

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

ANNUAL FINANCIAL REPORT
AND
SUPPLEMENTARY INFORMATION

For the year ended December 31, 2024

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

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St. Clair County, Michigan

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Charter Township of Port Huron
Port Huron, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Port Huron, Michigan (the "Township"), as of and for the year ended December 31, 2024 and the related notes to the financial statements which collectively comprise the Township's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Port Huron, Michigan, as of December 31, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 20 to the financial statements, the governmental activities and the General Fund have been restated to record a long-term operating lease receivable at December 31, 2023. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

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 misstatements, whether due to fraud or error.

To the Members of the Board
Charter Township of Port Huron

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 judgement, there are conditions or events considered in the aggregate that raise substantial doubt about the Charter Township of Port Huron, Michigan's ability to continue as a going concern for a reasonable period of time.

To the Members of the Board
Charter Township of Port Huron

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes 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 accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in dark ink, appearing to read "UHY LLP", is positioned above the typed name and date.

Port Huron, Michigan
September 10, 2025

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The Charter Township of Port Huron, Michigan's (the "Township") 2024 annual report is presented in conformity with the requirements of GASB Statement No. 34. This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information, which presents combining statements for nonmajor governmental and custodial funds and component unit statements. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-wide Financial Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Township's net position and how it has changed. Net position, defined as the difference between the Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the Township's financial health or position.

The government-wide financial statements of the Township are divided into two categories:

Governmental Activities - most of the Township's basic services are included here, such as the road, park, police, fire, public works, and general administration. Property taxes, state-shared revenue, and charges for services, provide most of the funding.

Business-type Activities - the Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water, sewer, and refuse operations are treated as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and/or by bond covenants. The Township Board establishes other funds to control and manage money for particular purposes.

The Township has three kinds of funds:

Governmental Funds - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Proprietary Funds - Services for which the Township charges customers a fee are generally reported in the Water, Sewer and Refuse Funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

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

FINANCIAL OVERVIEW (Government-wide financial analysis)

The Township has combined total net position of \$38,166,205. This is an increase over 2024 of \$2,585,308. Governmental activities comprise \$14,531,653 and business-type activities make up \$23,634,552 of the total net position. In a condensed format, the table below shows net position.

In Thousands

	Governmental Activities as of December 31,		Business-type Activities as of December 31,	
	2024	2023*	2024	2023
Assets				
Current and other assets	\$ 13,333	\$ 13,609	\$ 10,675	\$ 9,341
Restricted assets	34	33	1,156	1,142
Capital assets	6,702	5,385	19,666	19,282
Total assets	20,069	19,027	31,497	29,765
Deferred outflows of resources	117	201	39	90
Liabilities				
Current liabilities	401	1,263	988	873
Non-current liabilities	1,248	1,277	6,900	6,343
Total liabilities	1,649	2,540	7,888	7,216
Deferred inflows of resources	4,005	3,736	13	10
Net position				
Net investment in capital assets	6,585	5,239	13,107	13,408
Restricted	1,150	1,234	1,156	1,142
Unrestricted	6,797	6,479	9,372	8,079
Total net position	\$ 14,532	\$ 12,952	\$ 23,635	\$ 22,629

* Restated to add lease receivable. See Note 20.

The Township's governmental activities experienced an increase in net position of \$1,579,502, primarily as a result of the General Fund increase of \$574,915 and capitalized assets from grant proceeds. The business-type activities experienced an increase in net position of \$1,005,806, due primarily to both the Water Fund and the Sewer Fund operating revenues over operating expenses for the year ended December 31, 2024.

The following table shows the changes in net position:

In Thousands

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue				
Program revenue -				
Charges for services	\$ 308	\$ 341	\$ 6,082	\$ 5,976
Operating grants and contributions	874	273	-	-
Capital grants and contributions	112	83	-	-
General revenue -				
Property taxes	3,300	3,078	-	-
Unrestricted grants	1,383	1,388	-	-
Gain on disposal of assets	1	-	15	4
Unrestricted investment earnings	519	403	428	346
Total revenue	<u>6,497</u>	<u>5,566</u>	<u>6,525</u>	<u>6,326</u>
Expenses				
Program expenses -				
General government	1,092	878	-	-
Public safety	2,569	2,349	-	-
Public works	942	841	-	-
Community and economic development	74	53	-	-
Recreation and cultural	240	296	-	-
Water	-	-	2,815	2,459
Sewer	-	-	1,985	2,011
Refuse	-	-	719	698
Loss on disposal of assets	-	160	-	-
Total expenses	<u>4,917</u>	<u>4,577</u>	<u>5,519</u>	<u>5,168</u>
Change in net position	<u>\$ 1,580</u>	<u>\$ 989</u>	<u>\$ 1,006</u>	<u>\$ 1,158</u>

Governmental Activities

Revenues for governmental activities totaled \$6,496,903. The largest revenue source was received from taxes of \$3,300,089, an increase of \$222,245 from 2023 as a result of increased taxable values, followed by unrestricted grant revenue of \$1,382,282, a decrease of \$5,825 from 2023.

Business-type Activities

The Township has three business-type activities: the water, sewer, and refuse operations. Total revenues, including charges for services, gain on disposal of assets, and interest income, was \$6,525,030 and expenses were \$5,519,224, for a change in net position of \$1,005,806, primarily as a result of the sewer fund revenues exceeding expenses.

FINANCIAL ANALYSIS OF MAJOR TOWNSHIP FUNDS AND BUDGETS

Governmental Funds

The General Fund ended 2024 with a fund balance of \$5,813,503, with \$63,679 nonspendable for prepaid expenditures and the remaining amount of \$5,749,824 unassigned. The original General Fund budget estimated revenues under expenditures of \$367,215, with the final budget estimating revenues under expenditures of \$379,615. Actual results for 2024 have revenues over expenditures of \$574,915.

The Township's other major governmental funds had the following changes in fund balance and total fund balance at December 31, 2024:

- The Police Fund had revenues in excess of expenditures of \$60,888 and \$257,667 fund balance.
- The Fire Fund had revenues in excess of expenditures of \$29,187 and \$64,119 fund balance.
- The CARES Act Fund had expenditures in excess of revenues of \$64,622 with no remaining fund balance.

Over the course of the year, management monitors the budget and, if necessary, amends the budget to take into account unanticipated events that occur during the year. During the year, there were no significant General Fund budget amendments. The only significant differences between the General Fund budget and actual were as follows:

- Intergovernmental revenues were \$299,729 over budget due to more state shared revenue received.
- Interest and rent revenues were \$146,632 over budget due to increased interest rates.
- Drain expenditures were \$124,085 under budget due to less drain projects.
- Park Facilities expenditures were \$242,778 under budget due to not completing all of the capital outlay projects that were budgeted.
- Transfers in revenues were \$149,674 over budget due to funds transferred from the CARES Act Fund to reimburse for part of the Fire Fund operating appropriations.

Proprietary Funds

The Township operates three major proprietary funds, the Water, Sewer, and Refuse Funds. The Water Fund had an operating income of \$89,139 and a change in net position of \$201,119. The Sewer Fund had an operating income of \$495,919 and a change in net position of \$765,108. The Refuse Fund had operating income of \$17,417 and a change in net position of \$39,579.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township had \$23,765,212 invested in capital assets for its governmental and business-type activities (net of accumulated depreciation) as of December 31, 2024. The capital assets include land, land improvements, buildings, machinery and equipment, and water and sewer lines. During the year, the Township added \$1,880,024 of capital assets, \$1,731,623 in the governmental activities, and \$148,401 in the business-type activities. The governmental activities include \$35,139 that was spent on engineering fees for two projects with construction in progress, \$340,048 on land improvements, including a fitness court and pond deck, \$428,877 on shared street improvements, \$15,876 on building improvements, and \$911,683 on machinery and equipment purchased, including a fire truck, several vehicles, a tractor, and a backhoe. Of the business-type activities, \$23,643 was spent on engineering fees for a pump station in progress, \$10,500 on mains and extensions, and \$114,258 on equipment purchases, including a backhoe and control panel for a pump.

Additional information on the Township's capital assets can be found in Note 7 to the financial statements.

Long-term Debt

At December 31, 2024, the Township had \$6,734,915 in long-term debt, compared to \$6,055,647 at December 31, 2023, an increase of \$679,268. The Township added new contracts payable of \$1,001,250 for sewer improvements, increased compensated absences of \$24,048, and made normal payments on the outstanding debt of \$346,030.

Additional information on the Township's long-term debt can be found in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For 2025, the Township Board adopted a general fund budget with estimated revenues of \$3,001,425 and expenditures of \$2,969,815.

CONTACTING THE TOWNSHIP

This financial report is designed to provide a general overview of the Township's finances to our residents and other interested parties in understanding the Township's financial condition. If you have questions about this report or need additional financial information, please contact the Township at (810) 987-6600.

BASIC FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF PORT HURON
STATEMENT OF NET POSITION
December 31, 2024

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
ASSETS				
Cash and cash equivalents	\$ 8,348,058	\$ 8,804,010	\$ 17,152,068	\$ 1,091,901
Investments	749,931	-	749,931	394,388
Receivables	3,586,884	1,991,499	5,578,383	95,931
Due from primary government	-	-	-	144,129
Due from component units	99,957	116,062	216,019	-
Internal balances	443,074	(443,074)	-	-
Prepaid expenditures	104,417	43,295	147,712	-
Inventory	-	163,396	163,396	-
Restricted assets -				
Cash and cash equivalents	-	1,152,414	1,152,414	-
Investments	34,304	-	34,304	-
Receivables	-	3,453	3,453	-
Capital assets (net of accumulated depreciation) -				
Assets not being depreciated	1,707,827	94,725	1,802,552	-
Assets being depreciated	4,994,258	16,968,402	21,962,660	4,771,852
Sewer capacity rights	-	2,602,868	2,602,868	-
Total assets	<u>20,068,710</u>	<u>31,497,050</u>	<u>51,565,760</u>	<u>6,498,201</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to the pension plan	<u>116,889</u>	<u>38,963</u>	<u>155,852</u>	<u>-</u>
LIABILITIES				
Payables and accrued liabilities	194,606	741,540	936,146	10,814
Accrued interest	-	13,235	13,235	-
Due to primary government	-	-	-	216,019
Due to component units	144,129	-	144,129	-
Advances and deposits	62,032	78,951	140,983	-
Unearned revenue	-	154,537	154,537	-
Non-current liabilities -				
Due within one year	-	351,775	351,775	-
Due in more than one year	117,018	6,207,173	6,324,191	-
Compensated absences	51,599	7,350	58,949	-
Net pension liability	1,001,021	333,673	1,334,694	-
OPEB liability	78,372	-	78,372	-
Total liabilities	<u>1,648,777</u>	<u>7,888,234</u>	<u>9,537,011</u>	<u>226,833</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for subsequent period	3,524,387	-	3,524,387	358,777
Unearned lease receivable	441,100	-	441,100	-
Related to the pension plan	<u>39,682</u>	<u>13,227</u>	<u>52,909</u>	<u>-</u>
Total deferred inflows of resources	<u>4,005,169</u>	<u>13,227</u>	<u>4,018,396</u>	<u>358,777</u>
NET POSITION				
Net investment in capital assets	6,585,067	13,107,047	19,692,114	4,771,852
Restricted -				
Debt retirement/construction of capital assets	-	1,155,867	1,155,867	-
Cemetery perpetual care - nonexpendable	29,211	-	29,211	-
Other:				
Public safety	359,476	-	359,476	-
Public works	760,760	-	760,760	-
Unrestricted	<u>6,797,139</u>	<u>9,371,638</u>	<u>16,168,777</u>	<u>1,140,739</u>
Total net position	<u>\$ 14,531,653</u>	<u>\$ 23,634,552</u>	<u>\$ 38,166,205</u>	<u>\$ 5,912,591</u>

CHARTER TOWNSHIP OF PORT HURON
STATEMENT OF ACTIVITIES
For the year ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities -				
General government	\$ 1,092,526	\$ 43,717	\$ 10,857	\$ -
Public safety	2,569,508	161,537	854,727	15,000
Public works	941,598	54,029	8,531	-
Community and economic development	73,967	-	-	40,000
Recreation and culture	239,802	48,493	-	57,120
Total governmental activities	4,917,401	307,776	874,115	112,120
Business-type activities -				
Water fund	2,815,113	2,844,246	-	-
Sewer fund	1,984,687	2,501,005	-	-
Refuse fund	719,424	736,841	-	-
Total business-type activities	5,519,224	6,082,092	-	-
Total primary government	\$ 10,436,625	\$ 6,389,868	\$ 874,115	\$ 112,120
COMPONENT UNITS				
Downtown Development Authority	\$ 412,395	\$ -	\$ -	\$ -
Economic Development Corporation	11,993	8,000	-	-
Total component units	\$ 424,388	\$ 8,000	\$ -	\$ -

General revenues -
Property taxes
Grants and contributions not
restricted to specific programs
Gain on disposal of assets
Unrestricted investment income

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,037,952)	\$ -	\$ (1,037,952)	\$ -
(1,538,244)	-	(1,538,244)	-
(879,038)	-	(879,038)	-
(33,967)	-	(33,967)	-
(134,189)	-	(134,189)	-
(3,623,390)	-	(3,623,390)	-
-	29,133	29,133	-
-	516,318	516,318	-
-	17,417	17,417	-
-	562,868	562,868	-
(3,623,390)	562,868	(3,060,522)	-
-	-	-	(412,395)
-	-	-	(3,993)
-	-	-	(416,388)
3,300,089	-	3,300,089	322,077
1,382,282	-	1,382,282	-
1,245	15,000	16,245	-
519,276	427,938	947,214	62,137
5,202,892	442,938	5,645,830	384,214
1,579,502	1,005,806	2,585,308	(32,174)
12,952,151	22,628,746	35,580,897	5,944,765
<u>\$ 14,531,653</u>	<u>\$ 23,634,552</u>	<u>\$ 38,166,205</u>	<u>\$ 5,912,591</u>

CHARTER TOWNSHIP OF PORT HURON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

	General	Police	Fire	CARES ACT
ASSETS				
Cash and cash equivalents	\$ 4,302,517	\$ 555,585	\$ 445,610	\$ 126,172
Investments	588,007	-	-	-
Receivables -				
Property taxes	727,661	832,937	727,031	-
Accounts	49,440	-	455	-
Lease	441,100	-	-	-
Due from other governmental units	207,628	-	-	-
Due from other funds	830,318	-	-	264,802
Due from component unit	97,005	-	-	-
Prepaid expenditures	63,679	-	36,202	-
	<u>7,307,355</u>	<u>1,388,522</u>	<u>1,209,298</u>	<u>390,974</u>
RESTRICTED ASSETS - investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 7,307,355</u></u>	<u><u>\$ 1,388,522</u></u>	<u><u>\$ 1,209,298</u></u>	<u><u>\$ 390,974</u></u>
LIABILITIES				
Accounts payable	\$ 34,955	\$ -	\$ 9,622	\$ -
Accrued liabilities	20,103	-	33,509	-
Due to other governmental units	-	79,037	-	-
Advances and deposits	1,371	-	-	-
Due to other funds	113,477	20,478	122,658	390,974
Due to component unit	-	1,183	77,250	-
	<u>169,906</u>	<u>100,698</u>	<u>243,039</u>	<u>390,974</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for subsequent period	882,846	1,030,157	902,140	-
Unearned lease receivable	441,100	-	-	-
Total deferred inflows of resources	<u>1,323,946</u>	<u>1,030,157</u>	<u>902,140</u>	<u>-</u>
FUND BALANCES				
Nonspendable for -				
Prepays	63,679	-	36,202	-
Perpetual care	-	-	-	-
Restricted for -				
Road	-	-	-	-
Police	-	257,667	-	-
Transportation	-	-	-	-
Fire	-	-	27,917	-
Liquor control	-	-	-	-
Building inspection	-	-	-	-
Cemetery	-	-	-	-
Committed for -				
Cemetery	-	-	-	-
Museum	-	-	-	-
Parks	-	-	-	-
Unassigned - general fund	<u>5,749,824</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>5,813,503</u>	<u>257,667</u>	<u>64,119</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 7,307,355</u></u>	<u><u>\$ 1,388,522</u></u>	<u><u>\$ 1,209,298</u></u>	<u><u>\$ 390,974</u></u>

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 2,918,174	\$ 8,348,058
161,924	749,931
600,632	2,888,261
-	49,895
-	441,100
-	207,628
122,118	1,217,238
2,952	99,957
4,536	104,417
3,810,336	14,106,485
34,304	34,304
<u>\$ 3,844,640</u>	<u>\$ 14,140,789</u>
\$ 11,232	\$ 55,809
6,148	59,760
-	79,037
60,661	62,032
126,577	774,164
65,696	144,129
270,314	1,174,931
709,244	3,524,387
-	441,100
709,244	3,965,487
4,536	104,417
29,211	29,211
743,272	743,272
-	257,667
12,395	12,395
-	27,917
36,891	36,891
83,240	83,240
5,093	5,093
15,246	15,246
15,020	15,020
1,920,178	1,920,178
-	5,749,824
2,865,082	9,000,371
<u>\$ 3,844,640</u>	<u>\$ 14,140,789</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF PORT HURON
RECONCILIATION OF THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2024

Fund balances - total governmental funds	\$ 9,000,371
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Capital assets	13,514,356
Accumulated depreciation	(6,812,271)

Certain pension/OPEB contributions and changes in pension/OPEB plan liabilities are reported as deferred outflows (inflows) of resources in the statement of net position.

Deferred outflows of resources	116,889
Deferred inflows of resources	(39,682)

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.

Net pension liability	(1,001,021)
OPEB liability	(78,372)
Drain district notes	(117,018)
Accrued compensated absences	(51,599)

Net position of governmental activities	<u>\$ 14,531,653</u>
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CHARTER TOWNSHIP OF PORT HURON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the year ended December 31, 2024

	General	Police	Fire
REVENUES			
Taxes	\$ 832,596	\$ 959,214	\$ 844,584
Licenses and permits	156,744	-	-
Intergovernmental	1,313,229	-	267
Charges for services	26,913	-	17,577
Fines and forfeits	10,245	-	-
Interest and rent	264,432	31,169	14,378
Other	79,262	-	8,829
Total revenues	2,683,421	990,383	885,635
EXPENDITURES			
Current -			
General government	1,025,599	-	-
Public safety	-	929,495	1,294,668
Public works	411,003	-	-
Community and economic development	73,967	-	-
Recreation and cultural	281,886	-	-
Total expenditures	1,792,455	929,495	1,294,668
Revenues over (under) expenditures	890,966	60,888	(409,033)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	1,200	-	20
Transfers from other funds	164,674	-	438,200
Transfers to other funds	(481,925)	-	-
Total other financing sources (uses)	(316,051)	-	438,220
Net change in fund balance	574,915	60,888	29,187
Fund balances at beginning of year	5,238,588	196,779	34,932
Adjustment - change from major to nonmajor fund	-	-	-
Fund balances at beginning of year as restated	5,238,588	196,779	34,932
Fund balances at end of year	\$ 5,813,503	\$ 257,667	\$ 64,119

(Formerly a Major Fund) Park	CARES ACT	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 663,695	\$ 3,300,089
-	-	119,980	276,724
-	838,299	7,332	2,159,127
-	-	43,569	88,059
-	-	-	10,245
-	37,589	209,993	557,561
-	-	762	88,853
-	875,888	1,045,331	6,480,658
-	-	-	1,025,599
-	688,625	290,057	3,202,845
-	102,211	809,595	1,322,809
-	-	-	73,967
-	-	241,033	522,919
-	790,836	1,340,685	6,148,139
-	85,052	(295,354)	332,519
-	-	25	1,245
-	-	43,725	646,599
-	(149,674)	(15,000)	(646,599)
-	(149,674)	28,750	1,245
-	(64,622)	(266,604)	333,764
2,026,302	64,622	1,105,384	8,666,607
(2,026,302)	-	2,026,302	-
-	64,622	3,131,686	8,666,607
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,865,082</u>	<u>\$ 9,000,371</u>

CHARTER TOWNSHIP OF PORT HURON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2024

Net change in fund balances - total governmental funds	\$ 333,764
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,731,623
Depreciation expense	(414,915)

The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position.

Payment on drain notes	29,253
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Changes in deferred outflows/inflows of resources as a result in changes in assumptions, difference between projected and actual earnings, and expected and actual experience.	(100,402)
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Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the funds.

Increase in compensated absences	(21,876)
Decrease in net pension liability	29,575
Increase in OPEB liability	<u>(7,520)</u>

Change in net position of governmental activities	<u><u>\$ 1,579,502</u></u>
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CHARTER TOWNSHIP OF PORT HURON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
ASSETS				
Current assets -				
Cash and cash equivalents	\$ 3,953,673	\$ 4,374,191	\$ 476,146	\$ 8,804,010
Receivables:				
Utilities	916,045	855,276	193,265	1,964,586
Special assessments	22,217	4,696	-	26,913
Due from other funds	68,267	4,300	133,334	205,901
Due from component unit	102,650	13,412	-	116,062
Prepaid expenses	27,739	15,556	-	43,295
Inventory	155,864	7,532	-	163,396
	<u>5,246,455</u>	<u>5,274,963</u>	<u>802,745</u>	<u>11,324,163</u>
Restricted assets -				
Cash and cash equivalents	-	1,152,414	-	1,152,414
Receivables - special assessment	-	3,453	-	3,453
	<u>-</u>	<u>1,155,867</u>	<u>-</u>	<u>1,155,867</u>
Capital assets -				
Land	71,082	-	-	71,082
Construction in progress	-	23,643	-	23,643
Land improvements	42,056	200,910	-	242,966
Mains and extensions	12,447,185	22,207,521	-	34,654,706
Equipment	430,830	1,065,175	-	1,496,005
	<u>12,991,153</u>	<u>23,497,249</u>	<u>-</u>	<u>36,488,402</u>
Less - accumulated depreciation	<u>(6,034,079)</u>	<u>(13,391,196)</u>	<u>-</u>	<u>(19,425,275)</u>
	<u>6,957,074</u>	<u>10,106,053</u>	<u>-</u>	<u>17,063,127</u>
Other assets - sewer capacity rights	<u>-</u>	<u>2,602,868</u>	<u>-</u>	<u>2,602,868</u>
Total assets	<u>12,203,529</u>	<u>19,139,751</u>	<u>802,745</u>	<u>32,146,025</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to the pension plan	<u>21,819</u>	<u>17,144</u>	<u>-</u>	<u>38,963</u>

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
LIABILITIES				
Current liabilities -				
Payables:				
Accounts	\$ 26,820	\$ 6,417	\$ 58,954	\$ 92,191
Accrued salaries	7,731	4,417	374	12,522
Due to other governmental units	364,049	272,778	-	636,827
Deposits	67,330	11,621	-	78,951
Due to other funds	443,430	163,264	42,281	648,975
Accrued interest	13,235	-	-	13,235
Unearned revenue	-	-	154,537	154,537
Contracts payable (current portion)	-	86,775	-	86,775
Bonds payable (current portion)	265,000	-	-	265,000
	<u>1,187,595</u>	<u>545,272</u>	<u>256,146</u>	<u>1,989,013</u>
Long-term liabilities (less current portion) -				
Contracts payable	-	2,516,093	-	2,516,093
Bonds payable	3,691,080	-	-	3,691,080
Compensated absences	688	6,662	-	7,350
Net pension liability	186,856	146,817	-	333,673
	<u>3,878,624</u>	<u>2,669,572</u>	<u>-</u>	<u>6,548,196</u>
Total liabilities	<u>5,066,219</u>	<u>3,214,844</u>	<u>256,146</u>	<u>8,537,209</u>
DEFERRED INFLOWS OF RESOURCES				
Related to the pension plan	<u>7,407</u>	<u>5,820</u>	<u>-</u>	<u>13,227</u>
NET POSITION				
Net investment in capital assets	3,000,994	10,106,053	-	13,107,047
Restricted -				
Bond retirement/construction	-	1,155,867	-	1,155,867
Unrestricted	<u>4,150,728</u>	<u>4,674,311</u>	<u>546,599</u>	<u>9,371,638</u>
Total net position	<u>\$ 7,151,722</u>	<u>\$ 15,936,231</u>	<u>\$ 546,599</u>	<u>\$ 23,634,552</u>

CHARTER TOWNSHIP OF PORT HURON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended December 31, 2024

	Water	Sewer	Refuse	Total
OPERATING REVENUES				
User charges	\$ 2,812,212	\$ 2,457,098	\$ 736,841	\$ 6,006,151
Other charges	10,309	23,508	-	33,817
	<u>2,822,521</u>	<u>2,480,606</u>	<u>736,841</u>	<u>6,039,968</u>
OPERATING EXPENSES				
Salaries and wages	169,179	159,403	5,512	334,094
Fringe benefits	90,379	89,450	422	180,251
Supplies	16,948	8,586	930	26,464
Contracted services	250,897	89,277	500	340,674
Water, sewer, and refuse charges	1,482,460	1,098,022	705,701	3,286,183
Repairs and maintenance	321,363	53,146	2,975	377,484
Depreciation	296,227	407,609	-	703,836
Utilities	25,320	53,788	-	79,108
Other	80,609	25,406	3,384	109,399
	<u>2,733,382</u>	<u>1,984,687</u>	<u>719,424</u>	<u>5,437,493</u>
Operating income	<u>89,139</u>	<u>495,919</u>	<u>17,417</u>	<u>602,475</u>
NON-OPERATING REVENUE (EXPENSES)				
Tap fees	21,725	20,399	-	42,124
Gain on disposal of capital assets	7,500	7,500	-	15,000
Interest earned	164,486	241,290	22,162	427,938
Interest on bonds and paying agent fees	(81,731)	-	-	(81,731)
Total non-operating revenue	<u>111,980</u>	<u>269,189</u>	<u>22,162</u>	<u>403,331</u>
Change in net position	201,119	765,108	39,579	1,005,806
Net position at beginning of year	<u>6,950,603</u>	<u>15,171,123</u>	<u>507,020</u>	<u>22,628,746</u>
Net position at end of year	<u>\$ 7,151,722</u>	<u>\$ 15,936,231</u>	<u>\$ 546,599</u>	<u>\$ 23,634,552</u>

CHARTER TOWNSHIP OF PORT HURON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,683,202	\$ 2,414,336	\$ 723,384	\$ 5,820,922
Payments to suppliers	(2,156,261)	(1,302,266)	(654,068)	(4,112,595)
Payments to employees	(310,442)	(274,791)	(5,758)	(590,991)
Net cash provided by operating activities	<u>216,499</u>	<u>837,279</u>	<u>63,558</u>	<u>1,117,336</u>
CASH FLOWS FROM NON-CAPITAL ACTIVITIES				
Due to/from other funds	<u>213,877</u>	<u>(81,313)</u>	<u>(66,840)</u>	<u>65,724</u>
Net cash provided by (used in) non-capital financing activities	<u>213,877</u>	<u>(81,313)</u>	<u>(66,840)</u>	<u>65,724</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal and interest payment on bonds	(337,603)	-	-	(337,603)
Acquisition and construction of capital assets	(48,000)	(100,401)	-	(148,401)
Special assessments and tap fees	24,054	25,851	-	49,905
Proceeds from sale of capital assets	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>15,000</u>
Net cash used in capital and related financing activities	<u>(354,049)</u>	<u>(67,050)</u>	<u>-</u>	<u>(421,099)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>164,486</u>	<u>241,290</u>	<u>22,162</u>	<u>427,938</u>
Net cash provided by investing activities	<u>164,486</u>	<u>241,290</u>	<u>22,162</u>	<u>427,938</u>
Net increase in cash and cash equivalents	240,813	930,206	18,880	1,189,899
Cash and cash equivalents at beginning of year	<u>3,712,860</u>	<u>4,596,399</u>	<u>457,266</u>	<u>8,766,525</u>
Cash and cash equivalents at end of year	<u>\$ 3,953,673</u>	<u>\$ 5,526,605</u>	<u>\$ 476,146</u>	<u>\$ 9,956,424</u>

CHARTER TOWNSHIP OF PORT HURON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income for the year	\$ 89,139	\$ 495,919	\$ 17,417	\$ 602,475
Adjustments to reconcile operating income to net cash provided by operating activities -				
Depreciation and amortization	296,227	407,609	-	703,836
Changes in assets and liabilities:				
Receivables	(143,658)	(70,571)	(13,731)	(227,960)
Prepaid expenses	2,539	1,244	2,000	5,783
Inventory	(10,695)	1,095	-	(9,600)
Deferred outflows of resources	30,510	20,649	-	51,159
Payables/accrued expenses	(48,974)	(20,156)	57,598	(11,532)
Unearned revenue	-	-	274	274
Deferred inflows of resources	<u>1,411</u>	<u>1,490</u>	<u>-</u>	<u>2,901</u>
Net cash provided by operating activities	<u>\$ 216,499</u>	<u>\$ 837,279</u>	<u>\$ 63,558</u>	<u>\$ 1,117,336</u>

CHARTER TOWNSHIP OF PORT HURON
CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2024

ASSETS

Cash and cash equivalents	<u>\$ 390,573</u>
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LIABILITIES

Due to other governments	<u>\$ 390,573</u>
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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
December 31, 2024

ADDITIONS

Tax collections for other governments	\$ 9,198,729
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DEDUCTIONS

Tax collections disbursed to other governments	<u>9,198,729</u>
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Change in net position	-
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Net position at beginning of year	<u>-</u>
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Net position at end of year	<u><u>\$ -</u></u>
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CHARTER TOWNSHIP OF PORT HURON
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2024

	<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 980,549	\$ 111,352	\$ 1,091,901
Investments	394,388	-	394,388
Taxes receivable	95,931	-	95,931
Due from primary government	144,129	-	144,129
Capital assets (net of accumulated depreciation) -			
Assets being depreciated	<u>4,771,852</u>	<u>-</u>	<u>4,771,852</u>
 Total assets	<u>6,386,849</u>	<u>111,352</u>	<u>6,498,201</u>
LIABILITIES			
Payables and current liabilities	10,814	-	10,814
Due to primary government	<u>216,019</u>	<u>-</u>	<u>216,019</u>
 Total liabilities	<u>226,833</u>	<u>-</u>	<u>226,833</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for subsequent period	<u>358,777</u>	<u>-</u>	<u>358,777</u>
NET POSITION			
Net investment in capital assets	4,771,852	-	4,771,852
Unrestricted	<u>1,029,387</u>	<u>111,352</u>	<u>1,140,739</u>
	<u>\$ 5,801,239</u>	<u>\$ 111,352</u>	<u>\$ 5,912,591</u>

CHARTER TOWNSHIP OF PORT HURON
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the year ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
DOWNTOWN DEVELOPMENT AUTHORITY				
Governmental activities -				
Public works	\$ 371,320	\$ -	\$ -	\$ -
Community and economic development	41,075	-	-	-
	412,395	-	-	-
ECONOMIC DEVELOPMENT CORPORATION				
Governmental activities -				
Community and economic development	11,993	8,000	-	-
Total component units	\$ 424,388	\$ 8,000	\$ -	\$ -

General revenues -
Property taxes
Unrestricted investment income

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

Net (Expense) Revenue and Change in Net Position		
Downtown Development Authority	Economic Development Corporation	Total
\$ (371,320)		\$ (371,320)
<u>(41,075)</u>		<u>(41,075)</u>
<u>(412,395)</u>		<u>(412,395)</u>
	\$ (3,993)	(3,993)
		<u>(416,388)</u>
322,077	-	322,077
<u>56,947</u>	<u>5,190</u>	<u>62,137</u>
<u>379,024</u>	<u>5,190</u>	<u>384,214</u>
(33,371)	1,197	(32,174)
<u>5,834,610</u>	<u>110,155</u>	<u>5,944,765</u>
<u>\$ 5,801,239</u>	<u>\$ 111,352</u>	<u>\$ 5,912,591</u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Charter Township of Port Huron, Michigan (the "Township"), a Municipal Corporation, was organized as a Township in 1827 and became a Charter Law Township on November 27, 1978 under Public Act 359, the Charter Township Act. The Township is one of twenty-three townships in St. Clair County and covers an area of approximately 13 square miles. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees and provides services to its residents in many areas including law enforcement, fire protection, water, sewer, roads, parks and natural resources, and planning and economic development.

These financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township.

DISCRETELY PRESENTED COMPONENT UNITS

ECONOMIC DEVELOPMENT CORPORATION (EDC) - was incorporated under the provision of Act No. 338 of the Public Acts of 1974, as amended. Its purpose is to alleviate and prevent conditions of unemployment, to assist and retain local industry and commercial enterprises, to strengthen and revitalize the Township's economy, to provide means and methods for encouragement and assistance to industrial and commercial enterprises, etc. The EDC is managed by its 13-member Board of Directors, which are appointed by the Supervisor with the advice and consent of the Township Board (the "Board"). The Corporation is financed primarily through user charges, rent, and donations. The Corporation has the authority to issue revenue bonds, which are not backed by the Corporation or the Township, but rather the specific project for which they were issued. Since the EDC operates in conjunction and there is interdependency between the two agencies, the Corporation is reported as a component unit.

DOWNTOWN DEVELOPMENT AUTHORITY (DDA) - was created to halt property value deterioration, eliminate the cause of the deterioration, increase property tax valuation, and promote economic growth. The DDA is under the supervision of the Board, with the nine-member Board appointed by the Supervisor. The DDA is required to annually prepare and submit a budget to the Board.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental activities, which are normally supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, as well as the proprietary and fiduciary funds financial statements, are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year they are intended to finance (the December **2023** levy in 2024). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgements, are recorded only when payment is due.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State-shared revenue, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes, which are levied and collected in December of each year, are budgeted and treated as revenue in the subsequent year. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

Police Fund - is a special revenue fund used to account for taxes and other related revenue restricted for providing police protection in the Township.

Fire Fund - is a special revenue fund used to account for taxes and other revenues restricted for providing fire protection in the Township.

CARES Act Fund - is a special revenue fund used to account for federal CARES Act revenues and expenditures, including Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act.

The Township reports the following major proprietary funds:

Water Fund - is used to account for the purchase and distribution of water to residential and commercial users.

Sewer Fund - is used to account for sanitary sewer services provided to residential and commercial users.

Refuse Fund - is used to account for the operation and activities of garbage collection for residential customers within the Township.

Additionally, the Township reports the following fund types:

Governmental Fund Types

Special Revenue Funds - are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than for debt service or capital projects.

Permanent Fund - is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for the perpetual care of the Charter Township cemetery.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Type

Custodial Funds - are used to account for assets held by the Township in a trustee capacity or as an agent for other individuals, private organizations, and governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's Enterprise Funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal on-going operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses include water purchases and sewer treatment, refuse collection, operating and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first and then unrestricted resources as they are needed.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/
Fund Balance**

Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, savings, investment trust funds, and certificates of deposit with original maturities of three months or less from the date of acquisition. Investments are certificates of deposit with a maturity date greater than three months from the date of purchase and investment trust funds that invest primarily in U.S. treasuries, U.S. agencies, repurchase agreements, and commercial paper.

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Leases

The Township is a lessor of a lease for a piece of property and related easements. 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.

Inventories and Prepaid Items

Inventories are valued at cost and are determined by the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Sewer Capacity Rights

The Township has entered into a contract with the City of Port Huron, Michigan (the “City”), to provide sanitary sewer services to the Township. In connection, the City has issued various bond issues to upgrade and improve the wastewater facility for which the Township is responsible for their share of the debt costs; however, the Township has no direct ownership interest. The Township’s portion of the debt has been recorded in the Sewer Fund with an offsetting intangible asset “sewer capacity rights.” The “sewer capacity rights” are amortized over the life of the debt, which is considered the minimum life of the contract with the City. The debt service costs are billed by the City as part of the sewer treatment cost.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Calendar

The Township's property tax is levied each December 1 on the assessed valuation of property located in the Township as of the proceeding December 31. Property taxes are recognized as revenues in the year they were intended to finance (the 2023 levy is recognized in 2024).

The Township also collects taxes for various other municipalities and school districts. The collection and remittance of these taxes are accounted for in the Tax Collection Fund.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 (\$1,000 prior to 2020) 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 at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

As permitted by GASB Statement No. 34, the Township has elected not to report governmental infrastructure assets (principally shared roads) acquired prior to January 1, 2004.

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

	Primary Government	Component Unit
Land improvements	20 - 30	-
Buildings and improvements	5 - 15	-
Utility systems	40 - 60	-
Machinery and equipment	5 - 20	-
Shared street improvements	-	20
Storm sewers	-	60
Street lighting	-	60
Drains	50	-

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

In accordance with contracts negotiated with various employee groups of the Township, employees can accumulate earned but unused vacation and casual leave under formulas and conditions specified in the contracts. A liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability and related expenses are reported in the government-wide and proprietary fund statements when earned and in the governmental fund statements when used or paid.

Long-term Obligations

In the government-wide financial statements, and 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 statements of net position. Bond premiums and discounts, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Township reports items on the government-wide and proprietary fund statements related to pensions. The pension related deferred outflows of resources are amortized over the expected remaining service lives of the participants, with the exception of the net difference between expected and actual plan investment earnings, which are amortized over five (5) years.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position/balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) so will not be recognized as an inflow of resources (revenues) until that time. The Township had two items which are reported on both the government-wide statement of net position (accrual basis of accounting) and the governmental fund balance sheet (modified accrual basis of accounting) for taxes levied for a subsequent period and for unearned lease revenue. These amounts are deferred and recognized as inflows of resources in the period the tax levy is for and as the lease revenues are earned. The Township also reports items on the government-wide statement of net position and on the proprietary fund statements related to the pension plan. The pension related deferred inflows of resources will be amortized over the expected remaining service lives of the participants, with the exception of the net difference between expected and actual plan investment earnings, which are amortized over five (5) years.

Pension

The Township offers pension benefits to retirees. The Township records a net pension liability 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, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the pension plan, 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 of the pension plan are reported at fair value.

Other Postemployment Benefits

The Township provides a Health Care Savings Program whereby the Township contributes \$150 per month. Employees may also contribute up to the maximum funded annual limitation. The Township also provides one retiree a defined benefit health plan.

Fund Balance

In the fund financial statements, governmental funds have reported fund balances in one or more of the following classifications:

Nonspendable Fund Balance – the portion of fund balance that is not in a spendable form or is required to be maintained intact.

Restricted Fund Balance – the portion of the fund balance that is mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed Fund Balance – the portion of fund balance that is set aside for a specific purpose by the Township itself using the highest level of decision-making authority (Township Board) by the passage of a resolution.

Assigned Fund Balance – the portion of fund balance that reflects the Township's intended use of resources. Such intent currently must be determined by the Township Board. Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the General Fund is reported as assigned.

Unassigned Fund Balance – the portion of fund balance in the General Fund that cannot be classified into one of the four categories above.

When different classifications of fund balance are present, it is the Township's policy that expenditures are to be spent from restricted fund balance first, if appropriate, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following statements that could have an impact on the Township's financial statements when adopted. The Township is currently evaluating the implications of these pronouncements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess whether a concentration or constraint makes the reporting unit report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, it requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for the Township's fiscal year ending December 31, 2025.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This statement is effective for the Township's fiscal year ending December 31, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement establishes types of assets required to be disclosed separately within the capital asset note, as well as information disclosed for assets held for sale. This statement is effective for Township's fiscal year ending December 31, 2026.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Compliance

Annual budgets are adopted for the general and special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America and are not significantly different from the modified accrual basis used to reflect actual results.

The Township Supervisor and the Clerk prepare and submit the proposed operating budgets for the year commencing January 1. The budgets include proposed expenditures and resources to finance them.

Prior to December 31, the proposed budget is presented to the Township Board. The Board holds a public hearing and may add to, subtract from, or change appropriations. The budget is then legally enacted through the passage of a Township Resolution. After the budget is adopted, the Township Board must approve all amendments.

The budgets are adopted at the total expenditure level for the General Fund and the Special Revenue Funds. This is the legally enacted level under the State of Michigan Uniform Budgeting and Accounting Act. However, for control purposes all budgets are maintained at the object (account) level.

The Township does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year-end.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Michigan Public Act 621 of 1978, Section 18, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated at the legally enacted level. The Michigan Department of Treasury requires the reporting of any significant overages at the legal level of budgetary control level (any overages at the legal level of budgetary control greater than 10% of total expenditures and the overage itself is larger than 10%). For the fiscal year ended December 31, 2024, the Township did not have overages that exceeded this threshold.

The Township did not originally adopt budgets for the CARES Act Fund or the Ambulance Fund, both Special Revenue Funds, for the year ended December 31, 2024. However, a budget amendment for both funds was subsequently adopted. This is in violation of the Uniform Budgeting and Accounting Act.

NOTE 3 - DEPOSITS AND INVESTMENTS

Carrying Amount

As of December 31, 2024, the carrying amount of the deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Petty cash and cash on hand	\$ 1,245	\$ -	\$ -	\$ 1,245
Deposits with financial institutions -				
Checking	2,261,166	342,728	179,205	2,783,099
Savings/certificates of deposit	902,597	5,802	401,922	1,310,321
Total deposits	3,163,763	348,530	581,127	4,093,420
Investment trust funds	15,923,709	42,043	905,162	16,870,914
	<u>\$ 19,088,717</u>	<u>\$ 390,573</u>	<u>\$ 1,486,289</u>	<u>\$ 20,965,579</u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Reconciliation to Combined Balance Sheet

	Primary Government	Fiduciary Funds	Component Units	Total
Reported as cash and cash equivalents -				
Cash on hand	\$ 1,245	\$ -	\$ -	\$ 1,245
Checking	2,261,166	342,728	179,205	2,783,099
Savings	118,362	5,802	7,534	131,698
Investment trust funds	15,923,709	42,043	905,162	16,870,914
	18,304,482	390,573	1,091,901	19,786,956
Reported as investments -				
Certificates of deposit	784,235	-	394,388	1,178,623
	<u>\$ 19,088,717</u>	<u>\$ 390,573</u>	<u>\$ 1,486,289</u>	<u>\$ 20,965,579</u>

Deposits

The Township's investment policy and Act 217 PA 1982, as amended, authorizes the Township to deposit in certificates of deposit, savings accounts, depository accounts, or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States; but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State of Michigan (the "State") under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of the Michigan Compiled Laws.

The Township's investment policy primary objectives, in order of priority, are safety, liquidity, diversification, and return on investment. The Township Treasurer is responsible for the investment program.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Township's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the Township at December 31, 2024, the Township's deposits consist of demand deposits, savings accounts, and certificates of deposit. The bank balance of the Township's deposits was \$4,338,530, of which \$889,228 was insured by depository insurance and the remaining balance of \$3,449,302 was uninsured and uncollateralized.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments

The Township's investment policy and Act 20 PA 1994 as amended by Act 1997 PA 1999 authorizes the Township to invest surplus funds in bonds, securities and other direct obligations or repurchase agreements consisting of these financial instruments of the United States government or an agency or instrumentality of the United States; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of the political subdivisions that at the time of purchase are rated as investment grades by not less than one standard rating service, mutual funds registered under the Investment Company Act of 1940, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation, investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.111 to 129.118; investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

Credit Risk - Investments

The risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The Township has \$16,870,914 invested in investment trust funds that invest primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper. The investment trusts have been rated as follows:

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Weighted Average Maturity of</u>
MBIA Michigan CLASS	\$ 16,870,914	AAAm	Standard & Poor's	≤ 60

Michigan Cooperative Liquid Assets Security System ("Michigan CLASS") is a participant-controlled trust created in accordance with Section 5 of Act 7 of the Urban Cooperation Act of 1967 and the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150. Michigan CLASS is not subject to regulatory oversight and is not registered with the SEC, however, does issue a separate audited financial statement. Michigan CLASS operates like a money market mutual fund, with each share valued at \$1.00. Fair value of the Township's position in the pool is the same as the value of the Michigan CLASS pool shares.

Michigan CLASS is recorded at amortized cost, which approximates fair value and this fund is not subject to the fair value disclosures under GASB Statement No. 72. The fund does not require notification of redemptions.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The investment trust fund has been reported in the financial statements as a cash equivalent because it has the general characteristics of demand deposit accounts in that the Township may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty.

Custodial Credit Risk

Is the risk that, in the event of the failure of the counterparty, the Township may not be able to recover the value of its investments that are in the possession of another party. The Township's investment policy does not address custodial credit risk.

Concentration of Credit Risk - Investments

Is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township's investment policy does not address concentration of credit risk.

Interest Rate Risk- Investments

Interest rate risk is the risk that the value of securities in the Township portfolio will decrease as a result of a rise in interest rates. The Township attempts to minimize interest risk by maintaining liquidity to meet all operating requirements without the need to sell securities prior to maturity and investing operating funds primarily in short-term securities, money markets, mutual funds, or similar public investment pools. At December 31, 2024, \$1,178,623 of the Township's certificates of deposit have a maturity of one to two years.

NOTE 4 - TAXES/ASSESSMENTS

The Township property taxes are levied each December on the assessed valuation of the property located in the Township as of the preceding December 31. On December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the following February.

Assessed values are established annually by the Township and are equalized by the State at an estimated percentage of the current market value. Real and personal property in the Township for 2024 and 2023 have a taxable value of \$328,515,865 and \$299,173,246, respectively.

For the 2023 Levy, (2024 Revenue), the Township levied 2.0000 mills for General Operations, .9891 mills for Road Repairs, 3.0000 mills for Fire Protection, .8655 mills for Public Bus Transportation, 3.4500 mills for Police Protection, and .4660 mills for Street Lighting. The Component Unit, Downtown Development Authority (DDA), captures the increase in taxable value of property within the DDA District.

The County of St. Clair has established a Tax Collection Revolving Fund whereby all local units of government are paid for the delinquent real property taxes each year.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 5 - RECEIVABLES

Receivables in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Taxes	\$ 2,888,261	\$ -
Special assessments	-	30,366
Accounts	49,895	1,964,586
Lease	441,100	-
Intergovernmental	207,628	-
	<u>\$ 3,586,884</u>	<u>\$ 1,994,952</u>
Amount not expected to be collected within one year	<u>\$ 440,000</u>	<u>\$ -</u>

NOTE 6 - LEASE RECEIVABLE

The Township has an operating lease agreement to lease a parcel of property, including certain related easements, for a ten- (10) year period with four (4) ten- (10) year options ending in 2052. They are currently in the second option period which requires annual payments of \$19,939 through 2027, increasing by 15% at the end of each five- (5) year period thereafter. The lessee has the option to terminate the agreement at any time for any reason; however, management believes it is "reasonably certain" that the option periods will be exercised. The present value of the remaining agreement with an implied rate of 4.7%, including all option periods, was \$441,100 for the year ended December 31, 2024. During the year, the Township received \$19,939, which consisted of lease revenues of \$97 and interest of \$19,842.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 7 - INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 77,563
	CARES Act Fund	390,974
	Parks Fund	85,393
	Cemetery Fund	15,182
	Police Fund	20,478
	Building Inspection Fund	6,823
	Sewer Fund	59,191
	Water Fund	132,433
	Refuse Fund	42,281
CARES Act Fund	Fire Fund	45,095
	Cemetery Fund	12,044
	Sewer Fund	30,000
	Water Fund	177,663
Road Fund	General Fund	89,847
	Parks Fund	2,835
Blue Water Area Transportation Fund	General Fund	20,872
Liquor Control Fund	General Fund	1,758
Park Fund	Sewer Fund	5,806
Museum Fund	General Fund	1,000
Sewer Fund	Building Inspection Fund	4,300
Water Fund	Sewer Fund	68,267
Refuse Fund	Water Fund	133,334
		<u>\$ 1,423,139</u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 7 - INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS (Continued)

Due From/To Primary Government and Component Units

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Downtown Development Authority	\$ 97,005
Parks Fund	Downtown Development Authority	2,952
Water Fund	Downtown Development Authority	102,650
Sewer Fund	Downtown Development Authority	<u>13,412</u>
		<u>\$ 216,019</u>
Downtown Development Authority	Police Fund	\$ 1,183
Downtown Development Authority	Fire Fund	77,250
Downtown Development Authority	Road Fund	36,134
Downtown Development Authority	Blue Water Area Transportation Fund	<u>29,562</u>
		<u>\$ 144,129</u>

The amounts due between funds and component units are to reclassify/reimburse certain expenses, record transfers between funds, etc.

Transfers From/To Other Funds

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Primary Government		
General Fund	Park Fund	\$ 15,000 (2)
General Fund	CARES Act Fund	149,674 (3)
Fire Fund	General Fund	438,200 (1)
Building Inspection Fund	General Fund	33,725 (1)
Museum Fund	General Fund	<u>10,000 (1)</u>
		<u>\$ 646,599</u>

(1) Appropriation of operations

(2) Reimbursement for administration

(3) To reimburse for funding of fire operations

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 8 - CAPITAL ASSETS

Primary Government

Capital asset activity of the primary government of the Township for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions/ Adjustments	Deletions/ Adjustments	Balance December 31, 2024
Governmental activities				
Capital assets, not being depreciated -				
Land	\$ 1,620,562	\$ -	\$ -	\$ 1,620,562
Works of art	16,000	-	-	16,000
Construction in progress	36,126	35,139	-	71,265
 Total capital assets, not being depreciated	 1,672,688	 35,139	 -	 1,707,827
Capital assets, being depreciated -				
Land improvements	3,363,229	340,048	-	3,703,277
Shared road system	3,307,027	428,877	-	3,735,904
Buildings and improvements	1,484,535	15,876	-	1,500,411
Machinery and equipment	1,955,254	911,683	-	2,866,937
 Total capital assets being depreciated	 10,110,045	 1,696,484	 -	 11,806,529
Less accumulated depreciation for -				
Land improvements	1,908,676	122,058	-	2,030,734
Shared road system	1,827,438	172,133	-	1,999,571
Buildings and improvements	1,211,868	26,437	-	1,238,305
Machinery and equipment	1,449,374	94,287	-	1,543,661
 Total accumulated depreciation	 6,397,356	 414,915	 -	 6,812,271
 Total capital assets being depreciated, net	 3,712,689	 1,281,569	 -	 4,994,258
 Governmental activities capital assets, net	 \$ 5,385,377	 \$ 1,316,708	 \$ -	 \$ 6,702,085

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 8 - CAPITAL ASSETS (Continued)

	Balance January 1, 2024	Additions/ Adjustments	Deletions/ Adjustments	Balance December 31, 2024
Business-type activities				
Capital assets, not being depreciated -				
Land	\$ 71,082	\$ -	\$ -	\$ 71,082
Construction in progress	-	23,643	-	23,643
Total capital assets, not being depreciated	71,082	23,643	-	94,725
Capital assets, being depreciated -				
Land improvements	242,966	-	-	242,966
Mains and extensions	34,644,206	10,500	-	34,654,706
Equipment	1,434,494	114,258	52,747	1,496,005
Total capital assets, being depreciated	36,321,666	124,758	52,747	36,393,677
Less accumulated depreciation for -				
Land improvements	165,836	12,148	-	177,984
Mains and extensions	17,500,627	638,228	-	18,138,855
Equipment	1,107,723	53,460	52,747	1,108,436
Total accumulated depreciation	18,774,186	703,836	52,747	19,425,275
Total capital assets being depreciated, net	17,547,480	(579,078)	-	16,968,402
Business-type activities capital assets, net	\$ 17,618,562	\$ (555,435)	\$ -	\$ 17,063,127

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 8 - CAPITAL ASSETS (Continued)

Discretely Presented Component Unit

Downtown Development Authority activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions/ Adjustments	Deletions/ Adjustments	Balance December 31, 2024
Capital assets, being depreciated -				
Shared street improvements	\$ 1,573,838	\$ -	\$ -	\$ 1,573,838
Storm sewer	6,713,770	-	-	6,713,770
Equipment	4,360	-	-	4,360
Street lighting	1,560,092	-	-	1,560,092
	<u>9,852,060</u>	<u>-</u>	<u>-</u>	<u>9,852,060</u>
Less accumulated depreciation for -				
Shared street improvements	1,193,463	78,692	-	1,272,155
Storm sewer	2,688,037	112,318	-	2,800,355
Equipment	4,360	-	-	4,360
Street lighting	940,934	62,404	-	1,003,338
	<u>4,826,794</u>	<u>253,414</u>	<u>-</u>	<u>5,080,208</u>
Downtown Development Authority capital assets, net	<u>\$ 5,025,266</u>	<u>\$ (253,414)</u>	<u>\$ -</u>	<u>\$ 4,771,852</u>

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

Governmental activities -	
General government	\$ 25,107
Public safety	83,448
Public works	196,021
Recreation and culture	<u>110,339</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 414,915</u>
Business-type activities -	
Water	296,227
Sewer	<u>407,609</u>
Total depreciation expense - business-type activities	<u>\$ 703,836</u>
Component unit -	
Downtown Development Authority	<u>\$ 253,414</u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 9 - PAYABLES

Payables and accrued liabilities in the governmental and business-type activities as of December 31, 2024 are as follows:

	Governmental Activities	Business- type Activities
Accounts payable	\$ 55,809	\$ 92,191
Accrued liabilities	59,760	12,522
Intergovernmental	79,037	636,827
	<u>\$ 194,606</u>	<u>\$ 741,540</u>

NOTE 10 - LONG-TERM DEBT

Primary Government

The following is a summary of changes in the long-term liabilities (including current portions) of the Township for the year ended December 31, 2024:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Due Within One Year
Governmental activities					
Drain District	\$ 146,271	\$ -	\$ 29,253	\$ 117,018	\$ -
Other liabilities - accrued vacation and sick leave	29,723	21,876	-	51,599	-
Total governmental activities	175,994	21,876	29,253	168,617	-
Business-type activities					
General obligation limited tax bonds -					
2015 Refunding water system	195,000	-	60,000	135,000	65,000
2020 Capital improvement	4,016,080	-	195,000	3,821,080	200,000
Other liabilities -					
Contracts payable	1,663,395	1,001,250	61,777	2,602,868	86,775
Accrued vacation and sick leave	5,178	2,172	-	7,350	-
Total business-type activities	5,879,653	1,003,422	316,777	6,566,298	351,775
Total primary government	<u>\$ 6,055,647</u>	<u>\$ 1,025,298</u>	<u>\$ 346,030</u>	<u>\$ 6,734,915</u>	<u>\$ 351,775</u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 10 - LONG-TERM DEBT (Continued)

Significant details regarding outstanding long-term liabilities (including current portions) are presented as follows:

Governmental Activities

Drain District

The St. Clair County Drain Commission has made improvements to the following drain and levied a multi-year assessment against the Township as follows:

Bunce Creek and Huffman (20-year assessment through 2029) with interest of 5.36%.	<u>\$ 117,018</u>
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The debt retirement for the drains is recorded as part of the General Fund - Public Works - Drains.

Business-type Activities

Bonds Payable

Water Supply System

The Charter Township of Port Huron has two General Obligation Bond issues outstanding at December 31, 2024 from which the proceeds were used for water system improvements and expansion.

The 2015 General Obligation Limited Tax Refunding Bonds, dated September 29, 2015, were issued in the amount of \$1,445,000 to refund the 2002 General Obligation Limited Tax Bonds and the 2003 General Obligation Limited Tax Bond and to partially advance refund of the 2006 General Obligation Limited Tax Bonds. The Bonds are due in annual installments ranging from \$65,000 to \$70,000 through May 1, 2026, with interest of 2.22%, payable semi-annually.	<u>\$ 135,000</u>
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2020 Capital Improvement Bonds have been sold through the State of Michigan Drinking Water Revolving Fund to acquire and construct capital improvements to the Township's water supply system, including replacement of watermains and valves. The bonds were dated August 28, 2020 with bond proceeds authorized up to the amount of \$4,640,000. A principal and interest payment schedule will be finalized upon completion of the project for the loan. The preliminary schedule requires principle payments on April 1 of each year ranging from \$200,000 to \$280,000, with interest of 2.00% per annum, payable semi-annually. At December 31, 2024, the amount drawn was \$4,206,080.	<u>\$ 3,821,080</u>
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CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 10 - LONG-TERM DEBT (Continued)

Contracts Payable

The sewer treatment agreement with the City of Port Huron (the "City") authorizes the City to issue debt to pay for capital improvements and renovations at the treatment plant and include the debt costs as part of the annual treatment costs. Should the Township terminate the contract, the Township would be responsible for their share (13.35%) of any outstanding debt. As of December 31, 2024, the City had four bond issues outstanding totaling \$19,489,886, of which the Charter Township of Port Huron's share amounts to \$2,602,868. The Township's portion of the bonds is due in installments ranging from \$58,740 to \$134,168, including interest ranging from 2.50% to 4.00%, which is recorded as sewer charges.

\$ 2,602,868

Annual Debt Requirements

The annual requirements to pay the debt outstanding at December 31, 2024 are as follows:

Year	Drainage District		General Obligation Bond		Contracts Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ -	\$ -	\$ 65,000	\$ 2,276	\$ 86,775	\$ 92,794
2026	29,253	6,272	70,000	777	90,780	90,761
2027	29,253	4,704	-	-	94,785	86,959
2028	29,253	3,136	-	-	97,455	82,984
2029	29,259	1,568	-	-	102,795	78,895
2030-2034	-	-	-	-	570,998	327,992
2035-2039	-	-	-	-	582,728	218,663
2040-2044	-	-	-	-	548,685	126,633
2045-2049	-	-	-	-	427,867	41,927
	<u>\$ 117,018</u>	<u>\$ 15,680</u>	<u>\$ 135,000</u>	<u>\$ 3,053</u>	<u>\$ 2,602,868</u>	<u>\$ 1,147,608</u>

Accrued Vacation and Casual Pay

In accordance with contracts negotiated with the various employee groups of the Township, employees can accumulate earned but unused vacation and casual leave under formulas and conditions specified in the contracts. The governmental fund portion of \$51,599 has been recorded in the government-wide financial statements as a long-term liability. The Enterprise Funds portion of \$7,350 has been recorded as a long-term liability on the government-wide and fund level financial statements.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 11 - SEWAGE DISPOSAL SYSTEM AGREEMENT

The Charter Township of Port Huron does not operate or own a Sanitary Sewer Disposal Plant; instead, the Township/County has entered into an agreement with the City of Port Huron to accept and dispose of the Township's sanitary sewage. The agreement provides, among other things, that the City shall reserve a capacity of 8.02 million gallons per day (MGD) in the sewage treatment plant, for which the Township has made a lump sum payment. Further, the Township shall reimburse the City for its respective share of the annual operating costs, including capital purchases and debt retirement.

In connection, the City of Port Huron has issued bonds to make improvements and renovations to the plant. As noted above, the cost to repay these bonds is included in the annual treatment cost from the City. The Township's share of these bond issues amounts to \$2,602,868 at December 31, 2024, which has been recorded as Sewer Capacity Rights Charges and Contracts Payable. The annual debt payments are billed by the City as part of the quarterly sewer billing to the Township.

NOTE 12 - WATER SUPPLY SYSTEM AGREEMENT

The Charter Township of Port Huron does not own a water filtration plant; instead, the Township has entered into an agreement with the City to provide the Township's water supply. Under an agreement dated December 31, 1987, the Township agreed to purchase its present and future water requirements from the City. The agreement is for an indefinite period of time but at least for a period of thirty years from April 1, 1991, at such rates as the City may establish and is reasonable, plus a meter service charge.

NOTE 13 - PENSION PLAN

Defined Benefit Plan

Plan Description

The Charter Township of Port Huron participates in the Municipal Employees' Retirement System (MERS), an agent multiple-employer, state-wide public employee defined benefit pension plan (the "Plan") created under Public Act 135 of 1945 and now operates under Public Act 220 of 1996. MERS was established to provide retirement, survivor, and disability benefits on a voluntary basis to the State of Michigan's local government employees. Act No. 427 of the Public Acts of 1974, as amended, establishes and amends the benefits provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information at www.mersofmich.com or by writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 13 - PENSION PLAN (Continued)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension and pension expense have been determined on the same basis as they are reported by the pension plan (the "Plan"). The Plan uses the economic resources measurement focus and the accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded when due pursuant to legal, statutory, and contractual requirements. Benefit payments and refunds of employee contributions are recognized as expenses when due and payable in accordance with benefit terms.

The membership at December 31, 2023 was comprised of 20 active participants, 16 retirees and beneficiaries, 7 other vested inactive participants, and 3 pending refunds.

Benefits Provided

Retirement benefits are 2.00% of final average compensation (five-year average salary) multiplied by the employee's years of service. Employees are vested after 10 years of service. Normal retirement age is 60. Early retirement with a reduced benefit is at 50 years with 25 years of service or at 55 with 15 years of service. An unreduced benefit at age 55 with 25 years of service is available to all employee divisions. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability benefits are determined in the same manner as retirement benefits but are payable immediately. An employee may withdraw his or her contributions, plus accumulated interest.

Benefit terms, within the parameters established by MERS, are established and amended by authority of the Township Board.

Contributions

All participants are required to provide an employee contribution of 6.00% of compensation. The Township pays the actuarially determined amount, which for the year ended December 31, 2024 was 17.23% of covered payroll. For 2024, employer contributions were \$224,189 and employee contributions were \$78,480.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 13 - PENSION PLAN (Continued)

Net Pension Liability

The net pension liability of the Township has been measured as of December 31, 2024, which used updated procedures to roll forward the estimated liability of an actuarial valuation at December 31, 2023, and is composed of the following:

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Position Liability</u>
Beginning balance	\$ 4,936,576	\$ 3,442,958	\$ 1,493,618
Service cost	121,995	-	121,995
Interest on total pension liability	349,234	-	349,234
Net investment income	-	258,162	(258,162)
Difference between expected and actual experience	(66,039)	-	(66,039)
Changes in assumptions	38,597	-	38,597
Contributions from employer	-	224,189	(224,189)
Contributions from employees	-	78,480	(78,480)
Benefit payments	(267,169)	(267,169)	-
Administrative costs		(7,725)	7,725
Other	(49,605)	-	(49,605)
Ending balance	<u>\$ 5,063,589</u>	<u>\$ 3,728,895</u>	<u>\$ 1,334,694</u>

Plan fiduciary net position as a percentage of the total pension liability 73.64%

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 13 - PENSION PLAN (Continued)

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

For the year ended December 31, 2024, the Township recognized pension expense of \$219,729 in the government-wide and proprietary fund financial statements of the primary government. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary government		
Net difference between projected and actual earnings on Plan investments	\$ 126,904	\$ -
Difference between expected and actual experience	-	52,909
Changes in assumptions	<u>28,948</u>	<u>-</u>
	<u><u>\$ 155,852</u></u>	<u><u>\$ 52,909</u></u>

The amounts of deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

2025	\$ 46,147
2026	90,451
2027	<u>(33,655)</u>
	<u><u>\$ 102,943</u></u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2023, which used updated procedures to roll forward the estimated liability to December 31, 2024. The valuation used the following actuarial assumptions based on the most recent study of Plan experience covering the period from January 1, 2014 through December 31, 2018.

Salary Increases - 3.00%

Inflation - 2.50%

Investment Rate of Return - 7.00%; 7.35% prior to 2020

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 13 - PENSION PLAN (Continued)

Mortality Rates - Pub-2010 Mortality Table fully generational mortality improvements projected with scale MP-2019.

Discount Rate - The discount rate used to measure the total pension liability was 7.25 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 employee rate.

Projected Cash Flows - Based on the assumptions above, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on 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 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 weighing 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 December 31, 2023 for each major asset class included in the Plan's target asset allocation, as disclosed in the investment footnote of the Plan, are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	60.00 %	2.70 %
Global fixed income	20.00	0.40
Private investments	20.00	1.40

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 7.25 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability of the primary government	<u>\$ 1,943,477</u>	<u>\$ 1,334,694</u>	<u>\$ 828,913</u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Note 12, the Township provides postemployment services through a single-employer defined benefit other postemployment benefit plan (the "OPEB Plan") to one former employee at December 31, 2024. Benefits provided by the OPEB Plan consist of only healthcare. All other employees are provided a Health Care Savings Program whereby the Township contributes \$175 per month per employee to the program. Employees may also contribute up to the maximum federal annual limitation.

Management of the OPEB Plan is provided by the Township Board, which consists of 7 members. The OPEB Plan does not issue a publicly-available financial report as it is audited within the financial report of the Township.

Summary of Significant Accounting Policies

For purposes of measuring OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, and OPEB expense have been determined as the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Contributions

During the year ended December 31, 2024, annually determined contributions were \$9,495 and actual contributions of \$8,305 were made. There are no required member contributions.

The contributions of OPEB Plan members and the Township are established and may be amended by the Township Board. Most administrative costs consist of processing retiree health insurance payments of the OPEB Plan and are paid with Township resources.

Methods and Assumptions

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the OPEB Plan as understood by the employer and the OPEB Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the OPEB liability and the value of assets (none at December 31, 2024), consistent with the long-term perspective of the calculations.

The following assumptions were made:

Retirement Age of Active Employees - There are no active employees in the OPEB Plan. All members of the OPEB Plan are retired.

Marital Status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The most recent data are the life tables for males and females, 2022 version (Tables 2 and 3 from the National Vital Statistics Report, Vol. 74, No. 2 dated April 8, 2025).

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on standards set by Michigan Public Act 202. Fiscal 2023 Medicare rates were used for the valuation ending December 31, 2024. Medicare rates were estimated at 5.50 percent for 2025, decreasing by 0.25 percent every year to an ultimate trend rate of 4.50 percent.

Health Insurance Premiums - 2024 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Discount Rate - A discount rate of 3.65% was used. The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index.

OPEB Liability of the Township

The OPEB liability of the Township has been measured as of December 31, 2024 based on a valuation using an alternative measurement method as of that date and is composed of the following:

Beginning balance	\$	70,852
Interest on OPEB liability		1,072
Difference between expected and actual experience		14,483
Benefit payments		<u>(8,035)</u>
Ending balance	\$	<u>78,372</u>

As of December 31, 2024, the Township did not have any assets set aside to offset the OPEB liability.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense

For the year ended December 31, 2024, the Township recognized OPEB expense of \$15,555 for the OPEB Plan in government-wide financial statements of the primary government.

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the Township, calculated using the discount rate of 3.65% as well as what the OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.65%) or one-percentage-point higher (4.65%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$ 82,341</u>	<u>\$ 78,372</u>	<u>\$ 74,676</u>

Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the OPEB liability of the Township, calculated using the healthcare cost trend rate of 5.50%, decreasing by 0.25% to an ultimate trend rate of 4.50% for Medicare rates, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower (4.50%) or one-percentage-point higher (6.50%) than the current rate.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$ 74,684</u>	<u>\$ 78,372</u>	<u>\$ 82,251</u>

NOTE 15 - RESTRICTED ASSETS

The restricted assets of \$34,304 in the Cemetery Perpetual Care Fund are for perpetual care. The restricted assets of \$1,155,867 in the Sewer Fund are for capital improvements/debt retirement.

NOTE 16 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, injuries to employees, medical benefits provided to employees, etc. The Township has purchased insurance coverage for each of these types of losses; however, the Township would be responsible should the limit of coverages be exceeded.

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 17 - FUND BALANCE/RESTRICTED NET POSITION

Restricted Fund Balance/Net Position

The fund balances and net position have been restricted for the following purposes at December 31, 2024:

Governmental funds/activities

Public safety -	
Fire fund	\$ 27,917
Building inspection fund	83,240
Police fund	257,667
Liquor fund	36,891
Public works -	
Road fund	743,272
Transportation fund	12,395
Cemetery perpetual care fund	<u>5,093</u>
Total restricted fund balance - governmental funds	1,166,475
Prepaid expenses -	
Fire fund	36,202
Building inspection fund	3,300
Perpetual care - nonspendable	29,211
Net pension liability -	
Fire fund	(64,119)
Building inspection fund	<u>(21,622)</u>
Total restricted net position - governmental activities	1,149,447

Business-type activities

Sewer fund - capital improvement/debt retirement	<u>1,155,867</u>
Total restricted net position	<u><u>\$ 2,305,314</u></u>

Committed Fund Balance

As of December 31, 2024, the Township Board has committed the following balances:

Cemetery fund	\$ 15,246
Museum fund	15,020
Parks fund	<u>1,920,178</u>
	<u><u>\$ 1,950,444</u></u>

CHARTER TOWNSHIP OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 18 - SUBSEQUENT EVENTS

On February 4, 2025, the Township approved a contract with Teltow Contracting in the amount of \$511,272 for construction costs related to a Bakersfield park pathway extension.

On May 14, 2025, the Township approved a contract with Stafford Landscaping, LLC, in the amount of \$161,488 for construction costs related to a Howard Street sidewalk project.

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE

The Township adopted GASB Statement No. 101, *Compensated Absences*, as of January 1, 2024. It requires the Township to recognize liabilities for compensated absences for leave earned that will be paid out and used in future periods. There was not a material effect on the Township's primary government beginning net position.

NOTE 20 - RESTATEMENT OF BEGINNING BALANCE

The Parks special revenue fund was previously reported as a major fund but is now reported as a nonmajor fund for 2024. The effects of the change are as follows:

	Dec. 31, 2023, as Previously Reported	Change in Major Fund Presentation	Dec. 31, 2023, as Restated
Governmental funds:			
Major fund - parks fund	\$ 2,026,302	\$ (2,026,302)	\$ -
Nonmajor funds	1,105,384	2,026,302	3,131,686

Also, the governmental activities and General Fund were restated to record the present value of a lease receivable as of December 31, 2023. (See Note 6.)

	Increases
Receivables	\$ 441,197
Deferred inflows of resources	441,197

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF PORT HURON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Taxes	\$ 891,500	\$ 891,500	\$ 832,596	\$ (58,904)
Licenses and permits	170,075	170,075	156,744	(13,331)
Intergovernmental	1,013,500	1,013,500	1,313,229	299,729
Charges for services	26,500	26,500	26,913	413
Fines and forfeits	10,000	10,000	10,245	245
Interest and rent	117,800	117,800	264,432	146,632
Other revenues	12,000	12,000	79,262	67,262
Total revenues	<u>2,241,375</u>	<u>2,241,375</u>	<u>2,683,421</u>	<u>442,046</u>
EXPENDITURES				
General government -				
Legislative	317,050	317,050	332,562	(15,512)
Supervisor	100,125	100,125	97,271	2,854
Elections	62,830	75,230	70,259	4,971
Assessor	112,115	112,115	92,281	19,834
Clerk	151,115	151,115	150,462	653
Board of review	3,075	3,075	1,787	1,288
Treasurer	230,030	230,030	246,287	(16,257)
Township hall	53,650	53,650	34,690	18,960
	<u>1,029,990</u>	<u>1,042,390</u>	<u>1,025,599</u>	<u>16,791</u>
Public works -				
Department of public works	180,475	180,475	187,455	(6,980)
Street lights	120,000	120,000	136,912	(16,912)
Drains	202,500	202,500	78,415	124,085
Roads	10,000	10,000	8,221	1,779
	<u>512,975</u>	<u>512,975</u>	<u>411,003</u>	<u>101,972</u>
Community and economic development -				
Planning commission	72,150	72,150	53,367	18,783
Home demolition	6,950	6,950	20,600	(13,650)
	<u>79,100</u>	<u>79,100</u>	<u>73,967</u>	<u>5,133</u>

Continued

CHARTER TOWNSHIP OF PORT HURON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
EXPENDITURES (Continued)				
Recreation and cultural -				
Parks and recreation	\$ 46,800	\$ 46,800	\$ 46,864	\$ (64)
Park facilities	477,800	477,800	235,022	242,778
	<u>524,600</u>	<u>524,600</u>	<u>281,886</u>	<u>242,714</u>
Total expenditures	<u>2,146,665</u>	<u>2,159,065</u>	<u>1,792,455</u>	<u>366,610</u>
Revenues over expenditures	<u>94,710</u>	<u>82,310</u>	<u>890,966</u>	<u>808,656</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	1,200	(3,800)
Transfers in	15,000	15,000	164,674	149,674
Transfers out	<u>(481,925)</u>	<u>(481,925)</u>	<u>(481,925)</u>	<u>-</u>
Total other financing sources (uses)	<u>(461,925)</u>	<u>(461,925)</u>	<u>(316,051)</u>	<u>145,874</u>
Net change in fund balance	(367,215)	(379,615)	574,915	954,530
Fund balance at beginning of year	<u>5,238,588</u>	<u>5,238,588</u>	<u>5,238,588</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,871,373</u>	<u>\$ 4,858,973</u>	<u>\$ 5,813,503</u>	<u>\$ 954,530</u>

Concluded

CHARTER TOWNSHIP OF PORT HURON
POLICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Taxes	\$ 970,000	\$ 970,000	\$ 959,214	\$ (10,786)
Interest	<u>-</u>	<u>-</u>	<u>31,169</u>	<u>31,169</u>
Total revenues	970,000	970,000	990,383	20,383
EXPENDITURES				
Public safety	<u>950,270</u>	<u>950,270</u>	<u>929,495</u>	<u>20,775</u>
Net change in fund balance	19,730	19,730	60,888	41,158
Fund balance at beginning of year	<u>196,779</u>	<u>196,779</u>	<u>196,779</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 216,509</u></u>	<u><u>\$ 216,509</u></u>	<u><u>\$ 257,667</u></u>	<u><u>\$ 41,158</u></u>

CHARTER TOWNSHIP OF PORT HURON
FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Taxes	\$ 860,000	\$ 860,000	\$ 844,584	\$ (15,416)
Intergovernmental	10,000	10,000	267	(9,733)
Charges for services	16,200	16,200	17,577	1,377
Interest	-	-	14,378	14,378
Other	2,500	2,500	8,829	6,329
Total revenues	888,700	888,700	885,635	(3,065)
EXPENDITURES				
Public safety	1,329,400	1,329,400	1,294,668	34,732
Revenues under expenditures	(440,700)	(440,700)	(409,033)	31,667
OTHER FINANCING SOURCES				
Sale of capital assets	2,500	2,500	20	(2,480)
Transfers in	438,200	438,200	438,200	-
Total other financing sources	440,700	440,700	438,220	(2,480)
Net change in fund balance	-	-	29,187	29,187
Fund balance at beginning of year	34,932	34,932	34,932	-
Fund balance at end of year	<u>\$ 34,932</u>	<u>\$ 34,932</u>	<u>\$ 64,119</u>	<u>\$ 29,187</u>

CHARTER TOWNSHIP OF PORT HURON
CARES ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 836,117	\$ 838,299	\$ 2,182
Interest	-	40,000	37,589	(2,411)
	<u>-</u>	<u>876,117</u>	<u>875,888</u>	<u>(229)</u>
EXPENDITURES				
Public safety	-	688,732	688,625	107
Public works	-	102,211	102,211	-
	<u>-</u>	<u>790,943</u>	<u>790,836</u>	<u>107</u>
Revenues over expenditures	-	85,174	85,052	(122)
OTHER FINANCING USES				
Transfers out	-	(149,674)	(149,674)	-
Net change in fund balance	-	(64,500)	(64,622)	(122)
Fund balance at beginning of year	64,622	64,622	64,622	-
Fund balance at end of year	<u>\$ 64,622</u>	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ (122)</u>

CHARTER TOWNSHIP OF PORT HURON
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Plan fiscal years

	For the Year Ended December 31,			
	2024	2023	2022	2021
TOTAL PENSION LIABILITY				
Service cost	\$ 121,995	\$ 92,666	\$ 68,985	\$ 82,733
Interest	349,234	343,172	314,973	314,592
Change in benefits	-	-	(19,170)	-
Differences between expected and actual experience	(66,039)	(10,142)	89,585	(106,198)
Differences between expected and actual assumptions	38,597	-	180,100	147,455
Benefit payments, including refunds	(267,169)	(264,607)	(235,794)	(210,978)
Other changes	(49,605)	(43,893)	(7,157)	(3,242)
Change in total pension liability	127,013	117,196	391,522	224,362
Total pension liability, beginning of year	4,936,576	4,819,380	4,427,858	4,203,496
Total pension liability, end of year	<u>\$ 5,063,589</u>	<u>\$ 4,936,576</u>	<u>\$ 4,819,380</u>	<u>\$ 4,427,858</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 224,189	\$ 180,584	\$ 141,066	\$ 145,267
Contributions - member	78,480	63,411	52,393	54,008
Net investment income	258,162	346,996	(365,755)	440,681
Benefit payments, including refunds	(267,169)	(264,607)	(235,794)	(210,978)
Administrative expenses	(7,725)	(7,345)	(6,521)	(5,056)
Net change in plan fiduciary net position	285,937	319,039	(414,611)	423,922
Plan fiduciary net position, beginning of year	3,442,958	3,123,919	3,538,530	3,114,608
Plan fiduciary net position, end of year	<u>\$ 3,728,895</u>	<u>\$ 3,442,958</u>	<u>\$ 3,123,919</u>	<u>\$ 3,538,530</u>
TOWNSHIPS NET PENSION LIABILITY				
Ending	<u>\$ 1,334,694</u>	<u>\$ 1,493,618</u>	<u>\$ 1,695,461</u>	<u>\$ 889,328</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	73.64%	69.74%	64.82%	79.92%
COVERED EMPLOYEE PAYROLL	\$ 1,142,159	\$ 857,643	\$ 761,098	\$ 862,760
TOWNSHIP'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	116.86%	174.15%	222.77%	103.08%

2020	2019	2018	2017	2016	2015
\$ 73,109	\$ 95,586	\$ 88,260	\$ 88,928	\$ 79,379	\$ 76,816
307,287	311,659	299,912	287,253	261,351	257,900
-	-	-	-	-	-
(225,787)	(25,722)	(40,843)	(14,015)	(26,292)	(36,117)
127,501	-	-	-	202,260	-
(205,239)	(178,478)	(194,081)	(194,081)	(164,684)	(153,404)
16,709	(30,318)	(17,866)	(9,521)	(18,316)	-
93,580	172,727	135,382	158,564	333,698	145,195
4,109,916	3,937,189	3,801,807	3,643,243	3,309,545	3,164,350
<u>\$ 4,203,496</u>	<u>\$ 4,109,916</u>	<u>\$ 3,937,189</u>	<u>\$ 3,801,807</u>	<u>\$ 3,643,243</u>	<u>\$ 3,309,545</u>
\$ 133,240	\$ 115,821	\$ 138,010	\$ 126,144	\$ 123,330	\$ 112,913
26,826	24,216	29,751	20,821	21,129	19,814
357,921	340,802	(104,095)	313,953	247,026	(33,670)
(205,239)	(178,478)	(194,081)	(194,081)	(164,684)	(153,404)
(5,642)	(5,876)	(5,134)	(4,970)	(4,873)	(4,884)
307,106	296,485	(135,549)	261,867	221,928	(59,231)
2,807,502	2,511,017	2,646,566	2,384,699	2,162,771	2,222,002
<u>\$ 3,114,608</u>	<u>\$ 2,807,502</u>	<u>\$ 2,511,017</u>	<u>\$ 2,646,566</u>	<u>\$ 2,384,699</u>	<u>\$ 2,162,771</u>
<u>\$ 1,088,888</u>	<u>\$ 1,302,414</u>	<u>\$ 1,426,172</u>	<u>\$ 1,155,241</u>	<u>\$ 1,258,544</u>	<u>\$ 1,146,774</u>
74.10%	68.31%	63.78%	69.61%	65.46%	65.35%
\$ 755,266	\$ 1,000,334	\$ 942,079	\$ 942,076	\$ 956,160	\$ 896,133
144.17%	130.20%	151.39%	122.63%	131.62%	127.97%

CHARTER TOWNSHIP OF PORT HURON
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
Fiscal years

	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Surplus)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 224,189	\$ 224,189	\$ -	\$ 1,142,159	19.63%
2023	180,584	180,584	-	857,643	21.06%
2022	141,066	141,066	-	761,098	18.53%
2021	145,267	145,267	-	862,760	16.84%
2020	133,240	133,240	-	755,266	17.64%
2019	115,821	115,821	-	1,000,334	11.58%
2018	138,010	138,010	-	942,079	14.65%
2017	126,144	126,144	-	942,076	13.39%
2016	123,330	123,330	-	956,160	12.90%
2015	112,913	112,913	-	896,133	12.60%

VALUATION DATE December 31, two years prior to the end of the fiscal year

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll, open
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market value
Salary increases	3.00%
Investment rate of return	7.00% for 2024 and 2023
Retirement age	Replacement Index up to age 70, then 100%
Mortality	Pub-2010 Mortality Table fully generational mortality improvements projected with Scale MP-2019

CHARTER TOWNSHIP OF PORT HURON
RETIREE HEALTH BENEFITS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
Fiscal years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL OPEB LIABILITY				
Interest	\$ 1,072	\$ 1,906	\$ 1,556	\$ 3,278
Differences between expected and actual experience	14,483	(74,401)	10,190	(13,209)
Benefit payments, including refunds	<u>(8,035)</u>	<u>(9,566)</u>	<u>(13,040)</u>	<u>(11,383)</u>
Change in total OPEB liability	7,520	(82,061)	(1,294)	(21,314)
Total OPEB liability, beginning of year	<u>70,852</u>	<u>152,913</u>	<u>154,207</u>	<u>175,521</u>
Total OPEB liability, end of year	<u><u>\$ 78,372</u></u>	<u><u>\$ 70,852</u></u>	<u><u>\$ 152,913</u></u>	<u><u>\$ 154,207</u></u>
COVERED EMPLOYEE PAYROLL	\$ -	\$ -	\$ -	\$ -
TOWNSHIP'S NET OPEB LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	0.00%	0.00%	0.00%	0.00%

GASB Statement No. 75 was implemented for fiscal year ended December 31, 2018. These schedules are being built prospectively.

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 6,751	\$ 7,392	\$ 7,015
(31,114)	12,193	-
<u>(14,366)</u>	<u>(16,827)</u>	<u>(15,888)</u>
(38,729)	2,758	(8,873)
<u>214,250</u>	<u>211,492</u>	<u>220,365</u>
<u>\$ 175,521</u>	<u>\$ 214,250</u>	<u>\$ 211,492</u>
\$ -	\$ -	\$ -
0.00%	0.00%	0.00%

CHARTER TOWNSHIP OF PORT HURON
RETIREE HEALTH BENEFITS
SCHEDULE OF CONTRIBUTIONS
Fiscal years

	Annual Determined Contribution	Contributions in Relation to the Annual Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 9,495	\$ 8,035	\$ (1,460)	\$ -	0.00%
2022	8,537	9,566	(1,029)	-	0.00%
2022	14,602	13,040	1,562	-	0.00%
2021	13,768	11,383	2,385	-	0.00%
2020	15,396	14,366	1,030	-	0.00%
2019	18,202	16,827	1,375	-	0.00%
2018	17,756	15,888	1,868	-	0.00%

VALUATION DATE December 31, 2024

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Simplified actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	9 years, closed
Investment rate of return	3.65% for 2024 and 3.54% for 2023
Mortality	National Center for Health Statistics 2022 version (Tables 2 and 3 from the National Vital Statistics Report, Vol. 74, No. 2 dated April 8, 2025)
Health care trend rates	The expected rate of increase in healthcare insurance premium was based on standards set by Michigan Public Act 202. Medicare rates were estimated at 5.50% for 2025, decreasing by 0.25% every year to an ultimate trend rate of 4.50%.
Health insurance premium	2024 Health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.
Discount rate	A discount rate of 3.65% was used. The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index.

GASB Statement No. 75 was implemented for fiscal year ended December 31, 2018. These schedules are being built prospectively.

SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF PORT HURON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2024

	Special Revenue Funds			
	(Formally a Major Fund)			
	Road	Park	Ambulance	Cemetery
ASSETS				
Cash and cash equivalents	\$ 752,781	\$ 1,838,799	\$ -	\$ 44,178
Investments	-	161,924	-	-
Receivables - property taxes	239,679	-	151,243	-
Due from other funds	92,682	5,806	-	-
Due from component unit	-	2,952	-	-
Prepaid expenditures	-	1,236	-	-
	1,085,142	2,010,717	151,243	44,178
RESTRICTED ASSETS				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 1,085,142</u>	<u>\$ 2,010,717</u>	<u>\$ 151,243</u>	<u>\$ 44,178</u>
LIABILITIES				
Accounts payable	\$ 8,087	\$ 1,075	\$ -	\$ 551
Accrued liabilities	-	-	-	1,155
Deposits payable	-	-	-	-
Due to other funds	-	88,228	-	27,226
Due to component units	36,134	-	-	-
Total liabilities	44,221	89,303	-	28,932
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for subsequent period	297,649	-	151,243	-
FUND BALANCE				
Nonspendable for -				
Prepaid expenditures	-	1,236	-	-
Perpetual care	-	-	-	-
Restricted for -				
Road	743,272	-	-	-
Cemetery	-	-	-	-
Liquor control	-	-	-	-
Building inspection	-	-	-	-
Transportation	-	-	-	-
Committed for -				
Park	-	1,920,178	-	-
Cemetery	-	-	-	15,246
Museum	-	-	-	-
Total fund balance	743,272	1,921,414	-	15,246
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,085,142</u>	<u>\$ 2,010,717</u>	<u>\$ 151,243</u>	<u>\$ 44,178</u>

Liquor Control	Museum	Building Inspection	Blue Water Area Transportation	Permanent Fund Cemetery Perpetual Care	Total
\$ 35,133	\$ 14,144	\$ 161,412	\$ 71,727	\$ -	\$ 2,918,174
-	-	-	-	-	161,924
-	-	-	209,710	-	600,632
1,758	1,000	-	20,872	-	122,118
-	-	-	-	-	2,952
-	-	3,300	-	-	4,536
36,891	15,144	164,712	302,309	-	3,810,336
-	-	-	-	34,304	34,304
<u>\$ 36,891</u>	<u>\$ 15,144</u>	<u>\$ 164,712</u>	<u>\$ 302,309</u>	<u>\$ 34,304</u>	<u>\$ 3,844,640</u>
\$ -	\$ 124	\$ 1,395	\$ -	\$ -	\$ 11,232
-	-	4,993	-	-	6,148
-	-	60,661	-	-	60,661
-	-	11,123	-	-	126,577
-	-	-	29,562	-	65,696
-	124	78,172	29,562	-	270,314
-	-	-	260,352	-	709,244
-	-	3,300	-	-	4,536
-	-	-	-	29,211	29,211
-	-	-	-	-	743,272
-	-	-	-	5,093	5,093
36,891	-	-	-	-	36,891
-	-	83,240	-	-	83,240
-	-	-	12,395	-	12,395
-	-	-	-	-	1,920,178
-	-	-	-	-	15,246
-	15,020	-	-	-	15,020
36,891	15,020	86,540	12,395	34,304	2,865,082
<u>\$ 36,891</u>	<u>\$ 15,144</u>	<u>\$ 164,712</u>	<u>\$ 302,309</u>	<u>\$ 34,304</u>	<u>\$ 3,844,640</u>

CHARTER TOWNSHIP OF PORT HURON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2024

	Special Revenue Funds			
		(Formally a Major Fund)		
	Road	Park	Ambulance	Cemetery
REVENUES				
Taxes	\$ 278,797	\$ -	\$ 141,050	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	41,769
Interest and rent	50,423	145,213	-	2,182
Other	-	762	-	-
Total revenues	<u>329,220</u>	<u>145,975</u>	<u>141,050</u>	<u>43,951</u>
EXPENDITURES				
Current -				
Public safety	-	-	141,050	-
Public works	499,536	-	-	66,247
Recreation and cultural	-	235,888	-	-
Total expenditures	<u>499,536</u>	<u>235,888</u>	<u>141,050</u>	<u>66,247</u>
Revenues over (under) expenditures	<u>(170,316)</u>	<u>(89,913)</u>	<u>-</u>	<u>(22,296)</u>
OTHER FINANCING SOURCES (USES)				
Gain on sale	-	25	-	-
Transfer in	-	-	-	-
Transfer out	-	(15,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(14,975)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(170,316)</u>	<u>(104,888)</u>	<u>-</u>	<u>(22,296)</u>
Fund balances at beginning of year	913,588	-	-	37,542
Adjusted - change from major to nonmajor	<u>-</u>	<u>2,026,302</u>	<u>-</u>	<u>-</u>
Fund balances at beginning of year, as restated	<u>913,588</u>	<u>2,026,302</u>	<u>-</u>	<u>37,542</u>
Fund balances at end of year	<u>\$ 743,272</u>	<u>\$ 1,921,414</u>	<u>\$ -</u>	<u>\$ 15,246</u>

Liquor Control	Museum	Building Inspection	Blue Water Area Transportation	Permanent Fund Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ 243,848	\$ -	\$ 663,695
-	-	119,980	-	-	119,980
7,332	-	-	-	-	7,332
-	-	1,800	-	-	43,569
1,457	376	3,455	5,316	1,571	209,993
-	-	-	-	-	762
8,789	376	125,235	249,164	1,571	1,045,331
3,888	-	145,119	-	-	290,057
-	-	-	243,812	-	809,595
-	5,145	-	-	-	241,033
3,888	5,145	145,119	243,812	-	1,340,685
4,901	(4,769)	(19,884)	5,352	1,571	(295,354)
-	-	-	-	-	25
-	10,000	33,725	-	-	43,725
-	-	-	-	-	(15,000)
-	10,000	33,725	-	-	28,750
4,901	5,231	13,841	5,352	1,571	(266,604)
31,990	9,789	72,699	7,043	32,733	1,105,384
-	-	-	-	-	2,026,302
31,990	9,789	72,699	7,043	32,733	3,131,686
<u>\$ 36,891</u>	<u>\$ 15,020</u>	<u>\$ 86,540</u>	<u>\$ 12,395</u>	<u>\$ 34,304</u>	<u>\$ 2,865,082</u>

CHARTER TOWNSHIP OF PORT HURON
ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Taxes	\$ 295,000	\$ 295,000	\$ 278,797	\$ (16,203)
Interest	1,000	1,000	50,423	49,423
Total revenues	296,000	296,000	329,220	33,220
EXPENDITURES				
Public works	710,250	710,250	499,536	210,714
Net change in fund balance	(414,250)	(414,250)	(170,316)	243,934
Fund balance at beginning of year	913,588	913,588	913,588	-
Fund balance at end of year	<u>\$ 499,338</u>	<u>\$ 499,338</u>	<u>\$ 743,272</u>	<u>\$ 243,934</u>

CHARTER TOWNSHIP OF PORT HURON
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Interest and rent -				
Interest earned	\$ 100,025	\$ 100,025	\$ 110,728	\$ 10,703
Rentals	38,000	38,000	34,485	(3,515)
Other	2,000	2,000	762	(1,238)
Total revenues	140,025	140,025	145,975	5,950
EXPENDITURES				
Recreation and cultural	353,950	353,950	235,888	118,062
Revenues under expenditures	(213,925)	(213,925)	(89,913)	124,012
OTHER FINANCING SOURCES (USES)				
Sale of asset	-	-	25	25
Transfer out	(15,000)	(15,000)	(15,000)	-
Total other financing sources (uses)	(15,000)	(15,000)	(14,975)	25
Net change in fund balance	(228,925)	(228,925)	(104,888)	124,037
Fund balance at beginning of year	2,026,302	2,026,302	2,026,302	-
Fund balance at end of year	<u>\$ 1,797,377</u>	<u>\$ 1,797,377</u>	<u>\$ 1,921,414</u>	<u>\$ 124,037</u>

CHARTER TOWNSHIP OF PORT HURON
AMBULANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Taxes	\$ -	\$ 162,380	\$ 141,050	\$ (21,330)
Interest	-	100	-	(100)
	-	162,480	141,050	(21,430)
EXPENDITURES				
Public safety	-	162,480	141,050	21,430
Revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF PORT HURON
CEMETERY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Charges for services	\$ 51,000	\$ 51,000	\$ 41,769	\$ (9,231)
Interest	50	50	2,182	2,132
Total revenues	51,050	51,050	43,951	(7,099)
EXPENDITURES				
Public works	51,050	70,000	66,247	3,753
Net change in fund balance	-	(18,950)	(22,296)	(3,346)
Fund balance at beginning of year	37,542	37,542	37,542	-
Fund balance at end of year	<u>\$ 37,542</u>	<u>\$ 18,592</u>	<u>\$ 15,246</u>	<u>\$ (3,346)</u>

CHARTER TOWNSHIP OF PORT HURON
LIQUOR CONTROL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 7,332	\$ 2,332
Interest	-	-	1,457	1,457
Total revenues	5,000	5,000	8,789	3,789
EXPENDITURES				
Public safety	5,000	5,000	3,888	1,112
Net change in fund balance	-	-	4,901	4,901
Fund balance at beginning of year	31,990	31,990	31,990	-
Fund balance at end of year	<u>\$ 31,990</u>	<u>\$ 31,990</u>	<u>\$ 36,891</u>	<u>\$ 4,901</u>

CHARTER TOWNSHIP OF PORT HURON
MUSEUM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Interest	\$ -	\$ -	\$ 376	\$ 376
Other	2,500	2,500	-	(2,500)
Total revenues	2,500	2,500	376	(2,124)
EXPENDITURES				
Recreation and cultural	12,500	12,500	5,145	7,355
Revenues under expenditures	(10,000)	(10,000)	(4,769)	5,231
OTHER FINANCING SOURCES				
Transfer in	10,000	10,000	10,000	-
Net change in fund balance	-	-	5,231	5,231
Fund balance at beginning of year	9,789	9,789	9,789	-
Fund balance at end of year	<u>\$ 9,789</u>	<u>\$ 9,789</u>	<u>\$ 15,020</u>	<u>\$ 5,231</u>

CHARTER TOWNSHIP OF PORT HURON
BUILDING INSPECTIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Licenses and permits	\$ 116,500	\$ 116,500	\$ 119,980	\$ 3,480
Charges for services	10,000	10,000	1,800	(8,200)
Interest	-	-	3,455	3,455
Total revenues	126,500	126,500	125,235	(1,265)
EXPENDITURES				
Public safety	160,225	160,225	145,119	15,106
Revenues under expenditures	(33,725)	(33,725)	(19,884)	13,841
OTHER FINANCING SOURCES				
Transfer in	33,725	33,725	33,725	-
Net change in fund balance	-	-	13,841	13,841
Fund balance at beginning of year	72,699	72,699	72,699	-
Fund balance at end of year	<u>\$ 72,699</u>	<u>\$ 72,699</u>	<u>\$ 86,540</u>	<u>\$ 13,841</u>

CHARTER TOWNSHIP OF PORT HURON
BLUE WATER AREA TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Taxes	\$ 240,000	\$ 243,764	\$ 243,848	\$ 84
Interest	-	-	5,316	5,316
Total revenues	240,000	243,764	249,164	5,400
EXPENDITURES				
Public works	240,000	243,764	243,812	(48)
Net change in fund balance	-	-	5,352	5,352
Fund balance at beginning of year	7,043	7,043	7,043	-
Fund balance at end of year	<u>\$ 7,043</u>	<u>\$ 7,043</u>	<u>\$ 12,395</u>	<u>\$ 5,352</u>

CUSTODIAL FUNDS

CHARTER TOWNSHIP OF PORT HURON
CUSTODIAL FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2024

	<u>Current Tax Collection</u>	<u>Other Tax Collection</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 345,275</u>	<u>\$ 45,298</u>	<u>\$ 390,573</u>
LIABILITIES			
Due to other governments	<u>\$ 345,275</u>	<u>\$ 45,298</u>	<u>\$ 390,573</u>

COMBINING STATEMENT OF CHANGES IN NET POSITION
December 31, 2024

	<u>Current Tax Collection</u>	<u>Other Tax Collection</u>	<u>Total</u>
ADDITIONS			
Tax collections for other governments	\$ 9,188,657	\$ 10,072	\$ 9,198,729
DEDUCTIONS			
Tax collections disbursed to other governments	<u>9,188,657</u>	<u>10,072</u>	<u>9,198,729</u>
Change in net position	-	-	-
Net position at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPONENT UNITS

CHARTER TOWNSHIP OF PORT HURON
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2024

	<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 980,549	\$ 111,352	\$ 1,091,901
Investments	394,388	-	394,388
Taxes receivable	95,931	-	95,931
Due from primary government	<u>144,129</u>	<u>-</u>	<u>144,129</u>
Total assets	<u>\$ 1,614,997</u>	<u>\$ 111,352</u>	<u>\$ 1,726,349</u>
LIABILITIES			
Accounts payable	\$ 10,814	\$ -	\$ 10,814
Due to primary government	<u>216,019</u>	<u>-</u>	<u>216,019</u>
Total liabilities	<u>226,833</u>	<u>-</u>	<u>226,833</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for subsequent period	<u>358,777</u>	<u>-</u>	<u>358,777</u>
FUND BALANCES			
Restricted for -			
Downtown Development Authority	1,029,387	-	1,029,387
Committed for -			
Economic Development Corporation	<u>-</u>	<u>111,352</u>	<u>111,352</u>
Total fund balances	<u>1,029,387</u>	<u>111,352</u>	<u>1,140,739</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,614,997</u>	<u>\$ 111,352</u>	<u>\$ 1,726,349</u>

CHARTER TOWNSHIP OF PORT HURON
RECONCILIATION OF THE BALANCE SHEET OF THE DOWNTOWN
DEVELOPMENT AUTHORITY TO THE STATEMENT OF NET POSITION
December 31, 2024

Fund balances - total governmental funds \$ 1,029,387

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Capital assets	9,852,060
Accumulated depreciation	<u>(5,080,208)</u>

Net position of governmental activities	<u><u>\$ 5,801,239</u></u>
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CHARTER TOWNSHIP OF PORT HURON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - DISCRETELY PRESENTED COMPONENT UNITS
For the year ended December 31, 2024

	<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
REVENUES			
Taxes	\$ 322,077	\$ -	\$ 322,077
Interest and rent -			
Rent	-	8,000	8,000
Interest	<u>56,947</u>	<u>5,190</u>	<u>62,137</u>
Total revenues	<u>379,024</u>	<u>13,190</u>	<u>392,214</u>
EXPENDITURES			
Public works	117,906	-	117,906
Community and economic development	<u>41,075</u>	<u>11,993</u>	<u>53,068</u>
Total expenditures	<u>158,981</u>	<u>11,993</u>	<u>170,974</u>
Net change in fund balance	220,043	1,197	221,240
Fund balance at beginning of year	<u>809,344</u>	<u>110,155</u>	<u>919,499</u>
Fund balance at end of year	<u>\$ 1,029,387</u>	<u>\$ 111,352</u>	<u>\$ 1,140,739</u>

CHARTER TOWNSHIP OF PORT HURON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE DOWNTOWN DEVELOPMENT
AUTHORITY TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2024

Net change in fund balances - total governmental funds	\$ 220,043
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Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Depreciation expense	<u>(253,414)</u>
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Change in net position of governmental activities	<u><u>\$ (33,371)</u></u>
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CHARTER TOWNSHIP OF PORT HURON
DOWNTOWN DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Taxes	\$ 300,000	\$ 300,000	\$ 322,077	\$ 22,077
Interest	15,100	15,100	56,947	41,847
	<u>315,100</u>	<u>315,100</u>	<u>379,024</u>	<u>63,924</u>
EXPENDITURES				
Public works	120,000	120,000	117,906	2,094
Community and economic development	<u>288,620</u>	<u>288,620</u>	<u>41,075</u>	<u>247,545</u>
	<u>408,620</u>	<u>408,620</u>	<u>158,981</u>	<u>249,639</u>
Net change in fund balance	(93,520)	(93,520)	220,043	313,563
Fund balance at beginning of year	<u>809,344</u>	<u>809,344</u>	<u>809,344</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 715,824</u></u>	<u><u>\$ 715,824</u></u>	<u><u>\$ 1,029,387</u></u>	<u><u>\$ 313,563</u></u>

CHARTER TOWNSHIP OF PORT HURON
ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended December 31, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES				
Interest	\$ -	\$ -	\$ 5,190	\$ 5,190
Rentals	8,000	12,000	8,000	(4,000)
	8,000	12,000	13,190	1,190
EXPENDITURES				
Community and economic development	7,525	12,000	11,993	7
Net change in fund balance	475	-	1,197	1,197
Fund balance at beginning of year	110,155	110,155	110,155	-
Fund balance at end of year	<u>\$ 110,630</u>	<u>\$ 110,155</u>	<u>\$ 111,352</u>	<u>\$ 1,197</u>