribution Pension Plan for Michigan Township employees. All elected/appointed officials and employees working 32 or more hours a week are eligible for participation in this single-employer plan. The Township contributes 8.0% of compensation. The employee may also voluntarily contribute up to 10% of after-tax compensation.

**TOTAL CURRENT YEAR EMPLOYER CONTRIBUTIONS** \$ 34,809

The employees did not contribute to the MERS 401(a) Defined Contribution plan in the current year.

In addition, the Township sponsors a deferred compensation plan qualifying under Section 457 of the Internal Revenue Code with MERS and VOYA Financial. The Township is not obligated to make matching or employer contributions to the plan. Employees contributed \$23,937 to the MERS plan.

**NOTE 8 - INVESTMENT IN JOINT VENTURES**

As of June 30, 2019, the Township has investments in three joint ventures as follows:

**Marion, Howell, Oceola, Genoa Joint Sewer and Water Authority**

The Township is a member of the Marion, Howell, Oceola, Genoa Joint Sewer and Water Authority (hereinafter "MHOG"). As the name implies, MHOG was incorporated by the Townships of Marion, Howell, Oceola, and Genoa. MHOG was formed to operate and maintain a joint water system that serves residents in each member township. Marion Township holds a 25% share of the equity in this joint venture which amounted to \$10,756,987 as of June 30, 2019.

Such amount is recorded in the government-wide statement of net position as an investment in joint ventures. The Township is unaware of any circumstances that would cause additional benefit or burden to the participating governments of the joint venture in the foreseeable future. Complete financial statements of MHOG can be obtained from the administrative offices of MHOG at 2911 Dorr Road, Howell, MI. Selected financial information of MHOG as of and for the fiscal year ended September 30, 2018 (the date financial information was last available) were as follows:

Total assets	\$ 46,469,111
Total liabilities	\$ 3,441,162
Total net position	\$ 43,027,949
Total revenue	\$ 5,072,107
Total expenses	\$ 3,454,134

**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 8 - INVESTMENT IN JOINT VENTURES - continued**

**Howell Area Fire Authority**

The Township is a member of the Howell Area Fire Authority (hereinafter "Fire Authority"). The Fire Authority was incorporated by the City of Howell and the Townships of Marion, Howell, Oceola, and Cohoctah. The Fire Authority was formed for the purpose of providing fire protection and safety services to the residents of its incorporating members. The Fire Authority operations are funded through a voter approved millage. Marion Township holds a 20% share of the equity in this joint venture which amounted to \$1,311,178 as of June 30, 2019.

Such amount is recorded in the government-wide statement of net position as an investment in joint ventures. The Township is unaware of any circumstances that would cause additional benefit or burden to the participating governments of the joint venture in the foreseeable future. Complete financial statements for the Fire Authority can be obtained from the administrative offices of the Fire Authority at 1211 W. Grand River, Howell, Michigan. Selected financial information of the Fire Authority as of and for the fiscal year ended June 30, 2019 (the date financial information was last available) was as follows:

Total assets	\$ 6,827,638
Total liabilities	\$ 271,750
Total net assets	\$ 6,555,888
Total revenue	\$ 2,841,248
Total expenditures	\$ 1,878,530

**Howell Area Parks and Recreation Authority**

The Township is a member of the Howell Area Parks and Recreation Authority (hereinafter "Recreation Authority"). The Recreation Authority was incorporated by the City of Howell and the Townships of Marion, Oceola and Genoa. The Recreation Authority was formed for the purpose of providing recreational opportunities for the citizens of the member governments. The Township appoints one member to the five-member Recreation Authority board. The Township holds a 25% equity interest in the joint venture which amounted to \$47,114 at June 30, 2019. This amount is recorded in the government-wide statement of net position as an investment in joint venture.

The Township is also responsible to contribute a certain amount of cash each year to subsidize the Recreation Authority's operating costs. Such contributions are calculated annually based upon budgeted needs. The Township is unaware of any circumstances that would cause an additional burden or benefit to the participating governments in the near future. Complete financial statements for the Recreation Authority can be obtained from the administrative offices at 925 West Grand River, Howell, Michigan. Selected financial information of the Recreation Authority as of and for the fiscal year ended December 31, 2018 (the date financial information was last available) was as follows:

Total assets	\$ 226,961
Total liabilities	\$ 8,490
Total net position (deficit)	\$ 142,771
Total revenue	\$ 1,380,590
Total expenditures	\$ 1,236,144



**MARION TOWNSHIP**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 9 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 8, 2019, which is the date the financial statements were available to be issued. Management has determined that the Township did not have any material recognizable or nonrecognizable events.

**NOTE 10 - TAX ABATEMENT**

The Governmental Accounting Standards Board (GASB) adopted GASB Statement 77 – Tax Abatement Disclosures, requiring that state and local governments disclose any agreements relating to the abatement of property taxes, effective for fiscal years ending December 31, 2016 and thereafter.

The Township has not made any commitments or agreements to abate property taxes. The Township is not subject to any tax abatement agreements entered into by other governmental entities.

**NOTE 11 - UPCOMING GASB PRONOUNCEMENTS**

**GASB 84 - FIDUCIARY ACTIVITIES**

The Governmental Accounting Standards Board (GASB) issued GASB Standard No 84, Fiduciary Activities to establish criteria for identifying fiduciary activities for all state and local governments. Activities meeting the criteria of a fiduciary activity should be presented in a separate statement of fiduciary net position and statement of changes in fiduciary net position and establishes four types of fiduciary funds: pension and other employee benefits trust funds, investment trust funds, private purpose trust funds and custodial funds.

The Township is currently assessing the impact that this Standard will have on the Township’s financial statements, which will be required to be implemented for the statements for the year ended June 30, 2020.

**GASB 87 - LEASES**

The Governmental Accounting Standards Board (GASB) issued GASB Standard No. 87, Leases to improve the accounting and financial reporting of leases by governments. This standard requires the recognition of lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This standard will require a lessee to recognize a lease liability and right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources.

The Township is currently assessing the impact that this Standard will have on the Township’s financial statements, which will be required to be implemented for the statements for the year ended June 30, 2021.

**OTHER GASB PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued Standard No. 88 *Certain Disclosures Related to Debt*, No. 89 *Accounting for Interest Costs Incurred Before the End of a Construction Period*, No. 90 *Majority Equity Interests* and No. 91 *Conduit Debt Obligations* with implementation dates beginning with fiscal years ending December 31, 2019 and thereafter. The Township has assessed the impact of these standards and does not believe they will have any impact on the Township’s financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**MARION TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget Amount		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ 488,500	\$ 488,500	\$ 507,043	\$ 18,543
Licenses and permits	155,250	151,650	166,450	14,800
State revenues	870,000	870,000	908,853	38,853
Interest and rent	36,541	36,541	51,300	14,759
Other revenues	4,500	3,500	7,651	4,151
<b>Total revenues</b>	<u>1,554,791</u>	<u>1,550,191</u>	<u>1,641,297</u>	<u>91,106</u>
<b>EXPENDITURES</b>				
Payroll taxes and benefits	286,000	291,000	272,737	18,263
Township board	43,200	43,750	42,153	1,597
Supervisor	48,150	48,300	47,546	754
Clerk	88,400	88,400	84,727	3,673
Board of review	4,200	4,200	2,280	1,920
Treasurer	114,800	114,800	108,871	5,929
Assessor	141,700	142,150	123,777	18,373
Tax roll	9,000	16,000	8,464	7,536
Elections	31,300	46,350	31,114	15,236
Buildings and grounds	105,430	122,230	101,384	20,846
Legal	20,200	20,200	13,108	7,092
Professional fees	36,050	36,550	26,598	9,952
Insurance, bonds and retirement	75,500	75,500	78,817	(3,317)
Equipment	12,000	12,000	4,653	7,347
Capital outlay	6,000	22,900	10,180	12,720
Public works	1,150	1,150	23	1,127
Drains	12,000	12,000	7,834	4,166
Planning commission	29,150	37,800	26,933	10,867
Zoning administrator	50,250	51,650	47,962	3,688
Zoning board of appeals	10,050	10,800	5,683	5,117
Roads	270,000	270,000	96,720	173,280
Cemetery	6,000	6,000	6,000	
Recreation	117,700	120,700	113,577	7,123
Contingency	10,000	10,000		10,000
<b>Total expenditures</b>	<u>1,528,230</u>	<u>1,604,430</u>	<u>1,261,141</u>	<u>343,289</u>
<b>Excess of revenues over (under) expenditures</b>	<u>26,561</u>	<u>(54,239)</u>	<u>380,156</u>	<u>434,395</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	12,000	12,000		(12,000)
Transfers (out)	(37,000)	(37,000)		37,000
<b>Total other financing sources (uses)</b>	<u>(25,000)</u>	<u>(25,000)</u>		<u>25,000</u>
<b>Net change in fund balance</b>	1,561	(79,239)	380,156	459,395
<b>FUND BALANCE, JULY 1, 2018</b>	<u>2,136,197</u>	<u>2,136,197</u>	<u>2,136,197</u>	
<b>FUND BALANCE, JUNE 30, 2019</b>	<u>\$ 2,137,758</u>	<u>\$ 2,056,958</u>	<u>\$ 2,516,353</u>	<u>\$ 459,395</u>

MARION TOWNSHIP

ASSESSMENT REVOLVING PROJECT FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Special assessment principal	\$ 80,280	\$ 80,280	\$ 117,839	\$ 37,559
Special assessment interest			5,222	5,222
<b>Total revenues</b>	<u>80,280</u>	<u>80,280</u>	<u>123,061</u>	<u>42,781</u>
<b>EXPENDITURES</b>				
Road maintenance	18,000	18,000	12,914	5,086
Weed control	55,000	55,000	49,561	5,439
Professional fees	1,500	1,500	1,235	265
<b>Total expenditures</b>	<u>74,500</u>	<u>74,500</u>	<u>63,710</u>	<u>10,790</u>
<b>Net change in fund balance</b>	5,780	5,780	59,351	53,571
<b>FUND BALANCE, JULY 1, 2018</b>	<u>110,261</u>	<u>110,261</u>	<u>110,261</u>	
<b>FUND BALANCE, JUNE 30, 2019</b>	<u>\$ 116,041</u>	<u>\$ 116,041</u>	<u>\$ 169,612</u>	<u>\$ 53,571</u>

**SUPPLEMENTAL INFORMATION**

## **COMBINING FINANCIAL STATEMENTS**

**MARION TOWNSHIP**

**ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	<b>General Fund Pre - GASB 54 Consolidation</b>	<b>Recreation Fund</b>	<b>Eliminations</b>	<b>Totals Restated General Fund</b>
<b>ASSETS</b>				
Cash and investments	\$ 2,196,581	\$ 10,611	\$	\$ 2,207,192
Receivables				
Due from other governments	296,294			296,294
Due from other funds	14,576			14,576
Other	5,161			5,161
Prepaid expenses	45,670			45,670
<b>Total assets</b>	<b>\$ 2,558,282</b>	<b>\$ 10,611</b>	<b>\$</b>	<b>\$ 2,568,893</b>
<b>Liabilities</b>				
Accounts payable	\$ 5,206	\$ 2,669	\$	\$ 7,875
Accrued expenditures	44,665			44,665
<b>Total liabilities</b>	<b>49,871</b>	<b>2,669</b>		<b>52,540</b>
<b>Fund Balances</b>				
Nonspendable for:				
Prepaid expenses	45,670			45,670
Unassigned	2,462,741	7,942		2,470,683
<b>Total fund balance</b>	<b>2,508,411</b>	<b>7,942</b>		<b>2,516,353</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,558,282</b>	<b>\$ 10,611</b>	<b>\$</b>	<b>\$ 2,568,893</b>

MARION TOWNSHIP

ALL FUNDS INCLUDED IN GASB 54 GENERAL FUND CONSOLIDATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2019

	General Fund Pre GASB 54 Consolidation	Recreation Fund	Eliminations	Totals Restated General Fund
<b>REVENUES</b>				
Taxes	\$ 507,043	\$	\$	\$ 507,043
Licenses and permits	166,450			166,450
State revenues	908,853			908,853
Interest and rent	51,300			51,300
Miscellaneous	7,305	346		7,651
<b>Total revenues</b>	<u>1,640,951</u>	<u>346</u>		<u>1,641,297</u>
<b>EXPENDITURES</b>				
Payroll taxes and benefits	272,737			272,737
Township board	42,153			42,153
Supervisor	47,546			47,546
Clerk	84,727			84,727
Board of review	2,280			2,280
Treasurer	108,871			108,871
Assessor	123,777			123,777
Tax roll prep	8,464			8,464
Election	31,114			31,114
Building and grounds	101,384			101,384
Legal	13,108			13,108
Professional fees	26,598			26,598
Insurance, bonds and retirement	78,817			78,817
Equipment	4,653			4,653
Capital outlay	10,180			10,180
Public works	23			23
Drains	7,834			7,834
Roads	96,720			96,720
Cemetery	6,000			6,000
Planning commission	26,933			26,933
Zoning administrator	47,962			47,962
Zoning board of appeals	5,683			5,683
Recreation	104,084	9,493		113,577
<b>Total expenditures</b>	<u>1,251,648</u>	<u>9,493</u>		<u>1,261,141</u>
<b>Revenues over (under) expenditures</b>	<u>389,303</u>	<u>(9,147)</u>		<u>380,156</u>
<b>Other financing sources (uses)</b>				
Transfers in		12,000	(12,000)	
Transfers (out)	(12,000)		12,000	
<b>Total other financing sources (uses)</b>	<u>(12,000)</u>	<u>12,000</u>		
<b>Net changes in fund balances</b>	<u>377,303</u>	<u>2,853</u>		<u>380,156</u>
<b>FUND BALANCE, JULY 1, 2018</b>	<u>2,131,108</u>	<u>5,089</u>		<u>2,136,197</u>
<b>FUND BALANCE, JUNE 30, 2019</b>	<u>\$ 2,508,411</u>	<u>\$ 7,942</u>	<u>\$</u>	<u>\$ 2,516,353</u>



**INDIVIDUAL FUNDS**

**GENERAL FUND (PRE GASB 54 RESTATEMENT)**

MARION TOWNSHIP

GENERAL FUND (PRE GASB 54 RESTATEMENT)  
BALANCE SHEET  
JUNE 30, 2019

**ASSETS**

Cash and investments	\$ 2,196,581
Receivables	
Due from other governments	296,294
Due from other funds	14,576
Other	5,161
Prepaid expenditures	<u>45,670</u>
<b>Total assets</b>	<u><u>\$ 2,558,282</u></u>

**LIABILITIES**

Accounts payable	\$ 5,206
Accrued expenditures	<u>44,665</u>
<b>Total liabilities</b>	49,871

**FUND BALANCE**

	<u>2,508,411</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 2,558,282</u></u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**MARION TOWNSHIP**

**GENERAL FUND (PRE GASB 54 RESTATEMENT)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Property taxes	\$ 488,500	\$ 507,043	\$ 18,543
Licenses and permits	151,650	166,450	14,800
State revenues	870,000	908,853	38,853
Interest and rent	36,541	51,300	14,759
Other revenues	3,500	7,305	3,805
<b>Total revenues</b>	1,550,191	1,640,951	90,760
<b>EXPENDITURES</b>	<u>1,593,230</u>	<u>1,251,648</u>	<u>341,582</u>
<b>Net revenues over (under) expenditures</b>	(43,039)	389,303	432,342
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(37,000)</u>	<u>(12,000)</u>	<u>25,000</u>
<b>Net change in fund balance</b>	(80,039)	377,303	457,342
<b>FUND BALANCE, JULY 1, 2018</b>	<u>2,131,108</u>	<u>2,131,108</u>	
<b>FUND BALANCE, JUNE 30, 2019</b>	<u>\$ 2,051,069</u>	<u>\$ 2,508,411</u>	<u>\$ 457,342</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**MARION TOWNSHIP**

**GENERAL FUND (PRE GASB 54 RESTATEMENT)  
STATEMENT OF REVENUES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PROPERTY TAXES</b>			
Property taxes	\$ 364,500	\$ 373,022	\$ 8,522
PILT		542	542
Administration fees	124,000	133,479	9,479
<b>Total property taxes</b>	<u>488,500</u>	<u>507,043</u>	<u>18,543</u>
<b>LICENSES AND PERMITS</b>			
Licenses, fees, permits	10,650	15,648	4,998
Cable franchise fees	141,000	150,802	9,802
<b>Total licenses and permits</b>	<u>151,650</u>	<u>166,450</u>	<u>14,800</u>
<b>STATE REVENUES</b>			
State shared revenues	860,000	898,224	38,224
Metro Act	10,000	10,629	629
<b>Total state revenues</b>	<u>870,000</u>	<u>908,853</u>	<u>38,853</u>
<b>INTEREST AND RENT</b>			
Interest income	700	11,215	10,515
Cell tower lease	34,840	38,584	3,744
Rental income	1,001	1,501	500
<b>Total interest and rent</b>	<u>36,541</u>	<u>51,300</u>	<u>14,759</u>
<b>OTHER REVENUES</b>			
Miscellaneous	3,500	7,305	3,805
<b>Total revenues</b>	<u>\$ 1,550,191</u>	<u>\$ 1,640,951</u>	<u>\$ 90,760</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**MARION TOWNSHIP**

**GENERAL FUND (PRE GASB 54 RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PAYROLL TAXES AND BENEFITS</b>			
Payroll taxes	\$ 40,000	\$ 38,240	\$ 1,760
Health insurance	247,000	231,049	15,951
Payroll processing	4,000	3,448	552
<b>Total payroll taxes and benefits</b>	<u>291,000</u>	<u>272,737</u>	<u>18,263</u>
<b>TOWNSHIP BOARD</b>			
Salaries	33,500	32,623	877
Meetings and seminars	1,500	1,103	397
Mileage	500	467	33
Printing and publications	2,000	1,850	150
Membership dues	5,800	5,788	12
Miscellaneous	450	322	128
<b>Total township board</b>	<u>43,750</u>	<u>42,153</u>	<u>1,597</u>
<b>SUPERVISOR</b>			
Salary	46,200	46,107	93
Meetings and seminars	1,500	1,439	61
Supplies	250		250
Mileage	250		250
Miscellaneous	100		100
<b>Total supervisor</b>	<u>48,300</u>	<u>47,546</u>	<u>754</u>
<b>CLERK</b>			
Salary	46,200	46,107	93
Salaries - deputy	36,000	34,159	1,841
Salaries - assistant	200		200
Supplies	800	274	526
Mileage	1,200	829	371
Dues and subscriptions	500	460	40
Miscellaneous	500	276	224
Training and seminars	3,000	2,622	378
<b>Total clerk</b>	<u>88,400</u>	<u>84,727</u>	<u>3,673</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**MARION TOWNSHIP**

**GENERAL FUND (PRE GASB 54 RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>BOARD OF REVIEW</b>			
Salaries	2,500	1,856	644
Printing and publications	1,000	202	798
Miscellaneous	200	197	3
Training and seminars	500	25	475
<b>Total board of review</b>	<u>4,200</u>	<u>2,280</u>	<u>1,920</u>
<b>TREASURER</b>			
Salary	46,200	46,107	93
Salaries - deputy	35,000	33,544	1,456
Salaries - other	27,000	26,207	793
Collection fees	200		200
Supplies	500	205	295
Equipment	600	600	
Attorney	1,250		1,250
Postage		250	(250)
Mileage	1,500	980	520
Dues and subscriptions	250	70	180
Miscellaneous	300	908	(608)
Training	2,000		2,000
<b>Total treasurer</b>	<u>114,800</u>	<u>108,871</u>	<u>5,929</u>
<b>ASSESSOR</b>			
Salaries	132,000	117,001	14,999
Dues and subscriptions	700	630	70
Supplies	1,500	781	719
Postage	2,500	1,884	616
Mileage	2,000	1,766	234
Professional services	1,000	284	716
Software	500		500
Training and seminars	1,500	1,319	181
Miscellaneous	450	112	338
<b>Total assessor</b>	<u>142,150</u>	<u>123,777</u>	<u>18,373</u>

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**MARION TOWNSHIP**

**GENERAL FUND (PRE GASB 54 RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>TAX ROLL</b>			
Tax roll prep	6,000	1,913	4,087
Postage	10,000	6,551	3,449
<b>Total tax roll</b>	<u>16,000</u>	<u>8,464</u>	<u>7,536</u>
<b>ELECTIONS</b>			
Salaries	32,500	22,787	9,713
Equipment	3,000	2,475	525
Supplies	2,650	2,525	125
Mileage	350	151	199
Postage	3,000	1,247	1,753
Printing and publications	300	261	39
Miscellaneous	4,550	1,668	2,882
<b>Total elections</b>	<u>46,350</u>	<u>31,114</u>	<u>15,236</u>
<b>BUILDING AND GROUNDS</b>			
Salaries - secretary	24,000	22,996	1,004
Custodial	5,000	4,275	725
Trash removal	25,750	24,235	1,515
Supplies	12,000	6,482	5,518
Equipment - maintenance	6,000	4,898	1,102
Postage	5,000	4,350	650
Mileage	300	199	101
Grounds maintenance	12,000	9,875	2,125
Repairs and maintenance	2,000	237	1,763
Telephone	6,000	5,589	411
Utilities	10,000	8,511	1,489
Cable and internet	2,600	2,257	343
Major repairs	10,000	7,130	2,870
Miscellaneous	1,580	350	1,230
<b>Total building and grounds</b>	<u>122,230</u>	<u>101,384</u>	<u>20,846</u>
<b>LEGAL</b>	<u>20,200</u>	<u>13,108</u>	<u>7,092</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.



**MARION TOWNSHIP**

**GENERAL FUND (PRE GASB 54 RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PROFESSIONAL FEES</b>			
Financial services	10,000	8,235	1,765
Accounting	1,500	1,456	44
Software support	16,000	12,791	3,209
Economic development	4,500	1,105	3,395
Engineering	4,500	3,011	1,489
Miscellaneous	50		50
<b>Total professional fees</b>	<u>36,550</u>	<u>26,598</u>	<u>9,952</u>
<b>INSURANCE, BONDS AND RETIREMENT</b>			
Insurance and bonds	40,000	44,008	(4,008)
Retirement	35,000	34,809	191
Admin fees	500		500
<b>Total insurance, bonds and retirement</b>	<u>75,500</u>	<u>78,817</u>	<u>(3,317)</u>
<b>EQUIPMENT</b>	<u>12,000</u>	<u>4,653</u>	<u>7,347</u>
<b>CAPITAL OUTLAY</b>			
Building improvements	5,000	1,305	3,695
Outside consultant	16,900	8,025	8,875
Tornado siren	1,000	850	150
<b>Total capital outlay</b>	<u>22,900</u>	<u>10,180</u>	<u>12,720</u>
<b>PUBLIC WORKS</b>			
Watershed planning	450		450
Supplies	250	23	227
Training and seminars	250		250
Mileage	200		200
<b>Total public works</b>	<u>1,150</u>	<u>23</u>	<u>1,127</u>
<b>DRAINS</b>	<u>12,000</u>	<u>7,834</u>	<u>4,166</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**MARION TOWNSHIP**

**GENERAL FUND (PRE GASB 54 RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PLANNING COMMISSION</b>			
Salaries	8,500	7,290	1,210
Supplies	150	800	(650)
Training and seminars	1,000	75	925
Attorney	750		750
Mileage	550	487	63
Printing and publications	5,000	2,831	2,169
Recording secretary	1,750	1,530	220
Professional fees	20,000	13,920	6,080
Miscellaneous	100		100
<b>Total planning commission</b>	<u>37,800</u>	<u>26,933</u>	<u>10,867</u>
<b>ZONING ADMINISTRATOR</b>			
Salary	40,100	39,158	942
Salary - assistant	8,000	7,500	500
Supplies	350	249	101
Mileage	1,500	987	513
Attorney	250	68	182
Professional fees	1,000		1,000
Training and seminars	250		250
Miscellaneous	200		200
<b>Total zoning administrator</b>	<u>51,650</u>	<u>47,962</u>	<u>3,688</u>
<b>ZONING BOARD OF APPEALS</b>			
Salaries	5,400	3,360	2,040
Attorney	1,250	162	1,088
Professional fees	1,250	587	663
Printing and publications	1,250	924	326
Recording secretary	1,000	650	350
Supplies	50		50
Training and seminars	500		500
Miscellaneous	100		100
<b>Total zoning board of appeals</b>	<u>10,800</u>	<u>5,683</u>	<u>5,117</u>

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**MARION TOWNSHIP**

**GENERAL FUND (PRE GASB 54 RESTATEMENT)  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>ROADS</b>			
Maintenance and improvements	200,000	35,070	164,930
Dust control	70,000	61,650	8,350
<b>Total roads</b>	270,000	96,720	173,280
<b>CEMETERY</b>	6,000	6,000	
<b>RECREATION</b>	109,500	104,084	5,416
<b>CONTINGENCY</b>	10,000		10,000
<b>Total expenditures</b>	\$ 1,593,230	\$ 1,251,648	\$ 341,582

This supplementary information shows the General Fund prior to the implementation of GASB 54, and as such does not present the results on the basis of generally accepted accounting principles but is presented solely for supplemental information.

**PROPRIETARY SEWER FUND**

**MARION TOWNSHIP**

**PROPRIETARY SEWER FUND  
STATEMENT OF REVENUES AND EXPENSES FOR OPERATIONS ONLY  
FOR THE YEARS ENDED JUNE 30, 2009 - 2019**

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
<b>REVENUE</b>										
User charges -										
Quarterly charges for usage	\$ 290,146	\$ 298,756	\$ 289,447	\$ 264,297	\$ 254,001	\$ 239,446	\$ 220,408	\$ 212,747	\$ 202,607	\$ 173,243
<b>EXPENSES</b>										
Contract labor	35,643	32,098	25,544	38,433	45,275	39,527	47,460	38,040	38,177	45,984
Sewer usage fee	192,157	197,379	178,739	153,914	151,343	137,972	114,199	92,450	87,507	85,001
Utilities	11,498	10,436	9,749	10,326	8,164	10,237	9,896	8,890	9,041	9,263
Telephone	12,696	10,044	7,158	5,189	7,485	5,988	5,075	4,391	3,656	3,420
Administrative fees -										
Reimbursement to general fund	6,000				5,000	4,000	4,000	2,202	2,202	2,485
Billing administrative (Genoa Twp.)	20,597	20,229	19,877	18,971	18,055	16,915	15,560	15,003	14,615	14,272
Professional fees	13,171	35,632	45,999	25,238	7,531	17,218	9,290	16,772	14,067	25,969
Repairs and maintenance	35,804	674	33,937	714	1,658	13,840	4,872	1,528	6,663	48,366
Refunds		1,494		17,683						
Miscellaneous					440					
<b>Total expenses</b>	<b>327,566</b>	<b>307,986</b>	<b>321,003</b>	<b>270,468</b>	<b>244,951</b>	<b>245,697</b>	<b>210,352</b>	<b>179,276</b>	<b>175,928</b>	<b>234,760</b>
<b>Net operating income (loss)</b>	<b>\$ (37,420)</b>	<b>\$ (9,230)</b>	<b>\$ (31,556)</b>	<b>\$ (6,171)</b>	<b>\$ 9,050</b>	<b>\$ (6,251)</b>	<b>\$ 10,056</b>	<b>\$ 33,471</b>	<b>\$ 26,679</b>	<b>\$ (61,517)</b>

This schedule is prepared to present revenues and expenses related to current operations only (excludes tap-in fees and depreciation) and as such does not present the results of operations on the basis of generally accepted accounting principles but is presented for supplemental information.