
Township of Macomb

Macomb County, Michigan

Financial Report
with Supplemental Information
June 30, 2022

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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 Township of Macomb (the "Township") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the table of contents.

In our opinion, the 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, 2022 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, during the current year the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental 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 supplemental 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.

Supplemental Information

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



December 12, 2022

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, 2022 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets:						
Cash and investments	\$ 64,580,817	\$ 54,952,343	\$ 41,739,360	\$ 42,505,514	\$ 106,320,177	\$ 97,457,857
Receivables	2,992,733	1,546,992	9,801,648	9,565,046	12,794,381	11,112,038
Other assets	5,284,826	7,842,350	5,747,367	8,614,885	11,032,193	16,457,235
Capital assets	70,239,163	71,266,825	185,332,247	176,096,882	255,571,410	247,363,707
Total assets	143,097,539	135,608,510	242,620,622	236,782,327	385,718,161	372,390,837
Deferred Outflows of Resources	4,138,286	2,662,036	987,216	546,696	5,125,502	3,208,732
Liabilities						
Current liabilities	11,590,857	8,136,007	5,275,652	4,300,404	16,866,509	12,436,411
Noncurrent liabilities	19,769,664	23,236,589	37,737,069	40,383,286	57,506,733	63,619,875
Total liabilities	31,360,521	31,372,596	43,012,721	44,683,690	74,373,242	76,056,286
Deferred Inflows of Resources	6,488,593	6,410,941	1,608,483	1,634,973	8,097,076	8,045,914
Net Position						
Net investment in capital assets	52,544,999	50,247,356	151,856,515	142,571,909	204,401,514	192,819,265
Restricted	16,952,642	15,080,495	13,179	13,715	16,965,821	15,094,210
Unrestricted	39,889,070	35,159,158	47,116,940	48,424,736	87,006,010	83,583,894
Total net position	<u>\$ 109,386,711</u>	<u>\$ 100,487,009</u>	<u>\$ 198,986,634</u>	<u>\$ 191,010,360</u>	<u>\$ 308,373,345</u>	<u>\$ 291,497,369</u>

The Township's combined net position increased by approximately \$16.8 million from a year ago, increasing from \$291.5 million to \$308.3 million. A review of the governmental activities, separate from the business-type activities, shows an increase of approximately \$8.8 million in net position, or 8.8 percent, during fiscal year 2022. The increase in total net position is primarily attributable to an increase in cash and investments. The business-type activities net position increased from the previous year by approximately \$8.0 million, or 4.2 percent, during fiscal year 2022. This was primarily due to an increase in capital assets.

Unrestricted net position for the governmental activities was \$39.9 million at June 30, 2022. 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 \$9.3 million from the previous year. This is attributable to continued spending on installation of water and sewer mains throughout the Township.

Township of Macomb

Management's Discussion and Analysis (Continued)

The Township's Changes in Net Position

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue						
Program revenue:						
Charges for services	\$ 5,689,330	\$ 4,677,016	\$ 31,904,702	\$ 32,972,166	\$ 37,594,032	\$ 37,649,182
Operating grants and contributions	488,949	1,710,757	3,151	47,912	492,100	1,758,669
Capital grants and contributions	-	-	7,891,561	3,127,945	7,891,561	3,127,945
General revenue:						
Property taxes	19,579,755	19,442,728	-	-	19,579,755	19,442,728
State-shared revenue	11,049,057	8,095,129	-	-	11,049,057	8,095,129
Investment (loss) earnings	(405,572)	203,772	(414,651)	135,578	(820,223)	339,350
Cable fees and other	1,903,079	1,890,757	-	1,532	1,903,079	1,892,289
Total revenue	38,304,598	36,020,159	39,384,763	36,285,133	77,689,361	72,305,292
Expenses						
General government	7,576,983	6,669,445	-	-	7,576,983	6,669,445
Public safety	13,282,174	12,587,933	-	-	13,282,174	12,587,933
Public works	3,319,285	3,446,514	-	-	3,319,285	3,446,514
Community and economic development	615,833	650,359	-	-	615,833	650,359
Recreation and culture	3,964,307	3,083,307	-	-	3,964,307	3,083,307
Debt service	646,314	962,352	-	-	646,314	962,352
Water and sewer	-	-	31,408,489	31,246,259	31,408,489	31,246,259
Total expenses	29,404,896	27,399,910	31,408,489	31,246,259	60,813,385	58,646,169
Change in Net Position	8,899,702	8,620,249	7,976,274	5,038,874	16,875,976	13,659,123
Net Position - Beginning of year	100,487,009	91,866,760	191,010,360	185,971,486	291,497,369	277,838,246
Net Position - End of year	\$ 109,386,711	\$ 100,487,009	\$ 198,986,634	\$ 191,010,360	\$ 308,373,345	\$ 291,497,369

Governmental Activities

The Township's total governmental revenue increased by approximately \$2.3 million from the last fiscal year. An increase of approximately \$3.0 million in state-shared revenue was primarily responsible for the increase.

Total governmental expenses increased by about \$2.0 million, or 7.3 percent, from the last fiscal year. The increase was the result of general inflationary trends within the economy.

Business-type Activities

The Township's business-type activities are recorded in the Water and Sewer Fund. Revenue of the Township's business-type activities increased by \$3.1 million primarily as a result of increased contributions of water and sewer lines from developers during the year ended June 30, 2022.

Expenses decreased by about \$0.2 million for the year ended June 30, 2022. 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 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 2022 include the General Fund, Parks and Recreation Operating Fund, Fire Operating Fund, Law Enforcement Sheriff Fund, Building Authority Debt Service Fund, and Municipal Street Capital Projects Fund.

General Fund Budgetary Highlights

Actual General Fund revenue exceeded budgeted revenue by 0.8 percent. Actual expenditures were 6.1 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 \$7.5 million.

Capital Assets and Debt Administration

At the end of fiscal year 2022, the Township had approximately \$255.6 million invested in a wide range of capital assets, including land, buildings, fire equipment, computer equipment, and water and sewer lines. In addition, the Township is reporting infrastructure assets, which include roads and bridges in which it has invested since 1980. The value of the infrastructure assets, net of depreciation, contained in this report is \$18.9 million and \$20.0 million for fiscal years 2022 and 2021, respectively (see Note 4 to financial statements for additional information).

Additionally, the value of buildings and improvements, net of depreciation, for the governmental activities is \$28.8 million and \$30.1 million for fiscal years 2022 and 2021, 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 financial statements for additional information).

Economic Factors and Next Year's Budgets and Rates

The Township of Macomb's 2022 tax rate decreased slightly when compared with the 2021 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 14.8 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. In addition, state revenue sharing, which represents nearly 48.1 percent of the General Fund budget, is expected to increase due to the 2020 population census.

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

Contacting the Township's Management

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

Township of Macomb

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 3)	\$ 64,580,817	\$ 41,739,360	\$ 106,320,177
Receivables - Net:			
Property taxes	27,778	-	27,778
Special assessments	-	191,457	191,457
Customers	2,985	9,610,191	9,613,176
Leases receivable (Note 14)	1,137,261	-	1,137,261
Other receivables	1,620	-	1,620
Due from other governmental units	1,823,089	-	1,823,089
Inventory	-	143,225	143,225
Other assets	30,694	-	30,694
Restricted assets (Note 7)	363,984	4,066,269	4,430,253
Land held for resale	20,207	-	20,207
Net OPEB asset (Note 9)	4,869,941	1,537,873	6,407,814
Capital assets: (Note 4)			
Assets not subject to depreciation	20,407,830	15,488,625	35,896,455
Assets subject to depreciation - Net	49,831,333	169,843,622	219,674,955
Total assets	143,097,539	242,620,622	385,718,161
Deferred Outflows of Resources			
Deferred charges on bond refunding	381,082	100,223	481,305
Deferred pension costs (Note 10)	948,391	-	948,391
Deferred OPEB costs (Note 9)	2,808,813	886,993	3,695,806
Total deferred outflows of resources	4,138,286	987,216	5,125,502
Liabilities			
Accounts payable	872,515	4,423,110	5,295,625
Due to other governmental units	-	347,194	347,194
Refundable deposits and bonds	2,219,518	-	2,219,518
Accrued liabilities and other	1,705,895	505,348	2,211,243
Unearned revenue	6,792,929	-	6,792,929
Noncurrent liabilities:			
Due within one year:			
Payable from restricted assets	6,625	-	6,625
Current portion of compensated absences (Note 6)	1,156,071	197,405	1,353,476
Current portion of long-term debt (Note 6)	3,151,547	2,219,369	5,370,916
Due in more than one year:			
Compensated absences - Net of current portion (Note 6)	32,878	27,967	60,845
Net pension liability (Note 10)	141,485	-	141,485
Long-term debt - Net of current portion (Note 6)	15,281,058	35,292,328	50,573,386
Total liabilities	31,360,521	43,012,721	74,373,242
Deferred Inflows of Resources			
Deferred benefit on bond refunding	-	117,348	117,348
Deferred pension cost reductions (Note 10)	673,478	-	673,478
Deferred OPEB cost reductions (Note 9)	4,721,934	1,491,135	6,213,069
Deferred inflows from leases (Note 14)	1,093,181	-	1,093,181
Total deferred inflows of resources	6,488,593	1,608,483	8,097,076
Net Position			
Net investment in capital assets	52,544,999	151,856,515	204,401,514
Restricted:			
Fire	12,837,944	-	12,837,944
Debt service	660,054	-	660,054
County drains	-	13,179	13,179
Law enforcement	2,282,247	-	2,282,247
Parks and recreation	1,172,397	-	1,172,397
Unrestricted	39,889,070	47,116,940	87,006,010
Total net position	<u>\$ 109,386,711</u>	<u>\$ 198,986,634</u>	<u>\$ 308,373,345</u>

See notes to financial statements.

Township of Macomb

Statement of Activities

Year Ended June 30, 2022

Functions/Programs	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
Primary government:							
Governmental activities:							
General government	\$ 7,576,983	\$ 313,289	\$ 440,259	\$ -	\$ (6,823,435)	\$ -	\$ (6,823,435)
Public safety	13,282,174	2,404,806	20,090	-	(10,857,278)	-	(10,857,278)
Public works	3,319,285	988,564	-	-	(2,330,721)	-	(2,330,721)
Community and economic development	615,833	-	28,600	-	(587,233)	-	(587,233)
Recreation and culture	3,964,307	1,982,671	-	-	(1,981,636)	-	(1,981,636)
Interest on long-term debt	646,314	-	-	-	(646,314)	-	(646,314)
Total governmental activities	29,404,896	5,689,330	488,949	-	(23,226,617)	-	(23,226,617)
Business-type activities - Water and sewer	31,408,489	31,904,702	3,151	7,891,561	-	8,390,925	8,390,925
Total primary government	\$ 60,813,385	\$ 37,594,032	\$ 492,100	\$ 7,891,561	(23,226,617)	8,390,925	(14,835,692)
General revenue:							
Property taxes					19,579,755	-	19,579,755
Unrestricted state-shared revenue					11,049,057	-	11,049,057
Unrestricted investment loss					(405,572)	(414,651)	(820,223)
Cable franchise fees - Unrestricted					1,507,957	-	1,507,957
Other miscellaneous income					395,122	-	395,122
Total general revenue					32,126,319	(414,651)	31,711,668
Change in Net Position					8,899,702	7,976,274	16,875,976
Net Position - Beginning of year					100,487,009	191,010,360	291,497,369
Net Position - End of year					\$ 109,386,711	\$ 198,986,634	\$ 308,373,345

Township of Macomb

	General Fund	Parks and Recreation Operating Fund	Fire Operating Fund	Law Enforcement Sheriff Fund
Assets				
Cash and investments (Note 3)	\$ 34,993,597	\$ 5,204,943	\$ 10,505,179	\$ 4,135,422
Receivables:				
Property taxes	27,778	-	-	-
Customers	-	-	2,985	-
Leases receivable (Note 14)	1,137,261	-	-	-
Other receivables	1,620	-	-	-
Due from other governmental units	1,823,089	-	-	-
Due from other funds (Note 5)	-	-	3,649	-
Other assets	30,694	-	-	-
Restricted assets (Note 7)	-	-	-	-
Land held for resale (Note 3)	20,207	-	-	-
Total assets	\$ 38,034,246	\$ 5,204,943	\$ 10,511,813	\$ 4,135,422
Liabilities				
Accounts payable	\$ 582,454	\$ 161,870	\$ 102,531	\$ 5,862
Due to other funds (Note 5)	3,649	1,156	-	-
Refundable deposits and bonds	2,219,518	-	-	-
Accrued liabilities and other	415,955	144,478	130,879	-
Unearned revenue	6,792,929	-	-	-
Payable from restricted assets	-	-	-	-
Total liabilities	10,014,505	307,504	233,410	5,862
Deferred Inflows of Resources				
Unavailable revenue	1,806,426	-	-	-
Deferred inflows from leases (Note 14)	1,093,181	-	-	-
Total deferred inflows of resources	2,899,607	-	-	-
Total liabilities and deferred inflows of resources	12,914,112	307,504	233,410	5,862
Fund Balances				
Nonspendable - Land held for resale	20,207	-	-	-
Restricted:				
Fire	-	-	10,278,403	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Law enforcement	-	-	-	2,282,247
Parks and recreation	-	1,172,397	-	-
Assigned:				
Capital outlay	-	-	-	-
Road projects	5,459,702	-	-	-
Debt service	-	-	-	-
Parks and recreation	-	3,725,042	-	-
Law enforcement	-	-	-	1,847,313
Unassigned	19,640,225	-	-	-
Total fund balances	25,120,134	4,897,439	10,278,403	4,129,560
Total liabilities, deferred inflows of resources, and fund balances	\$ 38,034,246	\$ 5,204,943	\$ 10,511,813	\$ 4,135,422

Governmental Funds Balance Sheet

June 30, 2022

Municipal Street Capital Projects Fund	Building Authority Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,230,997	\$ 32,561	\$ 6,478,118	\$ 64,580,817
-	-	-	27,778
-	-	-	2,985
-	-	-	1,137,261
-	-	-	1,620
-	-	-	1,823,089
-	-	1,156	4,805
-	-	-	30,694
-	-	363,984	363,984
-	-	-	20,207
\$ 3,230,997	\$ 32,561	\$ 6,843,258	\$ 67,993,240
-	500	19,298	872,515
-	-	-	4,805
-	-	-	2,219,518
783,446	-	60,000	1,534,758
-	-	-	6,792,929
-	-	6,625	6,625
783,446	500	85,923	11,431,150
-	-	-	1,806,426
-	-	-	1,093,181
-	-	-	2,899,607
783,446	500	85,923	14,330,757
-	-	-	20,207
-	-	2,559,541	12,837,944
-	-	660,054	660,054
-	-	297,359	297,359
-	-	-	2,282,247
-	-	-	1,172,397
-	-	3,240,381	3,240,381
2,447,551	-	-	7,907,253
-	32,061	-	32,061
-	-	-	3,725,042
-	-	-	1,847,313
-	-	-	19,640,225
2,447,551	32,061	6,757,335	53,662,483
\$ 3,230,997	\$ 32,561	\$ 6,843,258	\$ 67,993,240

Township of Macomb

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2022

Fund Balances Reported in Governmental Funds	\$ 53,662,483
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	70,239,163
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	1,806,426
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(18,051,523)
Accrued interest is not due and payable in the current period and is not reported in the funds	(171,137)
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 a current financial resources; therefore, they are not reported as fund assets:	
Employee compensated absences	(1,188,949)
Pension benefits	133,428
Retiree health care benefits	2,956,820
Net Position of Governmental Activities	<u>\$ 109,386,711</u>

Township of Macomb

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

	General Fund	Parks and Recreation Operating Fund	Fire Operating Fund	Law Enforcement Sheriff Fund	Municipal Street Capital Projects Fund	Building Authority Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue								
Taxes - Property taxes and fees	\$ 2,582,545	\$ 3,132,437	\$ 7,799,064	\$ 6,065,709	\$ -	\$ -	\$ -	\$ 19,579,755
Special assessments	944,883	-	-	-	-	-	-	944,883
Intergovernmental:								
Federal grants and other State-shared revenue and grants	442,920	-	20,090	-	-	-	-	463,010
Charges for services	10,736,198	692	7,544	28,192	-	-	-	10,772,626
Fines and forfeitures	325,236	1,982,671	-	-	43,681	-	-	2,351,588
Licenses and permits	310,666	-	-	-	-	-	-	310,666
Investment gain (loss):								
Investment earnings	3,589,848	-	-	-	-	-	-	3,589,848
Lease revenue	(319,273)	1,684	(100,289)	3,029	2,640	44	6,593	(405,572)
Other revenue	320,864	-	-	-	-	-	-	320,864
	29,436	30,371	14,296	94	-	-	363	74,560
Total revenue	18,963,323	5,147,855	7,740,705	6,097,024	46,321	44	6,956	38,002,228
Expenditures								
Current services:								
General government	7,559,887	-	-	-	-	-	-	7,559,887
Public safety	1,480,065	-	6,031,669	5,746,256	-	-	62,335	13,320,325
Public works	1,438,571	-	-	-	208,844	-	-	1,647,415
Social services	28,600	-	-	-	-	-	-	28,600
Community and economic development	587,233	-	-	-	-	-	-	587,233
Recreation and culture	345,458	2,809,199	-	-	-	-	-	3,154,657
Capital outlay	-	-	-	-	3,677,426	-	181,156	3,858,582
Debt service:								
Principal	-	-	-	-	-	4,435,000	-	4,435,000
Interest and fiscal charges	-	-	-	-	-	876,258	-	876,258
Total expenditures	11,439,814	2,809,199	6,031,669	5,746,256	3,886,270	5,311,258	243,491	35,467,957
Excess of Revenue Over (Under) Expenditures	7,523,509	2,338,656	1,709,036	350,768	(3,839,949)	(5,311,214)	(236,535)	2,534,271
Other Financing Sources (Uses)								
Transfers in	-	10,559	-	-	3,000,000	5,310,960	340,000	8,661,519
Transfers out	(5,731,925)	(1,666,580)	(1,252,455)	-	-	(10,559)	-	(8,661,519)
New leases	365,031	123,692	211,239	-	-	-	-	699,962
Sale of capital assets	1,873,054	27,959	149,826	-	-	-	-	2,050,839
Total other financing (uses) sources	(3,493,840)	(1,504,370)	(891,390)	-	3,000,000	5,300,401	340,000	2,750,801
Net Change in Fund Balances	4,029,669	834,286	817,646	350,768	(839,949)	(10,813)	103,465	5,285,072
Fund Balances - Beginning of year	21,090,465	4,063,153	9,460,757	3,778,792	3,287,500	42,874	6,653,870	48,377,411
Fund Balances - End of year	\$ 25,120,134	\$ 4,897,439	\$ 10,278,403	\$ 4,129,560	\$ 2,447,551	\$ 32,061	\$ 6,757,335	\$ 53,662,483

Township of Macomb

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

Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 5,285,072
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	4,177,848
Depreciation expense	(2,996,468)
Net book value of assets disposed of	(2,209,042)
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	302,370
New leases provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position	(699,962)
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)	4,645,864
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	40,513
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	353,507
Change in Net Position of Governmental Activities	<u>\$ 8,899,702</u>

Township of Macomb

Proprietary Fund Statement of Net Position

June 30, 2022

Enterprise Fund -
Water and Sewer

Assets

Current assets:

Cash and cash equivalents (Note 3)	\$ 41,739,360
Receivables - Net:	
Special assessments receivable - Due within one year	191,457
Customers	9,610,191
Inventory	143,225
	<hr/>
Total current assets	51,684,233

Noncurrent assets:

Restricted assets (Note 7)	4,066,269
Net OPEB asset (Note 9)	1,537,873
Capital assets:	
Assets not subject to depreciation (Note 4)	15,488,625
Assets subject to depreciation - Net (Note 4)	169,843,622
	<hr/>
Total noncurrent assets	190,936,389
	<hr/>
Total assets	242,620,622

Deferred Outflows of Resources

Deferred charges on bond refunding	100,223
Deferred OPEB costs (Note 9)	886,993
	<hr/>
Total deferred outflows of resources	987,216

Liabilities

Current liabilities:

Accounts payable	4,423,110
Due to other governmental units	347,194
Accrued liabilities and other	505,348
Current portion of compensated absences (Note 6)	197,405
Current portion of long-term debt (Note 6)	2,219,369
	<hr/>
Total current liabilities	7,692,426

Noncurrent liabilities:

Compensated absences - Net of current portion (Note 6)	27,967
Long-term debt - Net of current portion (Note 6)	35,292,328
	<hr/>
Total noncurrent liabilities	35,320,295
	<hr/>
Total liabilities	43,012,721

Deferred Inflows of Resources

Deferred benefit on bond refunding (Note 6)	117,348
Deferred OPEB cost reductions (Note 9)	1,491,135
	<hr/>
Total deferred inflows of resources	1,608,483

Net Position

Net investment in capital assets	151,856,515
Restricted for county drains (Note 7)	13,179
Unrestricted	47,116,940
	<hr/>
Total net position	<u><u>\$ 198,986,634</u></u>

Township of Macomb

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

Year Ended June 30, 2022

	<u>Enterprise Fund - Water and Sewer</u>
Operating Revenue	
Sale of water	\$ 16,951,252
Sewage disposal charges	13,614,791
Charges for services	<u>1,338,659</u>
Total operating revenue	31,904,702
Operating Expenses	
Cost of water	13,065,395
Cost of sewage disposal	8,907,713
Operation and maintenance	1,484,839
General and administrative	2,553,294
Depreciation (Note 4)	<u>4,315,777</u>
Total operating expenses	<u>30,327,018</u>
Operating Income	1,577,684
Nonoperating (Expense) Revenue	
Investment loss	(414,651)
Interest expense	(1,081,471)
Grants	<u>3,151</u>
Total nonoperating expense	<u>(1,492,971)</u>
Income - Before contributions	84,713
Capital Contributions	
Developers and other governmental units	6,476,909
Tap fees and frontage charges	<u>1,414,652</u>
Total capital contributions	<u>7,891,561</u>
Change in Net Position	7,976,274
Net Position - Beginning of year	<u>191,010,360</u>
Net Position - End of year	<u><u>\$ 198,986,634</u></u>

Year Ended June 30, 2022

	<u>Enterprise Fund - Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 31,605,664
Payments to suppliers	(22,940,461)
Payments to employees	<u>(2,279,677)</u>
Net cash and cash equivalents provided by operating activities	6,385,526
Cash Flows Provided by Noncapital Financing Activities - Operating grants and subsidies	3,151
Cash Flows from Capital and Related Financing Activities	
Collection of special assessments	62,436
Collection of customer tap fees	1,414,652
Purchase of capital assets	(4,564,036)
Principal and interest paid on capital debt	<u>(3,653,232)</u>
Net cash and cash equivalents used in capital and related financing activities	(6,740,180)
Cash Flows Used in Investing Activities - Interest received on investments	<u>(414,651)</u>
Net Decrease in Cash and Cash Equivalents	(766,154)
Cash and Cash Equivalents - Beginning of year	<u>42,505,514</u>
Cash and Cash Equivalents - End of year	<u>\$ 41,739,360</u>
Classification of Cash and Cash Equivalents	<u>\$ 41,739,360</u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 1,577,684
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	4,315,777
Changes in assets and liabilities:	
Receivables	(299,038)
Inventory	(37,541)
Net OPEB asset	496,263
Accounts payable	837,993
Deferrals related to OPEB	(464,902)
Accrued and other liabilities	<u>(40,710)</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 6,385,526</u>

Noncash Investing, Capital, and Financing Activities - During the year ended June 30, 2022, developers constructed water and sewer lines with a value of \$5,639,047 and donated them to the Township's Water and Sewer Fund. Also during the year, \$4,091,067 of capital assets were recorded in connection with Oakland and Macomb County's MID and OMID drain and interceptor projects. These assets were paid for using cash on hand at the counties of Oakland and Macomb, Michigan.

Township of Macomb

Fiduciary Funds Statement of Fiduciary Net Position

June 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Fund - Tax Collection Fund	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$ 5,921,363	\$ 23,999	\$ 5,945,362
Investments:			
U.S. Treasury bonds	866,506	-	866,506
Agency securities	2,090,824	-	2,090,824
Stocks	566,130	-	566,130
Corporate bonds	3,074,267	-	3,074,267
Mutual funds - Equity	19,818,171	-	19,818,171
Mutual funds - Fixed income	3,588,138	-	3,588,138
Total assets	35,925,399	23,999	35,949,398
Liabilities - Due to other governments	-	23,999	23,999
Net Position - Restricted			
Pension	4,297,262	-	4,297,262
Postemployment benefits other than pension	31,628,137	-	31,628,137
Total net position	<u>\$ 35,925,399</u>	<u>\$ -</u>	<u>\$ 35,925,399</u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Fund - Property Tax Collection Fund	Total Fiduciary Funds
Additions			
Investment income (loss/expenses):			
Interest and dividends	\$ 1,764,451	\$ -	\$ 1,764,451
Net decrease in fair value of investments	(7,758,673)	-	(7,758,673)
Investment costs	(71,298)	-	(71,298)
Net investment loss	(6,065,520)	-	(6,065,520)
Contributions:			
Employer	817,439	-	817,439
Employee	36,364	-	36,364
Total contributions	853,803	-	853,803
Property tax collections	-	113,725,526	113,725,526
Miscellaneous revenue	30,965	-	30,965
Total additions	(5,180,752)	113,725,526	108,544,774
Deductions			
Benefit payments	743,575	-	743,575
Administrative expenses	9,367	-	9,367
Tax distributions to other governments	-	113,725,526	113,725,526
Total deductions	752,942	113,725,526	114,478,468
Net Decrease in Net Position Held in Trust	(5,933,694)	-	(5,933,694)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	41,859,093	-	41,859,093
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 35,925,399	\$ -	\$ 35,925,399

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 Sheriff 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 Building Authority Debt Service Fund accounts for all debt payments made related to construction activities for new township facilities.
- The Municipal Street 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 accounts for the activities of the water distribution system and sewage collection system provided to township residents.

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 Pension System 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, and interest associated with the current fiscal period. Conversely, special assessments and state-shared revenue will be collected after the period of availability; receivables have been recorded for these, 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.

Unearned Revenue

Unearned revenue relates to advance funded grants.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

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

Note 1 - Significant Accounting Policies (Continued)

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township has four items that qualify for reporting in this category, which include unavailable revenue reported only in the governmental funds balance sheet, 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 two sources: special assessments and state-shared revenue. These amounts are 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 detailed in Note 14.

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 2021 property tax revenue is levied and collectible on December 31, 2021 and is recognized as revenue in the year ended June 30, 2022 when the proceeds of the levy are budgeted and available for the financing of operations.

Note 1 - Significant Accounting Policies (Continued)

The 2021 taxable valuation of the Township totaled approximately \$4.0 billion, on which ad valorem taxes levied consisted of 0.6314 mills for operating purposes, 2.0000 mills for fire operating services, 0.0900 mills for fire pension, 1.5000 mills for police protection, and 0.7693 mills for parks and recreation. This resulted in \$2.5 million for operating, \$7.4 million for fire operations, \$0.4 million for fire pension, \$6 million for police protection, and \$3.1 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 (Vacation and Sick Leave)

It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the Township will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. 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.

Note 1 - Significant Accounting Policies (Continued)

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.

Leases

The Township is a lessee for noncancelable leases of vehicles. The Township recognizes a lease liability and an intangible right-to-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 is composed of fixed payments from the lessee.

June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

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.

Upcoming Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Township's financial statements for the year ending June 30, 2023.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Township's financial statements for the year ending June 30, 2023.

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements, the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The Township does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

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

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

Adoption of New Accounting Pronouncement

During the current year, the Township adopted GASB Statement No. 87, *Leases*. As a result, the governmental activities now include a liability for the present value of payments expected to be made and right-to-use assets. The governmental activities now include receivables for the presented value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 14.

June 30, 2022

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, 2021		\$ (7,970,925)
Current year permit revenue		2,192,113
Related expenses:		
Direct costs	\$ 1,446,313	
Estimated indirect costs	387,591	1,833,904
		<u>358,209</u>
Net surplus for the year ended June 30, 2022		<u>358,209</u>
Cumulative expenditures over revenue - June 30, 2022		<u><u>\$ (7,612,716)</u></u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Fire Pension 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 \$76,058,040 (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. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Deposits and Investments (Continued)

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. government agency securities	\$ 10,972,309	2.27
Municipal bonds	12,337,981	2.52
Certificates of deposit - Negotiable	246,155	3.34
Total	<u>\$ 23,556,445</u>	

Investment	Carrying Value	Weighted- average Maturity (Years)
Fiduciary Funds		
U.S. government agency securities	\$ 2,090,824	21.21
U.S. Treasury bonds	866,506	16.84
Corporate bonds	3,074,267	8.74
Mutual funds - Fixed income	3,588,138	5.33
Total	<u>\$ 9,619,735</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	\$ 10,972,309	AA+	S&P
Municipal bonds	5,065,187	Aa1 to Aa3	Moody's
Municipal bonds	7,272,794	AAA to AA-	S&P
Certificates of deposit - Negotiable	246,155	Not rated	S&P
Total	<u>\$ 23,556,445</u>		

June 30, 2022

Note 3 - Deposits and Investments (Continued)

Investment	Carrying Value	Rating	Rating Organization
Fiduciary Funds			
U.S. government agency securities	\$ 39,183	AAA	Moody's
U.S. government agency securities	2,051,641	AAA to AA-	S&P
Corporate bonds	3,074,267	AA+ to BBB-	S&P
Mutual funds - Fixed income	3,588,138	Not rated	Not rated
U.S. Treasury bonds	866,506	AA to AA+	S&P
Total	<u>\$ 9,619,735</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.

The Township has the following recurring fair value measurements as of June 30, 2022:

	<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2022</u>			
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
	(Level 1)	(Level 2)	(Level 3)	June 30, 2022
Debt:				
Municipal bonds	\$ -	\$ 12,337,981	\$ -	\$ 12,337,981
U.S. Treasury bonds	866,506	-	-	866,506
U.S. government agency securities	-	13,063,133	-	13,063,133
Corporate bonds	-	3,074,267	-	3,074,267
Mutual funds - Fixed income	3,588,138	-	-	3,588,138
Certificate of deposit - Negotiable	246,155	-	-	246,155
Total debt	4,700,799	28,475,381	-	33,176,180
Equity:				
Mutual funds - Equity	19,818,171	-	-	19,818,171
Common stock	566,130	-	-	566,130
Total equity	20,384,301	-	-	20,384,301
Total assets	<u>\$ 25,085,100</u>	<u>\$ 28,475,381</u>	<u>\$ -</u>	<u>\$ 53,560,481</u>

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

Note 3 - Deposits and Investments (Continued)

The fair value of certain assets at June 30, 2022 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.

Note 4 - Capital Assets

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

Governmental Activities

	Balance July 1, 2021	Additions	Disposals and Reclassifications	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 6,308,091	\$ -	\$ (1,661,718)	\$ 4,646,373
Construction in progress	12,943,486	3,345,941	(527,970)	15,761,457
Subtotal	19,251,577	3,345,941	(2,189,688)	20,407,830
Capital assets being depreciated:				
Infrastructure	27,884,246	4,471	-	27,888,717
Buildings and improvements	50,826,637	-	-	50,826,637
Vehicles	4,716,257	-	(701,022)	4,015,235
Office furnishings	5,013,434	61,892	(201,032)	4,874,294
Other tools and equipment	2,041,710	65,582	(16,674)	2,090,618
Right-to-use asset - Vehicles	-	699,962	-	699,962
Subtotal	90,482,284	831,907	(918,728)	90,395,463
Accumulated depreciation:				
Infrastructure	7,876,620	1,115,459	-	8,992,079
Buildings and improvements	20,698,211	1,311,484	-	22,009,695
Vehicles	4,182,671	155,423	(685,296)	3,652,798
Office furnishings	4,162,722	236,010	(197,404)	4,201,328
Other tools and equipment	1,546,812	158,952	(16,674)	1,689,090
Right-to-use asset - Vehicles	-	19,140	-	19,140
Subtotal	38,467,036	2,996,468	(899,374)	40,564,130
Net capital assets being depreciated	52,015,248	(2,164,561)	(19,354)	49,831,333
Net governmental activities capital assets	<u>\$ 71,266,825</u>	<u>\$ 1,181,380</u>	<u>\$ (2,209,042)</u>	<u>\$ 70,239,163</u>

June 30, 2022

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2021	Additions	Disposals and Reclassifications	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 91,700	\$ 201,423	\$ -	\$ 293,123
Construction in progress	8,234,872	7,460,177	(499,547)	15,195,502
Subtotal	8,326,572	7,661,600	(499,547)	15,488,625
Capital assets being depreciated:				
Water and sewer mains	238,913,491	5,641,030	499,547	245,054,068
Buildings and improvements	2,558,702	-	-	2,558,702
Water meters	5,484,147	32,873	-	5,517,020
Vehicles	821,636	-	-	821,636
Furniture and equipment	1,003,894	215,639	(27,138)	1,192,395
Subtotal	248,781,870	5,889,542	472,409	255,143,821
Accumulated depreciation:				
Water and sewer mains	75,747,234	4,049,243	-	79,796,477
Buildings and improvements	1,547,463	63,967	-	1,611,430
Water meters	2,174,181	110,012	-	2,284,193
Vehicles	736,761	37,413	-	774,174
Furniture and equipment	805,921	55,142	(27,138)	833,925
Subtotal	81,011,560	4,315,777	(27,138)	85,300,199
Net capital assets being depreciated	167,770,310	1,573,765	499,547	169,843,622
Net business-type activities capital assets	<u>\$ 176,096,882</u>	<u>\$ 9,235,365</u>	<u>\$ -</u>	<u>\$ 185,332,247</u>

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

Governmental activities:	
General government	\$ 515,705
Public safety	377,699
Public works	1,150,751
Recreation and culture	952,313
Total governmental activities	<u>\$ 2,996,468</u>
Business-type activities - Water and sewer	\$ 4,315,777

Construction Commitments

The Township has approved certain road paving construction projects prior to June 30, 2022. At year end, the Township's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Road paving projects	\$ -	\$ 3,151,836
Pitchford Park	51,749	3,490,840
Water and sewer infrastructure	3,689,608	1,845,886

June 30, 2022

Note 5 - Interfund Receivables, Payables, and Transfers

As of June 30, 2022, the composition of interfund balances is as follows:

Receivable	Payable	Amount
Nonmajor governmental funds	Parks and Recreation Operating Fund	\$ 1,156
Fire Operating Fund	General Fund	3,649
	Total	<u>\$ 4,805</u>

This balance results from the time lag between the 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	Building Authority Debt Service Fund	\$ 2,716,925
	Municipal Street Capital Projects Fund	3,000,000
	Nonmajor governmental funds	15,000
	Total General Fund	<u>5,731,925</u>
Fire Operating Fund	Building Authority Debt Service Fund	927,455
	Nonmajor governmental funds	325,000
	Total Fire Operating Fund	<u>1,252,455</u>
Parks and Recreation Operating Fund Building Authority Debt Fund	Building Authority Debt Service Fund	1,666,580
	Parks and Recreation Operating Fund	10,559
	Total	<u>\$ 8,661,519</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.

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% -	\$875,000 -					
Maturing through 2025	4.00%	\$1,400,000	\$ 4,800,000	\$ -	\$ (1,640,000)	\$ 3,160,000	\$ 1,400,000
Unamortized bond premium			356,493	-	(89,123)	267,370	89,123
2015 Building Authority							
Refunding Bonds:							
Amount of issue - \$6,805,000	3.00% -						
Maturing through 2022	5.00%	\$950,000	950,000	-	(950,000)	-	-
Unamortized bond premium			81,753	-	(81,753)	-	-
2018 Building Authority							
Refunding Bonds:							
Amount of issue - \$14,010,000	4.00% -	\$460,000 -					
Maturing through 2035	5.00%	\$970,000	11,780,000	-	(890,000)	10,890,000	970,000
Unamortized bond premium			1,071,153	-	(63,009)	1,008,144	63,009
2021 Building Authority							
Refunding Bonds:							
Amount of issue - \$3,180,000	3.00% -	\$425,000 -					
Maturing through 2027	4.00%	\$465,000	3,180,000	-	(955,000)	2,225,000	465,000
Unamortized bond premium			239,274	-	(39,879)	199,395	39,879
Total bonds payable			22,458,673	-	(4,708,764)	17,749,909	3,027,011
Lease liability (Note 14)			-	699,962	(17,266)	682,696	124,536
Compensated absences			1,325,916	1,044,900	(1,181,867)	1,188,949	1,156,071
Total governmental activities long-term debt			\$ 23,784,589	\$ 1,744,862	\$ (5,907,897)	\$ 19,621,554	\$ 4,307,618

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, 2022

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		\$90,511 -					
Maturing through 2031	2.50%	\$110,437	\$ 990,217	\$ -	\$ (88,147)	\$ 902,070	\$ 90,511
2010 North Gratiot Interceptor Drainage District:							
Amount of issue - \$103,529	1.00% -	\$3,977 -					
Maturing through 2035	6.35%	\$5,950	67,524	-	(3,875)	63,649	3,997
2015 North Gratiot Interceptor Drainage District:							
Amount of issue - \$846,752	3.50% -	\$48,343 -					
Maturing through 2033	5.00%	\$56,068	631,949	-	(48,592)	583,357	48,343
2015A MID Drainage District:							
Amount of issue - \$499,851		\$17,682 -					
Maturing through 2036	2.50%	\$22,094	397,161	-	(119,361)	277,800	17,682
2013 OMID Drainage District:							
Amount of issue - \$4,619,982		\$218,446 -					
Maturing through 2034	2.00%	\$276,958	3,420,659	-	(214,190)	3,206,469	218,446
2014 OMID Drainage District:							
Amount of issue - \$714,579	2.00% -	\$30,810 -					
Maturing through 2035	3.125%	\$44,348	509,772	-	(29,877)	479,895	30,810
2017A MID Drainage District and Refunding Bonds:							
Amount of issue - \$19,249,777		\$417,014 -					
Maturing through 2042	5.00%	\$1,287,443	16,764,208	-	(686,232)	16,077,976	720,543
Unamortized bond premium			2,754,078	-	(168,233)	2,585,845	168,233
2019 OMID Drainage District Refunding Bonds:							
Amount of issue - \$304,628		\$25,667 -					
Maturing through 2030	1.85%	\$33,773	262,075	-	(24,654)	237,421	25,667
2020 Clintondale Pump Station Improvements Drainage District:							
Amount of issue - \$2,024,393		\$151,485 -					
Maturing through 2031	5.00%	\$245,918	1,886,679	-	(147,551)	1,739,128	151,485
Unamortized bond premium			421,500	-	(43,231)	378,269	43,231

June 30, 2022

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
2020A OMID Drainage District:							
Amount of issue: \$6,996,937	2.00% -	\$178,546 -					
Maturing through 2040	5.00%	\$491,002	\$ 6,877,702	\$ -	\$ (170,597)	\$ 6,707,105	\$ 178,546
Unamortized bond premium			897,822	-	(46,916)	850,906	46,916
2020 MID Drainage District:							
Amount of issue - \$349,852		\$7,119 -					
Maturing through 2040	2.00%	\$173,111	349,852	-	-	349,852	169,621
Total direct borrowings principal outstanding			36,231,198	-	(1,791,456)	34,439,742	1,914,031
Other debt:							
2021 Refunding Bonds:							
Amount of issue - \$3,390,000	3.00% -	\$260,000 -					
Maturing through 2031	4.00%	\$340,000	3,390,000	-	(720,000)	2,670,000	260,000
Unamortized bond premium			447,293	-	(45,338)	401,955	45,338
Total general obligation bonds			40,068,491	-	(2,556,794)	37,511,697	2,219,369
Compensated absences			314,795	168,961	(258,384)	225,372	197,405
Total business-type activities long-term debt			<u>\$ 40,383,286</u>	<u>\$ 168,961</u>	<u>\$ (2,815,178)</u>	<u>\$ 37,737,069</u>	<u>\$ 2,416,774</u>

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities				
	Other Debt				
	Principal	Interest	Total		
2023	\$ 2,835,000	\$ 691,525	\$ 3,526,525		
2024	1,805,000	573,150	2,378,150		
2025	1,805,000	510,025	2,315,025		
2026	940,000	446,400	1,386,400		
2027	960,000	405,950	1,365,950		
2028-2032	3,095,000	1,559,000	4,654,000		
2033-2037	3,940,000	712,250	4,652,250		
2038-2042	895,000	35,800	930,800		
Total	\$ 16,275,000	\$ 4,934,100	\$ 21,209,100		

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2023	\$ 1,655,651	\$ 1,223,505	\$ 260,000	\$ 92,050	\$ 3,231,206
2024	1,723,003	789,922	265,000	84,175	2,862,100
2025	1,623,333	1,086,921	275,000	76,075	3,061,329
2026	1,787,261	1,017,242	285,000	67,675	3,157,178
2027	1,858,234	939,204	295,000	57,500	3,149,938
2028-2032	10,186,195	3,403,017	1,290,000	105,600	14,984,812
2033-2037	7,855,106	1,396,379	-	-	9,251,485
2038-2042	3,935,939	443,964	-	-	4,379,903
Total	\$ 30,624,722	\$ 10,300,154	\$ 2,670,000	\$ 483,075	\$ 44,077,951

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.

Note 6 - Long-term Debt (Continued)

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

Macomb Interceptor Drainage District

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

Oakland-Macomb Interceptor Drainage District

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

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

Note 7 - Restricted Assets

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

The following is the detail of restricted assets at June 30, 2022:

Description	Governmental Activities	Business-type Activities
Building Authority Capital Projects Fund - Restricted assets and unspent bond proceeds	\$ 363,984	\$ -
Water and Sewer Fund - Unspent bond proceeds and deposits held at county:		
Due from Oakland County, Michigan*	-	4,055,440
Due from Macomb County, Michigan**	-	10,829
Total	<u>\$ 363,984</u>	<u>\$ 4,066,269</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, 2022.

Note 8 - Risk Management

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

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

Note 9 - OPEB Plan

Plan Description

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

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

Benefits Provided

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

Plan Membership

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

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

Contributions

The board establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended June 30, 2022, the Township's average contribution rate was 5.84 percent of covered employee payroll, or \$453,551. 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, 2022 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, 2022 measurement date. The June 30, 2022 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2022.

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, 2021	\$ 28,606,704	\$ 37,009,908	\$ (8,403,204)
Changes for the year:			
Service cost	810,150	-	810,150
Interest	1,454,956	-	1,454,956
Differences between expected and actual experience	(4,756,862)	-	(4,756,862)
Changes in assumptions	(308,081)	-	(308,081)
Contributions - Employer	-	453,551	(453,551)
Net investment loss	-	(5,242,145)	5,242,145
Benefit payments, including refunds	(586,545)	(586,545)	-
Miscellaneous other charges	-	(6,633)	6,633
Net changes	<u>(3,386,382)</u>	<u>(5,381,772)</u>	<u>1,995,390</u>
Balance at June 30, 2022	<u>\$ 25,220,322</u>	<u>\$ 31,628,136</u>	<u>\$ (6,407,814)</u>

The Plan's fiduciary net position represents 125.41 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, 2022, the Township recognized an OPEB expense of \$318,181.

At June 30, 2022, 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	\$ 179,658	\$ (5,373,839)
Changes in assumptions	1,076,455	(839,230)
Net difference between projected and actual earnings on OPEB plan investments	<u>2,439,693</u>	<u>-</u>
Total	<u>\$ 3,695,806</u>	<u>\$ (6,213,069)</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
2023	\$ (63,111)
2024	(257,609)
2025	(283,438)
2026	705,393
2027	(712,437)
Thereafter	<u>(1,906,061)</u>
Total	<u>\$ (2,517,263)</u>

Note 9 - OPEB Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using assumed salary increases (including inflation) of 3.0 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 2022, 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, 2022 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	\$ (2,417,870)	\$ (6,407,814)	\$ (9,648,057)

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	\$ (9,822,734)	\$ (6,407,814)	\$ (2,140,455)

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 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.

Concentrations

At June 30, 2022, the Plan held approximately 43 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 - \$5,225,037
- Sterling Capital Equity Income Fund - \$2,676,090
- Federated Hermes Treasury Obligation Fund - \$5,338,401
- Vanguard Developed Markets Index Fund Admiral - \$1,924,776

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on plan investments, net of investment expense was (14.09) 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, 2022, the following members were covered by the benefit terms:

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

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the retirement system board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the township charter, union contracts, and plan provisions. For the year ended June 30, 2022, the average active member contribution rate was 5 percent of annual pay, and the Township's average contribution rate was 40.75 percent of annual payroll.

Note 10 - Pension Plan (Continued)

Net Pension Liability (Asset)

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

Changes in Net Pension (Asset) Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension (Asset) Liability
Balance at July 1, 2021	\$ 4,235,792	\$ 4,849,184	\$ (613,392)
Changes for the year:			
Service cost	175,137	-	175,137
Interest	259,945	-	259,945
Differences between expected and actual experience	(75,099)	-	(75,099)
Contributions - Employer	-	363,888	(363,888)
Contributions - Employee	-	36,364	(36,364)
Net investment loss	-	(786,277)	786,277
Benefit payments, including refunds	(157,029)	(157,029)	-
Administrative expenses	-	(8,869)	8,869
Net changes	202,954	(551,923)	754,877
Balance at June 30, 2022	\$ 4,438,746	\$ 4,297,261	\$ 141,485

The plan's fiduciary net position represents 96.81 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, 2022, the Township recognized pension expense of \$212,677.

At June 30, 2022, 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	\$ 144,856	\$ (205,074)
Changes in assumptions	425,883	(468,404)
Net difference between projected and actual earnings on pension plan investments	377,652	-
Total	\$ 948,391	\$ (673,478)

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
2023	\$ 93,735
2024	108,941
2025	87,356
2026	190,151
2027	(103,107)
Thereafter	(102,163)
Total	\$ 274,913

Note 10 - Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.20 to 6.81 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 6.0 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, 2022 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 %	4.30 %
International equity	15.00	4.90
Fixed-income securities	30.00	1.30

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

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

	1 Percentage Point Decrease (5%)	Current Discount Rate (6%)	1 Percentage Point Increase (7%)
Net pension liability (asset) of the Township	\$ 783,597	\$ 141,485	\$ (390,016)

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (15.8) 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 (Continued)

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, 2022 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 2,170,541	\$ 2,170,541
Employee reserve	412,209	412,209

Note 11 - Pension and Other Employee Benefit Trust Funds

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

	<u>Fire Pension Fund</u>	<u>Retiree Health Care Fund</u>	<u>Total</u>
Statement of Net Position			
Cash and cash equivalents	\$ 433,222	\$ 5,488,141	\$ 5,921,363
Investments	3,864,040	26,139,996	30,004,036
Net position	<u>\$ 4,297,262</u>	<u>\$ 31,628,137</u>	<u>\$ 35,925,399</u>
Statement of Changes in Net Position			
Investment loss	\$ (786,278)	\$ (5,279,242)	\$ (6,065,520)
Contributions	400,252	453,551	853,803
Other additions	-	30,965	30,965
Benefit payments	157,029	586,546	743,575
Other deductions	8,867	500	9,367
Net change in net position	<u>\$ (551,922)</u>	<u>\$ (5,381,772)</u>	<u>\$ (5,933,694)</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, 2022, the Township made contributions of \$735,578, and the plan members contributed \$367,789 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, 2022, the Township abated \$253,769 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.

Future principal and interest payment requirements related to the Township's lease liability at June 30, 2022 are as follows:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 124,536	\$ 37,909	\$ 162,445
2024	132,204	30,241	162,445
2025	140,355	22,090	162,445
2026	149,019	13,427	162,446
2027	136,582	4,431	141,013
Total	\$ 682,696	\$ 108,098	\$ 790,794

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, 2022, the Township reported a lease receivable and deferred inflow of resources related to leases of \$1,137,261 and \$1,093,181, respectively.

During the year ended June 30, 2022, the Township recognized the following related to its lessor agreements:

Lease revenue	\$ 116,548
Interest income related to its leases	47,087

Required Supplemental Information

Township of Macomb

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 2,538,500	\$ 2,554,705	\$ 2,582,545	\$ 27,840
Special assessments	936,425	944,753	944,883	130
Intergovernmental:				
Federal grants and other	53,915	657,100	442,920	(214,180)
State-shared revenue and grants	9,354,977	10,287,703	10,736,198	448,495
Charges for services	267,827	314,877	325,236	10,359
Fines and forfeitures	241,000	307,320	310,666	3,346
Licenses and permits	3,415,500	3,540,051	3,589,848	49,797
Investment gain	492,325	171,925	1,591	(170,334)
Other revenue	25,800	31,500	29,436	(2,064)
Total revenue	17,326,269	18,809,934	18,963,323	153,389
Expenditures				
Current services:				
General government	8,005,421	8,031,343	7,559,887	471,456
Public safety	1,760,379	1,612,751	1,480,065	132,686
Public works	1,456,105	1,464,175	1,438,571	25,604
Social services	27,000	159,573	28,600	130,973
Community and economic development	552,645	563,870	587,233	(23,363)
Recreation and culture	356,101	356,085	345,458	10,627
Total expenditures	12,157,651	12,187,797	11,439,814	747,983
Excess of Revenue Over Expenditures	5,168,618	6,622,137	7,523,509	901,372
Other Financing (Uses) Sources				
Transfers out	(5,720,795)	(5,720,795)	(5,731,925)	(11,130)
New leases	-	-	365,031	365,031
Sale of capital assets	600,000	1,810,380	1,873,054	62,674
Total other financing uses	(5,120,795)	(3,910,415)	(3,493,840)	416,575
Net Change in Fund Balance	47,823	2,711,722	4,029,669	1,317,947
Fund Balance - Beginning of year	21,020,465	21,020,465	21,020,465	-
Fund Balance - End of year	\$ 21,068,288	\$ 23,732,187	\$ 25,050,134	\$ 1,317,947

Township of Macomb

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

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 3,100,000	\$ 3,100,000	\$ 3,132,437	\$ 32,437
Intergovernmental	900,000	900,000	692	(899,308)
Charges for services	1,288,200	1,288,200	1,982,671	694,471
Investment gain	7,000	7,000	1,684	(5,316)
Other revenue	10,100	10,100	30,371	20,271
Total revenue	5,305,300	5,305,300	5,147,855	(157,445)
Expenditures - Recreation and culture	3,118,922	3,114,598	2,809,199	305,399
Excess of Revenue Over Expenditures	2,186,378	2,190,702	2,338,656	147,954
Other Financing Sources (Uses)				
Transfers in	-	-	10,559	10,559
Transfers out	(1,669,355)	(1,669,355)	(1,666,580)	2,775
New leases	-	-	123,692	123,692
Sale of capital assets	-	-	27,959	27,959
Total other financing uses	(1,669,355)	(1,669,355)	(1,504,370)	164,985
Net Change in Fund Balance	517,023	521,347	834,286	312,939
Fund Balance - Beginning of year	4,063,153	4,063,153	4,063,153	-
Fund Balance - End of year	\$ 4,580,176	\$ 4,584,500	\$ 4,897,439	\$ 312,939

Township of Macomb

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

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 7,400,000	\$ 7,799,060	\$ 7,799,064	\$ 4
Intergovernmental	-	27,980	27,634	(346)
Investment gain (loss)	35,000	10,000	(100,289)	(110,289)
Other revenue	4,000	14,275	14,296	21
Total revenue	7,439,000	7,851,315	7,740,705	(110,610)
Expenditures - Public safety	5,879,911	6,223,281	6,031,669	191,612
Excess of Revenue Over Expenditures	1,559,089	1,628,034	1,709,036	81,002
Other Financing (Uses) Sources				
Transfers out	(1,252,625)	(1,252,625)	(1,252,455)	170
New leases	-	-	211,239	211,239
Sale of capital assets	102,500	148,885	149,826	941
Total other financing uses	(1,150,125)	(1,103,740)	(891,390)	212,350
Net Change in Fund Balance	408,964	524,294	817,646	293,352
Fund Balance - Beginning of year	9,460,757	9,460,757	9,460,757	-
Fund Balance - End of year	<u>\$ 9,869,721</u>	<u>\$ 9,985,051</u>	<u>\$ 10,278,403</u>	<u>\$ 293,352</u>

Township of Macomb

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

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 6,000,000	\$ 6,000,000	\$ 6,065,709	\$ 65,709
State-shared revenue and grants	23,000	23,000	28,192	5,192
Investment gain	2,500	2,500	3,029	529
Other revenue	50	50	94	44
Total revenue	6,025,550	6,025,550	6,097,024	71,474
Expenditures - Public safety	5,986,000	5,986,000	5,746,256	239,744
Net Change in Fund Balance	39,550	39,550	350,768	311,218
Fund Balance - Beginning of year	3,778,792	3,778,792	3,778,792	-
Fund Balance - End of year	<u>\$ 3,818,342</u>	<u>\$ 3,818,342</u>	<u>\$ 4,129,560</u>	<u>\$ 311,218</u>

Township of Macomb

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

Last Six Fiscal Years
(dollar amounts in thousands)

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

Township of Macomb

Required Supplemental Information OPEB Plan Schedule of Investment Returns

	Last Six Fiscal Years Years Ended June 30					
	<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	(14.09)%	21.32 %	6.87 %	6.98 %	5.90 %	9.00 %

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

Last Nine Fiscal Years

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

Township of Macomb

Required Supplemental Information Schedule of Pension Investment Returns

**Last Nine Fiscal Years
Years Ended June 30**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	(15.8)%	29.9 %	3.5 %	6.5 %	3.2 %	10.1 %	(3.1)%	(3.4)%	11.3 %

Budgetary Information

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

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

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

The supervisor presents the preliminary budget to the board of trustees in May, and the final budget is legally adopted at the last 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	\$ 21,090,465	\$ 25,120,134
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, 2021 budget	<u>(70,000)</u>	<u>(70,000)</u>
Fund balance per General Fund budget statement	<u>\$ 21,020,465</u>	<u>\$ 25,050,134</u>

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township incurred expenditures that were in excess of the amended budgets as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Community and economic development	\$ 563,870	\$ 587,233	\$ (23,363)
General Fund - Transfers out	5,720,795	5,731,925	(11,130)

Pension Information

Changes in Assumptions

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

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

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

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

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

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

Other Supplemental Information

Township of Macomb

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2022

	Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Parks and Recreation Revolving	Public Improvement	Fire Improvement	Building Authority Capital Projects	
Assets - Cash and investments	\$ 660,054	\$ 3,253,038	\$ 2,566,182	\$ 363,984	\$ 6,843,258
Liabilities - Accounts payable	\$ -	\$ 12,657	\$ 6,641	\$ 66,625	\$ 85,923
Fund Balances					
Restricted:					
Fire	-	-	2,559,541	-	2,559,541
Debt service	660,054	-	-	-	660,054
Capital projects	-	-	-	297,359	297,359
Assigned - Capital outlay	-	3,240,381	-	-	3,240,381
Total fund balances	660,054	3,240,381	2,559,541	297,359	6,757,335
Total liabilities and fund balances	\$ 660,054	\$ 3,253,038	\$ 2,566,182	\$ 363,984	\$ 6,843,258

Township of Macomb

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

Year Ended June 30, 2022

	Debt Service Fund		Capital Projects Funds			Total Nonmajor Governmental Funds
	Parks and Recreation Revolving	Public Improvement	Fire Improvement	Building Authority Capital Projects		
Revenue						
Investment gain (loss)	\$ 63	\$ 10,840	\$ (4,371)	\$ 61	\$ 6,593	
Other revenue	-	-	363	-	363	
Total revenue	63	10,840	(4,008)	61	6,956	
Expenditures						
Current services:						
Public safety	-	-	61,915	420	62,335	
Capital outlay	-	38,800	-	142,356	181,156	
Total expenditures	-	38,800	61,915	142,776	243,491	
Excess of Revenue Over (Under) Expenditures	63	(27,960)	(65,923)	(142,715)	(236,535)	
Other Financing Sources - Transfers in	-	15,000	325,000	-	340,000	
Net Change in Fund Balances	63	(12,960)	259,077	(142,715)	103,465	
Fund Balances - Beginning of year	659,991	3,253,341	2,300,464	440,074	6,653,870	
Fund Balances - End of year	<u>\$ 660,054</u>	<u>\$ 3,240,381</u>	<u>\$ 2,559,541</u>	<u>\$ 297,359</u>	<u>\$ 6,757,335</u>	

Township of Macomb

Other Supplemental Information Combining Statement of Fiduciary Net Position Fiduciary Funds

June 30, 2022

	Fire Pension Fund	Retiree Health Care Fund	Total Pension and Other Employee Benefit Trust Funds
Assets			
Cash and cash equivalents	\$ 433,222	\$ 5,488,141	\$ 5,921,363
Investments:			
U.S. Treasury bonds	-	866,506	866,506
Agency securities	-	2,090,824	2,090,824
Stocks	566,130	-	566,130
Corporate bonds	-	3,074,267	3,074,267
Mutual funds - Equity	2,145,051	17,673,120	19,818,171
Mutual funds - Fixed income	1,152,859	2,435,279	3,588,138
	4,297,262	31,628,137	35,925,399
Total assets			
Liabilities	-	-	-
Net Position			
Restricted:			
Pension	4,297,262	-	4,297,262
Postemployment benefits other than pension	-	31,628,137	31,628,137
	\$ 4,297,262	\$ 31,628,137	\$ 35,925,399
Total net position	\$ 4,297,262	\$ 31,628,137	\$ 35,925,399

Township of Macomb

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended June 30, 2022

	Fire Pension Fund	Retiree Health Care Fund	Total Pension and Other Employee Benefit Trust Funds
Additions			
Investment income (loss/expenses):			
Interest and dividends	\$ 139,232	\$ 1,625,219	\$ 1,764,451
Net decrease in fair value of investments	(911,025)	(6,847,648)	(7,758,673)
Investment costs	(14,485)	(56,813)	(71,298)
Net investment loss	(786,278)	(5,279,242)	(6,065,520)
Contributions:			
Employer	363,888	453,551	817,439
Employee	36,364	-	36,364
Total contributions	400,252	453,551	853,803
Miscellaneous revenue	-	30,965	30,965
Total additions	(386,026)	(4,794,726)	(5,180,752)
Deductions			
Benefit payments	157,029	586,546	743,575
Administrative expenses	8,867	500	9,367
Total deductions	165,896	587,046	752,942
Net Decrease in Net Position Held in Trust	(551,922)	(5,381,772)	(5,933,694)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	4,849,184	37,009,909	41,859,093
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 4,297,262	\$ 31,628,137	\$ 35,925,399