
Township of Macomb

Macomb County, Michigan

Financial Report
with Supplementary Information
June 30, 2023

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Independent Auditor's Report

To the Board of Trustees
Township of Macomb

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Macomb (the "Township") as of and for the year ended June 30, 2023 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 accompanying 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 the Township as of June 30, 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the years 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for 12 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 GAAS 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.

To the Board of Trustees
Township of Macomb

In performing an audit in accordance with GAAS, 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 and other required supplementary information, as identified 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, which 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 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 other supplementary information, as defined in the table of contents, is presented for the purpose of additional analysis and is 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.



December 6, 2023

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Township of Macomb (the "Township") on a government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements follow the above-mentioned statements and illustrate how the services provided by the Township were financed in the short term and what remains for future spending. Additionally, fund financial statements report the Township's operations in more detail than the government-wide financial statements.

The Township's Net Position

In a condensed format, the table below shows the comparison of net position as of June 30, 2023 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets:						
Cash and investments	\$ 67,722,574	\$ 64,580,817	\$ 33,697,174	\$ 41,739,360	\$ 101,419,748	\$ 106,320,177
Receivables	2,979,270	2,992,733	10,255,210	9,801,648	13,234,480	12,794,381
Other assets	7,216,601	5,284,826	6,081,896	5,747,367	13,298,497	11,032,193
Capital assets	73,915,557	70,239,163	195,359,943	185,332,247	269,275,500	255,571,410
Total assets	151,834,002	143,097,539	245,394,223	242,620,622	397,228,225	385,718,161
Deferred Outflows of Resources	2,072,653	4,138,286	457,695	987,216	2,530,348	5,125,502
Liabilities						
Current liabilities	4,947,220	11,590,857	6,559,726	5,275,652	11,506,946	16,866,509
Noncurrent liabilities	16,962,955	19,769,664	36,024,975	37,737,069	52,987,930	57,506,733
Total liabilities	21,910,175	31,360,521	42,584,701	43,012,721	64,494,876	74,373,242
Deferred Inflows of Resources	6,249,318	6,488,593	1,549,143	1,608,483	7,798,461	8,097,076
Net Position						
Net investment in capital assets	58,460,397	52,544,999	159,553,400	151,856,515	218,013,797	204,401,514
Restricted	17,049,271	16,952,642	3,831,953	13,179	20,881,224	16,965,821
Unrestricted	50,237,494	39,889,070	38,332,721	47,116,940	88,570,215	87,006,010
Total net position	\$ 125,747,162	\$ 109,386,711	\$ 201,718,074	\$ 198,986,634	\$ 327,465,236	\$ 308,373,345

The Township's combined net position increased by approximately \$19.1 million from a year ago, increasing from \$308.4 million to \$327.5 million. A review of the governmental activities, separate from the business-type activities, shows an increase of approximately \$16.4 million in net position, or 15 percent, during fiscal year 2023. The increase in total net position is primarily attributable to a decrease in current liabilities as a result of spending American Rescue Plan Act (ARPA) funds, which were recorded as unearned revenue in the previous fiscal year. The business-type activities net position increased from the previous year by approximately \$2.7 million, or 1.4 percent, during fiscal year 2023. This was primarily due to an increase in capital assets.

Unrestricted net position for the governmental activities was \$50.2 million at June 30, 2023. This amount represents the part of net position that is available to finance day-to-day operations and future growth of the Township. The business-type activities net investment in capital assets increased by \$7.7 million from the previous year. This is attributable to continued spending on installation of water and sewer mains throughout the Township.

Township of Macomb

Management's Discussion and Analysis (Continued)

The Township's Changes in Net Position

The following table shows the changes in net position during the year ended June 30, 2022 and the prior year:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue						
Program revenue:						
Charges for services	\$ 5,450,142	\$ 5,692,730	\$ 33,115,155	\$ 31,904,702	\$ 38,565,297	\$ 37,597,432
Operating grants and contributions	7,170,578	488,949	3,262	3,151	7,173,840	492,100
Capital grants and contributions	310,037	-	2,869,749	7,891,561	3,179,786	7,891,561
General revenue:						
Property taxes	20,708,858	19,579,755	-	-	20,708,858	19,579,755
State-shared revenue	10,241,735	11,049,057	-	-	10,241,735	11,049,057
Investment earnings (losses)	1,271,465	(405,572)	705,887	(414,651)	1,977,352	(820,223)
Cable fees and other	1,948,833	1,899,679	126,142	-	2,074,975	1,899,679
Total revenue	47,101,648	38,304,598	36,820,195	39,384,763	83,921,843	77,689,361
Expenses						
General government	6,241,862	7,576,983	-	-	6,241,862	7,576,983
Public safety	14,080,652	13,282,174	-	-	14,080,652	13,282,174
Public works	2,997,714	3,319,285	-	-	2,997,714	3,319,285
Community and economic development	922,769	615,833	-	-	922,769	615,833
Recreation and culture	5,888,979	3,964,307	-	-	5,888,979	3,964,307
Debt service	609,221	646,314	-	-	609,221	646,314
Water and sewer	-	-	34,088,755	31,408,489	34,088,755	31,408,489
Total expenses	30,741,197	29,404,896	34,088,755	31,408,489	64,829,952	60,813,385
Change in Net Position	16,360,451	8,899,702	2,731,440	7,976,274	19,091,891	16,875,976
Net Position - Beginning of year	109,386,711	100,487,009	198,986,634	191,010,360	308,373,345	291,497,369
Net Position - End of year	\$ 125,747,162	\$ 109,386,711	\$ 201,718,074	\$ 198,986,634	\$ 327,465,236	\$ 308,373,345

Governmental Activities

The Township's total governmental revenue increased by approximately \$8.8 million from the last fiscal year. An increase of approximately \$6.7 million attributable to revenue earned upon spending of ARPA funds was primarily responsible for the increase.

Total governmental expenses increased by about \$1.3 million, or 4.5 percent, from the last fiscal year. The increase was the result of general inflationary trends within the economy.

Business-type Activities

The Township's business-type activities are recorded in the Water and Sewer Fund. Revenue of the Township's business-type activities decreased by \$2.6 million primarily as a result of decreased contributions of water and sewer lines from developers during the year ended June 30, 2023.

Expenses increased by about \$2.7 million for the year ended June 30, 2023. There were no significant changes to the Water and Sewer Fund's cost structure. The Township provides water, which is purchased from the Great Lakes Water Authority, to nearly all of its residents. The Township also provides sewage treatment to nearly all of its residents through the Macomb County, Michigan sewage treatment plant.

The Township's Funds

Our analysis of the Township's major funds begins on pages 8 and 9, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The township board creates funds to help manage money for specific purposes and show accountability for certain activities. The Township's major funds for 2023 include the General Fund, Parks and Recreation Operating Fund, Fire Operating Fund, Law Enforcement Fund, and Municipal Roadway Capital Projects Fund.

General Fund Budgetary Highlights

Actual General Fund revenue exceeded budgeted revenue by 1.4 percent. Actual expenditures were 3.4 percent below budget, primarily due to planned general government expenditures that did not take place during the fiscal year. The Township completed the year with actual operating revenue over operating expenditures of \$10.7 million.

Capital Assets and Debt Administration

At the end of fiscal year 2023, the Township had approximately \$269.3 million invested in a wide range of capital assets, including land, buildings, fire equipment, computer equipment, and water and sewer lines. In addition, the Township is reporting infrastructure assets, which include roads and bridges in which it has invested since 1980. The value of the infrastructure assets, net of depreciation, contained in this report is \$18.0 million and \$18.9 million for fiscal years 2023 and 2022, respectively (see Note 4 to the financial statements for additional information).

Additionally, the value of buildings and improvements, net of depreciation, for the governmental activities is \$40.5 million and \$28.8 million for fiscal years 2023 and 2022, respectively. Debt reported in these financial statements is related to the construction of the above-mentioned buildings and improvements assets and is reported as a liability on the statement of net position (see Note 6 to the financial statements for additional information).

Economic Factors and Next Year's Budgets and Rates

The Township of Macomb's 2023 tax rate decreased slightly when compared with the 2022 tax rate. Strong expenditure controls and past growth in the Township's tax base have helped to accomplish keeping the tax rates low. Property taxes make up roughly 15.6 percent of the General Fund budget. Annual new growth and development in the Township has decreased compared to the previous year but is expected to remain stable for the next few years.

On the expenditure side, the Township continues to operate with relatively low personnel costs and an efficient labor force. We expect annual medical costs to increase approximately 14 percent from the previous year. The increases in our operating expenditures are anticipated to average between 1 and 4 percent per year. The Township will adjust expenses to mirror the revenue base, with a goal of maintaining revenue in excess of or equal to expenditures unless the need arises to fund large capital projects.

Contacting the Township's Management

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

Township of Macomb

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 3)	\$ 67,722,574	\$ 33,697,174	\$ 101,419,748
Receivables - Net:			
Property taxes	24,744	-	24,744
Special assessments	272,536	146,365	418,901
Customers	2,985	10,108,845	10,111,830
Leases receivable (Note 14)	1,056,971	-	1,056,971
Due from other governmental units	1,622,034	-	1,622,034
Inventory	-	146,916	146,916
Other assets	35,344	-	35,344
Restricted assets (Note 7)	371	3,831,953	3,832,324
Net pension asset (Note 10)	296,608	-	296,608
Net OPEB asset (Note 9)	6,884,278	2,103,027	8,987,305
Capital assets: (Note 4)			
Assets not subject to depreciation	12,117,461	26,614,079	38,731,540
Assets subject to depreciation - Net	61,798,096	168,745,864	230,543,960
Total assets	151,834,002	245,394,223	397,228,225
Deferred Outflows of Resources			
Deferred charges on bond refunding	300,916	88,918	389,834
Deferred pension costs (Note 10)	564,539	-	564,539
Deferred OPEB costs (Note 9)	1,207,198	368,777	1,575,975
Total deferred outflows of resources	2,072,653	457,695	2,530,348
Liabilities			
Accounts payable	843,769	5,049,039	5,892,808
Due to other governmental units	-	343,724	343,724
Refundable deposits and bonds	2,451,156	-	2,451,156
Accrued liabilities and other	1,652,295	1,166,963	2,819,258
Noncurrent liabilities:			
Due within one year:			
Current portion of compensated absences (Note 6)	1,181,419	226,754	1,408,173
Current portion of long-term debt (Note 6)	2,223,314	2,180,367	4,403,681
Due in more than one year:			
Compensated absences - Net of current portion (Note 6)	25,089	6,696	31,785
Long-term debt - Net of current portion (Note 6)	13,533,133	33,611,158	47,144,291
Total liabilities	21,910,175	42,584,701	64,494,876
Deferred Inflows of Resources			
Deferred benefit on bond refunding	-	103,936	103,936
Deferred pension cost reductions (Note 10)	541,788	-	541,788
Deferred OPEB cost reductions (Note 9)	4,730,897	1,445,207	6,176,104
Deferred inflows from leases (Note 14)	976,633	-	976,633
Total deferred inflows of resources	6,249,318	1,549,143	7,798,461
Net Position			
Net investment in capital assets	58,460,397	159,553,400	218,013,797
Restricted:			
Fire	13,606,431	-	13,606,431
Debt service	676,326	-	676,326
County drains	-	3,831,953	3,831,953
Law enforcement	2,766,514	-	2,766,514
Unrestricted	50,237,494	38,332,721	88,570,215
Total net position	\$ 125,747,162	\$ 201,718,074	\$ 327,465,236

Township of Macomb

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenue				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 6,241,862	\$ 300,771	\$ 3,201,344	\$ -	\$ (2,739,747)	\$ -	\$ (2,739,747)
Public safety	14,080,652	1,968,014	-	-	(12,112,638)	-	(12,112,638)
Public works	2,997,714	1,032,756	3,612,097	310,037	1,957,176	-	1,957,176
Community and economic development	922,769	-	357,137	-	(565,632)	-	(565,632)
Recreation and culture	5,888,979	2,148,601	-	-	(3,740,378)	-	(3,740,378)
Interest on long-term debt	609,221	-	-	-	(609,221)	-	(609,221)
Total governmental activities	30,741,197	5,450,142	7,170,578	310,037	(17,810,440)	-	(17,810,440)
Business-type activities - Water and sewer	34,088,755	33,115,155	3,262	2,869,749	-	1,899,411	1,899,411
Total primary government	\$ 64,829,952	\$ 38,565,297	\$ 7,173,840	\$ 3,179,786	(17,810,440)	1,899,411	(15,911,029)
General revenue:							
Property taxes					20,708,858	-	20,708,858
Unrestricted state-shared revenue					10,241,735	-	10,241,735
Unrestricted investment income					1,271,465	705,887	1,977,352
Cable franchise fees - Unrestricted					1,499,122	-	1,499,122
Gain on sale of capital assets					-	126,142	126,142
Other miscellaneous income					449,711	-	449,711
Total general revenue					34,170,891	832,029	35,002,920
Change in Net Position					16,360,451	2,731,440	19,091,891
Net Position - Beginning of year					109,386,711	198,986,634	308,373,345
Net Position - End of year					\$ 125,747,162	\$ 201,718,074	\$ 327,465,236

See notes to financial statements.

Township of Macomb

	General Fund	Parks and Recreation Operating Fund	Fire Operating Fund	Law Enforcement Fund
Assets				
Cash and investments (Note 3)	\$ 33,989,639	\$ 6,738,638	\$ 11,702,273	\$ 4,699,467
Receivables:				
Property taxes	24,744	-	-	-
Special assessments	272,536	-	-	-
Customers	-	-	2,985	-
Leases receivable (Note 14)	1,056,971	-	-	-
Due from other governmental units	1,622,034	-	-	-
Other assets	35,344	-	-	-
Restricted assets (Note 7)	-	-	-	-
Total assets	\$ 37,001,268	\$ 6,738,638	\$ 11,705,258	\$ 4,699,467
Liabilities				
Accounts payable	\$ 310,991	\$ 315,673	\$ 90,838	\$ 5,432
Refundable deposits and bonds	2,451,156	-	-	-
Accrued liabilities and other	359,641	166,644	155,340	-
Total liabilities	3,121,788	482,317	246,178	5,432
Deferred Inflows of Resources				
Unavailable revenue	1,607,005	-	-	-
Deferred inflows from leases (Note 14)	976,633	-	-	-
Total deferred inflows of resources	2,583,638	-	-	-
Total liabilities and deferred inflows of resources	5,705,426	482,317	246,178	5,432
Fund Balances				
Restricted:				
Fire	-	-	11,459,080	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Law enforcement	-	-	-	2,766,514
Opioid remediation	-	-	-	-
Assigned:				
Subsequent year's budget	4,456,186	-	-	-
Capital outlay	-	-	-	-
Road projects	-	-	-	-
Debt service	-	-	-	-
Parks and recreation	-	6,256,321	-	-
Law enforcement	-	-	-	1,927,521
Unassigned	26,839,656	-	-	-
Total fund balances	31,295,842	6,256,321	11,459,080	4,694,035
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,001,268	\$ 6,738,638	\$ 11,705,258	\$ 4,699,467

Governmental Funds Balance Sheet

June 30, 2023

Municipal Roadway Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,833,948	\$ 5,758,609	\$ 67,722,574
-	-	24,744
-	-	272,536
-	-	2,985
-	-	1,056,971
-	-	1,622,034
-	-	35,344
-	371	371
<u>\$ 4,833,948</u>	<u>\$ 5,758,980</u>	<u>\$ 70,737,559</u>
\$ 63,855	\$ 56,980	\$ 843,769
-	-	2,451,156
829,108	-	1,510,733
892,963	56,980	4,805,658
-	-	1,607,005
-	-	976,633
-	-	2,583,638
892,963	56,980	7,389,296
-	2,147,351	13,606,431
-	676,326	676,326
-	371	371
-	-	2,766,514
-	37,418	37,418
-	-	4,456,186
-	2,516,719	2,516,719
3,940,985	-	3,940,985
-	323,815	323,815
-	-	6,256,321
-	-	1,927,521
-	-	26,839,656
3,940,985	5,702,000	63,348,263
<u>\$ 4,833,948</u>	<u>\$ 5,758,980</u>	<u>\$ 70,737,559</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 63,348,263
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 are not reported in the funds	73,915,557
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	1,607,005
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(15,455,531)
Accrued interest is not due and payable in the current period and is not reported in the funds	(141,562)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities. Some employee fringes are a benefit that do not represent current financial resources; therefore, they are not reported as fund assets:	
Employee compensated absences	(1,206,508)
Pension benefits	319,359
Retiree health care benefits	3,360,579
Net Position of Governmental Activities	<u>\$ 125,747,162</u>

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	Parks and Recreation Operating Fund	Fire Operating Fund	Law Enforcement Fund	Municipal Roadway Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue							
Taxes - Property taxes and fees	\$ 2,704,160	\$ 3,280,194	\$ 8,294,689	\$ 6,429,815	\$ -	\$ -	\$ 20,708,858
Special assessments	1,317,100	-	-	-	-	-	1,317,100
Intergovernmental:							
Federal grants and other	3,552,625	-	-	-	3,597,441	-	7,150,066
State-shared revenue and grants	10,415,580	81	4,507	26,844	-	-	10,447,012
Charges for services	298,523	2,148,601	-	-	22,138	-	2,469,262
Fines and forfeitures	286,463	-	-	-	-	-	286,463
Licenses and permits	3,182,760	-	-	-	-	-	3,182,760
Investment gain:							
Investment earnings	609,678	149,913	206,991	80,208	73,342	151,333	1,271,465
Lease revenue	341,866	-	-	-	-	-	341,866
Other revenue	51,535	29,557	3,995	183	3,555	37,392	126,217
Total revenue	22,760,290	5,608,346	8,510,182	6,537,050	3,696,476	188,725	47,301,069
Expenditures							
Current services:							
General government	8,136,167	-	-	-	-	2,849	8,139,016
Public safety	1,537,567	-	6,088,422	5,972,575	-	1,035,799	14,634,363
Public works	1,451,273	-	-	-	196,809	-	1,648,082
Social services	357,137	-	-	-	-	-	357,137
Community and economic development	565,632	-	-	-	-	-	565,632
Recreation and culture	37,398	4,875,107	-	-	-	-	4,912,505
Capital outlay	-	-	-	-	4,006,233	796,413	4,802,646
Debt service:							
Principal	-	-	-	-	-	2,835,000	2,835,000
Interest and fiscal charges	-	-	-	-	-	693,480	693,480
Total expenditures	12,085,174	4,875,107	6,088,422	5,972,575	4,203,042	5,363,541	38,587,861
Excess of Revenue Over (Under) Expenditures	10,675,116	733,239	2,421,760	564,475	(506,566)	(5,174,816)	8,713,208
Other Financing Sources (Uses)							
Transfers in	-	2,200,000	-	-	2,000,000	4,379,466	8,579,466
Transfers out	(5,211,910)	(1,611,630)	(1,463,880)	-	-	(292,046)	(8,579,466)
New leases	487,616	-	38,291	-	-	-	525,907
Sale of capital assets	224,886	37,273	184,506	-	-	-	446,665
Total other financing (uses) sources	(4,499,408)	625,643	(1,241,083)	-	2,000,000	4,087,420	972,572
Net Change in Fund Balances	6,175,708	1,358,882	1,180,677	564,475	1,493,434	(1,087,396)	9,685,780
Fund Balances - Beginning of year	25,120,134	4,897,439	10,278,403	4,129,560	2,447,551	6,789,396	53,662,483
Fund Balances - End of year	\$ 31,295,842	\$ 6,256,321	\$ 11,459,080	\$ 4,694,035	\$ 3,940,985	\$ 5,702,000	\$ 63,348,263

Township of Macomb

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 9,685,780
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	7,109,830
Depreciation expense	(3,218,598)
Net book value of assets disposed of	(214,838)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(199,421)
New leases provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position	(525,907)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	3,121,899
Interest expense is recognized in the government-wide statements as it accrues. Amortization of bond premiums and deferred charges on bond refundings do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	29,575
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	572,131
Change in Net Position of Governmental Activities	<u>\$ 16,360,451</u>

Township of Macomb

Proprietary Fund Statement of Net Position

June 30, 2023

Enterprise Fund -
Water and Sewer

Assets

Current assets:

Cash and cash equivalents (Note 3)	\$ 33,697,174
Receivables - Net:	
Special assessments receivable - Due within one year	146,365
Customers	10,108,845
Inventory	146,916
	<hr/>
Total current assets	44,099,300

Noncurrent assets:

Restricted assets (Note 7)	3,831,953
Net OPEB asset (Note 9)	2,103,027
Capital assets:	
Assets not subject to depreciation (Note 4)	26,614,079
Assets subject to depreciation - Net (Note 4)	168,745,864
	<hr/>
Total noncurrent assets	201,294,923
	<hr/>
Total assets	245,394,223

Deferred Outflows of Resources

Deferred charges on bond refunding	88,918
Deferred OPEB costs (Note 9)	368,777
	<hr/>
Total deferred outflows of resources	457,695

Liabilities

Current liabilities:

Accounts payable	5,049,039
Due to other governmental units	343,724
Accrued liabilities and other	1,166,963
Current portion of compensated absences (Note 6)	226,754
Current portion of long-term debt (Note 6)	2,180,367
	<hr/>
Total current liabilities	8,966,847

Noncurrent liabilities:

Compensated absences - Net of current portion (Note 6)	6,696
Long-term debt - Net of current portion (Note 6)	33,611,158
	<hr/>
Total noncurrent liabilities	33,617,854
	<hr/>
Total liabilities	42,584,701

Deferred Inflows of Resources

Deferred benefit on bond refunding (Note 6)	103,936
Deferred OPEB cost reductions (Note 9)	1,445,207
	<hr/>
Total deferred inflows of resources	1,549,143

Net Position

Net investment in capital assets	159,553,400
Restricted for county drains (Note 7)	3,831,953
Unrestricted	38,332,721
	<hr/>
Total net position	<u><u>\$ 201,718,074</u></u>

Township of Macomb

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2023

	<u>Enterprise Fund - Water and Sewer</u>
Operating Revenue	
Sale of water	\$ 17,670,376
Sewage disposal charges	14,103,619
Charges for services	<u>1,341,160</u>
Total operating revenue	33,115,155
Operating Expenses	
Cost of water	14,279,105
Cost of sewage disposal	9,759,392
Operation and maintenance	1,818,187
General and administrative	2,773,242
Depreciation (Note 4)	<u>4,462,371</u>
Total operating expenses	<u>33,092,297</u>
Operating Income	22,858
Nonoperating Revenue (Expense)	
Investment gain	705,887
Interest expense	(996,458)
Gain on sale of assets	126,142
Grants	<u>3,262</u>
Total nonoperating expense	<u>(161,167)</u>
Loss - Before contributions	(138,309)
Capital Contributions	
Developers and other governmental units	2,226,600
Tap fees and frontage charges	<u>643,149</u>
Total capital contributions	<u>2,869,749</u>
Change in Net Position	2,731,440
Net Position - Beginning of year	<u>198,986,634</u>
Net Position - End of year	<u><u>\$ 201,718,074</u></u>

Year Ended June 30, 2023

	<u>Enterprise Fund - Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 32,616,501
Payments to suppliers	(25,650,961)
Payments to employees	<u>(1,770,890)</u>
Net cash and cash equivalents provided by operating activities	5,194,650
Cash Flows Provided by Noncapital Financing Activities - Operating grants and subsidies	3,262
Cash Flows from Capital and Related Financing Activities	
Collection of special assessments	45,092
Collection of customer tap fees	643,149
Proceeds from sale of capital assets	126,142
Purchase of capital assets	(12,029,151)
Principal and interest paid on capital debt and leases	<u>(2,731,217)</u>
Net cash and cash equivalents used in capital and related financing activities	(13,945,985)
Cash Flows Provided by Investing Activities - Interest received on investments	<u>705,887</u>
Net Decrease in Cash and Cash Equivalents	(8,042,186)
Cash and Cash Equivalents - Beginning of year	<u>41,739,360</u>
Cash and Cash Equivalents - End of year	<u>\$ 33,697,174</u>
Classification of Cash and Cash Equivalents	<u>\$ 33,697,174</u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 22,858
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	4,462,371
Changes in assets and liabilities:	
Receivables	(498,654)
Inventory	(3,691)
Net OPEB asset	(561,154)
Accounts payable	622,459
Deferrals related to OPEB	472,288
Accrued and other liabilities	<u>678,173</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 5,194,650</u>

Noncash Investing, Capital, and Financing Activities - During the year ended June 30, 2023, developers constructed water and sewer lines with a value of \$686,286 and donated them to the Township's Water and Sewer Fund. Also during the year, \$3,216,613 of capital assets were recorded in connection with Oakland and Macomb County's MID and OMID drain and interceptor projects. These assets were paid for using cash on hand at the counties of Oakland and Macomb, Michigan.

Township of Macomb

Fiduciary Funds Statement of Fiduciary Net Position

June 30, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$ 933,635	\$ 46,462	\$ 980,097
Investments:			
U.S. Treasury bonds	703,075	-	703,075
Agency securities	2,417,288	-	2,417,288
Stocks	1,216,796	-	1,216,796
Corporate bonds	3,000,237	-	3,000,237
Mutual funds - Equity	23,197,102	-	23,197,102
Mutual funds - Fixed income	8,230,506	-	8,230,506
Total assets	39,698,639	46,462	39,745,101
Liabilities - Due to other governments	-	46,462	46,462
Net Position - Restricted			
Pension	5,016,496	-	5,016,496
Postemployment benefits other than pension	34,682,143	-	34,682,143
Total net position	<u>\$ 39,698,639</u>	<u>\$ -</u>	<u>\$ 39,698,639</u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Fund - Property Tax Collection Fund	Total Fiduciary Funds
Additions			
Investment income (loss/expenses):			
Interest and dividends	\$ 1,515,218	\$ -	\$ 1,515,218
Net increase in fair value of investments	2,103,123	-	2,103,123
Investment costs	(72,562)	-	(72,562)
Net investment income	3,545,779	-	3,545,779
Contributions:			
Employer	778,704	-	778,704
Employee	34,451	-	34,451
Total contributions	813,155	-	813,155
Property tax collections	-	120,714,092	120,714,092
Miscellaneous revenue	38,009	-	38,009
Total additions	4,396,943	120,714,092	125,111,035
Deductions			
Benefit payments	604,669	-	604,669
Administrative expenses	19,034	-	19,034
Tax distributions to other governments	-	120,714,092	120,714,092
Total deductions	623,703	120,714,092	121,337,795
Net Increase in Net Position Held in Trust	3,773,240	-	3,773,240
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	35,925,399	-	35,925,399
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 39,698,639	\$ -	\$ 39,698,639

Note 1 - Significant Accounting Policies

Reporting Entity

The following is a summary of the significant accounting policies used by the Township of Macomb (the "Township"):

The Township is governed by an elected seven-member board. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the Township's operations.

Blended Component Units

The Macomb Township Building Authority is governed by a three-member board that is appointed by the Township's board of trustees. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its primary purpose is to provide certain facilities necessary for the operation of the Township's government and to finance and construct the Township's public buildings.

Fiduciary Component Units

The Fire Retirement System is governed by a five-member pension board that includes Macomb Township's treasurer, two individuals chosen by the Township's board of trustees, and two elected fire department members. Although it is legally separate from the Township, it is reported as a fiduciary component unit because the Township appoints a voting majority to the pension board and the plan imposes a financial burden on the Township.

The Macomb Township Retiree Health Care Benefit Plan (the "Plan") is governed by a five-member board that includes the Macomb Township supervisor, treasurer, clerk, finance director, and human resources director. Although it is legally separate from the Township, it is reported as a fiduciary component unit because the Township appoints a voting majority to the OPEB board and the Plan imposes a financial burden on the Township.

Jointly Governed Organization

The Township, in conjunction with Clinton Township, has created the Clinton Macomb District Library (the "Library"). The Library's board is composed of three members appointed by Clinton Township's board of trustees and three members appointed by Macomb Township's board of trustees. The Library is funded through property taxes, specifically through a separate property tax millage that is not recorded as revenue by Macomb Township. The Library currently does not receive a subsidy from the Township. The financial statements for the Library can be obtained from the Library's administrative office at 43245 Garfield Rd., Clinton Township, Michigan. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments of the above joint venture in the near future.

Accounting and Reporting Principles

The Township follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

Note 1 - Significant Accounting Policies (Continued)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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 and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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.

Fund Accounting

The Township accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow the Township to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, and capital projects funds. The Township reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Parks and Recreation Operating Fund accounts for the resources from dedicated property tax revenue and user charges for all activities of the parks and recreation department.
- The Fire Operating Fund accounts for the resources from property tax revenue that are restricted for all of the activities of the Township's fire department except for equipment purchased in the Fire Improvement Fund.
- The Law Enforcement Fund accounts for the resources from property tax revenue that are restricted for all of the activities of the Township's law enforcement activities.

Note 1 - Significant Accounting Policies (Continued)

- The Municipal Roadway Capital Projects Fund accounts for activities related to construction and maintenance of roads throughout the Township.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The Township reports the following fund as a major enterprise fund:

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the Township's programs. Activities that are reported as fiduciary include the following:

- The Fire Retirement Fund and Retiree Health Care Fund account for the activities of employee benefit plans and accumulate resources for pension and other postemployment benefit payments to qualified employees.
- The custodial fund collects taxes on behalf of all the taxing authorities (state, county, school district, township, and the various smaller authorities) and remits the taxes to each authority.

Interfund Activity

During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Township has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Note 1 - Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: property taxes, state-shared revenue, federal grant revenue, and special assessment revenue. Conversely, a portion of state-shared revenue will be collected after the period of availability; receivables have been recorded for this, along with a deferred inflow.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from the relevant funds is generally allocated to each fund using a weighted average.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Amounts on deposit at the county being held for the construction or debt service of the Township's water and sewer lines have been classified as restricted assets. In addition, unspent bond proceeds that are required to be set aside for construction have also been classified as restricted assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 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 acquisition value.

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

	Depreciable Life - Years
Roads and bridges	25
Water and sewer lines	50-70
Water meters	50
Buildings and building improvements	15-40
Vehicles	5
Office furnishings	7
Other tools and equipment	5-7

Note 1 - Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as other financing sources, as well as bond premiums and discounts. The debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has three items that qualify for reporting in this category, which include the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position and the deferred pension and OPEB outflows reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to the pension and OPEB plans result from the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings and changes in assumptions.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township has five items that qualify for reporting in this category, which include unavailable revenue reported only in the governmental funds balance sheet, deferred inflows from leases, deferred benefit on bond refunding, and deferred pension and OPEB inflows reported in the government-wide and proprietary fund statements of net position. The governmental funds report unavailable revenue from one source: state-shared revenue. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. A deferred benefit on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred inflows of resources related to the pension and OPEB plans result from the variance between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension and OPEB liabilities. Lastly, the Township has deferred inflows related to leases, as is described later in this footnote.

Net Position

Net position of the Township is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Note 1 - Significant Accounting Policies (Continued)

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

Fund Balance Flow Assumption

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 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 Township's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

Property Tax Revenue

Properties are assessed as of December 31. The related property taxes become a lien on December 1 of the following year. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2022 property tax revenue is levied and collectible on December 31, 2022 and is recognized as revenue in the year ended June 30, 2023 when the proceeds of the levy are budgeted and available for the financing of operations.

Note 1 - Significant Accounting Policies (Continued)

The 2022 taxable valuation of the Township totaled approximately \$4.3 billion, on which ad valorem taxes levied consisted of 0.6258 mills for operating purposes, 1.9000 mills for fire operating services, 0.0900 mills for fire pension, 1.5000 mills for police protection, and 0.7625 mills for parks and recreation. This resulted in \$2.7 million for operating, \$7.9 million for fire operations, \$0.4 million for fire pension, \$6.4 million for police protection, and \$3.3 million for parks and recreation. These amounts are recognized in the respective General Fund and special revenue fund financial statements as tax revenue.

Pension

The Township offers a defined benefit pension plan to its fire employees. The Township records a net pension liability or asset for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Macomb Township Act 345 Fire Retirement System and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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.

Other Postemployment Benefit Costs

The Township offers retiree health care benefits to retirees. The Township records a net OPEB liability or asset for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences (Paid Time Off)

It is the Township's policy to permit employees to accumulate earned but unused paid time off (PTO) benefits. PTO pay is accrued when incurred and is reported in the government-wide and proprietary fund financial statements. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the Water and Sewer Fund is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 1 - Significant Accounting Policies (Continued)

Leases

The Township is a lessee for noncancelable leases of vehicles. The Township recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the governmental activities column in the government-wide financial statements. The Township recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the Township initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Township determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Township is reasonably certain to exercise.

The Township monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The Township is a lessor for noncancelable leases of cellular towers. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Township determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The Township uses the actual rate charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the Township's financial statements for the year ending June 30, 2024.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Township's financial statements for the year ending June 30, 2025.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees

The Township oversees building construction in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since July 1, 2000 is as follows:

Cumulative expenditures over revenue - June 30, 2022		\$ (7,612,716)
Current year permit revenue		1,757,563
Related expenses:		
Direct costs	\$ 1,515,664	
Estimated indirect costs	384,396	<u>1,900,060</u>
Net surplus for the year ended June 30, 2023		<u>(142,497)</u>
Cumulative expenditures over revenue - June 30, 2023		<u>\$ (7,755,213)</u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit 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 that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Fire Retirement Fund and Retiree Health Care Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated nine banks for the deposit of its funds. The investment policy adopted by the board is in accordance with Public Act 196 of 1997. The Township's deposits and investment policies are in accordance with statutory requirements.

Note 3 - Deposits and Investments (Continued)

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township's investment policy indicates that credit risks will be minimized by diversifying the portfolio, which includes investing in Certificate of Deposit Account Registry Service (CDARS) accounts in order to maximize its FDIC coverage and minimize potential losses on individual securities. At year end, the Township had bank deposits of \$70,952,081 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy restricts investment maturities to specified time periods based on the type of investment

At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted- average Maturity (Years)
Primary Government		
U.S. Treasury bonds	\$ 1,682,843	4.02
U.S. government agency securities	10,207,275	1.49
Municipal bonds	10,279,780	1.73
Total	\$ 22,169,898	
Investment	Carrying Value	Weighted- average Maturity (Years)
Fiduciary Funds		
U.S. government agency securities	\$ 2,417,288	24.40
U.S. Treasury bonds	703,075	15.83
Corporate bonds	3,000,237	8.34
Mutual funds - Fixed income	8,230,506	6.51
Total	\$ 14,351,106	

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy further limits its investment choices to certain ratings classes issued by the rating organizations. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
U.S. government agency securities	\$ 10,207,275	AA+	S&P
Municipal bonds	6,160,927	AAA to AA-	S&P
Municipal bonds	4,118,853	Aa1 to Aa3	Moody's
U.S. Treasury bonds	1,682,843	AA+	S&P
Total	<u>\$ 22,169,898</u>		

Investment	Carrying Value	Rating	Rating Organization
Fiduciary Funds			
U.S. government agency securities	\$ 2,417,288	AAA to BBB	S&P
Corporate bonds	3,000,237	AA+ to BBB-	S&P
Mutual funds - Fixed income	8,230,506	Not rated	Not rated
U.S. Treasury bonds	703,075	AA+ to A	S&P
Total	<u>\$ 14,351,106</u>		

Fair Value Measurements

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 3 - Deposits and Investments (Continued)

The Township has the following recurring fair value measurements as of June 30, 2023:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2023		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Balance at June 30, 2023
Debt:			
Municipal bonds	\$ -	\$ 10,279,780	\$ 10,279,780
U.S. Treasury bonds	2,385,918	-	2,385,918
U.S. government agency securities	-	12,624,563	12,624,563
Corporate bonds	-	3,000,237	3,000,237
Mutual funds - Fixed income	8,230,506	-	8,230,506
Total debt	10,616,424	25,904,580	36,521,004
Equity:			
Mutual funds - Equity	22,575,702	-	22,575,702
Common stock	1,838,196	-	1,838,196
Total equity	24,413,898	-	24,413,898
Total assets	\$ 35,030,322	\$ 25,904,580	\$ 60,934,902

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of certain assets at June 30, 2023 was determined primarily based on Level 2 inputs. The Township estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

There were no investments valued using Level 3 inputs.

June 30, 2023

Note 4 - Capital Assets

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

Governmental Activities

	Balance July 1, 2022	Additions	Disposals and Reclassifications	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 4,646,373	\$ 499,905	\$ -	\$ 5,146,278
Construction in progress	15,761,457	3,760,621	(12,550,895)	6,971,183
Subtotal	20,407,830	4,260,526	(12,550,895)	12,117,461
Capital assets being depreciated:				
Infrastructure	27,888,717	26,014	-	27,914,731
Buildings and improvements	50,826,637	13,195,548	(77,941)	63,944,244
Vehicles	4,015,235	365,208	(430,846)	3,949,597
Office furnishings	4,874,294	1,175,137	(1,345,224)	4,704,207
Other tools and equipment	2,090,618	112,386	(523,718)	1,679,286
Right-of-use asset - Vehicles	699,962	649,020	(123,113)	1,225,869
Subtotal	90,395,463	15,523,313	(2,500,842)	103,417,934
Accumulated depreciation:				
Infrastructure	8,992,079	971,584	-	9,963,663
Buildings and improvements	22,009,695	1,441,999	(35,852)	23,415,842
Vehicles	3,652,798	178,200	(427,477)	3,403,521
Office furnishings	4,201,328	309,275	(1,222,015)	3,288,588
Other tools and equipment	1,689,090	118,761	(477,546)	1,330,305
Right-of-use asset - Vehicles	19,140	198,779	-	217,919
Subtotal	40,564,130	3,218,598	(2,162,890)	41,619,838
Net capital assets being depreciated	49,831,333	12,304,715	(337,952)	61,798,096
Net governmental activities capital assets	<u>\$ 70,239,163</u>	<u>\$ 16,565,241</u>	<u>\$ (12,888,847)</u>	<u>\$ 73,915,557</u>

June 30, 2023

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2022	Additions	Disposals and Reclassifications	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 293,123	\$ -	\$ -	\$ 293,123
Construction in progress	15,195,502	12,900,443	(1,774,989)	26,320,956
Subtotal	15,488,625	12,900,443	(1,774,989)	26,614,079
Capital assets being depreciated:				
Water and sewer mains	245,054,068	2,381,663	-	247,435,731
Buildings and improvements	2,558,702	-	-	2,558,702
Water meters	5,517,020	100,866	-	5,617,886
Vehicles	821,636	274,823	(213,759)	882,700
Furniture and equipment	1,192,395	259,288	(67,759)	1,383,924
Right-of-use asset - Vehicles	-	347,974	-	347,974
Subtotal	255,143,821	3,364,614	(281,518)	258,226,917
Accumulated depreciation:				
Water and sewer mains	79,796,477	4,110,656	-	83,907,133
Buildings and improvements	1,611,430	63,967	-	1,675,397
Water meters	2,284,193	111,349	-	2,395,542
Vehicles	774,174	49,963	(211,018)	613,119
Furniture and equipment	833,925	105,424	(70,499)	868,850
Right-of-use asset - Vehicles	-	21,012	-	21,012
Subtotal	85,300,199	4,462,371	(281,517)	89,481,053
Net capital assets being depreciated	169,843,622	(1,097,757)	(1)	168,745,864
Net business-type activities capital assets	<u>\$ 185,332,247</u>	<u>\$ 11,802,686</u>	<u>\$ (1,774,990)</u>	<u>\$ 195,359,943</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 624,242
Public safety	597,636
Public works	988,525
Recreation and culture	1,008,195
Total governmental activities	<u>\$ 3,218,598</u>
Business-type activities - Water and sewer	\$ 4,462,371

June 30, 2023

Note 4 - Capital Assets (Continued)

Construction Commitments

The Township has approved certain construction projects prior to June 30, 2023. At year end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Pitchford Park	\$ 1,083,742	\$ 2,408,158
Water and sewer infrastructure	<u>8,548,191</u>	<u>4,087,914</u>
Road paving projects	<u>\$ 9,631,933</u>	<u>\$ 6,496,072</u>

Note 5 - Interfund Receivables, Payables, and Transfers

As of June 30, 2023, there are no interfund balances resulting from time lags between dates that payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

<u>Paying Fund (Transfer Out)</u>	<u>Receiving Fund (Transfer In)</u>	<u>Amount</u>
General Fund	Parks and Recreation Operating Fund	\$ 2,200,000
	Municipal Roadway Capital Projects Fund	2,000,000
	Nonmajor governmental funds	<u>1,011,910</u>
	Total General Fund	5,211,910
Fire Operating Fund	Building Authority Debt Service Fund	1,463,880
Nonmajor governmental funds	Parks and Recreation Operating Fund	1,611,630
	Nonmajor governmental funds	<u>292,046</u>
	Total nonmajor governmental funds	<u>1,903,676</u>
	Total	<u>\$ 8,579,466</u>

Interfund transfers provided funding for operating assistance, capital projects, capital acquisitions, and debt service.

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 Township. 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 a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the Township) are received.

June 30, 2023

Note 6 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt:							
2012 Building Authority Refunding Bonds:							
Amount of issue - \$13,390,000	2.00% -	\$885,000 -					
Maturing through 2025	4.00%	\$1,400,000	\$ 3,160,000	\$ -	\$ (1,400,000)	\$ 1,760,000	\$ 885,000
Unamortized bond premium			267,370	-	(89,124)	178,246	89,123
2018 Building Authority Refunding Bonds:							
Amount of issue - \$14,010,000	4.00% -	\$460,000 -					
Maturing through 2035	5.00%	\$970,000	10,890,000	-	(970,000)	9,920,000	460,000
Unamortized bond premium			1,008,144	-	(63,009)	945,135	63,009
2021 Building Authority Refunding Bonds:							
Amount of issue - \$3,180,000	3.00% -	\$460,000 -					
Maturing through 2027	4.00%	\$465,000	2,225,000	-	(465,000)	1,760,000	460,000
Unamortized bond premium			199,395	-	(39,879)	159,516	39,879
Total bonds payable			17,749,909	-	(3,027,012)	14,722,897	1,997,011
Lease liability (Note 14)			682,696	649,020	(298,166)	1,033,550	226,303
Compensated absences			1,188,949	1,173,630	(1,156,071)	1,206,508	1,181,419
Total governmental activities long-term debt			<u>\$ 19,621,554</u>	<u>\$ 1,822,650</u>	<u>\$ (4,481,249)</u>	<u>\$ 16,962,955</u>	<u>\$ 3,404,733</u>

Compensated absences and lease liabilities attributable to the governmental activities will be liquidated primarily by the General Fund, Parks and Recreation Operating Fund, and Fire Operating Fund.

June 30, 2023

Note 6 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation bonds:							
Direct borrowings - County drain contract obligations:							
2010A OMID Drainage District: Amount of issue - \$1,750,840 Maturing through 2031	2.50%	\$92,875 - \$110,437	\$ 902,070	\$ -	\$ (90,511)	\$ 811,559	\$ 92,875
2010 North Gratiot Interceptor Drainage District: Amount of issue - \$103,529 Maturing through 2035	1.00% - 6.35%	\$4,119 - \$5,950	63,649	-	(3,997)	59,652	4,119
2015 North Gratiot Interceptor Drainage District: Amount of issue - \$846,752 Maturing through 2033	3.50% - 5.00%	\$48,343 - \$56,068	583,357	-	(48,343)	535,014	48,343
2015A MID Drainage District: Amount of issue - \$499,851 Maturing through 2036	2.50%	\$17,682 - \$22,094	277,800	-	(17,682)	260,118	17,682
2013 OMID Drainage District: Amount of issue - \$4,619,982 Maturing through 2034	2.00%	\$222,701 - \$276,958	3,206,469	-	(218,446)	2,988,023	222,701
2014 OMID Drainage District: Amount of issue - \$714,579 Maturing through 2035	2.00% - 3.125%	\$31,744 - \$44,348	479,895	-	(30,810)	449,085	31,744
2017A MID Drainage District and Refunding Bonds: Amount of issue - \$19,249,777 Maturing through 2042 Unamortized bond premium	5.00%	\$417,014 - \$1,287,443	16,077,976 2,585,845	- -	(720,545) (168,233)	15,357,431 2,417,612	756,370 168,233
2019 OMID Drainage District Refunding Bonds: Amount of issue - \$304,628 Maturing through 2030	1.85%	\$27,018 - \$33,773	237,421	-	(25,667)	211,754	27,018
2020 Clintondale Pump Station Improvements Drainage District: Amount of issue - \$2,024,393 Maturing through 2031 Unamortized bond premium	5.00%	\$161,322 - \$245,918	1,739,128 378,269	- -	(151,485) (43,231)	1,587,643 335,038	161,322 43,231
2020A OMID Drainage District: Amount of issue: \$6,996,937 Maturing through 2040 Unamortized bond premium	2.00% - 5.00%	\$187,718 - \$491,002	6,707,105 850,906	- -	(178,547) (46,916)	6,528,558 803,990	187,718 46,916
2020 MID Drainage District: Amount of issue - \$349,852 Maturing through 2040	2.00%	\$7,119 - \$173,111	349,852	-	-	349,852	-
Total direct borrowings principal outstanding			34,439,742	-	(1,744,413)	32,695,329	1,808,272
Other debt:							
2021 Refunding Bonds: Amount of issue - \$3,390,000 Maturing through 2031 Unamortized bond premium	3.00% - 4.00%	\$265,000 - \$340,000	2,670,000 401,955	- -	(260,000) (45,338)	2,410,000 356,617	265,000 45,338
Total general obligation bonds			37,511,697	-	(2,049,751)	35,461,946	2,118,610
Lease liability			-	347,974	(18,395)	329,579	61,757
Compensated absences			225,372	205,483	(197,405)	233,450	226,754
Total business-type activities long-term debt			\$ 37,737,069	\$ 553,457	\$ (2,265,551)	\$ 36,024,975	\$ 2,407,121

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Other Debt				
	Principal	Interest	Total		
2024	\$ 1,805,000	\$ 573,150	\$ 2,378,150		
2025	1,805,000	510,025	2,315,025		
2026	940,000	446,400	1,386,400		
2027	960,000	405,950	1,365,950		
2028	560,000	370,700	930,700		
2029-2033	3,250,000	1,404,250	4,654,250		
2034-2038	4,120,000	532,100	4,652,100		
2039-2042	-	-	-		
Total	\$ 13,440,000	\$ 4,242,575	\$ 17,682,575		

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,549,892	\$ 786,317	\$ 265,000	\$ 84,175	\$ 2,685,384
2025	1,616,214	1,086,779	275,000	76,075	3,054,068
2026	1,787,261	1,017,242	285,000	67,675	3,157,178
2027	1,858,234	939,204	295,000	57,500	3,149,938
2028	1,946,492	857,893	305,000	45,500	3,154,885
2029-2033	10,221,325	2,961,657	985,000	60,100	14,228,082
2034-2038	6,796,321	1,133,296	-	-	7,929,617
2039-2042	3,362,950	290,514	-	-	3,653,464
Total	\$ 29,138,689	\$ 9,072,902	\$ 2,410,000	\$ 391,025	\$ 41,012,616

The Macomb Interceptor Drainage District (MID) is a construction and rehabilitation project that began in 2010 and is ongoing. The MID issued county bonds that were used to acquire the MID interceptor system and to assume amounts owed related to the Garfield Interceptor. Additional county bonds were issued to improve and repair the North Gratiot Interceptor and Clintondale Pump Station. These bonds were issued as Federally Taxable Recovery Zone Economic Development Bonds and are eligible to recover tax credit payments from the United States Treasury equal to 45 percent (for the North Gratiot bond) and 35 percent (for the MID bond) of the interest payable on the bonds.

The Oakland-Macomb Interceptor Drainage District (OMID) is also a construction and rehabilitation project that began in 2010 and is ongoing.

June 30, 2023

Note 6 - Long-term Debt (Continued)

The total amount of bonds issued and the Township's share of the bonds are as follows:

Macomb Interceptor Drainage District

	Total Issued	Township Portion
North Gratiot Interceptor 2010	\$ 16,965,000	\$ 103,529
North Gratiot Interceptor 2015	16,990,000	846,752
MID Series 2015A	3,675,000	499,851
MID Series 2017A	126,425,006	19,249,777
Clintondale Pump Station 2020	15,435,000	2,024,393
MID Series 2020 (SRF)	2,505,992	349,852

Oakland-Macomb Interceptor Drainage District

	Total Issued	Township Portion
2010A (SRF)	\$ 26,076,000	\$ 6,381,283
2014A	7,235,000	714,579
2019	4,510,000	304,268
2020	57,215,000	6,996,937

The OMID 2010A project is funded through the Michigan State Revolving Loan Fund Program (SRF), with total loans of \$26 million after \$16 million of debt forgiveness, which was recorded in 2010. The amount disclosed represents principal and interest.

Note 7 - Restricted Assets

Specific assets of the Water and Sewer Fund and the Building Authority Capital Projects Fund have been restricted for operations and maintenance and replacement, as well as unspent bond proceeds. Additionally, specific assets of the Water and Sewer Fund are restricted as the result of external governments issuing bonds for which state law requires the proceeds of the issue to be used exclusively for the purpose for which the bonds were issued or the repayment of the bonds.

The following is the detail of restricted assets at June 30, 2023:

Description	Governmental Activities	Business-type Activities
Building Authority Capital Projects Fund - Restricted assets and unspent bond proceeds	\$ 371	\$ -
Water and Sewer Fund - Unspent bond proceeds and deposits held at county:		
Due from Oakland County, Michigan*	-	3,823,003
Due from Macomb County, Michigan**	-	8,950
Total	<u>\$ 371</u>	<u>\$ 3,831,953</u>

*This amount is held by Oakland County, Michigan in a construction fund maintained on behalf of the Township for improvements to the Oakland-Macomb Interceptor Drainage District.

**This amount is held by Macomb County, Michigan in construction and debt retirement funds maintained on behalf of the Township by the Macomb County Department of Public Works for drain construction projects of the Township.

Net position has been restricted for these amounts, net of related debt, at June 30, 2023.

Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for specific property, such as vehicles, computers, and employee medical claims. The Township also participates in the Michigan Municipal League risk pool for claims relating to all other property losses, torts, errors and omissions, and employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 9 - OPEB Plan

Plan Description

The Township administers the Macomb Township Retiree Health Care Benefit Plan, a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for all full-time employees upon retirement in accordance with labor contracts.

Management of the Plan is vested with the board of the Macomb Township Retiree Health Care Benefit Plan, which consists of five members: the township supervisor, township treasurer, township clerk, township finance director, and township human resource director.

Benefits Provided

The Plan provides health care, vision, and dental benefit for retirees and their dependents. The Plan provides life insurance for retirees. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan.

Plan Membership

At June 30, 2022, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	40
Active plan members	111
	<hr/>
Total	151
	<hr/> <hr/>

Contributions

The board establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended June 30, 2023, the Township's average contribution rate was 4.84 percent of covered employee payroll, or \$393,066. Plan members are not required to contribute to the Plan.

Net OPEB Asset

The Township has chosen to use the June 30 measurement date as its measurement date for the net OPEB asset. The June 30, 2023 fiscal year end reported net OPEB asset was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2023 measurement date. The June 30, 2023 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, which used update procedures to roll forward the estimated liability to June 30, 2023.

Note 9 - OPEB Plan (Continued)

Changes in the net OPEB asset during the measurement year were as follows:

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
Balance at July 1, 2022	\$ 25,220,322	\$ 31,628,136	\$ (6,407,814)
Changes for the year:			
Service cost	667,639	-	667,639
Interest	1,282,276	-	1,282,276
Changes in assumptions	(1,027,759)	-	(1,027,759)
Contributions - Employer	-	393,066	(393,066)
Net investment income	-	3,120,268	(3,120,268)
Benefit payments, including refunds	(447,640)	(447,640)	-
Administrative expenses	-	(11,687)	11,687
Net changes	474,516	3,054,007	(2,579,491)
Balance at June 30, 2023	<u>\$ 25,694,838</u>	<u>\$ 34,682,143</u>	<u>\$ (8,987,305)</u>

The Plan's fiduciary net position represents 134.98 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Township recognized an OPEB recovery of \$103,559.

At June 30, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 59,887	\$ (4,570,031)
Changes in assumptions	560,298	(1,606,073)
Net difference between projected and actual earnings on OPEB plan investments	955,790	-
Total	<u>\$ 1,575,975</u>	<u>\$ (6,176,104)</u>

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

Years Ending June 30	Amount
2024	\$ (679,908)
2025	(705,737)
2026	283,094
2027	(1,134,736)
2028	(826,633)
Thereafter	(1,536,209)
Total	<u>\$ (4,600,129)</u>

Note 9 - OPEB Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using assumed salary increases (including inflation) of 3.25 percent; an investment rate of return (net of investment expenses) of 5.0 percent; a pre-Medicare health care cost trend rate of 7.25 percent and post-Medicare health care cost trend rate of 5.50 percent for 2023, each decreasing 0.25 percent per year to ultimate rates of 4.50 percent; and mortality rates based on the Pub-2010 Total Mortality Tables.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.0 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

The investment rate of return used in this valuation of the Plan was 5.0 percent (net of administrative expenses). This is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at the valuation date.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense 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. Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	15.00 %	4.53 %
Domestic fixed income	45.00	0.52
U.S. broad equity	30.00	4.37
High yield	10.00	2.27

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the Township, calculated using the discount rate 5.0 percent, as well as what the Township's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower (4.0 percent) or 1 percentage point higher (6.0 percent) than the current rate:

	1 Percentage Point Decrease (4.0%)	Current Discount Rate (5.0%)	1 Percentage Point Increase (6.0%)
Net OPEB asset	\$ (4,957,686)	\$ (8,987,305)	\$ (12,266,009)

Note 9 - OPEB Plan (Continued)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB asset, calculated using the current health care cost trend rate, as well as what the net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB asset	\$ (12,756,703)	\$ (8,987,305)	\$ (4,838,131)

OPEB Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

The assumed salary increase assumption (including inflation) was increased to 3.25 percent. Also, the mortality rates, which are based on the PubS-2010 tables, were updated to use mortality improvement scale MP-2021.

Concentrations

At June 30, 2023, the Plan held approximately 66 percent of its investment portfolio in the following investments, which each represented over 5 percent of the Plan's investment portfolio:

Vanguard 500 Index Fund - \$10,346,313

Metropolitan West Total Return Fund - \$5,990,461

American Europacific Growth Fund - \$3,204,260

MFS International Value Fund - \$3,244,359

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on plan investments, net of investment expense was 10.07 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 10 - Pension Plan

Plan Description

The retirement system board administers the Macomb Township Act 345 Fire Retirement System, a single-employer defined benefit pension plan that provides pensions for all full-time firefighters of the Township. Benefit terms have been established by contractual agreements between the Township and the various employee union representation; amendments are subject to the same process.

The financial statements of the plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Note 10 - Pension Plan (Continued)

Management of the plan is vested in the retirement system board, which consists of five members: two elected by plan members, two appointed by the township board of trustees, and the township treasurer, who serves as an ex officio member.

Benefits Provided

The retirement plan provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated as 2.5 percent of the member's final 3-year average final compensation times the member's first 25 years of service plus 1 percent of the member's final 3-year average final compensation times the years of service in excess of 25 years. Plan members with 10 years of continuous service are eligible to retire at age 60, and plan members with 25 years of continuous service are eligible to retire at age 50. All plan members are eligible for nonduty disability benefits after 5 years of service and for duty-related disability benefits upon hire. Upon reaching the age of 55, disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Prior to reaching age 55, disability retirement benefits are paid at a reduced rate of their 3-year average final compensation. Duty death benefits equal the same amount paid by workers' compensation and nonduty death benefits equal the member's actuarially reduced pension benefit.

Benefit terms are generally established and amended by authority of the board of trustees, generally after negotiations of these terms with the affected unions. Employee benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms

As of June 30, 2022, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	7
Total employees covered by the plan	13

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the retirement system board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the township charter, union contracts, and plan provisions. For the year ended June 30, 2023, the average active member contribution rate was 4.79 percent of annual pay, and the Township's average contribution rate was 53.65 percent of annual payroll.

Note 10 - Pension Plan (Continued)

Net Pension Liability (Asset)

The Township has chosen to use the June 30 measurement date as its measurement date for the net pension asset. The June 30, 2023 fiscal year end reported net pension asset was determined using a measure of the total pension liability and the plan net position as of the June 30, 2023 measurement date. The June 30, 2023 total pension liability was determined by an actuarial valuation performed as of June 30, 2022, which used update procedures to roll forward the estimated liability to June 30, 2023.

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

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at July 1, 2022	\$ 4,438,746	\$ 4,297,261	\$ 141,485
Changes for the year:			
Service cost	161,422	-	161,422
Interest	271,299	-	271,299
Changes in assumptions	5,450	-	5,450
Contributions - Employer	-	385,638	(385,638)
Contributions - Employee	-	34,451	(34,451)
Net investment income	-	469,209	(469,209)
Benefit payments, including refunds	(157,029)	(157,029)	-
Administrative expenses	-	(13,034)	13,034
Net changes	281,142	719,235	(438,093)
Balance at June 30, 2023	<u>\$ 4,719,888</u>	<u>\$ 5,016,496</u>	<u>\$ (296,608)</u>

The plan's fiduciary net position represents 106.28 percent of the total pension liability.

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

For the year ended June 30, 2023, the Township recognized pension expense of \$199,706.

At June 30, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 104,621	\$ 152,376
Changes in assumptions	297,615	389,412
Net difference between projected and actual earnings on pension plan investments	162,303	-
Total	<u>\$ 564,539</u>	<u>\$ 541,788</u>

Note 10 - Pension Plan (Continued)

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

Years Ending June 30	Amount
2024	\$ 68,945
2025	47,360
2026	150,155
2027	(143,103)
2028	(101,385)
Thereafter	779
Total	<u>\$ 22,751</u>

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 4.50 percent, an investment rate of return (net of investment expenses) of 6.0 percent, and mortality rates based on the PubS-2010 mortality tables.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

Projected Cash Flows

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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. Best estimates of arithmetic real rates of return as of June 30, 2023 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	55.00 %	4.90 %
International equity	15.00	5.30
Fixed-income securities	30.00	2.30

Note 10 - Pension Plan (Continued)

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

The following presents the net pension asset of the Township, calculated using the discount rate of 6 percent, as well as what the Township's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5 percent) or 1 percentage point higher (7 percent) than the current rate:

	1 Percentage Point Decrease (5%)	Current Discount Rate (6%)	1 Percentage Point Increase (7%)
Net pension liability (asset) of the Township	\$ 366,053	\$ (296,608)	\$ (847,893)

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.61 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in a separately issued financial report. For the purpose of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Pension Plan Reserves

In accordance with Act 345, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year. For any employee who terminates before vesting in the pension plan, the employee's balance is returned to him or her; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at June 30, 2023 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 2,170,541	\$ 2,170,541
Employee reserve	455,248	455,248

Note 11 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the Fire Retirement Fund and Retiree Health Care Fund:

	Fire Retirement Fund	Retiree Health Care Fund	Total
Statement of Net Position			
Cash and cash equivalents	\$ 541,250	\$ 392,385	\$ 933,635
Investments	4,475,246	34,289,758	38,765,004
Net position	<u>\$ 5,016,496</u>	<u>\$ 34,682,143</u>	<u>\$ 39,698,639</u>
Statement of Changes in Net Position			
Investment income	\$ 469,209	\$ 3,076,570	\$ 3,545,779
Contributions	420,089	393,066	813,155
Other additions	-	38,009	38,009
Benefit payments	157,029	447,640	604,669
Other deductions	13,035	5,999	19,034
Net change in net position	<u>\$ 719,234</u>	<u>\$ 3,054,006</u>	<u>\$ 3,773,240</u>

Note 12 - Defined Contribution Pension Plan

All full-time employees, excluding members of the Macomb Township Act 345 Fire Retirement System, belong to a 401(a) retirement plan that is administered by Empower. Annually, the Township contributes 10 percent of base pay for each member into the plan; members are required to contribute 5 percent of base pay.

During the year ended June 30, 2023, the Township made contributions of \$777,626, and the plan members contributed \$388,813 to the plan.

Note 13 - Tax Abatements

The Township currently has several businesses that are receiving the industrial facilities tax (IFT) exemption (PA 198 of 1974), which encourages local businesses to construct new industrial facilities or rehabilitate historical facilities. This exemption applies to both real and personal property taxes. IFT abatements use a reduced (specific tax) millage rate of 50 percent of the normal millage rate that is applied to a taxable value that is calculated in the same manner as all of the properties that are contained on the regular (ad valorem) assessment roll. For the fiscal year ended June 30, 2023, the Township abated \$278,190 of taxes under these programs. There are no significant abatements made by other governments that reduce the Township's tax revenue.

Note 14 - Leases

The Township leases certain assets from various third parties. The assets leased are vehicles. Payments are generally fixed monthly rates.

Lease asset activity of the Township is included in Note 4.

Note 14 - Leases (Continued)

Future principal and interest payment requirements related to the Township’s lease liability at June 30, 2023 are as follows:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 288,060	\$ 83,951	\$ 372,011
2025	308,074	63,937	372,011
2026	329,515	42,496	372,011
2027	330,838	19,740	350,578
2028	106,642	3,117	109,759
Total	\$ 1,363,129	\$ 213,241	\$ 1,576,370

The Township leases cell towers to third parties. Payments are generally fixed monthly with escalation over the lease term. In addition, the Township receives certain variable payments not included in the measurement of the lease receivable, which are not guaranteed. At June 30, 2023, the Township reported a lease receivable and deferred inflow of resources related to leases of \$1,056,971 and \$976,633, respectively.

During the year ended June 30, 2023, the Township recognized the following related to its lessor agreements:

Lease revenue	\$ 116,548
Interest income related to its leases	44,047

Required Supplementary Information

Township of Macomb

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 2,701,575	\$ 2,701,575	\$ 2,704,160	\$ 2,585
Special assessments	945,800	1,252,282	1,317,100	64,818
Intergovernmental:				
Federal grants and other	511,665	3,507,155	3,552,625	45,470
State-shared revenue and grants	8,796,603	10,216,268	10,415,580	199,312
Charges for services	281,970	281,970	298,523	16,553
Fines and forfeitures	297,500	297,500	286,463	(11,037)
Licenses and permits	3,338,300	3,338,300	3,182,760	(155,540)
Investment gain	362,160	737,660	951,544	213,884
Other revenue	27,500	119,656	51,535	(68,121)
Total revenue	17,263,073	22,452,366	22,760,290	307,924
Expenditures				
Current services:				
General government	8,296,846	8,328,626	8,136,167	192,459
Public safety	1,637,320	1,637,320	1,537,567	99,753
Public works	1,548,095	1,548,095	1,451,273	96,822
Social services	218,915	357,137	357,137	-
Community and economic development	591,145	591,145	565,632	25,513
Recreation and culture	149,873	49,871	37,398	12,473
Total expenditures	12,442,194	12,512,194	12,085,174	427,020
Excess of Revenue Over Expenditures	4,820,879	9,940,172	10,675,116	734,944
Other Financing (Uses) Sources				
Transfers out	(5,212,220)	(5,212,220)	(5,211,910)	310
New leases	-	-	487,616	487,616
Sale of capital assets	850,000	1,149,885	224,886	(924,999)
Total other financing uses	(4,362,220)	(4,062,335)	(4,499,408)	(437,073)
Net Change in Fund Balance	458,659	5,877,837	6,175,708	297,871
Fund Balance - Beginning of year	25,050,134	25,050,134	25,050,134	-
Fund Balance - End of year	\$ 25,508,793	\$ 30,927,971	\$ 31,225,842	\$ 297,871

Township of Macomb

Required Supplementary Information Budgetary Comparison Schedules - Major Special Revenue Funds Parks and Recreation Operating Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 3,270,000	\$ 3,270,000	\$ 3,280,194	\$ 10,194
Intergovernmental	-	-	81	81
Charges for services	1,749,300	1,749,300	2,148,601	399,301
Investment gain	6,000	6,000	149,913	143,913
Other revenue	19,000	19,000	29,557	10,557
Total revenue	5,044,300	5,044,300	5,608,346	564,046
Expenditures - Recreation and culture	5,869,944	5,869,944	4,875,107	994,837
Excess of Revenue (Under) Over Expenditures	(825,644)	(825,644)	733,239	1,558,883
Other Financing Sources (Uses)				
Transfers in	2,200,000	2,200,000	2,200,000	-
Transfers out	(1,612,205)	(1,612,205)	(1,611,630)	575
Sale of capital assets	30,000	30,000	37,273	7,273
Total other financing sources	617,795	617,795	625,643	7,848
Net Change in Fund Balance	(207,849)	(207,849)	1,358,882	1,566,731
Fund Balance - Beginning of year	4,897,439	4,897,439	4,897,439	-
Fund Balance - End of year	\$ 4,689,590	\$ 4,689,590	\$ 6,256,321	\$ 1,566,731

Township of Macomb

Required Supplementary Information
 Budgetary Comparison Schedules - Major Special Revenue Funds
 (Continued)
 Fire Operating Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 8,163,420	\$ 8,163,420	\$ 8,294,689	\$ 131,269
Intergovernmental	2,500	2,500	4,507	2,007
Investment gain	25,000	25,000	206,991	181,991
Other revenue	6,000	6,000	3,995	(2,005)
Total revenue	<u>8,196,920</u>	<u>8,196,920</u>	<u>8,510,182</u>	<u>313,262</u>
Expenditures - Public safety	<u>6,850,782</u>	<u>6,850,782</u>	<u>6,088,422</u>	<u>762,360</u>
Excess of Revenue Over Expenditures	1,346,138	1,346,138	2,421,760	1,075,622
Other Financing (Uses) Sources				
Transfers out	(1,463,705)	(1,463,705)	(1,463,880)	(175)
New leases	-	-	38,291	38,291
Sale of capital assets	90,000	90,000	184,506	94,506
Total other financing uses	<u>(1,373,705)</u>	<u>(1,373,705)</u>	<u>(1,241,083)</u>	<u>132,622</u>
Net Change in Fund Balance	(27,567)	(27,567)	1,180,677	1,208,244
Fund Balance - Beginning of year	<u>10,278,403</u>	<u>10,278,403</u>	<u>10,278,403</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 10,250,836</u></u>	<u><u>\$ 10,250,836</u></u>	<u><u>\$ 11,459,080</u></u>	<u><u>\$ 1,208,244</u></u>

Township of Macomb

Required Supplementary Information Budgetary Comparison Schedules - Major Special Revenue Funds (Continued) Law Enforcement Fund

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
Taxes	\$ 6,390,000	\$ 6,390,000	\$ 6,429,815	\$ 39,815
State-shared revenue and grants	25,000	25,000	26,844	1,844
Investment gain	2,000	2,000	80,208	78,208
Other revenue	50	50	183	133
Total revenue	<u>6,417,050</u>	<u>6,417,050</u>	<u>6,537,050</u>	<u>120,000</u>
Expenditures - Public safety	<u>6,195,350</u>	<u>6,195,350</u>	<u>5,972,575</u>	<u>222,775</u>
Net Change in Fund Balance	221,700	221,700	564,475	342,775
Fund Balance - Beginning of year	<u>4,129,560</u>	<u>4,129,560</u>	<u>4,129,560</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 4,351,260</u>	<u>\$ 4,351,260</u>	<u>\$ 4,694,035</u>	<u>\$ 342,775</u>

Township of Macomb

Required Supplementary Information Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios

**Last Seven Fiscal Years
(dollar amounts in thousands)**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 668	\$ 810	\$ 829	\$ 957	\$ 924	\$ 802	\$ 761
Interest	1,282	1,455	1,403	1,356	1,295	1,045	1,017
Differences between expected and actual experience	-	(4,757)	-	(1,339)	(759)	779	(874)
Changes in assumptions	(1,027)	(307)	(613)	604	(266)	2,918	-
Benefit payments, including refunds	(448)	(587)	(530)	(494)	(424)	(378)	(357)
Net Change in Total OPEB Liability	475	(3,386)	1,089	1,084	770	5,166	547
Total OPEB Liability - Beginning of year	25,220	28,606	27,517	26,433	25,663	20,497	19,950
Total OPEB Liability - End of year	\$ 25,695	\$ 25,220	\$ 28,606	\$ 27,517	\$ 26,433	\$ 25,663	\$ 20,497
Plan Fiduciary Net Position							
Contributions - Employer	\$ 393	\$ 454	\$ 739	\$ 826	\$ 1,378	\$ 1,157	\$ 1,514
Net investment income (loss)	3,120	(5,242)	6,466	1,855	1,747	1,403	1,822
Benefit payments, including refunds	(448)	(587)	(530)	(494)	(424)	(378)	(357)
Other	(11)	(6)	(13)	(21)	(15)	(8)	-
Net Change in Plan Fiduciary Net Position	3,054	(5,381)	6,662	2,166	2,686	2,174	2,979
Plan Fiduciary Net Position - Beginning of year	31,628	37,009	30,347	28,181	25,495	23,321	20,342
Plan Fiduciary Net Position - End of year	\$ 34,682	\$ 31,628	\$ 37,009	\$ 30,347	\$ 28,181	\$ 25,495	\$ 23,321
Net OPEB (Asset) Liability - Ending	\$ (8,987)	\$ (6,408)	\$ (8,403)	\$ (2,830)	\$ (1,748)	\$ 168	\$ (2,824)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	134.98 %	125.41 %	129.37 %	110.28 %	106.61 %	99.35 %	113.78 %
Covered-employee Payroll	\$ 8,116	\$ 8,116	\$ 7,763	\$ 4,294	\$ 4,629	\$ 4,583	\$ 4,700
Net OPEB (Asset) Liability as a Percentage of Covered-employee Payroll	(110.73)%	(78.96)%	(108.24)%	(65.91)%	(37.76)%	3.67 %	(60.09)%

Township of Macomb

Required Supplementary Information OPEB Plan Schedule of Investment Returns

	Last Seven Fiscal Years						
	Years Ended June 30						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	10.07 %	(14.09)%	21.32 %	6.87 %	6.98 %	5.90 %	9.00 %

Required Supplementary Information
Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios

Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 161,422	\$ 175,137	\$ 226,603	\$ 217,312	\$ 200,259	\$ 162,028	\$ 106,931	\$ 132,825	\$ 132,825	\$ 100,679
Interest	271,299	259,945	227,128	223,402	207,169	166,044	134,944	138,699	121,973	117,093
Differences between expected and actual experience	-	(75,099)	(133,670)	(685)	173	345,834	(18,056)	(175,330)	(23,304)	17,813
Changes in assumptions	5,450	-	(597,798)	(32,857)	86,104	320,444	554,112	-	257,079	-
Benefit payments, including refunds	(157,029)	(157,029)	(164,229)	(177,579)	(177,579)	(204,358)	(162,615)	(154,056)	(154,055)	(154,056)
Net Change in Total Pension Liability	281,142	202,954	(441,966)	229,593	316,126	789,992	615,316	(57,862)	334,518	81,529
Total Pension Liability - Beginning of year	4,438,746	4,235,792	4,677,758	4,448,165	4,132,039	3,342,047	2,726,731	2,784,593	2,450,075	2,368,546
Total Pension Liability - End of year	\$ 4,719,888	\$ 4,438,746	\$ 4,235,792	\$ 4,677,758	\$ 4,448,165	\$ 4,132,039	\$ 3,342,047	\$ 2,726,731	\$ 2,784,593	\$ 2,450,075
Plan Fiduciary Net Position										
Contributions - Employer	\$ 385,638	\$ 363,888	\$ 391,402	\$ 370,889	\$ 260,283	\$ 246,982	\$ 236,827	\$ 230,009	\$ 219,782	\$ 211,645
Contributions - Member	34,451	36,364	35,730	37,104	34,132	33,650	30,044	32,417	30,906	28,613
Net investment income (loss)	469,209	(786,277)	1,025,018	113,443	187,628	94,867	242,093	(78,706)	(84,618)	227,723
Administrative expenses	(13,034)	(8,869)	(15,149)	(12,244)	(17,061)	(13,120)	(8,875)	(5,612)	(8,870)	(2,128)
Benefit payments, including refunds	(157,029)	(157,029)	(164,229)	(177,579)	(177,579)	(204,358)	(162,615)	(154,056)	(154,055)	(154,056)
Net Change in Plan Fiduciary Net Position	719,235	(551,923)	1,272,772	331,613	287,403	158,021	337,474	24,052	3,145	311,797
Plan Fiduciary Net Position - Beginning of year	4,297,261	4,849,184	3,576,412	3,244,799	2,957,396	2,799,375	2,461,901	2,437,849	2,434,704	2,122,907
Plan Fiduciary Net Position - End of year	\$ 5,016,496	\$ 4,297,261	\$ 4,849,184	\$ 3,576,412	\$ 3,244,799	\$ 2,957,396	\$ 2,799,375	\$ 2,461,901	\$ 2,437,849	\$ 2,434,704
Township's Net Pension (Asset) Liability - Ending	\$ (296,608)	\$ 141,485	\$ (613,392)	\$ 1,101,346	\$ 1,203,366	\$ 1,174,643	\$ 542,672	\$ 264,830	\$ 346,744	\$ 15,371
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.28 %	96.81 %	114.48 %	76.46 %	72.95 %	71.57 %	83.76 %	90.29 %	87.55 %	99.37 %
Covered Payroll	\$ 718,787	\$ 718,787	\$ 741,847	\$ 741,847	\$ 741,847	\$ 741,847	\$ 690,413	\$ 506,370	\$ 626,003	\$ 607,770
Township's Net Pension (Asset) Liability as a Percentage of Covered Payroll	(41.27)%	19.68 %	(82.68)%	148.46 %	162.21 %	158.34 %	78.60 %	52.30 %	55.39 %	2.53 %

Township of Macomb

Required Supplementary Information Schedule of Pension Investment Returns

	Last Ten Fiscal Years Years Ended June 30									
	<u>2023</u>	<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>
Annual money-weighted rate of return - Net of investment expense	10.6 %	(15.8)%	29.9 %	3.5 %	6.5 %	3.2 %	10.1 %	(3.1)%	(3.4)%	11.3 %

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds. The Township adopted GASB Statement No. 54 during 2011. The Township did not amend the General Fund budget to take into account the additional activity accounted for in the General Fund as a result of implementation of GASB Statement No. 54. The table below reconciles the actual fiscal year activity in the General Fund budget to the General Fund activity reported in the governmental funds statement of revenue, expenditures, and changes in fund balances. In the General Fund, capital outlay and employee benefits and insurance were budgeted for as separate budget line items; actual expenditures were expensed by function classification. 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.

Encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2022 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The supervisor presents the preliminary budget to the board of trustees in May, and the final budget is legally adopted at a board meeting in June to commence on the first of July.

A reconciliation of the General Fund budgetary comparison schedule to the fund-based statement of revenue, expenditures, and changes in fund balances is as follows:

	<u>Fund Balance - Beginning of Year</u>	<u>Fund Balance - End of Year</u>
Fund balance per the governmental funds statement of revenue, expenditures, and changes in fund balances	\$ 25,120,134	\$ 31,295,842
The fund balance of the previous Budget Stabilization Fund was not included in the beginning and ending fund balance of the General Fund for the year ended June 30, 2023 budget	<u>(70,000)</u>	<u>(70,000)</u>
Fund balance per General Fund budget statement	<u>\$ 25,050,134</u>	<u>\$ 31,225,842</u>

Pension Information

Changes in Assumptions

2023: The mortality rates were updated to the PubS-2010 tables, with generational improvements using scale MP-2021.

2022: The mortality rates were updated to the PubS-2010 tables, with generational improvements using scale MP-2020.

2021: The investment rate of return increased from 5.0 to 6.0 percent, resulting in a change in the discount rate from 4.71 to 6.00 percent. Also, the mortality rates were updated to the PubS-2010 tables, with generational improvements using scale MP-2018.

2020: Discount rate used to measure the total pension liability was updated to be 4.71 percent.

2019: Discount rate used to measure the total pension liability was updated to be 4.66 percent.

2018: Discount rate used to measure the total pension liability was updated to be 4.8 percent.

2017: Discount rate used to measure the total pension liability was updated to be 5.0 percent.

2015: Mortality rates were updated to be based on the RP-2014 Healthy Annuitant Mortality Table.

OPEB Information

Changes in Assumptions

2023: The assumed salary increase assumption (including inflation) was increased to 3.25 percent. Also, the mortality rates were updated to the PubS-2010 tables, with generational improvements using scale MP-2021.

2022: The pre-Medicare health care cost trend rate was reduced to 7.25 percent, and the post-Medicare health care cost trend rate was reduced to 5.50 percent. Also, the mortality rates were updated to the PubS-2010 tables, with generational improvements using scale MP-2020.

2021: The pre-Medicare health care cost trend rate was reduced to 7.50 percent, and the post-Medicare health care cost trend rate was reduced to 5.75 percent.

2020: Mortality rates were updated to be based on the Pub-2010 Total Mortality Tables. Also, the pre-Medicare health care cost trend rate was reduced to 8.25 percent, and the post-Medicare health care cost trend rate was reduced to 6.50 percent.

2019: Changes in assumptions result from changes in the assumed salary interest rate, medical inflation rates, and the discount rate.

2018: Changes in assumptions resulted from changes in the interest rate and mortality tables.

Other Supplementary Information

Township of Macomb

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	Special Revenue	Debt Service Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Fund	Building Authority Debt Service	Parks and Recreation Revolving	Public Improvement	Fire Improvement	Building Authority Capital Projects	
Assets							
Cash and investments	\$ 37,418	\$ 323,815	\$ 676,326	\$ 2,540,799	\$ 2,180,251	\$ -	\$ 5,758,609
Restricted assets	-	-	-	-	-	371	371
Total assets	\$ 37,418	\$ 323,815	\$ 676,326	\$ 2,540,799	\$ 2,180,251	\$ 371	\$ 5,758,980
Liabilities - Accounts payable	\$ -	\$ -	\$ -	\$ 24,080	\$ 32,900	\$ -	\$ 56,980
Fund Balances							
Restricted:							
Fire	-	-	-	-	2,147,351	-	2,147,351
Debt service	-	-	676,326	-	-	-	676,326
Capital projects	-	-	-	-	-	371	371
Opioid remediation	37,418	-	-	-	-	-	37,418
Assigned:							
Capital outlay	-	-	-	2,516,719	-	-	2,516,719
Debt service	-	323,815	-	-	-	-	323,815
Total fund balances	37,418	323,815	676,326	2,516,719	2,147,351	371	5,702,000
Total liabilities and fund balances	\$ 37,418	\$ 323,815	\$ 676,326	\$ 2,540,799	\$ 2,180,251	\$ 371	\$ 5,758,980

Township of Macomb

Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2023

	Special	Debt Service Funds			Capital Projects Funds		Total Nonmajor Governmental Funds
	Revenue Fund	Building Authority Debt Service	Parks and Recreation Revolving	Public Improvement	Fire Improvement	Building Authority Capital Projects	
Revenue							
Investment gain	\$ 62	\$ 768	\$ 16,272	\$ 66,301	\$ 63,153	\$ 4,777	\$ 151,333
Other revenue	37,356	-	-	-	36	-	37,392
Total revenue	37,418	768	16,272	66,301	63,189	4,777	188,725
Expenditures							
Current services:							
General government	-	-	-	2,849	-	-	2,849
Public safety	-	-	-	-	1,035,379	420	1,035,799
Capital outlay	-	-	-	787,114	-	9,299	796,413
Debt service:							
Principal	-	2,835,000	-	-	-	-	2,835,000
Interest and fiscal charges	-	693,480	-	-	-	-	693,480
Total expenditures	-	3,528,480	-	789,963	1,035,379	9,719	5,363,541
Excess of Revenue Over (Under)							
Expenditures	37,418	(3,527,712)	16,272	(723,662)	(972,190)	(4,942)	(5,174,816)
Other Financing Sources (Uses)							
Transfers in	-	3,819,466	-	-	560,000	-	4,379,466
Transfers out	-	-	-	-	-	(292,046)	(292,046)
Total	-	3,819,466	-	-	560,000	(292,046)	4,087,420
Net Change in Fund Balances	37,418	291,754	16,272	(723,662)	(412,190)	(296,988)	(1,087,396)
Fund Balances - Beginning of year	-	32,061	660,054	3,240,381	2,559,541	297,359	6,789,396
Fund Balances - End of year	\$ 37,418	\$ 323,815	\$ 676,326	\$ 2,516,719	\$ 2,147,351	\$ 371	\$ 5,702,000

Township of Macomb

Other Supplementary Information Combining Statement of Fiduciary Net Position Fiduciary Funds

June 30, 2023

	<u>Fire Retirement Fund</u>	<u>Retiree Health Care Fund</u>	<u>Total Pension and Other Employee Benefit Trust Funds</u>
Assets			
Cash and cash equivalents	\$ 541,250	\$ 392,385	\$ 933,635
Investments:			
U.S. Treasury bonds	-	703,075	703,075
Agency securities	-	2,417,288	2,417,288
Stocks	1,216,796	-	1,216,796
Corporate bonds	-	3,000,237	3,000,237
Mutual funds - Equity	2,024,360	21,172,742	23,197,102
Mutual funds - Fixed income	1,234,090	6,996,416	8,230,506
Total assets	<u>5,016,496</u>	<u>34,682,143</u>	<u>39,698,639</u>
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - Restricted			
Pension	5,016,496	-	5,016,496
Postemployment benefits other than pension	-	34,682,143	34,682,143
Total net position	<u><u>\$ 5,016,496</u></u>	<u><u>\$ 34,682,143</u></u>	<u><u>\$ 39,698,639</u></u>

Township of Macomb

**Other Supplementary Information
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds**

Year Ended June 30, 2023

	Fire Retirement Fund	Retiree Health Care Fund	Total Pension and Other Employee Benefit Trust Funds
Additions			
Investment income (loss/expenses):			
Interest and dividends	\$ 225,041	\$ 1,290,177	\$ 1,515,218
Net increase in fair value of investments	259,168	1,843,955	2,103,123
Investment costs	(15,000)	(57,562)	(72,562)
Net investment income	469,209	3,076,570	3,545,779
Contributions:			
Employer	385,638	393,066	778,704
Employee	34,451	-	34,451
Total contributions	420,089	393,066	813,155
Miscellaneous revenue	-	38,009	38,009
Total additions	889,298	3,507,645	4,396,943
Deductions			
Benefit payments	157,029	447,640	604,669
Administrative expenses	13,035	5,999	19,034
Total deductions	170,064	453,639	623,703
Net Increase in Net Position Held in Trust	719,234	3,054,006	3,773,240
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	4,297,262	31,628,137	35,925,399
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 5,016,496	\$ 34,682,143	\$ 39,698,639