

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

ANNUAL FINANCIAL REPORT
with Supplementary Information

FOR THE YEAR ENDED
DECEMBER 31, 2023

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, 2023 and the related notes to the financial statements which collectively comprise the Township's basic financial statements, as listed in the table of contents.

In our opinion, the 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, 2023 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.

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.

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.

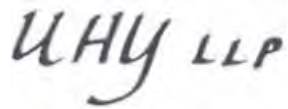
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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.

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are written in a cursive, slightly slanted style.

Port Huron, Michigan
July 30, 2024

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") 2023 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 \$35,580,897. This is an increase over 2022 of \$2,146,089. Governmental activities comprise \$12,952,151 and business-type activities make up \$22,628,746 of the total net position. In a condensed format, the table below shows net position as of the December 31, 2023 and 2022.

In Thousands

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets				
Current assets	\$ 13,168	\$ 11,798	\$ 9,341	\$ 8,146
Restricted assets	33	31	1,142	993
Noncurrent assets	5,385	5,875	19,282	20,086
Total assets	<u>18,586</u>	<u>17,704</u>	<u>29,765</u>	<u>29,225</u>
Deferred Outflows of Resources	<u>201</u>	<u>406</u>	<u>90</u>	<u>166</u>
Liabilities				
Current liabilities	1,263	1,404	873	1,271
Non-current liabilities	1,277	1,579	6,343	6,616
Total liabilities	<u>2,540</u>	<u>2,983</u>	<u>7,216</u>	<u>7,887</u>
Deferred Inflows of Resources	<u>3,295</u>	<u>3,163</u>	<u>10</u>	<u>33</u>
Net Position				
Net investment in capital assets	5,239	5,670	13,408	13,965
Restricted	1,234	881	1,142	993
Unrestricted	<u>6,479</u>	<u>5,413</u>	<u>8,079</u>	<u>6,513</u>
Total net position	<u>\$ 12,952</u>	<u>\$ 11,964</u>	<u>\$ 22,629</u>	<u>\$ 21,471</u>

The Township's governmental activities experienced a net increase in assets of \$988,509, primarily as a result of the General Fund increase of \$1,023,727, and an increase in the business-type activities of \$1,157,580, due primarily to both the Water Fund and the Sewer Fund operating revenues over operating expenses for the year ended December 31, 2023.

The following table shows the changes in net position for 2023 and 2022:

In Thousands

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue				
Program Revenue:				
Charges for services	\$ 341	\$ 348	\$ 5,976	\$ 5,625
Operating grants and contributions	273	32	-	-
Capital grants and contributions	83	500	-	-
General Revenue:				
Property taxes	3,078	2,432	-	-
Unrestricted grants	1,388	1,386	-	-
Gain on disposal of assets	-	1,843	4	-
Unrestricted investment earnings	<u>403</u>	<u>105</u>	<u>346</u>	<u>78</u>
Total Revenue	<u>5,566</u>	<u>6,646</u>	<u>6,326</u>	<u>5,703</u>
Expenses				
Program Expenses:				
General government	878	888	-	-
Public safety	2,349	2,124	-	-
Public works	841	941	-	-
Community and economic development	53	47	-	-
Recreation and cultural	296	321	-	-
Water	-	-	2,459	2,282
Sewer	-	-	2,011	1,871
Refuse	-	-	698	673
Loss on disposal of assets	<u>160</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>4,577</u>	<u>4,321</u>	<u>5,168</u>	<u>4,826</u>
Changes in net position	<u>\$ 989</u>	<u>\$ 2,325</u>	<u>\$ 1,158</u>	<u>\$ 877</u>

Governmental Activities

Revenues for governmental activities totaled \$5,565,835. The largest revenue source was received from taxes of \$3,077,844, an increase of \$645,627 from 2022 as a result of an increased fire millage and a new ambulance millage, followed by unrestricted grant revenue of \$1,388,107, an increase of \$1,784 from 2022.

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 \$6,326,214 and expenses were \$5,168,634, for a change in net position of \$1,157,580.

FINANCIAL ANALYSIS OF MAJOR TOWNSHIP FUNDS AND BUDGETS

Governmental Funds

The General Fund ended 2023 with a fund balance of \$5,238,588, with \$48,300 nonspendable for prepaid expenditures, \$367,215 assigned for 2024, and the remaining amount of \$4,823,073 unassigned. The original General Fund budget estimated revenues over expenditures of \$8,705, with the final budget estimating revenues equal to expenditures. Actual results for 2023 have revenues over expenditures of \$1,023,727, the difference primarily as a result of interest revenue received being more than budgeted by \$148,175 and actual expenditures being less than the budgeted amount, including decreased transfers out to the Fire Fund of \$500,000.

The Township's other major governmental funds had the following changes in net position and December 31, 2023 fund balances as follows:

- The Police Fund had revenues in excess of expenditures of \$50,739 and \$196,779 fund balance.
- The Fire Fund had expenditures in excess of revenues of \$66,384 and \$34,932 fund balance.
- The Park Fund had expenditures in excess of revenues of \$1,177 and \$2,026,302 fund balance.
- The CARES Act Fund had revenues in excess of expenditures of \$56,498 and fund balance of \$64,622.

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:

- Interest and rent revenues were \$148,175 over budget due to increased interest rates.
- Drain expenditures were \$99,206 under budget due to less drain projects.
- Park Facilities expenditures were \$304,583 under budget due to not doing the capital outlay in the budget.
- Transfers out expenditures were \$500,200 under budget due to less funds transferred to the Fire Fund than budgeted. Instead, \$250,000 was transferred from the CARES Act Fund to the Fire Fund.

Proprietary Funds - The Township operates three major proprietary funds, the Water, Sewer, and Refuse Funds. The Water Fund had an operating income of \$463,055 and a change in net position of \$563,677. The Sewer Fund had an operating income of \$317,349 and a change in net position of \$540,986. The Refuse Fund had operating income of \$30,884 and a change in net position of \$52,917.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township had \$23,003,939 invested in capital assets for its governmental and business-type activities (net of accumulated depreciation) as of December 31, 2023. The capital asset includes land, land improvements, buildings, machinery and equipment, and water and sewer lines. During the year, the Township added \$178,270 of capital assets, \$109,700 in the governmental activities, and \$68,570 in the business-type activities. The governmental activities include \$36,126 that was spent on engineering fees for two projects, construction in progress, and \$73,574 on a machinery and equipment purchase. Of the business-type activities, \$23,060 was spent on mains and extensions and \$45,510 on equipment purchases.

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

Long-term Debt

At December 31, 2023, the Township had \$6,055,647 in long-term debt, compared to \$6,346,777 at December 31, 2022, a decrease of \$291,130. The Township had \$168,382 of additional draws on the 2020 Capital Improvement Bonds at December 31, 2023 for water supply system improvements, increased compensated absences of \$14,516, and made normal payments on the outstanding debt of \$474,028.

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 2024, the Township Board adopted a general fund budget with estimated revenues of \$2,261,375 and expenditures of \$2,628,590.

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
St. Clair County, Michigan

STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 9,806,795	\$ 7,632,284	\$ 17,439,079	\$ 936,552
Investments	715,324	-	715,324	376,325
Receivables	2,083,746	1,766,624	3,850,370	40,097
Due from primary government	-	-	-	144,129
Due from component units	98,768	116,063	214,831	-
Internal balances	377,351	(377,351)	-	-
Prepaid expenditures	86,432	49,078	135,510	-
Inventory	-	153,796	153,796	-
Restricted assets -				
Cash and cash equivalents	-	1,134,241	1,134,241	-
Investments	32,733	-	32,733	-
Receivables	-	8,150	8,150	-
Capital assets (net of accumulated depreciation) -				
Assets not being depreciated	1,672,688	71,082	1,743,770	-
Assets being depreciated	3,712,689	17,547,480	21,260,169	5,025,266
Sewer capacity rights	-	1,663,395	1,663,395	-
Total Assets	<u>18,586,526</u>	<u>29,764,842</u>	<u>48,351,368</u>	<u>6,522,369</u>
Deferred Outflow of Resources:				
Related to the pension plan	<u>200,593</u>	<u>90,122</u>	<u>290,715</u>	<u>-</u>
Liabilities:				
Payables and accrued liabilities	219,754	634,535	854,289	11,713
Accrued interest	-	14,107	14,107	-
Due to primary government	-	-	-	214,831
Due to component units	144,129	-	144,129	-
Advances and deposits	62,645	70,312	132,957	-
Unearned revenue	836,117	154,263	990,380	-
Non-current liabilities -				
Due within one year	-	317,745	317,745	-
Due in more than one year	146,271	5,556,730	5,703,001	-
Compensated absences	29,723	5,178	34,901	-
Net pension liability	1,030,596	463,022	1,493,618	-
OPEB liability	70,852	-	70,852	-
Total Liabilities	<u>2,540,087</u>	<u>7,215,892</u>	<u>9,755,979</u>	<u>226,544</u>
Deferred Inflows of Resources:				
Taxes levied for subsequent period	3,271,897	-	3,271,897	351,060
Related to the pension plan	22,984	10,326	33,310	-
	<u>3,294,881</u>	<u>10,326</u>	<u>3,305,207</u>	<u>351,060</u>
Net Position:				
Net investment in capital assets	5,239,106	13,407,482	18,646,588	5,025,266
Restricted -				
Debt retirement/construction of capital assets	-	1,142,391	1,142,391	-
Cemetery perpetual care - Nonexpendable	29,211	-	29,211	-
Other:				
Public safety	280,444	-	280,444	-
Public works	924,153	-	924,153	-
Unrestricted	6,479,237	8,078,873	14,558,110	919,499
Total Net Position	<u>\$ 12,952,151</u>	<u>\$ 22,628,746</u>	<u>\$ 35,580,897</u>	<u>\$ 5,944,765</u>

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

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 878,329	\$ 37,404	\$ 1,200	\$ -
Public Safety	2,348,968	205,081	264,420	29,994
Public Works	840,861	48,171	6,950	-
Community and Economic Development	53,004	-	-	-
Recreation and Culture	296,300	50,697	-	53,026
Total Governmental Activities	<u>4,417,462</u>	<u>341,353</u>	<u>272,570</u>	<u>83,020</u>
Business-type Activities:				
Water Fund	2,459,210	2,882,378	-	-
Sewer Fund	2,011,197	2,364,811	-	-
Refuse Fund	698,227	729,111	-	-
Total Business-type Activities	<u>5,168,634</u>	<u>5,976,300</u>	<u>-</u>	<u>-</u>
 Total Primary Government	 <u>\$ 9,586,096</u>	 <u>\$ 6,317,653</u>	 <u>\$ 272,570</u>	 <u>\$ 83,020</u>
Component Units				
Downtown Development Authority	\$ 444,030	\$ -	\$ -	\$ -
Economic Development Corporation	6,930	5,700	-	-
Total Component Units	<u>\$ 450,960</u>	<u>\$ 5,700</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
Grants and contributions not
restricted to specific programs
Gain (loss) 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

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

Net (Expense) Revenue and Change in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$(839,725)	\$ -	\$(839,725)	\$ -
(1,849,473)	-	(1,849,473)	-
(785,740)	-	(785,740)	-
(53,004)	-	(53,004)	-
(192,577)	-	(192,577)	-
<u>(3,720,519)</u>	<u>-</u>	<u>(3,720,519)</u>	<u>-</u>
-	423,168	423,168	-
-	353,614	353,614	-
-	30,884	30,884	-
<u>-</u>	<u>807,666</u>	<u>807,666</u>	<u>-</u>
<u>(3,720,519)</u>	<u>807,666</u>	<u>(2,912,853)</u>	<u>-</u>
-	-	-	(444,030)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,230)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(445,260)</u>
3,077,844	-	3,077,844	316,683
1,388,107	-	1,388,107	-
(159,864)	4,000	(155,864)	-
402,941	345,914	748,855	47,201
<u>4,709,028</u>	<u>349,914</u>	<u>5,058,942</u>	<u>363,884</u>
988,509	1,157,580	2,146,089	(81,376)
<u>11,963,642</u>	<u>21,471,166</u>	<u>33,434,808</u>	<u>6,026,141</u>
<u>\$ 12,952,151</u>	<u>\$ 22,628,746</u>	<u>\$ 35,580,897</u>	<u>\$ 5,944,765</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Police	Fire	Park
Current Assets:				
Cash and cash equivalents	\$ 4,203,509	\$ 737,350	\$ 554,913	\$ 1,956,772
Investments	561,663	-	-	153,661
Receivables -				
Property taxes	468,790	516,302	446,942	-
Accounts	38,306	-	455	-
Due from other governmental units	196,958	-	131	-
Due from other funds	641,744	-	-	5,806
Due from component unit	95,816	-	-	2,952
Prepaid expenditures	48,300	-	34,932	-
	6,255,086	1,253,652	1,037,373	2,119,191
Restricted Assets:				
Investments	-	-	-	-
	\$ 6,255,086	\$ 1,253,652	\$ 1,037,373	\$ 2,119,191
Liabilities:				
Accounts payable	\$ 44,234	\$ -	\$ 12,882	\$ 171
Accrued liabilities	36,420	-	29,557	185
Due to other governmental units	-	72,573	-	-
Advances and deposits	1,279	-	-	-
Due to other funds	120,876	20,479	44,992	92,533
Due to component unit	-	1,183	77,250	-
Unearned revenue	-	-	-	-
Total Liabilities	202,809	94,235	164,681	92,889
Deferred Inflows of Resources:				
Taxes levied for subsequent period	813,689	962,638	837,760	-
Fund Balances:				
Nonspendable for -				
Prepays	48,300	-	34,932	-
Perpetual Care	-	-	-	-
Restricted for -				
Road	-	-	-	-
Police	-	196,779	-	-
Transportation	-	-	-	-
Liquor Control	-	-	-	-
Building Inspection	-	-	-	-
Cemetery	-	-	-	-
Committed for -				
CARES Act	-	-	-	-
Cemetery	-	-	-	-
Museum	-	-	-	-
Parks	-	-	-	2,026,302
Assigned 2024	367,215	-	-	-
Unassigned -				
General Fund	4,823,073	-	-	-
Total Fund Balance	5,238,588	196,779	34,932	2,026,302
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 6,255,086	\$ 1,253,652	\$ 1,037,373	\$ 2,119,191

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

CARES ACT	Other Governmental Funds	Total Governmental Funds
\$ 1,003,076	\$ 1,351,175	\$ 9,806,795
-	-	715,324
-	415,862	1,847,896
-	-	38,761
-	-	197,089
147,663	129,787	925,000
-	-	98,768
-	3,200	86,432
<u>1,150,739</u>	<u>1,900,024</u>	<u>13,716,065</u>
-	32,733	32,733
<u>\$ 1,150,739</u>	<u>\$ 1,932,757</u>	<u>\$ 13,748,798</u>
\$ -	\$ 16,007	\$ 73,294
-	7,725	73,887
-	-	72,573
-	61,366	62,645
250,000	18,769	547,649
-	65,696	144,129
836,117	-	836,117
<u>1,086,117</u>	<u>169,563</u>	<u>1,810,294</u>
-	657,810	3,271,897
-	3,200	86,432
-	29,211	29,211
-	913,588	913,588
-	-	196,779
-	7,043	7,043
-	31,990	31,990
-	69,499	69,499
-	3,522	3,522
-	-	-
64,622	-	64,622
-	37,542	37,542
-	9,789	9,789
-	-	2,026,302
-	-	367,215
-	-	4,823,073
<u>64,622</u>	<u>1,105,384</u>	<u>8,666,607</u>
<u>\$ 1,150,739</u>	<u>\$ 1,932,757</u>	<u>\$ 13,748,798</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

**RECONCILIATION OF THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Fund Balances - total governmental funds	\$	8,666,607
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.</p>		
Capital assets		11,787,733
Accumulated depreciation	(	6,397,356)
<p>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.</p>		
Deferred outflows of resources		200,593
Deferred inflows of resources	(	22,984)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.</p>		
Net pension liability	(	1,030,596)
OPEB liability	(	70,852)
Drain district notes	(	146,271)
Accrued compensated absences	(	<u>29,723)</u>
Net Position of governmental activities	\$	<u><u>12,957,151</u></u>

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

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Police	Fire	Park
Revenues:				
Taxes	\$ 764,799	\$ 897,582	\$ 790,627	\$ -
Licenses and permits	159,413	-	-	-
Intergovernmental	1,307,455	-	393	-
Charges for services	35,365	-	15,372	-
Fines and forfeits	10,924	-	-	-
Interest and rent	160,475	24,326	12,047	140,264
Other	27,193	-	6,410	417
Total Revenues	2,465,624	921,908	824,849	140,681
Expenditures:				
Current -				
General government	945,447	-	-	-
Public safety	-	871,169	1,146,756	-
Public works	380,276	-	-	-
Community and economic development	53,004	-	-	-
Recreation and cultural	67,670	-	-	126,858
Total Expenditures	1,446,397	871,169	1,146,756	126,858
Revenues over (under) expenditures	1,019,227	50,739	(321,907)	13,823
Other Financing Sources (Uses):				
Sale of capital assets	500	-	5,523	-
Transfers from other funds	15,000	-	250,000	-
Transfers to other funds	(11,000)	-	-	(15,000)
Total Other Financing Sources (Uses)	4,500	-	255,523	(15,000)
Net Change in Fund Balance	1,023,727	50,739	(66,384)	(1,177)
Fund Balances at beginning of year	4,214,861	146,040	101,316	2,027,479
Fund Balances at end of year	\$ 5,238,588	\$ 196,779	\$ 34,932	\$ 2,026,302

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

CARES ACT	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 624,836	\$ 3,077,844
-	152,860	312,273
250,000	7,617	1,565,465
-	43,126	93,863
-	-	10,924
56,498	47,842	441,452
-	-	34,020
<u>306,498</u>	<u>876,281</u>	<u>5,535,841</u>
-	-	945,447
-	300,112	2,318,037
-	318,373	698,649
-	-	53,004
-	9,034	203,562
<u>-</u>	<u>627,519</u>	<u>4,218,699</u>
<u>306,498</u>	<u>248,762</u>	<u>1,317,142</u>
-	-	6,023
-	11,000	276,000
(250,000)	-	(276,000)
<u>(250,000)</u>	<u>11,000</u>	<u>6,023</u>
56,498	259,762	1,323,165
<u>8,124</u>	<u>845,622</u>	<u>7,343,442</u>
<u>\$ 64,622</u>	<u>\$ 1,105,384</u>	<u>\$ 8,666,607</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

**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, 2023**

Net change in fund balances - Total governmental funds	\$	1,323,165
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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		109,700
Depreciation expense	(	433,175)
Net book value of assets sold/disposed	(	165,887)

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		58,506
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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	(147,165)
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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	(	11,877)
Decrease in net pension liability		173,181
Decrease in OPEB liability		82,061

Change in net position of governmental activities	\$	<u>988,509</u>
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The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
Assets:				
Current Assets -				
Cash and cash equivalents	\$ 3,712,860	\$ 3,462,158	\$ 457,266	\$ 7,632,284
Receivables:				
Utilities	772,387	784,706	179,534	1,736,627
Special assessments	24,546	5,451	-	29,997
Due from other funds	182,213	-	66,154	248,367
Due from component unit	102,650	13,413	-	116,063
Prepaid expenses	30,278	16,800	2,000	49,078
Inventory	145,169	8,627	-	153,796
	<u>4,970,103</u>	<u>4,291,155</u>	<u>704,954</u>	<u>9,966,212</u>
Restricted Assets -				
Cash and cash equivalents	-	1,134,241	-	1,134,241
Receivables:				
Special assessment	-	8,150	-	8,150
	<u>-</u>	<u>1,142,391</u>	<u>-</u>	<u>1,142,391</u>
Capital Assets -				
Land	71,082	-	-	71,082
Land improvements	42,056	200,910	-	242,966
Mains and extensions	12,436,685	22,207,521	-	34,644,206
Equipment	418,896	1,015,598	-	1,434,494
	<u>12,968,719</u>	<u>23,424,029</u>	<u>-</u>	<u>36,392,748</u>
Less - Accumulated depreciation	(5,763,418)	(13,010,768)	-	(18,774,186)
	<u>7,205,301</u>	<u>10,413,261</u>	<u>-</u>	<u>17,618,562</u>
Other Assets -				
Sewer capacity rights	-	1,663,395	-	1,663,395
	<u>-</u>	<u>1,663,395</u>	<u>-</u>	<u>1,663,395</u>
Total Assets	<u>12,175,404</u>	<u>17,510,202</u>	<u>704,954</u>	<u>30,390,560</u>
Deferred Outflows of Resources:				
Related to the pension plan	52,329	37,793	-	90,122
	<u>52,329</u>	<u>37,793</u>	<u>-</u>	<u>90,122</u>

The notes to the financial statements are an integral part of this statement.

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
Liabilities:				
Current Liabilities -				
Payables:				
Accounts	\$ 22,094	\$ 9,249	\$ 1,532	\$ 32,875
Accrued salaries	8,518	7,335	198	16,051
Due to other governmental units	339,283	246,326	-	585,609
Deposits	62,991	7,321	-	70,312
Due to other funds	343,499	240,278	41,941	625,718
Accrued interest	14,107	-	-	14,107
Unearned revenue	-	-	154,263	154,263
Installment purchase (Current portion)	-	-	-	-
Contracts payable (Current portion)	-	62,745	-	62,745
Bonds payable (Current portion)	255,000	-	-	255,000
	<u>1,045,492</u>	<u>573,254</u>	<u>197,934</u>	<u>1,816,680</u>
Long-term Liabilities (less current portion) -				
Contracts payable	-	1,600,650	-	1,600,650
Bonds payable	3,956,080	-	-	3,956,080
Compensated absences	712	4,466	-	5,178
Net pension liability	268,850	194,172	-	463,022
	<u>4,225,642</u>	<u>1,799,288</u>	<u>-</u>	<u>6,024,930</u>
Total Liabilities	<u>5,271,134</u>	<u>2,372,542</u>	<u>197,934</u>	<u>7,841,610</u>
Deferred Inflows of Resources:				
Related to the pension plan	<u>5,996</u>	<u>4,330</u>	<u>-</u>	<u>10,326</u>
Net Position:				
Net investment in capital assets	2,994,221	10,413,261	-	13,407,482
Restricted -				
Bond retirement/construction	-	1,142,391	-	1,142,391
Unrestricted	<u>3,956,382</u>	<u>3,615,471</u>	<u>507,020</u>	<u>8,078,873</u>
Total Net Position	<u>\$ 6,950,603</u>	<u>\$ 15,171,123</u>	<u>\$ 507,020</u>	<u>\$ 22,628,746</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Water	Sewer	Refuse	Total
Operating Revenues:				
User charges	\$ 2,815,194	\$ 2,310,551	\$ 729,111	\$ 5,854,856
Other charges	9,825	17,995	-	27,820
	<u>2,825,019</u>	<u>2,328,546</u>	<u>729,111</u>	<u>5,882,676</u>
Operating Expenses:				
Salaries and wages	163,878	163,742	10,662	338,282
Fringe benefits	146,704	116,640	816	264,160
Supplies	20,683	12,465	1,020	34,168
Contracted services	43,670	72,665	500	116,835
Water, sewer, and refuse charges	1,411,657	1,081,188	679,001	3,171,846
Repairs and maintenance	186,019	69,939	2,447	258,405
Depreciation	307,180	419,809	-	726,989
Utilities	23,329	53,382	-	76,711
Other	58,844	21,367	3,781	83,992
	<u>2,361,964</u>	<u>2,011,197</u>	<u>698,227</u>	<u>5,071,388</u>
Operating Income	<u>463,055</u>	<u>317,349</u>	<u>30,884</u>	<u>811,288</u>
Non-Operating Revenue (Expense):				
Tap fees	57,359	36,265	-	93,624
Gain on disposal of capital assets	4,000	-	-	4,000
Interest earned	136,509	187,372	22,033	345,914
Interest on bonds and paying agent fees	(97,246)	-	-	(97,246)
Total Non-Operating Revenue	<u>100,622</u>	<u>223,637</u>	<u>22,033</u>	<u>346,292</u>
Change in Net Position	563,677	540,986	52,917	1,157,580
Net Position at beginning of year	<u>6,386,926</u>	<u>14,630,137</u>	<u>454,103</u>	<u>21,471,166</u>
Net Position at end of year	<u>\$ 6,950,603</u>	<u>\$ 15,171,123</u>	<u>\$ 507,020</u>	<u>\$ 22,628,746</u>

The notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Water	Sewer	Refuse	Total
Cash Flows From Operating Activities:				
Receipts from customers	\$ 2,945,895	\$ 2,315,232	\$ 731,967	\$ 5,993,094
Payments to suppliers	(2,273,704)	(1,266,055)	(740,230)	(4,279,989)
Payments to employees	(297,855)	(260,761)	(11,280)	(569,896)
Net Cash Provided (Used) by Operating Activities	<u>374,336</u>	<u>788,416</u>	<u>(19,543)</u>	<u>1,143,209</u>
Cash Flows From Non-Capital Financing Activities:				
Due to/from other funds	<u>333,268</u>	<u>(95,949)</u>	<u>(65,419)</u>	<u>171,900</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>333,268</u>	<u>(95,949)</u>	<u>(65,419)</u>	<u>171,900</u>
Cash Flows From Capital and Related Financing Activities:				
Principal and interest payment on bonds	(339,562)	-	-	(339,562)
Loan proceeds	168,382	-	-	168,382
Installment purchase payments	-	(14,340)	-	(14,340)
Acquisition and construction of capital assets	(45,814)	(22,756)	-	(68,570)
Special assessments and tap fees	54,906	45,182	-	100,088
Sale of capital assets	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(158,088)</u>	<u>8,086</u>	<u>-</u>	<u>(150,002)</u>
Cash Flows From Investing Activities:				
Net redemptions of investments	1,062,304	-	-	1,062,304
Interest received	<u>136,509</u>	<u>187,372</u>	<u>22,033</u>	<u>345,914</u>
Net Cash Provided by Investing Activities	<u>1,198,813</u>	<u>187,372</u>	<u>22,033</u>	<u>1,408,218</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,748,329	887,925	(62,929)	2,573,325
Cash and Cash Equivalents at beginning of year	<u>1,964,531</u>	<u>3,708,474</u>	<u>520,195</u>	<u>6,193,200</u>
Cash and Cash Equivalents at end of year	<u>\$ 3,712,860</u>	<u>\$ 4,596,399</u>	<u>\$ 457,266</u>	<u>\$ 8,766,525</u>

The notes to the financial statements are an integral part of this statement.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
Reconciliation of Operating Income to				
Net Cash Provided by (Used in) Operating Activities:				
Operating Income for the year	\$ 463,055	\$ 317,349	\$ 30,884	\$ 811,288
Adjustments to reconcile operating income to net cash provided by (used in) operating activities -				
Depreciation and amortization	307,180	419,809	-	726,989
Changes in assets and liabilities:				
Receivables	119,047	(13,314)	(3,778)	101,955
Prepaid expenses	13,631	27,332	(448)	40,515
Inventory	(145,169)	(8,627)	-	(153,796)
Deferred outflows of resources	44,930	30,862	-	75,792
Payables/accrued expenses	(414,836)	24,438	(52,835)	(443,233)
Unearned revenue	-	-	6,634	6,634
Deferred inflows of resources	(13,502)	(9,433)	-	(22,935)
Net Cash Provided by (Used in) by Operating Activities	<u>\$ 374,336</u>	<u>\$ 788,416</u>	<u>\$ (19,543)</u>	<u>\$ 1,143,209</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023

Assets:	
Cash and cash equivalents	\$ 819,444
	<u>819,444</u>
Liabilities:	
Due to other governments	\$ 819,444
	<u>819,444</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2023

Additions:	
Tax collections for other governments	\$ 8,528,996
Deductions:	
Tax collections disbursed to other governments	<u>8,528,996</u>
Change in net position	-
Net position at beginning of year	<u>-</u>
Net position at end of year	<u>\$ -</u>

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

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2023

	<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents	\$ 826,397	\$ 110,155	\$ 936,552
Investments	376,325	-	376,325
Taxes receivable	40,097	-	40,097
Due from primary government	144,129	-	144,129
Capital assets (net of accumulated depreciation) -			
Assets being depreciated	5,025,266	-	5,025,266
Total Assets	6,412,214	110,155	6,522,369
Liabilities:			
Payables and current liabilities	11,713	-	11,713
Due to primary government	214,831	-	214,831
Total Liabilities	226,544	-	226,544
Deferred Inflows of Resources:			
Taxes levied for subsequent period	351,060	-	351,060
Net Position:			
Net investment in capital assets	5,025,266	-	5,025,266
Unrestricted	809,344	110,155	919,499
	\$ 5,834,610	\$ 110,155	\$ 5,944,765

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

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority:				
Governmental Activities -				
Public works	\$ 369,848	\$ -	\$ -	\$ -
Community and economic development	74,182	-	-	-
	444,030	-	-	-
Economic Development Corporation:				
Governmental Activities -				
Community and economic development	6,930	5,700	-	-
	\$ 450,960	\$ 5,700	\$ -	\$ -
Total Component Units				
		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		

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

Net (Expense) Revenue and Change in Net Position		
<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
\$(369,848)		\$(369,848)
<u>(74,182)</u>		<u>(74,182)</u>
<u>(444,030)</u>		<u>(444,030)</u>
	<u>\$(1,230)</u>	<u>(1,230)</u>
		<u>(445,260)</u>
316,683	-	316,683
<u>42,274</u>	<u>4,927</u>	<u>47,201</u>
<u>358,957</u>	<u>4,927</u>	<u>363,884</u>
(85,073)	3,697	(81,376)
<u>5,919,683</u>	<u>106,458</u>	<u>6,026,141</u>
<u>\$ 5,834,610</u>	<u>\$ 110,155</u>	<u>\$ 5,944,765</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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. *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.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

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 2022 levy in 2023). 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 compensated absences and claims and judgements, are recorded only when payment is due.

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.

Park Fund - is a special revenue fund used to account for revenues related to the Township parks and the related costs.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

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.

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.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

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.

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."

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 and are recorded as treatment costs.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

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 2022 levy is recognized in 2023).

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.

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

Compensated Absences -

In accordance with contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payments for unused vacation and casual leave under formulas and conditions specified in the contracts. All vested vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

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.

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 one item which is 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. These amounts are deferred and recognized as inflows of resources in the period the tax levy is for. The Township also reports items on the government-wide statement of net position and on the proprietary fund statements related to the pension plan and another item on the governmental fund balance sheet for unavailable revenues for special assessments not collected within 60 days. The assessments are recognized as an inflow of resources in the period the amounts became available. 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.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

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.

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.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

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 Pronouncement -

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

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid. A liability should be recognized for leave that has not been used if (1) the leave is attributable to services already rendered, (2) the leave accumulates, and (3) the leave is more likely than not to be used for time off or paid. The provisions of this statement are effective for the Township's financial statements for the year ending December 31, 2024.

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 Fund. 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
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - (cont'd):

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%). During the fiscal year ended December 31, 2023, the Township had an overage that exceeded this threshold as follows:

Function/Activity	Total Appropriations	Amount Expended	Budget Variance
Building Inspections Fund - Public Safety	\$ 135,875	\$ 164,266	\$ 28,391

The Township did not adopt budgets for the CARES Act Fund or the Ambulance Fund, both Special Revenue Funds, for the year ended December 31, 2023. Total expenditures were \$250,000 and \$132,224, respectively. This is in violation of the Uniform Budgeting and Accounting Act.

NOTE 3 - DEPOSITS AND INVESTMENTS:

Carrying Amount -

As of December 31, 2023, 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	3,742,019	782,090	226,460	4,750,569
Savings/Certificates of Deposit	<u>945,251</u>	<u>16,633</u>	<u>413,962</u>	<u>1,375,846</u>
Total Deposits	<u>4,687,270</u>	<u>798,723</u>	<u>640,422</u>	<u>6,126,415</u>
Investment Trust Funds	<u>14,632,862</u>	<u>20,721</u>	<u>672,455</u>	<u>15,326,038</u>
	<u>\$ 19,321,377</u>	<u>\$ 819,444</u>	<u>\$ 1,312,877</u>	<u>\$ 21,453,698</u>

Reconciliation to Combined Balance Sheet -

Reported as Cash and Cash				
Equivalents -				
Cash on Hand	\$ 1,245	\$ -	\$ -	\$ 1,245
Checking	3,742,019	782,090	226,460	4,750,569
Savings	197,194	16,633	37,637	251,464
Investment Trust Funds	<u>14,632,862</u>	<u>20,721</u>	<u>672,455</u>	<u>15,326,038</u>
	18,573,320	819,444	936,552	20,329,316
Reported as Investments -				
Certificates of Deposit	<u>748,057</u>	<u>-</u>	<u>376,325</u>	<u>1,124,382</u>
	<u>\$ 19,321,377</u>	<u>\$ 819,444</u>	<u>\$ 1,312,877</u>	<u>\$ 21,453,698</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):

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, 2023, the Township's deposits consist of demand deposits, savings accounts, and certificates of deposit. The bank balance of the Township's deposits was \$4,911,932, of which \$1,037,637 was insured by depository insurance and the remaining balance of \$3,874,295 was uninsured and uncollateralized.

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 \$15,326,038 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:

	Amount	Rating	Rating Agency	Weighted Average Maturity of
MBIA Michigan CLASS	\$ 15,326,038	AAAm	Standard & Poor's	≤ 60

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS - (cont'd):

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.

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, 2023, \$1,124,382 of the Township’s certificates of deposit have a maturity of one to five years.

NOTE 4 - TAXES:

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 2023 and 2022 have a taxable value of \$299,173,246 and \$281,335,493, respectively.

For the 2022 Levy, (2023 Revenue), the Township levied 2.0000 mills for General Operations, .9891 mills for Road Repairs, 3.0000 mills for Fire Protection, .8654 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
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - RECEIVABLES:

Receivables in the governmental and business-type activities as of December 31, 2023 are as follows:

	Governmental Activities	Business-type Activities
Taxes	\$ 1,847,896	\$ -
Special Assessments	-	38,147
Accounts	38,761	1,736,627
Intergovernmental	197,089	-
	\$ 2,083,746	\$ 1,774,774

NOTE 6 - INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS:

The composition of interfund balances as of December 31, 2023 is as follows:

Due To/From Other Funds -

Receivable Fund	Payable Fund	Amount
General Fund	Fire Fund	\$ 44,992
	CARES Act Fund	250,000
	Parks Fund	83,622
	Cemetery Fund	13,970
	Police Fund	20,479
	Building Inspection Fund	4,799
	Sewer Fund	52,259
	Water Fund	129,682
	Refuse Fund	41,941
	CARES Act Fund	Water Fund	147,663
Road Fund	General Fund	97,247
	Parks Fund	8,911
Blue Water Area Transportation Fund	General Fund	20,871
Liquor Control Fund	General Fund	1,758
Park Fund	Sewer Fund	5,806
Museum Fund	General Fund	1,000
Water Fund	Sewer Fund	182,213
Refuse Fund	Water Fund	66,154
		\$ 1,173,367

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 - INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS - (cont'd):

Due From/To Primary Government and Component Units -

Receivable Fund	Payable Fund	Amount
General Fund	Downtown Development Authority	\$ 95,816
Parks Fund	Downtown Development Authority	2,952
Water Fund	Downtown Development Authority	102,650
Sewer Fund	Downtown Development Authority	13,413
		<u>\$ 214,831</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	29,562
		<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 -

Transfers In	Transfers Out	Amount
Primary Government -		
General Fund	Park Fund	\$ 15,000 (2)
Fire Fund	CARES Act Fund	250,000 (3)
Building Inspection Fund	General Fund	10,000 (1)
Museum Fund	General Fund	1,000 (1)
		<u>\$ 276,000</u>

- (1) Appropriation for operations
- (2) Reimbursement for administration
- (3) To fund fire operations

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 - CAPITAL ASSETS:

Primary Government -

Capital asset activity of the primary government of the Township for the year ended December 31, 2023 was as follows:

	<u>Jan. 1, 2023</u> <u>Balance</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Deletions/</u> <u>Adjustments</u>	<u>Dec. 31, 2023</u> <u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated -				
Land	\$ 1,660,188	\$ -	\$ 39,626	\$ 1,620,562
Works of art	16,000	-	-	16,000
Construction in process	<u>-</u>	<u>36,126</u>	<u>-</u>	<u>36,126</u>
Total capital assets, not being depreciated	<u>1,676,188</u>	<u>36,126</u>	<u>39,626</u>	<u>1,672,688</u>
Capital assets, being depreciated -				
Land improvements	3,698,158	-	334,929	3,363,229
Shared road system	3,307,027	-	-	3,307,027
Buildings and improvements	1,543,306	-	58,771	1,484,535
Machinery and equipment	<u>1,901,282</u>	<u>73,574</u>	<u>19,602</u>	<u>1,955,254</u>
Total capital assets being depreciated	<u>10,449,773</u>	<u>73,574</u>	<u>413,302</u>	<u>10,110,045</u>
Less accumulated depreciation for -				
Land improvements	1,993,572	147,023	231,919	1,908,676
Shared road system	1,655,305	172,133	-	1,827,438
Building and improvements	1,217,274	30,113	35,519	1,211,868
Machinery and equipment	<u>1,385,071</u>	<u>83,906</u>	<u>19,603</u>	<u>1,449,374</u>
Total accumulated depreciation	<u>6,251,222</u>	<u>433,175</u>	<u>287,041</u>	<u>6,397,356</u>
Total capital assets being depreciated, net	<u>4,198,551</u>	<u>(359,601)</u>	<u>126,261</u>	<u>3,712,689</u>
Governmental activities capital assets, net	<u>\$ 5,874,739</u>	<u>\$(323,475)</u>	<u>\$ 165,887</u>	<u>\$ 5,385,377</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 - CAPITAL ASSETS - (cont'd):

	<u>Jan. 1, 2023</u> <u>Balance</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Deletions/</u> <u>Adjustments</u>	<u>Dec. 31, 2023</u> <u>Balance</u>
Business-type Activities:				
Capital assets, not being depreciated -				
Land	\$ 71,082	\$ -	\$ -	\$ 71,082
Capital assets, being depreciated -				
Land improvements	242,966	-	-	242,966
Mains and extensions	34,621,146	23,060	-	34,644,206
Equipment	<u>1,406,135</u>	<u>45,510</u>	<u>17,151</u>	<u>1,434,494</u>
Total capital assets, being depreciated	<u>36,270,247</u>	<u>68,570</u>	<u>17,151</u>	<u>36,321,666</u>
Less accumulated depreciation for -				
Land improvements	153,688	12,148	-	165,836
Mains and extensions	16,850,330	650,297	-	17,500,627
Equipment	<u>1,060,330</u>	<u>64,544</u>	<u>17,151</u>	<u>1,107,723</u>
Total accumulated depreciation	<u>18,064,348</u>	<u>726,989</u>	<u>17,151</u>	<u>18,774,186</u>
Total capital assets being depreciated, net	<u>18,205,899</u>	<u>(658,419)</u>	<u>-</u>	<u>17,547,480</u>
Business-type activities capital assets, net	<u>\$ 18,276,981</u>	<u>\$ (658,419)</u>	<u>\$ -</u>	<u>\$ 17,618,562</u>

Discretely Presented Component Unit -

Downtown Development Authority activity for the year ended December 31, 2023 was as follows:

	<u>Jan. 1, 2023</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions/</u> <u>Adjustments</u>	<u>Dec. 31, 2023</u> <u>Balance</u>
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	<u>1,560,092</u>	<u>-</u>	<u>-</u>	<u>1,560,092</u>
	<u>9,852,060</u>	<u>-</u>	<u>-</u>	<u>9,852,060</u>
Less accumulated depreciation for -				
Shared street improvements	1,114,771	78,692	-	1,193,463
Storm sewer	2,575,719	112,318	-	2,688,037
Equipment	4,360	-	-	4,360
Street lighting	<u>878,530</u>	<u>62,404</u>	<u>-</u>	<u>940,934</u>
	<u>4,573,380</u>	<u>253,414</u>	<u>-</u>	<u>4,826,794</u>
Downtown Development Authority capital assets, net	<u>\$ 5,278,680</u>	<u>\$ (253,414)</u>	<u>\$ -</u>	<u>\$ 5,025,266</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 - CAPITAL ASSETS - (cont'd):

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

Governmental Activities:	
General government	\$ 29,333
Public safety	74,260
Public works	211,513
Recreation and culture	<u>118,069</u>
Total depreciation expense - Governmental Activities	<u>\$ 433,175</u>
Business-type Activities:	
Water	\$ 307,180
Sewer	<u>419,809</u>
Total depreciation expense - Business-type Activities	<u>\$ 726,989</u>
Component Unit:	
Downtown Development Authority	<u>\$ 253,414</u>

NOTE 8 - PAYABLES:

Payables in the governmental and business-type activities as of December 31, 2023 are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 73,294	\$ 32,875
Accrued liabilities	73,887	16,051
Intergovernmental	<u>72,573</u>	<u>585,609</u>
	<u>\$ 219,754</u>	<u>\$ 634,535</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 - 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, 2023:

	Balance January 1, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2023</u>	Due Within <u>One Year</u>
Governmental Activities -					
Notes from Direct Borrowing:					
Drain District	\$ 204,777	\$ -	\$ 58,506	\$ 146,271	\$ -
Other Liabilities:					
Accrued Vacation and Sick Leave	<u>17,846</u>	<u>11,877</u>	<u>-</u>	<u>29,723</u>	<u>-</u>
Total Governmental Activities	<u>222,623</u>	<u>11,877</u>	<u>58,506</u>	<u>175,994</u>	<u>-</u>
Business-type Activities -					
General Obligation Limited Tax Bonds:					
2015 Refunding Water System	260,000	-	65,000	195,000	60,000
2020 Capital Improvement	4,037,698	168,382	190,000	4,016,080	195,000
Notes from Direct Borrowing:					
Installment Purchase	14,340	-	14,340	-	-
Other Liabilities:					
Contracts Payable	1,809,577	-	146,182	1,663,395	62,745
Accrued Vacation and Sick Leave	<u>2,539</u>	<u>2,639</u>	<u>-</u>	<u>5,178</u>	<u>-</u>
Total Business-type Activities	<u>6,124,154</u>	<u>171,021</u>	<u>415,522</u>	<u>5,879,653</u>	<u>317,745</u>
Total Primary Government	<u>\$ 6,346,777</u>	<u>\$ 182,898</u>	<u>\$ 474,028</u>	<u>\$ 6,055,647</u>	<u>\$ 317,745</u>

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>\$ 146,271</u>
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The debt retirement for the drains is recorded as part of the General Fund - Public Works - Drains.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 - LONG-TERM DEBT - (cont'd):

Business-type Activities -

Bonds Payable -

Water Supply System:

The Charter Township of Port Huron has two General Obligation Bond issues outstanding at December 31, 2023 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 \$60,000 to \$70,000 through May 1, 2026, with interest of 2.22%, payable semi-annually.

\$ 195,000

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 \$195,000 to \$280,000, with interest of 2.00% per annum, payable semi-annually. At December 31, 2023, the amount drawn was \$4,206,080.

\$ 4,016,080

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, 2023, the City had three bond issues outstanding totaling \$12,459,886, of which the Charter Township of Port Huron's share amounts to \$1,663,395. The Township's portion of the bonds is due in installments ranging from \$55,403 to \$94,785, including interest ranging from 3.50% to 5.25%, which is recorded as sewer charges.

\$ 1,663,395

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 - LONG-TERM DEBT - (cont'd):

Annual Debt Requirements -

The annual requirements to pay the debt outstanding at December 31, 2023, excluding the 2020 Capital Improvement Bond, which will be finalized upon completion of the project, are as follows:

Year	Drainage District		General Obligation Bond		Contracts Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ -	\$ -	\$ 60,000	\$ 3,663	\$ 62,745	\$ 52,625
2025	29,253	7,840	65,000	2,276	65,415	50,176
2026	29,253	6,272	70,000	777	68,085	47,619
2027	29,253	4,704	-	-	70,755	44,956
2028	29,253	3,136	-	-	72,758	42,186
2029-2033	29,259	1,568	-	-	408,495	165,969
2034-2038	-	-	-	-	416,520	96,250
2039-2043	-	-	-	-	300,375	44,245
2044-2046	-	-	-	-	198,247	8,981
	<u>\$ 146,271</u>	<u>\$ 23,520</u>	<u>\$ 195,000</u>	<u>\$ 6,716</u>	<u>\$ 1,663,395</u>	<u>\$ 553,007</u>

Accrued Vacation and Casual Pay -

In accordance with contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payments for unused vacation and casual leave under formulas and conditions specified in the contracts. The governmental fund portion of \$29,723, as well as the Enterprise Fund portion of \$5,178, has been recorded in the government-wide financial statements as a long-term liability.

NOTE 10 - 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 \$1,663,695 at December 31, 2023, 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.

NOTE 11 - 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.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 - 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.

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, 2022 was comprised of 15 active participants, 13 retirees and beneficiaries, and 9 other vested inactive participants.

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, 2023 was 21.06% of covered payroll. For 2023, employer contributions were \$180,584 and employee contributions were \$63,411. At December 31, 2023, \$21,583 was payable to the Plan relating to December 2023 contributions.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 - PENSION PLAN - (cont'd):

Net Pension Liability -

The net pension liability of the Township has been measured as of December 31, 2023, which used updated procedures to roll forward the estimated liability of an actuarial valuation at December 31, 2022, and is composed of the following:

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Beginning balance	\$ 4,819,380	\$ 3,123,919	\$ 1,695,461
Service cost	92,666	-	92,666
Interest on total pension liability	343,172	-	343,172
Net investment income	-	346,996	(346,996)
Difference between expected and actual experience	(10,142)	-	(10,142)
Contributions from employer	-	180,584	(180,584)
Contributions from employees	-	63,411	(63,411)
Benefit payments	(264,607)	(264,607)	-
Administrative costs	-	(7,345)	7,345
Other	(43,893)	-	(43,893)
Ending balance	<u>\$ 4,936,576</u>	<u>\$ 3,442,958</u>	<u>\$ 1,493,618</u>

Plan fiduciary net position as a percentage of the total pension liability 69.74%

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

For the year ended December 31, 2023, the Township recognized pension expense of \$178,763 in the government-wide and proprietary fund financial statements of the primary government. At December 31, 2023, 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	\$ 163,956	\$ 33,310
Difference between expected and actual experience	29,861	-
Changes in assumptions	<u>96,898</u>	<u>-</u>
	<u>\$ 290,715</u>	<u>\$ 33,310</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 - PENSION PLAN - (cont'd):

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

2024	\$ 126,409
2025	55,498
2026	99,802
2027	<u>(24,304)</u>
	<u>\$ 257,405</u>

Actuarial Assumptions -

The total pension liability was determined by an actuarial valuation as of December 31, 2022, which used updated procedures to roll forward the estimated liability to December 31, 2023. 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

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.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 - PENSION PLAN - (cont'd):

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, 2022 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.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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:

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability of the Primary Government	\$ 2,072,394	\$ 1,493,618	\$ 1,007,939

NOTE 13 - 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, 2023. 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.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS - (cont'd):

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, 2023, annually determined contributions were \$8,537 and actual contributions of \$9,566 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.

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, 2023), 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, 2021 version (Tables 2 and 3 from the National Vital Statistics Report, Vol. 72, No. 12 dated November 7, 2023).

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, 2023. Medicare rates were estimated at 5.25 percent for 2024, decreasing by 0.25 percent every year to an ultimate trend rate of 4.50 percent.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS - (cont'd):

Health Insurance Premiums - 2023 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 3.54% 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, 2023 based on a valuation using an alternative measurement method as of that date and is composed of the following:

Beginning Balance	\$	152,913
Interest on OPEB liability		1,906
Difference between expected and actual experience	(	74,401)
Benefit payments	(	<u>9,566)</u>
Ending Balance	\$	<u>70,852</u>

As of December 31, 2023, the Township did not have any assets set aside to offset the OPEB liability.

OPEB Expense -

For the year ended December 31, 2023, the Township recognized OPEB credit of \$72,495 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 3.54% as well as what the OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.54%) or one-percentage-point higher (4.54%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
OPEB liability	\$ <u>74,449</u>	\$ <u>70,852</u>	\$ <u>67,502</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>67,515</u>	\$ <u>70,852</u>	\$ <u>74,363</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 14 - RESTRICTED ASSETS:

The restricted assets of \$32,733 in the Cemetery Perpetual Care Fund are for perpetual care. The restricted assets of \$1,142,391 in the Sewer Fund are for capital improvements/debt retirement.

NOTE 15 - 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.

NOTE 16 - RESTRICTED NET POSITION:

The net position has been restricted in the entity-wide statement of net position at December 31, 2023 for the following purposes:

Governmental Funds/Activities:

Public Safety -		
Building Inspection Fund	\$	69,499
Police Fund		196,779
Liquor Fund		31,990
Public Works -		
Road Fund		913,588
Transportation Fund		7,043
Cemetery Perpetual Care Fund		<u>3,522</u>
Total Restricted Fund Balance - Governmental Funds		1,222,421
Prepaid Expenses -		
Fire Fund		34,932
Building Inspection Fund		3,200
Perpetual Care - Nonspendable		29,211
Net Pension Liability -		
Fire Fund	(	34,932)
Building Inspection Fund	(	<u>21,024)</u>
Total Restricted Net Position - Governmental Activities	\$	<u>1,233,808</u>

Business-type Activities:

Sewer Fund - Capital Improvement/Debt Retirement	\$	<u>1,142,391</u>
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REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 799,500	\$ 799,500	\$ 764,799	\$(34,701)
Licenses and permits	161,000	161,000	159,413	(1,587)
Intergovernmental	1,309,500	1,309,500	1,307,455	(2,045)
Charges for services	21,500	21,500	35,365	13,865
Fines and forfeits	10,000	10,000	10,924	924
Interest and rent	12,300	12,300	160,475	148,175
Other revenues	40,000	98,495	27,193	(71,302)
Total Revenues	<u>2,353,800</u>	<u>2,412,295</u>	<u>2,465,624</u>	<u>53,329</u>
Expenditures:				
General Government -				
Legislative	278,550	299,000	311,026	(12,026)
Supervisor	111,575	111,575	110,486	1,089
Elections	8,575	19,575	15,960	3,615
Assessor	112,410	112,410	95,765	16,645
Clerk	142,400	151,400	152,303	(903)
Board of review	3,450	3,450	1,612	1,838
Treasurer	218,360	225,110	224,645	465
Township hall	58,650	58,650	33,650	25,000
	<u>933,970</u>	<u>981,170</u>	<u>945,447</u>	<u>35,723</u>
Public Works -				
Department of Public Works	137,625	137,625	142,269	(4,644)
Street lights	120,000	140,000	126,791	13,209
Drains	202,500	202,500	103,294	99,206
Roads	10,000	10,000	7,922	2,078
	<u>470,125</u>	<u>490,125</u>	<u>380,276</u>	<u>109,849</u>
Community and Economic Development -				
Planning commission	63,950	63,950	53,004	10,946
Home demolition	6,950	6,950	-	6,950
	<u>70,900</u>	<u>70,900</u>	<u>53,004</u>	<u>17,896</u>

Continued

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Expenditures - (cont'd):				
Recreation and Cultural -				
Parks and recreation	\$ 41,100	\$ 41,100	\$ 34,453	\$ 6,647
Park facilities	337,800	337,800	33,217	304,583
	<u>378,900</u>	<u>378,900</u>	<u>67,670</u>	<u>311,230</u>
Total Expenditures	<u>1,853,895</u>	<u>1,921,095</u>	<u>1,446,397</u>	<u>474,698</u>
Revenues over expenditures	<u>499,905</u>	<u>491,200</u>	<u>1,019,227</u>	<u>528,027</u>
Other Financing Sources (Uses):				
Sale of capital assets	5,000	5,000	500	(4,500)
Transfers In	15,000	15,000	15,000	-
Transfers Out	(511,200)	(511,200)	(11,000)	500,200
Total Other Financing Sources (Uses)	<u>(491,200)</u>	<u>(491,200)</u>	<u>4,500</u>	<u>495,700</u>
Net Change in Fund Balance	8,705	-	1,023,727	1,023,727
Fund Balance at beginning of year	<u>4,214,861</u>	<u>4,214,861</u>	<u>4,214,861</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 4,223,566</u>	<u>\$ 4,214,861</u>	<u>\$ 5,238,588</u>	<u>\$ 1,023,727</u>

Concluded

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

POLICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 910,000	\$ 910,000	\$ 897,582	\$(12,418)
Interest	-	-	24,326	24,326
Total Revenues	910,000	910,000	921,908	11,908
Expenditures:				
Public safety	895,270	921,740	871,169	50,571
Net Change in Fund Balance	14,730	(11,740)	50,739	62,479
Fund Balance at beginning of year	146,040	146,040	146,040	-
Fund Balance at end of year	\$ 160,770	\$ 134,300	\$ 196,779	\$ 62,479

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 830,000	\$ 830,000	\$ 790,627	\$(39,373)
Intergovernmental	10,000	10,000	393	(9,607)
Charges for services	22,200	22,200	15,372	(6,828)
Interest	-	-	12,047	12,047
Other	5,000	5,000	6,410	1,410
Total Revenues	<u>867,200</u>	<u>867,200</u>	<u>824,849</u>	<u>(42,351)</u>
Expenditures:				
Public safety	<u>1,337,400</u>	<u>1,337,400</u>	<u>1,146,756</u>	<u>190,644</u>
Revenues under expenditures	<u>(470,200)</u>	<u>(470,200)</u>	<u>(321,907)</u>	<u>148,293</u>
Other Financing Sources (Uses):				
Sale of capital assets	5,000	5,000	5,523	523
Transfers in	498,700	498,700	250,000	(248,700)
Transfers out	(33,500)	(33,500)	-	33,500
Total Other Financing Sources (Uses)	<u>470,200</u>	<u>470,200</u>	<u>255,523</u>	<u>(214,677)</u>
Net Change in Fund Balance	-	-	(66,384)	(66,384)
Fund Balance at beginning of year	<u>101,316</u>	<u>101,316</u>	<u>101,316</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 101,316</u>	<u>\$ 101,316</u>	<u>\$ 34,932</u>	<u>\$(66,384)</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Interest and rent -				
Interest earned	\$ 10,025	\$ 10,025	\$ 105,203	\$ 95,178
Rentals	34,000	34,000	35,061	1,061
Other	2,000	2,000	417	(1,583)
Total Revenues	46,025	46,025	140,681	94,656
Expenditures:				
Recreation and cultural	354,450	376,450	126,858	249,592
Revenues over (under) expenditures	(308,425)	(330,425)	13,823	344,248
Other Financing Uses:				
Transfer Out	(15,000)	(15,000)	(15,000)	-
Net Change in Fund Balance	(323,425)	(345,425)	(1,177)	344,248
Fund Balance at beginning of year	2,027,479	2,027,479	2,027,479	-
Fund Balance at end of year	\$ 1,704,054	\$ 1,682,054	\$ 2,026,302	\$ 344,248

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PLAN FISCAL YEARS

	For the Year Ended December 31,			
	2023	2022	2021	2020
Total Pension Liability:				
Service Cost	\$ 92,666	\$ 68,985	\$ 82,733	\$ 73,109
Interest	343,172	314,973	314,592	307,287
Change in benefits	-	(19,170)	-	-
Differences between expected and actual experience	(10,142)	89,585	(106,198)	(225,787)
Differences between expected and actual assumptions	-	180,100	147,455	127,501
Benefit payments, including refunds	(264,607)	(235,794)	(210,978)	(205,239)
Other changes	(43,893)	(7,157)	(3,242)	16,709
	<u>117,196</u>	<u>391,522</u>	<u>224,362</u>	<u>93,580</u>
Change in total pension liability				
Total pension liability, beginning of year	<u>4,819,380</u>	<u>4,427,858</u>	<u>4,203,496</u>	<u>4,109,916</u>
Total pension liability, end of year	<u>\$ 4,936,576</u>	<u>\$ 4,819,380</u>	<u>\$ 4,427,858</u>	<u>\$ 4,203,496</u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 180,584	\$ 141,066	\$ 145,267	\$ 133,240
Contributions - Member	63,411	52,393	54,008	26,826
Net investment income	346,996	(365,755)	440,681	357,921
Benefit payments, including refunds	(264,607)	(235,794)	(210,978)	(205,239)
Administrative expenses	(7,345)	(6,521)	(5,056)	(5,642)
	<u>319,039</u>	<u>(414,611)</u>	<u>423,922</u>	<u>307,106</u>
Net change in plan fiduciary net position				
Plan fiduciary net position, beginning of year	<u>3,123,919</u>	<u>3,538,530</u>	<u>3,114,608</u>	<u>2,807,502</u>
Plan fiduciary net position, end of year	<u>\$ 3,442,958</u>	<u>\$ 3,123,919</u>	<u>\$ 3,538,530</u>	<u>\$ 3,114,608</u>
Township's Net Pension Liability - Ending	<u>\$ 1,493,618</u>	<u>\$ 1,695,461</u>	<u>\$ 889,328</u>	<u>\$ 1,088,888</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.74%	64.82%	79.92%	74.10%
Covered Employee Payroll	\$ 857,643	\$ 761,098	\$ 862,760	\$ 755,266
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	174.15%	222.77%	103.08%	144.17%

* GASB Statement No. 68 was implemented for fiscal year ended December 31, 2015. These schedules are being built prospectively.

	2019	2018	2017	2016	2015
\$	95,586	\$ 88,260	\$ 88,928	\$ 79,379	\$ 76,816
	311,659	299,912	287,253	261,351	257,900
	-	-	-	-	-
(	25,722)	(40,843)	(14,015)	(26,292)	(36,117)
	-	-	-	202,260	-
(	178,478)	(194,081)	(194,081)	(164,684)	(153,404)
(	30,318)	(17,866)	(9,521)	(18,316)	-
	172,727	135,382	158,564	333,698	145,195
	3,937,189	3,801,807	3,643,243	3,309,545	3,164,350
\$	<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>
\$	115,821	\$ 138,010	\$ 126,144	\$ 123,330	\$ 112,913
	24,216	29,751	20,821	21,129	19,814
	340,802	(104,095)	313,953	247,026	(33,670)
(	178,478)	(194,081)	(194,081)	(164,684)	(153,404)
(	5,876)	(5,134)	(4,970)	(4,873)	(4,884)
	296,485	(135,549)	261,867	221,928	(59,231)
	2,511,017	2,646,566	2,384,699	2,162,771	2,222,002
\$	<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>1,302,414</u>	<u>\$ 1,426,172</u>	<u>\$ 1,155,241</u>	<u>\$ 1,258,544</u>	<u>\$ 1,146,774</u>
	68.31%	63.78%	69.61%	65.46%	65.35%
\$	1,000,334	\$ 942,079	\$ 942,076	\$ 956,160	\$ 896,133
	130.2%	151.4%	122.6%	131.6%	128.0%

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
FISCAL YEARS

	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Surplus)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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	16 years
Asset valuation method	5-year smoothed market value
Salary increases	3.00%
Investment rate of return	7.00% for 2023 and 2022
Retirement age	Replacement Index up to age 70, then 100%
Mortality	Pub-2010 Mortality Table fully generational mortality improvements projected with Scale MP-2019

* GASB Statement No. 68 was implemented for fiscal year ended December 31, 2015. These schedules are being built prospectively.

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

RETIREE HEALTH BENEFITS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
FISCAL YEARS

	2023	2022	2021	2020
Total OPEB Liability:				
Interest	\$ 1,906	\$ 1,556	\$ 3,278	\$ 6,751
Differences between expected and actual experience	(74,401)	10,190	(13,209)	(31,114)
Benefit payments, including refunds	(9,566)	(13,040)	(11,383)	(14,366)
Change in total OPEB liability	(82,061)	(1,294)	(21,314)	(38,729)
Total OPEB liability, beginning of year	152,913	154,207	175,521	214,250
Total OPEB liability, end of year	\$ 70,852	\$ 152,913	\$ 154,207	\$ 175,521
 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>2019</u>	<u>2018</u>
\$ 7,392	\$ 7,015
12,193	-
<u>(16,827)</u>	<u>(15,888)</u>
2,758	(8,873)
<u>211,492</u>	<u>220,365</u>
<u>\$ 214,250</u>	<u>\$ 211,492</u>
\$ -	\$ -
0.00%	0.00%

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

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
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, 2023

Methods and Assumptions Used to Determine Contribution Rates:

Simplified Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	10 years, Closed
Investment Rate of Return	3.54% for 2023 and 2.16% for 2022
Mortality	National Center for Health Statistics 2021 version (Tables 2 and 3 from the National Vital Statistics Report, Vol. 72, No. 12 dated November 7, 2023)
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 5.25% for 2024, decreasing by 0.25% every year to an ultimate trend rate of 4.50%.
Health Insurance Premium	2023 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 3.54% 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
St. Clair County, Michigan

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue Funds			
	Road	Ambulance	Cemetery	Liquor Control
Current Assets:				
Cash and cash equivalents	\$ 972,651	\$ -	\$ 64,040	\$ 30,232
Receivables -				
Property taxes	147,351	139,589	-	-
Due from other funds	106,158	-	-	1,758
Prepaid expenditures	-	-	-	-
	<u>1,226,160</u>	<u>139,589</u>	<u>64,040</u>	<u>31,990</u>
Restricted Assets:				
Cash and cash equivalents	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,226,160</u>	<u>\$ 139,589</u>	<u>\$ 64,040</u>	<u>\$ 31,990</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 11,263	\$ -
Accrued liabilities	-	-	1,265	-
Deposits payable	-	-	-	-
Due to other funds	-	-	13,970	-
Due to component units	36,134	-	-	-
Total Liabilities	<u>36,134</u>	<u>-</u>	<u>26,498</u>	<u>-</u>
Deferred Inflows of Resources:				
Taxes levied for subsequent period	<u>276,438</u>	<u>139,589</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Nonspendable for -				
Prepaid expenditures	-	-	-	-
Perpetual care	-	-	-	-
Restricted for -				
Road	913,588	-	-	-
Cemetery	-	-	-	-
Liquor control	-	-	-	31,990
Building inspection	-	-	-	-
Transportation	-	-	-	-
Committed for -				
Cemetery	-	-	37,542	-
Museum	-	-	-	-
	<u>913,588</u>	<u>-</u>	<u>37,542</u>	<u>31,990</u>
Total Fund Balance	<u>913,588</u>	<u>-</u>	<u>37,542</u>	<u>31,990</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,226,160</u>	<u>\$ 139,589</u>	<u>\$ 64,040</u>	<u>\$ 31,990</u>

<u>Museum</u>	<u>Building Inspection</u>	<u>Blue Water Area Transportation</u>	<u>Permanent Fund Cemetery Perpetual Care</u>	<u>Total</u>
\$ 8,789	\$ 146,868	\$ 128,595	\$ -	\$ 1,351,175
-	-	128,922	-	415,862
1,000	-	20,871	-	129,787
-	3,200	-	-	3,200
<u>9,789</u>	<u>150,068</u>	<u>278,388</u>	<u>-</u>	<u>1,900,024</u>
-	-	-	32,733	32,733
<u>\$ 9,789</u>	<u>\$ 150,068</u>	<u>\$ 278,388</u>	<u>\$ 32,733</u>	<u>\$ 1,932,757</u>
\$ -	\$ 4,744	\$ -	\$ -	\$ 16,007
-	6,460	-	-	7,725
-	61,366	-	-	61,366
-	4,799	-	-	18,769
-	-	29,562	-	65,696
<u>-</u>	<u>77,369</u>	<u>29,562</u>	<u>-</u>	<u>169,563</u>
-	-	241,783	-	657,810
-	3,200	-	-	3,200
-	-	-	29,211	29,211
-	-	-	-	913,588
-	-	-	3,522	3,522
-	-	-	-	31,990
-	69,499	-	-	69,499
-	-	7,043	-	7,043
-	-	-	-	37,542
<u>9,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,789</u>
<u>9,789</u>	<u>72,699</u>	<u>7,043</u>	<u>32,733</u>	<u>1,105,384</u>
<u>\$ 9,789</u>	<u>\$ 150,068</u>	<u>\$ 278,388</u>	<u>\$ 32,733</u>	<u>\$ 1,932,757</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds			
	Road	Ambulance	Cemetery	Liquor Control
Revenues:				
Taxes	\$ 262,762	\$ 132,224	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	7,617
Charges for services	-	-	35,911	-
Interest and rent	39,630	-	2,346	1,020
Total Revenues	<u>302,392</u>	<u>132,224</u>	<u>38,257</u>	<u>8,637</u>
Expenditures:				
Current -				
Public safety	-	132,224	-	3,622
Public works	38,780	-	48,575	-
Recreation and cultural	-	-	-	-
Total Expenditures	<u>38,780</u>	<u>132,224</u>	<u>48,575</u>	<u>3,622</u>
Revenues over (under) expenditures	263,612	-	(10,318)	5,015
Other Financing Sources:				
Transfer In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	263,612	-	(10,318)	5,015
Fund Balances at beginning of year	<u>649,976</u>	<u>-</u>	<u>47,860</u>	<u>26,975</u>
Fund Balances at end of year	<u>\$ 913,588</u>	<u>\$ -</u>	<u>\$ 37,542</u>	<u>\$ 31,990</u>

<u>Museum</u>	<u>Building Inspection</u>	<u>Blue Water Area Transportation</u>	<u>Permanent Fund Cemetery Perpetual Care</u>	<u>Total</u>
\$ -	\$ -	\$ 229,850	\$ -	\$ 624,836
-	152,860	-	-	152,860
-	-	-	-	7,617
-	7,215	-	-	43,126
473	3,149	37	1,187	47,842
<u>473</u>	<u>163,224</u>	<u>229,887</u>	<u>1,187</u>	<u>876,281</u>
-	164,266	-	-	300,112
-	-	231,018	-	318,373
9,034	-	-	-	9,034
<u>9,034</u>	<u>164,266</u>	<u>231,018</u>	<u>-</u>	<u>627,519</u>
(8,561)	(1,042)	(1,131)	1,187	248,762
<u>1,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
(7,561)	8,958	(1,131)	1,187	259,762
<u>17,350</u>	<u>63,741</u>	<u>8,174</u>	<u>31,546</u>	<u>845,622</u>
<u>\$ 9,789</u>	<u>\$ 72,699</u>	<u>\$ 7,043</u>	<u>\$ 32,733</u>	<u>\$ 1,105,384</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 275,000	\$ 275,000	\$ 262,762	\$(12,238)
Interest	1,000	1,000	39,630	38,630
Total Revenues	276,000	276,000	302,392	26,392
Expenditures:				
Public works	410,250	410,250	38,780	371,470
Net Change in Fund Balance	(134,250)	(134,250)	263,612	397,862
Fund Balance at beginning of year	649,976	649,976	649,976	-
Fund Balance at end of year	\$ 515,726	\$ 515,726	\$ 913,588	\$ 397,862

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

CEMETERY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Charges for Services	\$ 48,950	\$ 48,950	\$ 35,911	\$(13,039)
Interest	150	150	2,346	2,196
Total Revenues	<u>49,100</u>	<u>49,100</u>	<u>38,257</u>	<u>(10,843)</u>
Expenditures:				
Public works	<u>49,100</u>	<u>49,100</u>	<u>48,575</u>	<u>525</u>
Net Change in Fund Balance	-	-	(10,318)	(10,318)
Fund Balance at beginning of year	<u>47,860</u>	<u>47,860</u>	<u>47,860</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 47,860</u></u>	<u><u>\$ 47,860</u></u>	<u><u>\$ 37,542</u></u>	<u><u>\$(10,318)</u></u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

LIQUOR CONTROL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 7,617	\$ 2,617
Interest	-	-	1,020	1,020
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>8,637</u>	<u>3,637</u>
Expenditures:				
Public safety	<u>5,000</u>	<u>5,000</u>	<u>3,622</u>	<u>1,378</u>
Net Change in Fund Balance	-	-	5,015	5,015
Fund Balance at beginning of year	<u>26,975</u>	<u>26,975</u>	<u>26,975</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 26,975</u></u>	<u><u>\$ 26,975</u></u>	<u><u>\$ 31,990</u></u>	<u><u>\$ 5,015</u></u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

MUSEUM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Interest	\$ -	\$ -	\$ 473	\$ 473
Other	2,500	2,500	-	(2,500)
Total Revenues	2,500	2,500	473	(2,027)
Expenditures:				
Recreation and cultural	12,500	12,500	9,034	3,466
Revenues under expenditures	(10,000)	(10,000)	(8,561)	1,439
Other Financing Sources:				
Transfer In	1,000	1,000	1,000	-
Net Change in Fund Balance	(9,000)	(9,000)	(7,561)	1,439
Fund Balance at beginning of year	17,350	17,350	17,350	-
Fund Balance at end of year	\$ 8,350	\$ 8,350	\$ 9,789	\$ 1,439

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

BUILDING INSPECTIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Licenses and permits	\$ 116,500	\$ 116,500	\$ 152,860	\$ 36,360
Charges for services	7,000	7,000	7,215	215
Interest	-	-	3,149	3,149
Total Revenues	123,500	123,500	163,224	39,724
Expenditures:				
Public safety	135,875	135,875	164,266	(28,391)
Revenues under expenditures	(12,375)	(12,375)	(1,042)	11,333
Other Financing Sources:				
Transfer In	12,500	12,500	10,000	(2,500)
Net Change in Fund Balance	125	125	8,958	8,833
Fund Balance at beginning of year	63,741	63,741	63,741	-
Fund Balance at end of year	\$ 63,866	\$ 63,866	\$ 72,699	\$ 8,833

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

BLUE WATER AREA TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 230,000	\$ 240,000	\$ 229,850	\$(10,150)
Interest	-	-	37	37
Total Revenues	230,000	240,000	229,887	(10,113)
Expenditures:				
Public works	230,000	240,000	231,018	8,982
Net Change in Fund Balance	-	-	(1,131)	(1,131)
Fund Balance at beginning of year	8,174	8,174	8,174	-
Fund Balance at end of year	\$ 8,174	\$ 8,174	\$ 7,043	\$(1,131)

CUSTODIAL FUNDS

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

CUSTODIAL FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Current Tax Collection	Other Tax Collection	Total
Assets:			
Cash and cash equivalents	\$ 781,871	\$ 37,573	\$ 819,444
	\$ 781,871	\$ 37,573	\$ 819,444
Liabilities:			
Due to other governments	\$ 781,871	\$ 37,573	\$ 819,444
	\$ 781,871	\$ 37,573	\$ 819,444

COMBINING STATEMENT OF CHANGES IN NET POSITION
DECEMBER 31, 2023

	Current Tax Collection	Other Tax Collection	Total
Additions:			
Tax collections for other governments	\$ 8,516,150	\$ 12,846	\$ 8,528,996
Deductions:			
Tax Collections disbursed to other governments	8,516,150	12,846	8,528,996
	-	-	-
Change in net position	-	-	-
Net position at beginning of year	-	-	-
Net position at end of year	\$ -	\$ -	\$ -

COMPONENT UNITS

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2023

	Downtown Development Authority	Economic Development Corporation	Total
Assets:			
Cash and cash equivalents	\$ 826,397	\$ 110,155	\$ 936,552
Investments	376,325	-	376,325
Taxes receivable	40,097	-	40,097
Due from primary government	144,129	-	144,129
Total Assets	\$ 1,386,948	\$ 110,155	\$ 1,497,103
Liabilities:			
Accounts payable	\$ 10,471	\$ -	\$ 10,471
Accrued liabilities	1,242	-	1,242
Due to primary government	214,831	-	214,831
Total Liabilities	226,544	-	226,544
Deferred Inflows of Resources:			
Taxes levied for subsequent period	351,060	-	351,060
Fund Balance:			
Restricted for -			
Downtown Development Authority	809,344	-	809,344
Committed for -			
Economic Development Corporation	-	110,155	110,155
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	809,344	110,155	919,499
	\$ 1,386,948	\$ 110,155	\$ 1,497,103

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

**RECONCILIATION OF THE BALANCE SHEET OF THE
DOWNTOWN DEVELOPMENT AUTHORITY TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Fund Balances - total governmental funds	\$ 809,344
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>(4,826,794)</u>
Net Position of governmental activities	<u>\$ 5,834,610</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Downtown Development Authority	Economic Development Corporation	Total
Revenues:			
Taxes	\$ 316,683	\$ -	\$ 316,683
Interest and rent -			
Rent	-	5,700	5,700
Interest	42,274	4,927	47,201
Total Revenues	358,957	10,627	369,584
Expenditures:			
Public Works	116,434	-	116,434
Community and Economic Development	74,182	6,930	81,112
Total Expenditures	190,616	6,930	197,546
Net Change in Fund Balance	168,341	3,697	172,038
Fund Balance at beginning of year	641,003	106,458	747,461
Fund Balance at end of year	\$ 809,344	\$ 110,155	\$ 919,499

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

**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, 2023**

Net change in fund balances - total governmental funds	\$ 168,341
<p>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.</p>	
Depreciation expense	<u>(253,414)</u>
Change in net position of governmental activities	<u><u>\$(85,073)</u></u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

DOWNTOWN DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 159,000	\$ 159,000	\$ 316,683	\$ 157,683
Interest	3,100	3,100	42,274	39,174
	<u>162,100</u>	<u>162,100</u>	<u>358,957</u>	<u>196,857</u>
Expenditures:				
Public Works	120,000	120,000	116,434	3,566
Community and Economic Development	293,420	293,420	74,182	219,238
	<u>413,420</u>	<u>413,420</u>	<u>190,616</u>	<u>222,804</u>
Net Change in Fund Balance	(251,320)	(251,320)	168,341	419,661
Fund Balance at beginning of year	<u>641,003</u>	<u>641,003</u>	<u>641,003</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 389,683</u>	<u>\$ 389,683</u>	<u>\$ 809,344</u>	<u>\$ 419,661</u>

CHARTER TOWNSHIP OF PORT HURON
St. Clair County, Michigan

ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Interest	\$ -	\$ -	\$ 4,927	\$ 4,927
Rentals	8,000	8,000	5,700	(2,300)
	8,000	8,000	10,627	2,627
Expenditures:				
Community and Economic Development	7,525	7,525	6,930	595
Net Change in Fund Balance	475	475	3,697	3,222
Fund Balance at beginning of year	106,458	106,458	106,458	-
Fund Balance at end of year	\$ 106,933	\$ 106,933	\$ 110,155	\$ 3,222