
Township of Macomb

Macomb County, Michigan

Financial Report
with Supplementary Information
June 30, 2024

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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, 2024 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, 2024 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

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 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.



November 15, 2024

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, 2024 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets:						
Cash and investments	\$ 72,281,555	\$ 67,722,574	\$ 31,322,214	\$ 33,697,174	\$ 103,603,769	\$ 101,419,748
Receivables	3,855,271	2,979,270	9,856,625	10,255,210	13,711,896	13,234,480
Other assets	22,684,811	7,216,601	8,862,377	6,081,896	31,547,188	13,298,497
Capital assets	84,000,740	73,915,557	200,540,978	195,359,943	284,541,718	269,275,500
Total assets	182,822,377	151,834,002	250,582,194	245,394,223	433,404,571	397,228,225
Deferred Outflows of Resources	856,203	2,072,653	158,811	457,695	1,015,014	2,530,348
Liabilities						
Current liabilities	8,188,639	4,947,220	5,532,902	6,559,726	13,721,541	11,506,946
Noncurrent liabilities	14,835,682	16,962,955	33,688,049	36,024,975	48,523,731	52,987,930
Total liabilities	23,024,321	21,910,175	39,220,951	42,584,701	62,245,272	64,494,876
Deferred Inflows of Resources	18,209,633	6,249,318	4,906,711	1,549,143	23,116,344	7,798,461
Net Position						
Net investment in capital assets	70,626,471	58,460,397	167,062,399	159,553,400	237,688,870	218,013,797
Restricted	18,666,354	17,049,271	2,210,698	3,831,953	20,877,052	20,881,224
Unrestricted	53,151,801	50,237,494	37,340,246	38,332,721	90,492,047	88,570,215
Total net position	\$ 142,444,626	\$ 125,747,162	\$ 206,613,343	\$ 201,718,074	\$ 349,057,969	\$ 327,465,236

The Township's combined net position increased by approximately \$21.3 million from a year ago, increasing from \$327.5 million to \$348.8 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 13 percent, during fiscal year 2024. The business-type activities net position increased from the previous year by approximately \$4.9 million, or 2.4 percent, during fiscal year 2024. The increase in total net position for both governmental and business-type activities is primarily attributable to a significant increase in the net OPEB asset, a result of the plan's coverage for participants greater than age 65 being changed to a Medicare Advantage plan.

Unrestricted net position for the governmental activities was \$53.3 million at June 30, 2024. 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 \$7.5 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, 2024 and the prior year:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue						
Program revenue:						
Charges for services	\$ 6,312,324	\$ 5,450,142	\$ 31,960,030	\$ 33,115,155	\$ 38,272,354	\$ 38,565,297
Operating grants and contributions	319,550	7,170,578	1,662	3,262	321,212	7,173,840
Capital grants and contributions	217,109	310,037	4,876,521	2,869,749	5,093,630	3,179,786
General revenue:						
Property taxes	22,223,873	20,708,858	-	-	22,223,873	20,708,858
State-shared revenue	10,671,678	10,241,735	-	-	10,671,678	10,241,735
Investment earnings	3,332,374	1,271,465	1,584,677	705,887	4,917,051	1,977,352
Cable fees and other	1,852,140	1,948,833	110,360	126,142	1,962,500	2,074,975
Total revenue	44,929,048	47,101,648	38,533,250	36,820,195	83,462,298	83,921,843
Expenses						
General government	5,040,717	6,241,862	-	-	5,040,717	6,241,862
Public safety	14,009,736	14,080,652	-	-	14,009,736	14,080,652
Public works	4,017,302	2,997,714	-	-	4,017,302	2,997,714
Community and economic development	733,898	922,769	-	-	733,898	922,769
Recreation and culture	3,922,255	5,888,979	-	-	3,922,255	5,888,979
Debt service	507,676	609,221	-	-	507,676	609,221
Water and sewer	-	-	33,637,981	34,088,755	33,637,981	34,088,755
Total expenses	28,231,584	30,741,197	33,637,981	34,088,755	61,869,565	64,829,952
Change in Net Position	16,697,464	16,360,451	4,895,269	2,731,440	21,592,733	19,091,891
Net Position - Beginning of year	125,747,162	109,386,711	201,718,074	198,986,634	327,465,236	308,373,345
Net Position - End of year	\$ 142,444,626	\$ 125,747,162	\$ 206,613,343	\$ 201,718,074	\$ 349,057,969	\$ 327,465,236

Governmental Activities

The Township's total governmental revenue decreased by approximately \$2.4 million from the last fiscal year. The decrease was primarily attributable to a lack of revenue related to ARPA, for which \$6.7 million was recorded in 2023, when the entire remainder of the Township's ARPA award was spent.

Total governmental expenses decreased by about \$2.5 million, or 8.2 percent, from the last fiscal year. The decrease corresponds with the reduction in ARPA revenue, as there were no expenditures related to the ARPA award in 2023.

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 increased by \$1.7 million primarily as a result of increased contributions of water and sewer lines from developers during the year ended June 30, 2024.

Expenses decreased by about \$0.5 million for the year ended June 30, 2024. 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 2024 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 was consistent with budget. Actual expenditures were 14.6 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 \$10.1 million.

Capital Assets and Debt Administration

At the end of fiscal year 2024, the Township had approximately \$284.5 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 \$16.9 million and \$18.0 million for fiscal years 2024 and 2023, 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 \$43.4 million and \$40.5 million for fiscal years 2024 and 2023, 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 2024 tax rate decreased slightly when compared with the 2023 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 13.4 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 by approximately 31 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.

June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 3)	\$ 72,281,555	\$ 31,322,214	\$ 103,603,769
Receivables - Net:			
Property taxes	21,532	-	21,532
Special assessments	325,626	105,175	430,801
Customers	2,985	9,751,450	9,754,435
Leases receivable (Note 14)	1,423,998	-	1,423,998
Due from other governmental units	2,081,130	-	2,081,130
Inventory	-	165,627	165,627
Other assets	38,962	-	38,962
Restricted assets (Note 7)	-	2,210,698	2,210,698
Net pension asset (Note 10)	593,260	-	593,260
Net OPEB asset (Note 9)	22,052,589	6,486,052	28,538,641
Capital assets: (Note 4)			
Assets not subject to depreciation	19,663,714	27,776,830	47,440,544
Assets subject to depreciation - Net	64,337,026	172,764,148	237,101,174
Total assets	182,822,377	250,582,194	433,404,571
Deferred Outflows of Resources			
Deferred charges on bond refunding	220,751	77,614	298,365
Deferred pension costs (Note 10)	359,375	-	359,375
Deferred OPEB costs (Note 9)	276,077	81,197	357,274
Total deferred outflows of resources	856,203	158,811	1,015,014
Liabilities			
Accounts payable	1,080,791	4,057,781	5,138,572
Due to other governmental units	-	441,932	441,932
Refundable deposits and bonds	2,722,818	-	2,722,818
Accrued liabilities and other	1,885,030	1,033,189	2,918,219
Unearned revenue	2,500,000	-	2,500,000
Noncurrent liabilities:			
Due within one year:			
Current portion of compensated absences (Note 6)	1,226,737	221,274	1,448,011
Current portion of long-term debt (Note 6)	2,246,425	2,303,536	4,549,961
Due in more than one year:			
Compensated absences - Net of current portion (Note 6)	13,925	1,107	15,032
Long-term debt - Net of current portion (Note 6)	11,348,595	31,162,132	42,510,727
Total liabilities	23,024,321	39,220,951	62,245,272
Deferred Inflows of Resources			
Deferred benefit on bond refunding	-	90,525	90,525
Deferred pension cost reductions (Note 10)	507,622	-	507,622
Deferred OPEB cost reductions (Note 9)	16,375,040	4,816,186	21,191,226
Deferred inflows from leases (Note 14)	1,326,971	-	1,326,971
Total deferred inflows of resources	18,209,633	4,906,711	23,116,344
Net Position			
Net investment in capital assets	70,626,471	167,062,399	237,688,870
Restricted:			
Fire	14,643,903	-	14,643,903
County drains	-	2,210,698	2,210,698
Law enforcement	3,648,717	-	3,648,717
Opioid remediation	373,734	-	373,734
Unrestricted	53,151,801	37,340,246	90,492,047
Total net position	\$ 142,444,626	\$ 206,613,343	\$ 349,057,969

Township of Macomb

Statement of Activities

Year Ended June 30, 2024

	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary government:							
Governmental activities:							
General government	\$ 5,040,717	\$ 658,592	\$ 102,500	\$ -	\$ (4,279,625)	\$ -	\$ (4,279,625)
Public safety	14,009,736	2,274,567	-	-	(11,735,169)	-	(11,735,169)
Public works	4,017,302	1,213,175	-	217,109	(2,587,018)	-	(2,587,018)
Community and economic development	733,898	-	217,050	-	(516,848)	-	(516,848)
Recreation and culture	3,922,255	2,165,990	-	-	(1,756,265)	-	(1,756,265)
Interest on long-term debt	507,676	-	-	-	(507,676)	-	(507,676)
Total governmental activities	28,231,584	6,312,324	319,550	217,109	(21,382,601)	-	(21,382,601)
Business-type activities - Water and sewer	33,637,981	31,960,030	1,662	4,876,521	-	3,200,232	3,200,232
Total primary government	\$ 61,869,565	\$ 38,272,354	\$ 321,212	\$ 5,093,630	(21,382,601)	3,200,232	(18,182,369)
General revenue:							
Property taxes					22,223,873	-	22,223,873
Unrestricted state-shared revenue					10,671,678	-	10,671,678
Unrestricted investment income					3,332,374	1,584,677	4,917,051
Cable franchise fees - Unrestricted					1,424,901	-	1,424,901
Gain on sale of capital assets					-	110,360	110,360
Other miscellaneous income					427,239	-	427,239
Total general revenue					38,080,065	1,695,037	39,775,102
Change in Net Position					16,697,464	4,895,269	21,592,733
Net Position - Beginning of year					125,747,162	201,718,074	327,465,236
Net Position - End of year					\$ 142,444,626	\$ 206,613,343	\$ 349,057,969

Township of Macomb

	General Fund	Parks and Recreation Operating Fund	Fire Operating Fund	Law Enforcement Fund
Assets				
Cash and investments (Note 3)	\$ 34,855,625	\$ 6,232,369	\$ 12,852,174	\$ 5,818,753
Receivables:				
Property taxes	21,532	-	-	-
Special assessments	325,626	-	-	-
Customers	-	-	2,985	-
Leases receivable (Note 14)	1,423,998	-	-	-
Due from other governmental units	1,796,884	-	-	-
Other assets	38,962	-	-	-
	\$ 38,462,627	\$ 6,232,369	\$ 12,855,159	\$ 5,818,753
Liabilities				
Accounts payable	\$ 392,962	\$ 429,720	\$ 124,914	\$ 4,138
Refundable deposits and bonds	2,722,818	-	-	-
Accrued liabilities and other	392,212	369,584	166,746	-
Unearned revenue	-	-	-	-
	3,507,992	799,304	291,660	4,138
Deferred Inflows of Resources				
Unavailable revenue	1,756,679	-	-	-
Deferred inflows from leases (Note 14)	1,326,971	-	-	-
	3,083,650	-	-	-
	6,591,642	799,304	291,660	4,138
Fund Balances				
Restricted:				
Fire	-	-	12,563,499	-
Law enforcement	-	-	-	3,648,717
Opioid remediation	-	-	-	-
Assigned:				
Subsequent year's budget	-	-	-	-
Capital outlay	-	-	-	-
Road projects	-	-	-	-
Debt service	-	-	-	-
Parks and recreation	-	5,433,065	-	-
Law enforcement	-	-	-	2,165,898
Unassigned	31,870,985	-	-	-
	31,870,985	5,433,065	12,563,499	5,814,615
	\$ 38,462,627	\$ 6,232,369	\$ 12,855,159	\$ 5,818,753

Governmental Funds Balance Sheet

June 30, 2024

Municipal Roadway Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,525,467	\$ 4,997,167	\$ 72,281,555
-	-	21,532
-	-	325,626
-	-	2,985
-	-	1,423,998
-	284,246	2,081,130
-	-	38,962
\$ 7,525,467	\$ 5,281,413	\$ 76,175,788
\$ 85,522	\$ 43,535	\$ 1,080,791
-	-	2,722,818
830,651	-	1,759,193
2,500,000	-	2,500,000
3,416,173	43,535	8,062,802
-	267,125	2,023,804
-	-	1,326,971
-	267,125	3,350,775
3,416,173	310,660	11,413,577
-	2,080,404	14,643,903
-	-	3,648,717
-	106,609	106,609
-	1,179,500	1,179,500
-	1,026,635	1,026,635
4,109,294	-	4,109,294
-	577,605	577,605
-	-	5,433,065
-	-	2,165,898
-	-	31,870,985
4,109,294	4,970,753	64,762,211
\$ 7,525,467	\$ 5,281,413	\$ 76,175,788

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 64,762,211
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	84,000,740
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	2,023,804
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(13,374,269)
Accrued interest is not due and payable in the current period and is not reported in the funds	(125,837)
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	(1,240,662)
Pension benefits	445,013
Retiree health care benefits	5,953,626
Net Position of Governmental Activities	<u>\$ 142,444,626</u>

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

Year Ended June 30, 2024

	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	\$ 2,933,152	\$ 3,500,395	\$ 8,841,228	\$ 6,949,098	\$ -	\$ -	\$ 22,223,873
Special assessments	1,345,828	-	-	-	-	-	1,345,828
Intergovernmental:							
Federal grants and other	269,550	-	-	-	-	-	269,550
State-shared revenue and grants	10,382,893	-	-	39,111	100,000	-	10,522,004
Charges for services	316,712	2,165,990	-	-	54,056	-	2,536,758
Fines and forfeitures	276,467	-	-	-	-	-	276,467
Licenses and permits	3,428,986	-	-	-	-	-	3,428,986
Investment gain:							
Investment earnings	1,801,928	287,753	571,771	238,377	196,184	236,361	3,332,374
Lease revenue	348,799	-	-	-	-	-	348,799
Other revenue	76,884	41,458	5,336	48	30,400	73,484	227,610
Total revenue	21,181,199	5,995,596	9,418,335	7,226,634	380,640	309,845	44,512,249
Expenditures							
Current services:							
General government	6,989,987	-	370,893	-	-	335	7,361,215
Public safety	1,599,552	-	6,565,756	6,106,054	-	1,368,799	15,640,161
Public works	1,723,444	-	-	-	483,834	-	2,207,278
Social services	217,050	-	-	-	-	-	217,050
Community and economic development	516,848	-	-	-	-	-	516,848
Recreation and culture	75,486	8,319,652	-	-	-	-	8,395,138
Capital outlay	-	-	-	-	6,928,497	410,554	7,339,051
Debt service:							
Principal	-	-	-	-	-	1,805,000	1,805,000
Interest and fiscal charges	-	-	-	-	-	575,407	575,407
Total expenditures	11,122,367	8,319,652	6,936,649	6,106,054	7,412,331	4,160,095	44,057,148
Excess of Revenue Over (Under) Expenditures	10,058,832	(2,324,056)	2,481,686	1,120,580	(7,031,691)	(3,850,250)	455,101
Other Financing Sources (Uses)							
Transfers in	-	2,200,000	-	-	7,200,000	3,796,070	13,196,070
Transfers out	(10,393,495)	(699,200)	(1,426,308)	-	-	(677,067)	(13,196,070)
(Terminated) new leases	(39,008)	-	49,031	-	-	-	10,023
Sale of capital assets	948,814	-	10	-	-	-	948,824
Total other financing (uses) sources	(9,483,689)	1,500,800	(1,377,267)	-	7,200,000	3,119,003	958,847
Net Change in Fund Balances	575,143	(823,256)	1,104,419	1,120,580	168,309	(731,247)	1,413,948
Fund Balances - Beginning of year	31,295,842	6,256,321	11,459,080	4,694,035	3,940,985	5,702,000	63,348,263
Fund Balances - End of year	\$ 31,870,985	\$ 5,433,065	\$ 12,563,499	\$ 5,814,615	\$ 4,109,294	\$ 4,970,753	\$ 64,762,211

Governmental Funds

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

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds	\$ 1,413,948
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	14,174,466
Depreciation expense	(3,808,768)
Net book value of assets disposed of	(280,515)
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	416,799
New leases provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position	(90,995)
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)	2,060,411
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	127,571
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	2,684,547
Change in Net Position of Governmental Activities	<u>\$ 16,697,464</u>

Township of Macomb

Proprietary Fund Statement of Net Position

June 30, 2024

	<u>Enterprise Fund - Water and Sewer</u>
Assets	
Current assets:	
Cash and cash equivalents (Note 3)	\$ 31,322,214
Receivables - Net:	
Special assessments receivable - Due within one year	105,175
Customers	9,751,450
Inventory	<u>165,627</u>
Total current assets	41,344,466
Noncurrent assets:	
Restricted assets (Note 7)	2,210,698
Net OPEB asset (Note 9)	6,486,052
Capital assets:	
Assets not subject to depreciation (Note 4)	27,776,830
Assets subject to depreciation - Net (Note 4)	<u>172,764,148</u>
Total noncurrent assets	<u>209,237,728</u>
Total assets	250,582,194
Deferred Outflows of Resources	
Deferred charges on bond refunding	77,614
Deferred OPEB costs (Note 9)	<u>81,197</u>
Total deferred outflows of resources	158,811
Liabilities	
Current liabilities:	
Accounts payable	4,057,781
Due to other governmental units	441,932
Accrued liabilities and other	1,033,189
Current portion of compensated absences (Note 6)	221,274
Current portion of long-term debt (Note 6)	<u>2,303,536</u>
Total current liabilities	8,057,712
Noncurrent liabilities:	
Compensated absences - Net of current portion (Note 6)	1,107
Long-term debt - Net of current portion (Note 6)	<u>31,162,132</u>
Total noncurrent liabilities	<u>31,163,239</u>
Total liabilities	39,220,951
Deferred Inflows of Resources	
Deferred benefit on bond refunding (Note 6)	90,525
Deferred OPEB cost reductions (Note 9)	<u>4,816,186</u>
Total deferred inflows of resources	4,906,711
Net Position	
Net investment in capital assets	167,062,399
Restricted for county drains (Note 7)	2,210,698
Unrestricted	<u>37,340,246</u>
Total net position	<u><u>\$ 206,613,343</u></u>

Township of Macomb

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

Year Ended June 30, 2024

	<u>Enterprise Fund - Water and Sewer</u>
Operating Revenue	
Sale of water	\$ 16,414,740
Sewage disposal charges	13,718,393
Charges for services	<u>1,826,897</u>
Total operating revenue	31,960,030
Operating Expenses	
Cost of water	13,745,227
Cost of sewage disposal	10,016,938
Operation and maintenance	2,020,947
General and administrative	2,170,560
Depreciation (Note 4)	<u>4,723,365</u>
Total operating expenses	<u>32,677,037</u>
Operating Loss	(717,007)
Nonoperating Revenue (Expense)	
Investment gain	1,584,677
Interest expense	(960,944)
Gain on sale of assets	110,360
Grants	<u>1,662</u>
Total nonoperating revenue	<u>735,755</u>
Income - Before contributions	18,748
Capital Contributions	
Developers and other governmental units	4,553,055
Tap fees and frontage charges	<u>323,466</u>
Total capital contributions	<u>4,876,521</u>
Change in Net Position	4,895,269
Net Position - Beginning of year	<u>201,718,074</u>
Net Position - End of year	<u><u>\$ 206,613,343</u></u>

Township of Macomb

Proprietary Fund Statement of Cash Flows

Year Ended June 30, 2024

	<u>Enterprise Fund - Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 32,317,425
Payments to suppliers	(27,153,667)
Payments to employees	(2,566,172)
	<u>2,597,586</u>
Net cash and cash equivalents provided by operating activities	2,597,586
Cash Flows Provided by Noncapital Financing Activities - Operating grants and subsidies	1,662
Cash Flows from Capital and Related Financing Activities	
Collection of special assessments	41,190
Collection of customer tap fees	323,466
Proceeds from sale of capital assets	110,360
Purchase of capital assets	(3,730,090)
Principal and interest paid on capital debt and leases	(3,303,811)
	<u>(6,558,885)</u>
Net cash and cash equivalents used in capital and related financing activities	(6,558,885)
Cash Flows Provided by Investing Activities - Interest received on investments	<u>1,584,677</u>
Net Decrease in Cash and Cash Equivalents	(2,374,960)
Cash and Cash Equivalents - Beginning of year	<u>33,697,174</u>
Cash and Cash Equivalents - End of year	<u>\$ 31,322,214</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (717,007)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	4,723,365
Changes in assets and liabilities:	
Receivables	357,395
Inventory	(18,711)
Net OPEB asset	(4,383,025)
Accounts payable	(893,050)
Deferrals related to OPEB	3,658,559
Accrued and other liabilities	(129,940)
	<u>2,597,586</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 2,597,586</u>

Noncash Investing, Capital, and Financing Activities - During the year ended June 30, 2024, \$6,177,255 of water and sewer main assets were contributed to the Township either by developers or in connection with Oakland and Macomb County's MID and OMID drain and interceptor projects. A portion of these assets remained within construction in progress at June 30, 2024.

Township of Macomb

Fiduciary Funds Statement of Fiduciary Net Position

June 30, 2024

	Pension and Other Employee Benefit Trust Funds	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$ 642,735	\$ 23,466	\$ 666,201
Investments:			
U.S. Treasury bonds	977,203	-	977,203
Agency securities	2,426,146	-	2,426,146
Stocks	727,183	-	727,183
Corporate bonds	2,832,050	-	2,832,050
Mutual funds - Equity	28,102,241	-	28,102,241
Mutual funds - Fixed income	8,702,333	-	8,702,333
Total assets	44,409,891	23,466	44,433,357
Liabilities - Due to other governments	-	23,466	23,466
Net Position - Restricted			
Pension	5,767,062	-	5,767,062
Postemployment benefits other than pension	38,642,829	-	38,642,829
Total net position	<u>\$ 44,409,891</u>	<u>\$ -</u>	<u>\$ 44,409,891</u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	Pension and Other Employee Benefit Trust Funds	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
Additions			
Investment income (loss/expenses):			
Interest and dividends	\$ 1,539,906	\$ 615,834	\$ 2,155,740
Net increase in fair value of investments	3,159,228	-	3,159,228
Investment costs	(140,596)	-	(140,596)
Net investment income	4,558,538	615,834	5,174,372
Contributions:			
Employer	578,485	-	578,485
Employee	39,188	-	39,188
Total contributions	617,673	-	617,673
Property tax collections	-	130,269,608	130,269,608
Miscellaneous revenue	38,391	-	38,391
Total additions	5,214,602	130,885,442	136,100,044
Deductions			
Benefit payments	490,670	-	490,670
Administrative expenses	12,680	-	12,680
Tax distributions to other governments	-	130,885,442	130,885,442
Total deductions	503,350	130,885,442	131,388,792
Net Increase in Net Position Held in Trust	4,711,252	-	4,711,252
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	39,698,639	-	39,698,639
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 44,409,891	\$ -	\$ 44,409,891

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
	<hr/>
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.

Unearned Revenue

Unearned revenue is recorded in the government-wide statement of net position and in the balance sheet for governmental funds. Unearned revenue consists of grant proceeds, which are not considered earned until they have been spent on eligible expenditures.

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, the deferred pension outflow reported in the government-wide statement of net position, and the deferred OPEB outflows reported in the government-wide and proprietary fund statements 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 2023 property tax revenue is levied and collectible on December 1, 2023 and is recognized as revenue in the year ended June 30, 2024 when the proceeds of the levy are budgeted and available for the financing of operations.

Note 1 - Significant Accounting Policies (Continued)

The 2023 taxable valuation of the Township totaled approximately \$4.6 billion, on which ad valorem taxes levied consisted of 0.6258 mills for operating purposes, 1.9000 mills for fire operating services, 0.0625 mills for fire pension, 1.5000 mills for police protection, and 0.7500 mills for parks and recreation. This resulted in \$2.9 million for operating, \$8.5 million for fire operations, \$0.3 million for fire pension, \$6.9 million for police protection, and \$3.5 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. 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.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Township's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Township's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Township's financial statements for the year ending June 30, 2026.

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, 2023		\$ (7,755,213)
Current year permit revenue		2,126,213
Related expenses:		
Direct costs	\$ 1,577,835	
Estimated indirect costs	399,410	1,977,245
Net surplus for the year ended June 30, 2024		148,968
Cumulative expenditures over revenue - June 30, 2024		\$ (7,606,245)

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 eight 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.

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 \$71,080,591 (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	\$ 1,715,713	0.42
U.S. government agency securities	14,915,089	0.95
Municipal bonds	7,913,419	2.13
Total	<u>\$ 24,544,221</u>	

June 30, 2024

Note 3 - Deposits and Investments (Continued)

Investment	Carrying Value	Weighted-average Maturity (Years)
Fiduciary Funds		
U.S. government agency securities	\$ 2,426,146	23.40
U.S. Treasury bonds	977,203	15.56
Corporate bonds	2,832,050	8.18
Mutual funds - Fixed income	<u>8,702,333</u>	8.24
Total	<u>\$ 14,937,732</u>	

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	\$ 14,915,089	Aaa	Moody's
Municipal bonds	4,396,068	AA+ to AA-	S&P
Municipal bonds	3,517,351	Aaa to Aa2	Moody's
U.S. Treasury bonds	<u>1,715,713</u>	Aaa	Moody's
Total	<u>\$ 24,544,221</u>		

Investment	Carrying Value	Rating	Rating Organization
Fiduciary Funds			
U.S. government agency securities	\$ 2,426,146	AAA to BBB	S&P
Corporate bonds	2,832,050	AAA to BBB-	S&P
Mutual funds - Fixed income	8,702,333	Not rated	Not rated
U.S. Treasury bonds	<u>977,203</u>	AA+ to A	S&P
Total	<u>\$ 14,937,732</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.

June 30, 2024

Note 3 - Deposits and Investments (Continued)

The Township has the following recurring fair value measurements as of June 30, 2024:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2024		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Balance at June 30, 2024
Debt:			
Municipal bonds	\$ -	\$ 7,913,419	\$ 7,913,419
U.S. Treasury bonds	2,692,916	-	2,692,916
U.S. government agency securities	-	17,341,235	17,341,235
Corporate bonds	-	2,832,050	2,832,050
Mutual funds - Fixed income	8,702,333	-	8,702,333
Total debt	11,395,249	28,086,704	39,481,953
Equity:			
Mutual funds - Equity	28,102,241	-	28,102,241
Common stock	727,183	-	727,183
Total equity	28,829,424	-	28,829,424
Total assets	\$ 40,224,673	\$ 28,086,704	\$ 68,311,377

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, 2024 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, 2024

Note 4 - Capital Assets

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

Governmental Activities

	Balance July 1, 2023	Additions	Disposals and Reclassifications	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 5,146,278	\$ 205,004	\$ (169,209)	\$ 5,182,073
Construction in progress	6,971,183	11,988,117	(4,477,659)	14,481,641
Subtotal	12,117,461	12,193,121	(4,646,868)	19,663,714
Capital assets being depreciated:				
Infrastructure	27,914,731	-	-	27,914,731
Buildings and improvements	63,944,244	153,483	4,448,050	68,545,777
Vehicles	3,949,597	421,452	-	4,371,049
Office furnishings	4,704,207	-	(608,729)	4,095,478
Other tools and equipment	1,679,286	1,315,415	(125,056)	2,869,645
Right-of-use asset - Vehicles	1,225,869	90,995	(39,008)	1,277,856
Subtotal	103,417,934	1,981,345	3,675,257	109,074,536
Accumulated depreciation:				
Infrastructure	9,963,663	1,088,771	-	11,052,434
Buildings and improvements	23,415,842	1,656,953	(1,182)	25,071,613
Vehicles	3,403,521	273,439	-	3,676,960
Office furnishings	3,288,588	341,492	(588,129)	3,041,951
Other tools and equipment	1,330,305	205,610	(93,983)	1,441,932
Right-of-use asset - Vehicles	217,919	242,503	(7,802)	452,620
Subtotal	41,619,838	3,808,768	(691,096)	44,737,510
Net capital assets being depreciated	61,798,096	(1,827,423)	4,366,353	64,337,026
Net governmental activities capital assets	<u>\$ 73,915,557</u>	<u>\$ 10,365,698</u>	<u>\$ (280,515)</u>	<u>\$ 84,000,740</u>

June 30, 2024

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2023	Additions	Disposals and Reclassifications	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 293,123	\$ -	\$ -	\$ 293,123
Construction in progress	26,320,956	6,921,004	(5,758,253)	27,483,707
Subtotal	26,614,079	6,921,004	(5,758,253)	27,776,830
Capital assets being depreciated:				
Water and sewer mains	247,435,731	1,744,225	5,758,253	254,938,209
Buildings and improvements	2,558,702	235,378	-	2,794,080
Water meters	5,617,886	210,664	-	5,828,550
Vehicles	882,700	443,281	(155,694)	1,170,287
Furniture and equipment	1,383,924	109,287	(12,888)	1,480,323
Right-of-use asset - Vehicles	347,974	243,506	-	591,480
Subtotal	258,226,917	2,986,341	5,589,671	266,802,929
Accumulated depreciation:				
Water and sewer mains	83,907,133	4,181,257	-	88,088,390
Buildings and improvements	1,675,397	66,910	-	1,742,307
Water meters	2,395,542	114,464	-	2,510,006
Vehicles	613,119	114,172	(146,859)	580,432
Furniture and equipment	868,850	129,723	(18,778)	979,795
Right-of-use asset - Vehicles	21,012	116,839	-	137,851
Subtotal	89,481,053	4,723,365	(165,637)	94,038,781
Net capital assets being depreciated	168,745,864	(1,737,024)	5,755,308	172,764,148
Net business-type activities capital assets	<u>\$ 195,359,943</u>	<u>\$ 5,183,980</u>	<u>\$ (2,945)</u>	<u>\$ 200,540,978</u>

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

Governmental activities:	
General government	\$ 644,270
Public safety	904,474
Public works	1,094,742
Recreation and culture	1,165,282
Total governmental activities	<u>\$ 3,808,768</u>
Business-type activities - Water and sewer	\$ 4,723,365

June 30, 2024

Note 4 - Capital Assets (Continued)

Construction Commitments

The Township has approved certain construction projects prior to June 30, 2024. At year end, the Township's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Water and sewer infrastructure	\$ 9,008,363	\$ 4,311,772
Capital projects	-	225,253
Construction commitments	<u>\$ 9,008,363</u>	<u>\$ 4,537,025</u>

Note 5 - Interfund Receivables, Payables, and Transfers

As of June 30, 2024, 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:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Municipal Roadway Capital Projects Fund	\$ 7,200,000
	Parks and Recreation Operating Fund	2,200,000
	Nonmajor governmental funds	993,495
	Total General Fund	10,393,495
Fire Operating Fund	Nonmajor governmental funds	1,426,308
	Parks and Recreation Operating Fund	699,200
	Nonmajor governmental funds	677,067
Total		<u>\$ 13,196,070</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, 2024

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% -						
Maturing through 2025	4.00%	\$875,000	\$ 1,760,000	\$ -	\$ (885,000)	\$ 875,000	\$ 875,000
Unamortized bond premium			178,246	-	(89,123)	89,123	89,123
2018 Building Authority Refunding Bonds:							
Amount of issue - \$14,010,000	4.00% -	\$485,000-					
Maturing through 2035	5.00%	\$895,000	9,920,000	-	(460,000)	9,460,000	485,000
Unamortized bond premium			945,135	-	(63,009)	882,126	63,009
2021 Building Authority Refunding Bonds:							
Amount of issue - \$3,180,000	3.00% -	\$425,000-					
Maturing through 2027	4.00%	\$445,000	1,760,000	-	(460,000)	1,300,000	445,000
Unamortized bond premium			159,516	-	(39,879)	119,637	39,879
Total bonds payable			14,722,897	-	(1,997,011)	12,725,886	1,997,011
Lease liability (Note 14)			1,033,550	90,995	(255,411)	869,134	249,414
Compensated absences			1,206,508	1,215,573	(1,181,419)	1,240,662	1,226,737
Total governmental activities long-term debt			\$ 16,962,955	\$ 1,306,568	\$ (3,433,841)	\$ 14,835,682	\$ 3,473,162

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, 2024

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		\$95,239 -					
Maturing through 2031	2.50%	\$110,437	\$ 811,559	\$ -	\$ (92,876)	\$ 718,683	\$ 95,239
2010 North Gratiot Interceptor Drainage District:							
Amount of issue - \$103,529	1.00% -	\$4,241 -					
Maturing through 2035	6.35%	\$5,950	59,652	-	(4,119)	55,533	4,241
2015 North Gratiot Interceptor Drainage District:							
Amount of issue - \$846,752	3.50% -	\$48,343 -					
Maturing through 2033	5.00%	\$56,068	535,014	-	(48,343)	486,671	48,343
2015A MID Drainage District:							
Amount of issue - \$499,851		\$19,042 -					
Maturing through 2036	2.50%	\$22,094	260,118	-	(17,681)	242,437	19,042
2013 OMID Drainage District:							
Amount of issue - \$4,619,982		\$227,311 -					
Maturing through 2034	2.00%	\$276,958	2,988,023	-	(222,701)	2,765,322	227,311
2014 OMID Drainage District:							
Amount of issue - \$714,579	2.00% -	\$32,211 -					
Maturing through 2035	3.125%	\$44,348	449,085	-	(31,744)	417,341	32,211
2017A MID Drainage District and Refunding Bonds:							
Amount of issue - \$19,249,777		\$417,014 -					
Maturing through 2042	5.00%	\$1,287,443	15,357,431	-	(756,367)	14,601,064	794,403
Unamortized bond premium			2,417,612	-	(168,233)	2,249,379	168,233
2019 OMID Drainage District Refunding Bonds:							
Amount of issue - \$304,268		\$28,031 -					
Maturing through 2030	1.85%	\$33,773	211,754	-	(27,020)	184,734	28,031
2020 Clintondale Pump Station Improvements Drainage District:							
Amount of issue - \$2,024,393		\$170,503 -					
Maturing through 2031	5.00%	\$245,918	1,587,643	-	(161,322)	1,426,321	170,503
Unamortized bond premium			335,038	-	(43,231)	291,807	42,231
2020A OMID Drainage District:							
Amount of issue - \$6,996,937	2.00% -	\$196,890 -					
Maturing through 2040	5.00%	\$491,002	6,528,558	-	(187,718)	6,340,840	196,890
Unamortized bond premium			803,990	-	(46,916)	757,074	46,916
2020 MID Drainage District:							
Amount of issue - \$349,852	-	-	349,852	-	(349,852)	-	-
Total direct borrowings principal outstanding			32,695,329	-	(2,158,123)	30,537,206	1,873,594
Other debt:							
2021 Refunding Bonds:							
Amount of issue - \$3,390,000	3.00% -	\$275,000 -					
Maturing through 2031	4.00%	\$340,000	2,410,000	-	(265,000)	2,145,000	275,000
Unamortized bond premium			356,617	-	(45,338)	311,279	45,338
Total general obligation bonds			35,461,946	-	(2,468,461)	32,993,485	2,193,932

June 30, 2024

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Lease liability			\$ 329,579	\$ 240,511	\$ (97,907)	\$ 472,183	\$ 109,604
Compensated absences			233,450	215,685	(226,754)	222,381	221,274
Total business-type activities long-term debt			<u>\$ 36,024,975</u>	<u>\$ 456,196</u>	<u>\$ (2,793,122)</u>	<u>\$ 33,688,049</u>	<u>\$ 2,524,810</u>

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			Business-type Activities		
	Other Debt			Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 1,805,000	\$ 510,025	\$ 2,315,025	\$ 275,000	\$ 76,075	\$ 3,054,068
2026	940,000	446,400	1,386,400	285,000	67,675	3,157,178
2027	960,000	405,950	1,365,950	295,000	57,500	3,149,938
2028	560,000	370,700	930,700	305,000	45,500	3,154,885
2029	590,000	342,700	932,700	315,000	33,100	3,151,096
2030-2034	3,410,000	1,241,750	4,651,750	670,000	27,000	13,417,224
2035-2039	3,370,000	351,900	3,721,900	-	-	6,666,215
2040-2042	-	-	-	-	-	2,226,777
Total	<u>\$ 11,635,000</u>	<u>\$ 3,669,425</u>	<u>\$ 15,304,425</u>	<u>\$ 2,145,000</u>	<u>\$ 306,850</u>	<u>\$ 37,977,381</u>

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, 2024

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	2,204,393
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 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, 2024:

Description	Business-type Activities
Water and Sewer Fund - Unspent bond proceeds and deposits held at County:	
Due from Oakland County, Michigan*	\$ 2,207,111
Due from Macomb County, Michigan**	3,587
Total	<u>\$ 2,210,698</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, 2024.

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, 2024, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	43
Active plan members	118
	<hr/>
Total	161
	<hr/> <hr/>

Contributions

The board establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended June 30, 2024, the Township's average contribution rate was 3.56 percent of covered employee payroll, or \$288,669. 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, 2024 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, 2024 measurement date. The June 30, 2024 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2024.

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, 2023	\$ 25,694,838	\$ 34,682,143	\$ (8,987,305)
Changes for the year:			
Service cost	678,604	-	678,604
Interest	1,309,635	-	1,309,635
Differences between expected and actual experience	(17,346,544)	-	(17,346,544)
Changes in assumptions	101,296	-	101,296
Contributions - Employer	-	288,669	(288,669)
Net investment income	-	4,012,974	(4,012,974)
Benefit payments, including refunds	(333,641)	(333,641)	-
Administrative expenses	-	(7,316)	7,316
Net changes	(15,590,650)	3,960,686	(19,551,336)
Balance at June 30, 2024	<u>\$ 10,104,188</u>	<u>\$ 38,642,829</u>	<u>\$ (28,538,641)</u>

The Plan's fiduciary net position represents 382.45 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, 2024, the Township recognized an OPEB recovery of \$3,028,845.

At June 30, 2024, 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	\$ -	\$ 18,944,448
Changes in assumptions	357,274	1,345,158
Net difference between projected and actual earnings on OPEB plan investments	-	901,620
Total	<u>\$ 357,274</u>	<u>\$ 21,191,226</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
2025	\$ (3,317,429)
2026	(2,328,597)
2027	(3,746,425)
2028	(3,438,319)
2029	(2,900,703)
Thereafter	(5,102,479)
Total	<u>\$ (20,833,952)</u>

Note 9 - OPEB Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 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 2024, 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, 2024 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	\$ (27,143,797)	\$ (28,538,641)	\$ (29,684,563)

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	\$ (29,728,796)	\$ (28,538,641)	\$ (27,077,378)

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 health care cost trend rate was updated to reflect the most recently available health care trend information.

Concentrations

At June 30, 2024, the Plan held approximately 60 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 - Admiral Shares - \$12,836,320

Fidelity Advisor Total Bond Fund - \$6,174,919

American EuroPacific Growth Fund - \$3,484,167

MFS International Value Fund - \$3,637,344

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on plan investments, net of investment expense was 12.09 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, 2024, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	5
Active plan members	<u>8</u>
Total employees covered by the plan	<u><u>13</u></u>

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, 2024, the average active member contribution rate was 4.52 percent of annual pay, and the Township's average contribution rate was 33.46 percent of annual payroll.

Note 10 - Pension Plan (Continued)

Net Pension Asset

The Township has chosen to use the June 30 measurement date as its measurement date for the net pension asset. The June 30, 2024 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, 2024 measurement date. The June 30, 2024 total pension liability was determined by an actuarial valuation performed as of June 30, 2024.

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

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at July 1, 2023	\$ 4,719,888	\$ 5,016,496	\$ (296,608)
Changes for the year:			
Service cost	171,172	-	171,172
Interest	288,752	-	288,752
Differences between expected and actual experience	151,019	-	151,019
Contributions - Employer	-	289,816	(289,816)
Contributions - Employee	-	39,188	(39,188)
Net investment income	-	590,666	(590,666)
Benefit payments, including refunds	(157,029)	(157,029)	-
Administrative expenses	-	(12,075)	12,075
Net changes	453,914	750,566	(296,652)
Balance at June 30, 2024	<u>\$ 5,173,802</u>	<u>\$ 5,767,062</u>	<u>\$ (593,260)</u>

The plan's fiduciary net position represents 111.47 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, 2024, the Township recognized pension expense of \$164,163.

At June 30, 2024, 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	\$ 190,237	\$ 112,681
Changes in assumptions	169,138	310,415
Net difference between projected and actual earnings on pension plan investments	-	84,526
Total	<u>\$ 359,375</u>	<u>\$ 507,622</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
2025	\$ 15,554
2026	118,349
2027	(174,909)
2028	(133,190)
2029	25,949
Total	<u>\$ (148,247)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2024 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, 2024 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 %	4.50 %
International equity	15.00	5.10
Fixed-income securities	30.00	2.40

June 30, 2024

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 6.0 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	\$ 116,017	\$ (593,260)	\$ (1,184,899)

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.6 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, 2024 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 1,660,268	\$ 1,660,268
Employee reserve	503,917	503,917

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	\$ 279,306	\$ 363,429	\$ 642,735
Investments	5,487,756	38,279,400	43,767,156
Net position	<u>\$ 5,767,062</u>	<u>\$ 38,642,829</u>	<u>\$ 44,409,891</u>
Statement of Changes in Net Position			
Investment income	\$ 590,666	\$ 3,967,872	\$ 4,558,538
Contributions	329,004	288,669	617,673
Other additions	-	38,391	38,391
Benefit payments	157,029	333,641	490,670
Other deductions	12,075	605	12,680
Net change in net position	<u>\$ 750,566</u>	<u>\$ 3,960,686</u>	<u>\$ 4,711,252</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, 2024, the Township made contributions of \$831,386, and the plan members contributed \$415,694 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, 2024, the Township abated \$294,286 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, 2024 are as follows:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 359,018	\$ 86,400	\$ 445,418
2026	385,196	60,222	445,418
2027	391,694	32,291	423,985
2028	169,490	9,756	179,246
2029	35,919	945	36,864
Total	\$ 1,341,317	\$ 189,614	\$ 1,530,931

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, 2024, the Township reported a lease receivable and deferred inflow of resources related to leases of \$1,423,998 and \$1,326,971, respectively.

During the year ended June 30, 2024, the Township recognized the following related to its lessor agreements:

Lease revenue	\$ 119,349
Interest income related to its leases	32,209

Required Supplementary Information

Township of Macomb

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 2,836,575	\$ 2,836,575	\$ 2,933,152	\$ 96,577
Special assessments	1,008,250	1,396,841	1,345,828	(51,013)
Intergovernmental:				
Federal grants and other	436,565	491,565	269,550	(222,015)
State-shared revenue and grants	10,165,000	10,407,400	10,382,893	(24,507)
Charges for services	338,251	338,251	316,712	(21,539)
Fines and forfeitures	288,000	288,000	276,467	(11,533)
Licenses and permits	3,157,000	3,300,250	3,428,986	128,736
Investment gain	722,600	2,077,600	2,150,727	73,127
Other revenue	27,800	77,800	76,884	(916)
Total revenue	18,980,041	21,214,282	21,181,199	(33,083)
Expenditures				
Current services:				
General government	8,677,347	8,585,162	6,989,987	1,595,175
Public safety	1,641,455	1,641,455	1,599,552	41,903
Public works	1,565,080	1,693,830	1,723,444	(29,614)
Social services	436,565	400,000	217,050	182,950
Community and economic development	584,650	584,650	516,848	67,802
Recreation and culture	118,025	118,025	75,486	42,539
Total expenditures	13,023,122	13,023,122	11,122,367	1,900,755
Excess of Revenue Over Expenditures	5,956,919	8,191,160	10,058,832	1,867,672
Other Financing (Uses) Sources				
Transfers out	(10,400,995)	(10,400,995)	(10,393,495)	7,500
New (terminated) leases	-	400,000	(39,008)	(439,008)
Sale of capital assets	25,000	948,814	948,814	-
Total other financing uses	(10,375,995)	(9,052,181)	(9,483,689)	(431,508)
Net Change in Fund Balance	(4,419,076)	(861,021)	575,143	1,436,164
Fund Balance - Beginning of year	31,225,842	31,225,842	31,225,842	-
Fund Balance - End of year	\$ 26,806,766	\$ 30,364,821	\$ 31,800,985	\$ 1,436,164

Township of Macomb

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

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 3,423,000	\$ 3,423,000	\$ 3,500,395	\$ 77,395
Charges for services	2,050,200	2,081,800	2,165,990	84,190
Investment gain	95,000	218,000	287,753	69,753
Other revenue	24,000	36,000	41,458	5,458
Total revenue	5,592,200	5,758,800	5,995,596	236,796
Expenditures - Recreation and culture	7,652,317	8,719,113	8,319,652	399,461
Excess of Expenditures Over Revenue	(2,060,117)	(2,960,313)	(2,324,056)	636,257
Other Financing Sources (Uses)				
Transfers in	2,200,000	2,200,000	2,200,000	-
Transfers out	(712,050)	(700,700)	(699,200)	1,500
Sale of capital assets	30,000	30,000	-	(30,000)
Total other financing sources	1,517,950	1,529,300	1,500,800	(28,500)
Net Change in Fund Balance	(542,167)	(1,431,013)	(823,256)	607,757
Fund Balance - Beginning of year	6,256,321	6,256,321	6,256,321	-
Fund Balance - End of year	\$ 5,714,154	\$ 4,825,308	\$ 5,433,065	\$ 607,757

Township of Macomb

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

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 8,797,000	\$ 8,797,000	\$ 8,841,228	\$ 44,228
Investment gain	125,000	125,000	571,771	446,771
Other revenue	5,000	5,000	5,336	336
Total revenue	<u>8,927,000</u>	<u>8,927,000</u>	<u>9,418,335</u>	<u>491,335</u>
Expenditures - Public safety	<u>8,554,190</u>	<u>8,554,190</u>	<u>6,936,649</u>	<u>1,617,541</u>
Excess of Revenue Over Expenditures	372,810	372,810	2,481,686	2,108,876
Other Financing (Uses) Sources				
Transfers out	(1,572,850)	(1,572,850)	(1,426,308)	146,542
New leases	-	-	49,031	49,031
Sale of capital assets	-	-	10	10
Total other financing uses	<u>(1,572,850)</u>	<u>(1,572,850)</u>	<u>(1,377,267)</u>	<u>195,583</u>
Net Change in Fund Balance	(1,200,040)	(1,200,040)	1,104,419	2,304,459
Fund Balance - Beginning of year	<u>11,459,080</u>	<u>11,459,080</u>	<u>11,459,080</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 10,259,040</u></u>	<u><u>\$ 10,259,040</u></u>	<u><u>\$ 12,563,499</u></u>	<u><u>\$ 2,304,459</u></u>

Township of Macomb

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

Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 6,890,000	\$ 6,890,000	\$ 6,949,098	\$ 59,098
State-shared revenue and grants	26,000	26,000	39,111	13,111
Investment gain	40,000	40,000	238,377	198,377
Other revenue	50	50	48	(2)
Total revenue	6,956,050	6,956,050	7,226,634	270,584
Expenditures - Public safety	6,508,000	6,109,460	6,106,054	3,406
Net Change in Fund Balance	448,050	846,590	1,120,580	273,990
Fund Balance - Beginning of year	4,694,035	4,694,035	4,694,035	-
Fund Balance - End of year	\$ 5,142,085	\$ 5,540,625	\$ 5,814,615	\$ 273,990

Township of Macomb

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

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

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 679	\$ 668	\$ 810	\$ 829	\$ 957	\$ 924	\$ 802	\$ 761
Interest	1,310	1,282	1,455	1,403	1,356	1,295	1,045	1,017
Differences between expected and actual experience	(17,347)	-	(4,757)	-	(1,339)	(759)	779	(874)
Changes in assumptions	101	(1,027)	(307)	(613)	604	(266)	2,918	-
Benefit payments, including refunds	(334)	(448)	(587)	(530)	(494)	(424)	(378)	(357)
Net Change in Total OPEB Liability	(15,591)	475	(3,386)	1,089	1,084	770	5,166	547
Total OPEB Liability - Beginning of year	25,695	25,220	28,606	27,517	26,433	25,663	20,497	19,950
Total OPEB Liability - End of year	<u>\$ 10,104</u>	<u>\$ 25,695</u>	<u>\$ 25,220</u>	<u>\$ 28,606</u>	<u>\$ 27,517</u>	<u>\$ 26,433</u>	<u>\$ 25,663</u>	<u>\$ 20,497</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 289	\$ 393	\$ 454	\$ 739	\$ 826	\$ 1,378	\$ 1,157	\$ 1,514
Net investment income (loss)	4,013	3,120	(5,242)	6,466	1,855	1,747	1,403	1,822
Benefit payments, including refunds	(334)	(448)	(587)	(530)	(494)	(424)	(378)	(357)
Other	(7)	(11)	(6)	(13)	(21)	(15)	(8)	-
Net Change in Plan Fiduciary Net Position	3,961	3,054	(5,381)	6,662	2,166	2,686	2,174	2,979
Plan Fiduciary Net Position - Beginning of year	34,682	31,628	37,009	30,347	28,181	25,495	23,321	20,342
Plan Fiduciary Net Position - End of year	<u>\$ 38,643</u>	<u>\$ 34,682</u>	<u>\$ 31,628</u>	<u>\$ 37,009</u>	<u>\$ 30,347</u>	<u>\$ 28,181</u>	<u>\$ 25,495</u>	<u>\$ 23,321</u>
Net OPEB (Asset) Liability - Ending	<u>\$ (28,539)</u>	<u>\$ (8,987)</u>	<u>\$ (6,408)</u>	<u>\$ (8,403)</u>	<u>\$ (2,830)</u>	<u>\$ (1,748)</u>	<u>\$ 168</u>	<u>\$ (2,824)</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	382.45 %	134.98 %	125.41 %	129.37 %	110.28 %	106.61 %	99.35 %	113.78 %
Covered-employee Payroll	\$ 9,121	\$ 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	(312.89)%	(110.73)%	(78.96)%	(108.24)%	(65.91)%	(37.76)%	3.67 %	(60.09)%

See notes to required supplementary information.

Township of Macomb

Required Supplementary Information OPEB Plan Schedule of Investment Returns

	Last Eight Fiscal Years							
	Years Ended June 30							
	<u>2024</u>	<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	12.09 %	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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 171,172	\$ 161,422	\$ 175,137	\$ 226,603	\$ 217,312	\$ 200,259	\$ 162,028	\$ 106,931	\$ 132,825	\$ 132,825
Interest	288,752	271,299	259,945	227,128	223,402	207,169	166,044	134,944	138,699	121,973
Differences between expected and actual experience	151,019	-	(75,099)	(133,670)	(685)	173	345,834	(18,056)	(175,330)	(23,304)
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)	(157,029)	(164,229)	(177,579)	(177,579)	(204,358)	(162,615)	(154,056)	(154,055)
Net Change in Total Pension Liability	453,914	281,142	202,954	(441,966)	229,593	316,126	789,992	615,316	(57,862)	334,518
Total Pension Liability - Beginning 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
Total Pension Liability - End of year	\$ 5,173,802	\$ 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
Plan Fiduciary Net Position										
Contributions - Employer	\$ 289,816	\$ 385,638	\$ 363,888	\$ 391,402	\$ 370,889	\$ 260,283	\$ 246,982	\$ 236,827	\$ 230,009	\$ 219,782
Contributions - Member	39,188	34,451	36,364	35,730	37,104	34,132	33,650	30,044	32,417	30,906
Net investment income (loss)	590,666	469,209	(786,277)	1,025,018	113,443	187,628	94,867	242,093	(78,706)	(84,618)
Administrative expenses	(12,075)	(13,034)	(8,869)	(15,149)	(12,244)	(17,061)	(13,120)	(8,875)	(5,612)	(8,870)
Benefit payments, including refunds	(157,029)	(157,029)	(157,029)	(164,229)	(177,579)	(177,579)	(204,358)	(162,615)	(154,056)	(154,055)
Net Change in Plan Fiduciary Net Position	750,566	719,235	(551,923)	1,272,772	331,613	287,403	158,021	337,474	24,052	3,145
Plan Fiduciary Net Position - Beginning 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
Plan Fiduciary Net Position - End of year	\$ 5,767,062	\$ 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
Township's Net Pension (Asset) Liability - Ending	\$ (593,260)	\$ (296,608)	\$ 141,485	\$ (613,392)	\$ 1,101,346	\$ 1,203,366	\$ 1,174,643	\$ 542,672	\$ 264,830	\$ 346,744
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	111.47 %	106.28 %	96.81 %	114.48 %	76.46 %	72.95 %	71.57 %	83.76 %	90.29 %	87.55 %
Covered Payroll	\$ 866,235	\$ 718,787	\$ 718,787	\$ 741,847	\$ 741,847	\$ 741,847	\$ 741,847	\$ 690,413	\$ 506,370	\$ 626,003
Township's Net Pension (Asset) Liability as a Percentage of Covered Payroll	(68.49)%	(41.27)%	19.68 %	(82.68)%	148.46 %	162.21 %	158.34 %	78.60 %	52.30 %	55.39 %

Township of Macomb

Required Supplementary Information Schedule of Pension Investment Returns

	Last Ten Fiscal Years Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return - Net of investment expense	11.6 %	10.6 %	(15.8)%	29.9 %	3.5 %	6.5 %	3.2 %	10.1 %	(3.1)%	(3.4)%

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. During the year, the Township incurred expenditures in excess of the amounts budgeted for public works expenditures within the General Fund. Public works expenditures were approximately \$30,000 higher than expected primarily as a result of elevated street lighting costs.

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, 2024 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	\$ 31,295,842	\$ 31,870,985
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><u>\$ 31,225,842</u></u>	<u><u>\$ 31,800,985</u></u>

Pension Information

Changes in Assumptions

2024: The salary increase assumption was updated to 4.5 percent for all members.

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

2024: The health care cost trend rate was updated to reflect the most recently available health care trend information.

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.

Supplementary Information

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2024

	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	\$ 89,488	\$ 577,605	\$ -	\$ 2,206,153	\$ 2,123,921	\$ -	\$ 4,997,167
Receivables - Due from other governmental units	284,246	-	-	-	-	-	284,246
Total assets	\$ 373,734	\$ 577,605	\$ -	\$ 2,206,153	\$ 2,123,921	\$ -	\$ 5,281,413
Liabilities - Accounts payable	\$ -	\$ -	\$ -	\$ 18	\$ 43,517	\$ -	\$ 43,535
Deferred Inflows of Resources - Unavailable revenue	267,125	-	-	-	-	-	267,125
Fund Balances							
Restricted:							
Fire	-	-	-	-	2,080,404	-	2,080,404
Opioid remediation	106,609	-	-	-	-	-	106,609
Assigned:							
Subsequent year's budget	-	-	-	1,179,500	-	-	1,179,500
Capital outlay	-	-	-	1,026,635	-	-	1,026,635
Debt service	-	577,605	-	-	-	-	577,605
Total fund balances	106,609	577,605	-	2,206,135	2,080,404	-	4,970,753
Total liabilities, deferred inflows of resources, and fund balances	\$ 373,734	\$ 577,605	\$ -	\$ 2,206,153	\$ 2,123,921	\$ -	\$ 5,281,413

Township of Macomb

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

Year Ended June 30, 2024

	Special Revenue Fund	Debt Service Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Opioid Settlement	Building Authority Debt Service	Parks and Recreation Revolving	Public Improvement	Fire Improvement	Building Authority Capital Projects	
Revenue							
Investment gain	\$ 670	\$ 38,127	\$ 370	\$ 100,143	\$ 97,051	\$ -	\$ 236,361
Other revenue	68,626	-	-	57	4,801	-	73,484
Total revenue	69,296	38,127	370	100,200	101,852	-	309,845
Expenditures							
Current services:							
General government	105	-	-	230	-	-	335
Public safety	-	-	-	-	1,368,799	-	1,368,799
Capital outlay	-	-	-	410,554	-	-	410,554
Debt service:							
Principal	-	1,805,000	-	-	-	-	1,805,000
Interest and fiscal charges	-	575,407	-	-	-	-	575,407
Total expenditures	105	2,380,407	-	410,784	1,368,799	-	4,160,095
Excess of Revenue Over (Under) Expenditures	69,191	(2,342,280)	370	(310,584)	(1,266,947)	-	(3,850,250)
Other Financing Sources (Uses)							
Transfers in	-	2,596,070	-	-	1,200,000	-	3,796,070
Transfers out	-	-	(676,696)	-	-	(371)	(677,067)
Total other financing sources (uses)	-	2,596,070	(676,696)	-	1,200,000	(371)	3,119,003
Net Change in Fund Balances	69,191	253,790	(676,326)	(310,584)	(66,947)	(371)	(731,247)
Fund Balances - Beginning of year	37,418	323,815	676,326	2,516,719	2,147,351	371	5,702,000
Fund Balances - End of year	\$ 106,609	\$ 577,605	\$ -	\$ 2,206,135	\$ 2,080,404	\$ -	\$ 4,970,753

Supplementary Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2024

	Fire Retirement Fund	Retiree Health Care Fund	Total Pension and Other Employee Benefit Trust Funds
Assets			
Cash and cash equivalents	\$ 279,306	\$ 363,429	\$ 642,735
Investments:			
U.S. Treasury bonds	-	977,203	977,203
Agency securities	-	2,426,146	2,426,146
Stocks	727,183	-	727,183
Corporate bonds	-	2,832,050	2,832,050
Mutual funds - Equity	3,314,752	24,787,489	28,102,241
Mutual funds - Fixed income	1,445,821	7,256,512	8,702,333
	5,767,062	38,642,829	44,409,891
Total assets			
Liabilities	-	-	-
Net Position - Restricted			
Pension	5,767,062	-	5,767,062
Postemployment benefits other than pension	-	38,642,829	38,642,829
	5,767,062	38,642,829	44,409,891
Total net position	\$ 5,767,062	\$ 38,642,829	\$ 44,409,891

Township of Macomb

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

Year Ended June 30, 2024

	Fire Retirement Fund	Retiree Health Care Fund	Total Pension and Other Employee Benefit Trust Funds
Additions			
Investment income (loss/expenses):			
Interest and dividends	\$ 176,397	\$ 1,363,509	\$ 1,539,906
Net increase in fair value of investments	443,756	2,715,472	3,159,228
Investment costs	(29,487)	(111,109)	(140,596)
Net investment income	590,666	3,967,872	4,558,538
Contributions:			
Employer	289,816	288,669	578,485
Employee	39,188	-	39,188
Total contributions	329,004	288,669	617,673
Miscellaneous revenue	-	38,391	38,391
Total additions	919,670	4,294,932	5,214,602
Deductions			
Benefit payments	157,029	333,641	490,670
Administrative expenses	12,075	605	12,680
Total deductions	169,104	334,246	503,350
Net Increase in Net Position Held in Trust	750,566	3,960,686	4,711,252
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	5,016,496	34,682,143	39,698,639
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 5,767,062	\$ 38,642,829	\$ 44,409,891