

NEW ISSUE

Rating*: Moody's: Aa1

Book-Entry-Only

In the opinion of Clark Hill, PLC, Bond Counsel, subject to compliance with certain covenants by the Drainage Board on behalf of the Oakland-Macomb Interceptor Drain Drainage District (the "Drainage District"), under existing law, (1) the interest on the Bonds is excluded from gross income for federal income tax purposes to the extent described herein, (2) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (3) the Bonds and the interest thereon are exempt from taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof to the extent described herein. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. See Appendix G, "Form of Approving Opinion" for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"). The Bonds have been designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to Section 265(b)(3)(B) of the Code.

\$3,155,000

**OAKLAND-MACOMB INTERCEPTOR DRAIN DRAINAGE DISTRICT
COUNTIES OF OAKLAND AND MACOMB, STATE OF MICHIGAN
DRAIN BONDS, SERIES 2025 (GENERAL OBLIGATION LIMITED TAX)**

AUTHORITY, PURPOSE, AND SECURITY: The Oakland-Macomb Interceptor Drain Drainage District Drain Bonds, Series 2025 (General Obligation Limited Tax) (the "Bonds") are being issued pursuant to the provisions of Chapter 21 of Michigan Public Act 40 of the Public Acts of 1956 ("Drain Code" or "Act 40"), as amended, the Final Order of Apportionment adopted by the Drainage Board for the Drainage District on March 20, 2024, a resolution adopted by the Drainage Board of the Oakland-Macomb Interceptor Drain Drainage District (the "Drainage Board") on June 12, 2024, and a supplemental resolution adopted by the Drainage Board on December 18, 2024 (the "Resolutions"). The Bonds are to be issued for the purpose of acquiring, financing, constructing, improving, and replacing certain wastewater facilities by the Drainage District (see "DESCRIPTION OF THE PROJECT" herein). The Bonds and the interest thereon are being issued in anticipation of and shall be payable from the Oakland-Macomb Interceptor Drain Drainage District Drain Bonds, Series 2024 Special Assessment Roll No. 1 to the public corporations affected by the Project in accordance with the Final Order of Apportionment, and pursuant to Section 528 of the Drain Code (MCL §280.528) (see "SECURITY FOR THE BONDS" herein for the apportioned shares of the special assessments). All of the outstanding assessments of the Oakland-Macomb Interceptor Drain Drainage District Drain Bonds, Series 2024 Special Assessment Roll No. 1 are pledged solely and only for the payment of the principal of and interest on the Bonds. The full faith and credit of the Drainage District have been pledged to the payment of the principal and interest on the Bonds. The Drainage District has no general taxing powers.

Pursuant to authorization provided in Chapter 21 of the Drain Code, and resolutions of the County of Oakland ("Oakland County") and the County of Macomb ("Macomb County") duly adopted by two-thirds (2/3) vote of the members of the Board of Commissioners of Oakland County on April 11, 2024 and Macomb County on April 18, 2024, the limited tax general obligation full faith and credit of each County have been pledged as a condition precedent to the issuance of the Bonds for the prompt payment of the principal of, and interest on the Bonds as the same shall become due in accordance with such resolutions. As provided in said resolutions and the Drain Code, in the event any Public Corporation in Oakland County shall fail to pay or neglect to account to the Oakland County Treasurer, and any Public Corporation in Macomb County shall fail to pay or neglect to account to the Macomb County Treasurer, for the amount of any special assessment installment and interest (in anticipation of which the Bonds are issued) when due, then the amount thereof shall be advanced from the funds of the Oakland County or the Macomb County, respectively, as provided in such resolutions, and the Oakland County Treasurer and the Macomb County Treasurer are directed to make such advancement to the extent necessary. If it becomes necessary for Oakland County or Macomb County to so advance such moneys, they shall have such right or rights of reimbursement and any and all remedies therefor as provided by of the Drain Code or any other law.

BOOK-ENTRY-ONLY: The Bonds are issuable as fully registered bonds without coupons, and when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interest in the Bonds will be made in book-entry-only form, in the denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" and Appendix I, "Form of Official Notice of Sale."

PAYMENT OF BONDS: Interest on the Bonds will be payable semi-annually on the first day of January and July of each year commencing July 1, 2025. The Bonds will be issued fully registered as to principal and interest in the denomination of \$5,000 or any integral multiple thereof not exceeding the principal amount of each maturity. The principal and interest shall be payable at the principal corporate trust office of The Huntington National Bank in Grand Rapids, Michigan or other designated office, the Bond Registrar and Paying Agent, or such other Bond Registrar and Paying Agent as the Drainage District may hereafter designate. So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants, as more fully described herein. Interest shall be paid when due by check or draft mailed to the registered owner, as shown on the registration books as of the fifteenth day of the month preceding the payment date for each interest payment.

Underwriter:



Municipal Advisor:

**Dated:** Date of Delivery (Anticipated on January 30, 2025)**Principal Due:** July 1 of each year as shown on the inside cover**Legal Opinion:** Clark Hill, PLC**♦As of Date of Delivery.** See "BOND RATINGS" herein.

This cover page contains certain information for quick reference only. It is not a summary of this issue of Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

\$3,155,000
OAKLAND-MACOMB INTERCEPTOR DRAIN DRAINAGE DISTRICT
COUNTIES OF OAKLAND AND MACOMB, STATE OF MICHIGAN
DRAIN BONDS, SERIES 2025 (GENERAL OBLIGATION LIMITED TAX)

MATURITIES, INTEREST RATES AND YIELDS

Principal Due: July 1

Base CUSIP◇: 673421

Maturity July 1,	CUSIP Number◇	Amount	Coupon Rate %	Yield %	Maturity July 1,	CUSIP Number◇	Amount	Coupon Rate %	Yield %
2025	DC4	\$105,000	5.000%	3.000%	2035	DN0	\$160,000	5.000%	3.300% ^
2026	DD2	100,000	5.000%	3.000%	2036	DP5	165,000	5.000%	3.350% ^
2027	DE0	105,000	5.000%	3.000%	2037	DQ3	175,000	5.000%	3.400% ^
2028	DF7	110,000	5.000%	3.000%	2040	DT7	195,000	4.000%	3.800% ^
2029	DG5	115,000	5.000%	3.050%	2041	DU4	205,000	4.000%	3.870% ^
2030	DH3	125,000	5.000%	3.100%	2042	DV2	215,000	4.000%	3.920% ^
2031	DJ9	130,000	5.000%	3.100%	2043	DW0	220,000	4.000%	4.000% ^
2032	DK6	135,000	5.000%	3.150%	2044	DX8	230,000	4.000%	4.030% ^
2033	DL4	145,000	5.000%	3.200%					
2034	DM2	150,000	5.000%	3.250%					

\$370,000 4.000% Term Bonds Due July 1, 2039 Priced to Yield 3.700%^, CUSIP DS9

[^]*Yield to first call date, July 1, 2034*

PRIOR REDEMPTION: Bonds maturing in the years 2035 through 2044 are subject to optional redemption as described under the heading “THE DESCRIPTION OF THE BONDS – Optional Redemption Prior to Maturity” and “Mandatory Redemption of Term Bonds” herein.

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Oakland-Macomb Interceptor Drain Drainage District

DRAINAGE DISTRICT BOARD MEMBERS

Chairman

Brady Harrington

Michigan Department of Agriculture
& Rural Development

Candice S. Miller

Macomb County
Public Works Commissioner

Jim Nash

Oakland County
Water Resources Commissioner

The following have assisted in the preparation of this Bond Issue:

Macomb County Public Works

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Chief Deputy Public Works Commissioner

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Oakland County Water Resources Commissioner's Office

Steven Korth, P.E.

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Chief Engineer

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Milford, Michigan
Paying Agent The Huntington National Bank
Grand Rapids, Michigan

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REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Oakland-Macomb Interceptor Drain Drainage District to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Drainage District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement has been obtained from the Drainage District and other sources which are believed to be reliable, including The Depository Trust Company with respect to the information contained under the heading “Book-Entry-Only System,” but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Drainage District.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of the Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Drainage District since the date of this Official Statement. The Paying Agent has not participated in the preparation of this Official Statement and assumes no responsibility for it.

This Official Statement contains forward-looking statements, which can be identified by the use of the future tense or other forward-looking terms such as “may,” “intend,” “will,” “expect,” “anticipate,” “plan,” “management believes,” “estimate,” “continue,” “should,” “strategy,” or “position” or the negatives of those terms or other variations of them or by comparable terminology. In particular, any statements express or implied, concerning future receipts of installments of special assessments or the ability to generate cash flow to service indebtedness are forward-looking statements. Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the Drainage District’s management believes that the assumptions on which those forward looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially from any results indicated or suggested by those assumptions. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Official Statement should not be regarded as a representation by the Drainage District or that its plans and objectives will be achieved. All forward-looking statements are expressly qualified by the cautionary statements contained in this paragraph. The Drainage District undertakes no duty to update any forward-looking statements.

**OFFICIAL STATEMENT OF THE
\$3,155,000
OAKLAND-MACOMB INTERCEPTOR DRAIN DRAINAGE DISTRICT
COUNTIES OF OAKLAND AND MACOMB, STATE OF MICHIGAN
DRAIN BONDS, SERIES 2025 (GENERAL OBLIGATION LIMITED TAX)**

INTRODUCTION

The purpose of this Official Statement is to set forth information concerning the Oakland-Macomb Interceptor Drain Drainage District (the “Drainage District”) Drain Bonds, Series 2025 (General Obligation Limited Tax) (the “Bonds”). The Bonds are to be issued for the purpose of acquiring, financing, constructing, improving, and replacing certain wastewater facilities by the Drainage District (see “DESCRIPTION OF THE PROJECT” herein). The information contained herein is presented in connection with the sale of the Bonds and for the information of those who initially became holders of the Bonds. Information describing the Bonds, summarized on the cover page, is part of this Official Statement.

All financial and other information presented in this Official Statement with respect to each of the Drainage District, the County of Oakland (“Oakland County”), the County of Macomb (“Macomb County”), City of Auburn Hills, Independence Township (which includes the Village of Clarkston), the City of Lake Angelus, the City of Rochester, the City of Rochester Hills, Oakland Township, Orion Township, Oxford Township, the Village of Lake Orion, the Village of Oxford, Waterford Township, and West Bloomfield Township, in Oakland County, Michigan; and Chesterfield Township, the City of Fraser, the City of Sterling Heights, the City of Utica, Clinton Township, Harrison Township, Lenox Township, Macomb Township, Washington Township, Shelby Township, and the Village of New Haven, in Macomb County, Michigan, has been provided by representatives of the Drainage District, Oakland County, Macomb County and the individual municipalities (the “Public Corporations”, as defined by Section 511(b) of the Drain Code, MCL §280.511(b)), respectively, from their records, except for information expressly attributed to other sources. Information from other sources has not been independently confirmed or verified by any of the Drainage District, Oakland County, Macomb County, and the Public Corporations and the accuracy of such information is not guaranteed. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of Oakland County, Macomb County, or the Public Corporations. No representation is made that past experience, as is shown by such financial and other information, will necessarily continue or be repeated in the future.

Reference to provisions of Michigan law, whether codified in the Michigan Compiled Laws or uncoded, or of the Michigan Constitution, are references to those current provisions, and such provisions may be amended, repealed or supplemented.

DESCRIPTION OF THE BONDS

The Bonds, aggregating the principal sum of \$3,155,000, shall be known as “Oakland-Macomb Interceptor Drain Drainage District Drain Bonds, Series 2025 (General Obligation Limited Tax)” and shall be dated the date of their delivery (anticipated on or about January 30, 2025). The Bonds shall be fully registered Bonds, both as to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000 numbered from 1 upwards regardless of rate and maturity date. The Bonds shall mature on July 1, 2025, and each July 1 thereafter, until maturity, as provided on the inside cover page of this Official Statement.

Authorization

The Bonds are being issued pursuant to Chapter 21 of Michigan Public Act 40 of the Public Acts of 1956 (“Drain Code” or “Act 40”), Act 34, Public Acts of Michigan, 2001, as amended (“Act 34”), the Final Order of Apportionment adopted by the Drainage Board for the Drainage District on March 20, 2024, a resolution adopted by the Drainage Board of the Oakland-Macomb Interceptor Drain Drainage District on June 12, 2024, and a supplemental resolution adopted by the Drainage Board on December 18, 2024 (the “Resolutions”).

Qualification Under Section 265(b)(3) of the Internal Revenue Code of 1986

The Bonds have been designated as “Qualified Tax-Exempt Obligations” for the purpose of deduction of interest expense by financial institutions pursuant to section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

Interest Payment and Interest Rate

The Bonds shall bear interest payable July 1, 2025, and semi-annually thereafter on each January 1 and July 1 until maturity. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months. Interest shall be paid by check or draft mailed to the registered owner of each Bond as of the applicable date of record.

Paying Agent and Bond Registrar

The Drainage District anticipates designating The Huntington National Bank, Grand Rapids, Michigan, as bond registrar and paying agent (the “Paying Agent”) for the Bonds in connection with the issuance and initial delivery thereof. The Paying Agent will keep records of the registered holders of the Bonds, serve as transfer agent for the Bonds, authenticate the original and any re-issued Bonds and will pay principal and interest to the registered holders of the Bonds as shown on the registration books of the Drainage District maintained by the Paying Agent on the applicable date of record. The principal of each Bond will be paid when due upon presentation and surrender thereof to the Paying Agent. The date of record shall be the 15th day of the month before such payment is due. The Drainage District may, from time to time as required, designate a qualified successor bond registrar and paying agent. Alternatively, the Drainage District Treasurer may serve as bond registrar and paying agent for the Bonds if the Drainage District determines that it is in the best interest of the Drainage District.

Optional Redemption Prior to Maturity

The Bonds maturing prior to July 1, 2035, shall not be subject to optional redemption prior to maturity. Bonds maturing on or after July 1, 2035, shall be subject to redemption prior to maturity at the option of the Drainage District, in any order, in whole or in part in integral multiples of \$5,000 on any date on or after July 1, 2034. Bonds called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a Bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion as well as the amount not being redeemed each constitute an authorized denomination. In the event that less than the entire principal amount of a Bond is called for redemption, upon surrender of the Bond to the Paying Agent, the Paying Agent shall authenticate and deliver to the registered owner of the Bond a new Bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each Bond being redeemed by first class mail at least thirty (30), which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the Resolution authorizing the issuance of the Bonds. Any defect in such notice shall not affect the validity of the redemption proceedings. Bonds so called for redemption shall not bear interest after the redemption date, provided funds are on hand with the Paying Agent to redeem the same.

Mandatory Redemption of Term Bonds

The Bonds maturing July 1, 2039 (the “Term Bonds”) are subject to mandatory redemption by the Drainage District at par plus accrued interest to the date of redemption on the dates in the principal amount set forth in the following tables. The Term Bonds to be mandatorily redeemed shall be selected by lot in such manner as shall be determined by the Transfer Agent.

Term Bonds Due <u>July 1, 2039</u>	
Redemption July 1,	Amount
2038	\$180,000
2039 (Maturity)	\$190,000

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers nor any improperly printed number shall constitute cause for the purchaser to refuse to accept delivery of, or to pay for, the Bonds. All expenses for printing CUSIP numbers on the Bonds will be paid by the Drainage District, except that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and paid for by the purchaser.

THE DRAINAGE DISTRICT

The Oakland-Macomb Interceptor Drain Drainage District is a separate public corporation established pursuant to Chapter 21 of Act 40. The Drainage District is governed by a board (“Drainage Board”) composed of the Macomb County Public Works Commissioner, the Oakland County Water Resources Commissioner, and an appointed Chairman from the Michigan Department of Agriculture & Rural Development.

The Drainage District’s primary purpose is the construction, maintenance, and operation of the Oakland-Macomb Interceptor Drain (the “OMID”) sewer system. The OMID is a 22-mile long pipe originally constructed in the early 1970s. The pipe ranges in sizes up to 13 feet in diameter and is buried up to 100 feet deep. The north to south route begins in eastern Oakland County, passes through Macomb County, and terminates south of Eight Mile Road in Wayne County. The sanitary sewage is then passed to the Great Lakes Water Authority for treatment. The OMID services about 850,000 people in twenty-three Oakland County and Macomb County communities. The Drainage District’s activities are reported as a component unit of Macomb County’s financial statements. The Drainage District does not publish separate financial statements.

DESCRIPTION OF THE PROJECT

OMID Odor Corrosion Project

OMID has experienced degradation due to sulfuric acid formed from hydrogen sulfide (“H₂S”). The H₂S emitted from the system has also been the source of odor complaints. While the OMID system has been lined in many sections, the H₂S still poses a threat to unlined components as well as a continual odor issue in certain locations. Accordingly, the H₂S must be addressed to prevent further degradation, extend the interceptor system life, and reduce odor complaints throughout the system.

The OMID Odor and Corrosion Control Project will provide the new odor and control systems at two sites in Sterling Heights, Macomb County, Michigan, to reduce the impact of H₂S in the system.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds

Par Value of Bonds	\$	3,155,000.00
Original Issue Premium		187,885.50
Local Unit Prepayments		7,907,006.00
Total Sources	\$	11,249,891.50

Uses of Funds

Deposit to Construction Fund	\$	11,140,000.00
Underwriter's Discount		52,545.86
Estimated Costs of Issuance		57,345.64
Total Uses	\$	11,249,891.50

SECURITY FOR THE BONDS

Special Assessments for the Project

The Bonds and the interest thereon are being issued in anticipation of and shall be payable from the Oakland-Macomb Interceptor Drain Drainage District Drain Bonds, Series 2024 Special Assessment Roll No. 1 confirmed on June 12, 2024 (the "2024 Special Assessments") pursuant to Section 528 of the Drain Code. The 2024 Special Assessments are payable by the Public Corporations listed in *Figure 1* and *Figure 2*. The Public Corporations were given the opportunity to prepay the 2024 Special Assessments. The percentages in *Figure 1* and *Figure 2* represent the pro-rata amount of principal and interest on the Bonds that each Public Corporation has been assessed after accounting for prepayments. Public Corporations with a 0.0000% assessment have prepaid the 2024 Special Assessment and will not be assessed for payment of the Bonds. All of the remaining 2024 Special Assessments are pledged solely and only for the payment of the principal of and interest on the Bonds.

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Figure 1

<u>County of Oakland</u>	<u>7.9027%</u>
	<u>Percentage</u>
<u>PUBLIC CORPORATIONS</u>	<u>of Bond Issue</u>
City of Auburn Hills	0.0000%
Independence Township (includes Village of Clarkston)	0.0000%
City of Lake Angelus	0.0000%
Village of Lake Orion	1.1746%
Oakland Township	0.0000%
Orion Township	0.0000%
Oxford Township	0.0000%
Village of Oxford	0.0000%
City of Rochester	6.7281%
City of Rochester Hills	0.0000%
Waterford Township	0.0000%
West Bloomfield Township	0.0000%
Total	<u>7.9027%</u>

Figure 2

<u>County of Macomb</u>	<u>92.0973%</u>
	<u>Percentage</u>
<u>PUBLIC CORPORATIONS</u>	<u>of Bond Issue</u>
Chesterfield Township	0.0000%
Clinton Township	0.0000%
City of Fraser	0.0000%
Harrison Township	14.4362%
Lenox Township	2.6970%
Macomb Township	0.0000%
Village of New Haven	0.0000%
Shelby Township	0.0000%
City of Sterling Heights	71.1855%
City of Utica	3.7786%
Washington Township	0.0000%
Total	<u>92.0973%</u>

Full Faith and Credit of Drainage District

The full faith and credit of the Drainage District have been pledged to the payment of the principal and interest on the Bonds. The Drainage District has no general taxing powers.

Limited Tax General Obligation Full Faith and Credit of Oakland County and Macomb County

Pursuant to authorization provided in Chapter 21 of the Drain Code, and resolutions of Oakland County and Macomb County, duly adopted by two-thirds (2/3) vote of the members of the Board of Commissioners of Oakland County on April 11, 2024, and Macomb County on April 18, 2024, the limited tax general obligation full faith and credit of each County have been pledged as a condition precedent to the issuance of the Bonds for the prompt payment of the principal of, and interest on the Bonds as the same shall become due in accordance with such resolutions. As provided in said resolutions and the Drain Code, in the event any Public Corporation in Oakland County shall fail to pay or neglect to account to the Oakland County Treasurer, and any Public Corporation in Macomb County shall fail to pay or neglect to account to the Macomb County Treasurer, for the amount of any special assessment installment and interest (in anticipation of which the Bonds are issued) when due, then the amount thereof shall be advanced from the funds of the Oakland County or the Macomb County, respectively, as provided in such resolutions, and the Oakland

County Treasurer and the Macomb County Treasurer are directed to make such advancement to the extent necessary. If it becomes necessary for Oakland County or Macomb County to so advance such moneys, they shall have such right or rights of reimbursement and any and all remedies therefor as provided by of the Chapter 21 of the Drain Code or any other law.

The rights and remedies of the holders of the Bonds may be affected by bankruptcy, insolvency, fraudulent conveyance, or other laws affecting creditors' rights generally and by the application of general principles of equity including those relating to equitable subordination, now existing or hereafter enacted.

BOOK-ENTRY-ONLY SYSTEM

At the option of the purchaser, DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17-A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Drainage District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Drainage District or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent, or the Drainage District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Drainage District or Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Drainage District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Drainage District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DRAINAGE DISTRICT BELIEVES TO BE RELIABLE, BUT NEITHER THE DRAINAGE DISTRICT, BOND COUNSEL, MUNICIPAL ADVISOR NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE DRAINAGE DISTRICT AND THE DRAINAGE DISTRICT'S BOND COUNSEL OR MUNICIPAL ADVISOR, THE UNDERWRITER AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS (ii) ANY DOCUMENT REPRESENTING OR CONFIRMING BENEFICIAL OWNERSHIP INTERESTS IN BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH THE PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE DRAINAGE DISTRICT, THE UNDERWRITER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY

BENEFICIAL OWNER OF ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (4) THE DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Discontinuation of Book-Entry-Only System

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the Drainage District and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the Paying Agent shall attempt to have established a securities depository/book-entry system relationship with another qualified depository. If the Paying Agent does not or is unable to do so, the book-entry-only system shall be discontinued.

Transfer Outside Book-Entry-Only System

In the event the book-entry-only system is discontinued, the Paying Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; the Paying Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; and the Drainage District and Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Bonds for all purposes under the Resolution.

Transfer or Exchange of Bonds

Any Bond shall be transferable on the Bond Register maintained by the Paying Agent with respect to the Bonds upon the surrender of the Bond to the Paying Agent together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Paying Agent. Upon receipt of a properly assigned Bond, the Paying Agent shall authenticate and deliver a new Bond or Bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

Bonds may likewise be exchanged for one or more other Bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the Bond or Bonds being exchanged. Such exchange shall be effected by surrender of the Bond to be exchanged to the Paying Agent with written instructions signed by the registered owner of the Bond or his or her attorney in form satisfactory to the Paying Agent. Upon receipt of a bond with proper written instructions, the Paying Agent shall authenticate and deliver a new Bond or Bonds to the registered owner of the Bond or his or her properly designated transferee or transferees or attorney.

Any service charge made by the Paying Agent for any such registration, transfer or exchange shall be paid for by the Drainage District, unless otherwise agreed by the Drainage District and the Paying Agent. The Paying Agent may, however, require payment by a bondholder of a sum sufficient to cover any tax or other governmental charge payable in connection with any such registration, transfer or exchange.

CONTINUING DISCLOSURE

Macomb County, on behalf of the Drainage District, and the City of Sterling Heights and the Charter Township of Harrison (together, the “Obligated Public Corporations”) have covenanted (the City of Sterling Heights is anticipated to adopt the Continuing Disclosure Undertaking at the City Council on January 7th, 2025) and will covenant for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined) pursuant to a Continuing Disclosure Undertaking to be delivered on the date of issuance of the Bonds to the purchaser thereof (the “Disclosure Undertaking”), to provide or cause to be provided: (i) each year, certain financial information and operating data for the preceding fiscal year (the “Annual Report”) (a) with respect to Macomb County, by not later than nine (9) months after the first day of its fiscal year, commencing with the Annual Report for its fiscal year end December 31, 2024, and (b) with respect to each Obligated Public Corporation, by not later than nine (9) months after the first day of its fiscal year; provided, however, that if the audited financial statement of Macomb County, on behalf of the Drainage District, and the Obligated Public Corporations are not available by such date, they will be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Drainage District will be included in the Annual Report; and (ii) timely notices of the occurrence of certain enumerated events, if material. “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

Each Annual Report will be filed with the Municipal Securities Rulemaking Board (“MSRB”) electronically through MSRB’s Electronic Municipal Market Access system (“EMMA”). If Macomb County or the Obligated Public Corporations are unable to provide the MSRB its Annual Report by the date required, the Macomb County or the Obligated Public Corporations shall send, in a timely manner, to the MSRB through EMMA, a notice of the failure to file the Annual Report by such date. Notices of material events will be filed by the Drainage District with the MSRB through EMMA. These covenants have been made by the Macomb County and the Obligated Public Corporations in order to assist the purchaser of the Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection of (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the “Rule”). The information to be contained in each Annual Report, the enumerated events, the occurrence of which will require a notice, and the other terms of the Disclosure Certificate are set forth in “Appendix H”, “FORM OF CONTINUING DISCLOSURE CERTIFICATES”.

A failure by Macomb County or the Obligated Public Corporations to comply with the Disclosure Certificate will not constitute an event of default on the Bonds (although beneficial owners will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Except as described in this paragraph, Macomb County has complied with all of its existing continuing disclosure undertakings over the last five years in all material respects. The County’s Audited Financial Statements (the “Audit”) for the Fiscal Year Ended December 31, 2023, were filed late due to a delay in the production of the Audit. The County provided notice of the late filing as required and submitted draft copies of the Audit on September 24, 2024, and the final Audit on November 6, 2026.

Except as described in the following paragraphs, no Obligated Public Corporation has failed to comply with the requirements as described in section (b)(5) of the Rule of any undertaking made by the Obligated Public Corporation in the last five years.

For the Continuing Disclosure filings for the City of Sterling Heights (the “City”), in connection with the Macomb Interceptor Drain Drainage District Clintondale Pump Station Improvements Drainage District Refunding Bonds, Series 2020 (Limited Tax General Obligation), for which the City is an obligated party, the City failed to file its 2021 General Fund Budget Summary and to link the proper CUSIP’s on EMMA. The City has since filed its 2021 General Fund Budget Summary and updated the CUSIP links on EMMA. The City has taken steps to ensure that no information required by undertakings will be omitted from future filings.

For the Continuing Disclosure filing for the Charter Township of Harrison (the “Township”), in connection with the Oakland-Macomb Interceptor Drain Drainage District Bonds (Limited Tax General Obligation), Series 2020B (2023 Issue), for which the Township is an obligated party, the Township failed to file its fiscal year 2023 Annual Reports to EMMA. The Township has since filed its fiscal year 2023 Annual Reports and a failure to file notice to EMMA. The Township has taken steps to ensure that the filings will be made on time in the future.

BOND RATING

Moody’s Investor Services, Inc.

Moody’s Investors Service, Inc. (“Moody’s”), will assign, as of the date of delivery, a municipal bond rating of “Aa1” to the Bonds.

The Drainage District furnished certain materials and information in addition to that provided herein. The rating is the sole view of Moody’s and is based on Moody’s own research, analysis, and methodologies. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Additional information is available upon request from Moody’s Investors Service, Inc., 7 Trade Center at 250 Greenwich St., New York, NY 10007, (212) 553-0377.

TAX MATTERS

General

It is the opinion of Clark Hill, PLC., Bond Counsel (“Bond Counsel”), based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Bonds, the interest on the Bonds is (a) excluded from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. However, Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax.

Bond Counsel is also of the opinion that, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Bonds, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and interest thereon.

The opinions on federal tax matters is based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants of the Drainage District contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. The Drainage District has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. The opinions assume the accuracy of the Drainage District’s certifications and representations and the continuing compliance with the Drainage District’s covenants. Noncompliance with these covenants by the Drainage District may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to their attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to the excludability of interest on the Bonds from gross income for federal income tax purposes but is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel cannot give, and has not given, any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the “Code”), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, foreign corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits individuals otherwise eligible for the earned income tax credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

Arbitrage and Rebate Requirements

Interest on the Bonds will remain excluded from gross income under applicable federal tax law only if, among other requirements, the Drainage District complies with certain arbitrage requirements set forth in Section 148 of the Code. These requirements include yield and other limits regarding investment of the proceeds of the Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance may occur or be ascertained. The Drainage District has covenanted in the Resolution to comply with all such requirements.

Tax Treatment of Accruals on Original Issue Discount Bonds

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds initially sold at a discount as shown on the inside cover page hereof (the “OID Bonds”) is sold and the amount payable at the stated redemption price at maturity thereof constitutes “original issue discount.” Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the “Original Premium Bonds”) an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer’s basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the “Premium Bonds”). The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer’s yield to maturity determined by using the taxpayer’s basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer’s adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a valid IRS Form W-

9, together with appropriate attachments, reporting and certifying under penalties perjury the recipient's correct taxpayer identification number ("TIN") and further certifying that the recipient is not subject to backup withholding on a valid IRS Form W-9 or suitable substitute, or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a valid IRS Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Future Developments

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the Drainage District in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the Drainage District as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. BOND COUNSEL EXPRESS NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE IRS, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

BOND HOLDERS' RISKS

The Federal Bankruptcy Code affects the rights and obligations of municipalities and their creditors. Although State legislative authority is a condition to the filing by municipalities of cases for relief under the Bankruptcy Code, recently enacted legislation empowers local governments, such as the Drainage District, to become a debtor under the Bankruptcy Code. This authorization would be invoked if fiscal circumstances become such an emergency financial manager were appointed for the Drainage District. No assurance can be given that future circumstances or legislation will not result in the Drainage District filing for relief under the Bankruptcy Code. Should the Drainage District file a petition for relief under the Bankruptcy Code, the bankruptcy court could reduce the amount of or extend the time of the Drainage District's legal obligation to pay its outstanding debts.

ABSENCE OF CERTAIN LITIGATION

There is no litigation pending or threatened in any court (either state or federal) which seeks to restrain or enjoin the issuance or delivery of the Bonds, which questions (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the legal existence of the Drainage District, Oakland County or Macomb County, or any Obligated Public Corporation, as applicable, or the title to the office of the present officials of any of the Drainage District, Oakland County and Macomb County, or the Obligated Public Corporations, as applicable, or (iv) the ability of the Drainage District, Oakland County and Macomb County, or the Obligated Public Corporations, as applicable, to operate or any other matter which may materially affect the financial condition of the Drainage District, Oakland County and Macomb County, or the Obligated Public Corporations, as applicable. One or more authorized representatives of each of the Drainage District, Oakland County, and Macomb County, and the Obligated Public Corporations, as applicable, will deliver a certificate to that effect at the time of the original delivery of the Bonds.

APPROVAL OF LEGALITY

The approving opinion of Clark Hill, PLC, attorneys of Detroit, Michigan, will be furnished without expense to the purchaser of the Bonds at the delivery thereof.

STATE TREASURY APPROVAL

The Drainage District has received an order from the Department of Treasury of the State of Michigan approving the issuance of the Bonds.

UNDERWRITING

The Bonds were purchased through a competitive sale on January 9, 2025, by Robert W. Baird & Co., Inc. (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$3,290,339.64, which represents the par amount of the Bonds of \$3,155,000.00, plus the net original issue premium of \$187,885.50 less the Underwriter’s discount of \$52,545.86.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering price stated on the cover page hereof. The initial public offering price may be changed from time to time by the Underwriter.

MUNICIPAL ADVISOR

MFCI, LLC of Milford, Michigan (the “Municipal Advisor”), is a registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board (“MSRB”). The Municipal Advisor has been retained by the Drainage District to provide certain municipal advisory services relating to the planning, structuring and issuance of the Bonds, including preparation of certain parts of the deemed “final” Preliminary Official Statement and the final Official Statement (the “Official Statements”).

The Municipal Advisor will make no representation, warranty or guarantee regarding the accuracy or completeness of the information in the Preliminary Official Statement or Official Statement, other than information about the Municipal Advisor supplied by the Municipal Advisor, and its assistance in preparing these documents should not be construed as a representation that it has independently verified such information.

The Municipal Advisor is not engaged in the business of underwriting, trading, marketing, or the distribution of securities or any other negotiable instruments. The Municipal Advisor’s duties, responsibilities, and fees arise solely as registered Municipal Advisor to the Drainage District, and it has no secondary obligation or other responsibility. The Municipal Advisor’s fees are expected to be paid from Bond proceeds.

RESPONSIBILITIES OF BOND COUNSEL

Bond Counsel has reviewed the statements made in this Official Statement under the captions “DESCRIPTION OF THE BONDS” (except under the subcaption “Book-Entry-Only”), “SECURITY FOR THE BONDS”,

“CONTINUING DISCLOSURE” (first two paragraphs only), “TAX MATTERS”, “APPROVAL OF LEGALITY” AND “RESPONSIBILITIES OF BOND COUNSEL”, but has not been retained to review and has not reviewed any other portion of this Official Statement. Bond Counsel has not made inquiry of any official or employee of the Drainage District or any other person with respect to, or otherwise made any independent verification of, the accuracy or completeness of any statement made in this Official Statement (including those that it has reviewed) and has not expressed and will not express an opinion as to the accuracy or completeness of any statement made herein.

Except as stated in the immediately preceding paragraph and to the extent necessary to render its approving opinion respecting the validity of the Bonds and the exemption of the Bonds and the interest thereon from taxation, Bond Counsel has not been retained to examine or review, and has not examined or reviewed, any financial documents, statements or other materials that have been or may be furnished in connection with the authorization, marketing or issuance of the Bonds and, therefore, will not express an opinion with respect to the accuracy or completeness of any such documents, statements or other materials.

The fees of Bond Counsel for services rendered in connection with its approving opinion are expected to be paid from Bond proceeds or other funds available to the Drainage District.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

This Official Statement has been duly approved, executed, and delivered by the Drainage District and Macomb County on the date set forth on the front cover of this Official Statement.

Oakland-Macomb Interceptor Drain Drainage District

By: /s/ Brady Harrington

Its: Chairman

County of Macomb

By: /s/ Stephen Smigiel

Its: Finance Director

By: /s/ Candie S. Miller

Its: Public Works Commissioner

The City of Sterling Heights and Charter Township of Harrison certify that to its best knowledge and belief, this Official Statement, as it pertains to its own economic and financial conditions, is true and correct as of the date of this Official Statement, and does not contain, or omit, any material facts which would make the statements contained herein misleading.

City of Sterling Heights

By: /s/ Jannifer Varney

Its: Finance and Budget Director

Charter Township of Harrison

By: /s/ Nicol Giebas

Its: Township Finance Director

APPENDIX A

COUNTY OF MACOMB

GENERAL DESCRIPTION AND STATISTICAL INFORMATION

COUNTY OF MACOMB
LOCATION AND DESCRIPTION

Macomb County (the "County") is located in the southeastern portion of Michigan's Lower Peninsula, encompassing an area of 482 square miles. The County includes 12 cities, 3 villages and 12 townships.

FORM OF GOVERNMENT

The electors of the County on November 3, 2009 approved the formation of a charter form of county government, effective January 1, 2011 with an elected county executive and thirteen (13) member board of commissioners.

POPULATION

SEMCOG Estimate*	874,928
2020 U.S. Census	881,217
2010 U.S. Census	840,978
2000 U.S. Census	788,149

* Source: Southeastern Michigan Council of Governments, estimate as of December 2023

FISCAL YEAR

January 1 to December 31

PROPERTY VALUATIONS

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Since 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

REAL PROPERTY TAX ASSESSMENTS

Responsibility for assessing taxable real property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Real property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Official Statement. Property granted tax abatements under the Michigan Plant Rehabilitation and Industrial Development District Act, Act 198, Public Acts of Michigan, 1974, as amended ("Act 198") are

recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value data in this Official Statement except as noted.

APPEAL OF PROPERTY ASSESSMENTS

Property taxpayers may appeal their assessments to the Michigan Tax Tribunal. Unless otherwise ordered by the Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid the tax bill. The County has several tax appeals pending before the Tax Tribunal (including personal property appeals), none of which are expected to have a significant impact on the County's State Equalized Valuation, Taxable Value or the resulting taxes.

MICHIGAN PROPERTY TAX REFORM

State of Michigan voters approved the enactment of Michigan Public Acts 153 and 154 of 2013 and Acts 80 and 86 through 93 of 2014 by referendum on August 5, 2014 (collectively, and as have been subsequently amended, the "PPT Reform Acts"), which significantly reformed Personal Property tax in Michigan.

Under the PPT Reform Acts, owners of industrial and commercial Personal Property with a total true cash value of \$180,000 or less may file an affidavit claiming a Personal Property tax exemption. To be eligible for the exemption, all of the commercial or industrial Personal Property within a city or township that is owned by, leased to, or controlled by the claimant has to have an accumulated true cash value of \$180,000 or less. Beginning in calendar year 2016, owners of certain manufacturing Personal Property that was either purchased after December 31, 2012, or that is at least 10 years old were able to claim an exemption from Personal Property tax. After 2022, all eligible manufacturing Personal Property is at least 10 years old or was purchased after December 31, 2012, so that it could be exempted from Personal Property tax.

To replace personal property tax revenues lost by local governments the PPT Reform Acts divided the existing state use tax into two components, a "state share tax" and a "local community stabilization share tax," and established the Local Community Stabilization Authority (the "LCSA") to levy and administer distribution of the local community stabilization share. The Michigan Department of Treasury collects the local community stabilization share tax on behalf of the LCSA. The local community stabilization share tax revenues are not subject to the annual appropriations process and are provided to the LCSA for distribution pursuant to a statutory formula. The County has received full reimbursement of PPT losses for FY 2017 through FY 2023 with the State of Michigan reimbursing at rates of more than 100% for those years.

The ultimate nature, extent, and impact of other tax and revenue measures, which are from time to time considered, cannot currently be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the County. The County estimates approximately \$4,177,558 of PPT reimbursement payments from the State in 2024.

INDUSTRIAL FACILITIES TAX

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended) ("Act 198") provides significant property tax incentives to industry to renovate and expand aging industrial facilities and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

Property owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the taxable value of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one-half the total mills levied by all taxing units, except for mills levied for local school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for local school district operating purposes in 1993. For new facility abatements granted after 1993, new plant and equipment is taxed at one-half of the total mills levied as ad valorem taxes by all taxing units, except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Tax Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198.

The County's currently outstanding exemption certificates had an aggregating 2024 Equivalent Taxable Value of \$561,508,857.

HISTORY OF PROPERTY VALUATIONS⁽¹⁾

Year	STATE EQUALIZED VALUATION	TAXABLE VALUE
2024 ⁽¹⁾	\$52,614,895,296	\$38,008,978,600
2023 ⁽¹⁾	47,160,724,255	35,184,968,148
2022 ⁽¹⁾	42,966,442,850	32,856,276,082
2021 ⁽¹⁾	40,402,808,490	30,941,343,810
2020 ⁽¹⁾	38,477,883,519	29,808,021,825
2019 ⁽¹⁾	35,889,948,583	28,485,097,229
2018 ⁽¹⁾	33,477,440,582	27,147,729,028
2017 ⁽¹⁾	32,302,241,763	26,056,430,719
2016 ⁽¹⁾	30,605,374,212	25,326,599,492
2015 ⁽¹⁾	29,029,994,149	25,559,369,130

⁽¹⁾ This value includes properties from the Renaissance Zone

Sources: Macomb County Equalization Department and the State of Michigan Treasury

Website - <https://eequal.bsasoftware.com/ReportSelectionForm.aspx>

An analysis of **State Equalized Valuation** is as follows:

	BY CLASS		
	2024	2023	2022
Real Property	\$50,624,517,360	\$45,240,300,402	\$40,966,481,994
Personal Property	1,990,337,936	1,920,423,853	1,999,960,856
TOTAL	\$52,614,855,296	\$47,160,724,255	\$42,966,442,850

	BY USE		
Residential	\$40,458,580,358	\$35,954,831,904	\$32,133,108,137
Agricultural	244,702,693	232,554,200	220,248,750
Commercial	6,699,196,538	6,138,755,468	5,788,324,737
Industrial	3,222,037,771	2,914,158,830	2,824,800,370
Personal Property	1,990,377,936	1,920,423,853	1,999,960,856
TOTAL	\$52,614,895,296	\$47,160,724,255	\$42,966,442,850

An analysis of **Taxable Value** is as follows:

	BY CLASS		
	2024	2023	2022
Real Property	\$36,018,667,703	\$33,264,668,526	\$30,856,391,965
Personal Property	1,990,310,897	1,920,299,622	1,999,884,117
TOTAL	\$38,008,978,600	\$35,184,968,148	\$32,856,276,082

	BY USE		
Residential	\$28,326,479,883	\$26,100,642,917	\$24,143,676,372
Agricultural	152,190,626	143,893,216	137,345,218
Commercial	5,100,027,225	4,777,090,967	4,468,983,038
Industrial	2,439,969,969	2,243,041,426	2,106,387,337
Personal Property	1,990,310,897	1,920,299,622	1,999,884,117
TOTAL	\$38,008,978,600	\$35,184,968,148	\$32,856,276,082

Sources: Macomb County Equalization Department and the State of Michigan Treasury

Website - <https://eequal.bsasoftware.com/ReportSelectionForm.aspx>

2024 TAXABLE VALUE BY GOVERNMENT UNIT				2024 Total State Equalized Valuation
Townships:	Real Property	Personal Property	Total	
Armada	\$297,237,158	\$104,609,000	\$401,846,158	\$532,361,400
Bruce	640,865,145	63,080,200	703,945,345	948,930,700
Chesterfield	2,256,258,276	83,834,100	2,340,092,376	3,071,948,840
Clinton	3,720,542,430	160,348,100	3,880,890,530	5,299,393,500
Harrison	1,225,891,488	36,402,600	1,262,294,088	1,687,079,252
Lenox	389,376,320	66,377,573	455,753,893	632,919,666
Macomb	4,881,406,333	122,030,382	5,003,436,715	6,651,847,782
Ray	266,246,387	48,238,100	314,484,487	414,920,000
Richmond	191,639,400	38,183,800	229,823,200	330,967,600
Shelby	4,532,067,394	171,611,300	4,703,678,694	6,349,689,300
Washington	1,890,071,473	118,814,500	2,008,885,973	2,631,149,200
Cities:				
Center Line	189,648,243	15,446,991	205,095,234	300,159,830
Eastpointe	621,066,450	44,104,896	665,171,346	1,083,853,561
Fraser	563,247,178	29,539,400	592,786,578	846,680,400
Grosse Pte Shores	14,290,001	263,000	14,553,001	18,805,100
Memphis	23,240,150	2,411,300	25,651,450	32,400,300
Mount Clemens	407,998,221	23,276,579	431,274,800	643,530,193
New Baltimore	542,243,697	11,675,532	553,919,229	735,458,637
Richmond	238,965,257	11,602,900	250,568,157	338,382,000
Roseville	1,141,969,191	80,051,100	1,222,020,291	1,796,164,194
St. Clair Shores	2,093,331,928	68,840,900	2,162,172,828	3,268,135,025
Sterling Heights	5,457,385,756	246,282,600	5,703,668,356	8,038,466,300
Utica	238,972,052	19,230,500	258,202,552	344,106,870
Warren	4,194,707,775	424,055,544	4,618,763,319	6,617,545,646
TOTAL	\$36,018,667,703	\$1,990,310,897	\$38,008,978,600	\$52,614,895,296

Sources: Macomb County Equalization Department and the State of Michigan Treasury
Website - <https://eequal.bsasoftware.com/ReportSelectionForm.aspx>

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MAJOR TAXPAYERS ⁽¹⁾

According to County officials, the 2024 Taxable Value of each of the County's major taxpayers is as follows:

Name of Taxpayer	2024	2024
	Taxable Value	% of Total Taxable Value
Detroit Edison	\$467,158,826	1.33%
Consumers Energy	387,907,188	1.10%
General Motors	387,907,188	1.10%
International Transmission	148,443,263	0.42%
Enbridge Energy	145,831,985	0.41%
Meijer	78,319,323	0.22%
Ford	68,748,881	0.20%
Comcast	64,671,814	0.18%
Kroger	57,777,828	0.16%
Chrysler	50,428,689	0.14%
Total	<u>\$1,857,194,985</u>	<u>4.89%</u>

⁽¹⁾ Including IFT Assessments

Source: Macomb County Equalization Department

TAX RATES

(Per \$1,000 of Taxable Value)

		2024	2023	2022
County of Macomb	Operating	\$4.2910	\$4.3200	\$4.3200
	Veterans ⁽¹⁾	0.0685	0.0690	0.0652
	HCMA ⁽¹⁾	0.2062	0.2070	0.2070
	Smart System ⁽¹⁾	0.9436	0.9500	0.9500
	Zoo Authority ⁽¹⁾	0.0938	0.0945	0.0945
	Art Authority ⁽¹⁾	0.1942	0.1956	0.1956
	Total	<u>\$5.7973</u>	<u>\$5.8361</u>	<u>\$5.8323</u>
		2024	2023	2022
	Macomb ISD	\$4.7697	\$4.6300	\$4.6300
	Macomb Community College	1.3982	1.4077	1.4077
	Total	<u>\$6.1679</u>	<u>\$6.0377</u>	<u>\$6.0377</u>
Total	All Jurisdictions	<u>\$11.9652</u>	<u>\$11.8738</u>	<u>\$11.8700</u>

⁽¹⁾ Extra voted millages

Source: County of Macomb Equalization Department Website - <https://www.macombgov.org/departments/equalization/l-4029-forms-and-instructions>

TAX RATE LIMITATIONS

Article IX, Section 6, of the Michigan Constitution of 1963 provides in part:

"Except as otherwise provided in this Constitution, the total amount of general ad valorem taxes imposed upon real and tangible personal property for all purposes in any one year shall not exceed 15 mills on each dollar of the assessed valuation of property as finally equalized."

Section 6 further provides that by a majority vote of qualified electors of the County, the 15 mill limitation may be increased to a total of not to exceed 18 mills, and the millages of the local units involved shall then be permanently fixed within that greater millage limitation.

Act 60, Public Acts of Michigan, 1933, as amended, defines local units as counties, townships, villages, first class school district (only Detroit schools), community` college districts, intermediate school districts, and districts, divisions and other organizations which may be established that have the power to levy taxes, except villages and cities which have provisions in their charters or general law fixing maximum limits on the power to levy taxes against property and school districts.

The amount of mills allocated to the County, townships in the County, and the intermediate school district have been fixed by vote as follows:

<u>Units of Government</u>	<u>Rates</u>	<u>Maximum Authorized</u>
		<u>Tax Rate ⁽¹⁾</u>
County of Macomb	\$5.1900	\$4.3721
Any General Law Township	1.0000	
Intermediate School District	0.2300	
	<u>\$6.4200</u>	

⁽¹⁾ See "CONSTITUTIONAL MILLAGE ROLL-BACK," below.

In addition, Article IX, Section 6, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978 or tax supported issues which have been approved by the voters for which the issuer has pledged its full faith and credit.
2. Operating purposes for a specified period of time provided that said increase is approved by a majority of the qualified electors of the local unit.
3. Payment of valid judgments levied in accordance with State law.

CONSTITUTIONAL MILLAGE ROLL-BACK

Article IX, Section 31 of the Michigan Constitution requires that if the total value of existing taxable property in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be permanently reduced through a Millage Reduction Fraction unless reversed by a vote of the electorate of the local taxing unit.

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TAX LEVIES AND COLLECTIONS

<u>Year</u>	<u>Tax Levy ⁽¹⁾</u>	<u>Collections Within the</u>	
		<u>Fiscal Year of the Levy ⁽²⁾</u>	
2024	\$162,885,135	\$148,544,762	91.20%
2023	149,428,590	138,351,356	92.59%
2022	139,569,846	134,495,683	96.36%
2021	133,122,925	131,663,659	98.90%
2020	129,371,743	128,770,367	99.54%
2019	124,839,717	124,800,394	99.97%
2018	120,171,383	120,155,877	99.99%
2017	116,001,630	115,997,957	100.00%
2016	113,477,469	113,476,738	100.00%
2015	114,327,731	114,327,371	100.00%

⁽¹⁾ Includes IFTs.

⁽²⁾ Tax levy is dated July 1. Collections for the current fiscal year reflect collections from July 1 to October 31.

Source: County of Macomb audited Comprehensive Annual Financial Statement and the County of Macomb Finance Department

The County's taxes are due and payable at the offices of the various local Treasurers and a lien is created upon the assessed property on December 1 of each year. All real property taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection.

The delinquent real property taxes are subject to additional penalties and interest by the County. Unless the delinquent real property taxes are paid within approximately 25 months from the date of delinquency the underlying property is foreclosed upon and sold at public action.

The County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1st of each year. Said fund pays all local units, school districts, villages, townships, the County general fund, park fund, commission on aging, central dispatch and courthouse renovation debt service and the State of Michigan (with regard to the SET) for the full amount of taxes levied against real property. If feasible, it is anticipated that the County will continue to reimburse the local units, School Districts, Villages, Townships, the County General Fund and the State of Michigan (with regard to the SET) for any uncollected taxes, but there is no assurance that this will be the case since the County is not obligated to continue this fund in future years. Uncollected personal property taxes are collected by the local treasurer and are negligible.

REVENUES FROM THE STATE OF MICHIGAN

The County receives revenue sharing payments from the State of Michigan under the State Revenue Sharing Act of 1971, as amended (the "Revenue Sharing Act"), on a per capita basis. The County's revenue sharing distribution is subject to annual legislative appropriation and may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriation committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

The State's ability to make revenue sharing payments to the County in the amounts and at the times specified in the Revenue Sharing Act is subject to the State's overall financial condition and its ability to finance any temporary cash flow deficiencies. Act 357, Public Acts of Michigan, 2004 ("Act 357") amended the General Property Tax Act to temporarily eliminate statutory revenue sharing payments to counties by creating a reserve fund, against which counties could draw in lieu of annual revenue sharing payments, paid for by the permanent advancement of the counties' property tax levy from December to July each year, beginning in 2005. Under Act 357, a county would resume receiving state revenue sharing payments in the first year in which the county's property tax revenue reserve was less than the amount the county would have otherwise received in state revenue sharing payments. The County resumed receiving revenue sharing payments during its fiscal year ended December 31, 2012.

Under the fiscal year 2025 budget, signed into law on July 24, 2024, by Governor Whitmer, a portion of county revenue sharing payment distributions are made pursuant to the Revenue Sharing Act and a portion are distributed as a taxable value payment pursuant to a statutory formula. For fiscal year 2025, \$291.1 million has been appropriated for revenue sharing distributions to counties, resulting in approximately an 11.5% increase from the fiscal year 2024 appropriation of \$261.1

million. The Department of Treasury shall distribute revenue sharing funds to counties so that each eligible county receives a payment equal to the amount such county was eligible to receive under section 955 of Article 5 of Act 119, Public Acts of Michigan, 2023 (“Act 119”), regardless of whether any limitation or eligibility criteria under such section, or section 952 of Article 5 of Act 119 was satisfied. From the remaining county revenue sharing funds, each county shall receive a taxable value payment based on, among other factors, the per capita taxable value of the county, the state per capita taxable value, and a county’s population. However, if a county has not issued a municipal security under Section 518 of the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2021, as amended, each eligible county that is determined to have a retirement pension benefit system in underfunded status under section 5 of Act 202, Public Acts of Michigan, 2017, must allocate the 50% of the difference between the amount it receives in 2025 county revenue sharing and the amount the county received in county revenue sharing in fiscal year 2024. Eligible counties are those that would be eligible to resume receiving state revenue sharing payments under Act 357.

Under the fiscal year 2024 CIP, an eligible county can receive CIP payments if it meets requirements for accountability and transparency, including making a citizen’s guide to its finances, a performance dashboard, a debt service report and a two year budget projection available for public viewing. Any portion of the CIP that the County would be eligible to receive would be subject to certain benchmarks that the County would need to meet, and there can be no assurance of what amount, if any, the County would receive under CIP. The County anticipates meeting the requirements to receive fiscal year 2024 CIP payments. The CIP Program was eliminated beginning in the State’s fiscal year 2025.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the County’s general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the County from the State.

The following table sets forth the annual revenue sharing payments and other monies received by the County for the fiscal years ended December 31, 2020, through December 31, 2023, as well as estimated payments for fiscal year 2024. If revenue sharing dollars received by the State are less than anticipated and the County’s revenue sharing distribution is reduced, the County intends to make certain adjustments as necessary to balance its budget.

Fiscal Year Ended or Ending December 31,	Revenue Sharing Payments
2024	\$20,424,353 ⁽¹⁾
2023	19,011,385
2022	17,996,681
2021	17,335,671
2020	13,160,474

¹ Estimated

Source: County of Macomb Audited Comprehensive Annual Financial Statement and Michigan Department of Treasury:
<https://www.michigan.gov/treasury/local/share>

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LABOR AGREEMENTS

The following table lists the County's employee bargaining units which have negotiated comprehensive salary, wage, fringe benefit and working conditions contracts with the County. The duration of these agreements are as follows:

Union Group	Employee Classification Covered	Number of Employees	Expiration Date of Contract
ADTECH	Dep. Of Roads and Technical Employees	100	December 31, 2025
AFSCME Local 411 General & District Court	Clerical	602	December 31, 2025
AFSCME Local 411 Teachers	Teachers	38	December 31, 2025
Building Trades Association	Carpenters, electricians, etc.	21	December 31, 2025
Commmand Officers Association of Michigan	Sheriff - Lieutenants and Sergeants	60	December 31, 2024
IUOE Local 547	Boiler Operators	5	December 31, 2025
Macomb County Environmental Health Association	Environmentalists	29	December 31, 2025
MCPDSA	Correction Officers	180	December 31, 2025
Michigan Nurses Association Unit 1	Nurses	46	December 31, 2025
FOPLC	Deputies and Dispatchers	262	December 31, 2024
POAM - Animal Control	Animal Shelter	13	December 31, 2025
POAM - Prosecuting Attorneys	APAs	66	December 31, 2025
POAM JJC	Juvenile Justice Center	38	December 31, 2025
POAM - Medical Examiner	Medical Examiners & Forensic Investigators	8	December 31, 2025
POLC - Captains	Captains and Jail Administrator	7	December 31, 2024
Road Technicians Association	Dept. of Road Technicians	128	December 31, 2025
Teamsters Local 214	Circuit Court/Friend of the Court	70	December 31, 2025
TPOAM	Circuit Court Officers and Professionals	57	December 31, 2025
TPOAM	Juvenile Court and Justice Center	15	December 31, 2025
TPOAM - IT	IT	31	December 31, 2025
TPOAM - Specialized Employees	Specialized Employees	34	December 31, 2025
TPOAM - Oublic Defender's Office	Staff Attorney's at Public Defender's Office	6	December 31, 2025
UAW 412 - Unit 75	Supervisors	84	December 31, 2025
UAW 412 - Unit 95	Corporation Counsel	6	December 31, 2025
UAW 889	MCCSA Professionals	19	December 31, 2025
UAW 889	Specialized Offices	70	December 31, 2025
UAW 889	Macomb Community Action	157	December 31, 2025
UAW 889	Probate Court/Corporation Counsel	17	December 31, 2025
Non-Affiliated	County and Roads	720	N/A
		<u>2,889</u>	

Source: County of Macomb

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RETIREMENT PLANS

Defined Contribution Pension Plan *

The County provides pension benefits to all new full-time employees hired on or after January 1, 2016 through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Eligible employees participate as of their date of employment, contributing three percent of their base wages annually, while the County contributes six percent of the employees' base wages annually plus a flat amount per eligible employee of \$2,600 annually. County contributions vest with the eligible employees once they reach five years of employment with the County.

In accordance with plan requirements, the county contributed \$7,279,457 during the current year. Additionally, eligible employees contributed \$2,185,392 during the current year.

* For additional information see – Macomb County, Audited Annual Comprehensive Financial Report (ACFR), Fiscal Year Ended December 31, 2023, Note 12.

Employees' Retirement System **

Pension Plan Description

The County sponsors and administers the Macomb County Employees' Retirement System (the "System"), a single employer defined plan covering substantially all of the County's employees. The System was established in accordance with State statutes to provide retirement benefits for the employees of the County and its several offices, boards and departments, including the Department of Roads. The System is administered by a seven-member Board of Trustees (the "Pension Board") consisting of the County Executive or his/her designee, the Chair of the Board of Commissioners or his/her designee, the County Treasurer or his/her designee, the Director of the Department of Roads and three (3) active employees elected by the active members of the System on three-year staggered terms

Plan Membership

At December 31, 2022, (date of the most recent actuarial valuation) the System's membership consisted of:

<u>Retirement System Membership</u>	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits	2,919	181	3,100
Deferred members entitled to benefits but not yet receiving them	450	78	528
Active employees accruing retirement benefits	1,148	55	1,203
Active employees accruing termination benefits	1,357	258	1,615
Total membership	<u>5,874</u>	<u>572</u>	<u>6,446</u>

This plan is closed to new entrants effective January 1, 2016.

** For additional information see – Macomb County, Audited Comprehensive Annual Financial Reports, Fiscal Year Ended December 31, 2023, Note 13.

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Benefits Provided

The System provides retirement, disability and death benefits. Benefit levels and employee contribution rates for union employees are granted through collective bargaining agreements and benefit levels for non-union employees are awarded by the County Executive in accordance with County Charter. The Board of Trustees does not have the authority to determine benefit levels. However, the Board of Trustees does have the authority to grant disability retirements. Members become vested in the System after eight (8) or fifteen (15) years of service, depending on their date of hire. The System does not provide for automatic postemployment benefit changes such as cost of living adjustments. The following is a summary of the normal retirement benefits provided to the members of the System:

General County – Virtually all employees hired on or before December 21, 2001, may retire if their age plus years of service equals or exceeds 70 and they have attained a minimum age of 50. The annual retirement benefit, payable monthly for life, is computed at 2.4% of final average compensation for the first 26 years of service and 1% for every year thereafter, with a maximum employer contribution of 65%. Employees hired on or after January 1, 2002, and certain employees hired before that date not covered by the provisions described above may retire at age 55 with 25 or more years of service or age sixty (60) with eight (8) years of service. The annual retirement benefit, payable monthly for life, for these employees is computed at 2.2% of final average compensation for each year of service, with a maximum employer pension of 66% of final average compensation.

Sheriff Department – Employees may retire at any age with 25 or more years of service or age 60 with 8 years of service. The annual retirement benefit for the Sheriff and deputies, payable monthly for life, is computed at 2.64% of final average compensation multiplied by credited years of service with a maximum employer pension of 66%. The factor for undersheriff, captains, jail administrator, command officers, corrections officers and dispatchers is 2.4% for the first 26 years of service and 1% for every year thereafter, with a maximum employer pension of 66% of final average compensation.

Department of Roads – Employees may retire at age 55 with 25 or more years of service, at age 60 with 8 years of service or at age 55 if their age plus years of service equals or exceeds 70. The annual retirement benefit, payable monthly for life is computed at 2.4% of final average compensation multiplied for the first 26 years of service and 1% for every year thereafter, with a maximum employer pension of 65% final average compensation.

The System also provides death and disability benefits. If an employee leaves covered employment or dies before they are vested, accumulated employee contributions plus interest at the rate of 3.5% per year is refunded to the employee or designated beneficiary.

The System also provides a termination benefit of \$1,000 to all employees hired after January 1, 2016. The benefit is fully vested following five years of service with the County.

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established by collective bargaining agreement for union members. Contribution rates for nonunion members mirror those of union members with the same benefit levels. The County is required to contribute the difference between the actuarially determined rate and the contribution rate for employees. General County employees contribute 2.5% or 3.5% of their annual salary to the System depending upon classification. Department of Roads employees contribute 3.5% of their annual salary. Sheriff employees contribute 4.0% of their annual salary. The County's required contribution for 2022 was \$10,252,487. The county's required contribution for 2023 was \$6,332,767. The county contributed \$13,966,428 for the year ended December 31, 2023, which represents an excess contribution of \$7,633,661.

Deferred Retirement Option Program (DROP)

The County offers employees the ability to continue employment and be paid a salary after they are fully vested and also receive credits for the retirement benefit payments that would have been paid to them had they left County employment. Employees may receive up to 60 months of DROP credits. The accumulated credits are paid out, including interest at 3.5%, after the employee has fully retired (discontinued providing employee services to the County). The Plan had \$22,435,666 accumulated in DROP accounts at December 31, 2023.

Pension Plan Reserves

In accordance with the provisions of the Plan document, the following reserves are required to be set aside within the pension plan:

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

The **employee reserve** account is credited as employee contributions are received throughout the year; the Plan maintains a record of the amount contributed by each employee, and credits interest annually at a rate of 3.5%. For any employee who terminates before vesting in the pension plan, their balance is returned to them for those who stay until retirement, the balance is transferred into the retiree reserve.

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

The balances of the reserve accounts at December 31, 2023 are as follows:

Primary Government Reserves	Required	Actual	Over (Under) Funded
Retiree Reserve	\$ 745,695,267	\$ 745,695,267	\$ -
Employee Reserve	46,067,920	46,067,920	-
Employer Reserve	N/A	306,200,926	N/A

Schedule of Changes in Net Pension Liability and Related Ratios

Total Employees' Retirement System

Total Pension Liability

As of Fiscal Year Ended December 31,		
2023	2022	2021
\$ 13,107,616	\$ 12,943,168	\$ 12,620,981
74,811,055	73,247,248	72,849,681
28,906,161	13,885,986	(3,857,138)
(76,642,014)	(79,117,600)	(73,489,957)
40,182,818	20,958,802	8,123,567
1,093,294,630	1,072,335,828	1,064,212,261
<u>\$ 1,133,477,448</u>	<u>\$ 1,093,294,630</u>	<u>\$ 1,072,335,828</u>

Plan Fiduciary Net Position

Contributions - Employer	\$ 13,966,428	\$ 11,966,428	\$ 15,560,031
Contributions - Member	2,932,975	2,816,531	3,015,289
Net investment income	122,685,523	(185,832,413)	219,370,679
Administrative Expenses	(795,890)	(744,955)	(730,984)
Benefit payments, including refunds	(76,642,014)	(79,117,600)	(73,489,957)
Net change in plan fiduciary net position	62,147,022	(250,912,009)	163,725,058
Plan fiduciary net position - Beginning of year	1,066,443,974	1,317,355,983	1,153,630,925
Plan fiduciary net position - End of year	<u>\$ 1,128,590,996</u>	<u>\$ 1,066,443,974</u>	<u>\$ 1,317,355,983</u>
County's net pension liability - Ending	<u>\$ (4,886,452)</u>	<u>\$ (26,850,656)</u>	<u>\$ 245,020,155</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.57%	97.54%	122.85%
Covered Employee Payroll	\$ 89,117,658	\$ 96,607,825	\$ 97,589,925
Net Pension Liability as a Percentage of Covered Employee Payroll	5.48%	27.79%	-251.07%

Schedule of Employer Contributions

Year Ended December 31	Actuarially Determined Contribution	Actual Contributions	Covered Payroll	Contributions as % of Covered Payroll
2014	\$ 22,152,820	\$ 22,152,820	\$ 107,365,519	20.63%
2015	21,281,602	21,281,612	102,252,875	20.81%
2016	20,909,535	20,909,535	110,159,044	18.98%
2017	19,920,483	21,672,813	105,254,524	20.59%
2018	22,169,777	23,747,047	116,574,389	20.37%
2019	16,137,328	17,144,386	107,492,732	15.95%
2020	14,304,020	15,146,875	103,002,972	14.71%
2021	13,892,354	15,560,031	97,589,925	15.94%
2022	10,252,487	11,966,428	96,607,825	12.39%
2023	6,332,767	13,966,428	85,540,957	16.33%

Source: County of Macomb Audited Comprehensive Annual Financial Reports, as of December 31, 2023

OTHER POST-EMPLOYMENT BENEFITS

General and Sheriff Employees¹

The County sponsors and administers a single employer defined benefit post-retirement health care plan (the “Plan”) the provides certain health care benefits for general County (including the Martha T. Berry Medical Care Facility) and sheriff department retirees and their spouses so long as the retiree is currently receiving a pension from the Macomb County Employees Retirement System. The Plan does not cover employees and retirees of the Department of Roads as the department participates in a separate plan.

Plan assets are held in the Retiree Health Care Trust Fund. Benefit provisions are established by the County Board of Commissioners and may be amended in accordance with County policy. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year.

The County finances these expenditures for general county and sheriff department retirees through the Retiree Health Care Trust Fund of the primary government.

As of December 31, 2021, (date of the most recent actuarial valuation), members consisted of:

OPEB Membership - General and Sheriff Employees	Primary Government	Component Unit	Total
Retirees and beneficiaries currently receiving benefits	2,332	172	2,504
Deferred members entitled to benefits but not yet receiving them	229	8	237
Active employees covered by the plan	1,125	24	1,149
Total membership	<u>3,686</u>	<u>204</u>	<u>3,890</u>

Plan members are required to contribute 25% of the cost of vision and dental coverage as well as co-pays for prescription drugs.

On March 10, 2015, Macomb County issued retiree health care bonds for the purpose of defraying the unfunded portion of the County’s retiree health care obligations. The net proceeds of \$262,636,883 (after payment of \$589,161 of issuance costs, underwriters’ discount of \$328,956) were placed in the Retiree Health Care Intermediate Trust (the “Intermediate Fund”), which was established in conjunction with the Macomb County Retiree Health Care Trust Fund to fund other postemployment benefits (OPEB). In addition, the County used General Fund balance of \$29,000,000 and \$30,000,000 contributed to the General Fund by the Delinquent Tax Revolving Fund in 2015 to contribute a total of \$59,000,000 to the Intermediate Trust. It is the policy

¹ For further information, see Note 14 in the County’s Comprehensive Annual Financial Report, fiscal year ended December 31, 2023.

of the County to fund the annual required contribution (ARC) to the Macomb County Retiree Health Care Trust Fund each year via a transfer from the Intermediate Trust. In 2017, as a result of the County's implementation of Governmental Accounting Standards Board Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, the County moved the Intermediate Trust into the Other Postemployment Benefits Internal Service Fund.

County departments fully fund each debt service payment annually in lieu of contributing to the OPEB ARC. Allocation of the debt service payment responsibility is determined based on the unfunded actuarial accrued liability as of December 31, 2015 by County department. As mandated in the County's intermediate trust agreement, the County contributes to the Macomb County Retiree Health Care Trust Fund an amount equal to at least the annual actuarially determined contribution each year. The County makes the annual contribution from its Other Postemployment Benefits Internal Service Fund.

The County contributed \$25,000,000 to the Macomb County Retiree Health Care Trust Fund for the year ended December 31, 2023. Employee contributions for the year totaled \$737,804, for total contributions to the Macomb County Retiree Health Care Trust Fund in the amount of \$25,737,804. The total cost of retiree health care benefits, administrative expenses of the plan and investment management fees for the year ended December 31, 2023, was \$21,702,376.

Schedule of Changes in Net OPEB Liability and Related Ratios

	As of Fiscal Year Ended December 31,		
	2023	2022	2021
total OPEB Liability			
Service Cost	\$ 3,982,643	\$ 4,418,392	\$ 5,759,750
Interest	34,475,482	36,055,693	35,763,194
Differences between expected and actual experience of the pension liability	(63,453,743)	(54,699,846)	(84,939,571)
Changes in assumptions	9,956,970	10,716,405	84,476,683
Benefit payments	(18,563,535)	(19,130,895)	(18,056,070)
Net change in total OPEB liability	(33,602,183)	(22,640,251)	23,003,986
Total OPEB liability - Beginning of year	499,797,328	522,437,579	499,433,539
Total OPEB liability - End of year	<u>\$ 466,195,145</u>	<u>\$ 499,797,328</u>	<u>\$ 522,437,525</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 25,000,000	\$ 20,000,000	\$ 25,000,000
Contributions - Member	901,424	-	1,035,383
Net investment income	58,826,065	(75,825,616)	75,623,396
Administrative Expenses	(19,070)	(87,370)	(78,975)
Benefit Payments	(19,050,500)	(19,473,078)	(18,414,285)
Member Paid Benefits	(901,424)	-	(1,035,383)
Net change in plan fiduciary net position	64,756,495	(75,386,064)	82,130,136
Plan fiduciary net position - Beginning of year	399,071,235	474,457,299	392,327,163
Plan fiduciary net position - End of year	<u>\$ 463,827,730</u>	<u>\$ 399,071,235</u>	<u>\$ 474,457,299</u>
County's net OPEB liability - Ending	<u>\$ (2,367,415)</u>	<u>\$ (100,726,093)</u>	<u>\$ (47,980,226)</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	99.49%	79.85%	90.82%
Covered Employee Payroll	\$ 80,282,273	\$ 87,215,547	\$ 88,390,068
Net OPEB liability as a Percentage of Covered Employee Payroll	2.95%	115.49%	54.28%

Source: County of Macomb Audited Comprehensive Annual Financial Reports, as of December 31, 2023

GENERAL FUND-FUND BALANCE

The County's General Fund balance for the last five years has been as follows:

Fiscal Year Ended December 31,	Fund Balance
2023	\$ 122,638,561
2022	112,692,569
2021*	96,270,675
2020	72,430,990
2019	61,499,507

*As restated.

Source: County of Macomb Audited Comprehensive Annual Financial Statements

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COUNTY OF MACOMB
DEBT STATEMENT
as of January 9, 2025, including the bonds described herein

	Gross	Portion Paid Directly by Benefited Municipalities	Net
DIRECT DEBT			
General Obligation	\$ 193,830,000	\$ -	\$ 193,830,000
Sewer	8,000,000	-	8,000,000
Drain	181,482,439	181,356,544	125,895
Share of Oakland Macomb Interceptor	133,165,000	133,165,000	-
Total	<u>\$ 516,477,439</u>	<u>\$ 314,521,544</u>	<u>\$ 201,955,895</u>

OVERLAPPING DEBT

Cities	\$ 529,061,981
Townships	241,691,744
Villages	12,248,293
School Districts	2,171,232,492
Intermediate School Districts	89,784,425
Community College	-
Library	41,705,000

TOTAL OVERLAPPING DEBT

\$ 3,085,723,935

NET DIRECT AND OVERLAPPING DEBT

\$ 3,287,679,830

Source: Municipal Advisory Council of Michigan

DEBT RATIOS

Per Capita 2024 State Equalized Valuation	\$ 60,136.26
Per Capita 2024 True Cash Value	120,272.51

Per Capita Net Direct Debt	\$ 230.83
Per Capita Combined Net Direct and Overlapping Debt	3,757.66

Percent of Net Direct Debt of 2024 State Equalized Valuation	0.38%
Percent of Net Direct and Overlapping Debt of 2024 State Equalized Valuation	6.25%

Percent of Net Direct Debt of 2024 True Cash Value	0.19%
Percent of Net Direct and Overlapping Debt of 2024 True Cash Value	3.10%

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COUNTY OF MACOMB
SCHEDULE OF BOND MATURITIES
as of January 9, 2025, including the bonds described herein

Fiscal Year	General Obligation Bonds	Sewer Bonds	Drain Bonds⁽¹⁾	Total
2025	\$ 16,860,000	\$ 695,000	\$ 23,600,000	\$ 41,155,000
2026	17,375,000	715,000	24,700,000	42,790,000
2027	17,930,000	730,000	25,570,000	44,230,000
2028	18,535,000	740,000	26,625,000	45,900,000
2029	19,195,000	765,000	27,515,000	47,475,000
2030	19,585,000	780,000	24,895,000	45,260,000
2031	16,205,000	805,000	25,295,000	42,305,000
2032	16,520,000	820,000	21,595,000	38,935,000
2033	16,860,000	845,000	22,120,000	39,825,000
2034	17,200,000	720,000	19,930,000	37,850,000
2035	17,565,000	190,000	15,552,439	33,307,439
2036	-	195,000	9,305,000	9,500,000
2037	-	-	9,025,000	9,025,000
2038	-	-	9,270,000	9,270,000
2039	-	-	9,575,000	9,575,000
2040	-	-	9,870,000	9,870,000
2041	-	-	4,360,000	4,360,000
2042	-	-	4,575,000	4,575,000
2043	-	-	620,000	620,000
2044	-	-	650,000	650,000
	<u>\$ 193,830,000</u>	<u>\$ 8,000,000</u>	<u>\$ 314,647,439</u>	<u>\$ 516,477,439</u>

⁽¹⁾Includes Outstanding County Drain Bonds and Oakland Macomb Interceptor Drain Bonds.

DEBT HISTORY

There has been no record of default.

FUTURE BONDING

The County has no borrowings planned for at least the next 24 months. There may be a possibility of borrowing up to \$52,000,000 in early 2026 for the construction of a new Health and Community Services facility that will replace an existing facility that was built in the 1970s. The County's one current outstanding construction related issue matures in 2030, at which point the debt service on that issue would be replaced by debt service on the new issue.

COUNTY OF MACOMB
STATEMENT OF LEGAL DEBT MARGIN
as of January 9, 2025, including the bonds described herein

2024 State Equalized Valuation	\$ 52,614,895,296
Debt Limit (10% of State Equalized Valuation)	5,261,489,530
Amount of Outstanding Debt (Debt Statement)	516,477,439
LEGAL DEBT MARGIN	<u><u>\$ 4,745,012,091</u></u>

MAJOR EMPLOYERS

Major employers in the County are as follows:

Firm Name	Product/Service	Approximate Number of Employees
General Motors Corporation	Automotive	23,507
Stellantis NV (formerly FCA US LLC)	Automotive	15,548
U.S. Government	Government	6,950
Ford Motor Company	Automotive	3,579
Ascension Michigan	Healthcare	2,784
Utica Community Schools	Education	2,711
Macomb County	Government	2,454
Henry Ford Health System	Healthcare	2,201
McLaren Health Care System	Healthcare	1,859
General Dynamics Land Systems	Defense	1,823
Chippewa Valley Schools	Education	1,701
State of Michigan	Government	1,655
Warren Consolidated Schools	Education	1,416
Amazon.com	E-commerce	1,175
L'Anse Creuse Public Schools	Education	1,161
Bridgewater Interiors, LLC	Automotive	1,135
Macomb Intermediate School District	Education	1,088

* The approximate number of employees listed are as reported in the sources indicated below. Because of reporting time lags and other factors inherent in collecting and reporting such information, the numbers may not reflect recent changes in employment levels, if any.*

Source: Macomb County Comprehensive Annual Financial Report, fiscal year ended December 31, 2023.

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LABOR CHARACTERISTICS

The U.S. Census 2017 – 2021 American Community Survey 5 – Year Estimates lists the labor force characteristics for the County, for employed persons 16 years and over, as follows:

<u>By Occupation</u>	<u>Number of Employees</u>
Management, business, science, and arts occupations	157,151
Service occupations	72,214
Sales and office occupations	95,166
Natural resources, construction, and maintenance occupations	32,290
Production, transportation, and material moving occupations	74,379
Total	<u>431,200</u>
<u>By Industry</u>	
Agriculture, forestry, fishing and hunting, and mining	1,032
Construction	25,062
Manufacturing	91,510
Wholesale trade	9,460
Retail trade	50,475
Transportation and warehousing, and utilities	18,448
Information	4,835
Finance and insurance, and real estate and rental and leasing	25,874
Professional scientific, and management, and administrative and waste management services	43,797
Educational services, and health care and social assistance	86,856
Arts, entertainment, and recreation, and accommodation and food services	40,263
Other services, except public administration	18,363
Public administration	15,225
Total	<u>431,200</u>

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UNEMPLOYMENT DATA

According to the Michigan Center for Data and Analytics Michigan Labor Market Information website, the unemployment statistics for the County during the last four calendar years and the most recent for the current year, are as follows:

	2024	2023	2022	2021	2020
January	3.70%	4.00%	4.60%	7.10%	4.60%
February	3.80%	3.60%	4.50%	6.70%	3.70%
March	3.60%	3.20%	4.10%	6.60%	4.80%
April	3.40%	2.30%	3.50%	6.00%	26.30%
May	4.10%	3.30%	3.60%	6.30%	25.70%
June	4.90%	3.70%	3.70%	6.70%	18.30%
July	6.20%	3.90%	3.50%	7.10%	14.70%
August	4.10%	3.90%	3.60%	6.10%	10.90%
September	4.20%	3.70%	3.70%	5.20%	9.70%
October	5.20%	3.90%	3.30%	4.60%	7.70%
November	-	3.30%	3.00%	3.90%	7.10%
December	-	3.20%	3.20%	3.90%	7.90%
Annual	-	3.50%	3.70%	5.90%	11.70%

AGRICULTURAL CHARACTERISTICS

According to the 2017 U.S. Census of Agriculture, the County had 404 farms in 2017 compared to 502 farms in 2012, encompassing approximately 73,660 acres. The average farm was approximately 182 acres in size in 2017 compared to 135 acres in size in 2012.

The value of agricultural products sold in 2017 for the County farms amounted to \$195,109,000 compared to \$73,242,000 in 2012 and the average value per farm amounted to \$195,109 in 2017 compared to \$73,242 in 2012.

A breakdown of farm size (harvested) in 2017 is as follows:

Under 49 acres	55.7%
50 to 179 acres	17.6%
180 to 499 acres	15.6%
500 acres and over	11.1%

56.9% of the farms in the County are owner-operated; 35.1% are operated by part-time owners; 8.0 by tenants. Of the above, 54.2% devote full-time to farming and 45.8% devote part-time to farming. The average age for a farm operator in the County in 2017 was 58.0 years, up from the 57.9 years average in 2012.

Please note that the U.S. Census of Agriculture is only taken once every five years. Data is not yet available for 2022.

RESIDENTIAL CHARACTERISTICS

There are 375,225 housing units located within the County according to the 2019 - 2023 U.S. Census U.S. Census 2023 American Community Survey 5 – Year Estimates of which 75.0% are owner-occupied. A breakdown of the dwelling units according to the U.S. Census 2019 - 2023 American Community Survey 5-Year Estimates is as follows:

Single Family	78.3%
Multi Family	17.5%
Mobile Home	4.1%

According to the U.S. Census 2019 - 2023 American Community Survey 5 – Year Estimates, the median value of an owner-occupied residence in the County is \$246,600.

INCOME CHARACTERISTICS

There were 359,464 households in the County according to the U.S. Census 2019 - 2023 American Community Survey 5 – Year Estimates, which had a median household income of \$73,807. A breakdown of the income for the County's households is as follows:

	<u>Number of Households</u>
Less than \$10,000	15,470
\$10,000 to \$14,999	9,779
\$15,000 to \$24,999	23,044
\$25,000 to \$34,999	23,599
\$35,000 to \$49,999	44,598
\$50,000 to \$74,999	65,950
\$75,000 to \$99,999	48,306
\$100,000 to \$149,999	68,531
\$150,000 or more	60,187

The per capita income for the County U.S. Census 2019 - 2023 American Community Survey 5 – Year Estimates was \$38,973.

AGE STATISTICS

Age groups for the County's residents, according to the U.S. Census, are as follows:

	<u>2023 Estimate</u>	<u>2020 US Census Percentage</u>	<u>2010 US Census Percentage</u>
Under 5 years	5.1%	5.5%	5.8%
5 to 19 years	17.2%	17.7%	19.8%
20 to 24 years	5.9%	6.1%	5.9%
25 to 44 years	26.2%	25.5%	26.1%
45 to 64 years	26.7%	28.3%	28.0%
Over 65 years	18.8%	16.9%	14.4%

EDUCATIONAL CHARACTERISTICS

The primary and secondary educational needs of the residents of the County are adequately handled by six public school districts which serve the County. Higher educational opportunities are available at the following institutions, which are located within driving distance of the County's residents:

Lawrence Technological University
University of Detroit- Mercy

Madonna University
University of Michigan – Dearborn
Walsh College

Oakland University
Wayne State University

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According to the U.S. Census 2019 - 2023 American Community Survey 5 – Year Estimate, the educational characteristics for the County are as follows:

<u>Years of School Completed</u>	<u>Persons 25 and Over</u>
Less than 9th grade	3.6%
9th to 12th grade no diploma	5.6%
High school graduate	27.8%
Some college, no degree	24.0%
Associate degree	11.4%
Bachelor's degree	18.3%
Graduate or professional degree	9.3%
High school graduate or higher	90.7%
Bachelor's degree or higher	27.6%

UTILITIES

County residents are supplied with water by various municipal systems. Natural gas is provided to County residents by Consumers Energy and DTE Energy with DTE Energy also providing electricity to County residents.

TRANSPORTATION

Macomb County is easily accessible via Interstate Highways 94 and 696, Michigan Highways 3, 19, 29, 53, 59 and 97. Rail service is provided by CN Rail. Bus service is provided by Southeastern Michigan Transportation Authority (SMART). Private, commuter and small charter air services are available at Detroit Metropolitan Airport and Oakland Pontiac Airport located approximately 20 miles west of the County. Detroit Metropolitan Airport, which is served by the major airlines and offers both domestic and international flights, is located approximately 30 miles southwest of the County.

BANKING

The banking needs of the County's residents can be adequately served by the following, all of which have branches located in the County:

Bank of America	CSB Bank	Comerica Bank
Community Central Bank	First Citizens Bank	Fifth Third Bank
First State Bank of East Detroit	Fidelity Bank	The Huntington National Bank
JPMorgan Chase Bank, N.A.	Flagstar Bank, FSB	Peoples State Bank
Macomb Community Bank	KeyBank, N.S.	
Citizens Bank, N.A.	Seaway Community Bank	

FINANCIAL INFORMATION

The following financial information has been compiled from information provided in the County of Macomb Comprehensive Annual Financial Reports for the fiscal years ended December 31, 2023, 2022 and 2021. These audited Comprehensive Annual Financial Reports were prepared in accordance with the Generally Accepted Accounting Principles. The County's auditors have not been asked to consent to the use of information from such audited Comprehensive Annual Financial Reports in the Preliminary Official Statement nor the final Official Statement and have not conducted any subsequent review of such audited Annual Financial Statements or the information presented in this Appendix.

Copies of audited Comprehensive Annual Financial Reports of the County may be obtained from the State of Michigan - Department of Treasury.

Michigan Department of Treasury

Local Audit and Finance Division

Lansing, MI 48922

Telephone: (517) 373-3227

Website: www.michigan.gov/treasury

Beginning July 1, 2009, municipal bond issuers, obligors or their designated agents must provide continuing disclosure documents and related information to the MSRB for posting on the EMMA website. These continuing disclosure documents, which include annual financial statements and events notices, will be posted on the EMMA website generally within an hour of receipt.

By Mail:	MSRB	By Phone:	(703) 797-6600
	1900 Duke St., Suite 600	By Fax:	(703) 797-6700
	Alexandria, VA 22313	Professional Qualifications:	(703) 797-6702
	www.msrb.org	Accounting:	(703) 797-6703
		Municipal Securities Information Library	(703) 797-6704
		Transaction Report	(703) 797-6704
			(703) 797-6703
		www.emma.msrb.org	

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COUNTY OF MACOMB
GENERAL FUND – BALANCE SHEET
AS OF FISCAL YEARS ENDED DECEMBER 31, 2021 - 2023

	As of Fiscal Year Ended December 31,		
	2023	2022	2021
Assets			
Cash and pooled investments	\$ 64,066,091	\$ 117,167,744	\$ 71,410,717
Receivables			
Property taxes, net	11,560,244	6,064,669	3,967,180
Accrued interest	2,701,859	2,586,512	94,210
Trade accounts, net	4,729,261	5,812,192	4,884,408
Leases	-	1,238,402	-
Due from other governments	23,735,720	15,038,198	13,372,292
Due from governmental funds	11,912,833	807,597	1,005,533
Due from proprietary funds	21,840,189	7,470,485	6,188,878
Due from component units	2,194,800	2,377,700	2,743,500
Due from fiduciary funds	20,474,111	5,307,345	10,534,973
Other assets	3,521,092	2,307,163	2,276,267
TOTAL ASSETS	<u>\$ 166,736,200</u>	<u>\$ 166,178,007</u>	<u>\$ 116,477,958</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES			
AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 7,071,120	\$ 3,305,220	\$ 3,472,255
Accrued liabilities	1,323,520	3,230,807	729,836
Accrued compensation and benefits	2,550,814	2,169,773	2,053,471
Due to Proprietary Funds	11,685,396	27,032,078	-
Due to other governments	446,351	306,830	26,588
Unearned Revenue	89,639	-	-
TOTAL LIABILITIES	<u>\$ 23,166,840</u>	<u>\$ 36,044,708</u>	<u>\$ 6,282,150</u>
Deferred Inflows of Resources			
Lease Activities	\$ 1,045,391	\$ 1,198,311	\$ -
Unavailable property taxes	9,308,832	4,829,605	2,251,677
Unavailable grants and other changes	10,576,576	11,412,814	11,658,482
	<u>\$ 20,930,799</u>	<u>\$ 17,440,730</u>	<u>\$ 13,910,159</u>
Fund Balances			
Nonspendable	\$ 5,715,892	\$ 4,684,863	\$ 5,019,767
Assigned	-	-	-
Unassigned	116,922,669	108,007,706	91,265,882
TOTAL FUND BALANCES	<u>\$ 122,638,561</u>	<u>\$ 112,692,569</u>	<u>\$ 96,285,649</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF			
RESOURCES, AND FUND BALANCES	<u>\$ 166,736,200</u>	<u>\$ 166,178,007</u>	<u>\$ 116,477,958</u>

COUNTY OF MACOMB
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
AS OF FISCAL YEARS ENDED DECEMBER 31, 2021 - 2023

	As of Fiscal Year Ended December 31,		
	2023	2022	2021
Revenues			
Property taxes	\$ 148,927,108	\$ 140,932,483	\$ 134,142,878
Licenses and Permits	2,398,519	1,682,489	1,643,799
Federal and State Grants	49,428,490	43,674,121	41,325,217
Charges for services	37,526,767	40,041,050	44,535,856
Charges to other funds for administrative services	14,983,119	13,898,553	13,275,462
Fines and forfeitures	783,822	661,031	496,813
Interest and rents	15,242,134	7,381,479	2,260,231
Other revenue	226,734	294,916	112,988
TOTAL REVENUES	\$ 269,516,693	\$ 248,566,122	\$ 237,793,244
Expenditures			
Current:			
Legislative	1,844,294	1,657,838	1,476,642
Judicial	34,959,265	31,316,194	29,981,910
General government	53,723,750	48,329,763	43,658,195
Public safety	81,075,630	73,536,677	77,045,562
Public works	8,259,496	7,133,951	6,917,145
Health and welfare	24,163,092	17,987,104	16,057,394
Community and economic development	5,851,379	3,524,609	3,114,739
Other	3,256,438	2,903,046	1,902,318
Capital outlay	3,618,275	2,685,166	1,901,600
Debt Service			
Principal	1,179,465	-	-
Interest and Fees	69,165	-	-
TOTAL EXPENDITURES	\$ 218,000,249	\$ 189,074,348	\$ 182,055,505
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 51,516,444	\$ 59,491,774	\$ 55,737,739
OTHER FINANCING SOURCES (USES)			
Subscription-based IT arrangements	\$ 2,424,160	\$ -	\$ -
Operating transfers in	8,298,879	8,000,000	8,151,241
Operating transfers out	(52,293,491)	(51,069,880)	(40,049,295)
NET OTHER FINANCING SOURCES (USES)	\$ (41,570,452)	\$ (43,069,880)	\$ (31,898,054)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 9,945,992	\$ 16,421,894	\$ 23,839,685
Fund balance, January 1 *	112,692,569	96,270,675	72,430,990
Fund balance, December 31	\$ 122,638,561	\$ 112,692,569	\$ 96,270,675

*As restated.

APPENDIX B

CITY OF STERLING HEIGHTS

GENERAL DESCRIPTION AND STATISTICAL INFORMATION

CITY OF STERLING HEIGHTS
GENERAL AND ECONOMIC INFORMATION

LOCATION AND DESCRIPTION

The City of Sterling Heights is located in the southwestern portion of the County of Macomb and encompasses an area of approximately 36.8 square miles. The City of Sterling Heights is located approximately 18 miles north of downtown Detroit.

FORM OF GOVERNMENT

The City is organized under the Council-Manager form of government. The City Council is the legislative and governing body of the City and consists of the Mayor and six (6) Council members. Elections are held every four years to elect the Mayor and six Councilpersons for four-year terms of office. The City Council selects and appoints the City Manager and the City Attorney, who serve at the pleasure of the Council. All other Administrative Officers are appointed by the City Manager.

POPULATION

<u>Year</u>	<u>Population</u>
Current Estimate	133,269
2020 U.S. Census	134,346
2010 U.S. Census	124,471
2000 U.S. Census	117,810

Source: U.S. Census

FISCAL YEAR

July 1 to June 30

PROPERTY VALUATIONS

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Since 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, the Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

On March 15, 1994, the electors of the State of Michigan also voted to amend the State Constitution to increase the state sales tax from 4% to 6% and to place a yearly cap on property value assessment increases. The State now levies a property tax to finance education, and a higher real estate transfer tax is imposed on the sale of real property.

REAL PROPERTY TAX ASSESSMENTS

Responsibility for assessing taxable real property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and, ultimately, to the Michigan Tax Tribunal.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Real property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Official Statement. Property granted tax abatements under the Michigan Plant Rehabilitation and Industrial Development District Act, Act 198, Public Acts of Michigan, 1974, as amended ("Act 198") are recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value data in this Official Statement except as noted.

APPEAL OF PROPERTY ASSESSMENTS

Property taxpayers may appeal their assessments to the Michigan Tax Tribunal. Unless otherwise ordered by the Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid the tax bill. The City has approximately 20 total tax appeals pending before the Tax Tribunal (including personal property appeals) which are not expected to have a significant impact on the City's State Equalized Valuation, Taxable Value or the resulting taxes.

MICHIGAN PROPERTY TAX REFORM

The enactment of Michigan Public Acts 153 and 154 of 2013, together with subsequent enactment of Michigan Public Acts 80 and 86 through 93 of 2014, significantly reformed personal property tax in Michigan. The voters of the State approved a referendum on August 4, 2014, to which all of these acts were tied, and therefore these acts will continue in effect.

Under the PPT Reform Acts, owners of industrial and commercial Personal Property with a total true cash value of \$180,000 or less may file an affidavit claiming a Personal Property tax exemption. To be eligible for the exemption, all of the commercial or industrial Personal Property within a city or township that is owned by, leased to, or controlled by the claimant must have an accumulated true cash value of \$180,000 or less. Beginning in calendar year 2016, owners of certain manufacturing Personal Property that was either purchased after December 31, 2012, or that was at least 10 years old could claim an exemption from Personal Property tax. By 2022, all eligible manufacturing Personal Property was at least 10 years old or purchased after December 31, 2012, so that it could be exempted from Personal Property tax.

To replace revenues lost by local governments, due to these exemptions, a portion of the current State use tax is set aside as a "local community stabilization share" that will not be subject to the annual appropriations process, and is automatically provided to a "local community stabilization authority" for distribution pursuant to a statutory formula anticipated to provide 100% reimbursement to local governments for losses due to the new personal property tax exemptions.

INDUSTRIAL FACILITIES TAX

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended) ("Act 198") provides significant property tax incentives to industry to renovate and expand aging industrial facilities and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages, and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

Property owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem property taxes on plants and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the taxable value of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one-half the total mills levied by all taxing units, except for mills levied for local school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for local school district operating purposes in 1993. For new facility abatements granted after

1993, new plant and equipment is taxed at one-half of the total mills levied as ad valorem taxes by all taxing units, except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Tax Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198. The equivalent effect of the abatements granted under Act 198 is to understate the City's Taxable Value for its fiscal year ending June 30, 2024, by \$58,310,042.

HISTORY OF PROPERTY VALUATIONS

Valuation Year December 31,	Levy Year July 1,	Fiscal Year Ending June 30,	State Equalized Value	Taxable Value
2022	2023	2024	\$ 7,375,136,140	\$ 5,371,572,929
2021	2022	2023	6,760,163,400	5,048,694,330
2020	2021	2022	6,490,425,650	4,824,687,579
2019	2020	2021	6,211,667,616	4,660,894,866
2018	2019	2020	5,851,809,075	4,499,869,753
2017	2018	2019	5,461,624,715	4,272,388,143
2016	2017	2018	5,261,715,125	4,123,040,102
2015	2016	2017	5,013,602,527	4,040,160,433
2014	2015	2016	4,919,824,700	4,214,410,975
2013	2014	2015	4,570,734,306	4,131,471,775

Source: City of Sterling Heights

MAJOR TAXPAYERS

According to City officials, the 2024 Taxable Value of each of the City's major taxpayers is as follows:

Name of Taxpayer	2024 Taxable Value	2024 % of Total Taxable Value
DTE Energy	\$ 60,811,218	1.13%
Stellantis	55,381,040	1.03%
Consumer Energy	49,150,898	0.92%
Ford Motor Company	29,704,044	0.55%
International Transmission	17,860,786	0.33%
Comcast Cable	17,590,961	0.33%
Liberty Park Commerce Center, LLC	17,259,045	0.32%
Chalk Spade Investments (USA)	15,223,446	0.28%
General Dynamics	14,136,393	0.26%
BAE Systems	13,687,741	0.25%
Total	<u>\$ 290,805,572</u>	<u>5.41%</u>

Source: City of Sterling Heights

TAX RATES
(Per \$1,000 of Taxable Value)

Levy	2024	2023	2022	2021	2020
City Operating	9.4940	9.4940	9.4940	9.4940	9.3106
Refuse Services	1.3558	1.1632	0.9468	0.9877	0.9639
Police and Fire Pension	2.4435	2.4109	2.5189	2.7240	2.4441
Public Improvement Debt	0.0000	0.0000	0.1096	0.1150	0.1097
Safe Streets	2.3694	2.3859	2.3850	2.4157	2.4343
Recreation	0.9196	0.9260	0.9257	0.9378	0.9443
Macomb County ISD	4.7697	4.6300	4.6300	4.6845	4.7296
Macomb Community College	1.3982	1.4077	1.4077	1.4247	1.4387
Huron - Clinton Metro Authority	0.2062	0.2070	0.2070	0.2089	0.2104
SMART	0.9436	0.9500	0.9500	0.9731	0.9827
Zoo Authority	0.0938	0.0945	0.0945	0.0957	0.0967
Veterans	0.0685	0.0690	0.0652	0.0660	0.0667
DIA	0.1942	0.1956	0.1956	0.1911	0.1930
Med Call	0.0000	0.0000	0.0000	0.0000	0.0990
Macomb County Operating	4.2910	4.3200	4.3200	4.3721	4.4150
Utica Community School District - Principal	9.5000	9.5000	9.5000	9.5000	9.5000
Utica Community School District - Non-Principal	27.5000	26.2508	26.2508	26.4183	26.4183
Warren Consolidated School District - Principal	14.0598	13.4624	13.4624	15.8452	16.1383
Warren Consolidated School District - Non-Principal	28.2845	31.0744	31.0744	28.6096	28.7263
Total Utica Community School District - Principal	38.0475	37.7538	37.7500	38.1903	37.9387
Total Utica Community School District - Non-Principal	56.0475	54.5046	54.5008	55.1086	54.8570
Total Warren Consolidated School District - Principal	42.6073	41.7162	41.7124	44.5355	44.5770
Total Warren Consolidated School District - Non-Principal	56.8320	59.3282	59.3244	57.2999	57.1650

Source: City of Sterling Heights

TAX RATE LIMITATIONS

Home rule cities are permitted by Act 279 of the Public Acts of Michigan of 1909, as amended (the "Home Rule Cities Act"), to authorize by their charters a maximum levy of 20 mills for operating purposes.

Pursuant to the Home Rule Cities Act, home rule cities may authorize an additional levy of up to three mills for refuse collection and disposal. Home rule cities are also authorized to levy up to one mill (plus one additional mill with voter approval) for library purposes pursuant to Act 164 of the Public Acts of Michigan of 1877, as amended. Act 359 of the Public Acts of Michigan of 1925, as amended, also authorizes home rule cities to levy up to \$50,000 for promotional expenses.

In addition, the City's electorate may authorize the issuance of general obligation bonds or other obligations which pledge the full faith and credit and unlimited taxing power of the City.

Article IX, Section 6, of the Michigan Constitution permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978, or tax supported issues which have been approved by the voters for which the issuer has pledged its full faith and credit.

2. Operating purposes for a specified period of time provided that said increase is approved by a majority of the qualified electors of the local unit.
3. Payment of valid judgments levied in accordance with State law.

CONSTITUTIONAL MILLAGE ROLL-BACK

Article IX, Section 31 of the Michigan Constitution requires that if the total value of existing taxable property in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be permanently reduced through a Millage Reduction Factor unless reversed by a vote of the electorate of the local taxing unit.

The City is subject to the following limitations for its current authorized levies:

Purpose	Original Authorized Millage	2024 Millage Permanently Reduced by Headlee Act	Expiration Date of Levy
General Operating	12.0000	10.2804	None
Refuse	3.0000	2.5698	None
Police and Fire Pension	N/A	N/A	None
Safe Streets	2.4500	2.3694	06/2030
Parks & Recreation	0.9700	0.9196	06/2037
TOTAL	18.4200	16.1392	

Source: City of Sterling Heights

TAX LEVIES AND COLLECTIONS

Levy Year July 1,	Fiscal Year Ended or Ending June 30,	Tax Levy	Collections to March 1 of Following Year	
2024	2025	\$ 95,140,418	\$ 93,156,891	* 97.92%
2023	2024	87,990,537	86,220,931	97.99%
2022	2023	82,703,836	81,190,278	98.17%
2021	2022	80,310,614	79,482,073	98.97%
2020	2021	75,178,547	75,039,131	99.81%
2019	2020	72,676,628	72,571,714	99.86%
2018	2019	73,342,584	73,195,212	99.80%
2017	2018	66,431,075	66,339,150	99.86%
2016	2017	61,003,077	60,885,829	99.81%
2015	2016	63,842,382	63,741,083	99.84%

*Collections through December 12, 2024.

Source: City of Sterling Heights

Property taxes are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 of the following year. These taxes are due on September 1, after which time the taxes are considered delinquent, and penalties and interest are assessed. The final collection date is February 28 before taxes are returned delinquent to the county treasurer.

The delinquent real property taxes are subject to additional penalties and interest by the county. Unless the delinquent real property taxes are paid within approximately 25 months from the date of delinquency the underlying property is foreclosed upon and sold at public action.

Macomb County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1st of each year. If feasible, it is anticipated that the Delinquent Tax Revolving Fund will continue to reimburse the City for any uncollected taxes, but there is no assurance that this will be the case since the County is not obligated to continue this fund in future years. Uncollected personal property taxes must be collected by the local treasurer and are negligible.

REVENUES FROM THE STATE OF MICHIGAN

The City receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities, and villages. The amount of the constitutionally mandated revenue sharing component distributed to the City can vary depending on the population of the City and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature’s appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On July 24, 2024, Governor Whitmer signed into law the budget for fiscal year 2025. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$1.073 billion. An additional \$333.5 million has been appropriated for revenue sharing distributions, of which \$299.1 million will be distributed pursuant to the State Revenue Sharing Act and \$34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formula that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the City’s general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the City from the State.

The following table sets forth the annual revenue sharing payments and other moneys received by the City for the fiscal years ended June 30, 2020 through 2024.

<u>Fiscal Year Ended June 30,</u>	<u>Modified Accrual Basis</u>	<u>Accrual Basis of Accounting</u>
2024	\$ 15,685,869	\$ 15,911,923
2023	15,867,244	15,581,280
2022	15,281,499	15,487,551
2021	12,818,384	13,743,415
2020	12,532,213	12,055,055

Source: City of Sterling Heights

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CITY OF STERLING HEIGHTS

DEBT STATEMENT

As of January 9, 2025, including the bonds described herein.

City Direct Debt

General Obligation	Gross	Self-Supporting	Net
5/31/2017 LTGO	\$ 31,090,000	\$ 31,090,000	\$ -
5/22/2018 LTGO	15,125,000	-	15,125,000
8/22/2019 LTGO	18,670,000	-	18,670,000
3/31/2021 LTGO	13,115,000	13,115,000	-
5/18/2022 LTGO	11,425,000	11,425,000	-
Subtotal	<u>\$ 89,425,000</u>	<u>\$ 55,630,000</u>	<u>\$ 33,795,000</u>

Michigan Transportation Fund Bonds

4/20/2016 MTF Bonds	\$ 5,025,000	\$ 5,025,000	\$ -
5/31/2017 MTF Bonds	1,235,000	1,235,000	-
5/22/2018 MTF Bonds	5,255,000	5,255,000	-
11/18/2020 MTF RF Bonds	196,000	196,000	-
3/31/2021 MTF Bonds	14,815,000	14,815,000	-
5/18/2022 MTF Bonds	15,145,000	15,145,000	-
Subtotal	<u>\$ 41,671,000</u>	<u>\$ 41,671,000</u>	<u>\$ -</u>

Special Assessment Bonds

8/1/2008 Improvements	\$ 800,000	\$ 800,000	\$ -
Subtotal	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ -</u>

Total Direct Debt Obligations	<u>\$ 131,896,000</u>	<u>\$ 98,101,000</u>	<u>\$ 33,795,000</u>

City Indirect Debt

Share of County Issued Drain Bonds	<u>\$ 69,061,051</u>	<u>\$ 69,061,051</u>	<u>\$ -</u>

Total Direct and Indirect Debt	<u>\$ 200,957,051</u>	<u>\$ 167,162,051</u>	<u>\$ 33,795,000</u>

Overlapping Debt

County		\$ 30,427,028
School Districts		184,307,133
Intermediate School District		13,619,031
Total Overlapping Debt		<u>\$ 228,353,192</u>
Net Direct and Overlapping Debt		<u>\$ 262,148,192</u>

Source: City of Sterling Heights and Municipal Advisory Council of Michigan

CITY OF STERLING HEIGHTS

LEGAL DEBT MARGIN

As of January 9, 2025, including the bonds described herein.

LEGAL DEBT MARGIN CALCULATION

2024 State Equalized Value (SEV)	\$ 7,375,136,140
Plus: Assessed Value Equivalent of Act 198 Property	64,550,550
Plus: for Revenue Sharing (1)	1,652,187,592
Plus: LCSA/PPT (2)	<u>667,645,270</u>
Equivalent Valuation for Debt Margin Purposes	<u>9,759,519,552</u>
Legal Debt Limit - 10% of SEV (3)	<u>975,951,955</u>

Total Bonded Debt Outstanding	\$ 200,957,051
Less: Exempt Debt	42,471,000
Net Amount Subject to Legal Debt Limit	<u>158,486,051</u>

LEGAL DEBT MARGIN AVAILABLE	<u>\$ 817,465,904</u>

(1) FY2024 Constitutional and CVTRS State Revenue Sharing payments divided by the City's 2024 operating millage rate.

(2) The Local Community Stabilization Authority ("LCSA") was established to administer distribution of the replacement of personal property tax revenues lost by local government. Eligible reimbursements for LCSA equals Total Reimbursement less Total Qualified Loss Reimbursement divided by the City's eligible millage.

(3) 10% of City's Total 2024 SEV Value.

Source: City of Sterling Heights and Municipal Advisory Council of Michigan

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CITY OF STERLING HEIGHTS
GENERAL FUND - BALANCE SHEET

	For Fiscal Years Ended June 30,		
	2024	2023	2022
Assets			
Cash and cash equivalents	\$ 9,007,800	\$ 6,288,350	\$ 4,321,887
Investments - At fair value	41,865,774	38,004,029	36,601,182
Receivables:			
Accrued interest	327,278	316,451	226,773
Leases receivable	1,748,365	1,529,626	1,611,434
Other receivables	1,219,837	1,331,432	1,070,528
Due from other governmental ur	3,390,559	4,683,998	3,969,447
Due from other funds	32,454	124,479	60,273
Inventory	924,176	955,919	835,103
Prepays and other assets	136,453	164,151	225,994
Total Assets	\$ 58,652,696	\$ 53,398,435	\$ 48,922,621
Liabilities			
Accounts payable	\$ 3,479,980	\$ 2,188,929	\$ 2,895,055
Due to other governmental units	149,929	1,733,274	8,568
Cash and bond deposits	6,260,667	2,810,776	2,883,002
Accrued liabilities	2,303,439	5,382,426	5,019,438
Unearned revenue	651,412	152,598	133,781
Total Liabilities	\$ 12,845,427	\$ 12,268,003	\$ 10,939,844
Deferred Inflows of Resources			
Unavailable Revenue	\$ 3,402,671	\$ 4,252,279	\$ 3,558,248
Deferred Lease Revenue	\$ 1,587,558	\$ 1,414,679	1,550,223
	\$ 4,990,229	\$ 5,666,958	\$ 5,108,471
Fund Balances			
Nonspendable	\$ 1,060,629	\$ 1,120,070	\$ 1,061,097
Assigned	-	-	-
Unassigned	39,756,411	34,343,404	31,813,209
Total Fund Balance	\$ 40,817,040	\$ 35,463,474	\$ 32,874,306
Total Liabilities and Fund Balance	\$ 58,652,696	\$ 53,398,435	\$ 48,922,621

Source: City of Sterling Heights Annual Financial Statements

CITY OF STERLING HEIGHTS
GENERAL FUND – REVENUES AND EXPENDITURES

	As of Fiscal Year Ended June 30,		
Revenues	2024	2023	2022
Property taxes	\$ 72,487,300	\$ 72,530,132	\$ 69,831,358
Intergovernmental:			
Federal sources	1,946,077	1,083,818	557,339
State sources	27,004,696	26,413,012	23,978,925
Local sources	792	-	-
Charges for Services	15,166,409	14,822,781	13,648,102
Fines and forfeitures	2,087,493	2,469,429	1,678,277
Licenses and permits:			
Cable franchise fees	1,763,682	1,982,585	2,114,490
Fees and permits	1,950,238	2,443,600	2,572,200
Investment (loss) income:			
Investment (losses) earnings	3,897,626	756,458	(2,147,920)
Rental income	1,545,160	1,565,433	1,746,415
Other revenue	1,983,201	1,488,926	1,176,265
TOTAL REVENUES	129,832,674	125,556,174	115,155,451
Expenditures			
Current:			
General government	15,730,448	15,035,291	13,273,352
41A District Court	4,017,565	3,740,478	3,736,014
Public safety	67,619,007	64,297,688	61,869,706
Public works	14,125,784	17,206,147	16,523,425
General expenditures	2,723,566	2,696,868	3,407,230
Recreation and culture	2,838,260	2,658,889	2,575,935
Capital outlay	224,549	218,532	227,106
TOTAL EXPENDITURES	107,279,179	105,853,893	101,612,768
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	22,553,495	19,702,281	13,542,683
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	(17,308,530)	(17,236,170)	(12,994,780)
Sale of capital assets	108,601	123,057	77,230
NET OTHER FINANCING SOURCES (USES)	(17,199,929)	(17,113,113)	(12,917,550)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	5,353,566	2,589,168	625,133
Fund balance - Beginning of year	35,463,474	32,874,306	32,249,173
Fund balance - End of year	<u>\$ 40,817,040</u>	<u>\$ 35,463,474</u>	<u>\$ 32,874,306</u>

Source: City of Sterling Heights Annual Financial Statements

APPENDIX C

CHARTER TOWNSHIP OF HARRISON

GENERAL DESCRIPTION AND STATISTICAL INFORMATION

CHARTER TOWNSHIP OF HARRISON GENERAL AND ECONOMIC INFORMATION

LOCATION AND DESCRIPTION

The Charter Township of Harrison is located in eastern Macomb County on the shores of Lake St. Clair. The Township is known for its numerous water-related activities and is home to Selfridge Air National Guard Base.

FORM OF GOVERNMENT

The Township is governed by a Board of Trustees composed of seven members who are elected for four-year terms. The Board is composed of a Supervisor, a Clerk, a Treasurer, and four Trustees. The Board is vested with all legislative powers except those otherwise provided by law.

POPULATION

2020 U.S. Census	24,314
2010 U.S. Census	24,587
2000 U.S. Census	24,461

Source: U.S. Census

FISCAL YEAR

January 1 to December 31

PROPERTY VALUATIONS

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Since 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

REAL PROPERTY TAX ASSESSMENTS

Responsibility for assessing taxable real property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Real property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Official Statement. Property granted tax abatements under the Michigan Plant Rehabilitation and Industrial Development District Act, Act 198, Public Acts of Michigan, 1974, as amended ("Act 198") are recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value data in this Official Statement except as noted.

APPEAL OF PROPERTY ASSESSMENTS

Property taxpayers may appeal their assessments to the Michigan Tax Tribunal. Unless otherwise ordered by the Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid the tax bill.

MICHIGAN PROPERTY TAX REFORM

The enactment of Michigan Public Acts 153 and 154 of 2013, together with subsequent enactment of Michigan Public Acts 80 and 86 through 93 of 2014, significantly reformed personal property tax in Michigan. The voters of the State approved a referendum on August 4, 2014, to which all of these acts were tied, and therefore these acts will continue in effect.

Under the PPT Reform Acts, owners of industrial and commercial Personal Property with a total true cash value of \$180,000 or less may file an affidavit claiming a Personal Property tax exemption. To be eligible for the exemption, all of the commercial or industrial Personal Property within a city or township that is owned by, leased to, or controlled by the claimant must have an accumulated true cash value of \$180,000 or less. Beginning in calendar year 2016, owners of certain manufacturing Personal Property that was either purchased after December 31, 2012, or that was at least 10 years old could claim an exemption from Personal Property tax. By 2022, all eligible manufacturing Personal Property was at least 10 years old or purchased after December 31, 2012, so that it could be exempted from Personal Property tax.

To replace revenues lost by local governments, due to these exemptions, a portion of the current State use tax is set aside as a "local community stabilization share" that will not be subject to the annual appropriations process, and is automatically provided to a "local community stabilization authority" for distribution pursuant to a statutory formula anticipated to provide 100% reimbursement to local governments for losses due to the new personal property tax exemptions.

INDUSTRIAL FACILITIES TAX

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended) ("Act 198") provides significant property tax incentives to industry to renovate and expand aging industrial facilities and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages, and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

Property owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the taxable value of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one-half the total mills levied by all taxing units, except for mills levied for local school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for local school district operating purposes in 1993. For new facility abatements granted after 1993, new plant and equipment is taxed at one-half of the total mills levied as ad valorem taxes by all taxing units, except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Tax Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198.

The Township has one IFT exemption certificate currently outstanding equal to \$351,200 in 2024 Equivalent Taxable Value.

HISTORY OF PROPERTY VALUATIONS

Year	State Equalized Valuation	Taxable Value
2024	\$ 1,687,079,252	\$ 1,262,294,088
2023	1,511,070,200	1,173,520,408
2022	1,401,440,740	1,099,692,467
2021	1,332,203,000	1,037,774,331
2020	1,258,765,938	1,004,850,409
2019	1,190,936,000	967,772,383
2018	1,086,307,363	925,037,517
2017	1,061,753,734	892,731,315
2016	1,027,287,350	873,149,530
2015	956,034,295	860,914,285

Source: Michigan Department of Treasury

MAJOR TAXPAYERS

According to Township officials, the 2024 Taxable Value of each of the Township's major taxpayers is as follows:

Top Taxpayers by Taxable Value	2024 Taxable Value
Paragon Properties Co.	\$ 10,743,575
DTE Energy	10,608,202
Beachwood Townhomes of Harrison	7,742,886
Encore at Ashby Preserve Apartments	6,455,400
The Shores of Lake St. Clair	5,244,437
Gordon Management Company	4,950,230
Consumers Energy Company	4,936,544
Brittany Park - R&R Management	4,788,886
Mariner's Pointe LLC	4,047,285
Yanfeng USA Automotive Trim Systems	3,523,110
Total	<u>\$ 63,040,555</u>
Percentage of Township Taxable Value	4.99%

Source: Charter Township of Harrison

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TAX RATES *
(Per \$1,000 of Taxable Value)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Township Operating	3.4669	3.4854	3.4854	3.5331	3.5822
Township Police and Fire	5.2331	5.2146	5.2146	5.0994	5.1038
Township Library	0.7957	0.8000	0.8000	0.4695	0.4761
Macomb County ISD	4.7697	4.6300	4.6300	4.6845	4.7296
Macomb Community College	1.3982	1.4077	1.4077	1.4247	1.4387
Huron - Clinton Metro Authority	0.2062	0.2070	0.2070	0.2089	0.2104
SMART	0.9436	0.9500	0.9500	0.9731	0.9827
Zoo Authority	0.0938	0.0945	0.0945	0.0957	0.0967
Veterans	0.0685	0.0690	0.0652	0.0660	0.0667
DIA	0.1942	0.1956	0.1956	0.1911	0.1930
Med Call	0.0000	0.0000	0.0000	0.0000	0.0990
Macomb County Operating	4.2910	4.3200	4.3200	4.3721	4.4150
L'Anse Creuse School District - Principal	13.0000	13.0000	13.0000	13.0000	13.0000
L'Anse Creuse School District - Non-Princip	30.5597	30.6536	30.6536	30.8516	30.9037
Total Principal Residence	<u>34.4609</u>	<u>34.3738</u>	<u>34.3700</u>	<u>34.1181</u>	<u>34.3939</u>
Total Non-Principal Residence	<u>52.0206</u>	<u>52.0274</u>	<u>52.0236</u>	<u>51.9697</u>	<u>52.2976</u>

Source: Charter Township of Harrison

TAX RATE LIMITATIONS

The Township is authorized pursuant to Act 359, Public Acts of Michigan, 1947, as amended (the “Charter Township Act”) to levy taxes up to 1/10 of 1% of the assessed valuation of all real and personal property subject to taxation within the limits of a village located within the township and 1/2 of 1% of the assessed valuation of all real and personal property subject to taxation in the balance of the township. Additionally, The electors of a charter township may increase the tax levy limitation not to exceed a total of 1% of the assessed valuation of all real and personal property in the township for a period not to exceed 20 years at 1 time.

In addition, Article IX, Section 6, of the Michigan Constitution permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978 or tax supported issues which have been approved by the voters for which the issuer has pledged its full faith and credit.
2. Operating purposes for a specified period of time provided that said increase is approved by a majority of the qualified electors of the local unit.
3. Payment of valid judgments levied in accordance with State law.

CONSTITUTIONAL MILLAGE ROLL-BACK

Article IX, Section 31 of the Michigan Constitution requires that if the total value of existing taxable property in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be permanently reduced through a Millage Reduction Factor unless reversed by a vote of the electorate of the local taxing unit.

The Township is subject to the following limitations for its current authorized levies:

Purpose	Authorized	2024 Millage	Expiration Date of Levy
		Permanently Reduced by Headlee Act	
General Operating	5.0000	3.4669	In perpetuity
Police and Fire	5.7646	5.7340	2026
Library	0.8000	0.7957	2031
TOTAL	11.5646	9.9966	

Source: Charter Township of Harrison

TAX LEVIES AND COLLECTIONS

Levy Year	Fiscal Year	Tax Levy	Collections to March 1 of the	
December 1,	Ending December 31,		Year Following the Levy	
2023	2024	\$11,151,126	\$10,693,136	95.89%
2022	2023	10,435,544	9,943,055	95.28%
2021	2022	9,440,060	9,108,545	96.49%
2020	2021	9,204,506	8,731,155	94.86%
2019	2020	8,876,908	8,429,147	94.96%
2018	2019	8,498,441	8,136,051	95.74%
2017	2018	7,582,100	6,974,534	91.99%
2016	2017	7,512,843	7,244,094	96.42%
2015	2016	6,670,436	6,482,447	97.18%
2014	2015	6,537,880	6,149,486	94.06%

Source: Charter Township of Harrison

Property taxes become an enforceable lien on the property as of December 31. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes along with collecting taxes for various other taxing jurisdictions. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed.

The delinquent real property taxes are subject to additional penalties and interest by the county. Unless the delinquent real property taxes are paid within approximately 25 months from the date of delinquency the underlying property is foreclosed upon and sold at public action.

Macomb County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1st of each year. If feasible, it is anticipated that the Delinquent Tax Revolving Fund will continue to reimburse the Township for any uncollected taxes, but there is no assurance that this will be the case since the County is not obligated to continue this fund in future years. Uncollected personal property taxes must be collected by the local treasurer and are negligible.

REVENUES FROM THE STATE OF MICHIGAN

The Township receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities, and villages. The amount of the constitutionally mandated revenue sharing component distributed to the Township can vary depending on the population of the Township and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature's appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On July 24, 2024, Governor Whitmer signed into law the budget for fiscal year 2025. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$1.073 billion. An additional \$333.5 million has been appropriated for revenue sharing distributions, of which \$299.1 million will be distributed pursuant to the State Revenue Sharing Act and \$34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formula that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the City's general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the Township from the State.

The following table sets forth the annual revenue sharing payments and other moneys received by the Township for the fiscal years ended December 31, 2020, through December 31, 2023, as well as anticipated payments for fiscal year ending December 31, 2024.

Fiscal Year Ending December 31,	Constitutional	CVTRS	Supplemental Payments	Total
2024*	\$ 2,584,437	\$ 98,770	\$ 2,823	\$ 2,683,207
2023	2,638,540	94,939	620	2,734,099
2022	2,672,969	90,447	(113,419)	2,763,416
2021	2,450,913	87,512	-	2,538,425
2020	2,185,453	72,445	-	2,257,898

*Estimated.

Sources: State of Michigan - <https://treas-secure.state.mi.us/apps/FindRevShareInfo.asp>

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CHARTER TOWNSHIP OF HARRISON

DEBT STATEMENT

As of January 9, 2025, including the bonds described herein

DIRECT DEBT

General Obligation Bonds	\$4,588,511
General Obligation paid with Special Assessments	1,200,743
Installment Purchase Contracts	81,566
County Issued Drain Bonds	12,741,166
Total	<u>\$18,611,986</u>

Per Capita Township Net Direct Debt	\$765.48
Percent Township Net Direct Debt to 2024 TV	1.47%

OVERLAPPING DEBT

School District		
35.89% Lanse Creuse	\$213,074,372	\$76,472,392
County		
3.32% Macomb	201,503,494	6,689,916
Intermediate School District		
3.25% Macomb I/S/D	92,145,000	2,994,713
Community College		
3.32% Macomb Community College	-	-
TOTAL OVERLAPPING DEBT		<u>\$86,157,021</u>

NET DIRECT AND OVERLAPPING DEBT	<u><u>\$104,769,007</u></u>

Per Capita Township Net Direct and Overlapping Debt	\$4,309
Percent Net Direct and Overlapping Debt to 2024 TV	8.30%

Source: Charter Township of Harrison and Municipal Advisory Council of Michigan

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CHARTER TOWNSHIP OF HARRISON
STATEMENT OF LEGAL DEBT MARGIN

As of January 9, 2025, including the bonds described herein

LEGAL DEBT MARGIN CALCULATION

2024 State Equalized Valuation		\$1,687,079,252
Debt Limited 10% of SEV		168,707,925
Amount of Outstanding Debt	\$18,611,986	
Less:		
Special Assessment Bonds	-	
Net Debt		<u>18,611,986</u>
LEGAL DEBT MARGIN		<u><u>\$150,095,939</u></u>

Act 359, Public Acts of Michigan, 1947, as amended (the "Charter Township Act"), provides that the net indebtedness of the Township shall not exceed 10% of all assessed real and personal property in the Township.

Source: Charter Township of Harrison and Municipal Advisory Council of Michigan

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CHARTER TOWNSHIP OF HARRISON
GENERAL FUND - BALANCE SHEET

	For Fiscal Years Ended December 31,		
	2023	2022	2021
Assets:			
Cash and Cash Equivalents	\$ 4,189,055	\$ 2,451,307	\$ 1,357,473
Investment	-	-	196,970
Receivables:			
Accounts (net of allowance)	191,110	187,334	119,900
Special assessments	-	-	50,887
Due from other governmental units	451,752	461,646	448,820
Due from other funds	153,848	153,848	304,450
Advances to other funds	574,641	574,641	1,261,755
Prepaid Items	91,220	47,006	1,261,755
Total Assets	\$ 5,651,626	\$ 3,875,782	\$ 5,002,010
Liabilities:			
Accounts payable	\$ 134,281	\$ 62,143	\$ 108,029
Accrued liabilities	76,132	69,177	76,773
Escrow Payable	95,200	95,200	-
Bonds and deposits	-	-	104,544
Due to other funds	-	-	250,000
Unearned revenue	-	-	16,497
Total liabilities	\$ 305,613	\$ 226,520	\$ 555,843
Deferred inflows of resources:			
Other	\$ 2,219	\$ -	\$ -
Total deferred inflows of resources	\$ 2,219	\$ -	\$ -
Fund balances:			
Nonspendable	\$ 91,220	\$ 47,006	\$ 1,261,755
Committed	-	-	90,047
Unassigned	5,252,574	3,602,256	1,832,587
Total fund balances	\$ 5,343,794	\$ 3,649,262	\$ 3,184,389
Total liabilities, deferred inflows of resources and fund balances	\$ 5,651,626	\$ 3,875,782	\$ 3,740,232

Source: Charter Township of Harrison Annual Financial Statements

CHARTER TOWNSHIP OF HARRISON
GENERAL FUND – REVENUES AND EXPENDITURES

	As of Fiscal Year Ended December 31,		
	2023	2022	2021
Revenues			
Taxes	\$ -	\$ -	\$ 10,504
Special assessments	-	-	67,009
Licenses and permits	206,385	207,942	767,656
Intergovernmental	4,287,249	2,832,098	2,670,882
Charges for services	616,617	522,600	127,903
Fines and forfeitures	1,825	1,850	1,800
Franchise fees	406,312	444,696	-
Investment Income	-	142	-
Interest and rent	328,568	78,025	26,767
Other revenue	34,509	82,148	10,325
TOTAL REVENUES	5,881,465	4,169,501	3,682,846
Expenditures			
Current:			
General government	3,207,144	2,967,220	2,702,818
Public works	123,506	27,714	66,003
Planning and zoning	397,981	304,822	
Recreation and culture	37,624	52,237	43,798
Community and economic development	-	-	291,310
Capital outlay	22,778	29,008	-
Debt service:			
Principal	2,825	2,687	2,557
Interest and fees/issuance costs	4,465	4,603	4,733
TOTAL EXPENDITURES	3,796,323	3,388,291	3,111,219
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,085,142	781,210	571,627
OTHER FINANCING SOURCES (USES)			
Gain on sale of assets	-	-	13,825
Operating transfers in	13,834	-	-
Operating transfers out	(404,444)	(316,337)	(346,444)
NET OTHER FINANCING SOURCES (USES)	(390,610)	(316,337)	(332,619)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,694,532	464,873	239,008
Fund balance, January 1	3,649,262	3,184,389	2,945,381
Fund balance, December 31	\$ 5,343,794	\$ 3,649,262	\$ 3,184,389

Source: Charter Township of Harrison Annual Financial Statements

APPENDIX D

COUNTY OF MACOMB COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2023

This Appendix contains the basic financial statements (excluding supplemental financial information) and related notes for the County's fiscal year ended December 31, 2023. The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and, accordingly, has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.



MACOMB COUNTY, MICHIGAN
**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the Year Ended December 31, 2023

Macomb County Finance Department
Stephen Smigiel, Director



MACOMB COUNTY, MICHIGAN

Annual Comprehensive Financial Report

Year ended December 31, 2023

Prepared by:

The Macomb County Finance Department

Stephen L. Smigiel, Director

Macomb County, Michigan

Annual Comprehensive Financial Report
Year Ended December 31, 2023

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MARK A. HACKEL
COUNTY EXECUTIVE



MARK F. DELDIN
CHIEF DEPUTY COUNTY EXECUTIVE

October 30, 2024

To the citizens of Macomb County,

The Annual Comprehensive Financial Report of Macomb County, Michigan for the fiscal year ended December 31, 2023 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

State law requires that all general purpose local governments publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards by a firm of licensed certified public accountants within six months of the close of each fiscal year. The State granted an extension of time through October 31, 2024 to file the 2023 report due to the implementation of a new ERP platform in the fall of 2023.

This report consists of management's representations concerning the finances of Macomb County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these presentations, County management has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

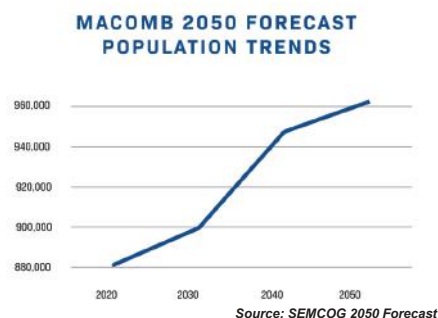
Macomb County's financial statements for the fiscal year ended December 31, 2023 have been audited by UHY, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. UHY concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended December 31, 2023 are fairly presented in conformity with GAAP. UHY's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Macomb County was part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

The 2023 Annual Comprehensive Financial Report is issued pursuant to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Readers of our 2023 Annual Comprehensive Financial Report will notice two statements entitled Government-Wide Statement of Net Position and Government-Wide Statement of Activities. These statements will provide readers with the financial position of Macomb County viewed as a single entity. The GASB statements also require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Macomb County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF MACOMB COUNTY

Located in the greater Detroit area, Macomb County is Michigan's third most populous county, but the ninth smallest in area. Its 482-square-miles include 27 cities, villages and townships with, according to the 2020 Census, a combined population of 881,217 residents.¹ This figure is the result of an almost 70 year population growth trend. In fact, an average of eight people move into Macomb County each day and the population grew by 4.8% from the 2010 Census to the 2020 Census. Additionally, the county is expected to grow by more than 18,500 residents by 2030 and over 89,682 residents by 2050.² This increase can be attributed to the county's dynamic urban clusters, expansive network of industry and commerce, pristine natural features and fruitful agricultural lands. It can also be tied to Macomb county's charter, which was adopted by voters in 2009. Among other things, the charter created an executive position that would oversee county government. That executive, Mark A. Hackel, was elected in 2010. Over the past 14 years, Hackel has led countless initiatives related to infrastructure, the environment and the economy, while also giving a singular voice to the region. This, plus the area's wealth of assets, makes Macomb County a desirable place to live, work and play.



LOCATION ADVANTAGE

Macomb County is situated in the Great Lakes region of southeast Michigan, just north of the city of Detroit. The county also borders Lake St. Clair, a 430-square-mile lake that links with Lake Huron and Lake Erie and provides access to the world's busiest waterways.

This strategic location places Macomb County within approximately 500 miles of 165 million people, or one-half of the population of the United States and Canada. The county is also near two international border crossings with Canada, a geographic advantage that is part of the foundation for the area's economic success.

HOUSING

Macomb County's strong economy is best exemplified by its housing market and personal income growth. In 2023, the county had 373,639 housing units with an average home value of \$259,951. In the past year, the average home value increased by \$20,958 (8.77%).³



¹ 2020 Census

² SEMCOG's 2050 Regional Demographic and Economic Forecast. March 2023.

³ ESRI Business Analyst Online

Additionally, 70.4% of housing units are currently owner-occupied with a 4.3% vacancy rate. This puts Macomb County above the national average for owner-occupied housing, which is at 58.5% with a 9.8% vacancy rate. Macomb County's average household income in 2022 was \$94,795 and that figure is projected to increase to \$108,196 (14.14%) in the next five years.⁴ This income growth rate outpaces the national average. Projected over the next five years, the majority of household income growth will be in the top income brackets: the \$100,000 - \$149,999 bracket is expected to grow by nearly 15%; \$150,000-\$199,999 by 37.5%; and the \$200,000 brackets by just over 21% respectively. Together, these figures demonstrate the major career advancements and wage growth occurring in Macomb County.

INCOME BRACKETS

Income Brackets	2023	2028	Growth
>\$15,000	30,269	25,896	-14.45%
\$15,000-\$24,999	22,747	17,611	-22.58%
\$25,000-\$34,999	27,982	23,427	-16.28%
\$35,000-\$49,999	44,410	40,325	-9.20%
\$50,000-\$74,999	63,033	60,904	-3.38%
\$75,000-\$99,999	51,843	53,807	3.79%
\$100,000-\$149,999	63,140	70,174	11.14%
\$150,000-\$199,999	30,394	40,902	34.57%
\$200,000+	23,546	27,623	17.32%

Source: American Community Survey - U.S. Census Bureau

In addition to income, safety is another notable statistic in Macomb County. In 2021, the county experienced 2.82 violent crimes per 1,000 people and 12.44 property crimes per 1,000 people. This puts the area well below the national average of 3.6 violent crimes per 1,000 people and 18.22 property crimes per 1,000 people. It also means Macomb County is a very safe place for residents and visitors alike.

HISTORICAL ASSESSED VALUES

ECONOMIC CONDITIONS OF MACOMB COUNTY

ECONOMY

Macomb County is an expanding epicenter of growth and economic vitality, with several figures and reports from 2023 demonstrating the strength of the county's economy. For instance, its gross regional product (GRP) grew from \$44.8 billion in 2021 to \$48.4 billion in 2023. Additionally, the county had \$64.9 billion of imported products and \$67.5 billion of exported goods.⁵ In 2022, the total assessed value of its taxable property was \$45.24 billion – a number that marks a nearly \$15 billion increase in the taxable value of real property in Macomb County since 2017.⁶ Finally, residents of Macomb County had consumer spending power of \$46.17 billion.⁷ This figure has been rising for the last several years and it directly correlates with increasing wages.

COST OF LIVING

Year	Total Real Property Taxable Value
2016	\$28,754,000,000
2017	\$30,511,000,000
2018	\$31,739,000,000
2019	\$34,087,000,000
2020	\$36,629,377,026
2021	\$38,463,388,829
2022	\$40,966,481,994
2023	\$45,240,300,402

⁴ ESRI Business Analyst: Demographic and Income Profile

⁵ Lightcast: Labor Market Analytics

⁶ Macomb County Equalization

⁷ ESRI Business Analyst: Retail Market Expenditures Report

From housing to groceries, a dollar goes further for individuals who live in Macomb County. So while salaries may be lower when compared to other parts of the country, an individual has more money after expenses when they live in our community.

This is evidenced by the cost of living index, where a score above 100 means that the cost of living in a particular area is higher than the national average, while a score below 100 means that the cost of living is lower than the national average. Currently, Macomb County's score is 95.9. Comparatively, the scores for other large metro areas are much higher - including 106.6 for Austin, 142.2 for San Diego, and 117.7 for Washington, D.C.

Median net worth, which measures a person's assets minus their liabilities, is also a notable figure that indicates Macomb County's affordability and economic well-being. Currently, the median net worth for county residents is \$190,769. For Austin, it's \$168,444, and for San Diego, it's \$163,440. This demonstrates that individuals who reside in Macomb have an affordable lifestyle that allows them to save and invest, while still spending on housing, groceries and other items. It's also a great indication that people who reside in Macomb have less debt and many own their assets, such as real estate and real property. This positions county residents in a place financially where they can weather an economic downturn, if necessary.

BUSINESSES

There are a total of 21,800 businesses in Macomb County,⁸ employing over 372,001 people with collective earnings of \$32.1 billion. In 2023, these companies had total sales of \$113.67 billion. Notably, \$46.2 billion of those sales occurred in-county; the majority of which were within the construction, real estate, health care and retail trade sectors.⁹

Healthy profits have allowed businesses to create new jobs and since the 2009 recession, 65,192 jobs have been added in Macomb County.¹⁰ This figure demonstrates sustainable business growth and helps keep vacancy rates at business facilities low. Presently, vacancy rates are at 1.9% in industrial properties, 7.8% in office space and 5.6% in retail locations.

WORKFORCE

Macomb County businesses draw from a diverse and highly-skilled workforce that is 457,026 individuals strong. In 2023, the county's unemployment rate stood at 3.21%. Macomb County workers earned an annual average salary of \$80,343, an increase of nearly \$5,439 from the previous year, and the total retirement plan value for these individuals was \$46.87 billion. Together, these figures mean that an average resident has a median net worth of \$190,769, higher than the \$157,240 national median net worth.¹¹

A contributing factor to this prosperity could be the overall transition in Macomb County's workforce, with blue collar careers shifting to new collar careers and with the rise of a professional services sector. In 2023, 59.3% of jobs in the county were white collar, 25.3% were blue collar and 15.4% were in services.¹² Notably, in the next 10 years, manufacturing jobs in Macomb County are projected to contract, but the overall economy is expected

⁸ ESRI Business Analyst: Business Summary Report

⁹ Collective Earnings, total sales, and in-region sales all pulled from EMSI: Labor Market Analytics Industry data

¹⁰ EMSI: Labor Market Analytics Industry Trends

¹¹ ESRI Business Analyst Online, Net Worth Profile Macomb County & USA.

¹² EMSI: Labor Market Analytics Occupation Trends. See Appendix A for details on white collar occupations.

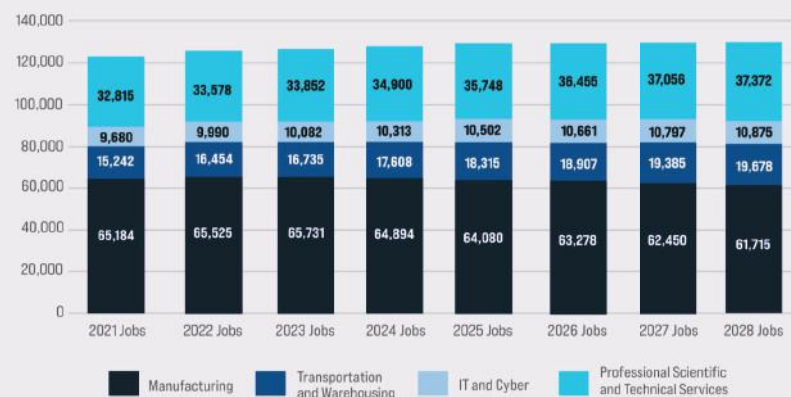
to grow due to increases in openings for distribution and logistics, IT and cyber security, professional services, and robotics and automation. This further demonstrates the shift from blue collar to new collar.

We can infer that this transition is made possible through an increase in educational attainment. Today, 61.6% of Macomb County residents have had some level of college education and the average number of residents who obtain associate degrees is higher than the national average.¹³ Many individuals receiving these degrees are doing so later in life, showcasing a commitment to lifelong education and career advancement.

INDUSTRY GROUP GROWTH COMPARISON

Group	2018 Jobs	2023 Jobs	Change	% Change
Transportation and Warehousing	11,514	16,735	5,221	45%
Professional, Scientific and Technical Services	32,505	33,852	1,347	4%
Manufacturing	71,698	65,731	-5,968	-8%

Blue Collar to New Collar: Macomb County Worker Transition



TALENT

Eventually, this workforce will need to be replenished, so ensuring the next generation of talent is ready and prepared to fill jobs is paramount to Macomb County. The Macomb County Department of Planning and

¹³ EMSI: Labor Market Analytics Educational Attainment Snapshot

Economic Development (MCPED) is tasked with this responsibility, and they have worked to explore and execute programming in several areas.

- Next generation talent development:** In 2018, the department created the Fueling the Talent Pipeline initiative. The program allows MCPED to engage directly with young people and the businesses that will one day hire them. Ultimately, MCPED's goal is to expose students to career possibilities and guide them to educational pathways that lead to meaningful employment. This resulted in successful implementations of Manufacturing Day and career fairs like MiCareerQuest. It also led to the implementation of the Academies at Romeo, a school that was designated as the first Ford Next Generation Learning community in Michigan, and the Academies of Center Line, which received its designation in 2021. Macomb County Planning and Economic Development is the convening organization for both districts, which means the department is responsible for connecting the schools with community partners and businesses that can further their educational outcomes.
- Talent attraction:** Macomb County has an aging population, and it needs to recruit more than just a local workforce to fill open positions. In 2023, MCPED developed a talent attraction strategy to work on this issue, using digital tools to draw in young people skilled in STEM and to promote Macomb County as a desirable place to live, work and play. The strategy began with a small in-state digital campaign that targeted college towns around graduation dates. Using grant funding, the campaign expanded to locations across the country. Over five months, the team targeted locations like Austin, San Diego and Washington, D.C. with ads that promoted the county's affordability, high quality of life and job opportunities. The ads directed individuals to a landing page that broke this down even further, listing average home prices, health care availability, and miles of freshwater shoreline. All this to convince potential workers that moving to Macomb and Michigan as a whole is a solid plan. The campaign was a success. And while the number of individuals who moved to the region cannot be directly measured, interaction can. In total, there were nearly 95,000 clicks, more than 10.8 million impressions and 191,000 website views from 72,000 individuals. Notably, 7,700 of those individuals returned to the website again - showcasing their interest in the information.
- Childcare analysis:** Seeking to gain a better understanding of how childcare impacts the region and our workforce, MCPED is studying the issue with a goal of developing a set of recommendations that addresses concerns raised by families, employers, and providers. Funded by a grant provided through the State of Michigan's Early Childhood Investment Corporation, MCPED formed the Macomb County Child Care Coalition in summer 2023 to gain perspective from impacted stakeholders. That roster includes more than 60 individuals representing families, providers, employers, municipalities, and other agencies. To date, the coalition has produced reports for local municipalities and hosted roundtable discussions with local employers, in addition to launching a survey to gather input from across the community.

INDUSTRIES OF MACOMB COUNTY

MCPED has established a core set of industry clusters from the North American Industry Classification System (NAICS) that fit the business environment of Macomb County. These clusters include manufacturing, retail trade, health care and social assistance, government, and professional, scientific and technical services.

Industry	Jobs	Payrolled Businesses	GRP
Manufacturing	65,731	1,758	\$10,552,220,273
Retail Trade	43,709	2,523	\$3,357,886,168
Health Care and Social Assistance	43,426	2,661	\$3,797,379,239
Government	35,698	299	\$4,094,733,835
Professional, Scientific and Technical Services	33,852	1,796	\$5,428,790,427

Retail is strong, with a GDP of \$3.8 billion and 43,426 jobs. Just behind that, in terms of GDP, is health care and social assistance, which provides 43,709 jobs and has a GDP of \$3.36 billion. Government remains steady at 35,698 jobs and a GDP of \$4.10 billion. And the professional, scientific and technical services sector accounts for 33,852 jobs with a \$5.43 billion GDP.

But by far the largest of these clusters is manufacturing, with a \$10.55 billion GDP. These numbers make clear that Macomb County is a manufacturing powerhouse. In fact, in 2023 alone, the sector exported more than \$28.67 billion worth of products and imported just over \$14 billion in goods. This impressive activity is driven by 1,758 companies that employ more than 65,000 people.¹⁴ Drilling down further, part of this robust manufacturing center is advanced manufacturing. Boasting over 28,000 jobs with an average salary of \$123,189 at 1,454 companies, advanced manufacturing is a subsector of manufacturing that uses integrated technology to improve products and processes.

#1 ECONOMIC GROWTH

Automotive & Mobility - \$10.3B

Projected Growth: 6.2% (2018-2028)

Aerospace & Defense - \$6.25B

Projected Growth: 3% (2018-2028)

Automation & Robotics - \$4.7B

Projected Growth: 6.8% (2018-2028)

Distribution & Logistics - \$1.63B

Projected Growth: 71% (2018-2028)

Food & Agriculture - \$373M

Projected Growth: 90% (2018-2028)

Recently, these figures have contributed to the coining of the term the "Big V" – or the center of southeast Michigan's manufacturing might. According to data, the "Big V" sees the highest concentration of buildings zoned for industry and manufacturing in the region, forming a visible topographical 'V' extending from an apex in Detroit to northern Macomb County. These manufacturers, from one-garage machine shops to full-scale automotive plants, have a major impact:

- Big V jobs and earnings - 210,499 jobs; \$16.3 billion in earnings
- Statewide economic implications - 311,278 downstream jobs; \$19.25 billion in earnings
- Generates \$114.8 billion in economic activity, or 9% of the Michigan economy

Other notable statistics:

¹⁴ Lightcast: Labor Market Analytics

- Macomb County is number one amongst large counties in both manufacturing and engineering concentration.
- Among “Big Counties,” or what the Census Bureau defines as counties with a population density of at least 926 people per square mile, Macomb County’s employment concentration ranks first out of 140. Additionally, Macomb County ranks first of 140 in engineering talent.

The numbers don’t lie. This data makes Macomb County a place where innovation leads to real-world applications in emerging industries like mobility, robotics and aerospace.

TARGETED INDUSTRIES

Drilling down deeper from these industry segments, MCPED has established a set of five targeted industries. The purpose of classifying businesses and the workforce by a set of targeted industries is to track the health of the variety of industries that power the county’s business economy. Macomb County’s five are: automotive and mobility, automation and robotics, aerospace and defense, distribution and logistics, and food and agriculture.

AUTOMOTIVE AND MOBILITY

Macomb County’s automotive and mobility industry is made up of a diverse network of 676 companies that have been a driving force of growth within the economy for many years. Currently, the industry supports 57,051 jobs, a figure that is 460% over the national average. And on average, employees earn \$115,519. Together, these figures drive an annual GDP, on average, of \$12 billion.¹⁵

A major trend within the automotive industry is the focus on next generation mobility and technology. This is changing the way many in the sector operate, but Macomb County is poised to be a leader in this transformation because of its impressive cluster of assets. The county is also home to some of the industry’s most advanced facilities, a number of which are owned by the “Big Three” - General Motors, Stellantis (formerly Fiat Chrysler Automobiles) and Ford. General Motors has its GM Tech Center in Warren with over 25,000 employees.¹⁶ Stellantis has a stamping and assembly plant in both Sterling Heights and Warren, both of which employ more than 17,770 people.¹⁷ And Ford Motor Company has two facilities in Sterling Heights with a combined workforce of 3,990 individuals.¹⁸ Each of these companies is making major investments into electric, hybrid and autonomous vehicles. Ford, which is dividing their company into an electric and gas division,¹⁹ plans to produce more than 2 million electric vehicles annually by 2026 and projects electric vehicles will be half of its global sales volume by 2030.²⁰ GM, which aims to have 20 electric vehicles available in the U.S. by 2025 and an all-electric model lineup by 2035.²¹ And Stellantis, which aims to have its first battery electric vehicle by 2025 and to have an all-electric lineup by 2028.²²

¹⁵ Lightcast Industry Snapshot

¹⁶ Detroit Free Press

¹⁷ Ibid.

¹⁸ Ford

¹⁹ New York Times

²⁰ Consumer Reports

²¹ Consumer Reports

²² Consumer Reports

With the support of these investments and assets, Macomb County will continue to be at the forefront of automotive technology well into the future.

AUTOMATION AND ROBOTICS

Macomb County’s manufacturing hub is home to an infrastructure that features technology, skilled trades and manufacturing expertise. That combination makes Macomb County, and Michigan overall, a prime location for automation and robotics.

In fact, according to the Detroit Regional Partnership (DRP), Michigan has more robots deployed in manufacturing plants than any other state, comprising 12% of all robots in the United States. The DRP also reports the Detroit region is ranked second across the U.S. for plastics manufacturing jobs, with a dedicated workforce of more than 30,000 people projected to grow 10.6% in the next five years. In total, 793 businesses have operations in Macomb County, resulting in a \$4.7 billion GDP.

AEROSPACE AND DEFENSE

Known as the ‘Arsenal of Democracy’ since leveraging automotive technology and manufacturing prowess to help win World War II, Macomb County’s commitment to defense endures. For instance, in 2023, Macomb County companies were awarded more than 4,800 defense contracts. And today the county is home to the U.S. Army’s Detroit Arsenal, the U.S. Army Tank-Automotive Armaments Command and Selfridge Air National Guard Base, one of the oldest continuously operating military airfields in the nation, which has nearly 7,000 personnel and contributes over \$850 million to the local economy. Notably, in January 2024, Selfridge Air National Guard Base was selected as the home of a new squadron of refueling tankers. This means that SANG has a mission that ensures its future - which is not only important for the region and state, but for the country as a whole, as the base is an essential asset for national security.

Macomb County is also home to more than 150 of the state’s nearly 600 aerospace suppliers. This, plus Michigan’s concentration of electrical and mechanical engineers, manufacturing friendly laws and business climate, is why it consistently ranks as a ‘Top 10 State in Aerospace.’

But overall industry numbers give the best explanation as to why aerospace and defense is a targeted industry for Macomb County. More than 1,100 firms operate here, with a collective GDP of \$6.2 billion. These companies support 38,785 jobs with average earnings of \$126,590, and five year projected job growth stands at 7.1%. So it’s clear - Macomb County is an epicenter for aerospace and defense.

DISTRIBUTION AND LOGISTICS

Macomb County is anchored by a transportation network that possesses the vital infrastructure needed to service emerging industries and a growing population. These infrastructure assets, paired with a world-class manufacturing ecosystem, have fostered a \$1.6 billion transportation, logistics and warehousing sector featuring 923 companies. These organizations employ more than 16,700 workers who make on average \$73,448 per year, and job growth is on an upward trajectory - with a 17.6% increase projected over five years.

Notably, in the last several years, the county has seen an influx of warehousing and distribution space - nearly 2 million total square feet. This stems from the addition of two Amazon facilities in Shelby Township and Sterling Heights, and the future Home Depot distribution center opening in 2025 in Warren. All together, these figures demonstrate that from just-in-time shipping from supplier to OEM or long-distance hauling, Macomb County can do it all.

FOOD AND AGRICULTURE

Macomb County might be best known for its manufacturing prowess, but point the compass north, and you'll find 457 active farms spread over 79,000 acres. That is 22% of the county's total land mass. In addition, Macomb County has more than 105 food and beverage manufacturing businesses picked up by well-known distribution and logistics companies like Carmela Foods and Lipari Foods. All told, this is one of the fastest-growing industries in the country, and in Macomb County, its GDP is worth \$373.2 million. Food and ag also supports 4,004 jobs with average earnings at \$50,660 and a five-year projected growth rate of 26.2%.

Other notable figures from this industry were released as part of the Census of Agriculture, which is released every five years by the U.S. Department of Agriculture - most recently in 2022. Macomb County numbers include:

- The value of food sold directly to retail markets, institutions and food hubs for local or regionally branded products is \$1,940,000. In 2017, it was \$421,000.
- The value of processed or value-added agricultural products sold is \$3,713,000. In 2017, it was \$642,000 - which means Macomb County saw a 478% increase in this category.
- The market value of crops, including nursery and greenhouse products was \$102,217,000 and the market value of livestock, poultry and their products was \$13,880,000.

Outside of this traditional understanding and reporting of the food and agriculture industry is something newer to report on: Agritourism. Agritourism involves any agriculturally based operation or activity that brings visitors to a farm or ranch. For Macomb's northern communities, agritourism is important year round for bringing in tourists and tourist dollars, but especially in the summer and fall. In the warmer months, visitors flock to farms for u-pick produce like strawberries or even lavender. In the fall, those visitors come to events like hayrides, corn mazes or festivals. For instance, the Romeo Peach Festival had 46,351 visitors in 2023. And more notably, Macomb County apple orchards saw more than 785,900 visits over the 2023 fall season as well. This traffic gives a major boost to these communities and widens their economic footprint in ways that give them additional streams of income. For all of these reasons, Macomb County officials have made agriculture and its future in the community a priority. Two efforts demonstrate this:

- **Conservation easements:** Working with the State of Michigan, the county developed a program which facilitates conservation easements in rural areas. The easements are made possible through a Purchase of Development Rights (PDR) agreement coordinated by the Macomb County Agricultural Purchase of Development Rights Committee and funded through a Michigan Department of Agriculture and Rural Development Agricultural Preservation Grant. The process gives a landowner the option to permanently preserve his or her farmland while also receiving fair market value for development rights. An easement is then placed on the property designating it for agricultural use in perpetuity. Since its creation, the committee has helped preserve hundreds of acres of farmland, protecting the natural resource in ways that will strengthen the environment, create jobs and ensure that agriculture always has a home in Macomb. As of March 2024, seven properties were enrolled in conservation easements, totaling 413 acres, with an additional 100 acres proposed for later this year.
- **Strategic plan:** Agriculture plays a pivotal role in the economic, social and environmental fabric of the community. Macomb County has therefore undertaken an extensive effort to develop a forward-thinking Strategic Agricultural Economic Development Plan. Its objective is to foster sustainable growth, enhance productivity, and ensure the resilience of the agricultural and food processing sector in the face of

evolving challenges. Released in late 2023, the plan's key components include quality of life, environmental stewardship, education and workforce development, infrastructure development and land use policy, and healthy lifestyles. Ultimately, it will guide decision making and assist the county as it pursues grant funding for a variety of preservation and promotional projects.

SPECIALIZED SECTOR COMPONENTS

CONNECTED INFRASTRUCTURE & INTELLIGENT TRANSPORTATION SYSTEMS

Macomb County is home to a robust infrastructure and transportation network. These two community characteristics make the county a desirable location for businesses engaged in a variety of industries as well as residents commuting or traveling within the metropolitan Detroit region. From comprehensive sewer and water systems to advanced connected roadways and telecommunications, Macomb County possesses the vital infrastructure needed to service emerging industries and a growing population.

For more than 10 years, Macomb County has been steadily increasing traffic safety and preparing for connected mobility by developing an intelligent transportation system (ITS). This has been realized through the creation of a centralized traffic and communications center (COMTEC). The facility houses traffic operations, E-911 emergency dispatch and the county's information technology services. The resulting synergy has created a high-tech space designed to deploy, enhance and maximize vehicle-to-infrastructure communication technologies. For instance, Macomb County is one of a few dozen locations in the United States to have an ITS powered by a 9.7 gigabit network. The county is also leading the way in the installation of operational connected vehicle roadside units (RSU). There are now more than 730 RSUs along Macomb County's more than 200 miles of connected roadway. Other notable technologies include 900 traffic signals (including advanced traffic signal systems), 350 cameras, and more than 450 speed and delay sensors that are linked to COMTEC. The result of all of these advancements is a significant increase in safety.

Another major infrastructure project in Macomb County is Innovate Mound, an initiative to reconstruct one of the most important manufacturing and R&D corridors in southeast Michigan, Mound Road. This corridor is a unique and nationally significant industrial area that hosts the General Motors Warren Technical Center, the Sterling Heights Ford Axle Plant, Stellantis' Sterling Assembly and Warren Truck Assembly Plants, the U.S. Army's Tank-Automotive and Armaments Command (TACOM) and the Combat Capabilities Development Command-Ground Vehicle Systems Center (CCDC-GVSC). All told, the Mound Road corridor is responsible for the direct employment of 20,200 people that support 17,720 jobs in Macomb County and an additional 98,100 jobs in the state of Michigan. Innovate Mound not only reconstructed the nine mile corridor, it also incorporated pedestrian friendly enhancements and implemented smart transportation technologies. With county, local, and state funding and through innovative funding solutions, including a \$98 million federal INFRA grant, Macomb County and project partners celebrated the opening of the transformational \$220 million Innovate Mound project. The multi-year project, which broke ground in August of 2021, opened on time and on budget.

A final infrastructure initiative worth mentioning is Macomb County's effort to study its broadband access across its 27 communities, and the tri-county Metro Detroit region. Working alongside Wayne and Oakland counties, Macomb hoped to gain a clearer picture of connectivity in ways that would support planning and possible broadband expansion efforts, including grant applications. Using surveys and speed tests, the group was able to ascertain areas that needed major broadband improvements. These data points will be used to challenge state and federal numbers and to boost the efforts around increasing high-speed internet access everywhere.

ROBOTICS & CYBER SECURITY

Macomb County is home to a large community of core manufacturing operations, supply chain industries and product development facilities that rely on automation and robotics. To ensure the local workforce can understand and meet these technology needs, Macomb County has supported the creation of Macomb Automation and Robotics Zone (MARZ), a non-profit organization, aimed at increasing awareness and opportunity within the robotics environment. The new facility launched in January 2020 at Velocity in Sterling Heights with the help of Macomb Intermediate School District and Macomb Community College and it is currently in the process of moving to the Advanced Manufacturing Commercialization Center. Its mission is to partner with businesses, educational organizations, nonprofits and startups to offer tools, programs, co-working space, expert assistance and access to an open and collaborative environment. The facility will also feature a tooling and fabrication shop, engineering and computer science assistance, business development assistance and mentors from leading automotive, defense, manufacturing and technology firms. Ultimately, it is working to create a pipeline that transports the next generation of the STEM workforce from schools to major employers.

Another important initiative is Macomb Next, a program launched through Macomb County Planning & Economic Development to highlight the importance of Industry 4.0 - otherwise known as the fourth industrial revolution - and to guide businesses looking to implement its practices. Through grant funding from the state of Michigan, the county has hosted workshops and created a marketing campaign to discuss the nine pillars of I.40 - which include the internet of things, cloud computing, autonomous and robotics systems, big data analytics, augmented reality, cyber security, simulation, system integration, and additive manufacturing. Additionally, the county has administered grant funds for equipment purchases by local companies. In total, \$656,000 has been awarded to 29 companies, and 15 companies received \$337,000 as reimbursements. Ultimately, through these initiatives, the county will ensure its manufacturing base is prepared for the future.

Alongside the push for robotics training and implementation, Macomb County leaders have also stressed the importance of cyber security. Currently, the county has over 900 establishments employing over 10,000 individuals earning on average \$113,474 a year in the information technology and cybersecurity industry. And since 2010, the area has seen a 54% increase in cyber operations, while the national average is just above 28.9%.²³ This led to the creation of the Michigan Automotive and Defense Cyber Assurance Team (MADCAT), an initiative spearheaded by the Macomb County Department of Planning & Economic Development. MADCAT promotes the county and the state of Michigan as a world leader in developing and supporting a cyber ecosystem while leveraging unique regional assets in the defense and automotive industries to drive technology innovation, encourage economic development and create a talented workforce for Michigan.

QUALITY OF LIFE IN MACOMB COUNTY

EDUCATION

Macomb County provides a large range of quality educational opportunities for its residents. These options include a model Head Start program, general K-12 education, special needs education programs, career technical education and higher education opportunities.

²³ Lightcast: Labor Market Analytics Industry Snapshot. 'Industry clusters' created using NAICS codes.

Head Start

Studies from the National Education Association show that investment in high quality prekindergarten programs generate billions of dollars in economic and other benefits for federal and state governments, while also producing major, long-term benefits for individuals. This is why support of Head Start programs is important and why Macomb County makes theirs a priority. For instance, using local and federal dollars, the county serves more than 1,000 children through Early Head Start and Head Start 0-5 while also providing supportive family services in the areas of health, nutrition, dental care, education and mental health. The result of this investment: The county's Head Start initiative has become a model program.

K-12

The Macomb Intermediate School District (MISD) serves the 21 public school districts, charter schools and private/parochial schools in Macomb County. It is the largest ISD in Michigan that provides direct services to students. Its staff help bring best practices to the classroom, impacting some 150,000 students in both public and nonpublic schools. Approximately 19,000 of those students receive special education services.

Career Technical Education

Career Technical Education (CTE) programs provide opportunities for students to learn real world skills, gain practical knowledge on career pathways and prepare for entering the workforce. Macomb County has more than 14,000 students enrolled in its 248 state approved CTE programs, the second highest CTE population in the state of Michigan. These numbers indicate a positive future for the region, the economy and the workforce in the county.

Higher Education

Affordable higher education is a priority in Macomb County. This is evident in the broad range of degrees and technical certificate programs that are offered through the county's many educational institutions and reflected in the fact that in 2023, the county's average amount owed on student loans is \$8,053 per student. This figure is dramatically lower than the national average of \$37,088 per student and Macomb County's total student debt accounts for merely 0.25% of total national student debt.²⁴ The result: More than 257,000 Macomb County residents have an associate degree or higher.²⁵ Analyzing bachelor's degrees further shows that residents are excelling in a variety of fields, with 44% in science and engineering, 25% in business, 19% in the arts and humanities and 12% in education. And while Macomb County has a lower bachelor's degree attainment rate than other counties, it has robust certification programs offered through community colleges and university programs that are recognized by industry in areas of advanced manufacturing and skilled trades. Many of these certifications transition individuals into higher paying and in-demand jobs. Certifications include: Certified nursing assistant, pharmacy technician, dental assistant, robot programmer, robot technician, industrial maintenance technician and controls technician. Notably, in an effort to connect low-income individuals with these high-demand fields and certifications, Macomb County secured a \$1.5 million Regional Talent Innovation Grant from the state of Michigan in 2021. In 2022 and 2023, the county worked alongside Macomb Community

²⁴ ESRI: Business Analyst Online Financial Expenditures Report

²⁵ ESRI: Business Analyst Online Community Profile

College to provide free career training to qualified residents. The program changed the lives of hundreds of individuals who could earn credentials at no cost.

Another option for enrolling at Macomb Community College comes through the state of Michigan's Reconnect and Futures for Frontliners programs, which help make college degrees and skill certificates available and affordable for more residents.

In addition to affordability, availability is another contributing factor in the attainment of bachelor's degrees. In fact, Macomb County has more opportunities to complete coursework from one of Michigan's 15 public colleges than any other location in the state. For instance, Macomb Community College, the county's leading post-secondary education institution, hosts a University Center that offers access to six satellite campuses with over 60 bachelor's and master's degree programs. Outside of the Center, the college has two main campuses in Warren and Clinton Township that annually serve 50,000 students while providing 200 options for securing degrees and certificates.

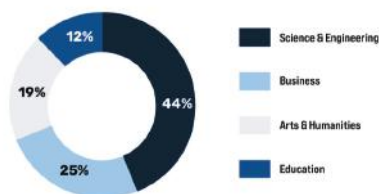
Beyond Macomb Community College, there are a variety of other higher educational institutions that have established campuses in Macomb County. Wayne State University invested in the Advanced Technology Education Center (ATEC) in Warren. Other stand-alone satellite campuses include Central Michigan University, Michigan State University College of Osteopathic Medicine, Ferris State University and Saginaw Valley State University. Together, these institutions provide Macomb County students with the opportunity to attain bachelor's degrees in marketable academic segments without leaving the area.

HEALTH CARE

The health care industry has grown significantly in Macomb County, with world-renowned facilities investing in various operations throughout the area. Since 2014, these organizations have used MCPED's Business Retention Program to invest over \$600 million into expansion efforts.²⁶ Macomb County now approximately 1,110 hospital beds and four major medical facilities including:

- The Henry Ford Macomb Hospital in Clinton Township, which includes specialty services like a Heart & Vascular Institute, highly specialized robotic cardiac surgery, the Josephine Ford Cancer Institute, women's and children's services, orthopedics and neurosciences. The hospital also has a 42-bed inpatient rehabilitation program, an ambulatory and minimally invasive surgery center and leading diagnostic imaging. In May 2023, the health system will cut the ribbon and officially open a new, five-story 225,000-square-foot addition to the hospital, which will feature 160 private patient rooms that can be converted to manage critically ill patients on par with an intensive care unit. Inpatient units in the existing hospital will also be renovated to create spacious private rooms. The total investment in this project comes to \$318 million. Notably, this is the largest single health care investment in Macomb County history.

BACHELORS DEGREE FIELD OF STUDY



Source: American Community Survey

²⁶ Macomb County Planning and Economic Development Business Retention Report, Economic Impact

- McLaren Macomb Hospital in Mount Clemens, which offers several highly regarded specialty centers within the hospital. Prominent among them are the Mat Gaberty Heart Center and the Ted B. Wahby Cancer Center, both of which offer comprehensive diagnostic and surgical services. In 2023, McLaren also opened its first outpatient surgery center, a 62,000-square-foot facility featuring surgical and procedural suites equipped and capable of allowing various outpatient general, vascular, orthopedic, podiatric and urologic surgical procedures to be performed. The building also houses clinical offices for those specialty surgeons.
- Ascension, which has established "Centers of Excellence" for a wide range of inpatient and outpatient services at Ascension Macomb-Oakland Hospital in Warren and Ascension St. John Hospital in Macomb. These include behavioral medicine services, cancer care, cardiology services, emergency center, physical medicine and rehabilitation services, surgical services, women's health services and the state-of-the-art Webber Cancer Center. There are also numerous special care facilities and private nursing homes located across the county. Notably, in 2023, the health system opened the new Ascension St. John Hospital Health Center in Chesterfield Township - a 38,700-square-foot center which offers primary care, emergency care, specialty and diagnostic services in a multi-level naturally contemporary clinical space. The \$32.5 million project created 100 new jobs.
- Corewell Health (formerly known as Beaumont), which in August 2021 opened its new 110,000-square-foot outpatient campus in Lenox Township. The campus offers emergency center care, noninvasive cardiology services, an infusion center, physical therapy, diagnostic imaging, breast imaging, pulmonary function testing, a Beaumont outpatient pharmacy and laboratory, affiliated primary and specialty care physician offices and cancer services.

In addition to facilities, Macomb County has a skilled and talented health care workforce that is serviced by an expansive network of universities and colleges. For instance, MSU College of Osteopathic Medicine students have the option of completing their first two years of medical school at the Macomb University Center at Macomb Community College in Clinton Township. Educating these individuals and keeping them in Macomb County communities is a priority as the population continues to age, the demand for health care workers grows and the health care workforce dwindles. In fact, the World Economic Forum estimates a shortfall of 10 million workers in the sector by 2030, placing the health and care economy under severe stress.²⁷

ONEMACOMB

In 2012, Macomb County Executive Mark A. Hackel created the OneMacomb initiative in response to shifting demographics within the county. The effort, which is now led by a diverse executive committee, seeks to promote multiculturalism and inclusiveness, strengthen the economy and identify and implement multicultural best practices.

OneMacomb data shows that more than 116 primary languages are spoken in the county and that 11.5% of its residents are foreign born. This immigrant population helps drive the area's economy, demonstrates how the county is a place for all to flourish and proves that anyone can make Macomb their home.

²⁷World Economic Forum

BLUE ECONOMY, NATURAL FEATURES AND ECOLOGICAL INVESTMENT

Macomb County is home to the Clinton River, which meanders for 60 miles across the area, and many other local streams, ponds and waterways. It is also positioned alongside Lake St. Clair, a freshwater asset that connects Lake Erie and the Detroit River with the St. Clair River and Lake Huron. It is an important waterway for a number of reasons. From transportation of goods to the overall health of Michigan's environment, Lake St. Clair is something to protect and promote.

In 2023, Macomb County Parks and Natural Resources endeavored to study the body of water, publishing the first-ever Lake St. Clair Coastal Study. The report established a baseline of current water assets and quality of life amenities within a 12.1 square-mile Coastal Area of Study along the lake's shoreline. It will be used to market the region, address deficiencies and opportunities, and support funding requests that will strengthen the natural asset and its surrounding areas.

Notable findings from the study include:

- There is a total of 160.3 miles of Lake St. Clair shoreline in Macomb County, both physical (51.4 miles) and augmented (108.9 miles) through manmade extensions (i.e. shoreline protection structures, piers, docks, canals, etc.). The augmented shoreline more than doubled the publicly accessible areas within the County, which currently sits at 10.8 miles of shoreline.
- The Lake St. Clair Coastal Area of Study is older, more educated and more affluent than surrounding areas. It has a higher proportion of Baby Boomers, a higher proportion of college degrees and a per capita income 27% higher than the rest of Macomb County.
- Recreation in the Coastal Area of Study is on the rise. For instance, there has been a 620% increase in charter boat trips since 2012 and in 2022, marinas saw 1.4 million visitors.
- Environmental sustainability remains a priority. More than \$130 million has been spent on projects in the last 20 years to reduce pollution overflows and \$43 million has been invested in habitat enhancements.
- Macomb County's Blue Economy provides \$1.6 billion in economic value for the region and supports 18,692 jobs.

The study also identified a wide range of ideas and opportunities for the region, including:

- Implementing a multilateral Blue Economy strategy.
- Improving access by purchasing waterfront properties and developing structures that expand the shoreline.
- Developing facilities that help residents age-in-place.
- Promoting business, events and amenities that support year-round recreation and tourism.
- Encouraging development of a lake-side resort or mixed-use hotel.
- Continued expansion of walking, biking and water trails.

This work is ongoing, but the study provided a baseline and goals to work towards that will enhance and protect Lake St. Clair for generations.

In addition to water assets, Macomb County has incredible green spaces. To support these areas, Macomb County Planning and Economic Development created the Green Macomb Urban Forest Partnership, a program that promotes green infrastructure efforts. Through relationships with local municipalities, businesses, private residents and nonprofit organizations, the initiative enhances our region's land and water resources. For instance, Green Macomb is strategically increasing Macomb County's tree canopy by planting diverse tree species in areas with high population density and high-impacted sub-watersheds. Over the last several years,

the initiative has worked to grow the canopy to 26%. This is short of the USDA recommendation of a 40% cover or better in urban areas. However, along with residents increasing tree plantings on their properties, promotion and education will help the county reach that goal.

All told, Macomb County is home to 3,800 acres of municipal public parks, 32 miles of lakefront shoreline, 180 miles of regional trails, 32 miles of river fit for kayaking and hundreds of additional miles of streams and tributaries. But in order to protect these assets, communities must invest in projects that build ecological resilience in the face of global warming and climate change. Macomb County is working to do just that through a variety of projects, partnerships and initiatives. For example, the county is involved in important shoreline restoration work along Lake St. Clair - part of Michigan's Great Lakes waterway. In 2021, it was announced that the Ford House, the historic estate of Edsel and Eleanor Ford, had teamed up with the Great Lakes Commission (GLC), the National Oceanic and Atmospheric Administration (NOAA), the Michigan Department of Natural Resources Fisheries Division and Macomb County Planning and Economic Development for a project to restore disappearing wildlife habitats along the shoreline of Ford Cove on Lake St. Clair. Dubbed the Ford Cove Shoreline and Coastal Wetland Restoration Project, the goal is to transform the Ford House's lake shore back to its natural state. The restoration will span roughly a mile of Lake St. Clair's coastline and more than 17 acres of the surrounding coastal marsh, nearshore habitat and adjacent forested wetlands. Plans include removing hard, non-natural coastal features like broken concrete and seawalls and reintroducing native plant species and softer shorelines. This will reduce the heavy waves that disrupt vital habitats that local fish, waterfowl, mussels, turtles, snakes and other wildlife need to raise their young, find cover and forage for food -- all supporting the lake's greater ecosystem.

Another example of building ecological resilience is the work in Sterling Heights along the north bank of the Red Run Drain near Freedom Hill County Park, the site of a former dump. Drains play an important role in Macomb County, reducing the risk of flooding during big rain events and other wet periods. But the county has more than 400 miles of open channel drains, and each drain needs to be maintained to ensure proper use. So when it was determined that the Red Run Drain's shoreline near Freedom Hill was eroding, creeping dangerously close to the capped dump site, the county worked with local, state and federal officials, including the Army Corps of Engineers, to restore the site. This work included removing sediment and painstakingly building three new peninsulas known as 'J-hooks.' These engineered designs, each made of thousands of limestone boulders, work in unison to direct strong flow - particularly after heavy rain events - toward the center of the open channel and away from the banks. The county also created a new hike/bike path, which opened in late 2022, and developed a plan for planting native trees, shrubs, flowers and plants in ways that will further stabilize the shoreline and surrounding area. This entire project will not only enhance water quality and flow for a sizable drainage district, it will also provide an outdoor space for the public that is resilient and natural.

These types of large-scale projects are what is required of communities facing rising water levels, greater weather events and increased temperatures. And it's why Macomb County is making major ecological investments through innovative thinking, strategic planning and a variety of investments. Because ultimately, protecting natural assets protects residents and businesses, while also contributing to an overall high quality of life that makes Macomb a great place to call home.

FINANCIAL INFORMATION

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Budgeting Controls. The County maintains budgetary controls that are designed to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Macomb County Board of Commissioners. Activities of the general fund, special revenue funds, debt service fund and certain enterprise funds are included in the annual county budget. Project length financial plans are adopted for the capital project funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by department within an individual fund. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control on a line item basis.

Pension Trust Fund. The County has a Defined Benefit Pension Plan referred to as the Macomb County Employees' Retirement System (MCERS). A detailed discussion of the performance of Macomb County's pension plan can be found in the notes to the financial statements.

Health Care Trust Fund. The County began to pre-fund Retiree Health Care benefits through the establishment of a trust for that purpose in 1997 and issued bonds in 2015 to fully fund its unfunded liability for retiree health care. Additional information regarding the Retiree Health Care Trust Fund can be found in the notes to the financial statements.

Department of Roads Retiree Health Care Trust Plan. The County's Department of Roads administers its own single employer defined benefit retiree health care plan. Additional information regarding the Department of Roads Retiree Health Care Trust Plan can be found in the notes to the financial statements.

Debt Administration. The general obligation bonds of the County are rated AA+ by Standard & Poors and Aa1 by Moody's Investor Services. Further discussion of Macomb County's long-term debt can be found in the MD&A as well as the notes to the financial statements.

Cash Management. Cash temporarily idle during the year was invested by the County Treasurer. Investments, except those of the Pension, Health Care Trust Funds, and the Intermediate Retiree Medical Benefits Trust are administered by the Treasurer in compliance with the provisions of Public Act 20 of 1943 as amended. Significant policies include:

- Investments of the County are held in the County's name.
- Investments are in U.S. Treasury obligations, banker's acceptances, certificates of deposit, and commercial paper top rated by not less than two of the four rating services: Standard and Poor's, Moody's Investor Services, Fitch Investors Services and Duff and Phelps.
- Only federal and state-chartered banks and savings institutions, which are members of FDIC, are utilized.
- State law requires the use of in-state banks.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Additional data related to investments is listed in the notes to the financial statements. The County's investment policy is reviewed periodically by the Board of Commissioners.

Risk Management. All County agencies and departments except the Martha T. Berry Medical Care Facility are insured for losses of a General Liability nature up to \$11,000,000 in the aggregate, subject to a self-insured retention of \$750,000 per claim with the exception of the Macomb County Sheriff's Department, which is subject to a self-insured retention of \$1,000,000. The Martha T. Berry Medical Care Facility has a separate insurance policy and is fully insured for General Liability and Medical Malpractice claims.

The County is a defendant in various lawsuits in which plaintiffs seek damages of an indeterminable amount. The General Liability Internal Service Fund has been established to account for the self-insured aspects of this program. The Risk Management and Contingencies and Commitments notes to the basic financial statements contain additional information concerning risk management. The Statistical Section of the Annual Comprehensive Financial Report includes a complete schedule of insurance coverage maintained by the County.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Macomb County for its ACFR for the fiscal year ended December 31, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Macomb County has received a Certificate of Achievement for the last 38 consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for consideration.

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contribution made in the preparation of this report.

In closing, we would like to thank the elected officials and county employees for their contribution to the fiscal stability of the County. Macomb County is a great place to live, work and play offering a unique experience that no other place can and that is why so many residents and businesses have made Macomb their home.

We are committed to making Macomb County the best that it can be.

Sincerely,



Mark A. Hackel
County Executive



Stephen L. Smigiel
Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Macomb County
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO



Macomb County Government Organizational Chart



Macomb County, Michigan

LIST OF ELECTED AND APPOINTED OFFICIALS

Year Ended December 31, 2023

County Executive's Office

County Executive
Chief Deputy County Executive
Deputy County Executive
Deputy County Executive
Deputy County Executive

Mark Hackel
Mark Deldin
Andrew McKinnon
John Paul Rea
Vacant

2023-2024 Board of Commissioners

Don Brown, (Chair) District 1
Harold Haugh, (Vice-Chair) District 10
Sylvia Grot, (Sergeant-At-Arms) District 3
Phil Kraft, District 2
Joe Sabatini, District 4
Don VanSyckel, District 5
Joseph V. Romano, District 6

James M. Perna, District 7
Antoinette Wallace, District 8
Barbara Zinner, District 9
Mai Xiong, District 11
Michelle Nard, District 12
Sarah Lucido, District 13

Elected County Officials

16th Judicial Circuit Court/Probate Court/42nd District
Court Chief Judge
County Clerk/Register of Deeds
Prosecuting Attorney
Public Works Commissioner
Sheriff
Treasurer

Honorable James Biernat, Jr.
Anthony Forlini
Peter Lucido
Candice Miller
Anthony Wickersham
Lawrence Rocca

County Department Heads

Chief Animal Control Officer
Community Corrections
Community Services Agency Director
Corporation Counsel
Emergency Management & Communications Director
Facilities & Operations Director
Finance Director
Health & Community Services Director
Health Officer
Human Resources and Labor Relations Director
Chief Information Officer
Juvenile Justice Center Director
Planning & Economic Development Director
Public Defenders Office Director
Department of Roads Director
Offices of Senior Services Director
Chief Veterans Service Officer

Jeff Randazzo
Barbara Caskey
Edward Scott
John Schapka
Brandon Lewis
Benjamin Treppa
Stephen Smigiel
Andrew Cox
Vacant
Karlyn Semlow
Jako van Blerk
Rhonda Westphal
Vicky Rowinski
Thomas Tomko
Brian Santo
Sheila Cote'
Laura Rios



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
County of Macomb, Michigan

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 County of Macomb, Michigan (the "County") as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, 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 County, 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.

We did not audit the financial statements of the Martha T. Berry Medical Care Facility, a discretely presented component unit which represents 2.2 percent, 0.1 percent, and 18.8 percent, respectively, of the assets, net position, and revenues of the discretely presented component units as of December 31, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Martha T. Berry Medical Care Facility, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standard applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 County, 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. The financial statements of the Martha B. Berry Medical Care Facility were not audited under *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, and Statement No. 99, *Omnibus 2022*. As a result of the adoption of Statement #96, the net position of the County was restated to reflect the adoption. Our opinion is not modified with respect to this matter.

To the Board of Commissioners
County of Macomb, Michigan

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County'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 and *Government 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County'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.

To the Board of Commissioners
County of Macomb, Michigan

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The other supplementary information as identified in the table of contents, is presented for purposes of additional analysis and are 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

UHY LLP

Sterling Heights, MI
October 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

As management of the county, we offer this narrative overview and analysis of the financial activities of the county for the year ended December 31, 2023. Readers are encouraged to read it in conjunction with the letter of transmittal, which is located at the beginning of this report, and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the county exceeded its liabilities and deferred inflows by \$2.2 billion at year-end.

The net position of the county increased by \$340.9 million in fiscal 2023.

The General Fund reported an increase of \$9.9 million for the year. Nonspendable fund balance was \$5.7 million, while Unassigned fund balances were \$116.9 million, or 53.6% of 2023 General Fund expenditures. Total fund balance was \$122.6 million. Nonspendable fund balance represented amounts for prepaid items and long-term receivables.

The county's governmental and business-type activities retired a combined \$16 million in long term debt during fiscal year 2023. At year end, the county is \$3.4 billion below its authorized debt limit.

The county's bond rating is AA+ with Standard & Poor's and Aa1 with Moody's Investor Services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements: 1) government-wide financial statements, which focus on the county as a whole, 2) fund financial statements, which provide a more detailed view of the county's major funds and 3) notes to the financial statements, which provide additional information that is essential to gain a full understanding of the data presented in the financial statements.

Government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities* which provide readers with a broad overview of the activities of the county as a whole. One of the more important questions citizens and other readers of the financial statements often ask is "Is the county as a whole better or worse off this year than it was a year ago?" In other words, did the financial condition of the county improve or decline over the course of the past year. The government-wide statements report information in a manner that is intended to help answer these questions.

The government-wide statements are prepared using the full accrual basis of accounting, which is similar to that employed by businesses in the private sector.

The *Statement of Net Position* presents information on all of the assets and liabilities of the county, with the difference between the two reported as *net position*. Net position can be thought of as one way of measuring the financial strength of the county. Increases or decreases in net position over time may serve as a useful indicator of whether the financial condition of the county is improving or deteriorating. Non-financial factors such as changes in the property tax base, population and condition of county infrastructure must also be considered when assessing the financial condition of the county.

The *Statement of Activities* presents information showing how the net position of the county has changed over the course of the most recent fiscal year. All changes in net position are recognized as soon as the underlying transactions take place, regardless of the timing of the related cash flows. As a result, certain revenues and expenses reported in these statements are related to items that will only result in cash flows in future years. Examples of such items are uncollected property taxes and earned but unused sick and vacation leave.

The government-wide financial statements segregate the activities of the county into three categories: governmental activities, business-type activities and discretely presented component units. The basic services of the county are classified as **governmental activities** and are financed primarily through property taxes, user fees and intergovernmental revenues. Functions reported in this category include general government, legislative, health and welfare, public safety, public works and judicial. **Business-type activities** operate like private businesses and are intended to recover the majority of their costs through user fees. The business-type activities of the county include the Delinquent Tax Revolving Funds, Community Mental Health and the Freedom Hill Park. **Discretely presented component units** are legally separate entities, the majority of whose governing bodies are appointed by the Board of Commissioners and for which the county is financially

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

accountable. The county reports the Macomb/St. Clair Workforce Development Board, Public Works Drainage Districts and Martha T. Berry Medical Care Facility as discretely presented component units.

The government-wide financial statements begin on page B-1 of this report.

Fund financial statements are separate groupings of related accounts that are used to maintain control over resources that have been segregated for specific purposes. Each fund of the county is considered a separate accounting entity for which a self-balancing set of accounts is maintained. Certain funds are established in accordance with State law while others are required by bond or grant agreements or are established at the discretion of management to enable it to more easily manage and report on the activities of the many programs of the county. All the funds of the county can be divided into one of three categories: governmental, proprietary, or fiduciary.

Governmental funds are used to account for most of the basic services provided by the county and report essentially the same functions as those reported as governmental activities in the government-wide financial statements. Governmental funds are accounted for using the *modified accrual* basis of accounting, which focuses on the short-term inflows and outflows of cash and other financial assets that can be readily converted into cash and the balances available for spending at year-end. Because the focus of the governmental fund financial statements is narrower in scope than that of the government-wide financial statements, reconciliations are provided in both the governmental fund balance sheet and operating statement to help the reader better understand the relationship between the two.

All of the governmental funds of the county are categorized as either major or nonmajor for presentation in the financial statements. The purpose of such segregation is to focus the attention of the reader on the more significant funds of the county. A fund is considered major if its assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures meet or exceed certain percentage thresholds in relation to all governmental funds taken as a whole. The thresholds used to determine a fund's status as major or non-major are set forth in GASB Statement No. 34. The governmental funds financial statements begin on page B-3.

Information regarding major funds is presented separately in the basic financial statements while data for all nonmajor funds is combined into a single, aggregated presentation. The General Fund, Roads Special Revenue Fund, Community Action Agency Special Revenue Fund, and American Rescue Plan Act Capital Project Fund are the major governmental funds of the county. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds are classified as either enterprise funds or internal service funds and are accounted for using the full accrual basis of accounting. *Enterprise funds* are used to report the same functions as those presented as business-type activities in the government-wide financial statements and include the Delinquent Tax Revolving Fund, Community Mental Health Fund and the Freedom Hill Park Fund. *Internal service funds*, on the other hand, are used to account centrally for services provided to other county departments and include phone services, fleet management, copier replacement, workers' compensation insurance, general liability insurance, compensated absences, employee fringe benefits, and debt service related to employee fringe benefits. Because the internal service funds predominately benefit governmental rather than business-type functions, most of their activity have been included within the governmental activities in the government-wide financial statements, while some activities related to compensated absences and other postemployment benefits have been allocated to business-type activities. Data regarding the internal service funds has been combined into a single, aggregated presentation in the basic financial statements. Information regarding the individual internal service funds is provided in the form of combining statements elsewhere in this report. The proprietary fund financial statements begin on page B-7 of this report.

Fiduciary funds are used to account for resources held by the county on behalf of others, including those of the Employee Retirement System, the Retiree Health Care Trust, and the Roads Retiree Health Care Investment Trust, as well as custodial funds, including the Current Tax Collection Fund, COMET Fund, and Miscellaneous Custodial Fund. The activities of the fiduciary funds are presented separately in this report but are not reflected in the government-wide financial statements because the resources of those funds are not available to support the operations of the county. Fiduciary funds are accounted for using the full accrual basis of accounting. The fiduciary fund financial statements begin on page B-12 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

Notes to the Financial Statements provide additional information that is essential to gain a full understanding of the data presented in both the government-wide and fund financial statements and begin on page B-16 of this report.

Required Supplementary Information is presented following the notes to the financial statements and includes schedules regarding the progress of the county in funding its pension and retiree health care obligations and a budget to actual comparison for the major governmental funds of the county. Required Supplementary Information begins on page C-1 of this report.

Other Supplementary Information, which includes combining and individual funds statements of the nonmajor funds of the county are presented immediately following the required supplementary information and begin on page D-1 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The financial analysis of the county as a whole focuses on the net position and changes in net position of the governmental and business-type activities of the county. As noted earlier, net position and changes in net position may serve as one indicator of the financial health of the county. The assets and deferred outflows of resources of the county exceeded its liabilities and deferred inflows of resources by \$2.2 billion at December 31, 2023 and increased by approximately \$340.9 million for the year then ended. (See page A-7)

Macomb County Primary Government Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$ 872,542,964	\$ 967,464,676	\$ 429,372,488	\$ 472,804,810	\$ 1,301,915,452	\$ 1,440,269,486
Capital assets	1,207,033,096	1,341,879,127	4,419,753	5,521,062	1,211,452,849	1,347,400,189
Net pension asset	-	-	-	-	-	-
Total assets	2,079,576,060	2,309,343,803	433,792,241	478,325,872	2,513,368,301	2,787,669,675
Deferred outflows of resources	179,393,826	125,437,817	36,332,694	26,034,509	215,726,520	151,472,326
Current liabilities	250,218,281	267,190,627	164,704,436	167,652,427	414,922,717	434,843,054
Long-term liabilities						
Due within one year	19,569,843	22,492,040	2,557,253	3,576,848	22,127,096	26,068,888
Due in more than one year	203,067,011	191,128,308	36,168,892	34,009,053	239,235,903	225,137,361
Asset retirement obligations	1,000,000	1,000,000	-	-	1,000,000	1,000,000
Net pension liability	28,374,356	6,117,883	1,433,523	375,734	29,807,879	6,493,617
Net OPEB liability	79,389,083	1,874,014	16,260,415	383,834	95,649,498	2,257,848
Total liabilities	581,618,574	489,802,872	221,124,519	205,997,896	802,743,093	695,800,768
Deferred inflows of resources	86,196,750	67,053,424	16,792,754	12,101,056	102,989,504	79,154,480
Net position						
Net investment in capital assets	1,178,677,752	1,310,402,638	1,382,560	1,276,378	1,180,060,312	1,311,679,016
Restricted	196,383,637	248,209,817	98,594,702	130,617,642	294,978,339	378,827,459
Unrestricted	216,093,173	319,312,869	132,230,400	154,367,409	348,323,573	473,680,278
Total Net Position	\$ 1,591,154,562	\$ 1,877,925,324	\$ 232,207,662	\$ 286,261,429	\$ 1,823,362,224	\$ 2,164,186,753

Approximately \$1.3 billion of the county's net position represents its investment in capital assets, net of any outstanding debt used to acquire those assets. These assets are used by the county to provide services to the public; consequently, they are not available for future spending. Although the county's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the assets themselves cannot be used to liquidate the outstanding debt obligations. Another \$379 million of the county's net position represents resources that are subject to external restrictions regarding their use. Assets included in this category include funds received in Special Revenue, Capital Projects, and Internal Service funds whose use is restricted by statute as well as cash and investments restricted for the repayment of outstanding debt. The sum of restricted net position and net investment in capital assets was less than total net position, resulting in positive unrestricted net positions at both

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

December 31, 2023 and December 31, 2022. Favorable operating results combined with the recognition of reduction in OPEB expenses were the main causes of the positive unrestricted net position at December 31, 2023 and December 31, 2022.

As indicated in the following schedule, the net position of the county increased by \$340.9 million for the year ended December 31, 2023. The components of this change were an increase of \$287.1 million in governmental activities and an increase of \$54.1 million in business-type activities.

The components of these changes are discussed in the following section.

Macomb County Primary Government Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Revenues						
Program revenue						
Charges for services	\$ 107,012,116	\$ 119,835,354	\$ 290,630,423	\$ 300,818,835	\$ 397,642,539	\$ 420,654,189
Operating grants and contributions	146,853,176	119,767,704	8,563,328	9,131,389	155,416,504	128,899,093
Capital grants and contributions	163,074,153	192,899,686	-	-	163,074,153	192,899,686
General revenue						
Property taxes	145,859,402	155,599,624	-	-	145,859,402	155,599,624
Intergovernmental revenues	34,683,345	39,416,519	-	-	34,683,345	39,416,519
Investment earnings	6,375,891	108,557,397	4,254,471	30,265,651	10,630,362	138,823,048
	603,858,083	736,076,284	303,448,222	340,215,875	907,306,305	1,076,292,159
Expenses						
Legislative	1,724,355	1,819,917	-	-	1,724,355	1,819,917
Judicial	55,013,675	64,155,924	-	-	55,013,675	64,155,924
General government	47,689,226	48,648,160	-	-	47,689,226	48,648,160
Public safety	100,381,098	102,437,674	-	-	100,381,098	102,437,674
Public works	87,583,903	103,736,144	-	-	87,583,903	103,736,144
Health and welfare	147,306,870	123,276,214	-	-	147,306,870	123,276,214
Community and economic development	4,711,288	7,934,972	-	-	4,711,288	7,934,972
Recreation and culture	155,100	295,601	-	-	155,100	295,601
Interest and fees on long-term debt	6,504,713	5,009,797	1,133,370	819,498	7,638,083	5,829,295
Delinquent tax collections	-	-	2,870,224	2,341,438	2,870,224	2,341,438
Community Mental Health	-	-	248,459,211	281,913,877	248,459,211	281,913,877
Freedom Hill Park	-	-	590,770	547,464	590,770	547,464
	451,070,228	457,314,403	253,053,575	285,622,277	704,123,803	742,936,680
Increase (decrease) in net position before transfers	152,787,855	278,761,881	50,394,647	54,593,598	203,182,502	333,355,479
Net transfers	(609,168)	8,008,881	(910,161)	(539,831)	(1,519,329)	7,469,050
Increase (decrease) in net position	152,178,687	286,770,762	49,484,486	54,053,767	201,663,173	340,824,529
Net position, beginning of year (1)	1,438,975,875	1,591,154,562	182,723,176	232,207,662	1,621,699,051	1,823,362,224
Net position, end of year	\$ 1,591,154,562	\$ 1,877,925,324	\$ 232,207,662	\$ 286,261,429	\$ 1,823,362,224	\$ 2,164,186,753

(1) - As restated. See Notes to the Basic Financial Statements, Note 23.

As mentioned in Note 1 of the financial statements, the majority of the funds of the county are accounted for on a fiscal year that ends on December 31. However, there are three funds that operate on a fiscal year that ends on September 30, which causes timing differences in transfers between the General Fund (a December 31 year-end fund) and the Community Mental Health Enterprise Fund, the Roads Special Revenue Fund, and the Roads General Liability Internal Service Fund, which are September 30 year-end funds.

Governmental activities. The \$286.8 million increase in net position of governmental activities was contrasted by the increase in net position of \$152.2 million in the prior year. The change of \$134.6 million between the prior year's increase and the current year's increase is the result of strong market performance in 2023 and recognition of gains in OPEB and pension investments in recent years but are being recognized in 2023 as a reduction of OPEB and pension expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS

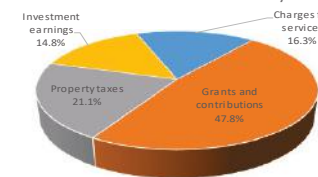
December 31, 2023

Total revenues increased \$132.2 million. Structural recurring revenues such as property taxes (up \$9.7 million), and charges for services (up \$12.8 million) saw increases over 2022 results. A strong housing market combined with inflationary pressures contributed to the property tax increase. Charges for services increased by \$12.8 million over 2022 mainly as a result of cost sharing agreements with local units of government related to roads projects. Capital grants and contributions increased \$29.8 million, mainly as a result of county road project funding, as well as approximately \$12.5 million in new capital grant funding for the county's Health and Community Services department. Investment earnings increased \$102.2 million, mainly due to investment gains in the county's Intermediate Retiree Medical Benefits Trust Internal Service Fund investments.

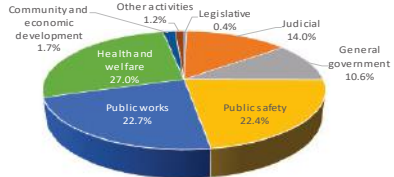
Total expenses increased \$6.2 million, mainly as a result of large increases in public works and judicial expenses, offset by a drop in health and welfare spending. Public works expenses increased by \$16.1 million while judicial expenses increased by \$9.1 million. Health and welfare expenses fell by \$24.0 million. Public works expense increases were driven by higher contractor and labor spending in order to perform a higher volume of maintenance work related to roads than in prior years. Additionally, wastewater projects performed as part of the county's spending plan for its American Rescue Plan Act (ARPA) funding started in 2023, increasing public works expenses by \$7.8 million. Judicial (increased \$9.1 million) was mainly due to certain grant funds recording more than 12 months of activity as a result of the county moving grant funds from September 30 to December 31 as part of the 2023 audit. Health and welfare expense decreases were driven by the county's Community Action Agency's expenses dropping, which was caused mainly by the Emergency Rental Assistance federal program ending in fiscal year 2022.

The components of the county's governmental revenues and expenses are presented below:

Governmental Activities Revenues By Source



Governmental Activities Expenses By Function



Business-type activities. The net position of the county's business-type activities increased approximately \$54.1 million during the year. The increase in net position was mainly driven by the county's Community Mental Health agency, which experienced a gain of \$31.9 million for the year. The agency's gain was due to a combination of new grants and program reorganizations that led to increased lease expenses along with lower payroll expenses as a result of higher than typical position vacancies.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR GOVERNMENTAL FUNDS

Governmental funds. As previously mentioned, the focus of governmental funds is to provide information on near-term inflows, outflows, and remaining balances of spendable resources. Such information is useful in assessing the county's ability to meet its current financing requirements. The fund balance of governmental funds is segregated into one of five categories: nonspendable, restricted, committed, assigned and unassigned. Restricted fund balance represents that portion of the fund balance that may only be spent for specific restricted purposes and are not available for new spending. Examples of fund balance restrictions include amounts required to pay debt service, bond proceeds that may only be spent on projects for which the bonds were issued, and amounts required to meet long-term contractual commitments and encumbrances. Fund balance assignments are established to represent that portion of fund balance that is intended to be spent for certain purposes and differ from fund balance restrictions in that they can be redirected and used for new spending if necessary. Unassigned fund balance represents the portion of fund balance that is available at year-end for new spending.

The combined ending fund balances of all governmental funds were \$330 million at December 31, 2023, an increase of \$28.7 million over the prior year. The increase consists of a \$9.9 million increase in the General Fund, a \$5.8 million increase in the Roads Major Special Revenue Fund, a decrease of \$1.3 million in the Community Action Agency Fund, and a combined increase of \$14.3 million in the nonmajor governmental funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

General Fund – The General Fund is the primary operating fund of the county. All revenues and expenditures are recorded in the General Fund unless otherwise required by statute, contractual agreement or policy.

A year-to-year comparison of General Fund revenues by source and expenditures by function is presented below:

General Fund Revenue By Source and Expenditures By Function

			Increase (Decrease)	
	2022	2023	\$ Change	% Change
Revenues				
Property taxes	\$ 140,932,483	\$ 148,927,108	\$ 7,994,625	5.67%
Licenses and permits	1,682,489	2,398,519	716,030	42.56%
Federal and state grants	43,674,121	49,428,490	5,754,369	13.18%
Charges for services	40,041,050	37,526,767	(2,514,283)	-6.28%
Charges to other funds for				
administrative services	13,898,553	14,983,119	1,084,566	7.80%
Fines and forfeitures	661,031	783,822	122,791	18.58%
Interest and rents	7,381,479	15,242,134	7,860,655	106.49%
Other revenue	294,916	226,734	(68,182)	-23.12%
Subscription-based IT arrangements	-	2,424,160	2,424,160	100.00%
Transfers from other funds	8,000,000	8,298,879	298,879	3.74%
Total revenues	256,566,122	280,239,732	23,673,610	9.23%
Expenditures				
Current				
Legislative	1,657,838	1,844,294	186,456	11.25%
Judicial	31,316,194	34,959,265	3,643,071	11.63%
General government	48,329,763	53,723,750	5,393,987	11.16%
Public safety	73,536,677	81,075,630	7,538,953	10.25%
Public works	7,133,951	8,259,496	1,125,545	15.78%
Health and welfare	17,987,104	24,163,092	6,175,988	34.34%
Community and economic development	3,524,609	5,851,379	2,326,770	66.01%
Other / Non-departmental	2,903,046	3,256,438	353,392	12.17%
Capital outlay	2,685,166	3,618,275	933,109	34.75%
Debt service	-	1,248,630	1,248,630	100.00%
Transfers out	51,069,880	52,293,491	1,223,611	2.40%
Total expenditures	240,144,228	270,293,740	30,149,512	12.55%
Net change in fund balance	\$ 16,421,894	\$ 9,945,992	\$ (6,475,902)	-39.43%

Property tax revenue increased by \$8.0 million, or 5.7%, due to a robust housing market and increasing inflation in 2023, which led to increased taxable values and associated property tax revenue collections for the year.

Federal and state grants increased by \$5.8 million, or 13.1%, mainly due small increases in state shared revenues, liquor tax, and PPT reimbursements.

Interest and rents increased by \$7.9 million, or 106.5%, because of significantly higher interest rates on investments, such as certificates of deposits and treasury notes, as compared to 2022. The county also held significantly more cash than in 2022 as a result of positive operating results combined with proceeds received as a result of the national opioid settlements.

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Expenditures in the general fund increased \$30.1 million in 2023. For all departments, a combination of salary increases and a large drop in vacant positions (leading to increased payroll costs) led to across the board increases.

Most notably, expenditures increased by \$7.5 million for public safety, largely for these reasons. However, other factors contributed to the increase, specifically for the Sheriff's department. During 2023, the jail inmate population rose, and as the jail inmate population rose, the costs of operations for the jail, specifically jail medical and food services, increased. While many vacant positions were filled during 2023, overtime expenditures were still higher than budgeted, leading to the overall increase in expenditures.

Roads Special Revenue Fund – The Roads Special Revenue Fund is used to account for the activities at the Department of Roads. A year-to-year comparison of revenues by source and expenditures by function is presented on the following page:

Department of Roads Revenue By Source and Expenditures By Function

Revenues	2022	2023	Increase (Decrease)	
			\$ Change	% Change
Licenses and permits	\$ 1,126,848	\$ 1,070,421	\$ (56,427)	-5.01%
Federal and state grants	158,937,406	167,147,698	8,210,292	5.17%
Charges for services	36,517,921	47,515,116	10,997,195	30.11%
Interest and rents	586,666	5,383,312	4,796,646	817.61%
Other revenue	723,245	548,907	(174,338)	-24.10%
Total revenues	197,892,086	221,665,454	23,773,368	12.01%
Expenditures				
Current				
Public works	192,899,504	213,745,077	20,845,573	10.81%
Capital outlay	2,177,533	2,032,243	(145,290)	-6.67%
Debt service				
Principal	70,758	72,689	1,931	2.73%
Interest and fees	12,401	10,471	(1,930)	-15.56%
Total expenditures	195,160,196	215,860,480	20,700,284	10.61%
Net change in fund balance	\$ 2,731,890	\$ 5,804,974	\$ 3,073,084	112.49%

Revenues increased by \$23.8 million, or 12%, mainly as a result of increases in federal and state grants (increased \$8.2 million) and charges for services (increased \$11 million). This was the result of additional federal and state funding for various road projects throughout the county, as well as increases in local contributions for roads projects with cost sharing agreements. Finally, the \$20.7 million increase in expenditures was driven by increases in the cost of roads projects in 2023, which was in line with funding received from federal, state, and local sources.

Community Action Agency Special Revenue Fund – The Community Action Agency Special Revenue Fund is used to account for a wide array of services to residents of the county, including, but not limited to, the Emergency Rental Assistance program, Meals on Wheels, senior citizens nutrition, income tax preparation for the elderly, transportation services, home injury control, household weatherization improvements and Head Start.

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A year-to-year comparison of General Fund revenues by source and expenditures by function is presented below:

Community Action Agency Revenue By Source and Expenditures By Function

Revenues (1)	2022	2023	Increase (Decrease)	
			\$ Change	% Change
Federal and state grants	\$ 78,950,646	\$ 29,628,801	\$ (49,321,845)	-62.47%
Charges for services	4,433,915	5,123,206	689,291	15.55%
Interest and rents	-	74,063	74,063	100.00%
Other revenue	550,923	2,612,269	2,061,346	374.16%
Transfers in	3,916,855	6,873,788	2,956,933	75.49%
Total revenues	87,852,339	44,312,127	(43,540,212)	-49.56%
Expenditures (1)				
Current				
Health and welfare	86,861,318	45,141,151	(41,720,167)	-48.03%
Capital outlay	201,358	466,938	265,580	131.89%
Total expenditures	87,062,676	45,608,089	(41,454,587)	-47.61%
Net change in fund balance	\$ 789,663	\$ (1,295,962)	\$ (2,085,625)	-264.12%

(1) - 2022 amounts include Major and Non Major Funds previously reported separately that were combined in 2023.

Both revenues and expenditures significantly decreased in 2023 because of the drop off of the Emergency Rental Assistance program, which concluded in 2022.

American Rescue Plan Act Fund – The American Rescue Plan Act Capital Project Fund is used to account for the revenues and expenditures related to the county's use of its allocation of funding from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, a part of the American Rescue Plan. Under this program, governments are provided with resources needed to fight the pandemic and support families and businesses struggling with its public health and economic impacts, maintain vital public services, even amid declines in revenue resulting from the crisis, and build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity.

SLFRF funds may be spent to (1) replace lost public sector revenue, (2) respond to the far-reaching public health and negative economic impacts of the pandemic, (3) provide premium pay for essential workers, and (4) invest in water, sewer, and broadband infrastructure. Funds distributed under the program must be obligated by December 31, 2024 and expended by December 31, 2026.

Under this program, the county received \$84,879,408 in August 2021 and received a second tranche in August 2022 for an equal amount, for a total of \$169,758,815. A year-to-year comparison of Delinquent Tax Revolving Fund revenues and expenses is presented on the following page:

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American Rescue Plan Act Revenue By Source and Expenditures By Function

	2022	2023	Increase (Decrease)	
			\$ Change	% Change
Revenues				
Federal and state grants	\$ -	\$ 7,875,546	\$ 7,875,546	100.00%
Transfers in	-	1,826,771	1,826,771	100.00%
Total revenues	-	9,702,317	9,702,317	100.00%
Expenditures				
Current				
Public works	-	7,844,144	7,844,144	100.00%
Health and welfare	-	1,858,173	1,858,173	100.00%
Total expenditures	-	9,702,317	9,702,317	100.00%
Net change in fund balance	\$ -	\$ -	\$ -	0.00%

For 2023, the county incurred \$9,702,317 in expenditures, of which \$7,875,546 were eligible under the American Rescue Plan Act. The remaining \$1,826,771 was funded via a transfer in from the General Fund. Expenditures in 2023 ranged from planning engineering and architectural design to consulting fees for project planning. Additionally, qualified expenditures included the cost of certain wastewater projects performed by the county's public works department. There were no expenditures in the fund in 2022 as these activities commenced in 2023.

FINANCIAL ANALYSIS OF THE COUNTY'S NON-MAJOR GOVERNMENTAL FUNDS

The fund balances of the county's nonmajor governmental funds were approximately \$63.2 million at year-end, an increase of approximately \$14.2 million over the prior year. The increase consists of an increase of \$8.2 million in the special revenue funds, a decrease of \$12,663 in the debt service fund, and an increase of \$6 million in the capital projects funds.

While the objective of many of the special revenue funds is to break even on an annual basis or over the period of a multi-year grant, the small increases or decreases experienced in these funds are often the result of the timing of payments from grant agencies, such as the state or federal government. The capital project funds experienced an increase of \$6 million in 2023 because of planned funding of future capital projects, which resulted in an increase of \$5.5 million in the General County Capital Projects and an increase of \$0.5 in the Capital Improvement Fund. The fund balance of the debt service fund decreased by \$12,663 million, which was the result of a planned spend down in restricted fund balances related to drains debt.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR PROPRIETARY FUNDS

Delinquent Tax Revolving Fund – Virtually all of the local units of government in the county, including the county itself, levy their property taxes on July 1 of each year and unpaid taxes are considered delinquent March 1 of the following year. The county, through its Delinquent Tax Revolving Fund, purchases the delinquent taxes from the local units each year and thus becomes entitled to the interest and penalties on the delinquent balances. A year-to-year comparison of Delinquent Tax Revolving Fund revenues and expenses is presented below:

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Delinquent Tax Revolving Fund Revenue By Source and Expenditures By Function

	2022	2023	Increase (Decrease)	
			\$ Change	% Change
Revenues				
Charges for services	\$ 12,365,265	\$ 12,084,508	\$ (280,757)	-2.27%
Investment income	1,340,241	5,142,880	3,802,639	283.73%
Total revenues	13,705,506	17,227,388	3,521,882	25.70%
Expenses				
Wages and fringe benefits	549,653	559,914	10,261	1.87%
Contractual services	109,437	196,522	87,085	79.58%
Supplies and services	2,211,134	1,585,002	(626,132)	-28.32%
Transfers out	8,000,000	8,134,516	134,516	1.68%
Total expenditures	10,870,224	10,475,954	(394,270)	-3.63%
Change in net position	\$ 2,835,282	\$ 6,751,434	\$ 3,916,152	138.12%

Revenues increased by \$3.5 million, or 25.7% mainly as a result of a \$3.8 million increase in investment income. This was the result of significantly higher interest rates in 2023 as compared to 2022.

Expenses decreased by \$0.4 million, or 3.6%, mainly as a result of a drop in supplies and services related to foreclosure activities in the amount of \$0.6 million.

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Community Mental Health – The Community Mental Health Department delivers a variety of services to residents and their families throughout the county.

A year-to-year comparison of Community Mental Health revenues and expenses is presented below.

Community Mental Health Fund Revenue By Source and Expenditures By Function

	2022	2023	Increase (Decrease)	
			\$ Change	% Change
Revenues				
Federal and state grants	\$ 8,563,328	\$ 9,131,389	\$ 568,061	6.63%
Charges for services	274,876,515	285,105,843	10,229,328	3.72%
Other	22,499	280,376	257,877	1146.17%
Investment income	814,510	7,042,656	6,228,146	764.65%
Transfers in	7,003,839	7,508,685	504,846	7.21%
Total revenues	291,280,691	309,068,949	17,788,258	6.11%
Expenses				
Wages and fringe benefits	14,157,198	29,197,822	15,040,624	106.24%
Contractual services	223,716,327	239,021,429	15,305,102	6.84%
Utilities	143,435	206,523	63,088	43.98%
Repairs and maintenance	161,146	118,083	(43,063)	-26.72%
Supplies and services	9,518,089	7,471,609	(2,046,480)	-21.50%
Depreciation	119,759	1,114,872	995,113	830.93%
Total expenditures	247,815,954	277,130,338	29,314,384	11.83%
Change in net position	\$ 43,464,737	\$ 31,938,611	\$ (11,526,126)	-26.52%

Community Mental Health is funded primarily by Medicare and Medicaid. Revenues increased by \$17.8 million as a result of additional charges for services, which occurred as a result of increased services as well as the rates charged for those services. Expenses increased by \$29.3 million, which was the result of large increases in wages and fringe benefits as well as contractual services, both of which increased approximately \$15 million each.

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Freedom Hill Park – The Freedom Hill Park serves as a recreational facility for use by all county residents and is used as a concert and festival venue. A year-to-year comparison of Freedom Hill Park revenues is presented below.

Freedom Hill Park Fund Revenue By Source and Expenditures By Function

	2022	2023	Increase (Decrease)	
			\$ Change	% Change
Revenues				
Charges for services	\$ 315,232	\$ 298,096	\$ (17,136)	-5.44%
Other	900	-	(900)	-100.00%
Investment income	76	-	(76)	100.00%
Transfers in	86,000	86,000	-	0.00%
Total revenues	402,208	384,096	(18,112)	-4.50%
Expenses				
Wages and fringe benefits	83,925	106,367	22,442	26.74%
Utilities	119,281	93,786	(25,495)	-21.37%
Repairs and maintenance	137,003	54,559	(82,444)	-60.18%
Supplies and services	117,218	165,339	48,121	41.05%
Depreciation	133,080	118,793	(14,287)	-10.74%
Total expenditures	590,507	538,844	(51,663)	-8.75%
Change in net position	\$ (188,299)	\$ (154,748)	\$ 33,551	-17.82%

Total revenue decreased by \$18,112, or 4.5%. The decrease was mainly as a result of decreased charges for services due to decreased activities at the facility.

Expenses decreased by \$51,663, or 8.8%. The largest decrease in expenses was repairs and maintenance, which decreased \$82,444 in 2023. This was due to the facility's repairs performed in 2022, which led to a drop in these activities in 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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GENERAL FUND BUGETARY HIGHLIGHTS

The budget for the General Fund has historically been adopted by the Board of Commissioners in December of the prior year but may be adopted earlier if so desired. It may be amended from time to time throughout the year to reflect changing operational circumstances. A comparison of budgeted and actual revenues is presented below:

General Fund Revenues - Budgetary Comparison Schedule

	Original Budget	Final Amended Budget	Actual	Variance, Favorable (Unfavorable)	
				\$ Difference	% Difference
Revenues					
Property taxes	\$ 149,533,500	\$ 150,884,900	\$ 148,927,108	\$ (1,957,792)	-1.30%
Licenses and permits	2,095,200	2,095,200	2,398,519	303,319	14.48%
Federal and state grants	44,267,100	47,741,774	49,428,490	1,686,716	3.53%
Charges for services	39,892,600	39,724,218	37,526,767	(2,197,451)	-5.53%
Charges to other funds for administrative services	16,130,400	16,229,230	14,983,119	(1,246,111)	-7.68%
Fines and forfeitures	493,500	493,500	783,822	290,322	58.83%
Interest and rents	8,213,400	10,483,400	15,242,134	4,758,734	45.39%
Other revenue	24,500	24,500	226,734	202,234	825.44%
Transfers in	8,000,000	8,000,000	8,298,879	298,879	3.74%
Total revenues	\$ 268,650,200	\$ 275,676,722	\$ 277,815,572	\$ 2,138,850	0.78%

Overall, General Fund revenues had a favorable variance of \$2.1 million, or 0.8 percent, in 2023. This was the result of a favorable \$4.8 million variance in interest and rents, as well as unfavorable variances in property taxes (\$2 million) and charges for services (\$2.2 million).

While the county significantly increased its budget for interest revenue in the 2023 budget, the combination of rising rates and additional capital to invest as compared to 2022 led to a significant favorable variance between actual revenues collected and the final amended budget in the amount of \$4.8 million.

Property tax collections were strong in 2023, but lower than 2022, as a result of more collections than expected being collected greater than 60 days following the end of 2023. As a result, these collections were recorded as deferred inflows in 2023, and will be recognized as revenue in the county's 2024 financial statements. However, for 2023, property taxes had an unfavorable variance between actual collections recognized in 2023 and the final 2023 amended budget of \$2 million.

Charges for services experienced an unfavorable variance between actual collections and the final amended budget of \$2.2 million, mainly as the result of lower than expected collections related to accounting services, jail substance abuse chargebacks and Sheriff road patrol contracts, portions of which are offset by lower than expected expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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A comparison of budgeted and actual expenditures is presented below and on the following pages.

General Fund Expenditures - Budgetary Comparison Schedule

	Original Budget	Final Amended Budget	Actual	\$ Unused	% Utilized
Expenditures					
Current					
Legislative					
Board of commissioners	\$ 1,898,900	\$ 1,784,100	\$ 1,844,294	\$ (60,194)	103.37%
Judicial					
Circuit court	9,287,700	8,960,700	8,627,269	333,431	96.28%
District court - 3rd class - witness fees	19,000	19,000	6,516	12,484	34.29%
District court - New Baltimore	1,608,800	1,549,300	1,469,295	80,005	94.84%
District court - Romeo	1,428,300	1,373,950	1,303,871	70,079	94.90%
Family counseling	82,800	79,500	52,627	26,873	66.20%
Family court - Juvenile division	6,492,500	6,278,900	6,473,434	(194,534)	103.10%
Jury commission	24,211	189,911	55,695	134,216	29.33%
Law library	9,000	9,000	8,792	208	97.69%
Probate court	4,071,900	3,948,200	3,882,811	65,389	98.34%
Probation - Circuit court	43,600	43,600	33,830	9,770	77.53%
Prosecuting attorney	13,514,900	13,057,314	13,045,125	12,189	99.91%
Total judicial	36,582,711	35,509,375	34,959,265	550,110	98.45%
General government					
Building authority	500	500	280	220	56.00%
County clerk	6,351,015	6,113,615	5,625,649	487,966	92.02%
County executive	2,187,200	2,115,800	1,989,694	126,106	94.04%
Corporation counsel	1,406,500	1,411,900	1,518,417	(106,517)	107.54%
Elections	387,100	374,500	373,934	566	99.85%
Ethics board	3,800	3,800	521	3,279	13.71%
Equalization	1,191,600	1,146,000	1,132,143	13,857	98.79%
Facilities and operations	20,092,900	19,593,136	18,935,627	657,509	96.64%
Finance	3,245,900	3,062,600	2,928,536	134,064	95.62%
Human resources	3,427,400	3,401,900	3,205,773	196,127	94.23%
Information technology	12,081,344	11,904,626	14,261,665	(2,357,039)	119.80%
Purchasing	1,475,200	1,415,691	1,106,338	309,353	78.15%
Treasurer	2,730,400	2,628,500	2,645,173	(16,673)	100.63%
Total general government	54,580,859	53,172,568	53,723,750	(551,182)	101.04%
Public safety					
Civil service commission	44,000	113,150	99,167	13,983	87.64%
Emergency management	1,747,800	1,681,700	1,668,740	12,960	99.23%
Sheriff department	77,314,900	77,064,163	79,307,723	(2,243,560)	102.91%
Total public safety	79,106,700	78,859,013	81,075,630	(2,216,617)	102.81%

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General Fund Expenditures - Budgetary Comparison Schedule (concluded)

	Original Budget	Final Amended Budget	Actual	\$ Unused	% Utilized
Expenditures (concluded)					
Current (concluded)					
Public works	\$ 8,018,700	\$ 7,712,500	\$ 8,259,496	\$ (546,996)	107.09%
Health and welfare					
Animal shelter	2,330,500	2,264,600	2,245,523	19,077	99.16%
Health & community services	876,000	838,250	452,564	385,686	53.99%
Health department	21,713,300	21,201,246	20,398,822	802,424	96.22%
MSU extension	1,032,100	1,014,900	1,003,720	11,180	98.90%
Social services	59,500	59,500	62,463	(2,963)	104.98%
Total health and welfare	26,011,400	25,378,496	24,163,092	1,215,404	95.21%
Community and economic development					
Planning and economic development	4,264,200	4,213,454	4,019,202	194,252	95.39%
Register of deeds	2,080,200	1,999,500	1,832,177	167,323	91.63%
Total community and economic development	6,344,400	6,212,954	5,851,379	361,575	94.18%
Other current operations					
Non-departmental appropriations	3,620,185	3,270,225	3,256,438	13,787	99.58%
Vacant position turnover factor	(3,790,000)	-	-	-	0.00%
Total other current operations	(169,815)	3,270,225	3,256,438	13,787	99.58%
Capital outlay	9,825,605	6,623,983	3,618,275	3,005,708	54.62%
Debt service					
Principal	1,179,465	1,179,465	1,179,465	-	100.00%
Interest	69,165	69,165	69,165	-	100.00%
Total debt service	1,248,630	1,248,630	1,248,630	-	100.00%
Transfers out	45,162,200	56,917,074	52,293,491	4,623,583	91.88%
Total expenditures	\$ 268,610,290	\$ 276,688,918	\$ 270,293,740	\$ 6,395,178	97.69%

The total budget for the General Fund was increased by \$8.1 million during the year, and the fund experienced a \$6.4 million favorable variance between the final amended budget (\$276.7 million) and actual expenditures (\$270.3 million).

Budget amendments spreading the \$3.8 million vacant position turnover factor had a small impact on most department budgets.

Capital outlay experienced a favorable variance of \$3.0 million as a result of fewer capital projects than expected being started in 2023.

Transfers out experienced a favorable variance of \$4.6 million as a result of budgeted transfers to cover certain grant activities in special revenue funds as well as certain capital project funding not being needed for 2023.

The sheriff department experienced an unfavorable expenditure variance of \$2.2 million primarily as a result of overtime expenses.

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The information technology department experienced an unfavorable variance of \$2.4 million as a result of the implementation of Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), which required the county to account for newly implemented SBITAs in 2023 as an increase to other financing sources, while also increasing expenditures in the information technology department. The impact of the new SBITAs in 2023 was \$2,424,160.

GENERAL FUND BUDGET PERFORMANCE

The county's administration benchmarks budget performance with the following goals. For revenues, the county seeks final collections of revenues to be within five percent of the final amended revenue budget. For expenditures, the county seeks final utilization of the expenditure budget to be equal to or no less than 95 percent of the final amended expenditure budget, excluding capital outlay and related transfers out. General Fund budgetary performance was strong in 2023, with revenues and expenditures within desired county benchmarks.

When evaluating expenditure budget performance of the General Fund, it is necessary to exclude capital outlay and related transfers out as these line items vary significantly from the budget depending on the status of capital projects being funded from these budgets. Since 2019, the county has funded the entire capital project in the year the project is approved by the Board of Commissioners. Prior to 2019, transfers from the General Fund to the Capital Project funds were requested as work was completed and invoices came due. Both methods have historically created large variances between budgeted expenditures in capital outlay and transfers out as compared to actual expenditures, which has been driven historically by the timing of projects, and the availability of contractors to perform the projects, which can delay the start date and the progress of the capital projects.

Based on county administration benchmarks and expenditure definitions described above, the county has achieved its budget performance goals in each of the past eight years for revenues and in five out of the past eight years for expenditures.

Excluding capital outlay and capital-related transfers out, the General Fund experienced total expenditures that were \$7.4 million less than the final amended General Fund Budget. This represented total budget utilization of 97.15%. The General Fund experienced total revenue collections, excluding transfers in, that were \$1.8 million more than the final amended General Fund Budget. This represented a total collection of budgeted revenues equal to 100.69%.

Below is a chart showing the budget performance of the General Fund since 2015, measured by utilization of budgeted expenditures (less capital outlay and related transfers out) and collection of budgeted revenues.

General Fund Budget Performance, 2015 - 2023

Year	Collection of Budgeted Revenues	Utilization of Budgeted Expenditures
2023	100.69%	97.15%
2022	102.61%	96.71%
2021	102.64%	94.88%
2020	97.32%	94.87%
2019	100.11%	98.28%
2018	102.48%	99.93%
2017	103.48%	98.64%
2016	102.67%	98.24%
2015	100.00%	92.04%

Finally, General Fund revenues exceeded expenditures by \$9.9 million for the year ended December 31, 2023, and actual expenditures, when including capital outlay and related transfers out, were \$7.4 million less than final budgeted expenditures. Unassigned fund balance was \$116.9 million or 53.6% of 2023 General Fund expenditures.

Macomb County, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The county categorizes its capital assets as follows: land, land improvements, buildings and improvements, machinery, equipment and vehicles, infrastructure, and construction in progress. At year-end, the county's investment in capital assets, net of accumulated depreciation, was \$1.3 billion for governmental activities and \$5.5 million for business-type activities as shown below:

Macomb County Capital Assets Summary Schedule
(reported net of accumulated depreciation)

	Governmental Activities (1)		Business-type Activities (1)		Totals	
	2022	2023	2022	2023	2022	2023
Land	\$ 206,763,487	\$ 208,241,267	\$ 50,000	\$ 50,000	\$ 206,813,487	\$ 208,291,267
Land improvements	3,586,354	3,104,917	248,712	226,049	3,835,066	3,330,966
Buildings and improvements	197,930,791	196,063,189	815,855	732,693	198,746,646	196,795,882
Machinery, equipment and vehicles	22,988,877	21,013,650	64,990	358,956	23,053,867	21,372,606
Infrastructure	754,874,551	877,151,229	-	-	754,874,551	877,151,229
Leased buildings	157,834	173,502	3,158,448	4,123,247	3,316,282	4,296,749
Leased equipment	-	-	81,748	30,117	81,748	30,117
Subscription-based IT arrangements	1,581,637	11,429,362	-	-	1,581,637	11,429,362
Construction in progress	17,515,146	24,702,011	-	-	17,515,146	24,702,011
Development in progress	1,634,419	-	-	-	1,634,419	-
Total assets	\$ 1,207,033,096	\$ 1,341,879,127	\$ 4,419,753	\$ 5,521,062	\$ 1,211,452,849	\$ 1,347,400,189

(1) 2022 as restated, see Note 5 - Capital Assets

Additional information regarding the county's capital assets can be found in Note 5 to the basic financial statements.

Long-term debt. The county's total long-term debt was \$210.5 million at December 31, 2023. All outstanding obligations are backed by the full faith and credit of the county. The components of the total liability are presented below.

Macomb County Long-Term Debt - Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Total bonded debt and loans					
Governmental activities	\$ 192,500,103	\$ -	\$ 13,743,088	\$ 178,757,015	\$ 14,155,670
Business-type activities	33,950,865	-	2,209,601	31,741,264	2,269,002
Total bonded debt and loans	\$ 226,450,968	\$ -	\$ 15,952,689	\$ 210,498,279	\$ 16,424,672

The general obligation bonds of the county are rated **AA+** by Standard & Poor's and **Aa1** by Moody's Investor Services. State statute limits the total amount of general obligation debt of the county to 10% of the assessed value of all property in the county. Assessed value is generally 50% of true market value. Management, however, believes that the taxable value of all property in the county is a more practical and conservative base on which to base the calculation of the county's debt limit. The taxable value of all property in the county as of December 31, 2023 was \$35.2 billion. After adjustments as shown on page E-16, the county's debt limitation was \$3.4 billion at year-end. The county's outstanding debt of \$471.1 million at year end, of which \$210.4 million was subject to the debt limit, was well below the limit based on either assessed or taxable value.

Additional information regarding the long-term obligations of the county may be found in Note 6 to the basic financial statements.

Macomb County, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered when developing the 2024 budget:

Property values were projected to increase 6% in 2024.

Wage cost increases, as an average across the county, of approximately 6% were factored into the 2024 budget.

Health care costs are anticipated to increase 4% for employees and 8% for retirees in 2024.

Market interest rates in 2024 are expected to stay at 2023 levels.

CONTACTING THE COUNTY FINANCE DEPARTMENT

This financial report is designed to provide citizens, taxpayers, investors, creditors, and others with a general overview of the finances of the county. Questions concerning any information contained in this report or requests for additional information should be addressed to the attention of the Finance Director at the following address: Macomb County Finance Department, 120 North Main Street, 2nd Floor, Mount Clemens, Michigan 48043. Requests can also be made by phone at 586-469-5250.

Macomb County, Michigan

STATEMENT OF NET POSITION

December 31, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and pooled investments	\$ 517,258,948	\$ 377,869,920	\$ 895,128,868	\$ 88,717,620
Restricted cash	-	-	-	1,762,445
Investments, at fair value	213,385,117	50,052,708	263,437,825	-
Receivables	-	-	-	-
Property taxes, net	13,722,513	25,173,051	38,895,564	-
Accrued interest	4,954,084	2,438,234	7,392,318	-
Trade accounts and leases, net	61,347,501	7,772,203	69,119,704	30,884,636
Special assessments	-	-	-	260,579,174
Inventories	5,044,890	-	5,044,890	-
Due from other governments	68,928,732	8,938,034	77,866,766	3,572,633
Due from component units	13,820,538	-	13,820,538	-
Internal balances	6,347,654	(1,038,521)	5,309,133	-
Due from fiduciary funds	20,474,111	-	20,474,111	-
Other assets	8,954,469	1,599,181	10,553,650	1,988,837
Net pension asset	-	-	-	1,607,165
Net other post-employment benefits asset	33,226,119	-	33,226,119	-
Capital assets, net	-	-	-	-
Capital assets not being depreciated	232,943,278	50,000	232,993,278	73,007,639
Other capital assets	1,108,935,849	5,471,062	1,114,406,911	331,492,980
TOTAL ASSETS	2,309,343,803	478,325,872	2,787,669,675	793,613,129
DEFERRED OUTFLOWS OF RESOURCES				
Related to asset retirement obligations	425,395	-	425,395	-
Related to pension	71,683,221	16,218,791	87,902,012	2,001,775
Related to other post-employment benefits	37,486,939	6,566,821	44,053,760	1,913,579
Related to refunded debt	15,862,262	3,248,897	19,111,159	546,543
TOTAL DEFERRED OUTFLOWS OF RESOURCES	125,437,817	26,034,509	151,472,326	4,461,897
LIABILITIES				
Accounts payable and accrued liabilities	87,897,684	24,074,094	111,971,778	20,606,916
Accrued wages payable	4,599,062	979,770	5,578,832	688,680
Accrued interest payable	766,764	149,359	916,123	3,333,309
Due to other governments	6,705,064	121,749,754	128,454,818	2,869,534
Unearned revenue	167,222,053	20,699,450	187,921,503	3,000,000
Long-term liabilities	-	-	-	-
Due within one year	22,492,040	3,576,848	26,068,888	22,228,163
Due in more than one year	191,128,308	34,009,053	225,137,361	284,829,882
Asset retirement obligations	1,000,000	-	1,000,000	-
Net pension liability	6,117,883	375,734	6,493,617	-
Net other post-employment benefits liability	1,874,014	383,834	2,257,848	109,567
TOTAL LIABILITIES	489,802,872	205,997,896	695,800,768	337,666,051
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	2,262,554	-	2,262,554	-
Lease activities	1,660,754	-	1,660,754	230,553
Related to pension	1,781,959	403,292	2,185,251	69,187
Related to other post-employment benefits	61,348,157	11,697,764	73,045,921	3,408,742
TOTAL DEFERRED INFLOWS OF RESOURCES	67,053,424	12,101,056	79,154,480	3,708,482
NET POSITION				
Net investment in capital assets	1,310,402,638	1,276,378	1,311,679,016	208,538,419
Restricted for:				
Capital projects	149,483,338	-	149,483,338	32,901,564
Debt service	88,789	-	88,789	165,320,345
General government	2,283,493	-	2,283,493	-
Health and welfare	66,023,710	-	66,023,710	-
Planning and economic development	3,088,772	-	3,088,772	-
Judicial	1,137,143	-	1,137,143	-
Housing rehabilitation loans	8,094,334	-	8,094,334	-
Mental health and substance abuse	-	130,617,642	130,617,642	-
Public safety	11,686,560	-	11,686,560	-
Public works	-	-	-	55,959,317
Department of Roads liability insurance	5,890,907	-	5,890,907	-
Pensions	-	-	-	1,607,165
Recreation and culture	432,771	-	432,771	-
Unrestricted (deficit)	319,312,869	154,367,409	473,680,278	(7,626,317)
TOTAL NET POSITION	\$ 1,877,925,324	\$ 286,261,429	\$ 2,164,186,753	\$ 456,700,493

See accompanying notes to the financial statements.

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Macomb County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Functions / Programs					
Primary government					
Governmental activities					
Legislative	\$ 1,819,917	\$ 32,000	\$ -	\$ -	\$ (1,787,917)
Judicial	64,155,924	5,811,586	34,303,800	-	(24,040,538)
General government	48,648,160	2,404,886	33,575	12,527,162	(33,682,537)
Public safety	102,437,674	26,783,781	9,466,828	5,349,280	(60,837,785)
Public works	103,736,144	53,660,630	-	175,023,244	124,947,730
Health and welfare	123,276,214	21,654,662	74,516,743	-	(27,104,809)
Community and economic development	7,934,972	9,436,630	1,446,758	-	2,948,416
Recreation and culture	295,601	51,179	-	-	(244,422)
Interest and fees on long-term debt	5,009,797	-	-	-	(5,009,797)
Total governmental activities	457,314,403	119,835,354	119,767,704	192,899,686	(24,811,659)
Business-type activities					
Delinquent tax collections	2,341,438	12,084,508	-	-	9,743,070
Community mental health	281,913,877	288,430,436	9,131,389	-	15,647,948
Freedom hill park	547,464	303,891	-	-	(243,573)
Interest and fees on long-term debt	819,498	-	-	-	(819,498)
Total business-type activities	285,622,277	300,818,835	9,131,389	-	24,327,947
Total primary government	\$ 742,936,680	\$ 420,654,189	\$ 128,899,093	\$ 192,899,686	\$ (483,712)
Component units					
Drainage districts	\$ 89,343,339	\$ 87,029,493	\$ -	\$ 42,550,407	\$ 40,236,561
Martha T. Berry medical care facility	35,294,261	37,766,393	1,116,654	-	3,588,786
Workforce development board	21,390,610	173,550	21,546,315	-	329,255
Total component units	\$ 146,028,210	\$ 124,969,436	\$ 22,662,969	\$ 42,550,407	\$ 44,154,602
		Governmental Activities	Business-Type Activities	Total	Component Units
Changes in net position					
Net (expense) revenue from above		\$ (24,811,659)	\$ 24,327,947	\$ (483,712)	\$ 44,154,602
General revenues					
Property taxes		155,599,624	-	155,599,624	-
Intergovernmental revenues - unrestricted		39,416,519	-	39,416,519	-
Investment earnings		108,557,397	30,265,651	138,823,048	17,582,730
Transfers - internal activities		8,008,881	(539,831)	7,469,050	-
Total general revenues and transfers		311,582,421	29,725,820	341,308,241	17,582,730
CHANGE IN NET POSITION		286,770,762	54,053,767	340,824,529	61,737,332
Net position, beginning of year (1)		1,591,154,562	232,207,662	1,823,362,224	394,963,161
Net position, end of year		\$ 1,877,925,324	\$ 286,261,429	\$ 2,164,186,753	\$ 456,700,493

(1) - As restated. See Notes to the Basic Financial Statements, Note 23.

See accompanying notes to the financial statements.

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Macomb County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2023

	Major Governmental Funds					
	Special Revenue Funds			Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road Fund (1)	Community Action Agency	American Rescue Plan Act		
ASSETS						
Cash and pooled investments	\$ 64,066,091	\$ 166,897,237	\$ -	\$ 164,201,606	\$ 75,530,774	\$ 470,695,708
Receivables						
Property taxes, net	11,560,244	-	-	-	2,162,269	13,722,513
Accrued interest	2,701,859	-	-	-	-	4,823,600
Trade accounts and leases, net	4,729,261	5,336,311	8,094,334	-	41,331,118	59,491,024
Inventories	-	4,830,181	-	-	-	4,830,181
Due from other governments	23,735,720	24,190,042	6,210,636	-	14,772,334	68,908,732
Due from governmental funds	11,912,833	-	-	-	-	11,912,833
Due from proprietary funds	21,840,189	-	-	-	-	21,840,189
Due from component units	2,194,800	-	-	-	-	2,194,800
Due from fiduciary funds	20,474,111	-	-	-	-	20,474,111
Other assets	3,521,092	1,074,583	197,582	-	1,221,870	6,015,127
TOTAL ASSETS	\$ 166,736,200	\$ 204,450,095	\$ 14,502,552	\$ 164,201,606	\$ 135,018,365	\$ 684,908,818
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 7,071,120	\$ 67,719,799	\$ 1,395,308	\$ 2,318,337	\$ 4,226,689	\$ 82,731,253
Accrued liabilities	1,323,520	-	-	-	187,076	1,510,596
Accrued compensation and benefits	2,550,814	929,040	241,840	-	877,368	4,599,062
Due to other governments	446,351	-	2,487	-	6,256,226	6,705,064
Due to governmental funds	-	-	1,067,537	-	6,685,120	7,752,657
Due to proprietary funds	11,685,396	-	-	-	-	11,685,396
Accrued workers compensation claims	-	33,222	-	-	-	33,222
Unearned revenue	89,639	-	150,722	161,883,269	5,098,423	167,222,053
TOTAL LIABILITIES	23,166,840	68,682,061	2,857,894	164,201,606	23,330,902	282,239,303
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied in advance	-	-	-	-	2,262,554	2,262,554
Lease activities	1,045,391	-	-	-	615,363	1,660,754
Unavailable property taxes	9,308,832	-	-	-	-	9,308,832
Unavailable grants and other charges	10,576,576	1,470,818	1,998,197	-	45,614,445	59,660,036
TOTAL DEFERRED INFLOWS OF RESOURCES	20,930,799	1,470,818	1,998,197	-	48,492,362	72,892,176
FUND BALANCES						
Nonspendable	5,715,892	5,904,764	197,582	-	1,221,870	13,040,108
Restricted	-	128,392,452	11,559,591	-	47,745,321	187,697,364
Assigned	-	-	-	-	16,045,465	16,045,465
Unassigned	116,922,669	-	(2,110,712)	-	(1,817,555)	112,994,402
TOTAL FUND BALANCES	122,638,561	134,297,216	9,646,461	-	63,195,101	329,777,339
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 166,736,200	\$ 204,450,095	\$ 14,502,552	\$ 164,201,606	\$ 135,018,365	\$ 684,908,818

(1) - Balance Sheet as of September 30, 2023

See accompanying notes to the financial statements.

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Macomb County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2023

Total fund balances for governmental funds \$ 329,777,339

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.

Capital assets		
Land	\$ 208,241,267	
Land improvements	11,656,964	
Buildings and improvements	398,277,977	
Machinery, equipment, and vehicles	113,298,656	
Infrastructure	1,878,529,672	
Leased buildings	316,119	
Subscription-based IT arrangements	14,620,895	
Construction in progress	24,702,011	
Accumulated depreciation and amortization	(1,308,367,935)	

Capital assets, net of accumulated depreciation and amortization 1,341,275,626

Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation, certain benefit-related debt service, and central inventory to individual governmental funds and business-type units. The assets and liabilities of the internal service funds that pertain to governmental funds are included in the governmental activities in the government-wide statement of net position.

74,108,605

Receivables not available to pay for current year expenditures are not recognized as revenue in the governmental funds but are recognized as revenue in the statement of net position.

68,968,868

Certain changes in pension plan net position are reported as deferred outflows and deferred inflows in the statement of net position, while reported as expenditures and revenues in the governmental funds.

Deferred inflows related to pension (1,781,959)
Deferred outflows related to pension 71,663,221

Certain changes in net position related to asset retirement obligations are reported as deferred outflows in the statement of net position, but not reported within the governmental funds

425,395

Net pension liability is not due and payable in the current year and is not reported in the governmental funds.

(6,117,883)

Certain changes in the Department of Roads' OPEB plan net position are reported as deferred outflows and deferred inflows in the statement of net position, while reported as expenditures and revenues in the governmental funds.

Deferred inflows related to other post-employment benefits (4,235,544)
Deferred outflows related to other post-employment benefits 5,425,404

Net OPEB asset is not available in the current period and is not reported in the governmental funds.

33,226,119

Asset retirement obligations are not due and payable in the current year and are not reported in the governmental funds.

(1,000,000)

Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the governmental funds. However, bonded debt is recorded as long-term liabilities in the government-wide statement of net position.

(31,476,489)

Accrued interest payable on long-term debt at year-end is not recorded in the governmental funds, but is recorded as a liability in the statement of net position.

(150,043)

Accrued compensated absences not funded at year-end are not recorded in the governmental funds, but are recorded as a liability in the statement of net position.

(2,183,335)

Net position of governmental activities **\$ 1,877,925,324**

See accompanying notes to the financial statements.

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Macomb County, Michigan

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

Year Ended December 31, 2023

	Major Governmental Funds					
	General Fund	Special Revenue Funds		Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Road Fund (1)	Community Action Agency	American Rescue Plan Act		
REVENUES						
Property taxes	\$ 148,927,108	\$ -	\$ -	\$ -	\$ 2,193,289	\$ 151,120,397
Licenses and permits	2,398,519	1,070,421	-	-	490,353	3,959,293
Federal and state grants	49,428,490	167,147,698	29,628,801	7,875,546	71,027,716	325,108,251
Other grants	-	-	-	-	265,469	265,469
Charges for services	37,526,767	47,515,116	5,123,206	-	18,583,039	108,748,128
Charges to other funds for administrative services	14,983,119	-	-	-	-	14,983,119
Fines and forfeitures	783,822	-	-	-	228,990	1,012,812
Interest and rents	15,242,134	5,383,312	74,063	-	210,547	20,910,056
Other revenue	226,734	548,907	2,612,269	-	6,459,601	9,847,511
TOTAL REVENUES	269,516,693	221,665,454	37,438,339	7,875,546	99,459,004	635,955,036
EXPENDITURES						
Current						
Legislative	1,844,294	-	-	-	-	1,844,294
Judicial	34,959,265	-	-	-	29,891,739	64,851,004
General government	53,723,750	-	-	-	340,228	54,063,978
Public safety	81,075,630	-	-	-	17,179,618	98,255,248
Public works	8,259,496	213,745,077	-	7,844,144	12,663	229,861,380
Health and welfare	24,163,092	-	45,141,151	1,858,173	50,959,854	122,122,270
Community and economic development	5,851,379	-	-	-	1,951,098	7,802,477
Recreational and cultural	-	-	-	-	102,890	102,890
Other	3,256,438	-	-	-	-	3,256,438
Capital outlay	3,618,275	2,032,243	466,938	-	28,775,976	34,893,432
Debt service						
Principal	1,179,465	72,689	-	-	3,095,285	4,347,439
Interest and fees	69,165	10,471	-	-	867,717	947,353
TOTAL EXPENDITURES	218,000,249	215,860,480	45,608,089	9,702,317	133,177,068	622,348,203
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	51,516,444	5,804,974	(8,169,750)	(1,826,771)	(33,718,064)	13,606,833
OTHER FINANCING SOURCES (USES)						
Subscription-based IT arrangements	2,424,160	-	-	-	5,033,693	7,457,853
Transfers in	8,298,879	-	6,873,788	1,826,771	43,394,254	60,393,692
Transfers out	(52,293,491)	-	-	-	(490,555)	(52,784,046)
TOTAL OTHER FINANCING SOURCES (USES)	(41,570,452)	-	6,873,788	1,826,771	47,937,392	15,067,499
NET CHANGE IN FUND BALANCES	9,945,992	5,804,974	(1,295,962)	-	14,219,328	28,674,332
Fund balances, beginning of year (2)	112,692,569	128,492,242	10,942,423	-	48,975,773	301,103,007
Fund balances, end of year	<u>\$ 122,638,561</u>	<u>\$ 134,297,216</u>	<u>\$ 9,646,461</u>	<u>\$ -</u>	<u>\$ 63,195,101</u>	<u>\$ 329,777,339</u>

(1) - Year ended September 30, 2023

(2) - As restated. See Notes to the Basic Financial Statements, Note 23.

See accompanying notes to the financial statements.

Macomb County, Michigan

RECONCILIATION OF THE CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

Net change in fund balances - total governmental funds **\$ 28,674,332**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.

Expenditures for capital assets	\$ 206,012,056
Current year depreciation expense	(70,760,168)
Net book value of assets disposed	<u>(233,565)</u>

Revenues in the statement of activities that do not provide current financial resources are not recorded in the funds. In the current period these amounts consist of changes in unavailable resources. 135,018,323

Repayment of debt principal is recorded as an expenditure in the governmental funds, but is recorded as a reduction of long-term liabilities in the statement of net position. 26,631,185

The proceeds recognized as a result of entering contracts for subscription-based IT arrangements are recorded as revenue in the governmental funds, but are recorded as increases in long-term liabilities in the statement of net position. 2,931,958

Net pension asset and deferred inflows and outflows related to pension are reported in the statement of activities at the time it is earned or incurred, but not in the governmental funds until paid. (6,053,103)

Net OPEB liability and deferred inflows and outflows related to the Department of Roads' OPEB plan are reported in the statement of activities at the time it is earned or incurred, but not in the governmental funds until paid. 14,668,524

Asset retirement obligations and deferred outflows related to those obligations are reported in the statement of activities at the time they are earned or incurred, but not in the governmental funds until paid. 8,834,086

Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation, certain benefit-related debt service, and central inventory to individual governmental funds and business-type units. The net income (loss) in those funds that is attributable to governmental funds is excluded from the statement of activities. (114,921)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in compensated absences	(349,165)
Decrease in workers' compensation claims	12,285
Decrease in accrued interest payable	<u>10,592</u>

Change in net position of governmental activities **\$ 286,770,762**

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2023

	Major Business-Type Activities - Enterprise Funds		Nonmajor Enterprise Fund	Enterprise Fund Totals	Internal Service Funds
	Delinquent Tax Revolving	Community Mental Health (1)	Freedom Hill Park		
ASSETS					
Current Assets					
Cash and pooled investments	\$ 120,793,685	\$ 257,548,578	\$ 204,278	\$ 378,546,541	\$ 45,886,619
Investments, at fair value	-	-	-	-	263,437,825
Receivables					
Property taxes, net	25,173,051	-	-	25,173,051	-
Accrued interest	2,268,356	143,152	-	2,411,508	157,210
Trade accounts, net	4,923,527	2,447,549	69,562	7,440,638	2,188,042
Inventories	-	-	-	-	214,709
Due from other governments	-	8,938,034	-	8,938,034	20,000
Due from component unit	-	-	-	-	11,625,738
Due from governmental funds	-	10,760,523	-	10,760,523	2,073,830
Other assets	10,000	1,589,181	-	1,599,181	2,939,342
Total current assets	153,168,619	281,427,017	273,840	434,869,476	328,543,315
Noncurrent assets					
Capital assets, net					
Capital assets not being depreciated	-	-	50,000	50,000	-
Other capital assets	-	4,410,675	1,060,387	5,471,062	603,501
Total noncurrent assets	-	4,410,675	1,110,387	5,521,062	603,501
TOTAL ASSETS	153,168,619	285,837,692	1,384,227	440,390,538	329,146,816
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension	-	16,218,791	-	16,218,791	-
Related to other post-employment benefits	-	-	-	-	38,628,356
Related to refunded debt	-	-	-	-	19,111,159
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	16,218,791	-	16,218,791	57,739,515
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	1,138,768	22,845,544	63,958	24,048,270	3,681,659
Accrued wages payable	8,261	969,981	1,528	979,770	-
Accrued interest payable	-	-	-	-	766,080
Due to other governments	15,589	121,734,165	-	121,749,754	-
Due to governmental funds	13,457,609	-	-	13,457,609	8,382,580
Unearned revenue	-	20,699,450	-	20,699,450	-
Long-term liabilities due within one year	-	1,033,682	-	1,033,682	18,017,660
Total current liabilities	14,620,227	167,282,822	65,486	181,968,535	30,847,979
Noncurrent liabilities					
Long-term liabilities due in more than one year	-	3,211,002	-	3,211,002	195,250,859
Net pension liability	-	375,734	-	375,734	-
Net other post-employment benefits liability	-	-	-	-	2,257,848
Total noncurrent liabilities	-	3,586,736	-	3,586,736	197,508,707
TOTAL LIABILITIES	14,620,227	170,869,558	65,486	185,555,271	228,356,686
DEFERRED INFLOWS OF RESOURCES					
Related to pension	-	403,292	-	403,292	-
Related to other post-employment benefits	-	-	-	-	68,810,377
TOTAL DEFERRED INFLOWS OF RESOURCES	-	403,292	-	403,292	68,810,377
NET POSITION					
Net investment in capital assets	-	165,991	1,110,387	1,276,378	603,501
Restricted for:					
Mental health and substance abuse	-	130,617,642	-	130,617,642	-
Department of Roads liability insurance	-	-	-	-	5,890,907
Unrestricted (deficit)	138,548,392	-	208,354	138,756,746	83,224,860
TOTAL NET POSITION	\$ 138,548,392	\$ 130,783,633	\$ 1,318,741	\$ 270,650,766	\$ 89,719,268
RECONCILIATION OF THE STATEMENT OF NET POSITION FOR PROPRIETARY FUNDS					
Total net position of enterprise funds / internal service funds				\$ 270,650,766	\$ 89,719,268
Add (subtract): Business-type equity in the net position of internal service funds				15,610,663	(15,610,663)
(1) - Year ended September 30, 2023					
Net position reported in the government-wide statement of net position				\$ 286,261,429	\$ 74,108,605

See accompanying notes to the financial statements.

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Macomb County, Michigan

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS

Year Ended December 31, 2023

	Major Business-Type Activities - Enterprise Funds	
	Delinquent Tax Revolving	Community Mental Health (1)
OPERATING REVENUES		
Federal and state grants	\$ -	\$ 9,131,389
Charges for services	12,084,508	285,105,843
Other	-	280,376
TOTAL OPERATING REVENUES	12,084,508	294,517,608
OPERATING EXPENSES		
Wages and fringe benefits	559,914	29,197,822
Contractual services	196,522	239,021,429
Utilities	-	206,523
Repairs and maintenance	-	118,083
Benefits and claims expenses	-	-
Supplies and services	1,585,002	7,471,609
Depreciation and amortization	-	1,114,872
TOTAL OPERATING EXPENSES	2,341,438	277,130,338
OPERATING INCOME (LOSS)	9,743,070	17,387,270
NONOPERATING REVENUES (EXPENSES)		
Investment income (expense)	5,142,880	7,042,656
Interest expense	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	5,142,880	7,042,656
NET INCOME (LOSS) BEFORE TRANSFERS	14,885,950	24,429,926
TRANSFERS		
Transfers in	-	7,508,685
Transfers out	(8,134,516)	-
NET TRANSFERS	(8,134,516)	7,508,685
CHANGE IN NET POSITION	6,751,434	31,938,611
Net position, beginning of year	131,796,958	98,845,022
Net position, end of year	\$ 138,548,392	\$ 130,783,633

(1) - Year ended September 30, 2023

See accompanying notes to the financial statements.

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-CONTINUED-

Macomb County, Michigan

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS (CONCLUDED)

Year Ended December 31, 2023

	Nonmajor Enterprise Fund	Enterprise Fund Totals	Internal Service Funds
	Freedom Hill Park		
OPERATING REVENUES			
Federal and state grants	\$ -	\$ 9,131,389	\$ -
Charges for services	298,096	297,488,447	93,285,536
Other	-	280,376	88,632
TOTAL OPERATING REVENUES	298,096	306,900,212	93,374,168
OPERATING EXPENSES			
Wages and fringe benefits	106,367	29,864,103	-
Contractual services	-	239,217,951	-
Utilities	93,786	300,309	-
Repairs and maintenance	54,559	172,642	-
Benefits and claims expenses	-	-	99,206,675
Supplies and services	165,339	9,221,950	2,339,288
Depreciation and amortization	118,793	1,233,665	1,854,512
TOTAL OPERATING EXPENSES	538,844	280,010,620	103,400,475
OPERATING INCOME (LOSS)	(240,748)	26,889,592	(10,026,307)
NONOPERATING REVENUES (EXPENSES)			
Investment income (expense)	-	12,185,536	106,541,966
Interest expense	-	-	(4,889,758)
TOTAL NONOPERATING REVENUES (EXPENSES)	-	12,185,536	101,652,208
NET INCOME (LOSS) BEFORE TRANSFERS	(240,748)	39,075,128	91,625,901
TRANSFERS			
Transfers in	86,000	7,594,685	1,057,286
Transfers out	-	(8,134,516)	(658,051)
NET TRANSFERS	86,000	(539,831)	399,235
CHANGE IN NET POSITION	(154,748)	38,535,297	92,025,136
Net position, beginning of year	1,473,489	232,115,469	(2,305,868)
Net position, end of year	\$ 1,318,741	\$ 270,650,766	\$ 89,719,268
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION TO THE STATEMENT OF ACTIVITIES OF BUSINESS-TYPE ACTIVITIES			
Change in net position	\$	38,535,297	\$ 92,025,136
Add (subtract): Increase (decrease) in business-type activities' equity of internal service funds		15,518,470	(15,518,470)
Net income (loss) in the government-wide statement of activities	\$	54,053,767	\$ 76,506,666

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year Ended December 31, 2023

	Major Business-Type Activities - Enterprise Funds	
	Delinquent Tax Revolving	Community Mental Health (1)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 57,365,588	\$ 294,227,450
Cash received from interfund services	13,457,609	-
Cash payments for delinquent taxes	(46,815,503)	-
Cash payments to employees and employee trusts	(755,845)	(26,836,444)
Cash payments to suppliers	(1,347,899)	(245,470,790)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	21,903,950	21,920,216
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal and interest paid on long-term debt	-	(1,085,145)
Transfers in	-	7,508,685
Transfers out	(8,134,516)	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(8,134,516)	6,423,540
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(1,572,408)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	3,852,117	7,041,109
Proceeds from sale and maturities of investment securities	-	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	3,852,117	7,041,109
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	17,621,551	33,812,457
Cash and pooled investments, beginning of year	103,172,134	223,736,121
Cash and pooled investments, end of year	\$ 120,793,685	\$ 257,548,578
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 9,743,070	\$ 17,387,270
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	1,114,872
Changes in deferrals related to pension or OPEB	-	1,717,302
Changes in assets and liabilities:		
Taxes receivable	(1,148,847)	-
Accounts receivable	(388,547)	(1,763,115)
Inventory	-	-
Due from other governments	-	6,541,478
Due from component unit	-	-
Due from other funds	-	(6,959,902)
Other assets	-	789,245
Accounts payable	237,103	(3,420,079)
Accrued employee benefits	591	268,342
Due to other governments	2,971	3,977,688
Due to other funds	13,457,609	-
Unearned revenue	-	1,891,381
Long term liabilities	-	-
Net pension or net OPEB liability	-	375,734
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 21,903,950	\$ 21,920,216

(1) - Year ended September 30, 2023

See accompanying notes to the financial statements.

-CONTINUED-

Macomb County, Michigan

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONCLUDED)

Year Ended December 31, 2023

	Nonmajor Enterprise Fund	Enterprise Fund Totals	Internal Service Funds
	Freedom Hill Park		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 322,081	\$ 351,915,119	\$ -
Cash received from interfund services	-	13,457,609	93,630,735
Cash payments for delinquent taxes	-	(46,815,503)	-
Cash payments to employees and employee trusts	(106,162)	(27,698,451)	(183,226,075)
Cash payments to suppliers	(323,406)	(247,142,095)	(74,166,837)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	(107,487)	43,716,679	(163,762,177)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal and interest paid on long-term debt	-	(1,085,145)	(17,958,415)
Transfers in	86,000	7,594,685	1,057,286
Transfers out	-	(8,134,516)	(658,051)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	86,000	(1,624,976)	(17,559,180)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(96,941)	(1,669,349)	(89,623)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	-	10,893,226	5,007,716
Proceeds from sale and maturities of investment securities	-	-	169,557,754
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	10,893,226	174,565,470
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(118,428)	51,315,580	(6,845,510)
Cash and pooled investments, beginning of year	322,706	327,230,961	52,732,129
Cash and pooled investments, end of year	\$ 204,278	\$ 378,546,541	\$ 45,886,619
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (240,748)	\$ 26,889,592	\$ (10,026,307)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	118,793	1,233,665	1,854,512
Changes in deferrals related to pension or OPEB	-	1,717,302	(61,869,184)
Changes in assets and liabilities:			
Taxes receivable	-	(1,148,847)	-
Accounts receivable	23,985	(2,127,677)	(300,537)
Inventory	-	-	20,002
Due from other governments	-	6,541,478	-
Due from component unit	-	-	809,000
Due from other funds	-	(6,959,902)	(1,749,271)
Other assets	-	789,245	262,218
Accounts payable	(9,722)	(3,192,698)	1,311,593
Accrued employee benefits	205	269,138	-
Due to other governments	-	3,980,659	-
Due to other funds	-	13,457,609	912,095
Unearned revenue	-	1,891,381	-
Long term liabilities	-	-	(1,594,648)
Net pension or net OPEB liability	-	375,734	(93,391,650)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (107,487)	\$ 43,716,679	\$ (163,762,177)

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
ASSETS		
Cash and pooled investments	\$ 75,538,274	\$ 9,583,151
Investments, at fair value		
Common stock	530,794,978	-
Foreign stock	110,512,750	-
Limited partnership	358,425,664	-
Real estate investment trusts	33,285,986	-
Fixed income common collective trusts	135,244,456	-
Equity common collective trusts	356,383,666	-
Interest in pooled investment	104,874,626	-
Total investments, at fair value	1,629,522,126	-
Receivables		
Accrued interest	910,730	-
Other	20,119,026	455,753
Due from other governments	-	276,922
Other assets	50,116	600
TOTAL ASSETS	1,726,140,272	10,316,426
LIABILITIES		
Accounts payable	2,679,290	2,299,041
Accrued compensation and benefits	5,693,517	-
Due to other governments	-	5,986,339
Due to primary government	20,474,111	-
TOTAL LIABILITIES	28,846,918	8,285,380
NET POSITION		
Restricted for:		
Pension benefits	1,128,590,998	-
Other postemployment benefits	568,702,356	-
Individuals, organizations, and other governments	-	2,031,046
	\$ 1,697,293,354	\$ 2,031,046

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
ADDITIONS		
Investment income (loss):		
Interest and dividends	\$ 48,560,138	\$ 39,001
Net change in fair value of investments	154,519,502	-
Less investment expenses	(10,693,664)	-
Net investment income (loss)	192,385,976	39,001
Contributions		
Employer	43,743,487	-
Employee	2,932,975	-
Total contributions	46,676,462	-
Tax collections for other governments	-	187,940,078
Tax adjustments collected from other governments	-	6,914,181
State funds collected for other governments	-	139,693
Forfeitures collected for other governments	-	588,324
Fee and fine collections for other governments	-	812,783
Real estate transfer taxes collected for other governments	-	33,280,855
Payments collected on behalf on others	-	6,103,647
Other collections	-	957,173
TOTAL ADDITIONS	239,062,438	236,775,735
DEDUCTIONS		
Benefit payments	98,029,970	-
Withdrawals and refunds of contributions	439,602	-
Tax collections disbursed to other governments	-	187,940,078
Tax adjustments disbursed to individuals	-	6,914,181
Forfeiture grants disbursed to other governments	-	67,205
Forfeiture proceeds disbursed to other governments	-	673,768
Fees and fines disbursed to other governments	-	812,783
Real estate transfer taxes disbursed to other governments	-	33,280,855
Payments disbursed to others	-	6,103,647
Administrative expenses	888,538	3,000
Other disbursements	-	609,759
TOTAL DEDUCTIONS	99,358,110	236,405,276
CHANGE IN NET POSITION	139,704,328	370,459
Net Position - beginning of year	1,557,589,026	1,660,587
Net Position - end of year	<u>\$ 1,697,293,354</u>	<u>\$ 2,031,046</u>

See accompanying notes to the financial statements.

Macomb County, Michigan

COMBINING STATEMENT OF NET POSITION – COMPONENT UNITS

December 31, 2023

	Drainage Districts (1)	Martha T. Berry Medical Care Facility	Workforce Development Board (2)	Total
ASSETS				
Cash and pooled investments	\$ 86,737,847	\$ 1,398,995	\$ 580,778	\$ 88,717,620
Restricted cash	1,728,558	33,887	-	1,762,445
Receivables				
Trade accounts and leases, net	21,354,090	9,530,546	-	30,884,636
Special assessments	260,579,174	-	-	260,579,174
Due from other governments	-	17,822	3,554,811	3,572,633
Other assets	1,255,183	596,180	137,474	1,988,837
Capital assets, net				
Assets not being depreciated	71,447,595	1,560,044	-	73,007,639
Other capital assets	322,501,891	5,145,124	3,845,965	331,492,980
Net pension asset	-	1,607,165	-	1,607,165
TOTAL ASSETS	765,604,338	19,889,763	8,119,028	793,613,129
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	-	2,001,775	-	2,001,775
Related to other post-employment benefits	-	1,913,579	-	1,913,579
Related to refunded debt	546,543	-	-	546,543
TOTAL DEFERRED OUTFLOWS OF RESOURCES	546,543	3,915,354	-	4,461,897
LIABILITIES				
Accounts payable and accrued liabilities	15,189,034	1,889,522	3,528,360	20,606,916
Accrued wages payable	-	625,221	63,459	688,680
Accrued interest payable	3,285,653	47,656	-	3,333,309
Due to other governments	-	2,841,195	28,339	2,869,534
Unearned revenue	3,000,000	-	-	3,000,000
Long-term liabilities, including leases				
Due within one year	19,843,341	1,488,260	896,562	22,228,163
Due within more than one year	267,902,059	13,292,656	3,635,167	284,829,882
Net other post-employment benefits liability	-	109,567	-	109,567
TOTAL LIABILITIES	309,220,087	20,294,077	8,151,887	337,666,051
DEFERRED INFLOWS OF RESOURCES				
Lease activities	230,553	-	-	230,553
Related to pension	-	69,187	-	69,187
Related to other post-employment benefits	-	3,408,742	-	3,408,742
TOTAL DEFERRED INFLOWS OF RESOURCES	230,553	3,477,929	-	3,708,482
NET POSITION				
Net investment in capital assets	202,519,015	6,705,168	(685,764)	208,538,419
Restricted for:				
Capital projects	32,901,564	-	-	32,901,564
Debt service	165,320,345	-	-	165,320,345
Public works	55,959,317	-	-	55,959,317
Health and welfare	-	-	-	-
Pensions	-	1,607,165	-	1,607,165
Unrestricted (deficit)	-	(8,279,222)	652,905	(7,626,317)
TOTAL NET POSITION	\$ 456,700,241	\$ 33,111	\$ (32,859)	\$ 456,700,493

(1) - Balance Sheet as of September 30, 2023

(2) - Balance Sheet as of June 30, 2023

See accompanying notes to the financial statements.

Macomb County, Michigan
COMBINING STATEMENT OF ACTIVITIES – COMPONENT UNITS

Year Ended December 31, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Drainage Districts (1)					
Governmental activities					
Public works	\$ 80,397,572	\$ 87,029,493	\$ -	\$ 42,550,407	\$ 49,182,328
Interest and fees on long-term debt	8,945,767	-	-	-	(8,945,767)
Total Drainage Districts	89,343,339	87,029,493	-	42,550,407	40,236,561
Martha T. Berry Medical Care Facility					
Governmental activities					
Health and welfare	34,990,083	37,766,393	1,116,654	-	3,892,964
Interest and fees on long-term debt	304,178	-	-	-	(304,178)
Total Martha T. Berry Medical Care Facility	35,294,261	37,766,393	1,116,654	-	3,588,786
Workforce Development Board (2)					
Governmental activities					
Health and welfare	21,233,642	173,550	21,546,315	-	486,223
Interest and fees on long-term debt	156,968	-	-	-	(156,968)
Total Workforce Development Board	21,390,610	173,550	21,546,315	-	329,255
Total component units	\$ 146,028,210	\$ 124,969,436	\$ 22,662,969	\$ 42,550,407	\$ 44,154,602
		Drainage Districts (1)	Martha T. Berry Medical Care Facility	Workforce Development Board (2)	Total
Changes in net position					
Net (expense) revenue from above		\$ 40,236,561	\$ 3,588,786	\$ 329,255	\$ 44,154,602
General revenues					
Intergovernmental revenues - unrestricted		-	-	-	-
Investment earnings		17,479,383	103,347	-	17,582,730
Total general revenues		17,479,383	103,347	-	17,582,730
CHANGE IN NET POSITION		57,715,944	3,692,133	329,255	61,737,332
Net position, beginning of year		398,984,297	(3,659,022)	(362,114)	394,963,161
Net position, end of year		\$ 456,700,241	\$ 33,111	\$ (32,859)	\$ 456,700,493

(1) - Year ended September 30, 2023
(2) - Year ended June 30, 2023

See accompanying notes to the financial statements.

Macomb County, Michigan
NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Macomb County (the county) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing such principles. All financial statements are for the year ended December 31, 2023, except as follows: the financial statements of the Department of Roads Special Revenue Fund, the Community Mental Health Enterprise Fund, and the Drainage Districts Component Unit, which are reported as of and for the year ended September 30, 2023. The Work Force Development Board component unit is reported as of and for the year ended June 30, 2023. Additionally, certain governmental funds were converted from June 30 and September 30 year ends to December 31 year ends, which resulted in some activities reporting more than twelve months of activities.

A. Financial Reporting Entity

Macomb County was incorporated in 1818 and includes a land area of 479 square miles with the county seat located in the City of Mt. Clemens. The county operates under a Home Rule Charter that provides for both executive and legislative branches of government. The executive branch is directed by an elected County Executive, who serves as the Chief Administrative Officer of the county and directs the operations of all departments except the Sheriff, Prosecuting Attorney, Treasurer, Public Works, County Clerk/Register of Deeds, the Circuit and District Courts and the Board of Commissioners, which are all operated by separately elected officials. The legislative branch is directed by a 13 member elected Board of Commissioners. The county provides many services to residents, including law enforcement, administration of justice, community development and enrichment, parks and recreation and human services.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county. In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Blended Component Units

Blended component units are legally separate from the county, but are so intertwined with the county that they are, in substance, the same as the county. They are reported as part of the county and blended into the appropriate funds.

The **Macomb County Criminal Justice Building Authority (MCCJBA)** is governed by a three-member board appointed by the County's Board of Commissioners. Although legally separate from the county, the MCCJBA is reported as if it were part of the primary government because its sole purpose is to finance and construct certain county buildings.

The **Macomb County Building Authority** is governed by a seven-member board appointed by the County Board of Commissioners. Although legally separate from the county, the Building Authority is presented as a blended component unit because its sole purpose is to finance and construct certain county buildings.

Discretely Presented Component Units

Component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the county.

The **Macomb/St. Clair Workforce Development Board** is governed by a separate board, consisting of 37 members, the majority of which is appointed by the Chair of the Macomb County Board of Commissioners. The Workforce Development Board receives federal funding under the Workforce Innovation and Opportunity Act to operate employment and training programs that lead to unsubsidized employment for unskilled adults and youth. Its activities are included in the county's financial statements because a financial benefit/burden relationship exists between the two organizations. Separate independently audited financial statements of the Workforce Development Board are not prepared.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**A. Financial Reporting Entity (concluded)****Discretely Presented Component Units (concluded)**

All of the funds of the Workforce Development Board are Special Revenue Funds and there are no adjustments necessary to convert their activities from the modified basis of accounting to the full accrual basis of accounting. Therefore, fund level financial statements are not presented herein.

The **Drainage Districts** are governed by separate boards composed of the Public Works Commissioner, the Chair of the County Board of Commissioners and Chair of the Finance Committee of the Board of Commissioners. Each Drainage District is a separate legal entity with the power to contract, sue and be sued and hold, dispose of and manage real property. The primary function of the Drainage Districts is to direct the construction and maintenance of drains, sewers and water supply systems within the county. The activities of the Drainage Districts are included in the county's financial statements because a financial benefit/burden relationship exists between the two organizations. Separate independently audited financial statements of the Drainage Districts are not prepared.

The **Martha T. Berry Medical Care Facility** is governed by a separate board consisting of 3 members, the majority of which are appointed by the Macomb County Board of Commissioners. Its activities are included in the county's financial statements since the Macomb County Board of Commissioners not only appoints a majority of the facility's board, but also because the facility's budget is approved by the Board of Commissioners. All of the funds of the Martha T. Berry Medical Care Facility are Enterprise Funds and as such, there are no adjustments necessary to convert their activities from the modified basis of accounting to the full accrual basis of accounting. Therefore, fund level financial statements are not presented herein. Separate independently audited financial statements of the Martha T. Berry Medical Care Facility are available and can be obtained by contacting the Controller's Office at the Martha T. Berry Medical Care Facility, located at 43533 Elizabeth St, Mt Clemens, MI 48043.

The **Macomb County Employees' Retirement System** is governed by a separate board consisting of seven members, composed of the County Executive or their designee, the Chair of the Board of Commissioners or their designee, the County Treasurer or their designee, the Director of the Department of Roads, and three active employees elected by the active members of the system on three year staggered terms. Although it is legally separate from the county, it is reported as a fiduciary component unit because county officials comprise of a voting majority of the board and the system imposes a financial burden on the county. Separate independently audited financial statements of the system are not prepared.

The **Macomb County Retiree Health Care Trust** is governed by a separate board consisting of five members, composed of the County Executive or their designee, the Chair of the Board of Commissioners or their designee, a member of the Board of Commissioners, the County Treasurer or their designee, and the County Finance Director. Although it is legally separate from the county, it is reported as a fiduciary component unit because county officials comprise of a voting majority of the board and the trust imposes a financial burden on the county. Separate independently audited financial statements of the trust are not prepared.

The **Macomb County Roads Department Retiree Health Care Investment Trust** is governed by a separate board of the Department of Roads administration, composed of the Department of Roads Director and the Department of Roads Assistant Finance Director. Although it is legally separate from the county, it is reported as a fiduciary component unit because county officials comprise of a voting majority of the board and the trust imposes a financial burden on the county. Separate independently audited financial statements of the trust are not prepared.

Related Organization

The **County of Macomb Hospital Finance Authority** is governed by a five-member board appointed by the Macomb County Board of Commissioners. The Authority was created pursuant to Public Act 38 of 1969 for the purpose of providing hospitals within the county the opportunity to finance capital projects at favorable interest rates. Public Act 38 allows hospitals to finance capital projects through the Authority, which enjoys the county's excellent credit rating. Because the Authority does not provide a financial benefit or burden to the county, it is not reported as a component unit of the county.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**B. Basic (Government-Wide) and Fund Financial Statements**

The activities of the county are categorized as either governmental or business-type in both the government-wide and fund financial statements. The majority of the county's activities are governmental activities and are supported primarily by property taxes, charges for services and intergovernmental revenues while business-type activities are supported by fees and charges for services.

For the most part, the effect of inter-fund activity has been eliminated from these statements. However, inter-fund activity between governmental activities and business-type activities has not been eliminated so as to not distort the direct costs and program revenues of the various functions.

The basic (government-wide) financial statements report information on the county as a whole. These statements focus on the sustainability of the county as an entity and the change in aggregate financial position resulting from the activities of the fiscal period and consist of the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the assets, liabilities, deferred inflows, and deferred outflows of the county, with the net of these items reported as net position. Net position is classified into one of three categories for accounting and financial reporting purposes:

- Net Investment in Capital Assets - This category represents the cost of the county's capital assets, net of accumulated depreciation and reduced by any outstanding debt used to acquire those assets.
- Restricted - Assets are considered restricted when constraints are placed on their use by external sources such as creditors and grantors, or imposed by statute.
- Unrestricted - Net position that does not meet the definition of the two preceding categories is considered unrestricted and can be used for new spending. Assignments are often placed on unrestricted net position to indicate that internal restrictions have been placed upon their use. However, assignments differ from restrictions in that they may be subsequently removed or modified by management or the Board of Commissioners.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are segregated into three categories: charges for services, operating grants, and capital grants. Charges for services are those revenues generated from charges to customers or applicants who purchase, use or directly benefit from the goods and services provided by a given function or segment. Operating and capital grants are those restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not specifically associated with a particular program are reported as general revenues in the Statement of Activities.

Fund financial statements report information at the individual fund level and are, in substance, very similar to the financial statements presented in the previous financial reporting model. The focus of the fund financial statements is on the major funds of both governmental and business-type activities. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the basic financial statements and are detailed in the supplementary information. Funds are classified as governmental, proprietary, or fiduciary. The fiduciary funds are included in the fund financial statements but are excluded from the government-wide financial statements since these assets are being held for the benefit of third parties and are not available to support the activities or obligations of the county.

The county reports the following major governmental funds:

- The **General Fund** is the chief operating fund of the county. It accounts for all financial resources except those required to be accounted for in another fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**B. Basic (Government-Wide) and Fund Financial Statements (continued)**

- The *Department of Roads Fund* accounts for the revenues and expenditures related to construction and maintenance of roads throughout the county. These activities are funded primarily by the Federal government, the State of Michigan, and local units of government within the county.
- The *Community Action Agency Fund* accounts for a wide array of services to residents of the county, including, but not limited to, the Emergency Rental Assistance program, Meals on Wheels, senior citizens nutrition, income tax preparation for the elderly, transportation services, home injury control, household weatherization improvements and Head Start. Approximately 93% of the funding comes from State and Federal grants.
- The *American Rescue Plan Act Fund* accounts for the revenues and expenditures related to the county's use of its allocation of funding from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, a part of the American Rescue Plan.

The county reports the following major enterprise funds:

- The *Delinquent Tax Revolving Fund* accounts for the county's annual purchase of delinquent real property taxes from each of the local taxing jurisdictions in the county and their subsequent collection. In addition, the operations of the personal property tax collection division of the Treasurer's Office are reported here.
- The *Community Mental Health Fund* accounts for the activities of delivering an array of mental health services to county residents.

Financial information regarding the county's internal service funds is presented in summary form as part of the proprietary fund financial statements.

The financial statements of the internal service funds are consolidated into the governmental and business-type activities in the entity-wide financial statements. Surpluses or deficits of the internal service funds are allocated back to the governmental activities and business-type activities within the government-wide financial statements.

The accounts of the county are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds of the county are classified into three broad categories: governmental, proprietary, and fiduciary.

Governmental Funds

General Fund – The General Fund is the general operating fund of the county. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, principal, interest and related costs of general long-term debt not being accounted for in proprietary funds.

Capital Projects Funds – Capital projects funds are used to account for the acquisition, construction, or renovation of major capital facilities other than those accounted for in proprietary funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**B. Basic (Government-Wide) and Fund Financial Statements (concluded)****Proprietary Funds**

Enterprise Funds – Enterprise funds are used to account for the activities of the county's business-type activities. The operations of these funds are financed primarily through user fees that are intended to recover the cost of services provided.

Internal Service Funds – Internal service funds are used to account for goods and services provided to other departments and governmental agencies on a cost-reimbursement basis. The county utilizes separate internal service funds to account for compensated absences, workers' compensation insurance, liability insurance, certain benefit-related debt service, and central services such as inventory and telephone.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the principal ongoing operations of any particular proprietary fund. Operating expenses for proprietary funds include cost of sales and services, administrative expenses, and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

Employees' Retirement Fund – The Employees' Retirement Fund is used to account for the accumulation of resources for pension benefit payments to qualified employees.

Retiree Health Care Trust Fund – The Retiree Health Care Trust Fund is used to account for the accumulation of resources to provide health care benefits to county retirees.

Roads Department Retiree Health Care Investment Trust – The Roads Department Retiree Health Care Investment Trust is used to account for the accumulation of resources to provide health care benefits to Roads Department retirees.

Custodial Funds – Custodial funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The county reports the following custodial funds: the COMET fund, which accounts for the activities of the COMET forfeiture unit, the Tax Administration Fund, which accounts for the collection and disbursement of taxes payable to various jurisdictions, and the Miscellaneous Custodial Fund, which accounts for a variety of items collected on behalf of and disbursed to other jurisdictions. For example, the Miscellaneous Custodial Fund accounts for state-mandated court fees collected and passed through to the State of Michigan.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements as well as the financial statements of the proprietary funds, fiduciary trust funds, and custodial funds are accounted for using the economic resources measurement focus and the full accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred without regard to the receipt or payment of cash or its equivalent.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues of governmental funds are recognized when they become both measurable and available. "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the county considers revenues to be available if they are collected within 60 days of year-end.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**C. Measurement Focus and Basis of Accounting (concluded)**

Property taxes are recognized as revenue in the period for which they are levied. Federal grants, state distributions and grants and interest earned are recognized as revenue in the period they become both measurable and available. Special assessments are recognized as revenues only to the extent that individual installments are received within the period of availability. Licenses and permits, fines and forfeitures and other revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, with the exception of principal and interest on general long-term debt, which is recognized when due.

The majority of the funds of the county are accounted for using the modified accrual basis of accounting. Because the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is provided after each governmental fund financial statement that briefly explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

D. Bank Deposits and Investments

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

E. Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Trade receivables of the primary government totaled \$66,794,988 at year-end, net of an allowance of \$2,348,858 for the special revenue Community Action Agency Fund.

F. Inventories

Inventories consist of expendable items held for consumption and are valued at cost using the weighted average value method. The expenditure related to utilization of inventory items is recorded at the time individual items are consumed.

G. Other Assets

Other assets represent deposits and prepaid items. Prepaid items are accounted for under the consumption method.

H. Budgetary Accounting

The annual operating budget includes proposed expenditures and the means of financing them for the General Fund, Special Revenue Funds, and the Debt Service Fund, as well as Community Mental Health and Parks business-type activities and the Martha T. Berry Medical Care Facility Discretely Presented Component Unit. A public hearing is conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution by the Board of Commissioners no later than December 31.

As required by the county charter, the County Finance Director submits to the Board of Commissioners a proposed operating budget by October 1 each year for the fiscal year beginning the following January 1. The annual operating budget includes proposed expenditures and the means of financing them for the General Fund, Special Revenue Funds, and the Debt Service Fund, as well as Community Mental Health and Parks business-type activities. A public hearing is conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution by the Board of Commissioners no later than December 31.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**H. Budgetary Accounting (concluded)**

Formal budgetary integration is employed as a management control device during the year for all funds. Expenditures may not legally exceed budgeted appropriations at the department level in the General Fund and the fund level in all other funds. The County Executive is authorized to transfer funds between budgeted line items within a department within a fund as long as the amount being transferred does not exceed the lesser of \$35,000 or 5% of the department budget. Budget amendments that exceed these limits must be approved by the Finance Committee of the Board of Commissioners.

During the year, supplemental budgetary appropriations were not significant in relation to the original appropriations as adopted. Unexpended appropriations lapse at year-end. Encumbrances open at year-end are re-appropriated in the following year. Budgets are adopted on a basis consistent with generally accepted accounting principles and budgeted amounts presented in the financial statements represent final budget authorization, including all amendments approved during the year.

More information regarding budget matters can be found in the Required Supplementary Information section of this report.

I. Capital Assets

Capital assets of the primary government, including land, land improvements, buildings, equipment, vehicles, and infrastructure, are reported in the government-wide financial statements and the applicable proprietary fund financial statements. Capital assets utilized for governmental activities are only capitalized in the government-wide financial statements and are fully expended in the governmental funds. Capital assets of the component units are reported in the Drainage Districts and the Martha T. Berry Medical Care Facility. The county capitalizes assets whose initial purchase price equals or exceeds \$5,000 and whose estimated useful life exceeds one year. Capital assets are valued at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. Depreciation of all exhaustible capital assets is allocated against the various functions in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation has been provided over the following estimated useful lives using the straight-line method: land improvements - 20 years, buildings and improvements - 20-40 years, equipment - 3-15 years, vehicles - 3-5 years and infrastructure 8-40 years.

J. Leases

The county is a lessee for noncancelable leases of buildings and equipment. The county recognizes a lease liability and intangible right-to-use asset in the governmental activities, business type activities, and drainage district component unit. The county recognizes lease assets and liabilities with an initial value of \$20,000 or more.

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

To determine the present value of the expected lease payments, the county uses a discount rate, and also determines the lease term and lease payments to be made. To determine the discount rate, the county uses the interest rate charged by the lessor. When the interest rate is not provided, the county uses its estimated incremental borrowing rate, which is based on treasury yield curves for a similar term and for a similar date as the lease term and commencement date, respectively. To determine the lease term and lease payments, the county includes only the noncancelable period of the lease. Fixed payments due to the lessor and any purchase options that the county is reasonably certain to exercise are used to calculate the total lease payments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**J. Leases (concluded)**

Lease assets are reported as right to use assets within capital assets and lease liabilities are reported within long term debt on the statement of net position.

The county is a lessor for noncancelable leases of buildings, cellular towers, and a parking lot. The county recognizes a lease receivable and a deferred inflow of resources in the General Fund (building and cellular tower leases), E911 Radio Maintenance Fund (cellular tower leases), and Drainage District component unit (parking lot).

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

To determine the present value of the expected lease receipts, the county uses a discount rate, and also determines the lease term and lease payments to be received. To determine the discount rate, the county uses its incremental borrowing rate, which is based on treasury yield curves for a similar term and for a similar date as the lease term and commencement date, respectively. To determine the lease term and lease payments, the county includes only the noncancelable period of the lease. Fixed payments are used to calculate the total lease receivable.

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

K. Subscriptions

The county obtains the right to use vendors' information technology software through various long-term contracts. The county recognizes a subscription liability and an intangible right-to-use subscription asset (the "subscription asset") in the applicable governmental or business-type activities column in the government-wide financial statements. The county recognizes subscription assets and liabilities with an initial value of \$20,000 or more.

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

To determine the present value of the expected subscription payments, the county uses a discount rate, and also determines the subscription term. To determine the discount rate, the county either uses the interest rate charged by the vendor, or when not available, uses the county's incremental borrowing rate, which is based on treasury yield curves for a similar term and for a similar date as the subscription term and commencement date, respectively. To determine the subscription term and subscription payments, the county includes only the noncancelable period of the subscription.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**L. Compensated Absences**

County employees earn vacation and sick leave benefits based on length of service. Both are fully available for use upon accrual.

Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the number of hours of vacation and sick leave that may be accumulated and carried over for payment at separation of service. Unused hours exceeding these limitations are forfeited. Accumulated unpaid vacation, sick pay and other employee benefit liabilities have been accrued in the Compensated Absences Internal Service Fund.

M. Long Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

Bond premiums and discounts and the deferred amount on refunding 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 and deferred amount on refunding. Bond issuance costs are expensed as incurred. 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 are reported as other financing uses. Issuance costs are reported as debt service expenditures.

N. Pension and Other Postemployment Benefit Costs (OPEB)

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Each county fund with participants in the plan contribute towards the liquidation of the net pension liability. Investments are reported at fair value.

OPEB – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plan fiduciary net positions have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The OPEB Internal Services Fund, which is funded by each county fund with participants in the plan, contributes toward the liquidation of the net OPEB liability. Investments are reported at fair value.

O. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at year-end lapse and are re-appropriated and spent under authorization of a new budget in the following year.

P. Property Taxes

The county property tax is levied July 1 of each year based on the taxable value of property as of the preceding December 31. Taxes are billed and collected for the county by the local units within the county and are payable in one installment no later than February 28 of the following year, at which time they become delinquent and subject to penalty.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**P. Property Taxes (concluded)**

Taxable value is established annually by the local units, accepted by the county, and equalized by the State of Michigan to approximate 50% of market value (SEV). The annual increase in taxable value is limited by State statute to the rate of inflation or 5%, whichever is less. Taxable value reverts to SEV when a property is sold or when SEV drops below taxable value. The taxable value of real and personal property in Macomb County for the July 1, 2023 levy (calendar 2023 revenue) was \$35,184,968,148.

The county operating tax rate for the 2023 levy was 4.3200 mills, and the Veteran's rate was .0652 mills. The county records an allowance of 0.35% for assessment appeals and personal property tax delinquencies. The amount recorded in 2023 was \$526,533.

The county, through its Delinquent Tax Revolving Fund, purchases annually from the municipalities within the county, at face value, the delinquent real property taxes receivable, as certified to the county as not collected as of March 1. The Delinquent Tax Revolving Fund is self-supporting at this time. Collection of these delinquent property taxes will be used to purchase future delinquent real property taxes from municipalities within the county.

Q. Unearned Revenue

Governmental funds, governmental activities, and business type activities defer revenue recognition in connection with resources that have been received but not yet earned.

R. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from such estimates.

S. Fund Equity

Governmental funds report fund balance as either nonspendable, restricted, committed, assigned or unassigned.

- Nonspendable - Amounts that are not expected to be converted into cash, such as inventories and prepaid items, and amounts that are legally required to be maintained intact, such as the corpus of a permanent fund.
- Restricted – Amounts whose use are restricted by constraints imposed by outside parties such as creditors, grantors, laws and regulations of other governments, constitutional provisions or enabling legislation.
- Committed – Amounts that have been designated for specific purposes established by formal action of the government's highest level of decision-making authority. Fund balance commitments require a formal resolution of the Board of Commissioners. Once committed, these amounts cannot be used for any other purpose unless the restrictions are removed or changed through the same type of action used to make the original commitment.
- Assigned – Amounts that are intended to be used for specific purposes, but are not restricted or committed. Specific fund balance assignments, such as use of fund balance in a subsequent budget, require formal approval by the Board of Commissioners. Other assignments of fund balances do not require board approval. Fund balances in governmental funds other than the General Fund, which are not classified as nonspendable, restricted or committed are classified as assigned in accordance with GASB Statement No. 54, even though specific intended uses may not have been declared by the government.
- Unassigned – The residual amount of fund balance remaining in the General Fund after all other classifications have been made and negative amounts in other governmental funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**S. Fund Equity (concluded)**

The balances by function within the above categories as each funds' year end are presented below.

	Major Governmental Funds			Nonmajor Governmental Funds	Total
	General Fund	Road Fund	Community Action Agency		
Nonspendable for:					
Inventories	\$ -	\$ 4,830,181	\$ -	\$ -	\$ 4,830,181
Long-term receivables	2,194,800	-	-	-	2,194,800
Prepaid items	3,521,092	1,074,583	197,582	1,221,870	6,015,127
TOTAL NONSPENDABLE	5,715,892	5,904,764	197,582	1,221,870	13,040,108
Restricted for:					
Capital projects	-	128,392,452	-	12,515,162	140,907,614
Community Action Agency	-	-	3,465,257	-	3,465,257
Community Corrections	-	-	-	4,640	4,640
Concealed Pistol License	-	-	-	2,283,493	2,283,493
Dispatch and Cellular Fees	-	-	-	6,222,012	6,222,012
Debt service	-	-	-	88,789	88,789
Friend of the Court	-	-	-	754,579	754,579
Health Department	-	-	-	9,418,760	9,418,760
Housing rehabilitation loans	-	-	8,094,334	-	8,094,334
Macomb / St. Clair Employment and Training	-	-	-	-	-
MSU Extension	-	-	-	121,592	121,592
Opioid Programs	-	-	-	7,522,181	7,522,181
Radio Maintenance	-	-	-	1,358,330	1,358,330
Senior Services	-	-	-	311,598	311,598
Sheriff Department	-	-	-	1,459,508	1,459,508
Register of Deeds Technology	-	-	-	2,415,507	2,415,507
Urban County Block Grant	-	-	-	649,373	649,373
Veterans Affairs	-	-	-	2,619,797	2,619,797
TOTAL RESTRICTED	-	128,392,452	11,559,591	47,745,321	187,697,364
Assigned for:					
Capital projects	-	-	-	10,237,041	10,237,041
Circuit Court	-	-	-	250,775	250,775
Friend of the Court	-	-	-	299,396	299,396
MSU Extension	-	-	-	73,149	73,149
Non-Motorized Trails	-	-	-	396,976	396,976
Senior Services	-	-	-	539,300	539,300
Urban Block Grant	-	-	-	4,248,828	4,248,828
TOTAL ASSIGNED	-	-	-	16,045,465	16,045,465
Unassigned	116,922,669	-	(2,110,712)	(1,817,555)	112,994,402
TOTAL FUND BALANCES	\$ 122,638,561	\$ 134,297,216	\$ 9,646,461	\$ 63,195,101	\$ 329,777,339

When the county incurs an expenditure for purposes for which various fund balance classifications can be used, it is the county's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance, if any. Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**T. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The county had deferred outflows at year-end related to pension, asset retirement obligations, refunded debt, and other post-employment benefits in its governmental activities, business-type activities, and the Martha T. Berry component unit. Explanations of the pension-related deferred outflows can be found in Note 13 of the notes to the basic financial statements. Explanations of asset retirement obligation-related deferred outflows can be found in Note 8 of the notes to the basic financial statements. Explanations of refunded debt-related deferred outflows can be found in Note 6 of the notes to the basic financial statements. Explanations of the other post-employment benefit-related deferred outflows can be found in Notes 14 and 15 of the notes to the basic financial statements.

In addition to liabilities, the statement of net position and/or governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has five types of items that qualify for reporting in this category.

The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and State and Federal grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition to these items, the primary government also reports deferred inflows for property taxes received before the period for which they were levied. The property taxes are shown as deferred inflows of resources on both the governmental funds balance sheet as well as the statement of net position. The property taxes will be recognized as revenue in the subsequent fiscal year. The primary government also reports deferred inflows for lease transactions in which the primary government is the lessor. The deferred inflows represent the value of the related lease receivables recorded that are for future fiscal periods. Finally, the county had deferred inflows at year-end related to pension and other post-employment benefits in its governmental activities, business-type activities, and the Martha T. Berry component unit. Explanations of the pension-related deferred outflows can be found in Note 13 of the notes to the basic financial statements. Explanations of the other post-employment benefit-related deferred outflows can be found in Notes 14 and 15 of the notes to the basic financial statements.

U. Comparative Data

Comparative data has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2 – DEPOSITS AND INVESTMENTS**Primary Government and Component Unit Deposits and Investments**

The county maintains a cash and investment pool that is available for use by all funds. In addition to their participation in the pool, certain funds also maintain separate investment accounts, consisting primarily of certificates of deposit and money market accounts. Each fund's portion of the pool as well as any amounts in separate accounts is reported as "Cash and Pooled Investments". Public Act 20 of 1943, as amended, authorizes local units of government to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations that maintain locations in the State of Michigan. The law also allows investments outside the State of Michigan if fully insured.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**Primary Government and Component Unit Deposits and Investments (continued)**

Public Act 20 authorizes local units to invest in bonds, securities and other direct obligations of the United States government, repurchase agreements, bankers' acceptances of United States banks, commercial paper rated within the two highest classifications by not less than two standard rating services and maturing not more than 270 days after the date of purchase, investment grade obligations of the State of Michigan or any of its political subdivisions and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Board of Commissioners adopts a depository resolution, including a list of authorized institutions, each year as recommended by the County Treasurer. The provisions of the depository resolution are as follows:

- Certificates of deposit must be with institutions with locations in the State of Michigan, shall not exceed 75% of the portfolio and the amount with any one institution may not exceed 25% of the total portfolio.
- Commercial paper must be rated A-1 by Standard & Poors and P-1 by Moodys and may not exceed 75% of the total portfolio.
- Banker's acceptances with any one institution may not exceed 20% of the total portfolio.
- Government investment pools may not exceed 50% of the total portfolio.
- The total of deposits and investments with any one institution may not exceed 50% of the capitalization of that institution.

In 2017, the county implemented Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which required the county to change how it accounts for the county's Intermediate Retirement Medical Benefits Trust (the "Trust"). The Trust's assets are now accounted for in the Other Postemployment Benefits Fund, an internal service fund. As a result of this, the Trust's assets are now included below in primary government cash and investments. In addition to the instruments authorized by Public Act 20 of 1943, the Trust is authorized by Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks and bonds, diversified investment companies, real estate, annuity investment contracts, mortgages, and certain other specified investment vehicles. The investments of the Trust are held in a bank-administered trust fund.

The deposits and investments of the primary government and component units, excluding the pension and other postemployment benefit trust funds, at December 31, 2023 and September 30, 2023 respectively, are presented on the following page.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**Primary Government and Component Unit Deposits and Investments (continued)**

	Primary Government	Component Units	Percent of Total
Cash on hand	\$ 42,010	\$ 5,125	0.00%
Bank and money market accounts	215,924,339	17,020,605	18.51%
Certificates of deposit	159,474,152	1,921,297	12.82%
Subtotal - deposits	375,440,501	18,947,027	31.33%
US Government securities	529,271,518	71,533,038	47.74%
Common stock	116,400,841	-	9.25%
Foreign stock	14,757,944	-	1.17%
Real estate investment trusts	92,098,658	-	7.32%
Fixed income common collective trusts	22,208,065	-	1.76%
Equity common collective trusts	17,972,317	-	1.43%
Subtotal - investments	792,709,343	71,533,038	68.67%
Amount reported at December 31, 2023	<u>\$ 1,168,149,844</u>	<u>\$ 90,480,065</u>	<u>100.00%</u>
Amount reported in primary government	\$ 1,158,566,693		
Amount reported in custodial funds	<u>9,583,151</u>		
	<u>\$ 1,168,149,844</u>		

The following summarizes the restricted cash and cash equivalents as of December 31, 2023:

	Component Units (Total)
Restricted cash and cash equivalents	
Unspent bond proceeds	\$ 1,728,558
Residents' Trust	<u>33,887</u>
	<u>\$ 1,762,445</u>

Deposits – The deposits of the primary government and its component units are subject to custodial credit risk, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the county is measured by categorizing deposits in one of three categories: 1) insured or collateralized with securities held by the county or its agent in the county's name, 2) collateralized with securities held by the counter-party's trust department or agent in the county's name and 3) uninsured and uncollateralized. At year-end, the book value of the deposits was \$382,155,575, with corresponding bank balances of \$375,421,364. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances, \$3,500,000 was insured and the remaining \$371,921,364 was uninsured and uncollateralized.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**Primary Government and Component Unit Deposits and Investments (continued)**

The county believes that it is impractical to insure all deposits given the size of the portfolio and the limits of insurance established by the FDIC. As a result, the county evaluates each institution with which it deposits funds and assesses the level of risk associated with each institution and adjusts its deposits accordingly.

Investments – Investments of the primary government and component units are subject to various types of risks as defined below:

Custodial Credit Risk exists when securities are uninsured, unregistered, or held by a counterparty or its agent but not in the government's name. All investments of the primary government are held in the name of the county and are evidenced by a safekeeping receipt and, therefore, are not exposed to custodial credit risk.

Credit Risk is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the county to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, repurchase agreements and corporate bonds rated in the top four major grades as determined by at least two national ratings agencies. The entire portfolio of debt securities of the Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities. At December 31, 2023, the Fund's investments in debt securities were rated by Standard & Poor's as presented on the following page:

Quality Rating	US Treasury	US Agency	Corporate and Municipal Bonds	Total	Percent of Total	Breakdown of Corporate Portfolio
AAA	\$ 6,196,050	\$ 5,041,231	\$ 2,697,716	\$ 13,934,997	62.75%	24.59%
AA	-	-	713,101	713,101	3.21%	6.50%
A	-	-	2,720,754	2,720,754	12.25%	24.80%
BBB	-	-	4,794,233	4,794,233	21.59%	43.70%
BB	-	-	44,980	44,980	0.20%	0.41%
	<u>\$ 6,196,050</u>	<u>\$ 5,041,231</u>	<u>\$ 10,970,784</u>	<u>\$ 22,208,065</u>	<u>100.00%</u>	<u>100.00%</u>

Concentration of Credit Risk is the risk of loss measured by the magnitude of investments in a single issuer. As defined by GASB Statement No. 40, the county is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2023.

Interest Rate Risk is the risk that the fair value of the county's investments will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. Although the county investment policy does not limit investment maturities as a means of limiting its exposure to interest rate risk, the county manages this risk by purchasing a mix of short and longer-term investments. The county's entire portfolio of debt securities of the Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities and is therefore not subject to interest rate risk. The maturities of this fund have an average weighted life of 8.2 years.

Investments that do not have an established market value are reported at estimated fair value as determined by county management. Approximately 26.7 percent of the primary government's assets are not publicly traded and therefore do not have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**Retiree Health Care Trust Fund Deposits and Investments**

In addition to the instruments authorized by Public Act 20 of 1943, the Retiree Health Care Trust Fund is authorized by Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks and bonds, diversified investment companies, real estate, annuity investment contracts, mortgages, and certain other specified investment vehicles. The investments of the Retiree Health Care Trust Fund (the "Fund") are held in a bank-administered trust fund.

Deposits – The Retiree Health Care Trust Fund has no deposits as of December 31, 2023. All reported cash and pooled investments are held by the Fund's bank-administered investment custodian and is invested in short term holdings, such as money market accounts.

Investments – A summary of the investments of the Retiree Health Care Trust Fund at December 31, 2023 are presented below:

	Amount	Percent of Total
Cash and pooled investments	\$ 48,600,563	10.03%
Common stock	109,264,380	22.56%
Foreign stock	29,477,879	6.09%
Limited partnerships	-	0.00%
Real estate investment trusts	33,285,986	6.87%
Fixed income common collective trusts	54,235,957	11.20%
Equity common collective trusts	209,496,455	43.25%
	<u>\$ 484,361,220</u>	<u>100.00%</u>

Credit Risk is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the Retiree Health Care Trust Fund to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, repurchase agreements and corporate bonds rated in the top four major grades as determined by at least two national ratings agencies. The entire portfolio of debt securities of the Retiree Health Care Trust Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities.

At December 31, 2023, the Fund's investments in debt securities were rated by Standard & Poor's as follows:

Quality Rating	Breakdown of					
	US Treasury	US Agency	Corporate Bonds	Total	Percent of Total	Corporate Portfolio
AAA	\$ 12,884,831	\$ 12,559,022	\$ 6,099,523	\$ 31,543,376	58.16%	21.18%
AA	-	-	3,629,007	3,629,007	6.69%	12.60%
A	-	-	6,728,298	6,728,298	12.41%	23.37%
BBB	-	-	12,183,999	12,183,999	22.46%	42.32%
BB+	-	-	151,277	151,277	0.28%	0.53%
	<u>\$ 12,884,831</u>	<u>\$ 12,559,022</u>	<u>\$ 28,792,104</u>	<u>\$ 54,235,957</u>	<u>100.00%</u>	<u>100.00%</u>

Custodial Credit Risk exists when securities are uninsured, unregistered, or held by a counterparty or its agent but not in the government's name. All investments of the Retiree Health Care Trust Fund are held in trust by a third party institution in the name of the Fund and, therefore, are not exposed to custodial credit risk.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**Retiree Health Care Trust Fund Deposits and Investments (concluded)**

Concentration of Credit Risk is the risk of loss measured by the magnitude of investments in a single issuer. The county is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2023.

Interest Rate Risk is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. The entire portfolio of debt securities of the Retiree Health Care Trust Fund is held in four bond index mutual funds that consists of a mix of corporate, US Treasury and US Agency securities and is therefore not subject to interest rate risk. The maturities of this fund have an average weighted life of 8.3 years.

Investments that do not have an established market value are reported at estimated fair value as determined by county management. Approximately 2.4 percent of the Retiree Health Care Trust Fund's assets are not publicly traded and therefore do not have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

Employees' Retirement System Deposits and Investments

In addition to the instruments authorized by Public Act 20 of 1943 the Macomb County Employees' Retirement System is authorized by Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks and bonds, diversified investment companies, real estate, annuity investment contracts, mortgages, and certain other specified investment vehicles.

Deposits – The deposits of the Macomb County Employees' Retirement System (the "System") are subject to custodial credit risk, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the System is measured by categorizing deposits as previously described. At year-end, the book value of the deposits of the System was \$26,937,711 with corresponding bank balances of \$26,853,121. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances of the System, \$250,000 was insured and the remaining \$26,603,121 was uninsured and uncollateralized.

Investments – A summary of the investments of the System at December 31, 2023, is presented below:

	Amount	Percent of Total
Cash and pooled investments	\$ 26,937,711	2.41%
Common stock	421,530,598	37.78%
Foreign stock	81,034,871	7.26%
Limited partnerships	358,425,664	32.13%
Fixed income common collective trusts	81,008,499	7.26%
Equity common collective trusts	146,887,211	13.16%
	<u>\$ 1,115,824,554</u>	<u>100.00%</u>

The investments of the System are subject to various types of risks as defined below:

Custodial Credit Risk exists when securities are uninsured, unregistered, or held by a counterparty or its agent but not in the government's name. All investments of the System are held in trust by a third party institution in the name of the System and therefore, are not exposed to custodial credit risk.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**Employees' Retirement System Deposits and Investments (concluded)**

Credit Risk is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the System to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, repurchase agreements, as well as corporate stocks and corporate bonds rated in the top four major grades as determined by at least two national ratings agencies. Corporate stock cannot exceed seventy percent (70%) of the total portfolio. At December 31, 2023, the System's investments in debt securities were rated by Standard & Poor's as presented below:

Quality Rating	US Treasury	US Agency	Corporate Bonds	Total	Percent of Total	Breakdown of Corporate Portfolio
AAA	\$ 29,281,118	\$ 10,717,107	\$ 9,952,503	\$ 49,950,728	61.66%	24.27%
AA	-	-	3,038,399	3,038,399	3.75%	7.41%
A	-	-	10,169,730	10,169,730	12.55%	24.80%
BBB	-	-	17,714,568	17,714,568	21.87%	43.20%
BB	-	-	128,230	128,230	0.16%	0.31%
CC	-	-	4,847	4,847	0.01%	0.01%
Not Rated	-	-	1,997	1,997	0.00%	0.00%
	<u>\$ 29,281,118</u>	<u>\$ 10,717,107</u>	<u>\$ 41,010,274</u>	<u>\$ 81,008,499</u>	<u>100.00%</u>	<u>100.00%</u>

Interest Rate Risk is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. The maturities of the System have an average weighted life of 4.8 years.

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investments that do not have an established market value are reported at estimated fair value as determined by county management. Approximately 32.9 percent of the Employees' Retirement System assets are not publicly traded and therefore do not have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

NOTE 3 – FAIR VALUE MEASUREMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)**Primary Government**

The primary government of the county had recurring fair value measurements as of December 31, 2023 as presented below:

Assets Measured at Fair Value on a Recurring Basis - Primary Government				
	Ending Balance	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities				
Common stock	\$ 116,400,841	\$ 116,400,841	\$ -	\$ -
Foreign stock	14,757,944	14,757,944	-	-
Total equity securities	131,158,785	131,158,785	-	-
Fixed income common collective trusts	22,208,065	-	22,208,065	-
Equity common collective trusts	17,972,317	-	17,972,317	-
Real estate investment trust funds	21,897,929	-	21,897,929	-
Total investments by fair value level	193,237,096	\$ 131,158,785	\$ 62,078,311	\$ -
Investments measured at net asset value (NAV)				
Hedge funds	14,799,197			
Private equity	30,924,679			
Real estate funds	24,476,853			
Total investments measured at NAV	70,200,729			
Total investments measured at fair value	\$ 263,437,825			

Equity securities classified in level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in level 2 are valued using the following approaches: Fixed income investments are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors.

The county holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At the year ended December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as presented on the following page:

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)**Primary Government (concluded)**

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds	\$ 14,799,197	\$ -	None	N/A
Private equity funds	30,924,679	24,895,592	None or Quarterly	30 Days
Real estate funds	24,476,853	2,483,751	None or Quarterly	30 Days
Total investments measured at NAV	<u>\$ 70,200,729</u>	<u>\$ 27,379,343</u>		

Multiple funds are held in the hedge funds category reported above. For reporting purposes, the redemption frequency and redemption notice period provided are the most restrictive in the category.

The hedge funds class includes investments in funds that achieve capital appreciation through multimanager and/or multistrategy investments. Within this group of funds, there is exposure to investment strategies including, but not limited to, credit, event-driven, equity, and relative value. The funds have the ability to invest across all markets and across all asset classes to implement their various strategies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next month to 5 years.

The private equity funds class is comprised of multiple funds with portfolios including investments in funds that achieve capital appreciation through leveraged buyouts and venture and growth equity. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. None of the value of the investments in the private equity funds are in the process of being liquidated by fund manager. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next 2 to 10 years.

The real estate funds class is comprised of multiple funds with portfolios including investments in commercial real estate that provide current cash flow yield and upside through future appreciation. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. None of the value of the investments in the real estate funds are in the process of being liquidated by fund managers. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the funds will be liquidated over the next month to 7 years.

Disclosures Regarding Redemption Only Upon Liquidation

The investments in hedge funds, international equity funds, private equity funds, and real estate funds can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 6 years.

Fiduciary Trust Funds

The county's fiduciary trust funds, which are comprised of the Macomb County Employees' Retirement System, the Retiree Health Care Trust Fund, and the Roads' Retiree Health Care Investment Trust had recurring fair value measurements as of December 31, 2023 as presented on the following page.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)**Fiduciary Trust Funds (continued)**

Assets Measured at Fair Value on a Recurring Basis - Fiduciary Trust Funds				
		Fair Value Measurement Using		
	Ending Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities				
Common stock	530,794,978	530,794,978	-	-
Foreign stock	110,512,750	110,512,750	-	-
Total equity securities	641,307,728	641,307,728	-	-
Limited Partnership investments	-	-	-	-
Fixed income common collective trusts	135,244,456	-	135,244,456	-
Equity common collective trusts	356,383,666	-	356,383,666	-
Real estate investment trust funds	33,285,986	33,285,986	-	-
Total investments by fair value level	1,166,221,836	\$ 674,593,714	\$ 491,628,122	\$ -
Investments measured at net asset value (NAV)				
Hedge funds	106,026,241			
Infrastructure funds	24,110,868			
Private equity funds	129,249,147			
Real estate funds	99,039,408			
International real estate funds	-			
Interest in pooled investment	104,874,626			
Total investments measured at NAV	463,300,290			
Total investments measured at fair value	<u>\$ 1,629,522,126</u>			

Equity securities classified in level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in level 2 are valued using the following approaches: Fixed income investments are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Preferred stocks classified in level 2 are normally valued based on previous observed pricing and other similar offerings from the same institution. Debt securities classified in level 3 are based upon unobservable inputs.

The county holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)**Fiduciary Trust Funds (continued)**

At the year ended December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds	\$ 106,026,241	\$ 757,590	None or Monthly	7 Days
Infrastructure funds	24,110,868	9,958,931	None	N/A
Private equity funds	129,249,147	87,343,651	None or Quarterly	30 Days
Real estate funds	99,039,408	17,421,148	None or Quarterly	30 Days
Interest in pooled investment	104,874,626	-	Daily	None
Total investments measured at NAV	<u>\$ 463,300,290</u>	<u>\$ 115,481,320</u>		

Multiple funds are held in most of the categories reported above. For reporting purposes, the redemption frequency and redemption notice period provided are the most restrictive of any of the funds in the category.

The hedge funds class includes investments in funds that achieve capital appreciation through multimanager and/or multistrategy investments. Within this group of funds, there is exposure to investment strategies including, but not limited to, credit, event-driven, equity, and relative value. The funds have the ability to invest across all markets and across all asset classes to implement their various strategies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next month to 5 years.

The infrastructure funds class is comprised of the Morgan Infrastructure Fund. The fund is comprised of various infrastructure projects, typically constructed by governmental entities. Many of these projects are subject to regulatory establishment of rates, service delivery levels, or both. The objective of the fund is to own a portfolio of high quality infrastructure assets with the potential to generate strong, consistent cash returns over long periods of time. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next month to 20 years.

The private equity funds class includes investments in funds that achieve capital appreciation in a variety of different ways depending on the individual funds' objectives. Objectives include investments in emerging technologies, and mortgage recovery, while other funds eschew traditional sector-oriented goals in favor of flexibility in order to capitalize on opportunities that are time-sensitive, complex, or in dislocated markets. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next month to 6 years.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 – FAIR VALUE MEASUREMENTS (CONCLUDED)**Fiduciary Trust Funds (concluded)**

The real estate funds class includes investments in funds whose objective is to operate a core portfolio of real estate investments predominately located in the U.S. The funds acquire ownership in underlying investments either through direct real estate ownership or ownership in real estate companies or the equity of real estate investment trusts. The funds predominately target purchases in office, industrial, retail, or multifamily real estate classes. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next month to 7 years.

The interest in pooled investment is comprised of the Municipal Employees' Retirement System of Michigan (MERS) Total Market Fund, which is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Fund.

Disclosures Regarding Redemption Only Upon Liquidation

The investments in hedge funds, infrastructure funds, international equity funds, private equity funds, real estate funds, and international real estate funds can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the month to 20 years.

NOTE 4 – DUE FROM COMPONENT UNIT

The county issued general obligation bonds in the amount of \$263,555,000 in March 2015 for the purpose of defraying the county's unfunded retiree health care liability. The net proceeds were placed into the Macomb County Retiree Health Care Intermediate Trust Fund. The employees of the Martha T. Berry Medical Care Facility Discretely Presented Component Unit participate in the retiree health care plan. Consequently, \$16,395,000 of the bond issue was allocated to Martha T. Berry based on actuarial analysis.

In October 2020, the county issued refunding general obligation bonds in the amount of \$131,015,000. The partial refunding retired \$108,810,000 of the 2015 bonds. The same actuarial analysis from 2015 was used to allocate the 2015 and 2020 bonds to Martha T. Berry. As a result, \$6,802,082 of Martha T. Berry's allocation of the 2015 Bonds was considered refunded, and \$8,150,067 of the 2020 refunding bonds were allocated to Martha T. Berry. Remaining amounts due from Martha T. Berry for the 2015 bonds will be paid back to the county with installment payments each May 1 and November 1 of each year through 2028. Remaining amounts due from Martha T. Berry for the 2020 refunding bonds will be paid back to the county with installment payments each May 1 and November 1 of each year through 2035. Both amounts were recorded in the governmental activities of the county as a due from component unit (a long-term receivable).

In addition, the county made an additional contribution of \$59,000,000 to its Retiree Health Care Intermediate Trust Fund in 2015 to pre-fund a portion of the county's other postemployment benefits liability. The Martha T. Berry Medical Care Facility (a discretely-presented component unit of the county) participates in the system and as such, \$3,658,000 of the \$59,000,000 contribution was deemed to be attributable to their portion of the amount of the pre-funding contribution. Remaining amounts due from Martha T. Berry will be paid back to the county with installment payments due each May 1 and November 1 of each year through 2035.

The county has recorded a due from component unit on the governmental activities statement of net position as shown in the table on the following page:

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 4 – DUE FROM COMPONENT UNIT (CONCLUDED)

	Balance, January 1, 2023	Increases	Decreases	Balance, December 31, 2023
2015 OPEB Bonds	\$ 4,514,671	\$ -	\$ 693,000	\$ 3,821,671
2020 OPEB Refunding Bonds	7,920,067	-	116,000	7,804,067
General Fund Loan Repayment (LT Portion)*	2,377,700	-	182,900	2,194,800
Total, Due from Component Unit	<u>\$ 14,812,438</u>	<u>\$ -</u>	<u>\$ 991,900</u>	<u>\$ 13,820,538</u>

NOTE 5 – CAPITAL ASSETS

The following is a summary of capital asset activity of the governmental activities of the county for the year ended December 31, 2023:

	Beginning Balance, as Restated	Increases	Decreases and Transfers	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 206,763,487	\$ 1,477,780	\$ -	\$ 208,241,267
Construction in progress	17,515,146	15,707,193	8,520,328	24,702,011
Development in progress	1,634,419	1,805,117	3,439,536	-
Total capital assets not being depreciated	225,913,052	18,990,090	11,959,864	232,943,278
Other capital assets:				
Land improvements	11,691,774	5,000	39,810	11,656,964
Buildings and building improvements	388,861,398	9,826,468	409,889	398,277,977
Machinery, equipment, and vehicles	116,396,158	6,877,946	3,491,407	119,782,697
Infrastructure	1,707,982,881	170,546,791	-	1,878,529,672
Leased buildings	1,213,882	177,914	1,075,677	316,119
Subscription-based IT arrangements	2,975,834	11,645,061	-	14,620,895
Total other capital assets	2,229,121,927	199,079,180	5,016,783	2,423,184,324
Less accumulated depreciation for:				
Land Improvements	8,105,420	458,576	11,949	8,552,047
Buildings and building improvements	190,930,607	11,637,509	353,328	202,214,788
Machinery, equipment, and vehicles	93,407,281	8,696,303	3,334,537	98,769,047
Infrastructure	953,108,330	48,270,113	-	1,001,378,443
Less accumulated amortization for:				
Leased buildings	1,056,048	162,246	1,075,677	142,617
Subscription-based IT arrangements	1,394,197	1,797,336	-	3,191,533
Total accumulated depreciation and amortization	1,248,001,883	71,022,083	4,775,491	1,314,248,475
Net other capital assets	981,120,044	128,057,097	241,292	1,108,935,849
Net governmental capital assets	<u>\$ 1,207,033,096</u>	<u>\$ 147,047,187</u>	<u>\$ 12,201,156</u>	<u>\$ 1,341,879,127</u>

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Governmental activity beginning balances were restated as a result of the county's implementation of Governmental Accounting Standards Board Statement No. 96, Subscription-based Information Technology Arrangements. The effect of the restatement was an increase in net other capital assets for \$3,216,056. For the net effect of the implementation of this standard on Governmental activities beginning net position, see Note 23.

Depreciation and amortization expense was charged to the functions of the governmental activities as follows:

	Governmental Assets	Internal Service Assets	Total
Judicial	\$ 152,078	\$ -	\$ 152,078
General government	9,586,374	261,915	9,848,289
Health and welfare	2,858,987	-	2,858,987
Recreation and culture	194,235	-	194,235
Public safety	5,465,027	-	5,465,027
Public works	52,269,539	-	52,269,539
Community and economic development	233,928	-	233,928
	<u>\$ 70,760,168</u>	<u>\$ 261,915</u>	<u>\$ 71,022,083</u>

Macomb County, Michigan
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 5 – CAPITAL ASSETS (CONTINUED)

A summary of capital asset activity of the business-type activities of the county for the year ended December 31, 2023 is presented below:

	Beginning Balance, as restated	Increases and Transfers	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Other capital assets:				
Land improvements	491,313	-	-	491,313
Buildings and building improvements	2,449,173	-	-	2,449,173
Machinery, equipment, and vehicles	460,910	344,299	-	805,209
Leased buildings	3,786,189	1,990,675	-	5,776,864
Leased equipment	133,379	-	-	133,379
Total other capital assets	7,320,964	2,334,974	-	9,655,938
Less accumulated depreciation for:				
Land Improvements	242,601	22,663	-	265,264
Buildings and building improvements	1,633,318	83,162	-	1,716,480
Machinery, equipment, and vehicles	395,920	50,333	-	446,253
Less accumulated amortization for:				
Leased buildings	627,741	1,025,876	-	1,653,617
Leased equipment	51,631	51,631	-	103,262
Total accumulated depreciation	2,951,211	1,233,665	-	4,184,876
Net other capital assets	4,369,753	1,101,309	-	5,471,062
Net business-type capital assets	\$ 4,419,753	\$ 1,101,309	\$ -	\$ 5,521,062

Business-type activity beginning balances were restated as a result of some leased buildings and equipment for Community Mental Health being omitted from the schedule in the prior year. The effect of the restatement was an increase in net other capital assets for \$3,088,859.

Depreciation and amortization expense of the business-type activities by function totaled \$118,793 for recreation and culture and \$1,114,872 for health and welfare, for a total reported increase in accumulated depreciation in business-type activities of \$1,233,665.

Macomb County, Michigan
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 5 – CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in the Drainage Districts Component Unit capital assets for the year ended September 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - Drainage Districts				
Capital assets not being depreciated:				
Land	\$ 1,484,060	\$ -	\$ -	\$ 1,484,060
Construction in progress	32,364,740	38,532,480	933,685	69,963,535
Total capital assets not being depreciated	33,848,800	38,532,480	933,685	71,447,595
Other capital assets:				
Machinery, equipment, and vehicles	2,392,398	660,861	-	3,053,259
Infrastructure	512,488,918	941,542	-	513,430,460
Total other capital assets	514,881,316	1,602,403	-	516,483,719
Less accumulated depreciation for:				
Machinery, equipment, and vehicles	971,573	315,175	-	1,286,748
Infrastructure	182,435,880	10,259,200	-	192,695,080
Total accumulated depreciation	183,407,453	10,574,375	-	193,981,828
Net other capital assets	331,473,863	(8,971,972)	-	322,501,891
Net drainage district capital assets	\$ 365,322,663	\$ 29,560,508	\$ 933,685	\$ 393,949,486

The following is a summary of changes in the Martha T. Berry Medical Care Facility (MCF) Component Unit capital assets for the year ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - Martha T. Berry MCF				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 1,560,044	\$ -	\$ 1,560,044
Other capital assets:				
Buildings and building improvements	6,361,801	580,125	-	6,941,926
Machinery, equipment, and vehicles	2,142,357	50,048	-	2,192,405
Total other capital assets	8,504,158	630,173	-	9,134,331
Less accumulated depreciation for:				
Buildings and building improvements	2,026,216	462,487	-	2,488,703
Machinery, equipment, and vehicles	1,357,691	142,813	-	1,500,504
Total accumulated depreciation	3,383,907	605,300	-	3,989,207
Net other capital assets	5,120,251	24,873	-	5,145,124
Net Martha T. Berry capital assets	\$ 5,120,251	\$ 1,584,917	\$ -	\$ 6,705,168

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 5 – CAPITAL ASSETS (CONCLUDED)

The following is a summary of changes in the Workforce Development Board Component Unit capital assets for the year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - Workforce Development Board				
Other capital assets:				
Leased buildings	9,413,534	-	-	9,413,534
Less accumulated amortization for:				
Leased buildings	4,798,317	769,252	-	5,567,569
Net other capital assets	4,615,217	(769,252)	-	3,845,965
Net Workforce Development Board capital assets	<u>\$ 4,615,217</u>	<u>\$ (769,252)</u>	<u>\$ -</u>	<u>\$ 3,845,965</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 2023:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance	Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
<i>General obligation bonds</i>					
General County					
Series 2015 Capital Improvement Bonds	26,155,000	-	2,870,000	23,285,000	2,990,000
Series 2015 Retiree Health Care Bonds	60,253,368	-	9,252,143	51,001,225	9,534,372
Series 2020 Refunding Retiree Health Care Bonds	105,700,767	-	1,548,256	104,152,511	1,556,626
<i>Notes from direct borrowings and direct placements</i>					
Department of Roads					
2014 MDOT Infrastructure Loan	139,228	-	33,279	105,949	34,277
2017 MDOT Infrastructure Loan	251,740	-	39,410	212,330	40,395
Total bonded debt and loans	192,500,103	-	13,743,088	178,757,015	14,155,670
<i>Other liabilities</i>					
Compensated absences					
General County	15,696,064	2,641,224	2,641,224	15,696,064	2,725,836
Department of Roads	1,834,170	2,000,278	1,651,113	2,183,335	1,500,000
General liability claims					
General County	8,390,678	2,284,998	3,243,189	7,432,487	1,214,737
Department of Roads	592,308	272,646	791,627	73,327	50,000
Workers' compensation claims					
General County	1,797,362	863,090	1,088,764	1,571,688	392,923
Department of Roads	16,793	108,029	91,600	33,222	33,222
Leases	164,256	177,914	167,183	174,987	73,726
Subscription-based IT arrangements	1,645,120	7,457,853	1,404,750	7,698,223	2,345,926
Total other liabilities	30,136,751	15,806,032	11,079,450	34,863,333	8,336,370
Total governmental activities	222,636,854	15,806,032	24,822,538	213,620,348	22,492,040
Business-Type Activities					
<i>General obligation bonds</i>					
Series 2015 Retiree Health Care Bonds	12,326,632	-	1,892,857	10,433,775	1,950,628
Series 2020 Refunding Retiree Health Care Bonds	21,624,233	-	316,744	21,307,489	318,374
<i>Other liabilities</i>					
Compensated absences	1,491,755	373,851	265,653	1,599,953	274,164
Leases	3,283,525	1,990,675	1,029,516	4,244,684	1,033,682
Total business-type activities	38,726,145	2,364,526	3,504,770	37,585,901	3,576,848
TOTAL PRIMARY GOVERNMENT	<u>\$ 261,362,999</u>	<u>\$ 18,170,558</u>	<u>\$ 28,327,308</u>	<u>\$ 251,206,249</u>	<u>\$ 26,068,888</u>
DISCRETELY PRESENTED COMPONENT UNITS					
Martha T. Berry Medical Care Facility					
<i>Notes from direct borrowings and direct placements</i>					
Notes payable to Macomb County	\$ 14,812,438	\$ -	\$ 991,900	\$ 13,820,538	\$ 1,013,900
<i>Other liabilities</i>					
Compensated absences	755,872	1,679,432	1,474,926	960,378	474,360
Total Martha T. Berry Medical Care Facility	15,568,310	1,679,432	2,466,826	14,780,916	1,488,260
Drainage Districts					
<i>General obligation bonds</i>					
Special assessment debt	216,356,823	4,941,758	12,045,917	209,252,664	12,678,957
Unamortized premiums	28,590,346	152,545	1,548,465	27,194,426	1,548,465
Unamortized discounts	(32,899)	-	(4,699)	(28,200)	(4,699)
<i>Notes from direct borrowings and direct placements</i>					
Special assessment debt	56,869,343	-	5,542,833	51,326,510	5,620,618
Total Drainage Districts	301,783,613	5,094,303	19,132,516	287,745,400	19,843,341
Workforce Development Board					
<i>Other liabilities</i>					
Leases	5,386,028	-	854,299	4,531,729	896,562
TOTAL COMPONENT UNITS	<u>\$ 322,737,951</u>	<u>\$ 6,773,735</u>	<u>\$ 22,453,641</u>	<u>\$ 307,058,045</u>	<u>\$ 22,228,163</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Long-term bonded debt of the Primary Government and Component Units are presented below:

	Interest Rate	Date of Issue	Maturity Date	Original Issue Amount	Balance, End of Year
PRIMARY GOVERNMENT					
Governmental Activities					
<i>General Obligation Bonds</i>					
<i>General County</i>					
Series 2015 Capital Improvement Bonds	3.00 - 4.00	06/23/15	05/01/30	44,210,000	23,285,000
Series 2015 Retiree Health Care Bonds	3.226 - 3.926	03/10/15	11/01/35	218,794,324	51,001,225
Series 2020 Refunding Retiree Health Care Bonds	0.679 - 2.239	10/27/20	11/01/35	108,764,161	104,192,511
Subtotal, general obligation bonds				371,768,485	178,438,736
<i>Notes from direct borrowings and direct placements</i>					
<i>Department of Roads</i>					
2014 MDOT Infrastructure Loan	3.00	07/01/14	07/01/26	472,500	105,949
2017 MDOT Infrastructure Loan	2.50	11/09/17	11/09/27	400,000	212,330
Subtotal, notes from direct borrowings and direct placements				872,500	318,279
Total governmental activities				372,640,985	178,757,015
Business-Type Activities					
<i>General Obligation Bonds</i>					
Series 2015 Retiree Health Care Bonds	3.226 - 3.926	03/10/15	11/01/35	44,760,676	10,433,775
Series 2020 Refunding Retiree Health Care Bonds	0.679 - 2.239	10/27/20	11/01/35	22,250,839	21,307,489
Total business-type activities				67,011,515	31,741,264
TOTAL PRIMARY GOVERNMENT				439,652,500	210,498,279
DISCRETELY PRESENTED COMPONENT UNIT					
Drainage District					
<i>Special assessment debt with governmental commitment</i>					
<i>General Obligation Bonds</i>					
<i>Lake St. Clair Clean Water Initiative</i>					
Series 2013 refunding	4.00 - 5.00	12/19/13	10/01/29	13,725,000	-
Series 2019 refunding	2.188 - 2.589	12/27/19	10/01/29	7,355,000	4,990,000
Series 2020 refunding	0.897 - 1.810	12/10/20	12/31/29	7,225,000	6,755,000
<i>Macomb Interceptor Drain Drainage District</i>					
Series 2017A refunding	3.00 - 5.00	06/07/17	05/01/42	126,425,000	101,460,000
Series 2020	2.00	02/19/20	05/01/26	15,435,000	12,105,000
<i>North Gratiot Interceptor</i>					
Series 2010	5.80 - 6.35	05/11/10	05/01/35	16,965,000	9,775,000
Series 2015 refunding	3.50 - 5.00	08/06/15	05/01/33	16,990,000	10,735,000
Series 2018 refunding	5.00	08/09/15	11/01/31	8,890,000	5,940,000
Series 2020	5.00	02/19/20	05/01/26	1,745,000	1,415,000
<i>Oakland-Macomb Interceptor</i>					
Series 2014	2.00 - 3.125	10/15/14	10/01/34	5,150,335	3,182,031
Series 2019A	1.85	12/19/19	04/01/30	2,322,650	1,614,525
Series 2019B	1.55	12/19/19	10/01/25	4,566,195	877,271
Series 2020A	2.00 - 5.00	08/19/20	07/01/40	48,723,665	45,462,079
Series 2020B	4.00 - 5.00	08/19/23	07/01/43	4,941,758	4,941,758
Subtotal, general obligation bonds				280,459,603	209,252,664
<i>Notes from direct borrowings and direct placements</i>					
<i>8.5 Mile Relief</i>					
State Revolving Fund Loan (5306-01)	2.50	Various	10/01/29	4,025,000	1,425,000
State Revolving Fund Loan (5393-01)	2.50	Various	10/01/30	1,246,579	503,579
State Revolving Fund Loan (5460-01)	2.50	Various	04/01/31	418,488	200,345
State Revolving Fund Loan (5579-01)	2.50	Various	10/01/34	445,000	248,366
<i>Lake St. Clair Clean Water Initiative</i>					
State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/23	975,000	-
<i>Macomb Interceptor Drain Drainage District</i>					
State Revolving Fund Loan (5487-01)	2.50	Various	04/01/34	8,565,000	5,200,780
State Revolving Fund Loan (5540-01)	2.00	Various	10/01/33	2,250,000	1,234,999
State Revolving Fund Loan (5605-01)	2.50	Various	10/01/36	3,145,000	2,215,000
State Revolving Fund Loan (5624-01)	2.50	Various	10/01/35	3,675,000	1,782,439
State Revolving Fund Loan (5639-03)	2.00	07/22/20	04/01/40	26,000,000	1,290,992
<i>Oakland-Macomb Interceptor</i>					
State Revolving Fund Loan (5368-01)	2.50	Various	04/01/31	13,429,140	6,187,725
State Revolving Fund Loan (5368-02)	2.50	Various	10/01/20	12,532,062	7,034,247
State Revolving Fund Loan (5368-03)	2.00	Various	10/01/34	31,966,690	19,133,888
SAW Program Loan 2001-01	2.50	Various	04/01/36	6,907,116	4,869,150
Subtotal, notes from direct borrowings and direct placements				115,580,075	51,326,510
TOTAL DISCRETELY PRESENTED COMPONENT UNIT				396,039,678	260,579,174
TOTAL REPORTING ENTITY				\$ 835,692,178	\$ 471,077,453

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 6 – LONG-TERM DEBT (CONCLUDED)

All long-term obligations are presented as of December 31, 2023 except for the Special Assessment Debt with Governmental Commitment and Department of Road obligations, which are presented as of September 30, 2023. Special assessments receivable have been pledged by various local units of government for the payment of principal and interest on the Special Assessment Debt with Governmental Commitment. The county has also pledged its full faith and credit as additional security for the payment of the principal and interest on the Special Assessment Debt with Governmental Commitment in the event that the monies required to pay the principal and interest on the bonds are not collected by the aforementioned special assessments.

The annual requirements necessary to pay principal and interest on the obligations of the Primary Government and Component Units outstanding at year-end, exclusive of the compensated absences, general liability, and workers' compensation accruals, are presented below.

Year	Governmental Activities				Business-Type Activities	
	Bonds		Notes from Direct Borrowings and Direct Placements		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 14,080,998	\$ 4,564,161	\$ 74,672	\$ 8,486	\$ 2,269,002	\$ 780,639
2025	14,524,897	4,124,010	76,711	6,448	2,335,103	715,552
2026	14,971,079	3,673,033	78,805	4,354	2,403,921	645,897
2027	15,448,749	3,195,766	43,501	2,202	2,481,251	569,007
2028	15,969,655	2,672,231	44,590	1,115	2,565,345	484,350
2029 - 2033	74,583,109	7,424,457	-	-	13,781,891	1,467,230
2034 - 2038	28,860,249	955,545	-	-	5,904,751	195,484
2039 - 2043	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-
	<u>\$ 178,438,736</u>	<u>\$ 26,609,203</u>	<u>\$ 318,279</u>	<u>\$ 22,605</u>	<u>\$ 31,741,264</u>	<u>\$ 4,858,159</u>

Year	Primary Government				Discretely Presented Component Units			
	Bonds		Notes from Direct Borrowings and Direct Placements		Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 16,350,000	\$ 5,344,800	\$ 74,672	\$ 8,486	\$ 12,678,958	\$ 8,877,565	\$ 6,634,517	\$ 1,430,028
2025	16,860,000	4,839,562	76,711	6,448	13,190,067	8,380,957	5,565,840	1,291,750
2026	17,375,000	4,318,930	78,805	4,354	13,992,729	7,808,424	5,647,542	1,161,900
2027	17,930,000	3,764,773	43,501	2,202	14,577,646	7,174,498	5,770,782	1,027,478
2028	18,535,000	3,156,581	44,590	1,115	15,341,820	6,511,450	10,630,866	1,356,852
2029 - 2033	88,365,000	8,891,687	-	-	71,236,190	22,075,754	26,260,431	2,066,427
2034 - 2038	34,765,000	1,151,029	-	-	44,996,362	8,616,753	4,637,070	134,745
2039 - 2043	-	-	-	-	23,238,892	2,312,425	-	-
2044 - 2048	-	-	-	-	-	-	-	-
	<u>\$ 210,180,000</u>	<u>\$ 31,467,362</u>	<u>\$ 318,279</u>	<u>\$ 22,605</u>	<u>\$ 209,252,664</u>	<u>\$ 71,757,826</u>	<u>\$ 65,147,048</u>	<u>\$ 8,469,180</u>

NOTE 7 – CONDUIT DEBT

The City of Utica partnered with GS Entertainment, LLC, to redevelop property located north of Auburn Road and East of Moscone Drive, which was the site of a former waste disposal facility, into a community activity complex which includes a 2,000-seat ballpark and entertainment complex. The City of Utica and its Downtown Development Authority own the properties and lease them to GS Entertainment, LLC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 7 – CONDUIT DEBT (CONCLUDED)

To further economic development in the county, on August 11, 2015, Macomb County entered into a brownfield redevelopment loan agreement with the Michigan Department of Environmental Quality, Remediation and Redevelopment Division to borrow \$1,000,000 for the purpose of environmental remediation activities at the site. The loan agreement was amended on August 27, 2020, allowing a one year deferral, interest free, on the original loan repayment schedule. Loan repayments began on July 6, 2021, and will continue through July 6, 2031. The interest rate established on the loan is 1.50%. The county may pay off a portion or the entire amount of the loan within the first 5 years without interest or penalty.

As the debt has been issued on behalf of GS Entertainment, the debt is classified as conduit debt and has not been recorded on the county's financial statements. The county will recognize payments as they are received from GS Entertainment in the governmental funds as a liability equal to the amounts collected but not yet remitted to debt holders. The bonds are payable solely from payments received from GS Entertainment, and no further commitments beyond the maintenance of the tax-exempt status of the conduit debt were extended by the county. At December 31, 2023, the loan has a principal balance payable in the amount of \$732,321.

NOTE 8 – ASSET RETIREMENT OBLIGATIONS

The county reports asset retirement obligations related to a total of 10 underground gas tanks ranging in size from 8,000 gallons to 20,000 gallons as detailed below.

Location and Size	Year Installed	Useful Life	Remaining Useful Life	Asset Retirement Obligation	Beginning Deferred Outflow	Current Year Amortization	Ending Deferred Outflow
Washington Township							
20,000 gallon tank - Diesel	2000	40 years	16 years	\$ 100,000	\$ 80,952	\$ 4,762	\$ 76,190
12,000 gallon tank - Unleaded	2000	40 years	16 years	100,000	80,952	4,762	76,190
New Haven							
20,000 gallon tank - Diesel	1997	40 years	13 years	100,000	77,776	5,556	72,220
12,000 gallon tank - Unleaded	1997	40 years	13 years	100,000	77,776	5,556	72,220
Clinton Township							
20,000 gallon tank - Diesel	1979	45 years	0 years	100,000	20,000	20,000	-
10,000 gallon tank - Diesel	1979	45 years	0 years	100,000	20,000	20,000	-
20,000 gallon tank - Unleaded	1979	45 years	0 years	100,000	20,000	20,000	-
8,000 gallon tank - Unleaded	1979	45 years	0 years	100,000	20,000	20,000	-
Shelby Township							
20,000 gallon tank - Diesel	1993	40 years	9 years	100,000	71,428	7,143	64,285
12,000 gallon tank - Unleaded	1993	40 years	9 years	100,000	71,432	7,142	64,290
				<u>\$ 1,000,000</u>	<u>\$ 540,316</u>	<u>\$ 114,921</u>	<u>\$ 425,395</u>

Michigan Underground Storage Tank Rules, enforced by the Michigan Department of Licensing and Regulatory Affairs, holds owners of underground gas tanks financially responsible for any and all pollution and remediation expenditures as result of failure of the underground tank or as a result of removal of the underground tank.

The estimate of potential liability was determined by seeking quotes from contractors qualified to remove underground tanks and perform pollution remediation work if required. The liability is offset by available fund balance in the Roads Special Revenue Fund.

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The majority of the outstanding interfund receivables and payables represent interfund reimbursements that were not settled at year-end, as well as short-term working capital loans for funds with negative cash balances in the county's cash and investment pool at year-end.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONCLUDED)

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. Interfund transfers are used to (1) account for the movement of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization and (2) move restricted revenues from the funds that are allowed to collect them to funds that are allowed to expend them. Specifically, the transfer out of the delinquent tax revolving fund enterprise and into the general fund is a discretionary annual transfer of the declared surplus of funds collected by the County Treasurer, which is then expended in the general fund. Transfers from the general fund to the community mental health enterprise fund are for a combination of required program contributions as well as fifty percent of the county's public act 2 "liquor tax" collections to support the substance abuse program. All other transfers are county contributions to various grant programs.

Interfund receivables, payables, and transfers are reported below.

Due to	Due From					
	Major Governmental Fund			Major Enterprise Fund		
	General Fund	Roads Fund	Community Action Agency (1)	Nonmajor Governmental Funds	Delinquent Tax Revolving Fund	Internal Service Funds
General Fund	\$ -	\$ 4,160,176	\$ 1,067,537	\$ 6,685,120	\$ 13,457,609	\$ 8,382,580
Community Mental Health Enterprise Fund	10,760,523	-	-	-	-	-
Internal Service	-	2,073,830	-	-	-	-
	10,760,523	6,234,006	1,067,537	6,685,120	13,457,609	8,382,580
Timing differences as a result of interfund transactions occurring in funds with different fiscal year ends	924,873	(6,234,006)	-	-	-	-
	<u>\$ 11,685,396</u>	<u>\$ -</u>	<u>\$ 1,067,537</u>	<u>\$ 6,685,120</u>	<u>\$ 13,457,609</u>	<u>\$ 8,382,580</u>
						<u>\$ 41,278,242</u>

Interfund transfers are reported below.

Transfers Out	Transfers In						
	Major Governmental Fund			Major Enterprise Fund			Total
	General Fund	Community Action Agency	American Rescue Plan Act	Nonmajor Governmental Funds	Internal Service	Community Mental Health	
Major governmental funds							
General Fund	\$ -	\$ 6,873,788	\$ 1,826,771	\$ 35,471,030	\$ 527,217	\$ 7,508,685	\$ 86,000
Community Action Agency	-	-	-	-	-	-	-
Nonmajor governmental funds	36,381	-	-	454,174	-	-	490,555
Internal service funds	127,962	-	-	-	530,069	-	658,051
Major enterprise fund							
Delinquent Tax Revolving	8,134,516	-	-	-	-	-	8,134,516
Subtotal	8,298,879	6,873,788	1,826,771	35,925,204	1,057,286	7,508,685	86,000
Timing differences as a result of interfund transactions occurring in funds with different fiscal year ends	-	-	-	7,469,050	-	-	-
	<u>\$ 8,298,879</u>	<u>\$ 6,873,788</u>	<u>\$ 1,826,771</u>	<u>\$ 43,394,254</u>	<u>\$ 1,057,286</u>	<u>\$ 7,508,685</u>	<u>\$ 86,000</u>
							<u>\$ 69,045,663</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 10 – LEASES

The county leases certain assets from various third parties. The assets leased include buildings and equipment. Payments are generally fixed monthly rates with escalation in payments over the term of the lease. Lease asset activity of the county is included in the capital asset footnote, Note 5.

Future principal and interest payment requirements related to the county's governmental activities lease liability at December 31, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	\$ 73,726	\$ 4,906	\$ 78,632
2025	60,010	2,726	62,736
2026	41,251	572	41,823
Total	<u>\$ 174,987</u>	<u>\$ 8,204</u>	<u>\$ 183,191</u>

Future principal and interest payment requirements related to the county's business type activities lease liability at September 30, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	\$ 1,033,682	\$ 61,262	\$ 1,094,944
2025	846,163	44,726	890,889
2026	778,025	29,229	807,254
2027	801,449	13,324	814,773
2028	387,639	3,507	391,146
2029	397,726	1,245	398,971
Total	<u>\$ 4,244,684</u>	<u>\$ 153,293</u>	<u>\$ 4,397,977</u>

Future principal and interest payment requirements related to the county's component unit lease liability at June 30, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	\$ 896,562	\$ 130,866	\$ 1,027,428
2025	916,993	103,392	1,020,385
2026	593,265	77,066	670,331
2027	217,949	61,447	279,396
2028	228,191	56,183	284,374
2029-2033	920,328	198,150	1,118,478
2034-2038	758,441	58,285	816,726
Total	<u>4,531,729</u>	<u>685,389</u>	<u>5,217,118</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 10 – LEASES (CONCLUDED)

The county leases certain assets to various third parties. The assets leased include buildings and cell towers. Payments are generally fixed monthly rates with escalation in payments over the term of the lease.

During the year, the county recognized the following related to its lessor agreements:

	(1) Governmental Activities	(2) Component Units
Lease revenue	\$ 151,421	\$ 3,164
Interest income related to its leases	62,857	26,836

(1) Year ending December 31, 2023

(2) Year ending September 30, 2023

Future principal and interest payment requirements related to the county's governmental activities leases receivable at December 31, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	\$ 150,517	\$ 58,777	\$ 209,294
2025	161,253	54,625	215,878
2026	172,667	50,177	222,844
2027	186,923	45,383	232,306
2028	201,909	40,148	242,057
2029-2033	624,698	126,585	751,283
2034-2038	254,770	58,454	313,224
2039-2043	183,254	16,616	199,870
	<u>\$ 1,935,991</u>	<u>\$ 450,765</u>	<u>\$ 2,386,756</u>

Future principal and interest payment requirements related to the county's component unit leases receivable at September 30, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	\$ 3,388	\$ 26,612	\$ 30,000
2025	3,629	26,371	30,000
2026	3,887	26,113	30,000
2027	4,163	25,837	30,000
2028	4,458	25,542	30,000
2029-2033	27,515	122,485	150,000
2034-2038	38,775	111,225	150,000
2039-2043	54,640	95,360	150,000
2044-2048	76,999	73,001	150,000
2049-2053	108,505	41,495	150,000
2054-2058	62,370	5,130	67,500
	<u>\$ 388,329</u>	<u>\$ 579,171</u>	<u>\$ 967,500</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 11 – DEFERRED COMPENSATION

The county offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, Macomb County Deferred Compensation Plan & Trust, administered by Vanguard, is available to all county employees, and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts are held in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets of the plan are not reported as assets of the employer.

NOTE 12 – DEFINED CONTRIBUTION PENSION PLAN

The county provides pension benefits to all new full-time employees hired on or after January 1, 2016 through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Eligible employees participate as of their date of employment, contributing three percent of their base wages annually, while the county contributes six percent of the employees' base wages annually plus a flat amount per eligible employee of \$2,600 annually. County contributions vest with the eligible employees at a rate of 20% per year of employment with the county until they are 100% vested at five years of employment with the county. After five years of employment, eligible employees have the option to contribute an additional one percent of their wages annually, while the county contributes an additional two percent of the employees' base wages if the employee exercises this option.

In accordance with plan requirements, the county contributed \$7,279,457 during the current year. Additionally, eligible employees contributed \$2,185,392 during the current year.

NOTE 13 – EMPLOYEES' RETIREMENT SYSTEM**Pension Plan Description****Plan Administration**

The county sponsors the Macomb County Employees' Retirement System (the "System"), a single employer defined benefit plan covering substantially all of the county's employees. The System was established in accordance with state statutes to provide retirement benefits for the employees of the county and its several offices, boards, and departments, including the Department of Roads. The system is administered by a seven member Board of Trustees (the "Pension Board") consisting of the County Executive or his/her designee, the Chair of the Board of Commissioners or his/her designee, the County Treasurer or his/her designee, the Director of the Department of Roads and three (3) active employees elected by the active members of the System on three year staggered terms.

Plan Membership

At December 31, 2022 (date of the most recent actuarial valuation), the System's membership consisted of:

	Primary Government	Component Unit	Total
Retirees and beneficiaries currently receiving benefits	2,919	181	3,100
Deferred members entitled to benefits but not yet receiving them	450	78	528
Active employees accruing retirement benefits	1,148	55	1,203
Active employees accruing termination benefits	1,357	258	1,615
	<u>5,874</u>	<u>572</u>	<u>6,446</u>

The plan is closed to new entrants effective January 1, 2016.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 13 – EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**Benefits Provided**

The System provides retirement, disability, and death benefits. Benefit levels and employee contribution rates for union employees are granted through collective bargaining agreements and benefit levels for non-union employees are awarded by the County Executive in accordance with county charter. The Board of Trustees does not have the authority to determine benefit levels. However, the Board of Trustees does have the authority to grant disability retirements. Members become vested in the System after 8 or 15 years of service, depending on their date of hire. The System does not provide for automatic postemployment benefit changes such as cost-of-living adjustments. The following is a summary of the normal retirement benefits provided to the members of the system.

General County – Virtually all employees hired on or before December 21, 2001 may retire if their age plus years of service equals or exceeds 70 and they have attained a minimum age of 50. The annual retirement benefit, payable monthly for life, is computed at 2.4% of final average compensation for the first 26 years of service and 1% for every year thereafter, with a maximum employer pension of 65%. Employees hired on or after January 1, 2002 and certain employees hired before that date not covered by the provisions described above may retire at age 55 with 25 or more years of service or age 60 with 8 years of service. The annual retirement benefit, payable monthly for life, for these employees is computed at 2.2% of final average compensation for each year of service, with a maximum employer pension of 66% of final average compensation.

Sheriff Department – Employees may retire at any age with 25 or more years of service or age 60 with 8 years of service. The annual retirement benefit for the Sheriff and deputies, payable monthly for life, is computed at 2.64% of final average compensation multiplied by credited years of service with a maximum employer pension of 66%. The factor for the undersheriff, captains, jail administrator, command officers, corrections officers and dispatchers is 2.4% for the first 26 years of service and 1% for every year thereafter, with a maximum employer pension of 66% of final average compensation.

Department of Roads – Employees may retire at age 55 with 25 or more years of service, at age 60 with 8 years of service or at age 55 if their age plus years of service equals or exceeds 70. The annual retirement benefit, payable monthly for life, is computed at 2.4% of final average compensation for the first 26 years of service and 1% for every year thereafter, with a maximum employer pension of 65% of final average compensation.

The System also provides death and disability benefits. If an employee leaves covered employment or dies before they are vested, accumulated employee contributions plus interest at the rate of 3.5% per year is refunded to the employee or designated beneficiary.

The System also provides a termination benefit of \$1,000 to all employees hired after January 1, 2016. The benefit is fully vested following five years of service with the county.

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established by collective bargaining agreement for union members. Contribution rates for nonunion members mirror those of union members with the same benefit levels. The county is required to contribute the difference between the actuarially determined rate and the contribution rate for employees. General county employees contribute 2.5% or 3.5% of their annual salary to the System depending upon classification. Department of Roads employees contribute 3.5% of their annual salary. Sheriff employees contribute 4.0% of their annual salary. The county's required contribution for 2023 was \$6,332,767. The county contributed \$13,966,428 for the year ended December 31, 2023, which represents an excess contribution of \$7,633,661.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 13 – EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**Deferred Retirement Option Program (DROP)**

The county offers employees the ability to continue employment and be paid a salary after they are fully vested and also receive credits for the retirement benefit payments that would have been paid to them had they left county employment. Employees may receive up to 60 months of DROP credits. The accumulated credits are paid out, including interest at 3.5%, after the employee has fully retired (discontinued providing employee services to the county). The Plan had \$22,435,666 accumulated in DROP accounts at December 31, 2023.

Pension Plan Investments – Policy and Rate of ReturnInvestment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The Board's adopted asset allocation policy as of December 31, 2023 is presented below.

	Target Allocation
Cash and cash equivalents	0%
Domestic equity	37%
International equity	15%
Domestic fixed income	15%
Real estate	10%
Alternative assets	23%
	<u>100%</u>

Rate of Return

The annual money-weighted rate of return on pension plan investments for the year ended December 31, 2023 was 11.86%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

In accordance with the provisions of the Plan document, the following reserves are required to be set aside within the pension plan:

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

The **employee reserve** account is credited as employee contributions are received throughout the year; the Plan maintains a record of the amount contributed by each employee, and credits interest annually at a rate of 3.5%. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 13 – EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**Pension Plan Investments – Policy and Rate of Return (concluded)**

The balances of the reserve accounts at December 31, 2023 are as follows:

Primary Government Reserves			
	Required	Actual	Over (Under) Funded
Retiree reserve	\$ 745,695,267	\$ 745,695,267	\$ -
Employee reserve	46,067,920	46,067,920	-
Employer reserve	N/A	306,200,926	N/A
Component Unit Reserves			
	Required	Actual	Over (Under) Funded
Retiree reserve	\$ 25,140,756	\$ 25,140,756	\$ -
Employee reserve	1,900,477	1,900,477	-
Employer reserve	N/A	3,585,652	N/A
Total Reserves, Employees' Retirement System			
	Required	Actual	Over (Under) Funded
Retiree reserve	\$ 770,836,023	\$ 770,836,023	\$ -
Employee reserve	47,968,397	47,968,397	-
Employer reserve	N/A	309,786,578	N/A

Net Pension Liability (Asset) of the County

The December 31, 2023 total pension liability (asset) was determined by an actuarial valuation dated December 31, 2022 and rolled forward to the measurement date. Changes in the net pension asset during the year are presented on the following page:

Macomb County, Michigan
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 13 – EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Net Pension Liability (Asset) of the County (concluded)

	Primary Government	Component Unit	Total
Total Pension Liability			
Service cost	\$ 12,705,357	\$ 402,259	\$ 13,107,616
Interest	72,515,181	2,295,874	74,811,055
Difference between expected and actual experience of the total pension liability	28,019,061	887,100	28,906,161
Benefit payments, including refunds of member contributions	(73,852,471)	(2,789,543)	(76,642,014)
Net change in total pension liability	39,387,128	795,690	40,182,818
Total pension liability - beginning of year	1,077,262,933	16,031,697	1,093,294,630
Total pension liability - end of year (a)	<u>\$ 1,116,650,061</u>	<u>\$ 16,827,387</u>	<u>\$ 1,133,477,448</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 13,966,428	\$ -	\$ 13,966,428
Contributions - employee	2,868,147	64,828	2,932,975
Net investment income	120,501,005	2,184,518	122,685,523
Benefit payments, including refunds of member contributions	(73,852,471)	(2,789,543)	(76,642,014)
Administrative expense	(781,719)	(14,171)	(795,890)
Net change in plan fiduciary net position	62,701,390	(554,368)	62,147,022
Plan fiduciary net position - beginning of year	1,047,455,054	18,988,920	1,066,443,974
Plan fiduciary net position - end of year (b)	<u>\$ 1,110,156,444</u>	<u>\$ 18,434,552</u>	<u>\$ 1,128,590,996</u>
County's net pension (asset) - end of year (a) - (b)	<u>\$ 6,493,617</u>	<u>\$ (1,607,165)</u>	<u>\$ 4,886,452</u>
Plan fiduciary net position as a percent of total pension liability	99.42%	109.55%	99.57%
Covered payroll	\$ 85,540,957	\$ 3,576,701	\$ 89,117,658
County's net pension liability (asset) as a percent of covered payroll	7.59%	-44.93%	5.48%

Macomb County, Michigan
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 13 – EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

For the year ended December 31, 2023, the county recognized a pension expense of \$1,335,862 and reported deferred outflows and inflows of resources related to pensions from the following sources:

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability experience	\$ 30,194,770	\$ 2,185,251
Differences between projected and actual earnings on pension plan investments	57,687,242	-
Totals, Primary Government	<u>\$ 87,882,012</u>	<u>\$ 2,185,251</u>
Component Unit	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability experience	\$ 955,984	\$ 69,187
Differences between projected and actual earnings on pension plan investments	1,045,791	-
Totals, Component Unit	<u>\$ 2,001,775</u>	<u>\$ 69,187</u>
Totals, Employees' Retirement System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability experience	\$ 31,150,754	\$ 2,254,438
Differences between projected and actual earnings on pension plan investments	58,733,033	-
Totals	<u>\$ 89,883,787</u>	<u>\$ 2,254,438</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 13 – EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)**

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (or reduction) of pension expense as follows:

Year Ending December 31,	Primary Government	Component Unit	Total Increase (Reduction) in Pension Expense
2024	\$ 15,438,445	\$ 348,160	\$ 15,786,605
2025	25,449,596	573,926	26,023,522
2026	51,470,189	1,160,728	52,630,917
2027	(6,661,469)	(150,226)	(6,811,695)
Totals	<u>\$ 85,696,761</u>	<u>\$ 1,932,588</u>	<u>\$ 87,629,349</u>

Actuarial Assumptions

The December 31, 2023 total pension liability was determined by an actuarial valuation as of December 31, 2022, which was then rolled forward to December 31, 2023. The actuarial valuation used the following assumptions, applied to all periods included in the measurement: (a) inflation of 3.0%, (b) salary increases of 3.0% to 18.0% including inflation and (c) investment rate of return of 7.00%, net of pension plan investment expense and adjusted for inflation. Mortality rates were based on the RP-2014 (Base 2006) for all divisions. All divisions used the MP-2018 mortality improvement scale. The actuarial assumptions in the roll forward of the December 31, 2022 valuation were based on the results of an actuarial experience study for the period from December 31, 2012 to December 31, 2017.

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rates.

Projected Cash Flows

Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Had there been a point where assets were projected to be depleted, a municipal bond rate of 4.00% would have been used in the development of the blended GASB discount rate after that point. The 4.00% is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return as of December 31, 2023 for each major asset class included in the System's target asset allocation are summarized in the table on the following page and are presented as geometric means.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 13 – EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**Projected Cash Flows (concluded)**

	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.00%
Domestic equity	7.50%
International equity	8.50%
Domestic fixed income	2.50%
Real estate investment trusts	4.50%
Alternative assets	6.33%

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the county, calculated using the discount rate of 7.00% percent, as well as what that same liability or asset would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Primary Government Net Pension Liability (Asset)	\$ 88,967,027	\$ 6,493,617	\$ (66,410,975)
Component Unit Net Pension Liability (Asset)	39,195,826	(1,607,165)	(32,547,745)
Total Net Pension Liability (Asset)	<u>\$ 128,162,853</u>	<u>\$ 4,886,452</u>	<u>\$ (98,958,720)</u>

Accounting Principles and Financial Reporting

The System follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The financial statements of the System are included in these financial statements as Employee Retirement and Other Postemployment Benefits Trust funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 13 – EMPLOYEES' RETIREMENT SYSTEM (CONCLUDED)**Accounting Principles and Financial Reporting (concluded)**

The System does not issue separate independently audited financial statements; therefore, financial statements as of and for the year ended December 31, 2022 are presented below.

Statement of Fiduciary Net Position		Statement of Changes in Fiduciary Net Position	
ASSETS		ADDITIONS	
Cash and pooled investments	\$ 26,937,711	Investment income (loss):	
Investments, at fair value		Interest and dividends	\$ 13,652,748
Common stock	421,530,598	Net change in fair value of investments	117,707,530
Foreign stock	81,034,871	Less investment expenses	(8,674,755)
Limited partnership	358,425,664		
Fixed income common collective trusts	81,008,499	Net investment income (loss)	122,685,523
Equity common collective trusts	146,887,211		
		Contributions	
Total investments	1,088,886,843	Employer	13,966,428
		Employee	2,932,975
		Total contributions	16,899,403
Receivables			
Accrued interest	360,255	TOTAL ADDITIONS	139,584,926
Other	20,068,121		
Other assets	18,631	DEDUCTIONS	
TOTAL ASSETS	1,136,271,561	Benefit payments	76,202,411
		Withdrawals and refunds of contributions	439,602
LIABILITIES		Administrative expenses	795,889
Accounts payable	1,136,730		
Accrued compensation and benefits	5,693,517	TOTAL DEDUCTIONS	77,437,902
Due to primary government	850,316		
TOTAL LIABILITIES	7,680,563		
		CHANGE IN NET POSITION	62,147,024
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$ 1,128,590,998	Net position - beginning of year	1,066,443,974
		Net position - end of year	\$ 1,128,590,998

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES**Plan Description**

The county sponsors and administers a single employer defined benefit postretirement healthcare plan (the "Plan") that provides certain health care benefits for general county (including the Martha T. Berry Medical Care Facility) and sheriff department retirees and their spouses so long as the retiree is currently receiving a pension from the Macomb County Employees Retirement System.

The Plan does not cover employees and retirees of the Department of Roads as the department participates in a separate plan disclosed in Note 15.

Plan assets are held in the Retiree Health Care Trust Fund. Benefit provisions are established by the County Board of Commissioners and may be amended in accordance with county policy. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)**Plan Description (concluded)**

The county finances these expenditures for general county and sheriff department retirees through the Retiree Health Care Trust Fund of the primary government. At December 31, 2021 (date of the most recent actuarial valuation), membership consisted of:

	Primary Government	Component Unit	Total
Retirees and beneficiaries currently receiving benefits	2,332	172	2,504
Deferred members entitled to benefits but not yet receiving them	229	8	237
Active employees covered by the plan	1,125	24	1,149
	<u>3,686</u>	<u>204</u>	<u>3,890</u>

Funding Policy

Plan members are required to contribute 25% of the cost of vision and dental coverage as well as co-pays for prescription drugs.

On March 10, 2015, Macomb County issued retiree health care bonds for the purpose of defraying the unfunded portion of the county's retiree health care obligations. The net proceeds of \$262,636,883 (after payment of \$589,161 of issuance costs, underwriters' discount of \$328,956) were placed in the Retiree Health Care Intermediate Trust (the "Intermediate Trust"), which was established in conjunction with the Macomb County Retiree Health Care Trust Fund to fund other postemployment benefits (OPEB). In addition, the county used General Fund balance of \$29,000,000 and \$30,000,000 contributed to the General Fund by the Delinquent Tax Revolving Fund in 2015 to contribute a total of \$59,000,000 to the Intermediate Trust. It is the policy of the county to fund the annual required contribution (ARC) to the Macomb County Retiree Health Care Trust Fund each year via a transfer from the Intermediate Trust. In 2017, as a result of the county's implementation of Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, the county moved the Intermediate Trust into the Other Postemployment Benefits Internal Service Fund.

County departments fully fund each debt service payment annually in lieu of contributing the OPEB ARC. Allocation of the debt service payment responsibility is determined based on the unfunded actuarial accrued liability as of December 31, 2015 by county department. As mandated in the county's intermediate trust agreement, the county contributes to the Macomb County Retiree Healthcare Trust an amount equal to at least the annual actuarially determined contribution each year. The county makes the annual contribution from its Other Postemployment Benefits Internal Service Fund.

The county contributed \$25,000,000 to the Macomb County Retiree Health Care Trust Fund for the year ended December 31, 2023. Employee contributions for the year totaled \$737,804, for total contributions to the Macomb County Retiree Health Care Trust Fund in the amount of \$25,737,804. The total cost of retiree health care benefits, administrative expenses of the plan and investment management fees for the year ended December 31, 2023 was \$21,702,376.

Net OPEB Liability

The December 31, 2023 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2023 measurement date. The December 31, 2023 measurement date total OPEB liability was determined by an actuarial valuation performed as of December 31, 2021.

Changes in the net OPEB liability during the measurement year were as presented on the following page:

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)**Net OPEB Liability (concluded)**

	Primary Government	Component Unit	Total
Total OPEB Liability			
Service cost	\$ 3,795,459	\$ 187,184	\$ 3,982,643
Interest	32,855,134	1,620,348	34,475,482
Difference between expected and actual experience of the total OPEB liability	(60,471,417)	(2,982,326)	(63,453,743)
Changes of assumptions	9,488,992	467,978	9,956,970
Benefit payments	(17,691,049)	(872,486)	(18,563,535)
Net change in total OPEB liability	(32,022,881)	(1,579,302)	(33,602,183)
Total OPEB liability - beginning of year	471,076,826	28,720,502	499,797,328
Total OPEB liability - end of year (a)	\$ 439,053,945	\$ 27,141,200	\$ 466,195,145
Plan Fiduciary Net Position			
Contributions - employer	\$ 23,825,000	\$ 1,175,000	\$ 25,000,000
Contributions - member	859,057	42,367	901,424
Net investment income	55,719,235	3,106,830	58,826,065
Employer paid benefits	(18,157,292)	(893,208)	(19,050,500)
Member paid benefits	(859,057)	(42,367)	(901,424)
Administrative expense	(18,174)	(896)	(19,070)
Net change in plan fiduciary net position	61,368,769	3,387,726	64,756,495
Plan fiduciary net position - beginning of year	375,427,328	23,643,907	399,071,235
Plan fiduciary net position - end of year (b)	\$ 436,796,097	\$ 27,031,633	\$ 463,827,730
County's net OPEB liability - end of year (a) - (b)	\$ 2,257,848	\$ 109,567	\$ 2,367,415
Plan fiduciary net position as a percent of total OPEB liability	99.49%	99.60%	99.49%
Covered employee payroll	\$ 76,705,572	\$ 3,576,701	80,282,273
County's net OPEB liability as a percent of covered employee payroll	2.94%	3.06%	2.95%

The following changes in assumptions impacted the calculation of the net OPEB liability beginning in the fiscal year ending December 31, 2021: The healthcare and prescription trend rates were modified, increasing the expected rate of increase over the next ten years.

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

For the year ended December 31, 2023, the county recognized a reduction in OPEB expense of \$51,537,730 and reported deferred outflows and inflows of resources related to OPEB from the sources on the following page:

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability experience	\$ -	\$ 68,810,377
Differences between projected and actual earnings on OPEB plan investments	16,665,509	-
Changes in assumptions	21,962,847	-
Totals, Primary Government	\$ 38,628,356	\$ 68,810,377
Component Unit	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability experience	\$ -	\$ 3,408,742
Differences between projected and actual earnings on OPEB plan investments	825,579	-
Changes in assumptions	1,088,000	-
Totals, Component Unit	\$ 1,913,579	\$ 3,408,742
Plan Totals	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability experience	\$ -	\$ 72,219,119
Differences between projected and actual earnings on OPEB plan investments	17,491,088	-
Changes in assumptions	23,050,847	-
Totals	\$ 40,541,935	\$ 72,219,119

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (concluded)**

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as an increase (or reduction) in OPEB expense as follows:

Year Ending December 31,	Primary Government	Component Unit	Total Increase (Reduction) in OPEB Expense
2024	\$ (30,723,354)	\$ (1,521,980)	\$ (32,245,334)
2025	(8,546,323)	(423,369)	(8,969,692)
2026	14,934,400	739,823	15,674,223
2027	(5,846,744)	(289,637)	(6,136,381)
Total	<u>\$ (30,182,021)</u>	<u>\$ (1,495,163)</u>	<u>\$ (31,677,184)</u>

Actuarial Assumptions for Determining the Total OPEB Liability

The total OPEB liability was calculated as of December 31, 2023 using the County Retiree Health Care Plan valuation as of December 31, 2021 rolled forward to December 31, 2023. Key actuarial assumptions are as follows:

Expected Point in Time at Which Benefit Payments will Begin to be Made	All groups: Age-based table of rates specific to the type of eligibility condition. Sheriff: Experienced-based table of rates specific to the type of eligibility condition.
Marital Status and Dependency Status	Marital status of members at the calculation date was assumed to continue throughout retirement. Aging factors were based on the 2013 SOA study "Health Care Costs – From Birth to Death"
Mortality General and Martha T. Berry Members	Pub-2010 amount-weighted, general, employee (pre-retirement, retiree (post-retirement), disabled retiree (disability retirement), male and female, with mortality improvements projected to 2030 using MP-2019
Sheriff Members	Pub-2010 headcount-weighted, safety, employee (pre-retirement, retiree (post-retirement), disabled retiree (disability retirement), male and female, with mortality improvements projected to 2030 using MP-2019.
Turnover / Withdrawal Rates	Experienced-based table of rates. Assumed turnover rates are based on years of service for members with less than 5 years' service and are based on age for members with more than 5 years' service.
Healthcare Cost Trend Rate	Non-Medicare: Initial rate of 7.50%, reduced by 0.25% per year to a 3.50% long-term rate. Medicare: Initial rate of 6.25%, reduced by 0.25% per year to a 3.50% long-term rate.
Coverage Options	Determined by union membership and original date of hire at the date of retirement. 60% of general members, 70% of sheriff, and 50% of Martha T. Berry members were assumed to elect two-person coverage at retirement.
Inflation Rate	3.50%

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)**Actuarial Assumptions for Determining the Total OPEB Liability (concluded)**

Payroll Growth Rate	General County (including Martha T. Berry) – 4.50% to 6.50% Sheriff – 4.50% to 10.50% All percentages include inflation
Investment Rate of Return	7.00%, net of OPEB plan expenses

Inactive plan members do not share in the cost of OPEB. The actuarial assumptions in the December 31, 2021 valuation were based on historical trends as well as the results of an actuarial experience study for the period from December 31, 2014 to December 31, 2018.

Discount Rate

A single discount rate of 7.00% was used to measure the total OPEB liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the actuarially determined contribution rates.

Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return and Investment Policy

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates or 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Retiree Health Care Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Retiree Health Care Plan's board by a majority vote of its members. The targeted asset allocation for the year ended December 31, 2023 for the plan is summarized in the following table.

	Targeted Asset Allocation Policy
Cash and cash equivalents	0%
Domestic equity	37%
International equity	15%
Domestic fixed income	15%
Real estate investment trusts	10%
Alternative assets	23%
	<u>100%</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)**Investment Rate of Return and Investment Policy (concluded)**

Best estimates of arithmetic real rates of return for each major asset class as well as the board's adopted asset allocation policy as of December 31, 2023 are summarized in the following table.

	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.00%
Domestic equity	7.50%
International equity	8.50%
Domestic fixed income	2.50%
Real estate investment trusts	4.50%
Alternative assets	6.33%

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

The table on the following page presents the net OPEB liability of the county, calculated using the discount rate of 7.00 percent, as well as what that same liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Primary Government Net OPEB Liability	\$ 53,420,838	\$ 2,257,848	\$ (40,647,214)
Component Unit Net OPEB Liability	2,592,363	109,567	(1,972,495)
Total Net OPEB Liability (Asset)	<u>\$ 56,013,201</u>	<u>\$ 2,367,415</u>	<u>\$ (42,619,709)</u>

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

The following table presents the net OPEB liability of the county, calculated using the healthcare cost trend rate of 7.50 percent, as well as what that same liability would be if it were calculated using a healthcare trend rate that is one percentage-point lower (6.50%) or one percentage-point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Primary Government Net OPEB Liability	\$ (50,168,292)	\$ 2,257,848	\$ 65,383,221
Component Unit Net OPEB Liability	(2,434,526)	109,567	3,172,863
Total Net OPEB Liability (Asset)	<u>\$ (52,602,818)</u>	<u>\$ 2,367,415</u>	<u>\$ 68,556,084</u>

Rate of Return

The annual money-weighted rate of return on Plan investments for the year ended December 31, 2023 was 11.86%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONCLUDED)**Basis of Accounting and Financial Reporting**

The financial statements of the Retiree Health Care Trust Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable according to the terms of the plan.

Separate independently audited financial statements are not issued for the Plan. Therefore, financial statements as of and for the year ended December 31, 2023 are presented below and on the following page.

Statement of Fiduciary Net Position		Statement of Changes in Fiduciary Net Position	
	Retiree Health Care Trust Fund		Retiree Health Care Trust Fund
ASSETS		ADDITIONS	
Cash and pooled investments	<u>\$ 48,600,563</u>	Investment income (loss):	
Investments, at fair value		Interest and dividends	\$ 34,907,390
Common stock	109,264,380	Net change in fair value of investments	25,813,677
Foreign stock	29,477,879	Less investment expenses	<u>(1,895,002)</u>
Limited partnership		Net investment income (loss)	58,826,065
Real estate investment trusts	33,285,986		
Fixed income common collective trusts	54,235,957	Contributions	
Equity common collective trusts	<u>209,496,455</u>	Employer	<u>25,000,000</u>
Total investments, at fair value	435,760,657		
Receivables		TOTAL ADDITIONS	83,826,065
Accrued interest	550,475		
Other	50,905	DEDUCTIONS	
Other assets	<u>31,485</u>	Benefit payments	19,050,500
		Administrative expenses	<u>19,070</u>
TOTAL ASSETS	484,994,085	TOTAL DEDUCTIONS	<u>19,069,570</u>
LIABILITIES			
Accounts payable	1,542,560	CHANGE IN NET POSITION	64,756,495
Due to primary government	<u>19,623,795</u>	Net position - beginning of year	<u>399,071,235</u>
TOTAL LIABILITIES	<u>21,166,355</u>	Net position - end of year	<u>\$ 463,827,730</u>
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	<u>\$ 463,827,730</u>		

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – DEPARTMENT OF ROADS**Plan Description**

The county's Department of Roads sponsors a defined benefit postretirement healthcare plan (the "Plan") that provides certain health care benefits for department of roads retirees and their spouses so long as the retiree is currently receiving a pension from the Macomb County Employees' Retirement System. The Plan is a single employer defined benefit plan administered by the Municipal Employees' Retirement System (MERS). Assets of the Plan are held by MERS.

Benefit provisions are established by the County Board of Commissioners and may be amended in accordance with county policy. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – DEPARTMENT OF ROADS (CONTINUED)**Plan Description (concluded)**

The county Department of Roads finances these expenditures through the Department of Roads Special Revenue Fund. At December 31, 2022 (date of the most recent actuarial valuation), membership consisted of:

Retirees and beneficiaries currently receiving benefits	339
Deferred members entitled to benefits but not yet receiving them	18
Active employees covered by the plan	107
	<u>464</u>

Funding Policy

It is the policy of the Department of Roads to fund the annual required contribution (ARC) to the Plan each year. There are no employee contributions to the Plan. The Department of Roads contributed \$4,777,059 to the Plan for the year ended September 30, 2023. Of this amount, \$2,777,059 was for payment of current healthcare invoices, while \$2,000,000 was a contribution to MERS. The total cost of retiree health care benefits, administrative expenses of the plan and investment management fees for the year ended September 30, 2023 was \$2,974,545.

Net OPEB Liability

The September 30, 2023 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the September 30, 2023 measurement date. The September 30, 2023 measurement date total OPEB liability was determined by an actuarial valuation performed as of December 31, 2022.

Changes in the net OPEB liability during the measurement year were as presented below:

Changes in Net OPEB Liability (Asset)	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance, beginning of year	\$ 75,850,499	\$ 92,073,817	\$ (16,223,318)
Changes for the year:			
Service cost	659,906	-	659,906
Interest	5,048,455	-	5,048,455
Difference between expected and actual experience of the total OPEB liability	(10,060,334)	-	(10,060,334)
Contributions - employer	-	4,777,059	(4,777,059)
Net investment income	-	10,874,388	(10,874,388)
Employer paid benefits	-	(2,777,059)	2,777,059
Administrative expense	-	(73,579)	73,579
Changes of assumptions	2,927,040	-	2,927,040
Benefit payments	(2,777,059)	-	(2,777,059)
Net changes	(4,201,992)	12,800,809	(17,002,801)
Balance, end of year	<u>\$ 71,648,507</u>	<u>\$ 104,874,626</u>	<u>\$ (33,226,119)</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – DEPARTMENT OF ROADS (CONTINUED)**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2023, the Department of Roads recognized a reduction in OPEB expense of \$4,057,027 and reported deferred outflows and inflows of resources related to OPEB from the sources on the following page:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability experience	\$ -	\$ 4,235,544
Differences between projected and actual earnings on OPEB plan investments	4,193,430	-
Changes in assumptions	<u>1,231,974</u>	<u>-</u>
Totals	<u>\$ 5,425,404</u>	<u>\$ 4,235,544</u>

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

Year Ending September 30,	Total OPEB Expense (Reduction in Expense)
2024	\$ (2,216,273)
2025	878,258
2026	3,431,541
2027	<u>(903,666)</u>
Total	<u>\$ 1,189,860</u>

Actuarial Assumptions for Determining the Total OPEB Liability

The total OPEB liability was calculated as of September 30, 2023 using the Department of Roads Retiree Health Care Plan valuation as of December 31, 2020. Key actuarial assumptions are as follows:

Expected Point in Time at Which Benefit Payments will Begin to be Made	Age-based table of rates specific to the type of eligibility condition.
Marital Status and Dependency Status	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
Mortality	
Healthy Pre-Retirement	RP-2014 Healthy Annuitant Mortality Table, adjusted for mortality improvements with MP-2018.
Healthy Post-Retirement	105% of the male and 110% of the female RP-2014 Healthy Annuitant Mortality Table, adjusted for mortality improvements with MP-2018.
Disability Retirement	106% of the male and 114% of the female RP-2014 disabled mortality table, adjusted for mortality improvements with MP-2018.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – DEPARTMENT OF ROADS (CONTINUED)**Actuarial Assumptions for Determining the Total OPEB Liability (concluded)**

Turnover / Withdrawal Rates	Experienced-based table of rates. Assumed turnover rates are based on years of service for members with less than 5 years' service and are based on age for members with more than 5 years' service.
Healthcare Cost Trend Rate	Non-Medicare: Initial rate of 7.50%, reduced by 0.25% per year to a 3.50% long-term rate after 12 years. Medicare: Initial rate of 6.25%, reduced by 0.25% per year to a 3.50% long-term rate after 12 years.
Coverage Options	Determined by union membership and original date of hire at the date of retirement. 80% of retirees were assumed to elect two-person health care coverage at retirement.
Inflation Rate	2.50%
Payroll Growth Rate	3% - 15%
Investment Rate of Return	Percentages include inflation 6.75%, net of OPEB plan expenses

Inactive plan members do not share in the cost of OPEB. The actuarial assumptions in the roll forward of the December 31, 2020 valuation were based on the results of an actuarial experience study for the period from December 31, 2012 to December 31, 2017.

Discount Rate

A single discount rate of 6.75% was used to measure the total OPEB liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the actuarially determined contribution rates.

Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return and Investment Policy

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates or 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by amending the agreement with MERS, which requires approval by the County Executive and a majority vote of the Board of Commissioners. For the year ended September 30, 2023, there were no changes to the Plan's investment policy.

Best estimates of arithmetic real rates of return for each major asset class as well as the board's adopted asset allocation policy as of September 30, 2023 are summarized in the following table.

	Long-Term Expected Real Rate of Return	Targeted Asset Allocation Policy
International fixed income	0.40%	20.00%
International equities	2.70%	60.00%
Private investments	1.40%	20.00%

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – DEPARTMENT OF ROADS (CONTINUED)**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the county related to the Department of Roads OPEB plan, calculated using the discount rate of 6.75% percent, as well as what that same liability would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability (asset)	\$ (25,158,206)	\$ (33,226,119)	\$ (40,000,377)

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

The table on the following page presents the net OPEB liability of the county related to the Department of Roads OPEB plan, calculated using the healthcare cost trend rate assumption as noted on the previous page, as well as what that same liability would be if it were calculated using a healthcare trend rate that is one percentage-point lower or one percentage-point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB liability (asset)	\$ (40,587,338)	\$ (33,226,119)	\$ (24,433,133)

Rate of Return

The annual money-weighted rate of return on Plan investments for the year ended September 30, 2023 was 11.48%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Basis of Accounting and Financial Reporting

The financial statements of the Roads Retiree Health Care Trust Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable according to the terms of the plan.

Separate independently audited financial statements are not issued for the Plan. Therefore, financial statements as of and for the year ended September 30, 2023 are presented on the following page.

Macomb County, Michigan
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – DEPARTMENT OF ROADS (CONCLUDED)

Basis of Accounting and Financial Reporting (concluded)

Statement of Fiduciary Net Position		Statement of Changes in Fiduciary Net Position	
	Roads Retiree Health Care Investment Trust Fund		Roads Retiree Health Care Investment Trust Fund
ASSETS		ADDITIONS	
Investments, at fair value		Investment income (loss):	
Interest in pooled investment	\$ 104,874,626	Net change in fair value of investments	\$ 10,998,295
		Less investment expenses	(123,907)
		Net investment income (loss)	10,874,388
		Contributions	
		Employer	4,777,059
		TOTAL ADDITIONS	15,651,447
		DEDUCTIONS	
		Benefit payments	2,777,059
		Administrative expenses	73,579
		TOTAL DEDUCTIONS	2,850,638
		CHANGE IN NET POSITION	12,800,809
		Net position - beginning of year	92,073,817
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	\$ 104,874,626	Net position - end of year	\$ 104,874,626

NOTE 16 – AGGREGATE PRIMARY GOVERNMENT POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS INFORMATION

The county reported primary government totals related to its OPEB plans as detailed below:

	Footnote 14 General and Sheriff OPEB Plan	Footnote 15 Department of Roads OPEB Plan	Primary Government Totals
Net OPEB Asset	\$ -	\$ 33,226,119	\$ 33,226,119
Net OPEB Liability	2,257,848	-	2,257,848
Deferred inflows	68,810,377	4,235,544	73,045,921
Deferred outflows	38,628,356	5,425,404	44,053,760
OPEB expense	(49,105,149)	(4,057,027)	(53,162,176)

NOTE 17 – CONTINGENCIES AND COMMITMENTS

Grants

The county receives funds from various Federal and State units to finance specific activities. The final determination of revenue is subject to the acceptance of project costs by the granting agency, usually after a compliance audit. To the extent that costs are disallowed by the granting agency, county monies would be required to reimburse the grant fund. The county does not believe that any disallowed costs would be material to the financial statements.

Macomb County, Michigan
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 17 – CONTINGENCIES AND COMMITMENTS (CONCLUDED)

Construction Commitments

The Department of Roads had several significant active projects in progress at September 30, 2023, with estimated total project costs of \$338,330,560. Of the total, \$247,792,276 represents amounts previously expended and \$90,538,284 represents remaining commitments pursuant to construction contracts on those projects. In addition, the Drainage District Component Units had several significant active construction projects in progress at September 30, 2023, with estimated total project costs of \$133,939,600. Of the total, \$69,243,749 represents amounts previously expended and \$64,695,851 represents remaining commitments pursuant to construction contracts on those projects.

NOTE 18 – RISK MANAGEMENT

The county is exposed to various risks of loss related to property damage and loss, torts, errors and omissions, employee injury (workers' compensation) and medical benefits provided to employees and retirees. The county has purchased commercial insurance for property damage coverage and certain medical benefits, but is self-insured for workers' compensation and auto liability claims up to certain retention amounts, at which time insurance coverage begins. The county also self-funds certain medical benefits of employees and retirees.

There were no significant reductions in insurance coverage in 2023 from the prior year. Claims settled during the past three years have not exceeded the retention amounts. Liabilities include estimates of claims incurred but not reported and are calculated considering the effects of inflation, recent claim settlement trends and other economic and social factors.

Workers' Compensation

Since December 1, 1978, the county has been partially self-insured against workers' compensation claims. Under the plan, the county is obligated to pay the first \$750,000 of each law enforcement-related settlement or award and \$600,000 of all other individual settlements or awards with commercial insurance covering claims in excess of the retention to an aggregate of \$1,000,000 annually. General County claims and related activities to this self-insured program are funded from the Workers' Compensation Internal Service Fund while Roads claims are funded by the Roads Special Revenue Fund.

Changes in the estimated liabilities for unsolved workers' compensation claims for the past two fiscal years were as follows:

	General County Year Ended December 31,		Department of Roads Year Ended September 30,	
	2022	2023	2022	2023
Estimated liability - beginning of year	\$ 1,931,965	\$ 1,797,362	\$ 101,186	\$ 16,793
Estimated claims incurred, including changes in estimates	1,019,219	863,090	(73,423)	108,029
Claims payments	(1,153,822)	(1,088,764)	(10,970)	(91,600)
Estimated liability - end of year	\$ 1,797,362	\$ 1,571,688	\$ 16,793	\$ 33,222

General Liability

The county is a defendant in various lawsuits in which plaintiffs seek damages of an indeterminable amount. Since December 1, 1977, the primary government has been partially self-insured for losses of a general liability nature. The County Sheriff is currently self-insured for losses of a general liability nature up to \$1,000,000 per claim, with commercial insurance covering claims in excess of the retention amount to an aggregate of \$10,000,000 annually. The remainder of the county (excluding the Martha T. Berry Medical Care Facility and the Department of Roads) is currently self-insured for losses of a general liability nature up to \$750,000 per claim, with commercial insurance covering claims in excess of the retention amount to an aggregate of \$10,000,000 annually. The Martha T. Berry Medical Care Facility is insured for losses of up to \$3,000,000 per occurrence and \$5,000,000 in the aggregate. The Department of Roads is self-insured, within certain limits, for general liability claims arising prior to February 18, 1986 and subsequent to January 17, 1993 and is completely self-insured for claims arising within those dates. The General Liability Insurance Internal Service Fund has

Macomb County, Michigan
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 18 – RISK MANAGEMENT (CONCLUDED)

General Liability (concluded)

been established to account for the self-insured aspects of this program for the county, while the Roads General Liability Internal Service Fund is used to account for claims and activities related to the Department of Roads.

Changes in the estimated liabilities for general liability claims for the past two fiscal years were as follows:

	General County		Department of Roads	
	Year Ended December 31,		Year Ended September 30,	
	2022	2023	2022	2023
Estimated liability - beginning of year	\$ 6,036,865	\$ 8,390,678	\$ 1,227,889	\$ 592,308
Estimated claims incurred, including changes in estimates	6,115,779	2,284,998	(289,447)	272,646
Claims payments	(3,761,966)	(3,243,189)	(346,134)	(791,627)
Estimated liability - end of year	<u>\$ 8,390,678</u>	<u>\$ 7,432,487</u>	<u>\$ 592,308</u>	<u>\$ 73,327</u>

Health Insurance

Since January 1, 2018, the county has been self-insured for all three of its health care plans offered to employees and retirees. Two of the plans are administered by Blue Cross/Blue Shield of Michigan and one is administered by Health Alliance Plan. For all three plans, the county deposits a weekly amount based on estimated claims and settles these deposits against actual claims incurred on a quarterly basis. Medical claims for active employees are funded by the Fringe Benefits Internal Service Fund, while medical claims for retirees are funded by the County Retiree Health Care Trust Fund.

Changes in the estimated liabilities for health care claims for the past two fiscal years were as follows:

	General County	
	Year Ended December 31,	
	2022	2023
Estimated liability (asset) - beginning of year	\$ 596,728	\$ 1,636,351
Estimated claims incurred, including changes in estimates	47,599,210	50,281,999
Claims payments	(46,559,587)	(51,171,571)
Estimated liability (asset) - end of year	<u>\$ 1,636,351</u>	<u>\$ 746,779</u>

Macomb County, Michigan
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of December 31, 2023 is presented below:

	Governmental Activities	Business-Type Activities	Component Units
CAPITAL ASSETS			
Capital assets not being depreciated	\$ 232,943,278	\$ 50,000	\$ 73,007,639
Capital assets being depreciated	1,108,935,849	5,471,062	331,492,980
	1,341,879,127	5,521,062	404,500,619
RELATED DEBT			
Total bonds payable related to capital assets	23,603,279	-	260,579,174
Lease liabilities	174,987	4,244,684	4,531,729
Subscription-based IT arrangement liabilities	7,698,223	-	-
Net bond discounts and premiums	-	-	27,166,226
Less:			
Unspent bond proceeds	-	-	(1,728,558)
Bond proceeds not capitalized	-	-	(94,586,371)
	31,476,489	4,244,684	195,962,200
NET INVESTMENT IN CAPITAL ASSETS	<u>\$ 1,310,402,638</u>	<u>\$ 1,276,378</u>	<u>\$ 208,538,419</u>

NOTE 20 – TAX ABATEMENTS

The county receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by cities, villages, and townships within the county. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended December 31, 2023, the county's property tax revenues were reduced by \$1,149,221 under these programs.

There were no significant abatements made by the county.

NOTE 21 – SUBSCRIPTIONS

The county obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed annually.

Subscription asset activity of the county is included in its long term debt footnote (Note 6).

Future principal and interest payment requirements related to the county's subscription liability for governmental activities at December 31, 2023 are presented on the following page:

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 21 – SUBSCRIPTIONS (CONCLUDED)

Years Ending	Principal	Interest	Total
2024	\$ 2,345,926	\$ 234,528	\$ 2,580,454
2025	2,072,197	178,005	2,250,202
2026	1,046,393	119,670	1,166,063
2027	1,108,193	81,639	1,189,832
2028	1,125,514	41,363	1,166,877
Total	<u>\$ 7,698,223</u>	<u>\$ 655,205</u>	<u>\$ 8,353,428</u>

NOTE 22 – ACCOUNTING PRONOUNCEMENTS IMPLEMENTED

Effective January 1, 2023, the county implemented the provisions of the following Governmental Accounting Standards Board Statements:

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The Statement improves financial reporting by establishing the definitions of PPPs and APAs, along with uniform accounting rules for both. The county implemented this standard, noting no material PPP or APA arrangements.

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement (1) defines a subscription-based information technology arrangement (SBITA), (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability, (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requires notes disclosures regarding a SBITA. As a result of the county's implementation of this standard, modifications were made to the county's capital asset footnote (Note 5) to disclose SBITA intangible assets and related amortization of those assets. Additionally, the county's long term debt footnote (Note 6) was modified to disclose SBITA liabilities. Finally, Note 21, Subscriptions, was added to the county's footnotes in order to disclose the scheduled principal and interest payments on the county's subscription liability.

In addition to these changes, implementation of Statement No. 96 also required the restatement of beginning net position for governmental activities. The table in Note 23 presents restatements of net position related to the implementation of Statement No. 96.

Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The Omnibus provides clarification of provisions in Statement No. 87, *Leases*; Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result of the county's implementation of this standard, modifications were made to the county's evaluation of certain lease contracts and SBITA contracts, specifically as to how termination options were evaluated for determination of the non-cancellable term of these contracts.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 23 – RESTATEMENTS AND CORRECTION OF AN ERROR**Restatements**

For 2023, the county restated its beginning net position as a result implementation of Governmental Accounting Standards Board Statement No. 96, *Subscription-based Information Technology Arrangements*. Additionally, in order to be compliant with state financial reporting requirements, the county changed the fiscal year ends of various governmental grant funds. In previous years, some governmental grant funds had year ends of December 31, while others had year ends of June 30 or September 30. Historically, the county had established special revenue funds for grant activities based upon the grant's period of performance. In order to align the county's financial reporting to state mandates, the year ends of various governmental funds were changed from June 30 or September 30 to December 31. The county also consolidated grant funds that otherwise served the same purpose, but formerly had different fiscal year ends.

In addition to these changes, the county reclassified and consolidated certain funds that had formerly been reported as capital project funds into special revenue funds. The former Bridge Program fund and Orchard Trail fund, both classified as capital project funds in prior years, were consolidated into the Non-Motorized Trails special revenue fund in 2023. This was done as a result of both funds formerly accounting for the activity of capital projects, but the funds are now used for collection of fees and on-going maintenance on the underlying capital assets. Additionally, the radio maintenance fund was reclassified to a special revenue fund as a result of the fund formerly being used to account for the purchase and installation of the E-911 radio system, but the fund is now used for collection of fees and on-going maintenance on the underlying capital assets.

The table on the next page details the fund consolidations and reclassifications which occurred in 2023.

Correction of Error

Net position for governmental activities and fund balance for nonmajor governmental funds was misstated in the county's 2022 annual comprehensive financial report as a result of missed accruals for expenditures in the county's Emergency Management Grants Special Revenue Fund. The error was corrected by reducing beginning net position and beginning fund balance in governmental activities and nonmajor governmental funds by the amount of the error, which was \$596,010.

Below is a table of all changes to beginning net position as a result of restatements and correction of an error:

	PRIMARY GOVERNMENT Governmental Activities
Beginning net position as previously reported	\$1,590,179,636
Restatement of beginning net position as a result of recording beginning subscription liabilities, right to use assets, and accumulated amortization as a result of the county's implementation of GASB 96, <i>Subscription-based information technology arrangements</i> :	1,570,936
Correction of an error in beginning fund balance as a result of unrecorded accruals of expenditures: Emergency Management Grants Fund	<u>(596,010)</u>
Beginning net position as restated	<u>\$1,591,154,562</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 23 – RESTATEMENTS AND CORRECTION OF AN ERROR (CONCLUDED)

Below is a table of all changes to beginning fund balance as a result of restatements and correction of an error:

	MAJOR GOVERNMENTAL FUNDS		NONMAJOR GOVERNMENTAL FUNDS				Subtotal, Fund Consolidations
	Community Action Agency	Coronavirus Response Fund	Special Revenue Funds	Debt Service	Capital Project Funds	Total	
Beginning fund balance as previously reported	\$ 1,707,242	\$ 2,187,470	\$ 37,152,132	\$ 101,452	\$ 19,365,910	\$ 56,619,494	
Correction of an error in beginning fund balance as a result of unrecorded accruals of expenditures:							
Emergency Management Grants Fund			(596,010)			(596,010)	
Reclassification of funds from capital project funds to special revenue funds:							
Bridge Program Fund					(191,392)	(191,392)	
Orchard Trail Fund					(246,506)	(246,506)	
Non-Motorized Trails Fund			437,898			437,898	-
E-911 Radio Maintenance Fund			984,030		(984,030)	-	
Reclassification and consolidation of funds as a result of change in fiscal years to December 31:							
Circuit Court Programs, December Fund			(8)			(8)	
Circuit Court Programs, September Fund			(194,501)			(194,501)	
Circuit Court Programs Fund			194,509			194,509	-
Community Corrections, December Fund			(3,035)			(3,035)	
Community Corrections, September Fund			(1,605)			(1,605)	
Community Corrections Fund			4,640			4,640	-
Community Action Agency, December Fund			(10,105,667)			(10,105,667)	
Community Action Agency, September Fund	(1,707,242)					-	
Senior Services Fund			870,486			870,486	
Community Action Agency Fund	10,942,423					-	-
Health Grants, December Fund			(2,863,276)			(2,863,276)	
Health Grants, September Fund			(5,410,230)			(5,410,230)	
Health Grants Fund			8,273,506			8,273,506	-
MSU Extension, December Fund			(117,355)			(117,355)	
MSU Extension, September Fund			(128,537)			(128,537)	
MSU Extension Fund			245,892			245,892	-
Prosecuting Attorney Grants, December Fund			(58,377)			(58,377)	
Prosecuting Attorney Grants, September Fund			369,542			369,542	
Prosecuting Attorney Grants Fund			(311,165)			(311,165)	-
Sheriff Grants, December Fund			(2,076,675)			(2,076,675)	
Sheriff Grants, September Fund			122,278			122,278	
Sheriff Grants Fund			1,954,397			1,954,397	-
Reclassification of Coronavirus Response Fund from a major governmental fund to a nonmajor governmental fund		(2,187,470)	2,187,470			2,187,470	
Beginning fund balance as restated	<u>\$ 10,942,423</u>	<u>\$ -</u>	<u>\$ 30,930,339</u>	<u>\$ 101,452</u>	<u>\$ 17,943,982</u>	<u>\$ 48,975,773</u>	<u>\$ -</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 24 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective will be achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2024 fiscal year.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2026 fiscal year.

Macomb County, Michigan

General Fund

REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)

Year Ended December 31, 2023

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 149,533,500	\$ 150,884,900	\$ 148,927,108	\$ (1,957,792)
Licenses and permits	2,095,200	2,095,200	2,398,519	303,319
Federal grants	1,600,000	1,721,000	1,901,718	180,718
State grants				
Revenue sharing	18,918,400	18,918,400	18,950,049	31,649
Court financing	4,655,500	4,655,500	4,547,331	(108,169)
Liquor tax	7,159,000	8,823,600	8,277,129	(546,471)
Health department	2,959,100	3,187,574	2,957,593	(229,981)
Personal property tax stabilization	8,525,000	9,659,900	10,584,406	924,506
Other	450,100	775,800	2,210,264	1,434,464
Total state grants	42,667,100	46,020,774	47,526,772	1,505,998
Charges for services				
Attorney fees	250,000	250,000	218,261	(31,739)
Certified copies	350,000	350,000	300,606	(49,394)
Commissions	1,153,500	1,153,500	1,283,676	130,176
Court costs and fees	2,122,300	2,122,300	2,256,756	134,456
Foster care	14,000	14,000	22,199	8,199
Health department	1,332,500	1,332,500	1,541,215	208,715
Housing inmates	1,115,000	1,115,000	1,467,284	352,284
Land transfer tax	4,000,000	4,522,700	4,605,796	83,096
Medicare / Medicaid	410,100	410,100	475,105	65,005
Other sheriff services	822,800	1,216,605	2,180,649	964,044
Probation oversight fees	165,500	165,500	49,895	(115,605)
Public works - pumping station	3,403,600	3,403,600	3,587,580	183,980
Recording fees	3,500,000	2,314,500	2,296,431	(18,069)
Sheriff road patrol	16,363,000	16,463,613	15,146,721	(1,316,892)
Soil erosion fees	1,005,000	1,005,000	819,424	(185,576)
Miscellaneous	3,885,300	3,885,300	1,275,169	(2,610,131)
Total charges for services	39,892,600	39,724,218	37,526,767	(2,197,451)
Charges to other funds for				
administrative services	16,130,400	16,229,230	14,983,119	(1,246,111)
Fines and forfeitures	493,500	493,500	783,822	290,322
Interest and rents	8,213,400	10,483,400	15,242,134	4,758,734
Other revenue	24,500	24,500	226,734	202,234
TOTAL REVENUES	260,650,200	267,676,722	269,516,693	1,839,971

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Macomb County, Michigan

General Fund

REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) (CONTINUED)

Year Ended December 31, 2023

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Current				
Legislative - Board of commissioners	\$ 1,898,900	\$ 1,784,100	\$ 1,844,294	\$ (60,194)
Judicial				
Circuit court	9,287,700	8,960,700	8,627,269	333,431
District court - 3rd class - witness fees	19,000	19,000	6,516	12,484
District court - New Baltimore	1,608,800	1,549,300	1,469,295	80,005
District court - Romeo	1,428,300	1,373,950	1,303,871	70,079
Family counseling	82,800	79,500	52,627	26,873
Family court - Juvenile division	6,492,500	6,278,900	6,473,434	(194,534)
Jury commission	24,211	189,911	55,695	134,216
Law library	9,000	9,000	8,792	208
Probate court	4,071,900	3,948,200	3,882,811	65,389
Probation - Circuit court	43,600	43,600	33,830	9,770
Prosecuting attorney	13,514,900	13,057,314	13,045,125	12,189
Total judicial	36,582,711	35,509,375	34,959,265	550,110
General government				
Building authority	500	500	280	220
County clerk	6,351,015	6,113,615	5,625,649	487,966
County executive	2,187,200	2,115,800	1,989,694	126,106
Corporation counsel	1,406,500	1,411,900	1,518,417	(106,517)
Elections	387,100	374,500	373,934	566
Ethics board	3,800	3,800	521	3,279
Equalization	1,191,600	1,146,000	1,132,143	13,857
Facilities and operations	20,092,900	19,593,136	18,935,627	657,509
Finance	3,245,900	3,062,600	2,928,536	134,064
Human resources	3,427,400	3,401,900	3,205,773	196,127
Information technology	12,081,344	11,904,626	14,261,665	(2,357,039)
Purchasing	1,475,200	1,415,691	1,106,338	309,353
Treasurer	2,730,400	2,628,500	2,645,173	(16,673)
Total general government	54,580,859	53,172,568	53,723,750	(551,182)
Public safety				
Civil service commission	44,000	113,150	99,167	13,983
Emergency management	1,747,800	1,681,700	1,668,740	12,960
Sheriff department	77,314,900	77,064,163	79,307,723	(2,243,560)
Total public safety	79,106,700	78,859,013	81,075,630	(2,216,617)

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-CONTINUED-

Macomb County, Michigan

General Fund

REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) (CONTINUED)

Year Ended December 31, 2023

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONCLUDED)				
Current				
Public works	\$ 8,018,700	\$ 7,712,500	\$ 8,259,496	\$ (546,996)
Health and welfare				
Animal shelter	2,330,500	2,264,600	2,245,523	19,077
Health & community services	876,000	838,250	452,564	385,686
Health department	21,713,300	21,201,246	20,398,822	802,424
MSU extension	1,032,100	1,014,900	1,003,720	11,180
Social services	59,500	59,500	62,463	(2,963)
Total health and welfare	26,011,400	25,378,496	24,163,092	1,215,404
Community and economic development				
Planning and economic development	4,264,200	4,213,454	4,019,202	194,252
Register of deeds	2,080,200	1,999,500	1,832,177	167,323
Total community and economic development	6,344,400	6,212,954	5,851,379	361,575
Other current operations				
Non-departmental appropriations	3,620,185	3,270,225	3,256,438	13,787
Vacant position turnover factor	(3,790,000)	-	-	-
Total other current operations	(169,815)	3,270,225	3,256,438	13,787
Capital outlay	9,825,605	6,623,983	3,618,275	3,005,708
Debt service				
Principal	1,179,465	1,179,465	1,179,465	-
Interest and fees	69,165	69,165	69,165	-
Total debt service	1,248,630	1,248,630	1,248,630	-
TOTAL EXPENDITURES	223,448,090	219,771,844	218,000,249	1,771,595
EXCESS OF REVENUES OVER EXPENDITURES	37,202,110	47,904,878	51,516,444	3,611,566

Macomb County, Michigan

General Fund

REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) (CONCLUDED)

Year Ended December 31, 2023

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Subscription-based IT arrangements	-	-	2,424,160	2,424,160
Transfers in	8,000,000	8,000,000	8,298,879	298,879
Transfers out	(45,162,200)	(56,917,074)	(52,293,491)	4,623,583
TOTAL OTHER FINANCING SOURCES (USES)	(37,162,200)	(48,917,074)	(41,570,452)	7,346,622
NET CHANGE IN FUND BALANCES	39,910	(1,012,196)	9,945,992	10,958,188
Fund balances, beginning of year	112,692,569	112,692,569	112,692,569	-
Fund balances, end of year	\$ 112,732,479	\$ 111,680,373	\$ 122,638,561	\$ 10,958,188

Macomb County, Michigan
Department of Roads Special Revenue Fund
REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
Year Ended September 30, 2023

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and permits	\$ 897,200	\$ 897,200	\$ 1,070,421	\$ 173,221
Federal & state grants	196,806,805	196,806,805	167,147,698	(29,659,107)
Charges for services	90,429,761	90,429,761	47,515,116	(42,914,645)
Interest and rents	1,772,371	1,772,371	5,383,312	3,610,941
Other revenue	272,500	272,500	548,907	276,407
TOTAL REVENUES	290,178,637	290,178,637	221,665,454	(68,513,183)
EXPENDITURES				
Current				
Public works	342,961,287	342,961,287	213,745,077	129,216,210
Capital outlay	8,398,500	8,398,500	2,032,243	6,366,257
Debt service				
Principal	-	-	72,689	(72,689)
Interest and fees	-	-	10,471	(10,471)
TOTAL EXPENDITURES	351,359,787	351,359,787	215,860,480	135,499,307
EXCESS OF REVENUES OVER EXPENDITURES	(61,181,150)	(61,181,150)	5,804,974	66,986,124
Fund balances, beginning of year	128,492,242	128,492,242	128,492,242	-
Fund balances, end of year	<u>\$ 67,311,092</u>	<u>\$ 67,311,092</u>	<u>\$ 134,297,216</u>	<u>\$ 66,986,124</u>

Macomb County, Michigan
Community Action Agency Special Revenue Fund
REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
Year Ended December 31, 2023

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal & state grants	\$ 45,969,881	\$ 64,763,656	\$ 29,628,801	\$ (35,134,855)
Charges for services	4,524,713	5,585,340	5,123,206	(462,134)
Interest and rents	79,475	96,560	74,063	(22,497)
Other revenue	1,991,366	3,329,204	2,612,269	(716,935)
TOTAL REVENUES	52,565,435	73,774,760	37,438,339	(36,336,421)
EXPENDITURES				
Current				
Health and welfare	57,867,380	80,450,397	45,141,151	35,309,246
Capital outlay	35,460	610,930	466,938	143,992
TOTAL EXPENDITURES	57,902,840	81,061,327	45,608,089	35,453,238
EXCESS OF REVENUES OVER EXPENDITURES	(5,337,405)	(7,286,567)	(8,169,750)	(883,183)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,242,405	6,536,058	6,873,788	337,730
NET CHANGE IN FUND BALANCES	(95,000)	(750,509)	(1,295,962)	(545,453)
Fund balances, beginning of year (1)	10,942,423	10,942,423	10,942,423	-
Fund balances, end of year	<u>\$ 10,847,423</u>	<u>\$ 10,191,914</u>	<u>\$ 9,646,461</u>	<u>\$ (545,453)</u>

(1) As restated. See Notes to the Basic Financial Statements, Note 23.

Macomb County, Michigan
Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

December 31, 2023

PRIMARY GOVERNMENT

	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	\$ 12,705,357	\$ 12,526,871	\$ 12,192,446	\$ 13,389,327	\$ 14,200,758
Interest	72,515,181	70,891,363	70,089,505	70,655,515	70,993,434
Benefit changes	-	-	-	-	-
Difference between expected and actual experience of the total pension liability	28,019,061	13,439,365	(3,726,172)	4,086,379	(11,079,005)
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of member contributions	(73,852,471)	(76,272,406)	(70,752,222)	(69,380,267)	(65,434,879)
Net change in total pension liability	39,387,128	20,585,193	7,803,557	18,750,954	8,680,308
Total pension liability - beginning of year	1,077,262,933	1,056,677,740	1,048,874,183	1,030,123,229	1,021,442,921
Total pension liability - end of year (a)	<u>\$ 1,116,650,061</u>	<u>\$ 1,077,262,933</u>	<u>\$ 1,056,677,740</u>	<u>\$ 1,048,874,183</u>	<u>\$ 1,030,123,229</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 13,966,428	\$ 11,966,428	\$ 15,560,031	\$ 15,146,875	\$ 16,949,388
Contributions - employee	2,868,147	2,722,563	2,915,294	3,034,911	3,101,502
Net investment income	120,501,005	(182,259,633)	211,922,131	124,674,313	187,250,752
Benefit payments, including refunds of member contributions	(73,852,471)	(76,272,406)	(70,752,222)	(69,380,267)	(65,434,879)
Administrative expense	(781,719)	(730,633)	(706,164)	(659,154)	(712,786)
Net change in plan fiduciary net position	62,701,390	(244,573,681)	158,939,070	72,816,678	141,153,977
Plan fiduciary net position - beginning of year	1,047,455,054	1,292,028,735	1,133,089,665	1,060,272,987	919,119,010
Plan fiduciary net position - end of year (b)	<u>\$ 1,110,156,444</u>	<u>\$ 1,047,455,054</u>	<u>\$ 1,292,028,735</u>	<u>\$ 1,133,089,665</u>	<u>\$ 1,060,272,987</u>
County's net pension liability - end of year (a) - (b)	<u>\$ 6,493,617</u>	<u>\$ 29,807,879</u>	<u>\$ (235,350,995)</u>	<u>\$ (84,215,482)</u>	<u>\$ (30,149,758)</u>
Plan fiduciary net position as a percent of total pension liability	99.42%	97.23%	122.27%	108.03%	102.93%
Covered payroll	\$ 85,540,957	\$ 92,780,967	\$ 93,332,920	\$ 97,980,010	\$ 102,783,404
County's net pension liability (asset) as a percent of covered employee payroll	7.59%	32.13%	-252.16%	-85.95%	-29.33%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan
Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2023

PRIMARY GOVERNMENT

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 16,747,246	\$ 18,253,702	\$ 16,707,110	\$ 17,035,507	\$ 18,289,395
Interest	73,394,794	69,818,491	60,533,328	62,303,941	63,471,122
Benefit changes	4,350,654	-	-	-	1,716,085
Difference between expected and actual experience of the total pension liability	(33,332,894)	18,650,468	29,559,285	(6,274,414)	-
Changes of assumptions	647,150	-	31,223,761	-	-
Benefit payments, including refunds of member contributions	(63,964,080)	(63,450,584)	(60,781,867)	(61,931,585)	(55,421,776)
Net change in total pension liability	(2,157,130)	43,272,077	77,241,617	11,133,449	28,054,826
Total pension liability - beginning of year	1,023,600,051	980,327,974	903,086,357	891,952,908	863,898,082
Total pension liability - end of year (a)	<u>\$ 1,021,442,921</u>	<u>\$ 1,023,600,051</u>	<u>\$ 980,327,974</u>	<u>\$ 903,086,357</u>	<u>\$ 891,952,908</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 23,143,088	\$ 21,228,348	\$ 20,465,070	\$ 20,829,238	\$ 21,354,411
Contributions - employee	3,134,653	3,305,129	3,482,800	3,589,742	3,427,754
Net investment income	(59,091,267)	146,248,922	80,861,322	(15,609,781)	63,060,743
Benefit payments, including refunds of member contributions	(63,964,080)	(63,450,584)	(60,781,867)	(61,931,585)	(55,421,663)
Administrative expense	(702,478)	(655,261)	(735,605)	(516,333)	(512,644)
Net change in plan fiduciary net position	(97,480,084)	106,676,554	43,291,720	(53,638,719)	31,908,601
Plan fiduciary net position - beginning of year	1,016,599,094	909,922,540	866,630,820	920,269,539	888,360,938
Plan fiduciary net position - end of year (b)	<u>\$ 919,119,010</u>	<u>\$ 1,016,599,094</u>	<u>\$ 909,922,540</u>	<u>\$ 866,630,820</u>	<u>\$ 920,269,539</u>
County's net pension liability - end of year (a) - (b)	<u>\$ 102,323,911</u>	<u>\$ 7,000,957</u>	<u>\$ 70,405,434</u>	<u>\$ 36,455,537</u>	<u>\$ (28,316,631)</u>
Plan fiduciary net position as a percent of total pension liability	89.98%	99.32%	92.82%	95.96%	103.17%
Covered payroll	\$ 110,599,464	\$ 99,396,859	\$ 104,678,022	\$ 99,786,490	\$ 100,593,159
County's net pension liability (asset) as a percent of covered employee payroll	92.52%	7.04%	67.26%	36.53%	-28.15%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan
Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2023

COMPONENT UNIT	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	\$ 402,259	\$ 416,297	\$ 428,535	\$ 152,511	\$ 42,013
Interest	2,295,874	2,355,885	2,760,176	1,094,693	497,512
Benefit changes	-	-	-	-	-
Difference between expected and actual experience of the total pension liability	887,100	446,621	(130,966)	46,546	(32,778)
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of member contributions	(2,789,543)	(2,845,194)	(2,737,735)	(2,747,524)	(2,935,388)
Net change in total pension liability	795,690	373,609	320,010	(1,453,774)	(2,428,641)
Total pension liability - beginning of year	16,031,697	15,658,088	15,338,078	16,791,852	19,220,493
Total pension liability - end of year (a)	<u>\$ 16,827,387</u>	<u>\$ 16,031,697</u>	<u>\$ 15,658,088</u>	<u>\$ 15,338,078</u>	<u>\$ 16,791,852</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ 194,998
Contributions - employee	64,828	93,968	99,995	107,376	100,255
Net investment income	2,184,518	(3,572,780)	7,448,548	1,420,104	6,442,134
Benefit payments, including refunds of member contributions	(2,789,543)	(2,845,194)	(2,737,735)	(2,747,524)	(2,935,388)
Administrative expense	(14,171)	(14,322)	(24,820)	(7,508)	(2,109)
Net change in plan fiduciary net position	(554,368)	(6,338,328)	4,785,988	(1,227,552)	3,799,890
Plan fiduciary net position - beginning of year	18,988,920	25,327,248	20,541,260	21,768,812	17,968,922
Plan fiduciary net position - end of year (b)	<u>\$ 18,434,552</u>	<u>\$ 18,988,920</u>	<u>\$ 25,327,248</u>	<u>\$ 20,541,260</u>	<u>\$ 21,768,812</u>
County's net pension liability - end of year (a) - (b)	<u>\$ (1,607,165)</u>	<u>\$ (2,957,223)</u>	<u>\$ (9,669,160)</u>	<u>\$ (5,203,182)</u>	<u>\$ (4,976,960)</u>
Plan fiduciary net position as a percent of total pension liability	109.55%	118.45%	161.75%	133.92%	129.64%
Covered payroll	\$ 3,576,701	\$ 3,826,859	\$ 4,257,005	\$ 5,022,962	\$ 4,709,328
County's net pension liability (asset) as a percent of covered payroll	-44.93%	-77.28%	-227.14%	-103.59%	-105.68%

See accompanying notes to the required supplementary information.

Macomb County, Michigan
Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2023

COMPONENT UNIT	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 204,843	\$ 511,202	\$ 487,906	\$ 369,981	\$ 392,316
Interest	1,187,857	1,774,841	1,723,528	1,353,130	1,361,485
Benefit changes	53,215	-	-	-	36,811
Difference between expected and actual experience of the total pension liability	(407,710)	522,314	863,235	(136,269)	-
Changes of assumptions	7,916	-	826,993	-	-
Benefit payments, including refunds of member contributions	(2,795,463)	(2,771,686)	(2,581,930)	(1,345,044)	(2,651,364)
Net change in total pension liability	(1,749,342)	36,671	1,319,732	241,798	(860,752)
Total pension liability - beginning of year	20,969,835	20,933,164	19,613,432	19,371,634	20,232,386
Total pension liability - end of year (a)	<u>\$ 19,220,493</u>	<u>\$ 20,969,835</u>	<u>\$ 20,933,164</u>	<u>\$ 19,613,432</u>	<u>\$ 19,371,634</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 603,959	\$ 444,465	\$ 444,465	\$ 452,374	\$ 798,409
Contributions - employee	118,020	146,508	145,968	77,963	169,309
Net investment income	(722,773)	4,095,757	2,068,374	(339,017)	1,352,682
Benefit payments, including refunds of member contributions	(2,795,463)	(2,771,686)	(2,581,930)	(1,345,044)	(2,651,364)
Administrative expense	(8,592)	(18,351)	(21,482)	(11,214)	(10,996)
Net change in plan fiduciary net position	(2,804,849)	1,896,693	55,395	(1,164,938)	(341,960)
Plan fiduciary net position - beginning of year	20,773,771	18,877,078	18,821,683	19,986,621	20,328,581
Plan fiduciary net position - end of year (b)	<u>\$ 17,968,922</u>	<u>\$ 20,773,771</u>	<u>\$ 18,877,078</u>	<u>\$ 18,821,683</u>	<u>\$ 19,986,621</u>
County's net pension liability - end of year (a) - (b)	<u>\$ 1,251,571</u>	<u>\$ 196,064</u>	<u>\$ 2,056,086</u>	<u>\$ 791,749</u>	<u>\$ (614,987)</u>
Plan fiduciary net position as a percent of total pension liability	93.49%	99.07%	90.18%	95.96%	103.17%
Covered payroll	\$ 5,974,925	\$ 5,857,665	\$ 5,481,022	\$ 2,466,385	\$ 6,772,360
County's net pension liability (asset) as a percent of covered payroll	20.95%	3.35%	37.51%	32.10%	-9.08%

See accompanying notes to the required supplementary information.

Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2023

TOTAL, EMPLOYEES' RETIREMENT SYSTEM

	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	\$ 13,107,616	\$ 12,943,168	\$ 12,620,981	\$ 13,541,838	\$ 14,242,771
Interest	74,811,055	73,247,248	72,849,681	71,750,208	71,490,946
Benefit changes	-	-	-	-	-
Difference between expected and actual experience of the total pension liability	28,906,161	13,885,986	(3,857,138)	4,132,925	(11,111,783)
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds of member contributions	(76,642,014)	(79,117,600)	(73,489,957)	(72,127,791)	(68,370,267)
Net change in total pension liability	40,182,818	20,958,802	8,123,567	17,297,180	6,251,667
Total pension liability - beginning of year	1,093,294,630	1,072,335,828	1,064,212,261	1,046,915,081	1,040,663,414
Total pension liability - end of year (a)	<u>\$ 1,133,477,448</u>	<u>\$ 1,093,294,630</u>	<u>\$ 1,072,335,828</u>	<u>\$ 1,064,212,261</u>	<u>\$ 1,046,915,081</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 13,966,428	\$ 11,966,428	\$ 15,560,031	\$ 15,146,875	\$ 17,144,386
Contributions - employee	2,932,975	2,816,531	3,015,289	3,142,287	3,201,757
Net investment income	122,685,523	(185,832,413)	219,370,679	126,094,417	193,692,886
Benefit payments, including refunds of member contributions	(76,642,013)	(79,117,600)	(73,489,957)	(72,127,791)	(68,370,267)
Administrative expense	(795,889)	(744,955)	(730,984)	(666,662)	(714,895)
Net change in plan fiduciary net position	62,147,024	(250,912,009)	163,725,058	71,589,126	144,953,867
Plan fiduciary net position - beginning of year	1,066,443,974	1,317,355,983	1,153,630,925	1,082,041,799	937,087,932
Plan fiduciary net position - end of year (b)	<u>\$ 1,128,590,998</u>	<u>\$ 1,066,443,974</u>	<u>\$ 1,317,355,983</u>	<u>\$ 1,153,630,925</u>	<u>\$ 1,082,041,799</u>
County's net pension liability - end of year (a) - (b)	<u>\$ 4,886,450</u>	<u>\$ 26,850,656</u>	<u>\$ (245,020,155)</u>	<u>\$ (89,418,664)</u>	<u>\$ (35,126,718)</u>
Plan fiduciary net position as a percent of total pension liability	99.57%	97.54%	122.85%	108.40%	103.36%
Covered payroll	\$ 89,117,658	\$ 96,607,826	\$ 97,589,925	\$ 103,002,972	\$ 107,492,732
County's net pension liability (asset) as a percent of covered payroll	5.48%	27.79%	-251.07%	-86.81%	-32.68%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONCLUDED)

December 31, 2023

TOTAL, EMPLOYEES' RETIREMENT SYSTEM

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 16,952,089	\$ 18,764,904	\$ 17,195,016	\$ 17,405,488	\$ 18,681,711
Interest	74,582,651	71,593,332	62,256,856	63,657,071	64,832,607
Benefit changes	4,403,869	-	-	-	1,752,896
Difference between expected and actual experience of the total pension liability	(33,740,604)	19,172,782	30,422,520	(6,410,683)	-
Changes of assumptions	655,066	-	32,050,754	-	-
Benefit payments, including refunds of member contributions	(66,759,543)	(66,222,270)	(63,363,797)	(63,276,629)	(58,073,140)
Net change in total pension liability	(3,906,472)	43,308,748	78,561,349	11,375,247	27,194,074
Total pension liability - beginning of year	1,044,569,886	1,001,261,138	922,699,789	911,324,542	884,130,468
Total pension liability - end of year (a)	<u>\$ 1,040,663,414</u>	<u>\$ 1,044,569,886</u>	<u>\$ 1,001,261,138</u>	<u>\$ 922,699,789</u>	<u>\$ 911,324,542</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 23,747,047	\$ 21,672,813	\$ 20,909,535	\$ 21,281,612	\$ 22,152,820
Contributions - employee	3,252,673	3,451,637	3,628,768	3,667,705	3,597,063
Net investment income	(59,814,040)	150,344,679	82,929,696	(15,948,798)	64,413,425
Benefit payments, including refunds of member contributions	(66,759,543)	(66,222,270)	(63,363,797)	(63,276,629)	(58,073,027)
Administrative expense	(711,070)	(673,612)	(757,087)	(527,547)	(523,640)
Net change in plan fiduciary net position	(100,284,933)	108,573,247	43,347,115	(54,803,657)	31,566,641
Plan fiduciary net position - beginning of year	1,037,372,865	928,799,618	885,452,503	940,256,160	908,689,519
Plan fiduciary net position - end of year (b)	<u>\$ 937,087,932</u>	<u>\$ 1,037,372,865</u>	<u>\$ 928,799,618</u>	<u>\$ 885,452,503</u>	<u>\$ 940,256,160</u>
County's net pension liability - end of year (a) - (b)	<u>\$ 103,575,482</u>	<u>\$ 7,197,021</u>	<u>\$ 72,461,520</u>	<u>\$ 37,247,286</u>	<u>\$ (28,931,618)</u>
Plan fiduciary net position as a percent of total pension liability	90.05%	99.31%	92.76%	95.96%	103.17%
Covered payroll	\$ 116,574,389	\$ 105,254,524	\$ 110,159,044	\$ 102,252,875	\$ 107,365,519
County's net pension liability (asset) as a percent of covered payroll	88.85%	6.84%	65.78%	36.43%	-26.95%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND SCHEDULE OF MONEY WEIGHTED INVESTMENT RATE OF RETURN

December 31, 2023

Schedule of Employer Contributions, Primary Government				
Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Covered Payroll	Contribution as % of Covered Payroll
2014	\$ 21,354,411	\$ 21,354,411	\$ 101,248,699	21.09%
2015	20,610,979	20,610,989	96,521,906	21.35%
2016	20,465,070	20,465,070	104,678,022	19.55%
2017	19,355,242	21,228,348	99,396,859	21.36%
2018	21,565,818	23,143,088	110,599,464	20.93%
2019	15,942,330	16,949,388	102,783,404	16.49%
2020	14,304,020	15,146,875	97,980,010	15.46%
2021	13,892,354	15,560,031	93,332,920	16.67%
2022	10,252,487	11,966,428	92,780,967	12.90%
2023	6,332,767	13,966,428	85,540,957	16.33%

Schedule of Employer Contributions, Component Unit				
Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Covered Payroll	Contribution as % of Covered Payroll
2014	\$ 798,409	\$ 798,409	\$ 6,116,820	13.05%
2015	670,623	670,623	5,730,969	11.70%
2016	444,465	444,465	5,481,022	8.11%
2017	565,241	444,465	5,857,665	7.59%
2018	603,959	603,959	5,974,925	10.11%
2019	194,998	194,998	4,709,328	4.14%
2020	-	-	5,022,962	0.00%
2021	-	-	4,257,005	0.00%
2022	-	-	3,826,859	0.00%
2023	-	-	3,576,701	0.00%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND SCHEDULE OF MONEY WEIGHTED INVESTMENT RATE OF RETURN (CONCLUDED)

December 31, 2023

Schedule of Employer Contributions, Total, Employees' Retirement System					Schedule of Money Weighted Investment Rate of Return
Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Covered Payroll	Contribution as % of Covered Payroll	
2014	\$ 22,152,820	\$ 22,152,820	\$ 107,365,519	20.63%	7.42%
2015	21,281,602	21,281,612	102,252,875	20.81%	-0.59%
2016	20,909,535	20,909,535	110,159,044	18.98%	10.19%
2017	19,920,483	21,672,813	105,254,524	20.59%	17.44%
2018	22,169,777	23,747,047	116,574,389	20.37%	-5.01%
2019	16,137,328	17,144,386	107,492,732	15.95%	20.79%
2020	14,304,020	15,146,875	103,002,972	14.71%	11.97%
2021	13,892,354	15,560,031	97,589,925	15.94%	19.51%
2022	10,252,487	11,966,428	96,607,826	12.39%	-14.50%
2023	6,332,767	13,966,428	89,117,658	15.67%	11.86%

Significant Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The December 31, 2023 contribution was determined by the December 31, 2021 valuation. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period	12 years, closed
Asset valuation method	Five year smoothed fair value
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.0% - 18.0%, including inflation of 3.0%
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	
Retired and survivor members	RP-2014 (Base 2006) adjusted by 105% for males and 110% for females, projected with MP-2018 on a fully generational basis.
Active and deferred members	RP-2014 (Base 2006) projected with MP-2018 on a fully generational basis.
Disabled members	RP-2014 (Base 2006) disabled tables adjusted by 106% for males and 114% for females, projected with MP-2018 on a fully generational basis.

See accompanying notes to the required supplementary information.

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Macomb County, Michigan
Retiree Health Care Trust Fund
REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

December 31, 2023

PRIMARY GOVERNMENT

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 3,795,459	\$ 4,197,472	\$ 5,454,483	\$ 6,364,945	\$ 7,155,215
Interest	32,855,134	34,252,908	33,867,745	37,898,477	37,573,430
Benefit changes	-	-	-	-	(1,052,315)
Difference between expected and actual experience of the total OPEB liability	(60,471,417)	(51,964,854)	(80,437,774)	(100,570,025)	(28,860,788)
Changes of assumptions	9,488,992	10,180,585	79,999,419	17,274,440	6,742,370
Benefit payments	(17,691,049)	(18,174,350)	(17,099,098)	(17,116,441)	(18,021,077)
Net change in total OPEB liability	(32,022,881)	(21,508,239)	21,784,775	(56,148,604)	3,536,835
Total OPEB liability - beginning of year	471,076,826	492,585,065	470,800,290	526,948,894	523,412,059
Total OPEB liability - end of year (a)	<u>\$ 439,053,945</u>	<u>\$ 471,076,826</u>	<u>\$ 492,585,065</u>	<u>\$ 470,800,290</u>	<u>\$ 526,948,894</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 23,825,000	\$ 19,000,000	\$ 23,675,000	\$ 22,738,176	\$ 28,849,963
Contributions - member	859,057	977,764	980,508	962,211	979,778
Net investment income	55,719,235	(72,142,784)	71,563,351	44,447,947	62,061,925
Employer paid benefits	(18,157,292)	(18,499,424)	(17,438,328)	(17,442,802)	(18,339,626)
Member paid benefits	(859,057)	(977,764)	(980,508)	(962,211)	(979,778)
Administrative expense	(18,174)	(83,002)	(74,789)	(45,360)	(21,654)
Net change in plan fiduciary net position	61,368,769	(71,725,210)	77,725,234	49,697,961	72,550,608
Plan fiduciary net position - beginning of year	375,427,328	447,152,538	369,427,304	319,729,343	247,178,735
Plan fiduciary net position - end of year (b)	<u>\$ 436,796,097</u>	<u>\$ 375,427,328</u>	<u>\$ 447,152,538</u>	<u>\$ 369,427,304</u>	<u>\$ 319,729,343</u>
County's net OPEB liability - end of year (a) - (b)	<u>\$ 2,257,848</u>	<u>\$ 95,649,498</u>	<u>\$ 45,432,527</u>	<u>\$ 101,372,986</u>	<u>\$ 207,219,551</u>
Plan fiduciary net position as a percent of total OPEB liability	99.49%	79.70%	90.78%	78.47%	60.68%
Covered employee payroll	\$ 76,705,572	\$ 83,388,689	\$ 84,133,063	\$ 88,372,880	\$ 92,630,400
County's net OPEB liability as a percent of covered employee payroll	2.94%	114.70%	54.00%	114.71%	223.71%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan
Retiree Health Care Trust Fund
REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2023

PRIMARY GOVERNMENT

	2018	2017
Total OPEB Liability		
Service cost	\$ 7,682,105	\$ 8,164,058
Interest	38,441,385	36,672,615
Benefit changes	-	-
Difference between expected and actual experience of the total OPEB liability	(24,823,350)	(3,200,142)
Changes of assumptions	2,948,992	-
Benefit payments	(18,545,452)	(20,828,811)
Net change in total OPEB liability	5,703,680	20,807,720
Total OPEB liability - beginning of year	517,708,379	496,900,659
Total OPEB liability - end of year (a)	<u>\$ 523,412,059</u>	<u>\$ 517,708,379</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 36,121,454	\$ 34,335,823
Contributions - member	1,000,191	745,968
Net investment income	(10,260,977)	31,220,986
Employer paid benefits	(19,039,328)	(20,828,811)
Member paid benefits	(1,000,191)	(745,968)
Administrative expense	(58,634)	(20,406)
Net change in plan fiduciary net position	6,762,515	44,707,592
Plan fiduciary net position - beginning of year	240,416,220	195,708,628
Plan fiduciary net position - end of year (b)	<u>\$ 247,178,735</u>	<u>\$ 240,416,220</u>
County's net OPEB liability - end of year (a) - (b)	<u>\$ 276,233,324</u>	<u>\$ 277,292,159</u>
Plan fiduciary net position as a percent of total OPEB liability	47.22%	46.44%
Covered employee payroll	\$ 98,813,225	\$ 87,479,044
County's net OPEB liability as a percent of covered employee payroll	279.55%	316.98%

NOTE: Governmental Accounting Standards Board Statement No. 74 was implemented beginning with fiscal year 2017. Therefore, ten year trend information is not yet available.

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Retiree Health Care Trust Fund

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2023

COMPONENT UNIT	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 187,184	\$ 220,920	\$ 305,267	\$ 370,447	\$ 444,589
Interest	1,620,348	1,802,785	1,895,449	2,205,731	2,334,621
Benefit changes	-	-	-	-	(65,386)
Difference between expected and actual experience of the total OPEB liability	(2,982,326)	(2,734,992)	(4,501,797)	(5,853,282)	(2,926,139)
Changes of assumptions	467,978	535,820	4,477,264	1,005,391	418,936
Benefit payments	(872,486)	(956,545)	(956,972)	(996,195)	(1,119,738)
Net change in total OPEB liability	(1,579,302)	(1,132,012)	1,219,211	(3,267,908)	(913,117)
Total OPEB liability - beginning of year	28,720,502	29,852,514	28,633,303	31,901,211	32,814,328
Total OPEB liability - end of year (a)	<u>\$ 27,141,200</u>	<u>\$ 28,720,502</u>	<u>\$ 29,852,514</u>	<u>\$ 28,633,303</u>	<u>\$ 31,901,211</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 1,175,000	\$ 1,000,000	\$ 1,325,000	\$ 1,323,386	\$ 1,428,041
Contributions - member	42,367	51,461	54,875	56,002	60,878
Net investment income	3,106,830	(3,682,832)	4,060,045	3,412,842	3,243,696
Employer paid benefits	(893,208)	(973,654)	(975,957)	(1,015,190)	(1,139,531)
Member paid benefits	(42,367)	(51,461)	(54,875)	(56,002)	(60,878)
Administrative expense	(896)	(4,368)	(4,186)	(2,640)	(1,346)
Net change in plan fiduciary net position	3,387,726	(3,660,854)	4,404,902	3,718,398	3,530,860
Plan fiduciary net position - beginning of year	23,643,907	27,304,761	22,899,859	19,181,461	15,650,601
Plan fiduciary net position - end of year (b)	<u>\$ 27,031,633</u>	<u>\$ 23,643,907</u>	<u>\$ 27,304,761</u>	<u>\$ 22,899,859</u>	<u>\$ 19,181,461</u>
County's net OPEB liability - end of year (a) - (b)	<u>\$ 109,567</u>	<u>\$ 5,076,595</u>	<u>\$ 2,547,753</u>	<u>\$ 5,733,444</u>	<u>\$ 12,719,750</u>
Plan fiduciary net position as a percent of total OPEB liability	99.60%	82.32%	91.47%	79.98%	60.13%
Covered employee payroll	\$ 3,576,701	\$ 3,826,859	\$ 4,257,005	\$ 5,022,962	\$ 4,709,328
County's net OPEB liability as a percent of covered employee payroll	3.06%	132.86%	59.85%	114.14%	270.10%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Retiree Health Care Trust Fund

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2023

COMPONENT UNIT	2018	2017
Total OPEB Liability		
Service cost	\$ 477,327	\$ 511,880
Interest	2,388,551	2,299,346
Benefit changes	-	-
Difference between expected and actual experience of the total OPEB liability	(1,542,396)	(200,646)
Changes of assumptions	183,235	-
Benefit payments	(1,152,320)	(1,305,951)
Net change in total OPEB liability	354,397	1,304,629
Total OPEB liability - beginning of year	32,459,931	31,155,302
Total OPEB liability - end of year (a)	<u>\$ 32,814,328</u>	<u>\$ 32,459,931</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 2,244,403	\$ 2,152,831
Contributions - member	62,147	46,772
Net investment income	(637,565)	1,957,532
Employer paid benefits	(1,026,512)	(1,305,951)
Member paid benefits	(62,147)	(46,772)
Administrative expense	(3,643)	(1,279)
Net change in plan fiduciary net position	576,683	2,803,133
Plan fiduciary net position - beginning of year	15,073,918	12,270,785
Plan fiduciary net position - end of year (b)	<u>\$ 15,650,601</u>	<u>\$ 15,073,918</u>
County's net OPEB liability - end of year (a) - (b)	<u>\$ 17,163,727</u>	<u>\$ 17,386,013</u>
Plan fiduciary net position as a percent of total OPEB liability	47.69%	46.44%
Covered employee payroll	\$ 5,974,925	\$ 5,857,665
County's net OPEB liability as a percent of covered employee payroll	287.26%	296.81%

NOTE: Governmental Accounting Standards Board Statement No. 74 was implemented beginning with fiscal year 2017. Therefore, ten year trend information is not yet available.

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Retiree Health Care Trust Fund

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2023

TOTAL, RETIREE HEALTH CARE TRUST

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 3,982,643	\$ 4,418,392	\$ 5,759,750	\$ 6,735,392	\$ 7,599,804
Interest	34,475,482	36,055,693	35,763,194	40,104,208	39,908,051
Benefit changes	-	-	-	-	(1,117,701)
Difference between expected and actual experience of the total OPEB liability	(63,453,743)	(54,699,846)	(84,939,571)	(106,423,307)	(31,786,927)
Changes of assumptions	9,956,970	10,716,405	84,476,683	18,279,831	7,161,306
Benefit payments	(18,563,535)	(19,130,895)	(18,056,070)	(18,112,636)	(19,140,815)
Net change in total OPEB liability	(33,602,183)	(22,640,251)	23,003,986	(59,416,512)	2,623,718
Total OPEB liability - beginning of year	499,797,328	522,437,579	499,433,593	558,850,105	556,226,387
Total OPEB liability - end of year (a)	<u>\$ 466,195,145</u>	<u>\$ 499,797,328</u>	<u>\$ 522,437,579</u>	<u>\$ 499,433,593</u>	<u>\$ 558,850,105</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 25,000,000	\$ 20,000,000	\$ 25,000,000	\$ 24,061,562	\$ 30,278,004
Contributions - member	901,424	1,029,225	1,035,383	1,018,213	1,040,656
Net investment income	58,826,065	(75,825,616)	75,623,396	47,860,789	65,305,621
Employer paid benefits	(19,050,500)	(19,473,078)	(18,414,285)	(18,457,992)	(19,479,157)
Member paid benefits	(901,424)	(1,029,225)	(1,035,383)	(1,018,213)	(1,040,656)
Administrative expense	(19,070)	(87,370)	(78,975)	(48,000)	(23,000)
Net change in plan fiduciary net position	64,756,495	(75,386,064)	82,130,136	53,416,359	76,081,468
Plan fiduciary net position - beginning of year	399,071,235	474,457,299	392,327,163	338,910,804	262,829,336
Plan fiduciary net position - end of year (b)	<u>\$ 463,827,730</u>	<u>\$ 399,071,235</u>	<u>\$ 474,457,299</u>	<u>\$ 392,327,163</u>	<u>\$ 338,910,804</u>
County's net OPEB liability - end of year (a) - (b)	<u>\$ 2,367,415</u>	<u>\$ 100,726,093</u>	<u>\$ 47,980,280</u>	<u>\$ 107,106,430</u>	<u>\$ 219,939,301</u>
Plan fiduciary net position as a percent of total OPEB liability	99.49%	79.85%	90.82%	78.55%	60.64%
Covered employee payroll	\$ 80,282,273	\$ 87,215,548	\$ 88,390,068	\$ 93,395,842	\$ 97,339,728
County's net OPEB liability as a percent of covered employee payroll	2.95%	115.49%	54.28%	114.68%	225.95%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Retiree Health Care Trust Fund

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (CONCLUDED)

December 31, 2023

TOTAL, RETIREE HEALTH CARE TRUST

	2018	2017
Total OPEB Liability		
Service cost	\$ 8,159,432	\$ 8,675,938
Interest	40,829,936	38,971,961
Benefit changes	-	-
Difference between expected and actual experience of the total OPEB liability	(26,365,746)	(3,400,788)
Changes of assumptions	3,132,227	-
Benefit payments	(19,697,772)	(22,134,762)
Net change in total OPEB liability	6,058,077	22,112,349
Total OPEB liability - beginning of year	550,168,310	528,055,961
Total OPEB liability - end of year (a)	<u>\$ 556,226,387</u>	<u>\$ 550,168,310</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 38,365,857	\$ 36,488,654
Contributions - member	1,062,338	792,740
Net investment income	(10,898,542)	33,178,518
Employer paid benefits	(20,065,840)	(22,134,762)
Member paid benefits	(1,062,338)	(792,740)
Administrative expense	(62,277)	(21,685)
Net change in plan fiduciary net position	7,339,198	47,510,725
Plan fiduciary net position - beginning of year	255,490,138	207,979,413
Plan fiduciary net position - end of year (b)	<u>\$ 262,829,336</u>	<u>\$ 255,490,138</u>
County's net OPEB liability - end of year (a) - (b)	<u>\$ 293,397,051</u>	<u>\$ 294,678,172</u>
Plan fiduciary net position as a percent of total OPEB liability	47.25%	46.44%
Covered employee payroll	\$ 104,788,150	\$ 93,336,709
County's net OPEB liability as a percent of covered employee payroll	279.99%	315.72%

NOTE: Governmental Accounting Standards Board Statement No. 74 was implemented beginning with fiscal year 2017. Therefore, ten year trend information is not yet available.

See accompanying notes to the required supplementary information.

Macomb County, Michigan

Retiree Health Care Trust Fund

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND SCHEDULE OF MONEY WEIGHTED INVESTMENT RATE OF RETURN

December 31, 2023

Schedule of Employer Contributions, Primary Government					
Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as % of Covered Employee Payroll
2014	\$ 43,055,147	\$ 15,834,200	\$ 27,220,947	\$ 86,851,093	18.23%
2015	20,901,825	20,901,825	-	84,836,709	24.64%
2016	28,500,810	28,500,810	-	92,249,490	30.90%
2017	34,335,823	34,335,823	-	87,479,044	39.25%
2018	31,910,228	36,121,454	(4,211,226)	98,813,225	36.56%
2019	28,849,963	28,849,963	-	92,630,400	31.15%
2020	22,738,176	22,738,176	-	88,372,880	25.73%
2021	19,345,699	23,675,000	(4,329,301)	84,133,063	28.14%
2022	14,513,679	19,000,000	(4,486,321)	83,388,689	22.78%
2023	7,964,766	23,825,000	(15,860,234)	76,705,572	31.06%

Schedule of Employer Contributions, Component Unit					
Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as % of Covered Employee Payroll
2014	\$ 2,748,201	\$ 1,010,694	\$ 1,737,507	\$ 6,116,820	16.52%
2015	1,381,570	1,381,570	-	5,730,969	24.11%
2016	1,890,329	1,890,329	-	5,481,022	34.49%
2017	2,152,831	2,152,831	-	5,857,665	36.75%
2018	1,982,739	2,244,403	(261,664)	5,974,925	37.56%
2019	1,428,041	1,428,041	-	4,709,328	30.32%
2020	1,323,386	1,323,386	-	5,022,962	26.35%
2021	1,084,863	1,325,000	(240,137)	4,257,005	31.13%
2022	619,645	1,000,000	(380,355)	3,826,859	26.13%
2023	144,466	1,175,000	(1,030,534)	3,576,701	32.85%

See accompanying notes to the required supplementary information.

Macomb County, Michigan

Retiree Health Care Trust Fund

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND SCHEDULE OF MONEY WEIGHTED INVESTMENT RATE OF RETURN (CONCLUDED)

December 31, 2023

Schedule of Employer Contributions, Total, Retiree Health Care Trust						Schedule of Money Weighted Investment Rate of Return
Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as % of Covered Employee Payroll	
2014	\$ 45,803,348	\$ 16,844,894	\$ 28,958,454	\$ 92,967,913	18.12%	11.25%
2015	22,283,395	22,283,395	-	90,567,678	24.60%	0.17%
2016	30,391,139	30,391,139	-	97,730,512	31.10%	15.72%
2017	36,488,654	36,488,654	-	93,336,709	39.09%	19.09%
2018	33,892,967	38,365,857	(4,472,890)	104,788,150	36.61%	-1.24%
2019	30,278,004	30,278,004	-	97,339,728	31.11%	20.79%
2020	24,061,562	24,061,562	-	93,395,842	25.76%	11.97%
2021	20,430,562	25,000,000	(4,569,438)	88,390,068	28.28%	19.51%
2022	15,133,324	20,000,000	(4,866,676)	87,215,548	22.93%	-14.50%
2023	8,109,232	25,000,000	(16,890,768)	80,282,273	31.14%	11.86%

Significant Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The December 31, 2023 actuarially determined contributions to the fund were based on the December 31, 2021 valuation. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period	21 years, closed
Asset valuation method	Five-year smoothed fair value
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	4.50% - 14%, including inflation of 3.50%
Health care cost inflation	Non-Medicare: Initial rate of 7.50%, reduced by 0.25% per year to a 3.50% long-term rate. Medicare: Initial rate of 6.25%, reduced by 0.25% per year to a 3.50% long-term rate.
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	
General and Martha T Berry members	Pub-2010 amount-weighted, general, employee (pre-retirement, retiree (post-retirement), disabled retiree (disability retirement), male and female, with mortality improvements projected to 2030 using MP-2019.
Sheriff members	Pub-2010 headcount-weighted, safety, employee (pre-retirement, retiree (post-retirement), disabled retiree (disability retirement), male and female, with mortality improvements projected to 2030 using MP-2019.

See accompanying notes to the required supplementary information.

Macomb County, Michigan

Department of Roads Retiree Health Care Trust Plan

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

September 30, 2023

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 659,906	\$ 730,626	\$ 727,413	\$ 1,018,742	\$ 1,234,992
Interest	5,048,455	4,945,515	5,987,523	5,842,514	6,044,124
Difference between expected and actual experience of the total OPEB liability	(10,060,334)	(1,273,064)	(21,851,634)	(1,872,708)	(16,664,471)
Changes of assumptions	2,927,040	-	2,480,594	-	9,312,252
Benefit payments	(2,777,059)	(2,908,303)	(2,657,013)	(2,732,209)	(2,878,957)
Net change in total OPEB liability	(4,201,992)	1,494,774	(15,313,117)	2,256,339	(2,952,060)
Total OPEB liability - beginning of year	75,850,499	74,355,725	89,668,842	87,412,503	90,364,563
Total OPEB liability - end of year (a)	<u>\$ 71,648,507</u>	<u>\$ 75,850,499</u>	<u>\$ 74,355,725</u>	<u>\$ 89,668,842</u>	<u>\$ 87,412,503</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 4,777,059	\$ 6,908,303	\$ 6,657,013	\$ 7,732,209	\$ 8,378,957
Net investment income	10,874,388	(14,537,365)	18,393,318	5,353,489	1,853,092
Employer paid benefits	(2,777,059)	(2,908,303)	(2,657,013)	(2,732,209)	(2,878,957)
Administrative expense	(73,579)	(72,519)	(67,729)	(136,929)	(132,056)
Net change in plan fiduciary net position	12,800,809	(10,609,884)	22,325,589	10,216,560	7,221,036
Plan fiduciary net position - beginning of year	92,073,817	102,683,701	80,358,112	70,141,552	62,920,516
Plan fiduciary net position - end of year (b)	<u>\$ 104,874,626</u>	<u>\$ 92,073,817</u>	<u>\$ 102,683,701</u>	<u>\$ 80,358,112</u>	<u>\$ 70,141,552</u>
County Roads' net OPEB liability (asset) - end of year (a) - (b)	<u>\$ (33,226,119)</u>	<u>\$ (16,223,318)</u>	<u>\$ (28,327,976)</u>	<u>\$ 9,310,730</u>	<u>\$ 17,270,951</u>
Plan fiduciary net position as a percent of total OPEB liability	146.37%	121.39%	138.10%	89.62%	80.24%
Covered employee payroll	\$ 8,835,385	\$ 9,392,278	\$ 9,199,857	\$ 9,607,130	\$ 10,153,004
County Roads' net OPEB liability as a percent of covered employee payroll	-376.06%	-172.73%	-307.92%	96.91%	170.11%

See accompanying notes to the required supplementary information.

-CONTINUED-

Macomb County, Michigan

Department of Roads Retiree Health Care Trust Plan

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (CONCLUDED)

September 30, 2023

	2018	2017
Total OPEB Liability		
Service cost	\$ 1,214,302	\$ 1,219,920
Interest	5,960,794	5,749,886
Difference between expected and actual experience of the total OPEB liability	(1,390,288)	(929,177)
Changes of assumptions	7,268,838	-
Benefit payments	(3,118,373)	(3,333,061)
Net change in total OPEB liability	9,935,273	2,707,568
Total OPEB liability - beginning of year	80,429,290	77,721,722
Total OPEB liability - end of year (a)	<u>\$ 90,364,563</u>	<u>\$ 80,429,290</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 6,118,373	\$ 6,333,061
Net investment income	3,145,994	6,040,085
Employer paid benefits	(3,118,373)	(3,333,061)
Administrative expense	(148,333)	(128,747)
Net change in plan fiduciary net position	5,997,661	8,911,338
Plan fiduciary net position - beginning of year	56,922,855	48,011,517
Plan fiduciary net position - end of year (b)	<u>\$ 62,920,516</u>	<u>\$ 56,922,855</u>
County Roads' net OPEB liability (asset) - end of year (a) - (b)	<u>\$ 27,444,047</u>	<u>\$ 23,506,435</u>
Plan fiduciary net position as a percent of total OPEB liability	69.63%	70.77%
Covered employee payroll	\$ 11,786,239	\$ 11,917,815
County Roads' net OPEB liability as a percent of covered employee payroll	232.85%	197.24%

NOTE: Governmental Accounting Standards Board Statement No. 74 was implemented beginning with fiscal year 2017. Therefore, ten year trend information is not yet available.

See accompanying notes to the required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND SCHEDULE OF MONEY WEIGHTED INVESTMENT RATE OF RETURN**

September 30, 2023

Schedule of Employer Contributions						Schedule of Money Weighted Investment Rate of Return
Year Ended September 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as % of Covered Employee Payroll	
2014	\$ 6,095,512	\$ 5,884,329	\$ 211,183	\$ 12,423,961	47.36%	N/A
2015	3,376,175	6,024,655	(2,648,480)	11,685,197	51.56%	N/A
2016	3,511,223	6,365,929	(2,854,706)	12,428,532	51.22%	N/A
2017	4,006,707	6,333,061	(2,326,354)	11,917,815	53.14%	N/A
2018	3,869,893	6,118,373	(2,248,480)	11,786,239	51.91%	1.27%
2019	3,846,713	8,378,957	(4,532,244)	10,153,004	82.53%	2.52%
2020	3,157,657	7,732,209	(4,574,552)	9,607,130	80.48%	6.94%
2021	3,039,942	6,657,013	(3,617,071)	9,199,857	72.36%	20.30%
2022	-	6,908,303	(6,908,303)	9,392,278	73.55%	-13.69%
2023	-	4,777,059	(4,777,059)	8,835,385	54.07%	11.48%

N/A – Not available

Significant Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The September 30, 2023 actuarially determined contributions to the fund were based on the December 31, 2020 valuation. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Amortization period	17 years, closed
Asset valuation method	Fair value of assets
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases	3.0% - 15.0%, including inflation of 2.5%
Inflation rate	2.5%
Health care cost inflation	Non-Medicare: Initial rate of 7.50%, reduced by 0.25% per year to a 3.50% long-term rate. Medicare: Initial rate of 6.25%, reduced by 0.25% per year to a 3.50% long-term rate.
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Healthy Life Mortality Table, adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2018 with modifications for healthy and disabled retirement populations using the RP-2014 Healthy Annuitant and RP-2014 Disabled Mortality Tables respectively.

See accompanying notes to the required supplementary information.

December 31, 2023

NOTE 1 – BUDGETARY ACCOUNTING

By no later than October 1, the county finance director submits to the board of commissioners a proposed operating budget for the year commencing January 1. The annual operating budget includes proposed expenditures and the means of financing them for the General Fund, special revenue funds, and the debt service fund, as well as Community Mental Health and Parks business-type activities and the Martha T. Berry Medical Care Facility discretely-presented component unit. A public hearing is conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution by the board of commissioners no later than December 31.

Formal budgetary integration is employed as a management control device during the year for all funds. Expenditures may not legally exceed budgeted appropriations at the department level in the General Fund and the fund level in all other funds. The county executive is authorized to transfer funds between budgeted line items within a department within a fund as long as the amount being transferred does not exceed the lesser of \$35,000 or 5% of the department budget. Budget amendments that exceed these limits must be approved by the finance committee of the board of commissioners. During the year, supplemental budgetary appropriations were not significant in relation to the original appropriations adopted. Unexpended appropriations lapse at year-end. Encumbrances open at year-end are re-appropriated in the following year. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented in the financial statements represent final budget authorization, including all amendments approved during the year.

State statutes provide that actual expenditures of a local unit of government shall not exceed the amounts appropriated. Actual amounts exceeded budget amounts at the legal level of control as indicated below. The excess expenditures were funded by either additional unbudgeted revenues or available fund balance.

	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
GENERAL FUND			
Legislative			
Board of commissioners	\$ 1,784,100	\$ 1,844,294	\$ (60,194)
Judicial			
Family court - Juvenile division	6,278,900	6,473,434	(194,534)
General government			
Corporation counsel	1,411,900	1,518,417	(106,517)
Information technology	11,904,626	14,261,665	(2,357,039)
Treasurer	2,628,500	2,645,173	(16,673)
Public safety			
Sheriff department	77,064,163	79,307,723	(2,243,560)
Public works	7,712,500	8,259,496	(546,996)
Health and welfare			
Social services	59,500	62,463	(2,963)
SPECIAL REVENUE FUND			
Coronavirus Response Fund	-	2,223,851	(2,223,851)
Non-Motorized Trails Fund	-	102,890	(102,890)

The Child Care Fund, Emergency Management Grants Fund, and Prosecutor Grants Fund, Register of Deeds Remonumentation Fund, and Veterans' Grants Fund remained under budget and not in a deficit position, net of deferred inflows for grants. However, these funds were budgeted to either maintain or increase their deficit fund balance in the 2023 budget, which is a violation of Michigan Public Act 2 of 1968. Additionally, the Coronavirus Response Fund and Non-Motorized Trails Fund did not have a budget for 2023, which is a violation of Michigan Public Act 2 of 1968.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2023

NOTE 2 – FACTORS THAT SIGNIFICANTLY AFFECT TRENDS IN PENSION AND OPEB PLANS**Employees' Retirement System**

There were no changes of assumptions or benefit terms in 2023.

The determination of the total pension liability as of December 31, 2018 was based on the December 31, 2017 actuarial valuation with the following exceptions. The valuation of the deferred retirement option plan (DROP) was based on the method prescribed in governmental accounting standards board statement No. 67. 75% of eligible participants were assumed to enter DROP when eligible and remain in DROP for 4 years. The discount rate was assumed to be 7.00%. Finally, all divisions were changed to the RP-2014 (Base 2006) Mortality Tables and MP-2018 mortality improvement scales.

The total pension liability as of December 31, 2018 was impacted as a result of benefit changes. The medical benefit waiver election upon retirement was reflected in the Net Pension Liability of the system as of December 31, 2018.

The determination of the total pension liability as of December 31, 2016 was based on the December 31, 2015 actuarial valuation with the following exceptions: The discount rate was lowered from 7.5% to 7.25%. The mortality tables were changed to RP2014 Blue Collar for Road Commission and Sheriff divisions and RP2014 for all other divisions, both with the MP2016 mortality improvement scale. Previous valuations had used the RP-2000 tables with improvements to 2015. Base pay projections and inflation were reduced from 5% to 3%. Administrative expense load was changed from 0.10% of payroll to the previous year's administrative expense increased by the inflation assumption.

Throughout all years shown in the Changes in Net Pension Liability and Related Ratios, the System experienced changes in its total pension liability as a result of differences between actual and expected experience. The most significant changes represented in these differences in experience were related to mortality rates, census populations, and turnover rates.

Retiree Health Care Trust Fund

The following events impacted the actual experience of the total OPEB liability as of December 31, 2023, December 31, 2022, and December 31, 2021: Lower than projected health care costs and lower prescription drug costs.

The following changes in assumptions impacted the calculation of the net OPEB liability as of December 31, 2022: The health care and prescription trend rates were modified, increasing the expected rate of increase over the next ten years.

The following changes in assumptions impacted the calculation of the net OPEB liability as of December 31, 2021: Multiple changes in assumptions regarding the Plan liabilities were made. New mortality tables were used, replacing assumptions based on RP-2014 and MP-2014 with a series of assumptions based on PUB-2010 and MP-2019. Additionally, the health care trend rates were modified, lowering the rate in year one, but also decreasing the rate the trend rate is forecasted to drop each year. Also, a Medicare trend rate was introduced, with an initial rate of 6.25 percent, decreasing 0.25 percent per year to a 3.5 percent long-term rate. The investment long term rate of return assumption was decreased from 7.25 percent to 7.00 percent.

The following events impacted the actual experience of the total OPEB liability as of December 31, 2020: Lower than projected health care costs as a result of the coronavirus pandemic, lower prescription drug costs, and changes in plan structures resulting in lowered costs associated with certain coverages being changed from fully-insured to self-insured.

The following changes in assumptions impacted the calculation of the net OPEB liability as of December 31, 2020: For 2020, a change in assumption regarding the Plan liabilities was made. The range of salary increases was increased by 1.0 percent, from 3.5 percent to 4.5 percent.

The following changes in assumptions impacted the calculation of the net OPEB liability as of December 31, 2019: For 2019, a change in assumption regarding the Plan liabilities was made. The beginning health inflation assumption was lowered by 0.75 percent, from 9 percent to 8.25 percent. Additionally, the excise tax under the Affordable Care Act (ACA) was removed from the Plan's liabilities.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2023

NOTE 2 – FACTORS THAT SIGNIFICANTLY AFFECT TRENDS IN PENSION AND OPEB PLANS (CONCLUDED)**Retiree Health Care Trust Fund (concluded)**

The determination of the total OPEB liabilities as of December 31, 2019 was based on the December 31, 2017 actuarial valuation, however, the system experienced lower than expected rises in health care rates, which lowered the actuarial accrued liability for benefits.

The following changes in assumptions impacted the calculation of the net OPEB liability as of December 31, 2018: For 2018, a change in assumption regarding the Plan liabilities was made. Plan liabilities were loaded by 0.2% to reflect the expected future liability for the excise tax under the Affordable Care Act (ACA).

Reductions in the census population of the Plan as well as actual healthcare costs as experienced were greater than calculated expectation, which resulted a net reduction in the total OPEB liability due to a difference between expected an actual experience in the total OPEB liability as of December 31, 2018.

Benefit provisions did not change for the periods shown in the required supplementary information schedules.

Department of Roads Retiree Health Care Trust Plan

There were no changes of assumptions or benefit terms in 2023.

The following events impacted the actual experience of the total OPEB liability as of September 30, 2021: Lower than projected health care costs as a result of the coronavirus pandemic, and lower prescription drug costs.

The following changes in assumptions impacted the calculation of the net OPEB liability as of September 30, 2021: The health care trend rates were modified, lowering the rate in year one, but also decreasing the rate the trend rate is forecasted to drop each year. Additionally, a Medicare trend rate was introduced, with an initial rate of 6.25 percent, decreasing 0.25 percent per year to a 3.5 percent long-term rate.

The following changes in assumptions impacted the calculation of the net OPEB liability as of September 30, 2019: changes to certain demographical assumptions, such as rates of mortality, retirement, disability, and withdrawal rates.

The determination of the total OPEB liabilities as of September 30, 2019 was based on the December 31, 2018 actuarial valuation, however, the system experienced lower than expected rises in health care rates, which lowered the actuarial accrued liability for benefits.

The determination of the total OPEB liabilities as of September 30, 2018 was based on the December 31, 2016 actuarial valuation with the exception of the discount rate, which was modified from 7.50% per the December 31, 2016 valuation to 6.75% per the September 30, 2018 report.

Benefit provisions did not change for the periods shown in the required supplementary information schedules.

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2023

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and pooled investments	\$ 50,192,839	\$ 88,789	\$ 25,249,146	\$ 75,530,774
Receivables				
Property taxes, net	2,162,269	-	-	2,162,269
Trade accounts and leases, net	41,303,956	-	27,162	41,331,118
Due from other governments	14,772,334	-	-	14,772,334
Due from other funds	-	-	-	-
Other assets	21,728	-	1,200,142	1,221,870
TOTAL ASSETS	\$ 108,453,126	\$ 88,789	\$ 26,476,450	\$ 135,018,365
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,702,584	\$ -	\$ 2,524,105	\$ 4,226,689
Accrued liabilities	187,076	-	-	187,076
Accrued compensation and benefits	877,368	-	-	877,368
Due to other governments	6,256,226	-	-	6,256,226
Due to governmental funds	6,685,120	-	-	6,685,120
Unearned revenue	5,098,423	-	-	5,098,423
TOTAL LIABILITIES	20,806,797	-	2,524,105	23,330,902
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	2,262,554	-	-	2,262,554
Lease activities	615,363	-	-	615,363
Unavailable grants and other charges	45,614,445	-	-	45,614,445
TOTAL DEFERRED INFLOWS OF RESOURCES	48,492,362	-	-	48,492,362
FUND BALANCES				
Nonspendable	21,728	-	1,200,142	1,221,870
Restricted	35,141,370	88,789	12,515,162	47,745,321
Assigned	5,808,424	-	10,237,041	16,045,465
Unassigned	(1,817,555)	-	-	(1,817,555)
TOTAL FUND BALANCES	39,153,967	88,789	23,952,345	63,195,101
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 108,453,126	\$ 88,789	\$ 26,476,450	\$ 135,018,365

Macomb County, Michigan

FUND DESCRIPTIONS – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2023

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 2,193,289	\$ -	\$ -	\$ 2,193,289
Licenses and permits	490,353	-	-	490,353
Federal and state grants	58,500,554	-	12,527,162	71,027,716
Other grants	265,469	-	-	265,469
Charges for services	18,535,143	-	47,896	18,583,039
Fines and forfeitures	228,990	-	-	228,990
Interest and rents	210,547	-	-	210,547
Other revenue	6,459,601	-	-	6,459,601
TOTAL REVENUES	86,883,946	-	12,575,058	99,459,004
EXPENDITURES				
Current				
Judicial	29,891,739	-	-	29,891,739
General government	340,228	-	-	340,228
Public safety	17,179,618	-	-	17,179,618
Public works	-	12,663	-	12,663
Health and welfare	50,959,854	-	-	50,959,854
Community and economic development	1,951,098	-	-	1,951,098
Recreational and cultural	102,890	-	-	102,890
Capital outlay	3,777,766	-	24,998,210	28,775,976
Debt service				
Principal	225,285	2,870,000	-	3,095,285
Interest and fees	1,693	866,024	-	867,717
TOTAL EXPENDITURES	104,430,171	3,748,687	24,998,210	133,177,068
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,546,225)	(3,748,687)	(12,423,152)	(33,718,064)
OTHER FINANCING SOURCES (USES)				
Subscription-based IT arrangements	-	-	5,033,693	5,033,693
Transfers in	25,806,234	3,736,024	13,851,996	43,394,254
Transfers out	(36,381)	-	(454,174)	(490,555)
TOTAL OTHER FINANCING SOURCES (USES)	25,769,853	3,736,024	18,431,515	47,937,392
NET CHANGE IN FUND BALANCES	8,223,628	(12,663)	6,008,363	14,219,328
Fund balances, beginning of year (1)	30,930,339	101,452	17,943,982	48,975,773
Fund balances, end of year	\$ 39,153,967	\$ 88,789	\$ 23,952,345	\$ 63,195,101

(1) As restated. See Notes to the Basic Financial Statements, Note 23.

FUND DESCRIPTIONS – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2023

SPECIAL REVENUE FUNDS are used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned for specific purposes other than debt service or capital projects.

Child Care Fund – This fund is used to account for expenditures and related restricted revenues from the state related to the detention and treatment of individuals under the age of 18 convicted of criminal offenses.

Circuit Court Programs Fund – These funds accounts for the activities and grants related to the Adult Drug Court, Mental Health Court, and Veterans Treatment Court, which provide intensive probation and treatment to low-risk offenders in an effort to reduce jail and prison bed days. These funds receive restricted revenues from the state as well as contributions from the General Fund.

Community Corrections Fund – The Community Corrections department administers these funds, which accounts for programs that provide alternatives to incarceration as well as the grants related to these programs. The fund receives approximately 70% of its support from Federal and State grants and 30% of its support from the General Fund.

Concealed Pistol License Fund – This fund was established in compliance with Michigan Public Act 3 of 2015, which requires the county to account for the deposit of concealed pistol licensing fees collected by the county clerk as well as the allowable expenditures related to the cost of administering this public act. This fund receives no general fund support and is funded solely from deposits received under this public act.

Coronavirus Response Fund – This fund was established to account for the activity related to the county's use of federal and state grant programs related to coronavirus response activities, such as small business grant programs, COVID testing and vaccination efforts, as well as county building retrofits and purchasing of personal protective equipment (PPE).

Dispatch and Cellular Fee Fund – This fund was established to account for (a) the state-mandated 911 charge of \$0.25 cents per line per Public Act 51 of 2018, (b) the county 911 surcharge of \$0.42 cents per line as authorized under MCL 401b(1)(a) of the Emergency 911 Service Enabling Act, and, (c) county dispatch operations, including contracted services provided to other local cities, villages, and townships in Macomb County. The fund is used to account eligible expenditures under these funding sources, including capital improvements to dispatch infrastructure, dispatch training activities, as well as costs incurred for services provided to other local cities, villages, and townships in Macomb County. Additionally, beginning with fiscal year 2022, the fund is used to account for the operations of county dispatch operations. This fund receives funding from a combination of state revenues, charges for services paid from cellular providers, and charges for services paid by local cities, villages, and townships within Macomb County. Additionally, the fund receives contributions from the General Fund for operating costs related to county dispatch operations not otherwise covered by other sources and formerly accounted for within the county general fund in years prior to fiscal year 2022. The general fund contribution represents approximately 25% of revenues and transfers recorded in the fund.

Emergency Management Grants Fund – This fund is supported entirely by Federal and local grants for the purpose of purchasing emergency response equipment and creating emergency response plans for the county and local municipalities.

Friend of the Court Fund – This fund is used to account for the costs of operation of the Macomb County Friend of the Court, whose mission is to fairly and efficiently enforce court orders relating to child support, health care, spousal support, parenting time and custody. A majority of funding for this fund is provided through a grant from the Federal government, although approximately 25% of the fund's support is from the General Fund.

Health Grants Fund – The fund provides a variety of health-related services to the community as well as a variety of water quality monitoring programs. Funding for these programs is provided primarily through State and Federal grants, with approximately 20% of the fund's support from the General Fund. Both funds are administered by the County Health Department.

Macomb / St. Clair Employment and Training Fund – This fund is supported entirely by State and Federal funds utilized for the purpose of integrating those facing barriers to employment into the labor force through training and employment support services. The fund receives no General Fund support.

FUND DESCRIPTIONS – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2023

MSU Extension Fund – The fund is used to account for costs associated with the operation of educational programs run by Michigan State University, such as programs for foreclosure mitigation, financial literacy, and master gardener certifications. These funds are supported entirely by reimbursements from local communities and residents that utilize services and receive no General Fund support.

Non-Motorized Trails Fund – The fund is used to account for two programs: (a) the Bridge Program, which accounts for the accumulation of resources that are used to maintain certain bridges throughout Macomb County, and (b), the Orchard Trail Program, which accounts for the accumulation and use of resources related to maintenance of the Macomb County Orchard Trail, which is a 24 mile paved bike trail. Both programs are supported by charges to local communities. Neither program receives General Fund support.

Opioid Settlement Fund – This fund was established to account for proceeds collected from the National Opioid Litigation Settlement. Settlement funds will be paid into a national escrow account over periods ranging between 9 and 18 years. Under the settlement, the county is expected to receive \$53,941,874. The fund will also be used to account for the expenditure of funds, which will fund evidence-based programming, recovery supports, harm-reduction strategies, and prevention programming. The fund is supported solely by the settlement payments and receives no general fund support.

Prosecuting Attorney Grants Fund – The fund is used to account for the costs associated with prosecuting cases involving child support enforcement, domestic violence, auto theft and drug-related offenses. Additionally, the fund is used to account for the Federal Equitable Sharing and state forfeiture funds, which are used primarily for employee training. The fund is supported by Federal and State grants as well as General Fund support equal to approximately 25% of total funding. Both funds are administered by the Prosecuting Attorney's Office.

Public Defender's Office Fund – The fund is used to account for the costs of providing public defenders to low income individuals in accordance with the Michigan Indigent Defense Commission (MIDC). Based on the department's approved spending plan for 2019, the state provided roughly half of the funding for program, while charges for services accounted for roughly a quarter of total funding for the program. The General Fund is required to maintain funding levels that were in place before the MIDC standards were created, which represents the remaining quarter of the total funding for the program.

Radio Maintenance Fund – The fund accounts for the accumulation and use of resources related to radio maintenance of the county-wide E-911 system. The program is funded by charges for services to local communities where the radios are operated. The program does not receive any General Fund support.

Register of Deeds Remonumentation Fund – This fund was established pursuant to Section 2567a of the Revised Judicature Act, and the State Resurvey and Remonumentation Act, MCL 54.261 et seq. This legislation authorizes the Register of Deeds in each county to collect additional recording fees which are turned over to the State and used to provide grants to counties to fund the Remonumentation Grant Program. The purpose of this grant program is to survey and verify the location of corner markers, or "monuments", of all township sections within the county with satellite technology to assure accurate property boundaries, road alignments, subdivision layouts and plat descriptions. The fund is administered by the Register of Deeds department and receives no General Fund support.

Register of Deeds Technology Fund – The Register of Deeds Technology Fund was created in 2003 pursuant to Public Act 698 of 2002, which authorizes the Clerk/Register of Deeds to collect additional recording fees solely for use and expenditure by the Clerk/Register of Deeds Office for the purpose of technology improvements in those offices. The revenue generated from the increased fees is administered by the Clerk/Register of Deeds. The fund receives no General Fund support.

Senior Services Fund – The fund is used to account for the activities of various programs for Macomb County's senior population, which includes nutritional programs, adult day services, and home assistance programs. The programs are administered by the county's Senior Services Departments. The fund receives approximately 30% of its funding from the General Fund.

Sheriff Grants Fund – The fund is used to account for the costs associated with Federal and State funded purchases of specialized units involved in traffic safety enforcement, auto theft and drug-related crimes, forfeitures, and various other grants. Approximately 15% of total funding is from the General Fund. The fund is administered by the County Sheriff's Department.

Macomb County, Michigan

FUND DESCRIPTIONS – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2023

Social Welfare Fund – This fund was established in accordance with MCL 400.58b to account for the collection and disbursements of the Martha T. Berry Medical Care Facility special tax levied in 2020. The fund is administered by the County Treasurer and receives no General Fund support.

Urban County Block Grant Fund – This fund is administered by the Planning and Economic Development Department and receives grants from Federal agencies for coastal water and marshland restoration, brownfield development and small business development. In addition to Federal funding, this fund is used to account for the proceeds from the sale of aerial maps. The fund receives no General Fund support.

Veterans' Affairs Fund – This fund is used to account for the activities of the Department of Veterans' Services, which provides service to all veterans and their families by providing aid for the process of completing the necessary federal paperwork to receive the maximum level of veteran's benefits possible. The fund receives its funding from an extra-voted property tax millage of .04 mills, levied county-wide. The fund receives no General Fund support.

Veterans' Grants Fund – This fund is used to account for the activities of the County Veterans' Service Fund Grant. The grant program goal is to inform veterans in the county of their VA benefits and to provide educational and outreach programs. The fund receives no General Fund support.

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2023

	Child Care	Circuit Court Programs	Community Corrections	Concealed Pistol License
ASSETS				
Cash and pooled investments	\$ 646,231	\$ 135,433	\$ 408,065	\$ 2,339,303
Receivables				
Property taxes, net	-	-	-	-
Trade accounts and leases, net	57,861	13	-	-
Due from other governments	2,139,833	216,328	216,825	-
Due from other funds	-	-	-	-
Other assets	-	-	-	-
TOTAL ASSETS	\$ 2,843,925	\$ 351,774	\$ 624,890	\$ 2,339,303
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 290,115	\$ 35,058	\$ 41,880	\$ 872
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	145,763	-	30,025	4,207
Due to other governments	23,885	-	-	50,731
Due to governmental funds	1,746,335	-	548,345	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	2,206,098	35,058	620,250	55,810
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	-	-	-	-
Lease activities	-	-	-	-
Unavailable grants and other charges	1,319,066	65,941	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,319,066	65,941	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	4,640	2,283,493
Assigned	-	250,775	-	-
Unassigned	(681,239)	-	-	-
TOTAL FUND BALANCES	(681,239)	250,775	4,640	2,283,493
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,843,925	\$ 351,774	\$ 624,890	\$ 2,339,303

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2023

	Coronavirus Response Fund	Dispatch and Cellular Fee	Emergency Management Grants	Friend of the Court
ASSETS				
Cash and pooled investments	\$ -	\$ 6,286,971	\$ -	\$ 48,441
Receivables				
Property taxes, net	-	-	-	-
Trade accounts and leases, net	-	422,959	10,188	685
Due from other governments	-	1,503,734	3,409,057	2,312,397
Due from other funds	-	-	-	-
Other assets	-	5,453	-	14,369
TOTAL ASSETS	\$ -	\$ 8,219,117	\$ 3,419,245	\$ 2,375,892
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 16,983	\$ 10,479	\$ 5,516
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	-	122,499	11,913	138,194
Due to other governments	-	1,852,170	1,374	-
Due to governmental funds	-	-	906,681	1,163,838
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	-	1,991,652	930,447	1,307,548
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	-	-	-	-
Lease activities	-	-	-	-
Unavailable grants and other charges	-	-	3,093,293	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	3,093,293	-
FUND BALANCES				
Nonspendable		5,453	-	14,369
Restricted		6,222,012	-	754,579
Assigned	-	-	-	299,396
Unassigned	-	-	(604,495)	-
TOTAL FUND BALANCES	-	6,227,465	(604,495)	1,068,344
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ -	\$ 8,219,117	\$ 3,419,245	\$ 2,375,892

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-CONTINUED-

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2023

	Health Grants	Macomb / St. Clair Employment and Training	MSU Extension	Non-Motorized Trails
ASSETS				
Cash and pooled investments	\$ 13,816,147	\$ -	\$ 197,799	\$ 421,789
Receivables				
Property taxes, net	-	-	-	-
Trade accounts and leases, net	568	-	-	-
Due from other governments	120,767	1,861,251	-	432,771
Due from other funds	-	-	-	-
Other assets	-	-	-	-
TOTAL ASSETS	\$ 13,937,482	\$ 1,861,251	\$ 197,799	\$ 854,560
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 207,056	\$ 868	\$ 3,058	\$ 24,813
Accrued liabilities	-	186,914	-	-
Accrued compensation and benefits	90,335	164,851	-	-
Due to other governments	4,178,885	-	-	-
Due to governmental funds	547	1,490,433	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	4,476,823	1,843,066	3,058	24,813
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	-	-	-	-
Lease activities	-	-	-	-
Unavailable grants and other charges	41,899	130,860	-	432,771
TOTAL DEFERRED INFLOWS OF RESOURCES	41,899	130,860	-	432,771
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	9,418,760	-	121,592	-
Assigned	-	-	73,149	396,976
Unassigned	-	(112,675)	-	-
TOTAL FUND BALANCES	9,418,760	(112,675)	194,741	396,976
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,937,482	\$ 1,861,251	\$ 197,799	\$ 854,560

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-CONTINUED-

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2023

	Opioid Settlement	Prosecuting Attorney Grants	Public Defender's Office Fund	Radio Maintenance
ASSETS				
Cash and pooled investments	\$ 7,555,754	\$ 176,647	\$ 5,154,556	\$ 716,092
Receivables	-	-	-	-
Property taxes, net	-	-	-	-
Trade accounts and leases, net	39,614,356	-	8,650	868,900
Due from other governments	-	1,115,725	8,700	393,608
Due from other funds	-	-	-	-
Other assets	-	-	-	-
TOTAL ASSETS	\$ 47,170,110	\$ 1,292,372	\$ 5,171,906	\$ 1,978,600
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 33,310	\$ 137,437	\$ 313,123	\$ 4,907
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	263	52,505	40,815	-
Due to other governments	-	-	-	-
Due to governmental funds	-	808,176	-	-
Unearned revenue	-	-	4,809,968	-
TOTAL LIABILITIES	33,573	998,118	5,163,906	4,907
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	-	-	-	-
Lease activities	-	-	-	615,363
Unavailable grants and other charges	39,614,356	595,316	8,000	-
TOTAL DEFERRED INFLOWS OF RESOURCES	39,614,356	595,316	8,000	615,363
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	7,522,181	-	-	1,358,330
Assigned	-	-	-	-
Unassigned	-	(301,062)	-	-
TOTAL FUND BALANCES	7,522,181	(301,062)	-	1,358,330
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 47,170,110	\$ 1,292,372	\$ 5,171,906	\$ 1,978,600

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2023

	Register of Deeds Remuneration Fund	Register of Deeds Technology Fund	Senior Services	Sheriff Grants
ASSETS				
Cash and pooled investments	\$ 5,567	\$ 2,427,978	\$ 853,054	\$ 1,474,420
Receivables	-	-	-	-
Property taxes, net	-	-	-	-
Trade accounts and leases, net	-	-	-	183,982
Due from other governments	91,472	-	336,128	202,446
Due from other funds	-	-	-	-
Other assets	-	1,744	162	-
TOTAL ASSETS	\$ 97,039	\$ 2,429,722	\$ 1,189,344	\$ 1,860,848
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 70,707	\$ 9,152	\$ 279,127	\$ 153,230
Accrued liabilities	-	-	-	162
Accrued compensation and benefits	-	3,319	34,265	17,361
Due to other governments	5,567	-	-	82,768
Due to governmental funds	20,765	-	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	97,039	12,471	313,392	253,521
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	-	-	-	-
Lease activities	-	-	-	-
Unavailable grants and other charges	91,472	-	24,892	148,515
TOTAL DEFERRED INFLOWS OF RESOURCES	91,472	-	24,892	148,515
FUND BALANCES				
Nonspendable	-	1,744	162	-
Restricted	-	2,415,507	311,598	1,459,508
Assigned	-	-	539,300	-
Unassigned	(91,472)	-	-	(696)
TOTAL FUND BALANCES	(91,472)	2,417,251	851,060	1,458,812
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 97,039	\$ 2,429,722	\$ 1,189,344	\$ 1,860,848

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2023

	Social Welfare Fund	Urban County Block Grant
ASSETS		
Cash and pooled investments	\$ 846	\$ 4,738,665
Receivables		
Property taxes, net	-	-
Trade accounts and leases, net	-	135,000
Due from other governments	-	169,020
Due from other funds	-	-
Other assets	-	-
TOTAL ASSETS	\$ 846	\$ 5,042,685
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ -	\$ 62,336
Accrued liabilities	-	-
Accrued compensation and benefits	-	-
Due to other governments	846	60,000
Due to governmental funds	-	-
Unearned revenue	-	-
TOTAL LIABILITIES	846	122,336
DEFERRED INFLOWS OF RESOURCES		
Property taxes levied in advance	-	-
Lease activities	-	-
Unavailable grants and other charges	-	22,148
TOTAL DEFERRED INFLOWS OF RESOURCES	-	22,148
FUND BALANCES		
Nonspendable	-	-
Restricted	-	649,373
Assigned	-	4,248,828
Unassigned	-	-
TOTAL FUND BALANCES	-	4,898,201
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 846	\$ 5,042,685

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-CONTINUED-

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)

December 31, 2023

	Veterans' Affairs	Veterans' Grants	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and pooled investments	\$ 2,741,977	\$ 47,104	\$ 50,192,839
Receivables			
Property taxes, net	2,162,269	-	2,162,269
Trade accounts and leases, net	794	-	41,303,956
Due from other governments	-	242,272	14,772,334
Due from other funds	-	-	-
Other assets	-	-	21,728
TOTAL ASSETS	\$ 4,905,040	\$ 289,376	\$ 108,453,126
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,636	\$ 921	\$ 1,702,584
Accrued liabilities	-	-	187,076
Accrued compensation and benefits	21,053	-	877,368
Due to other governments	-	-	6,256,226
Due to governmental funds	-	-	6,685,120
Unearned revenue	-	288,455	5,098,423
TOTAL LIABILITIES	22,689	289,376	20,806,797
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied in advance	2,262,554	-	2,262,554
Lease activities	-	-	615,363
Unavailable grants and other charges	-	25,916	45,614,445
TOTAL DEFERRED INFLOWS OF RESOURCES	2,262,554	25,916	48,492,362
FUND BALANCES			
Nonspendable	-	-	21,728
Restricted	2,619,797	-	35,141,370
Assigned	-	-	5,808,424
Unassigned	-	(25,916)	(1,817,555)
TOTAL FUND BALANCES	2,619,797	(25,916)	39,153,967
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,905,040	\$ 289,376	\$ 108,453,126

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Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

Year Ended December 31, 2023

	Child Care	Circuit Court Programs	Community Corrections	Concealed Pistol License
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	490,353
Federal and state grants	8,193,157	909,712	1,964,298	-
Other grants	-	-	-	-
Charges for services	518,181	11,257	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other revenue	200,744	-	-	-
TOTAL REVENUES	8,912,082	920,969	1,964,298	490,353
EXPENDITURES				
Current				
Judicial	-	958,489	-	-
General government	-	-	-	340,228
Public safety	-	-	2,755,373	-
Health and welfare	18,252,436	-	-	-
Community and economic development	-	-	-	-
Recreational and cultural	-	-	-	-
Capital outlay	18,126	-	-	4,707
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
TOTAL EXPENDITURES	18,270,562	958,489	2,755,373	344,935
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,358,480)	(37,520)	(791,075)	145,418
OTHER FINANCING SOURCES (USES)				
Transfers in	9,585,649	93,786	791,075	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	9,585,649	93,786	791,075	-
NET CHANGE IN FUND BALANCES	227,169	56,266	-	145,418
Fund balances, beginning of year (1)	(908,408)	194,509	4,640	2,138,075
Fund balances, end of year	<u>\$ (681,239)</u>	<u>\$ 250,775</u>	<u>\$ 4,640</u>	<u>\$ 2,283,493</u>

(1) As restated. See Notes to the Basic Financial Statements, Note 23.

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Year Ended December 31, 2023

	Coronavirus Response Fund	Dispatch and Cellular Fee	Emergency Management Grants	Friend of the Court
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	-	747,926	5,345,824	10,961,080
Other grants	-	-	3,456	-
Charges for services	11,331	5,381,927	-	786,040
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other revenue	25,050	2,137,239	6,553	7,284
TOTAL REVENUES	36,381	8,267,092	5,355,833	11,754,404
EXPENDITURES				
Current				
Judicial	-	-	-	15,016,437
General government	-	-	-	-
Public safety	-	9,481,789	1,500,084	-
Health and welfare	2,187,470	-	-	-
Community and economic development	-	-	-	-
Recreational and cultural	-	-	-	-
Capital outlay	-	79,880	232,212	653,319
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
TOTAL EXPENDITURES	2,187,470	9,561,669	1,732,296	15,669,756
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,151,089)	(1,294,577)	3,623,537	(3,915,352)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,630,830	-	4,305,368
Transfers out	(36,381)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(36,381)	2,630,830	-	4,305,368
NET CHANGE IN FUND BALANCES	(2,187,470)	1,336,253	3,623,537	390,016
Fund balances, beginning of year (1)	2,187,470	4,891,212	(4,228,032)	678,328
Fund balances, end of year	<u>\$ -</u>	<u>\$ 6,227,465</u>	<u>\$ (604,495)</u>	<u>\$ 1,068,344</u>

(1) As restated. See Notes to the Basic Financial Statements, Note 23.

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Year Ended December 31, 2023

	Health Grants	Macomb / St. Clair Employment and Training	MSU Extension	Non-Motorized Trails
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	9,797,160	-	-	-
Other grants	-	-	-	-
Charges for services	1,908,523	6,431,063	-	50,955
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	10,789
Other revenue	16,350	-	-	224
TOTAL REVENUES	11,722,033	6,431,063	-	61,968
EXPENDITURES				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	12,841,789	6,561,894	51,151	-
Community and economic development	-	-	-	-
Recreational and cultural	-	-	-	102,890
Capital outlay	139,072	30	-	-
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
TOTAL EXPENDITURES	12,980,861	6,561,924	51,151	102,890
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,258,828)	(130,861)	(51,151)	(40,922)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,404,082	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,404,082	-	-	-
NET CHANGE IN FUND BALANCES	1,145,254	(130,861)	(51,151)	(40,922)
Fund balances, beginning of year (1)	8,273,506	18,186	245,892	437,898
Fund balances, end of year	\$ 9,418,760	\$ (112,675)	\$ 194,741	\$ 396,976

(1) As restated. See Notes to the Basic Financial Statements, Note 23.

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Year Ended December 31, 2023

	Opioid Settlement	Prosecuting Attorney Grants	Public Defender's Office Fund	Radio Maintenance
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	-	3,722,424	7,818,501	-
Other grants	-	-	-	-
Charges for services	-	-	811,491	697,272
Fines and forfeitures	-	15,385	-	-
Interest and rents	-	10,073	-	69,666
Other revenue	2,351,505	-	-	-
TOTAL REVENUES	2,351,505	3,747,882	8,629,992	766,938
EXPENDITURES				
Current				
Judicial	-	4,842,810	9,074,003	-
General government	-	-	-	-
Public safety	-	-	-	348,486
Health and welfare	181,711	-	-	-
Community and economic development	-	-	-	-
Recreational and cultural	-	-	-	-
Capital outlay	10,201	28,406	1,422,002	44,152
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
TOTAL EXPENDITURES	191,912	4,871,216	10,496,005	392,638
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,159,593	(1,123,334)	(1,866,013)	374,300
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,133,437	1,866,013	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	1,133,437	1,866,013	-
NET CHANGE IN FUND BALANCES	2,159,593	10,103	-	374,300
Fund balances, beginning of year (1)	5,362,588	(311,165)	-	984,030
Fund balances, end of year	\$ 7,522,181	\$ (301,062)	\$ -	\$ 1,358,330

(1) As restated. See Notes to the Basic Financial Statements, Note 23.

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Year Ended December 31, 2023

	Register of Deeds Remuneration Fund	Register of Deeds Technology Fund	Senior Services	Sheriff Grants
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	201,217	-	5,124,890	2,168,214
Other grants	-	-	-	262,013
Charges for services	-	727,002	959,952	75,107
Fines and forfeitures	-	-	-	213,605
Interest and rents	-	116,106	-	-
Other revenue	-	-	126,845	28,691
TOTAL REVENUES	201,217	843,108	6,211,687	2,747,630
EXPENDITURES				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	3,093,886
Health and welfare	-	-	8,282,648	-
Community and economic development	153,884	581,516	-	-
Recreational and cultural	-	-	-	-
Capital outlay	-	2,990	463,987	629,801
Debt service				
Principal	-	225,285	-	-
Interest and fees	-	1,693	-	-
TOTAL EXPENDITURES	153,884	811,484	8,746,635	3,723,687
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	47,333	31,624	(2,534,948)	(976,057)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,515,522	480,472
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	2,515,522	480,472
NET CHANGE IN FUND BALANCES	47,333	31,624	(19,426)	(495,585)
Fund balances, beginning of year (1)	(138,805)	2,385,627	870,486	1,954,397
Fund balances, end of year	\$ (91,472)	\$ 2,417,251	\$ 851,060	\$ 1,458,812

(1) As restated. See Notes to the Basic Financial Statements, Note 23.

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Year Ended December 31, 2023

	Social Welfare Fund	Urban County Block Grant
REVENUES		
Property taxes	\$ -	\$ -
Licenses and permits	-	-
Federal and state grants	-	977,952
Other grants	-	-
Charges for services	-	165,042
Fines and forfeitures	-	-
Interest and rents	-	3,913
Other revenue	-	1,559,116
TOTAL REVENUES	-	2,706,023
EXPENDITURES		
Current		
Judicial	-	-
General government	-	-
Public safety	-	-
Health and welfare	-	39,887
Community and economic development	-	1,215,698
Recreational and cultural	-	-
Capital outlay	-	-
Debt service		
Principal	-	-
Interest and fees	-	-
TOTAL EXPENDITURES	-	1,255,585
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,450,438
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCES	-	1,450,438
Fund balances, beginning of year (1)	-	3,447,763
Fund balances, end of year	\$ -	\$ 4,898,201

(1) As restated. See Notes to the Basic Financial Statements, Note 23.

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)

Year Ended December 31, 2023

	Veterans' Affairs	Veteran's Grants	Total Nonmajor Special Revenue Funds
REVENUES			
Property taxes	\$ 2,193,289	\$ -	\$ 2,193,289
Licenses and permits	-	-	490,353
Federal and state grants	190,679	377,520	58,500,554
Other grants	-	-	265,469
Charges for services	-	-	18,535,143
Fines and forfeitures	-	-	228,990
Interest and rents	-	-	210,547
Other revenue	-	-	6,459,601
TOTAL REVENUES	2,383,968	377,520	86,883,946
EXPENDITURES			
Current			
Judicial	-	-	29,891,739
General government	-	-	340,228
Public safety	-	-	17,179,618
Health and welfare	2,264,500	296,368	50,959,854
Community and economic development	-	-	1,951,098
Recreational and cultural	-	-	102,890
Capital outlay	48,881	-	3,777,766
Debt service			
Principal	-	-	225,285
Interest and fees	-	-	1,693
TOTAL EXPENDITURES	2,313,381	296,368	104,430,171
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	70,587	81,152	(17,546,225)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	25,806,234
Transfers out	-	-	(36,381)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	25,769,853
NET CHANGE IN FUND BALANCES	70,587	81,152	8,223,628
Fund balances, beginning of year (1)	2,549,210	(107,068)	30,930,339
Fund balances, end of year	\$ 2,619,797	\$ (25,916)	\$ 39,153,967

(1) As restated. See Notes to the Basic Financial Statements, Note 23.

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS

	Child Care Fund Year Ended December 31, 2023		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 9,070,012	\$ 8,193,157	\$ (876,855)
Charges for services	438,750	518,181	79,431
Other revenue	-	200,744	200,744
TOTAL REVENUES	9,508,762	8,912,082	(596,680)
EXPENDITURES			
Current			
Health and welfare	23,101,406	18,252,436	4,848,970
Capital outlay	23,375	18,126	5,249
TOTAL EXPENDITURES	23,124,781	18,270,562	4,854,219
EXCESS OF REVENUES OVER EXPENDITURES	(13,616,019)	(9,358,480)	4,257,539
OTHER FINANCING SOURCES			
Transfers in	13,599,250	9,585,649	(4,013,601)
NET CHANGE IN FUND BALANCES	(16,769)	227,169	243,938
Fund balances, beginning of year	(908,408)	(908,408)	-
Fund balances, end of year	\$ (925,177)	\$ (681,239)	\$ 243,938

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Circuit Court Programs</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 933,749	\$ 909,712	\$ (24,037)
Charges for services	14,000	11,257	(2,743)
TOTAL REVENUES	947,749	920,969	(26,780)
EXPENDITURES			
Current			
Judicial	1,108,649	958,489	150,160
EXCESS OF REVENUES OVER EXPENDITURES	(160,900)	(37,520)	123,380
OTHER FINANCING SOURCES			
Transfers in	160,900	93,786	(67,114)
NET CHANGE IN FUND BALANCES	-	56,266	56,266
Fund balances, beginning of year, as restated	194,509	194,509	-
Fund balances, end of year	\$ 194,509	\$ 250,775	\$ 56,266

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Community Corrections</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 2,160,332	\$ 1,964,298	\$ (196,034)
EXPENDITURES			
Current			
Public safety	3,044,757	2,755,373	289,384
EXCESS OF REVENUES OVER EXPENDITURES	(884,425)	(791,075)	93,350
OTHER FINANCING SOURCES			
Transfers in	884,425	791,075	(93,350)
NET CHANGE IN FUND BALANCES	-	-	-
Fund balances, beginning of year, as restated	4,640	4,640	-
Fund balances, end of year	\$ 4,640	\$ 4,640	\$ -

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Concealed Pistol License</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	\$ 400,000	\$ 490,353	\$ 90,353
EXPENDITURES			
Current			
General government	525,400	340,228	185,172
Capital outlay	25,000	4,707	20,293
TOTAL EXPENDITURES	550,400	344,935	205,465
EXCESS OF REVENUES OVER EXPENDITURES	(150,400)	145,418	295,818
Fund balances, beginning of year	2,138,075	2,138,075	-
Fund balances, end of year	<u>\$ 1,987,675</u>	<u>\$ 2,283,493</u>	<u>\$ 295,818</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Coronavirus Response Fund</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ -	\$ 11,331	\$ 11,331
Other revenue	-	25,050	25,050
TOTAL REVENUES	-	36,381	36,381
EXPENDITURES			
Current			
Health and welfare	-	2,187,470	(2,187,470)
TOTAL EXPENDITURES	-	2,187,470	(2,187,470)
EXCESS OF REVENUES OVER EXPENDITURES	-	(2,151,089)	(2,151,089)
OTHER FINANCING SOURCES			
Transfers out	-	(36,381)	(36,381)
NET CHANGE IN FUND BALANCES	-	(2,187,470)	(2,187,470)
Fund balances, beginning of year	2,187,470	2,187,470	-
Fund balances, end of year	<u>\$ 2,187,470</u>	<u>\$ -</u>	<u>\$ (2,187,470)</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Dispatch and Cellular Fee Fund</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 2,250,000	\$ 747,926	\$ (1,502,074)
Charges for services	4,981,546	5,381,927	400,381
Other revenue	-	2,137,239	2,137,239
TOTAL REVENUES	7,231,546	8,267,092	1,035,546
EXPENDITURES			
Current			
Public Safety	9,419,700	9,481,789	(62,089)
Capital outlay	129,400	79,880	49,520
TOTAL EXPENDITURES	9,549,100	9,561,669	(12,569)
EXCESS OF REVENUES OVER EXPENDITURES	(2,317,554)	(1,294,577)	1,022,977
OTHER FINANCING SOURCES			
Transfers in	2,553,060	2,630,830	77,770
Transfers out	(262,061)	-	262,061
TOTAL OTHER FINANCING SOURCES (USES)	2,290,999	2,630,830	339,831
NET CHANGE IN FUND BALANCES	(26,555)	1,336,253	1,362,808
Fund balances, beginning of year	4,891,212	4,891,212	-
Fund balances, end of year	\$ 4,864,657	\$ 6,227,465	\$ 1,362,808

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Emergency Management Grants</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 16,766,997	\$ 5,345,824	\$ (11,421,173)
Other grants	-	3,456	3,456
Other revenue	-	6,553	6,553
TOTAL REVENUES	16,766,997	5,355,833	(11,411,164)
EXPENDITURES			
Current			
Public safety	16,019,997	1,500,084	14,519,913
Capital outlay	830,406	232,212	598,194
TOTAL EXPENDITURES	16,850,403	1,732,296	15,118,107
EXCESS OF REVENUES OVER EXPENDITURES	(83,406)	3,623,537	3,706,943
Fund balances, beginning of year	(4,228,032)	(4,228,032)	-
Fund balances, end of year	\$ (4,311,438)	\$ (604,495)	\$ 3,706,943

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Friend of the Court</u> Year Ended December 31, 2023		Variance with Final Budget Positive (Negative)
	Final Amended Budget (Unaudited)	Actual	
REVENUES			
Federal and state grants	\$ 10,940,187	\$ 10,961,080	\$ 20,893
Charges for services	977,500	786,040	(191,460)
Other revenue	-	7,284	7,284
TOTAL REVENUES	11,917,687	11,754,404	(163,283)
EXPENDITURES			
Current			
Judicial	16,775,375	15,016,437	1,758,938
Capital outlay	54,875	653,319	(598,444)
TOTAL EXPENDITURES	16,830,250	15,669,756	1,160,494
EXCESS OF REVENUES OVER EXPENDITURES	(4,912,563)	(3,915,352)	997,211
OTHER FINANCING SOURCES			
Transfers in	4,837,563	4,305,368	(532,195)
NET CHANGE IN FUND BALANCES	(75,000)	390,016	465,016
Fund balances, beginning of year	678,328	678,328	-
Fund balances, end of year	\$ 603,328	\$ 1,068,344	\$ 465,016

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Health Grants</u> Year Ended December 31, 2023		Variance with Final Budget Positive (Negative)
	Final Amended Budget (Unaudited)	Actual	
REVENUES			
Federal and state grants	\$ 14,101,789	\$ 9,797,160	\$ (4,304,629)
Charges for services	828,750	1,908,523	1,079,773
Other revenue	139,761	16,350	(123,411)
TOTAL REVENUES	15,070,300	11,722,033	(3,348,267)
EXPENDITURES			
Current			
Health and welfare	20,060,807	12,841,789	7,219,018
Capital outlay	270,774	139,072	131,702
TOTAL EXPENDITURES	20,331,581	12,980,861	7,350,720
EXCESS OF REVENUES OVER EXPENDITURES	(5,261,281)	(1,258,828)	4,002,453
OTHER FINANCING SOURCES			
Transfers in	4,510,417	2,404,082	(2,106,335)
TOTAL OTHER FINANCING SOURCES (USES)	4,510,417	2,404,082	(2,106,335)
NET CHANGE IN FUND BALANCES	(750,864)	1,145,254	1,896,118
Fund balances, beginning of year, as restated	8,273,506	8,273,506	-
Fund balances, end of year	\$ 7,522,642	\$ 9,418,760	\$ 1,896,118

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Macomb / St. Clair Employment and Training</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 7,342,350	\$ 6,431,063	\$ (911,287)
EXPENDITURES			
Current			
Health and welfare	7,340,504	6,561,894	778,610
Capital outlay	3,000	30	2,970
TOTAL EXPENDITURES	7,343,504	6,561,924	781,580
EXCESS OF REVENUES OVER EXPENDITURES	(1,154)	(130,861)	(129,707)
Fund balances, beginning of year	18,186	18,186	-
Fund balances, end of year	<u>\$ 17,032</u>	<u>\$ (112,675)</u>	<u>\$ (129,707)</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>MSU Extension</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES			
Current			
Health and welfare	\$ 108,775	\$ 51,151	\$ 57,624
EXCESS OF REVENUES OVER EXPENDITURES	(108,775)	(51,151)	57,624
Fund balances, beginning of year, as restated	245,892	245,892	-
Fund balances, end of year	<u>\$ 137,117</u>	<u>\$ 194,741</u>	<u>\$ 57,624</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Non-Motorized Trails Fund</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ -	\$ 50,955	\$ 50,955
Interest and rents	-	10,789	10,789
Other revenue	-	224	224
TOTAL REVENUES	-	61,968	61,968
EXPENDITURES			
Current			
Recreational and cultural	-	102,890	(102,890)
TOTAL EXPENDITURES	-	102,890	(102,890)
EXCESS OF REVENUES OVER EXPENDITURES	-	(40,922)	(40,922)
Fund balances, beginning of year	437,898	437,898	-
Fund balances, end of year	<u>\$ 437,898</u>	<u>\$ 396,976</u>	<u>\$ (40,922)</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Opioid Settlement Fund</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Other revenue	\$ 2,481,214	\$ 2,351,505	\$ (129,709)
EXPENDITURES			
Current			
Health and welfare	2,281,214	181,711	2,099,503
Capital outlay	200,000	10,201	189,799
TOTAL EXPENDITURES	2,481,214	191,912	2,289,302
EXCESS OF REVENUES OVER EXPENDITURES	-	2,159,593	2,159,593
Fund balances, beginning of year	5,362,588	5,362,588	-
Fund balances, end of year	<u>\$ 5,362,588</u>	<u>\$ 7,522,181</u>	<u>\$ 2,159,593</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Prosecuting Attorney Grants</u> Year Ended December 31, 2023		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 4,831,062	\$ 3,722,424	\$ (1,108,638)
Fines and forfeitures	-	15,385	15,385
Interest and rents	-	10,073	10,073
TOTAL REVENUES	4,831,062	3,747,882	(1,083,180)
EXPENDITURES			
Current			
Judicial	6,354,187	4,842,810	1,511,377
Capital outlay	39,071	28,406	10,665
EXCESS OF REVENUES OVER EXPENDITURES	(1,562,196)	(1,123,334)	438,862
OTHER FINANCING SOURCES			
Transfers in	1,512,196	1,133,437	(378,759)
NET CHANGE IN FUND BALANCES	(50,000)	10,103	60,103
Fund balances, beginning of year, as restated	(311,165)	(311,165)	-
Fund balances, end of year	\$ (361,165)	\$ (301,062)	\$ 60,103

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Public Defender's Office Fund</u> Year Ended December 31, 2023		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 9,957,500	\$ 7,818,501	\$ (2,138,999)
Charges for services	1,375,000	811,491	(563,509)
TOTAL REVENUES	11,332,500	8,629,992	(2,702,508)
EXPENDITURES			
Current			
Judicial	11,176,625	9,074,003	2,102,622
Capital outlay	2,094,125	1,422,002	672,123
TOTAL EXPENDITURES	13,270,750	10,496,005	2,774,745
EXCESS OF REVENUES OVER EXPENDITURES	(1,938,250)	(1,866,013)	72,237
OTHER FINANCING SOURCES			
Transfers in	1,938,250	1,866,013	(72,237)
NET CHANGE IN FUND BALANCES	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

<u>Radio Maintenance Fund</u> <u>Year Ended December 31, 2023</u>			
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 427,200	\$ 697,272	\$ 270,072
Interest and rents	58,000	69,666	11,666
TOTAL REVENUES	485,200	766,938	281,738
EXPENDITURES			
Current			
Public safety	1,312,184	348,486	963,698
Capital outlay	150,000	44,152	105,848
TOTAL EXPENDITURES	1,462,184	392,638	1,069,546
EXCESS OF REVENUES OVER EXPENDITURES	(976,984)	374,300	1,351,284
Fund balances, beginning of year	984,030	984,030	-
Fund balances, end of year	<u>\$ 7,046</u>	<u>\$ 1,358,330</u>	<u>\$ 1,351,284</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

<u>Register of Deeds Remonumentation Fund</u> <u>Year Ended December 31, 2023</u>			
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 156,032	\$ 201,217	\$ 45,185
EXPENDITURES			
Current			
Community and economic development	156,032	153,884	2,148
EXCESS OF REVENUES OVER EXPENDITURES	-	47,333	47,333
Fund balances, beginning of year	(138,805)	(138,805)	-
Fund balances, end of year	<u>\$ (138,805)</u>	<u>\$ (91,472)</u>	<u>\$ 47,333</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Register of Deeds Technology Fund</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 950,000	\$ 727,002	\$ (222,998)
Interest and rents	-	116,106	116,106
TOTAL REVENUES	950,000	843,108	(106,892)
EXPENDITURES			
Current			
Community and economic development	872,222	581,516	290,706
Capital outlay	40,000	2,990	37,010
Debt Service			
Principal	225,285	225,285	-
Interest and fees	1,693	1,693	-
TOTAL EXPENDITURES	1,139,200	811,484	327,716
EXCESS OF REVENUES OVER EXPENDITURES	(189,200)	31,624	220,824
Fund balances, beginning of year	2,385,627	2,385,627	-
Fund balances, end of year	\$ 2,196,427	\$ 2,417,251	\$ 220,824

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Senior Services Fund</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 5,455,252	\$ 5,124,890	\$ (330,362)
Charges for services	1,055,340	959,952	(95,388)
Other revenue	120,331	126,845	6,514
TOTAL REVENUES	6,630,923	6,211,687	(419,236)
EXPENDITURES			
Current			
Health and welfare	8,487,593	8,282,648	204,945
Capital outlay	719,596	463,987	255,609
TOTAL EXPENDITURES	9,207,189	8,746,635	460,554
EXCESS OF REVENUES OVER EXPENDITURES	(2,576,266)	(2,534,948)	41,318
OTHER FINANCING SOURCES			
Transfers in	2,550,045	2,515,522	(34,523)
TOTAL OTHER FINANCING SOURCES (USES)	2,550,045	2,515,522	(34,523)
NET CHANGE IN FUND BALANCES	(26,221)	(19,426)	6,795
Fund balances, beginning of year	870,486	870,486	-
Fund balances, end of year	\$ 844,265	\$ 851,060	\$ 6,795

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Sheriff Grants</u> Year Ended December 31, 2023		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 2,524,018	\$ 2,168,214	\$ (355,804)
Other grants	666,250	262,013	(404,237)
Charges for services	2,158,372	75,107	(2,083,265)
Fines and forfeitures	204,375	213,605	9,230
Other revenue	-	28,691	28,691
TOTAL REVENUES	5,553,015	2,747,630	(2,805,385)
EXPENDITURES			
Current			
Public safety	5,111,713	3,093,886	2,017,827
Capital outlay	829,927	629,801	200,126
TOTAL EXPENDITURES	5,941,640	3,723,687	2,217,953
EXCESS OF REVENUES OVER EXPENDITURES	(388,625)	(976,057)	(587,432)
OTHER FINANCING SOURCES			
Transfers in	388,625	480,472	91,847
NET CHANGE IN FUND BALANCES	-	(495,585)	(495,585)
Fund balances, beginning of year, as restated	1,954,397	1,954,397	-
Fund balances, end of year	\$ 1,954,397	\$ 1,458,812	\$ (495,585)

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Social Welfare Fund</u> Year Ended December 31, 2023		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Federal and state grants	-	-	-
TOTAL REVENUES	-	-	-
EXPENDITURES			
Current			
Health and welfare	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Urban County Block Grant</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 1,649,530	\$ 977,952	\$ (671,578)
Charges for services	-	165,042	165,042
Interest and rents	-	3,913	3,913
Other revenue	170,454	1,559,116	1,388,662
TOTAL REVENUES	1,819,984	2,706,023	886,039
EXPENDITURES			
Current			
Health and welfare	-	39,887	(39,887)
Community and economic development	2,417,113	1,215,698	1,201,415
TOTAL EXPENDITURES	2,417,113	1,255,585	1,161,528
EXCESS OF REVENUES OVER EXPENDITURES	(597,129)	1,450,438	2,047,567
Fund balances, beginning of year	3,447,763	3,447,763	-
Fund balances, end of year	\$ 2,850,634	\$ 4,898,201	\$ 2,047,567

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Veterans' Affairs Fund</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 2,071,200	\$ 2,193,289	\$ 122,089
Federal and state grants	100,000	190,679	90,679
TOTAL REVENUES	2,171,200	2,383,968	212,768
EXPENDITURES			
Current			
Health and welfare	2,461,600	2,264,500	197,100
Capital outlay	50,000	48,881	1,119
TOTAL EXPENDITURES	2,511,600	2,313,381	198,219
EXCESS OF REVENUES OVER EXPENDITURES	(340,400)	70,587	410,987
Fund balances, beginning of year	2,549,210	2,549,210	-
Fund balances, end of year	\$ 2,208,810	\$ 2,619,797	\$ 410,987

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)

	<u>Veterans' Grants Fund</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 360,294	\$ 377,520	\$ 17,226
EXPENDITURES			
Current			
Health and welfare	<u>360,294</u>	<u>296,368</u>	<u>63,926</u>
TOTAL EXPENDITURES	<u>360,294</u>	<u>296,368</u>	<u>63,926</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	81,152	81,152
Fund balances, beginning of year	<u>(107,068)</u>	<u>(107,068)</u>	-
Fund balances, end of year	<u>\$ (107,068)</u>	<u>\$ (25,916)</u>	<u>\$ 81,152</u>

Macomb County, Michigan

FUND DESCRIPTION – NONMAJOR DEBT SERVICE FUND

December 31, 2023

Debt Service Fund – This fund accounts for the accumulation of resources that are used to pay long-term debt principal and interest payments. Bonds serviced from this fund include those categorized as issued for the Building Authority and general county (with the exception of the 2015 and 2020 refunding other postemployment benefits bonds). Details regarding these issues can be found in the Long-Term Debt footnote (Note 6) within the Notes to the Basic Financial Statements.

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR DEBT SERVICE FUND

	<u>Debt Service Fund</u> <u>Year Ended December 31, 2023</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 30,000	\$ -	\$ (30,000)
EXPENDITURES			
Current			
Public works	30,000	12,663	17,337
Debt service			
Principal	2,870,000	2,870,000	-
Interest and fees	866,100	866,024	76
TOTAL EXPENDITURES	3,766,100	3,748,687	17,413
EXCESS OF REVENUES OVER EXPENDITURES	(3,736,100)	(3,748,687)	(12,587)
OTHER FINANCING SOURCES			
Transfers in	3,736,100	3,736,024	(76)
NET CHANGE IN FUND BALANCES	-	(12,663)	(12,663)
Fund balances, beginning of year	101,452	101,452	-
Fund balances, end of year	\$ 101,452	\$ 88,789	\$ (12,663)

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2023

Capital Project Funds are used to account for financial resources that are to be used for the acquisition or construction of major capital facilities. Most expenditures in these types of funds are capitalized and included in the governmental activities capital assets schedule in the notes to the basic financial statements. Capital project funds are funded by a combination of federal and state grants as well as by general fund contributions. Significant capital projects have dedicated funds to more efficiently track activity. Descriptions of these funds are as follows:

Capital Improvement Fund – This fund is used by the county to track incoming transfers from the General Fund and corresponding transfers out to specific capital project funds. Funding for this fund is achieved by budgeted appropriations from the county's General Fund to cover the estimated costs of the county's capital improvement plan on an annual basis.

General County Capital Projects – This fund is used by the county to account for the accumulation of resources and expenditures of resources for capital projects not otherwise being administered in separate capital project funds. Such capital projects are authorized via the county's annual capital improvement plan and funded via county executive recommended and board authorized budget appropriations to the capital improvement fund on an annual basis. The General County Capital Projects Fund then draws transfers from the Capital Improvement Fund. Although nearly all funding is from transfers from the Capital Improvement Fund, some capital projects are funded with federal and/or state grants, which are deposited into this fund.

District Court Improvement – This fund accounts for the accumulation and use of resources related to building and equipment improvements at the District Courts operated by the county, which is the 42nd District Court, with locations in Romeo and New Baltimore. Funding for district court improvements comes from earmarked court fees. The program does not receive any funding from the General Fund.

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2023

	Capital Improvement Fund	General County Capital Projects	District Court Improvement	Total Nonmajor Capital Project Funds
ASSETS				
Cash and pooled investments	\$ 2,661,961	\$ 21,937,243	\$ 649,942	\$ 25,249,146
Receivables				
Trade accounts and leases, net	-	27,162	-	27,162
Other assets	-	1,200,142	-	1,200,142
TOTAL ASSETS	<u>\$ 2,661,961</u>	<u>\$ 23,164,547</u>	<u>\$ 649,942</u>	<u>\$ 26,476,450</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 2,524,105	\$ -	\$ 2,524,105
FUND BALANCES				
Nonspendable	-	1,200,142	-	1,200,142
Restricted	-	12,515,162	-	12,515,162
Assigned	2,661,961	6,925,138	649,942	10,237,041
TOTAL FUND BALANCES	<u>2,661,961</u>	<u>20,640,442</u>	<u>649,942</u>	<u>23,952,345</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,661,961</u>	<u>\$ 23,164,547</u>	<u>\$ 649,942</u>	<u>\$ 26,476,450</u>

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2023

	Capital Improvement Fund	General County Capital Projects	District Court Improvement	Total Nonmajor Capital Project Funds
REVENUES				
Federal and state grants	\$ -	\$ 12,527,162	\$ -	\$ 12,527,162
Charges for services	-	-	47,896	47,896
Interest and rents	-	-	-	-
Other revenue	-	-	-	-
TOTAL REVENUES	-	12,527,162	47,896	12,575,058
EXPENDITURES				
Current				
Public safety	-	-	-	-
Recreational and cultural	-	-	-	-
Capital outlay	-	24,998,210	-	24,998,210
TOTAL EXPENDITURES	-	24,998,210	-	24,998,210
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(12,471,048)	47,896	(12,423,152)
OTHER FINANCING SOURCES (USES)				
Subscription-based IT arrangements	-	5,033,693	-	5,033,693
Transfers in	454,174	13,397,822	-	13,851,996
Transfers out	-	(454,174)	-	(454,174)
TOTAL OTHER FINANCING SOURCES (USES)	454,174	17,977,341	-	18,431,515
NET CHANGE IN FUND BALANCE	454,174	5,506,293	47,896	6,008,363
Fund balances, beginning of year (1)	2,207,787	15,134,149	602,046	17,943,982
Fund balances, end of year	<u>\$ 2,661,961</u>	<u>\$ 20,640,442</u>	<u>\$ 649,942</u>	<u>\$ 23,952,345</u>

(1) As restated. See Notes to the Basic Financial Statements, Note 23.

FUND DESCRIPTIONS – INTERNAL SERVICE FUNDS

December 31, 2023

Internal Service Funds are used to account for the financing of goods or services provided by one county department or agency to other departments or agencies on a cost-reimbursement basis.

Compensated Absences Fund – accumulates the costs of compensated absences, such as accumulated paid time off banks and sick banks for county employees. This service is funded by charge backs to departments based on the number of full time equivalent employees.

Equipment Revolving Fund – accumulates the costs, maintenance, and depreciation of vehicles and other equipment used by various departments throughout the county. This service is funded by charge backs to departments based on both historical and future projected needs of vehicles and equipment.

Fringe Benefits Fund – accumulates the costs of the county employees' fringe benefits. This service is funded by charge backs to departments based on full time equivalent employees receiving benefits.

County General Liability Fund – accumulates funds for the purpose of being used to settle claims against the county when no insurance coverage exists and to make general liability insurance premium payments. The service is funded by charge backs to departments.

Other Postemployment Benefits Fund – accumulates funds for the purpose of administrating the county's other postemployment benefits program. This includes accumulation of investment assets held in trust for the purposes of both paying on the county's general obligation other postemployment benefit debt service requirements, as well as to fund the county's annual required contribution to its retiree healthcare trust fund. The debt service portion of this fund is funded by charge backs to departments based on a historical eligible employee census by county department. The contribution to the county's retiree health care fund is funded by investment proceeds, which were originally received as bond proceeds when the county issued other postemployment benefit bonds in 2015.

Roads General Liability Fund – accumulates funds for the purpose of being used to settle claims against the roads department when no insurance coverage exists and to make general liability insurance premium payments. The service is funded by charge backs to the Department of Roads special revenue fund. Additionally, net position in this fund is considered restricted for roads-related general liability claims as funding is received exclusively from the Department of Roads special revenue fund, from which all revenue sources are restricted to roads-related purposes.

Workers' Compensation Fund – accumulates and disburses funds related to workers' compensation claims. The service is funded by charge backs to departments based on rate schedules for each job title classification within each department.

COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS

December 31, 2023

	Compensated Absences	Equipment Revolving	Fringe Benefits	County General Liability
ASSETS				
Current Assets				
Cash and pooled investments	\$ 17,774,762	\$ 7,156,081	\$ -	\$ 8,589,108
Investments, at fair value				
Common stock	-	-	-	-
Foreign stock	-	-	-	-
Real estate investment trust	-	-	-	-
Fixed income common collective trusts	-	-	-	-
Equity common collective trusts	-	-	-	-
Receivables				
Accrued interest	-	-	-	-
Trade accounts, net	-	44,172	-	193,474
Inventories	-	214,709	-	-
Due from other governments	-	-	20,000	-
Due from component unit	-	-	-	-
Due from governmental funds	-	-	2,073,830	-
Other assets	-	118,724	1,422,009	1,052,640
Total current assets	17,774,762	7,533,686	3,515,839	9,835,222
Noncurrent assets				
Capital assets, net	-	603,501	-	-
Other capital assets	-	-	-	-
TOTAL ASSETS	17,774,762	8,137,187	3,515,839	9,835,222
DEFERRED OUTFLOWS OF RESOURCES				
Related to other post-employment benefits	-	-	-	-
Related to refunded debt	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	-	52,511	3,314,495	98,993
Accrued interest payable	-	-	-	-
Due to governmental funds	-	-	201,344	-
Claims and judgments	-	-	-	1,214,737
Long-term liabilities due within one year	3,000,000	-	-	-
Total current liabilities	3,000,000	52,511	3,515,839	1,313,730
Noncurrent liabilities				
Claims and judgments	-	-	-	6,217,750
Long-term liabilities due in more than one year	14,296,017	-	-	-
Net other post-employment benefits liability	-	-	-	-
Total noncurrent liabilities	14,296,017	-	-	6,217,750
TOTAL LIABILITIES	17,296,017	52,511	3,515,839	7,531,480
DEFERRED INFLOWS OF RESOURCES				
Related to other post-employment benefits	-	-	-	-
NET POSITION				
Net investment in capital assets	-	603,501	-	-
Restricted for:				
Roads general liability insurance	-	-	-	-
Unrestricted (deficit)	478,745	7,481,175	-	2,303,742
TOTAL NET POSITION	\$ 478,745	\$ 8,084,676	\$ -	\$ 2,303,742

Macomb County, Michigan

COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS (CONCLUDED)

December 31, 2023

	Other Postemployment Benefits	Roads General Liability (1)	Workers' Compensation	Total Internal Service Funds
ASSETS				
Current Assets				
Cash and pooled investments	\$ 4,201,110	\$ 5,964,234	\$ 2,201,324	\$ 45,886,619
Investments, at fair value				
Common stock	116,400,841	-	-	116,400,841
Foreign stock	14,757,944	-	-	14,757,944
Real estate investment trust	92,098,658	-	-	92,098,658
Fixed income common collective trusts	22,208,065	-	-	22,208,065
Equity common collective trusts	17,972,317	-	-	17,972,317
Receivables				
Accrued interest	157,210	-	-	157,210
Trade accounts, net	1,950,396	-	-	2,188,042
Inventories	-	-	-	214,709
Due from other governments	-	-	-	20,000
Due from component unit	11,625,738	-	-	11,625,738
Due from governmental funds	-	-	-	2,073,630
Other assets	4,351	-	341,618	2,939,342
Total current assets	281,376,630	5,964,234	2,542,942	328,543,315
Noncurrent assets				
Capital assets, net				
Other capital assets	-	-	-	603,501
TOTAL ASSETS	281,376,630	5,964,234	2,542,942	329,146,816
DEFERRED OUTFLOWS OF RESOURCES				
Related to other post-employment benefits	38,628,356	-	-	38,628,356
Related to refunded debt	19,111,159	-	-	19,111,159
TOTAL DEFERRED OUTFLOWS OF RESOURCES	57,739,515	-	-	57,739,515
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	151,908	-	63,752	3,681,659
Accrued interest payable	766,080	-	-	766,080
Due to governmental funds	8,181,236	-	-	8,382,580
Claims and judgments	-	50,000	392,923	1,657,660
Long-term liabilities due within one year	13,360,000	-	-	16,360,000
Total current liabilities	22,459,224	50,000	456,675	30,847,979
Noncurrent liabilities				
Claims and judgments	-	23,327	1,178,765	7,419,842
Long-term liabilities due in more than one year	173,535,000	-	-	187,831,017
Net other post-employment benefits liability	2,257,848	-	-	2,257,848
Total noncurrent liabilities	175,792,848	23,327	1,178,765	197,508,707
TOTAL LIABILITIES	198,252,072	73,327	1,635,440	228,356,686
DEFERRED INFLOWS OF RESOURCES				
Related to other post-employment benefits	68,810,377	-	-	68,810,377
NET POSITION				
Net investment in capital assets	-	-	-	603,501
Restricted for:				
Roads general liability insurance	-	5,890,907	-	5,890,907
Unrestricted (deficit)	72,053,696	-	907,502	83,224,860
TOTAL NET POSITION	\$ 72,053,696	\$ 5,890,907	\$ 907,502	\$ 89,719,268

(1) - Year ended September 30, 2023

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – INTERNAL SERVICE FUNDS

Year Ended December 31, 2023

	Compensated Absences	Equipment Revolving	Fringe Benefits	County General Liability
OPERATING REVENUES				
Charges for services	\$ 3,697,475	\$ 2,999,948	\$ 64,099,079	\$ 4,018,527
Other revenue	-	88,632	-	-
TOTAL OPERATING REVENUES	3,697,475	3,088,580	64,099,079	4,018,527
OPERATING EXPENSES				
Benefits and claims expenses	3,065,803	-	67,343,974	2,296,780
Supplies and services	-	2,244,982	-	-
Depreciation and amortization	-	261,915	-	-
TOTAL OPERATING EXPENSES	3,065,803	2,506,897	67,343,974	2,296,780
OPERATING INCOME (LOSS)	631,672	581,683	(3,244,895)	1,721,747
NONOPERATING REVENUES (EXPENSES)				
Investment income (expense)	-	-	-	-
Interest expense	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	-	-	-
NET INCOME (LOSS) BEFORE TRANSFERS	631,672	581,683	(3,244,895)	1,721,747
TRANSFERS				
Transfers in	-	-	1,057,286	-
Transfers out	(530,069)	-	-	(127,982)
NET TRANSFERS	(530,069)	-	1,057,286	(127,982)
CHANGE IN NET POSITION	101,603	581,683	(2,187,609)	1,593,765
Net position, beginning of year	377,142	7,502,993	2,187,609	709,977
Net position, end of year	\$ 478,745	\$ 8,084,676	\$ -	\$ 2,303,742

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – INTERNAL SERVICE FUNDS (CONCLUDED)

Year Ended December 31, 2023

	Other Postemployment Benefits	Roads General Liability (1)	Workers' Compensation	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 16,986,272	\$ -	\$ 1,484,235	\$ 93,285,536
Other revenue	-	-	-	88,632
TOTAL OPERATING REVENUES	16,986,272	-	1,484,235	93,374,168
OPERATING EXPENSES				
Benefits and claims expenses	25,000,000	621,120	878,998	99,206,675
Supplies and services	94,306	-	-	2,339,288
Depreciation and amortization	1,592,597	-	-	1,854,512
TOTAL OPERATING EXPENSES	26,686,903	621,120	878,998	103,400,475
OPERATING INCOME (LOSS)	(9,700,631)	(621,120)	605,237	(10,026,307)
NONOPERATING REVENUES (EXPENSES)				
Investment income (expense)	106,353,615	188,351	-	106,541,966
Interest expense	(4,889,758)	-	-	(4,889,758)
TOTAL NONOPERATING REVENUES (EXPENSES)	101,463,857	188,351	-	101,652,208
NET INCOME (LOSS) BEFORE TRANSFERS	91,763,226	(432,769)	605,237	91,625,901
TRANSFERS				
Transfers in	-	-	-	1,057,286
Transfers out	-	-	-	(658,051)
NET TRANSFERS	-	-	-	399,235
CHANGE IN NET POSITION	91,763,226	(432,769)	605,237	92,025,136
Net position, beginning of year	(19,709,530)	6,323,676	302,265	(2,305,868)
Net position, end of year	\$ 72,053,696	\$ 5,890,907	\$ 907,502	\$ 89,719,268

(1) - Year ended September 30, 2023

Macomb County, Michigan

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

Year Ended December 31, 2023

	Compensated Absences	Equipment Revolving	Fringe Benefits	County General Liability
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services	\$ 3,697,475	\$ 3,071,516	\$ 62,551,152	\$ 4,018,527
Cash payments to employees and employee trusts	(2,965,038)	-	-	-
Cash payments to suppliers	-	(2,752,710)	(66,933,831)	(3,332,709)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	732,437	318,806	(4,382,679)	685,818
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal and interest paid on long term debt	-	-	-	-
Transfers in	-	-	1,057,286	-
Transfers out	(530,069)	-	-	(127,982)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(530,069)	-	1,057,286	(127,982)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(89,623)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	-	-	-	-
Proceeds from sale and maturities of investment securities	-	-	-	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	202,368	229,183	(3,325,393)	557,836
Cash and pooled investments, beginning of year	17,572,394	6,926,898	3,325,393	8,031,272
Cash and pooled investments, end of year	\$ 17,774,762	\$ 7,156,081	\$ -	\$ 8,589,108
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 631,672	\$ 581,683	\$ (3,244,895)	\$ 1,721,747
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	261,915	-	-
Changes in deferrals related to OPEB and refunded debt	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	-	(17,064)	-	76,760
Inventory	-	20,002	-	-
Due from other governments	-	-	-	-
Due from component unit	-	-	-	-
Due from governmental funds	-	-	(1,749,271)	-
Other assets	-	(112,015)	592,857	(166,280)
Accounts payable and accrued liabilities	(7,433)	(113,908)	(182,714)	11,782
Due to other funds	-	(301,807)	201,344	-
Due to other governments	-	-	-	-
Claims and judgments	-	-	-	(958,191)
Long-term liabilities	108,198	-	-	-
Net OPEB liability	-	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 732,437	\$ 318,806	\$ (4,382,679)	\$ 685,818

Macomb County, Michigan

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS (CONCLUDED)

Year Ended December 31, 2023

	Other Postemployment Benefits	Roads General Liability (1)	Workers' Compensation	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services	\$ 18,807,830	\$ -	\$ 1,484,235	\$ 93,630,735
Cash payments to employees and employee trusts	(180,261,037)	-	-	(183,226,075)
Cash payments to suppliers	1,133,419	(1,140,101)	(1,140,905)	(74,166,837)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	(160,319,788)	(1,140,101)	343,330	(163,762,177)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal and interest paid on long term debt	(17,958,415)	-	-	(17,958,415)
Transfers in	-	-	-	1,057,286
Transfers out	-	-	-	(658,051)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(17,958,415)	-	-	(17,559,180)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	-	-	(89,623)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	4,819,365	188,351	-	5,007,716
Proceeds from sale and maturities of investment securities	169,557,754	-	-	169,557,754
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	174,377,119	188,351	-	174,565,470
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(3,901,084)	(951,750)	343,330	(6,845,510)
Cash and pooled investments, beginning of year	8,102,194	6,915,984	1,857,994	52,732,129
Cash and pooled investments, end of year	\$ 4,201,110	\$ 5,964,234	\$ 2,201,324	\$ 45,886,619
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (9,700,631)	\$ (621,120)	\$ 605,237	\$ (10,026,307)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,592,597	-	-	1,854,512
Changes in deferrals related to OPEB and refunded debt	(61,869,184)	-	-	(61,869,184)
Changes in assets and liabilities:				
Accounts receivable	(360,233)	-	-	(300,537)
Inventory	-	-	-	20,002
Due from other governments	-	-	-	-
Due from component unit	809,000	-	-	809,000
Due from governmental funds	-	-	-	(1,749,271)
Other assets	(203)	-	(52,141)	262,218
Accounts payable and accrued liabilities	1,587,958	-	15,908	1,311,593
Due to other funds	1,012,558	-	-	912,095
Due to other governments	-	-	-	-
Claims and judgments	-	(518,981)	(225,674)	(1,702,846)
Long-term liabilities	-	-	-	108,198
Net OPEB liability	(93,391,650)	-	-	(93,391,650)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (160,319,788)	\$ (1,140,101)	\$ 343,330	\$ (163,762,177)

(1) - Year ended September 30, 2023

Macomb County, Michigan

FUND DESCRIPTIONS – FIDUCIARY AND CUSTODIAL FUNDS

December 31, 2023

Pension and Other Postemployment Benefit Funds account for assets held by the county in a trustee capacity for retirement plan systems. Fiduciary funds cannot be used to support county programs.

Roads Retiree Health Care Investment Trust Fund – this fund accounts for contributions from the Roads Department and employees, tracks investment activity held in trust by the county, and tracks health care benefit payments made on behalf of eligible beneficiaries. Further information regarding the system can be found in the notes to the basic financial statements, Note 15.

Employees' Retirement Fund – this fund accounts for the activity of the Macomb County Employees' Retirement System, or MCERS. MCERS administers the county's defined benefit pension plan, which is an Internal Revenue Service qualified plan. MCERS collects contributions from the county and employees, invests funds held in trust by the county, and makes pension payments to eligible beneficiaries. Further information regarding the system can be found in the notes to the basic financial statements, Note 13.

Retiree Health Care Trust Fund – this fund accounts for contributions from the county and employees, tracks investment activity held in trust by the county, and tracks health care benefit payments made on behalf of eligible beneficiaries. Further information regarding the system can be found in the notes to the basic financial statements, Note 14.

Custodial Funds account for fiduciary activities that are not held in a trust or equivalent arrangement. Custodial funds are generally clearance devices for monies collected for others, held briefly, and then disbursed to authorized recipients.

Current Tax Collection Fund – this fund accounts for all tax related funds transmitted to the county and held on behalf of other entities, mainly local governmental units and the state of Michigan.

COMET Fund – this fund accounts for activities related to the County of Macomb Enforcement Team, which is a joint law enforcement agency comprised of personnel from multiple local law enforcement agencies along with the Michigan State Police. COMET contracts with Macomb County to keep the agency's accounting records.

Miscellaneous Custodial Funds – this fund accounts for a variety of items collected on behalf of and disbursed to other jurisdictions. For example, the Miscellaneous Custodial Fund accounts for state-mandated court fees collected and passed through to the State of Michigan.

Macomb County, Michigan

COMBINING STATEMENT OF FIDUCIARY NET POSITION –
PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

December 31, 2023

	Roads Retiree Health Care Investment Trust Fund (1)	Employees' Retirement Fund	County Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS				
Cash and pooled investments	\$ -	\$ 26,937,711	\$ 48,600,563	\$ 75,538,274
Investments, at fair value				
Common stock	-	421,530,598	109,264,380	530,794,978
Foreign stock	-	81,034,871	29,477,879	110,512,750
Limited partnership	-	358,425,664	-	358,425,664
Real estate investment trusts	-	-	33,285,986	33,285,986
Fixed income common collective trusts	-	81,008,499	54,235,957	135,244,456
Equity common collective trusts	-	146,887,211	209,496,455	356,383,666
Interest in pooled investment	104,874,626	-	-	104,874,626
Total investments, at fair value	104,874,626	1,088,886,843	435,760,657	1,629,522,126
Receivables				
Accrued interest	-	360,255	550,475	910,730
Other	-	20,068,121	50,905	20,119,026
Other assets	-	18,631	31,485	50,116
TOTAL ASSETS	104,874,626	1,136,271,561	484,994,085	1,726,140,272
LIABILITIES				
Accounts payable	-	1,136,730	1,542,560	2,679,290
Accrued compensation and benefits	-	5,693,517	-	5,693,517
Due to primary government	-	850,316	19,623,795	20,474,111
TOTAL LIABILITIES	-	7,680,563	21,166,355	28,846,918
NET POSITION				
Restricted for:				
Pension benefits	-	1,128,590,998	-	1,128,590,998
Other postemployment benefits	104,874,626	-	463,827,730	568,702,356
TOTAL NET POSITION	\$ 104,874,626	\$ 1,128,590,998	\$ 463,827,730	\$ 1,697,293,354

(1) - Year ended September 30, 2023

Macomb County, Michigan

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

Year Ended December 31, 2023

	Roads Retiree Health Care Investment Trust Fund (1)	Employees' Retirement Fund	County Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS				
Investment income (loss):				
Interest and dividends	\$ -	\$ 13,652,748	\$ 34,907,390	\$ 48,560,138
Net change in fair value of investments	10,998,295	117,707,530	25,813,677	154,519,502
Less investment expenses	(123,907)	(8,674,755)	(1,895,002)	(10,693,664)
Net investment income (loss)	10,874,388	122,685,523	58,826,065	192,385,976
Contributions				
Employer	4,777,059	13,966,428	25,000,000	43,743,487
Employee	-	2,932,975	-	2,932,975
Total contributions	4,777,059	16,899,403	25,000,000	46,676,462
TOTAL ADDITIONS	15,651,447	139,584,926	83,826,065	239,062,438
DEDUCTIONS				
Benefit payments	2,777,059	76,202,411	19,050,500	98,029,970
Refund of contributions	-	439,602	-	439,602
Administrative expenses	73,579	795,889	19,070	888,538
TOTAL DEDUCTIONS	2,850,638	77,437,902	19,069,570	99,358,110
CHANGE IN NET POSITION	12,800,809	62,147,024	64,756,495	139,704,328
Net position - beginning of year	92,073,817	1,066,443,974	399,071,235	1,557,589,026
Net position - end of year	<u>\$ 104,874,626</u>	<u>\$ 1,128,590,998</u>	<u>\$ 463,827,730</u>	<u>\$ 1,697,293,354</u>

(1) - Year ended September 30, 2023

Macomb County, Michigan

COMBINING STATEMENT OF FIDUCIARY NET POSITION –
CUSTODIAL FUNDS

December 31, 2023

	Current Tax Collection Fund	COMET Fund	Miscellaneous Custodial Funds	Total Custodial Funds
ASSETS				
Cash and pooled investments	\$ 2,961,655	\$ 443,333	\$ 6,178,163	\$ 9,583,151
Receivables				
Other	-	455,753	-	455,753
Due from other governments	276,922	-	-	276,922
Other assets	-	-	600	600
TOTAL ASSETS	3,238,577	899,086	6,178,763	10,316,426
LIABILITIES				
Accounts payable	-	5,328	2,293,713	2,299,041
Due to other governments	3,238,577	-	2,747,762	5,986,339
TOTAL LIABILITIES	3,238,577	5,328	5,041,475	8,285,380
NET POSITION RESTRICTED FOR INDIVIDUALS, ORGANIZATIONS, AND OTHER GOVERNMENTS	\$ -	\$ 893,758	\$ 1,137,288	\$ 2,031,046

Macomb County, Michigan

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
CUSTODIAL FUNDS

Year Ended December 31, 2023

	Current Tax Collection Fund	COMET Fund	Miscellaneous Custodial Funds	Total Custodial Funds
ADDITIONS				
Investment income (loss):				
Interest and dividends	\$ -	\$ 39,001	\$ -	\$ 39,001
Tax collections for other governments	187,940,078	-	-	187,940,078
Tax adjustments collected from other governments	6,914,181	-	-	6,914,181
State funds collected for other governments	-	139,693	-	139,693
Forfeitures collected for other governments	-	584,469	3,855	588,324
Fee and fine collections for other governments	-	-	812,783	812,783
Real estate transfer taxes collected for other governments	-	-	33,280,855	33,280,855
Payments collected on behalf on others	-	-	6,103,647	6,103,647
Other collections	-	-	957,173	957,173
Total contributions	194,854,259	724,162	41,158,313	236,736,734
TOTAL ADDITIONS	194,854,259	763,163	41,158,313	236,775,735
DEDUCTIONS				
Tax collections disbursed to other governments	187,940,078	-	-	187,940,078
Tax adjustments disbursed to individuals	6,914,181	-	-	6,914,181
Forfeiture grants disbursed to other governments	-	67,205	-	67,205
Forfeiture proceeds disbursed to other governments	-	665,597	8,171	673,768
Fees and fines disbursed to other governments	-	-	812,783	812,783
Real estate transfer taxes disbursed to other governments	-	-	33,280,855	33,280,855
Payments disbursed to others	-	-	6,103,647	6,103,647
Administrative expenses	-	3,000	-	3,000
Other disbursements	-	-	609,759	609,759
TOTAL DEDUCTIONS	194,854,259	735,802	40,815,215	236,405,276
CHANGE IN NET POSITION	-	27,361	343,098	370,459
Net position - beginning of year	-	866,397	794,190	1,660,587
Net position - end of year	\$ -	\$ 893,758	\$ 1,137,288	\$ 2,031,046

Macomb County, Michigan

FUND DESCRIPTION – GOVERNMENTAL FUNDS
DRAINAGE DISTRICTS COMPONENT UNIT

Drainage Districts – This component unit consists of many individual districts created pursuant to Michigan Public Act 40 of 1956, Chapters 20 and 21 for the purpose of alleviating drainage problems. Separate fund types have been established to account for the resources and costs associated with the construction, maintenance, and financing of the individual drainage districts.

Macomb County, Michigan

COMBINING BALANCE SHEET – GOVERNMENTAL FUNDS
DRAINAGE DISTRICTS COMPONENT UNIT

September 30, 2023

	Special Revenue	Capital Projects	Debt Service	Total Drainage Districts Component Unit
ASSETS				
Cash and pooled investments	\$ 50,426,691	\$ 32,550,864	\$ 3,760,292	\$ 86,737,847
Restricted cash - unspent bond proceeds	-	1,728,558	-	1,728,558
Receivables				
Special assessments	-	-	260,579,174	260,579,174
Trade accounts and leases, net	11,811,901	9,507,576	34,613	21,354,090
Other assets	659,079	595,799	305	1,255,183
TOTAL ASSETS	\$ 62,897,671	\$ 44,382,797	\$ 264,374,384	\$ 371,654,852
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,938,354	\$ 8,250,680	\$ -	\$ 15,189,034
Unearned revenue	-	3,000,000	-	3,000,000
TOTAL LIABILITIES	6,938,354	11,250,680	-	18,189,034
DEFERRED INFLOWS OF RESOURCES				
Lease activities	-	230,553	-	230,553
Unavailable assessments and other charges	6,028,449	7,118,080	260,579,175	273,725,704
TOTAL DEFERRED INFLOWS OF RESOURCES	6,028,449	7,348,633	260,579,175	273,956,257
FUND BALANCES				
Nonspendable	659,079	595,799	305	1,255,183
Restricted				
Capital projects	-	25,187,685	-	25,187,685
Debt service	-	-	3,794,904	3,794,904
Public works	49,271,789	-	-	49,271,789
TOTAL FUND BALANCES	49,930,868	25,783,484	3,795,209	79,509,561
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 62,897,671	\$ 44,382,797	\$ 264,374,384	\$ 371,654,852

Macomb County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION –
DRAINAGE DISTRICTS COMPONENT UNIT

September 30, 2023

Total fund balances for governmental funds \$ 79,509,561

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.

Capital assets	
Land	\$ 1,484,060
Construction in progress	69,963,535
Infrastructure	513,430,460
Machinery, equipment, and vehicles	3,053,259
Accumulated depreciation	(193,981,828)

Capital assets, net of accumulated depreciation 393,949,486

Certain changes to the Drainage Districts' net position are reported as deferred outflows in the statement of net position, while reported as expenditures and revenues in the governmental funds.

Deferred outflows related to refunding debt 546,543

Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the governmental funds. However, bonded debt is recorded as long-term liabilities in the government-wide statement of net position. This is the net effect of these balances on the statement. (287,745,400)

Special assessments receivable are not available to pay for current expenditures and therefore are recorded as deferred inflows of resources in the governmental funds. 273,725,704

Accrued interest payable on long-term debt at year-end is not recorded in the governmental funds, but is recorded as a liability in the statement of net position. (3,285,653)

Net position of governmental activities \$ 456,700,241

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
DRAINAGE DISTRICTS COMPONENT UNIT

Year Ended September 30, 2023

	Special Revenue	Capital Projects	Debt Service	Total Drainage Districts Component Unit
REVENUES				
Federal and state grants	\$ 23,348,154	\$ 19,202,253	\$ -	\$ 42,550,407
Charges for services	66,096,022	490,214	-	66,586,236
Interest and rent income	2,694,975	1,068,979	13,715,429	17,479,383
Special assessments	-	-	17,588,750	17,588,750
Other revenue	675,817	117,381	-	793,198
TOTAL REVENUES	92,814,968	20,878,827	31,304,179	144,997,974
EXPENDITURES				
Current				
Public works	78,241,007	25,313,523	5,281,924	108,836,454
Capital outlay	-	80,030	-	80,030
Debt service				
Principal	-	-	17,588,750	17,588,750
Interest and fees	-	-	10,538,149	10,538,149
Bond issue costs	-	107,911	-	107,911
TOTAL EXPENDITURES	78,241,007	25,501,464	33,408,823	137,151,294
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,573,961	(4,622,637)	(2,104,644)	7,846,680
OTHER FINANCING SOURCES (USES)				
Face amount of long-term debt	-	4,941,758	-	4,941,758
Transfers in	2,606,610	3,070,942	2,080,013	7,757,565
Transfers out	(2,190,773)	(2,936,176)	(2,630,616)	(7,757,565)
Bond (discounts) premiums	-	152,545	-	152,545
TOTAL OTHER FINANCING SOURCES (USES)	415,837	5,229,069	(550,603)	5,094,303
NET CHANGE IN FUND BALANCES	14,989,798	606,432	(2,655,247)	12,940,983
Fund balances, beginning of year	34,941,070	25,177,052	6,450,456	66,568,578
Fund balances, end of year	\$ 49,930,868	\$ 25,783,484	\$ 3,795,209	\$ 79,509,561

Macomb County, Michigan

RECONCILIATION OF THE CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES –
DRAINAGE DISTRICTS COMPONENT UNIT

Year Ended September 30, 2023

Net change in fund balances - total governmental funds \$ 12,940,983

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.

Expenditures for capital assets	\$ 39,193,341	
Current year depreciation expense	(10,574,375)	
Net book value of assets disposed	<u>7,857</u>	28,626,823

Repayment of debt principal is recorded as an expenditure in the governmental funds, but is recorded as a reduction of long-term liabilities in the statement of net position. 17,588,750

Payments to refunding agents for the purpose of defeasement of long term debt are recorded as other financing uses in the governmental funds, but is recorded as a reduction of long-term liabilities in the statement of net position. (91,091)

The proceeds received as a result of issuing of bonds and loans are recorded as revenue in the governmental funds, but are recorded as increases in long-term liabilities in the statement of net position. (4,941,758)

Bond discounts are recorded as reductions of financial resources in the governmental funds at the time the bonds are issued. However, they are capitalized and allocated over the life of the bonds as amortization expense in the statement of activities.

Premiums and discounts on bonds issued during the year	(152,545)	
Current year amortization	<u>1,543,766</u>	1,391,221

Revenues in the statement of activities that do not provide current financial resources are not recorded in the funds. In the current period these amounts consist of:

Increase in unavailable resources		2,061,309

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable		<u>139,707</u>

Change in net position of governmental activities \$ 57,715,944

Macomb County, Michigan

TABLE OF CONTENTS - STATISTICAL SECTION

STATISTICAL SECTION information contained herein relates to the physical, economic, social, and political characteristics of the county. It is designed to provide a broader and more complete understanding of the county and its financial affairs than is possible from the financial statements, notes, and supporting schedules presented in the financial section of the annual comprehensive financial report.

Financial Trends

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* Indicates schedules included in the statistical section which fulfill continuing disclosure requirements.

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Continuing Disclosure

Continuing disclosure information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market. Municipal bonds issued after July 3, 1995 are subject to this mandatory requirement.

Continuing disclosure requires certain annual financial information and operating data, including audited financial statements for the preceding fiscal year. This information is generally consistent with the information contained or cross-referenced in the official statement relating to the bonds.

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NET POSITION BY COMPONENT
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 897,288	\$ 915,034	\$ 934,211	\$ 962,906	\$ 977,518	\$1,013,165	\$1,038,270	\$1,065,824	\$1,177,107	\$1,310,403
Restricted (2)	93,368	141,828	188,667	219,968	115,987	133,214	148,170	169,759	196,383	248,210
Unrestricted (1) (2) (3)	(30,484)	(61,211)	125,057	89,796	(147,562)	(110,614)	31,500	203,237	216,689	319,313
Total governmental activities net position	960,172	995,651	1,247,935	1,272,670	945,943	1,035,765	1,217,940	1,438,820	1,590,179	1,877,926
Business-type activities										
Net investment in capital assets	782	1,685	1,807	1,774	1,677	1,545	1,408	1,331	1,383	1,276
Restricted (2)	24,331	28,339	50,179	36,703	17,097	26,702	43,979	55,315	98,595	130,618
Unrestricted (1) (2) (3)	113,487	85,485	118,876	131,852	81,413	96,005	109,264	126,072	132,230	154,367
Total business-type units net position	138,600	115,509	170,862	170,329	100,187	124,252	154,649	182,718	232,208	286,261
Primary government										
Net investment in capital assets	898,070	916,719	936,018	964,680	979,195	1,014,710	1,039,676	1,067,155	1,178,490	1,311,679
Restricted (2)	117,699	170,167	238,846	256,671	133,084	159,916	192,149	225,074	294,978	378,828
Unrestricted (1) (2) (3)	83,003	24,274	243,933	221,648	(66,149)	(14,609)	140,764	329,309	348,919	473,680
Total primary government net position	<u>\$1,098,772</u>	<u>\$1,111,160</u>	<u>\$1,418,797</u>	<u>\$1,442,999</u>	<u>\$1,046,130</u>	<u>\$1,160,017</u>	<u>\$1,372,589</u>	<u>\$1,621,538</u>	<u>\$1,822,387</u>	<u>\$2,164,187</u>

(1) - 2014 restated. See Note 15 of the 2015 financial statements.

(2) - 2016 restated. See Note 19 of the 2017 financial statements.

(3) - 2017 restated. See Note 19 of the 2018 financial statements.

Source: Macomb County Finance Department

Macomb County, Michigan

CHANGES IN NET POSITION
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

	2014	2015	2016	2017 (1)	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Legislative	\$ 1,191	\$ 1,487	\$ 1,265	\$ 1,645	\$ 1,612	\$ 1,714	\$ 1,334	\$ 1,240	\$ 1,724	\$ 1,820
Judicial	42,194	48,334	46,188	52,197	54,424	51,102	44,387	42,028	55,014	64,156
General government	57,780	50,182	39,525	38,460	40,550	41,435	35,157	33,242	49,260	48,648
Public safety	75,849	81,402	82,462	91,771	97,943	89,161	81,885	76,184	99,785	102,438
Public works	71,027	71,867	81,973	85,650	98,982	85,255	74,621	59,761	87,584	103,736
Health and welfare	65,040	64,219	76,642	88,843	96,084	86,963	121,250	108,909	147,307	123,276
Community and economic development	-	-	-	3,715	4,157	3,758	44,922	7,366	4,711	7,935
Recreation and culture	147	139	144	175	157	151	111	124	155	296
Interest on long-term debt	1,357	7,542	9,483	9,278	8,717	8,628	5,998	7,390	6,505	5,010
Total governmental activities expenses	314,585	325,172	337,682	371,734	402,616	368,167	409,665	336,244	452,045	457,315
Business-type activities										
Delinquent tax collections	4,349	4,238	3,382	2,931	3,009	2,829	1,905	2,040	2,870	2,341
Community Mental Health	229,654	245,394	235,220	235,200	236,738	225,055	213,128	223,172	248,460	281,915
Freedom Hill Park	467	594	451	351	443	453	467	469	591	547
Interest on long-term debt	-	-	-	1,462	1,383	1,406	867	1,175	1,133	819
Total business-type activities expenses	234,470	250,226	239,053	239,944	241,573	229,743	216,367	228,856	253,054	285,622
Total primary government expenses	\$ 549,055	\$ 575,398	\$ 576,735	\$ 611,678	\$ 644,189	\$ 597,910	\$ 626,032	\$ 565,100	\$ 705,099	\$ 742,937
Program revenues										
Governmental activities										
Charges for services										
Legislative	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 1	\$ 1	\$ 53	\$ 36	\$ 32
Judicial	5,273	6,306	6,329	6,349	6,843	6,339	5,700	5,529	5,566	5,812
General government	13,903	15,203	12,530	12,458	11,180	12,421	14,412	17,049	15,022	2,405
Public safety	15,955	20,257	21,329	21,644	23,928	24,964	23,843	23,890	26,808	26,784
Public works	20,831	20,407	16,182	14,219	14,645	24,200	17,182	18,635	41,942	53,659
Health and welfare	7,770	12,362	14,958	15,955	15,992	14,498	15,102	12,717	16,174	21,655
Community and economic development	-	-	-	209	222	365	743	1,301	1,425	9,437
Recreation and culture	-	59	47	47	29	25	28	41	40	51
Operating grants and contributions	46,665	49,586	48,009	55,244	59,099	60,168	198,481	121,212	146,852	119,768
Capital grants and contributions	76,970	73,402	79,190	78,704	92,600	101,494	109,190	112,126	163,074	192,900
Total governmental activities program revenues	187,367	197,582	198,574	204,829	224,541	244,475	384,682	312,553	416,939	432,503
Business-type activities										
Charges for services										
Delinquent tax collections	14,093	13,723	11,579	10,830	10,858	10,889	10,184	10,314	12,365	12,085
Community Mental Health	196,278	208,844	216,593	202,458	199,406	211,777	210,457	212,111	277,943	288,430
Freedom Hill Park	400	671	274	298	199	234	217	284	323	304
Operating grants and contributions	29,256	17,957	14,444	15,927	16,686	18,827	16,354	17,740	8,563	9,131
Total business-type activities program revenues	240,027	241,195	242,890	229,513	227,149	241,727	237,212	240,449	299,194	309,950
Total primary government program revenues	\$ 427,394	\$ 438,777	\$ 441,464	\$ 434,342	\$ 451,690	\$ 486,202	\$ 621,894	\$ 553,002	\$ 716,133	\$ 742,453
Net (expense) revenue										
Governmental activities	\$ (127,218)	\$ (127,590)	\$ (139,108)	\$ (166,905)	\$ (178,075)	\$ (123,692)	\$ (24,983)	\$ (23,691)	\$ (35,106)	\$ (24,812)
Business-type activities	5,557	(9,031)	3,837	(10,431)	(14,424)	11,984	20,845	13,583	46,140	24,328
Total primary government net expenses	\$ (121,661)	\$ (136,621)	\$ (135,271)	\$ (177,336)	\$ (192,499)	\$ (111,708)	\$ (4,138)	\$ (10,098)	\$ 11,034	\$ (484)

(1) - Beginning in 2017, the county began to report the Department of Planning and Economic Development and the Urban County Block Grant under the Community and Economic Development expenditure title. The Planning and Economic Development Department was formerly included under General Government in the General Fund, while the Urban County Block Grant was split between the General Government and Health and Welfare expenditure types.

Macomb County, Michigan

CHANGES IN NET POSITION
LAST TEN YEARS, IN THOUSANDS (CONCLUDED)

(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues										
Governmental activities										
Property taxes	\$ 113,049	\$ 117,745	\$ 115,859	\$ 118,649	\$ 123,095	\$ 128,421	\$ 131,892	\$ 137,428	\$ 145,859	\$ 155,600
Intergovernmental revenues - unrestricted	23,280	22,682	30,357	29,904	27,254	30,921	27,414	32,518	34,683	39,417
Investment earnings	1,793	480	729	44,376	-	54,596	46,778	73,748	6,376	108,557
Transfers	(8,571)	21,766	1,309	(1,289)	810	(424)	1,074	877	(609)	8,009
Total governmental activities general revenues	129,551	162,673	148,254	191,640	151,159	213,514	207,158	244,571	186,309	311,583
Business-type activities										
Investment earnings	294	317	894	10,698	-	12,860	10,524	15,350	4,255	30,266
Transfers	7,316	(13,981)	(1,167)	(800)	(719)	(779)	(972)	(874)	(910)	(540)
Total business-type activities general revenues	7,610	(13,664)	(273)	9,898	(719)	12,081	9,552	14,476	3,345	29,726
Total primary government general revenues	\$ 137,161	\$ 149,009	\$ 147,981	\$ 201,538	\$ 150,440	\$ 225,595	\$ 216,710	\$ 259,047	\$ 189,654	\$ 341,309
Change in net position										
Governmental activities	\$ 1,961	\$ 23,565	\$ (18,651)	\$ 13,565	\$ 27,467	\$ 89,822	\$ 182,175	\$ 220,882	\$ 151,203	\$ 286,771
Business-type activities	(1,421)	(9,827)	(10,704)	(4,526)	11,265	24,065	30,397	28,069	49,485	54,054
Total primary government change in net position	\$ 540	\$ 13,738	\$ (29,355)	\$ 9,039	\$ 38,732	\$ 113,887	\$ 212,572	\$ 248,951	\$ 200,688	\$ 340,825

Source: Macomb County Finance Department

-CONTINUED-

Macomb County, Michigan

FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 596	\$ 6,075	\$ 4,933	\$ 4,244	\$ 3,577	\$ 4,439	\$ 4,199	\$ 5,020	\$ 4,685	\$ 5,716
Committed	-	6,527	-	-	-	-	-	-	-	-
Assigned	-	11,609	13,672	-	8,844	-	-	-	-	-
Unassigned	84,650	48,002	43,029	49,348	45,776	57,061	68,232	91,266	108,008	116,923
Total general fund	\$ 85,246	\$ 72,213	\$ 61,634	\$ 53,592	\$ 58,197	\$ 61,500	\$ 72,431	\$ 96,286	\$ 112,693	\$ 122,639
All other governmental funds										
Nonspendable	\$ 3,886	\$ 7,198	\$ 5,746	\$ 6,174	\$ 4,898	\$ 5,045	\$ 11,012	\$ 8,925	\$ 9,746	\$ 7,324
Restricted	81,258	106,454	78,367	82,774	99,147	115,034	123,884	149,395	162,787	187,697
Assigned	10,687	6,397	20,898	15,035	10,107	5,332	37,861	23,538	22,545	16,046
Unassigned	(2,508)	(4,400)	(3,730)	(4,582)	(2,638)	(1,887)	(4,143)	(5,332)	(6,072)	(3,928)
Total all other governmental funds	\$ 93,323	\$ 115,649	\$ 101,281	\$ 99,401	\$ 111,514	\$ 123,524	\$ 168,614	\$ 176,526	\$ 189,006	\$ 207,139

Source: Macomb County Finance Department

Macomb County, Michigan

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

	2014	2015	2016	2017 (1)	2018	2019	2020	2021	2022	2023
Revenues										
Property taxes	\$113,690	\$116,742	\$115,175	\$119,563	\$122,784	\$128,235	\$134,138	\$137,004	\$142,986	\$151,120
Licenses and permits	2,305	2,634	2,831	2,682	2,912	3,057	3,020	3,163	3,288	3,959
Federal and state grants	142,994	144,565	159,199	165,392	177,278	198,705	332,886	264,381	321,964	325,108
Other grants	871	605	282	398	498	362	520	577	356	265
Charges for services	61,924	77,827	75,079	63,297	63,292	73,189	65,611	70,288	94,661	108,748
Charges to other funds										
for administrative services	6,201	5,720	11,704	11,405	11,111	11,022	13,290	13,275	13,899	14,983
Fines and forfeitures	802	1,024	1,148	1,100	1,611	1,343	910	810	1,553	1,013
Interest and rents	373	2,404	4,926	4,327	5,803	7,179	5,130	2,651	8,079	20,911
Other revenue	1,127	2,059	2,372	2,008	3,534	2,671	2,512	3,366	13,383	9,848
Total revenues	330,287	353,580	372,716	370,172	388,823	425,763	558,017	495,515	600,169	635,955
Expenditures										
Current										
Legislative	1,191	1,289	1,235	1,482	1,453	1,696	1,516	1,477	1,658	1,844
Judicial	41,252	42,334	43,388	46,041	45,953	48,993	47,924	49,053	52,166	64,851
General government	46,957	41,817	44,547	42,457	42,515	44,836	45,414	44,856	49,566	54,064
Public safety	73,041	67,419	75,544	78,717	80,626	83,255	85,422	85,811	91,871	98,257
Public works	71,867	84,051	90,053	84,063	88,245	104,605	102,185	105,620	200,062	229,861
Health and welfare	62,238	75,458	70,792	77,239	80,006	82,780	131,154	126,797	139,242	122,122
Community and economic development	-	-	-	3,346	3,582	3,691	49,687	8,792	4,535	7,802
Recreation and cultural	84	78	76	99	71	85	52	75	89	103
OPEB contributions	-	263,352	-	-	-	-	-	-	-	-
Other	1,212	957	1,838	1,855	2,092	2,339	1,145	1,902	2,903	3,256
Capital outlay	25,561	38,167	47,724	33,647	24,702	28,681	30,008	17,129	18,737	34,893
Debt service										
Principal	4,007	13,194	14,669	7,008	7,231	7,469	6,965	14,850	4,946	4,347
Interest and fees	1,317	5,842	9,527	2,174	2,002	1,809	1,597	1,375	1,019	947
Bond issuance costs	108	807	-	-	-	-	-	-	-	-
Total expenditures	328,835	634,765	399,393	378,128	378,478	410,239	503,069	457,737	566,794	622,347
Excess of revenues over (under) expenditures	1,452	(281,185)	(26,677)	(7,956)	10,345	15,524	54,948	37,778	33,375	13,608
Other financing sources (uses)										
Face amount of long-term debt	15,628	263,004	-	-	400	-	-	-	-	-
Subscription-based IT arrangements	-	-	-	-	-	-	-	-	-	7,456
Transfers in	53,899	77,268	80,488	81,394	68,745	50,308	76,257	35,250	61,396	60,394
Transfers out	(56,381)	(50,310)	(78,758)	(83,361)	(62,771)	(50,520)	(75,184)	(41,261)	(66,053)	(52,784)
Bond discounts	1,404	516	-	-	-	-	-	-	-	-
Payment to refunding debt escrow agent	(16,450)	-	-	-	-	-	-	-	-	-
Total Other financing sources (uses)	(1,900)	290,478	1,730	(1,967)	6,374	(212)	1,073	(6,011)	(4,657)	15,066
Net change in fund balances	\$ (448)	\$ 9,293	\$ (24,947)	\$ (9,923)	\$ 16,719	\$ 15,312	\$ 56,021	\$ 31,767	\$ 28,718	\$ 28,674
Debt service as % of noncapital expenditures	1.97%	3.43%	7.86%	3.07%	2.95%	2.86%	2.03%	4.22%	1.50%	1.27%

(1) - Beginning in 2017, the county began to report the Department of Planning and Economic Development and the Urban County Block Grant under the Community and Economic Development expenditure title. The Planning and Economic Development Department was formerly included under General Government in the General Fund, while the Urban County Block Grant was split between the General Government and Health and Welfare expenditure types.

Source: Macomb County Finance Department

Macomb County, Michigan

CHANGES IN FUND BALANCES OF THE GENERAL FUND
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

	2014	2015	2016	2017 (1)	2018	2019	2020	2021	2022	2023
Revenues										
Property taxes	\$ 112,610	\$ 115,629	\$ 114,025	\$ 118,423	\$ 120,887	\$ 126,259	\$ 130,171	\$ 134,144	\$ 140,932	\$ 148,927
Licenses and permits	1,706	1,714	1,541	1,577	1,541	1,534	1,455	1,644	1,682	2,399
Federal and state grants	30,162	31,406	39,099	38,952	36,560	40,570	68,406	41,325	43,674	49,427
Charges for services	36,856	35,637	38,648	41,918	43,023	43,610	41,392	44,536	40,041	37,527
Charges to other funds for										
administrative services	6,201	5,720	11,703	11,405	11,111	11,022	13,290	13,275	13,899	14,983
Fines and forfeitures	590	534	557	587	560	689	434	497	661	784
Interest and rents	226	2,124	4,551	3,810	4,552	4,824	3,258	2,275	7,381	15,242
Other revenue	155	148	148	177	213	878	59	113	295	227
Total revenues	188,506	192,912	210,232	216,849	218,447	229,386	258,465	237,809	248,565	269,516
Expenditures										
Current										
Legislative	1,191	1,289	1,235	1,482	1,453	1,696	1,516	1,477	1,658	1,844
Judicial	29,418	30,189	31,182	33,263	32,713	30,637	29,483	29,982	31,316	34,959
General government	45,220	39,897	42,678	41,019	41,270	43,742	44,187	43,658	48,330	53,724
Public safety	59,562	62,543	64,994	69,453	71,955	74,984	77,157	77,046	73,535	81,078
Public works	-	5,263	5,339	5,745	6,010	6,452	6,532	6,917	7,134	8,259
Health and welfare	16,848	17,664	17,647	18,657	19,308	18,890	15,019	16,057	17,987	24,163
Community and economic development	-	-	-	3,134	3,237	3,296	2,972	3,115	3,525	5,851
OPEB contributions	-	45,320	-	-	-	-	-	-	-	-
Other	1,212	957	1,838	1,855	2,092	2,339	1,145	1,902	2,903	3,256
Capital outlay	2,229	1,198	871	2,054	2,671	3,226	2,402	1,902	2,685	3,618
Debt service										
Principal	-	-	-	-	-	-	-	-	-	1,179
Interest	-	-	-	-	-	-	-	-	-	69
Total expenditures	155,680	204,320	165,784	176,662	180,709	185,262	180,413	182,056	189,073	218,000
Excess of revenues										
over (under) expenditures	32,826	(11,408)	44,448	40,187	37,738	44,124	78,052	55,753	59,492	51,516
Other financing sources (uses)										
Subscription-based IT arrangements	-	-	-	-	-	-	-	-	-	2,424
Transfers in	-	35,255	8,063	8,158	13,404	8,143	8,000	8,151	8,000	8,299
Transfers out	(29,267)	(36,880)	(63,090)	(56,388)	(46,537)	(48,964)	(75,121)	(40,049)	(51,070)	(62,293)
Total other financing	(29,267)	(1,625)	(55,027)	(48,230)	(33,133)	(40,821)	(67,121)	(31,898)	(43,070)	(41,570)
Net change in fund balances	\$ 3,559	\$ (13,033)	\$ (10,579)	\$ (8,043)	\$ 4,605	\$ 3,303	\$ 10,931	\$ 23,855	\$ 16,422	\$ 9,946

(1) - Beginning in 2017, the county began to report the Department of Planning and Economic Development under the Community and Economic Development expenditure title. It was formerly included under General Government.

Source: Macomb County Finance Department

Macomb County, Michigan

ASSESSED TAXABLE VALUES (HISTORY OF PROPERTY TAXES)
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

Expressed in dollars (thousands)

Year	Assessed Values						Total	Total Direct Tax Rate
	Agricultural Property	Commercial Property	Industrial Property	Residential Property	Developmental Property	Personal Property	Assessed Value	
2014	\$ 172,965	\$ 3,714,340	\$ 1,505,560	\$ 18,336,828	\$ 21,675	\$ 2,481,818	\$ 26,233,186	4.6135
2015	173,823	4,030,628	1,715,544	20,475,069	23,225	2,611,704	29,029,993	4.6135
2016	208,372	4,241,064	1,828,309	22,478,480	-	1,849,861	30,606,086	4.6014
2017	214,515	4,448,337	1,939,951	23,909,211	-	1,790,227	32,302,241	4.5974
2018	203,820	4,677,141	2,111,823	24,748,408	-	1,736,248	33,477,440	4.5651
2019	212,674	4,946,355	2,280,365	26,649,319	-	1,801,236	35,889,949	4.5316
2020	211,847	5,297,789	2,456,508	28,663,233	-	1,848,506	38,477,883	4.5807
2021	212,592	5,418,720	2,605,748	30,226,329	-	1,939,420	40,402,809	4.4381
2022	220,249	5,788,325	2,824,801	32,133,108	-	1,999,961	42,966,444	4.3852
2023	232,554	6,138,755	2,914,159	35,954,832	-	1,920,424	47,160,724	4.3890

Source: Macomb County Equalization Department

Expressed in percentage of total assessed taxable value

Year	Assessed Values						Total
	Agricultural Property	Commercial Property	Industrial Property	Residential Property	Developmental Property	Personal Property	Assessed Value
2014	0.66%	14.16%	5.74%	69.90%	0.08%	9.46%	100.00%
2015	0.60%	13.88%	5.91%	70.53%	0.08%	9.00%	100.00%
2016	0.68%	13.86%	5.97%	73.45%	0.00%	6.04%	100.00%
2017	0.66%	13.77%	6.01%	74.02%	0.00%	5.54%	100.00%
2018	0.61%	13.97%	6.31%	73.92%	0.00%	5.19%	100.00%
2019	0.59%	13.78%	6.35%	74.26%	0.00%	5.02%	100.00%
2020	0.55%	13.77%	6.38%	74.50%	0.00%	4.80%	100.00%
2021	0.53%	13.41%	6.45%	74.81%	0.00%	4.80%	100.00%
2022	0.51%	13.47%	6.57%	74.80%	0.00%	4.65%	100.00%
2023	0.49%	13.02%	6.18%	76.24%	0.00%	4.07%	100.00%

Source: Macomb County Equalization Department

Macomb County, Michigan

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS, RATE PER \$1,000 OF TAXABLE VALUE

(Unaudited)

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
County direct rate											
Operation		4.5685	4.5685	4.5566	4.5242	4.4925	4.4592	4.4150	4.3721	4.3200	4.3200
County drain debt		0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	-	-	-	-
County Veteran		0.0400	0.0400	0.0398	0.0682	0.0676	0.0674	0.0667	0.0660	0.0652	0.0690
Martha T. Berry Medical Care Facility		-	-	-	-	-	-	0.0990	-	-	-
Total direct rate		4.6135	4.6135	4.6014	4.5974	4.5651	4.5316	4.5807	4.4381	4.3852	4.3890
Overlapping rates											
Cities											
Center Line		39.1266	38.6503	38.9765	38.5829	38.5829	37.1731	34.6003	34.2433	30.1632	28.2672
Eastpointe		27.1583	40.9612	40.0793	40.2567	44.0857	41.8388	27.0641	26.5963	26.0798	24.4686
Fraser		20.8664	23.2580	25.2780	27.3581	33.3798	31.7518	22.2621	21.3685	21.0210	22.0210
Grosse Pointe Shores		17.8794	17.8794	18.8794	18.8794	17.7031	17.7031	17.7031	17.7031	18.7031	18.0201
Memphis		14.2953	16.2953	16.2953	16.2007	16.0807	15.8571	15.8571	18.6160	18.2623	18.2621
Mt. Clemens		18.6639	24.8062	24.8045	24.6999	24.6880	24.6073	21.6528	21.5839	21.3112	21.3112
New Baltimore		14.9198	14.9003	14.8592	14.8155	14.1854	13.9779	13.5851	12.9782	13.3627	11.9658
Richmond		16.6526	16.6526	16.5593	16.4417	16.3117	16.2187	16.0873	15.8717	15.6637	15.6637
Roseville		24.8494	24.8494	25.1083	25.1081	25.0920	24.9171	23.7986	27.7134	27.6940	28.7662
St. Clair Shores		20.9950	21.2602	21.2309	24.4089	25.2168	24.9009	24.7145	23.9435	23.4090	23.6240
Sterling Heights		15.1858	15.1858	15.1858	16.1499	17.1804	16.2069	16.2069	16.6742	16.3800	16.3800
Utica		22.6753	22.5017	20.9864	21.3524	21.2867	21.0182	20.6313	20.0853	19.2513	19.2513
Warren		27.8656	27.7637	27.7742	27.7556	27.7556	27.5658	27.1471	27.2265	27.0913	27.0913
Townships (rates range)											
Low		3.2812	3.5529	3.5296	3.4980	3.4905	0.7713	0.7671	0.7624	0.7543	0.7543
High		17.6816	17.6916	17.6916	17.6274	17.1375	9.2999	9.2999	9.2999	9.5000	9.5000
Villages (rates range)											
Low		16.5194	17.4276	17.4276	17.3836	17.3529	12.6643	11.7500	11.7500	11.7500	10.7500
High		18.8436	19.2550	19.0326	18.9693	22.5077	14.5000	14.8705	14.8976	14.5368	16.5272
School districts (rates range)											
Homestead (PRE)											
Low		3.8500	3.8500	3.8500	3.8500	3.7600	3.5000	3.5000	3.1132	3.2230	3.2230
High		19.5854	18.8500	19.0354	18.9642	23.6826	23.6115	22.2510	19.3372	18.5550	19.1589
Non-Homestead (Non-PRE)											
Low		21.0500	20.7500	20.4856	20.2751	21.0728	20.6621	20.4183	20.4183	20.2508	21.5000
High		29.6000	31.0000	31.0000	29.8000	31.0000	31.0000	31.0000	31.0000	31.0000	31.0000
Other countywide millages											
State Education Tax		6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Intermediate school district		2.9430	2.9430	2.9354	2.9147	2.8945	2.8744	4.7296	4.6845	4.6300	4.7100
Community college		1.5262	1.5302	1.4174	1.4072	1.4640	1.4531	1.4387	1.4247	1.4077	1.4077
SMART Regional Transportation		1.0000	1.0000	0.9974	0.9903	1.0000	0.9926	0.9827	0.9731	0.9500	0.9500
Huron Clinton Metropolitan Park Authority		0.2146	0.2146	0.2146	0.2140	0.2129	0.2117	0.2104	0.2089	0.2070	0.2070
Zoo Authority		0.1000	0.1000	0.0997	0.0989	0.0985	0.0977	0.0970	0.0957	0.0945	0.0945
Art Authority		0.2000	0.2000	0.1994	0.1979	0.1965	0.1950	0.1930	0.1911	0.1956	0.1956

Source: Macomb County Equalization Department

Macomb County, Michigan

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

		2023		Percentage of Total County Taxable Value	2014		Percentage of Total County Taxable Value
Taxpayer	Industry	Taxable Value	Rank		Taxable Value	Rank	
DETROIT EDISON	Utilities	\$ 437,212,004	1	1.24%	\$ 281,184,427	4	1.14%
GENERAL MOTORS	Automotive	406,882,561	2	1.16%	482,111,409	1	1.96%
CONSUMERS ENERGY	Utilities	391,550,463	3	1.11%	206,288,637	5	0.84%
ENBRIDGE ENERGY	Utilities	169,491,340	4	0.48%			
INTERNATIONAL TRANS.	Utilities	147,361,823	5	0.42%	90,000,610	6	0.37%
MEIJER	Retail	89,721,797	6	0.26%	39,433,144	9	0.16%
SUN PROPERTIES	Real Estate	79,982,550	7	0.23%			
HARBOUR APARTMENTS	Real Estate	78,529,500	8	0.22%			
CHRYSLER	Automotive	75,558,000	9	0.21%	404,987,076	2	1.65%
KROGER	Retail	73,437,461	10	0.21%			
COMCAST	Telecommunications				52,110,616	7	0.21%
FORD	Automotive				327,883,354	3	1.33%
WALMART	Retail				39,636,202	8	0.16%
MALL AT PARTRIDGE CREEK	Retail				31,760,200	10	0.13%
		\$ 1,949,727,499		5.54%	\$ 1,955,395,675		7.95%

Source: Macomb County Equalization Department

Macomb County, Michigan

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

(Unaudited)

Fiscal Year	Taxes Levied	Collected within the		Subsequent Years Collections	Total Collections to Date	
		Fiscal Year of the Levy (1)			Amount	% of Levy
		Amount	% of Levy			
2014	110,588,899	106,617,266	96.41%	3,971,619	110,588,885	100.00%
2015	114,327,731	109,186,813	95.50%	5,140,733	114,327,546	100.00%
2016	113,477,469	108,171,633	95.32%	5,305,681	113,477,314	100.00%
2017	116,001,630	111,183,115	95.85%	4,817,602	116,000,717	100.00%
2018	120,171,383	115,133,213	95.81%	5,034,188	120,167,401	100.00%
2019	124,839,717	118,933,235	95.27%	5,899,215	124,832,450	99.99%
2020	129,371,743	124,405,004	96.16%	4,911,107	129,316,111	99.96%
2021	133,122,925	127,392,722	95.70%	5,253,361	132,646,083	99.64%
2022	139,569,846	134,495,683	96.36%	3,710,300	138,205,983	99.02%
2023	149,428,590	138,351,356	92.59%	7,745,893	146,097,249	97.77%

(1) Tax levy is dated July 1, collections for the current fiscal year reflect a six month period (July 1 - December 31)

Source: Collections - Macomb County Treasurer Department
Tax Levy - Macomb County Finance Department

Macomb County, Michigan

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

(Unaudited)

Year	Population	Assessed Value of Property (in thousands)	Governmental Activities		Business Type Activities	Total Primary Government Debt	Debt to Assessed Value	Debt Per Capita	Percentage of Personal Income Per Capita
			General Obligation Bonds	Infrastructure Loans	General Obligation Bonds				
2014	862,914	\$ 26,233,186	\$ 39,755,000	\$ 1,311,509	\$ -	\$ 41,066,509	0.16%	\$ 47.59	0.12%
2015	865,031	29,029,993	289,727,371	1,149,313	44,732,825	335,609,509	1.16%	387.97	0.91%
2016	868,329	30,606,086	275,223,098	984,356	42,868,018	319,075,472	1.04%	367.46	0.85%
2017	870,867	32,302,241	260,255,596	816,578	41,217,116	302,289,290	0.94%	347.11	0.78%
2018	872,089	33,477,440	245,038,015	980,536	37,896,985	283,915,536	0.85%	325.56	0.71%
2019	872,389	35,889,949	229,405,316	776,603	36,184,684	266,366,603	0.74%	305.33	0.64%
2020	880,238	38,477,883	232,482,380	621,991	38,207,620	271,311,991	0.71%	308.23	0.59%
2021	877,646	40,402,809	207,519,045	461,726	36,105,955	244,086,726	0.60%	278.12	0.51%
2022	874,235	42,966,444	192,109,135	390,968	33,950,865	226,450,968	0.53%	259.03	0.48%
2023	875,101	47,160,724	178,438,736	318,279	31,741,264	210,498,279	0.45%	240.54	N/A

Source: Macomb County Finance Department and Municipal Advisory Council of Michigan
N/A - Personal income per capita was not available at the time of publishing

Macomb County, Michigan

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

(Unaudited)

Year	Population	Assessed Value of Property (in thousands)	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt	Net Debt to Assessed Value	Net Debt Per Capita	Net Percentage of Personal Income Per Capita
2014	862,914	\$ 26,233,186	\$ 39,755,000	\$ 2,599,454	\$ 37,155,546	0.14%	\$ 43.06	0.11%
2015	865,031	29,029,993	334,460,196	2,617,902	331,842,294	1.14%	383.62	0.90%
2016	868,329	30,606,086	318,091,116	1,994,530	316,096,586	1.03%	364.03	0.84%
2017	870,867	32,302,241	301,472,712	2,038,746	299,433,966	0.93%	343.83	0.77%
2018	872,089	33,477,440	282,935,000	2,063,411	280,871,589	0.84%	322.07	0.70%
2019	872,389	35,889,949	265,590,000	175,688	265,414,312	0.74%	304.24	0.64%
2020	880,238	38,477,883	270,690,000	155,747	270,534,253	0.70%	307.34	0.59%
2021	877,646	40,402,809	243,625,000	128,273	243,496,727	0.60%	277.44	0.51%
2022	874,235	42,966,444	226,060,000	100,627	225,959,373	0.53%	258.47	0.48%
2023	875,101	47,160,724	210,180,000	88,789	210,091,211	0.45%	240.08	N/A

Source: Macomb County Finance Department and Municipal Advisory Council of Michigan

N/A - Personal income per capita was not available at time of publishing

Macomb County, Michigan

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2023

(Unaudited)

	Gross Amount Outstanding	Share of Overlapping Debt	Percent Overlapping
Direct debt			
General County Bonds	\$ 178,438,736	\$ 178,438,736	100.0%
Department of Roads infrastructure loans	318,279	318,279	100.0%
Net direct debt	<u>\$ 178,757,015</u>	<u>\$ 178,757,015</u>	100.0%
Overlapping debt			
School districts	\$ 2,298,761,553	\$ 2,102,170,346	91.5%
Cities	496,995,535	486,395,458	97.9%
Township	253,701,650	253,701,650	100.0%
Villages	17,511,409	17,511,409	100.0%
Intermediate school districts	135,669,999	89,947,802	66.3%
Library	<u>34,690,000</u>	<u>34,690,000</u>	100.0%
Net overlapping debt	<u>3,237,330,146</u>	<u>2,984,416,665</u>	92.2%
Net direct and overlapping debt	<u>\$ 3,416,087,161</u>	<u>\$ 3,163,173,680</u>	92.6%

The overlapping percentage is calculated by dividing the taxable value of property of the overlapping government located in Macomb County by the total taxable value of all property in the overlapping government.

Source: Macomb County Finance Department and Municipal Advisory Council of Michigan

Macomb County, Michigan

CURRENT AND HISTORICAL LEGAL DEBT MARGINS
LAST TEN YEARS

(Unaudited)

Current Year Legal Debt Margin

2023 Taxable Value	\$	36,199,908,008
Debt Limit (10% of Assessed Taxable Value) (1)		3,619,990,801
Outstanding Long-term Debt	\$	471,077,453
Less:		
Amount available in debt service funds		88,789
Special assessment bonds		260,579,174
Total amount of debt applicable to debt limit		210,409,490
LEGAL DEBT MARGIN	\$	3,409,581,311

(1) As mandated by Michigan Public Act 293 of 1966, as amended.

Source: Macomb County Finance Department

Historical Legal Debt Margins

Years	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2014	2,456,385,823	41,066,509	2,415,319,314	1.67%
2015	2,547,537,670	332,991,608	2,214,546,062	13.07%
2016	2,526,456,570	314,474,418	2,211,982,152	12.45%
2017	2,599,737,225	276,797,214	2,322,940,011	10.65%
2018	2,798,928,129	257,726,281	2,541,201,848	9.21%
2019	2,933,776,267	266,186,325	2,667,589,942	9.07%
2020	3,071,862,970	256,697,244	2,815,165,726	8.36%
2021	3,184,018,523	241,810,528	2,942,207,995	7.59%
2022	3,374,503,445	226,349,516	3,148,153,929	6.71%
2023	3,619,990,801	210,409,490	3,409,581,311	5.81%

Source: Macomb County Finance Department

Macomb County, Michigan

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

(Unaudited)

Demographic and Economic Statistics

Years	Population	Personal Income (Thousands of Dollars)	Per Capita Personal Income	Unemployment Rate
2014	862,914	\$ 34,582,141	\$ 40,076	7.9%
2015	865,031	36,775,063	42,513	5.7%
2016	868,329	37,517,023	43,206	5.2%
2017	870,867	38,700,459	44,439	4.3%
2018	872,089	40,184,989	46,079	4.1%
2019	872,389	41,427,136	47,487	4.3%
2020	880,238	45,944,022	52,195	12.0%
2021	877,646	47,619,317	54,258	5.9%
2022	874,235	47,048,705	53,817	3.7%
2023	875,101	N/A	N/A	3.5%

Sources:

Population - Federal Reserve Economic Data, table MIMACO9POP

Per Capita Personal Income - Federal Reserve Economic Data, table PCPI26099

Unemployment Rate - Federal Reserve Economic Data, table

LAUCN260990000000003A

N/A - Not available at time of publishing

Historical U.S. census data

Years	Population
1980	694,600
1990	717,400
2000	788,149
2010	840,978
2020	881,217

Macomb County, Michigan

CONCENTRATION OF WORKFORCE
CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Employer	Industry	2023			2014		
		Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
General Motors	Automotive	23,507	1	5.14%	15,578	1	2.17%
Stellantis NV (formerly FCA US LLC)	Automotive	15,548	2	3.40%	11,985	2	1.67%
U.S. Government	Government	6,950	3	1.52%	6,503	3	0.90%
Ford Motor Company	Automotive	3,579	4	0.78%	4,135	4	0.58%
Ascension Mchigan (formerly St. John)	Health Care	2,784	5	0.61%	3,285	5	0.46%
Ulica Community Schools	Education	2,711	6	0.59%	2,711	7	0.38%
Macomb County	Government	2,454	7	0.54%	2,199	8	0.31%
Henry Ford Health System	Health Care	2,201	8	0.48%	3,161	6	0.44%
McLaren Health Care System	Health Care	1,859	9	0.41%	1,314	11	0.18%
General Dynamics Land Systems	Defense	1,823	10	0.40%	1,622	9	0.23%
Chippewa Valley Schools	Education	1,701	11	0.37%	1,257	13	0.17%
State of Michigan	Government	1,655	12	0.36%	1,294	12	0.18%
Warren Consolidated Schools	Education	1,416	13	0.31%			
Amazon.com Inc.	Ecommerce	1,175	14	0.26%			
L'Anse Creuse Public Schools	Education	1,161	15		804	16	0.11%
Bridgewater Interiors LLC	Automotive	1,135	16	0.25%			
Macomb Intermediate School District	Education	1,088	17	0.24%	964	15	0.13%
Faurecia	Automotive				1,390	10	0.19%
Art Van Furniture	Retail				1,101	14	0.15%
Johnson Controls	Automotive				700	17	0.10%
		72,747		15.66%	60,003		8.35%

Source: Macomb County Finance Department
Crain's Detroit Business

Macomb County, Michigan

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

(Unaudited)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Legislative										
Board of Commissioners	19	19	19	20	20	20	20	19	20	20
Judicial										
Circuit Court	67	80	79	84	84	77	76	74	74	75
Family Counseling Services	1	1	1	1	1	1	1	1	1	1
District Court - Romeo	13	13	14	12	12	15	15	15	15	15
District Court - New Baltimore	17	17	15	15	15	17	17	17	17	18
Friend of the Court	107	107	107	108	108	107	106	101	105	105
Juvenile Court	46	46	46	46	46	55	55	51	51	52
Probate Court	28	28	28	29	29	29	30	28	31	31
Probation - District Court	5	5	5	5	5	-	-	-	-	-
Prosecuting Attorney	106	106	109	112	112	115	120	113	127	131
Public Defender's Office	-	-	-	-	-	5	10	18	39	39
Reimbursement	11	-	-	-	-	-	-	-	-	-
General Government										
Clerk / Register of Deeds	81	85	83	87	87	89	92	93	103	105
County Executive	9	9	10	10	10	10	11	10	10	11
Corporation Counsel	8	8	8	9	9	9	9	8	8	9
Equalization	10	10	10	10	10	10	10	10	10	10
Facilities & Operations	95	95	95	96	95	95	96	87	89	90
Finance	21	22	22	22	22	23	22	22	23	28
Human Resources & Labor Relations	24	22	24	24	24	24	25	24	26	27
Information Technology	36	36	38	39	39	40	40	37	38	41
MSU County Extension	8	7	7	7	8	7	7	5	5	5
Purchasing	16	16	16	16	16	17	17	15	15	15
Treasurer	26	28	28	28	28	28	28	26	26	27
Public Safety										
Community Corrections	11	10	11	13	13	14	14	13	15	20
Emergency Services	7	7	7	7	7	7	10	11	14	15
Sheriff	492	499	516	522	532	553	559	540	545	577
Technical Services	11	12	13	13	13	13	13	12	12	11
Public Works										
Department of Roads	232	250	255	265	265	268	272	272	275	276
Drainage District / Public Works	60	63	64	64	62	65	66	63	65	67
Health & Vulnerable Populations										
Child Care - Youth Home	121	121	121	122	121	123	122	89	87	88
Community Mental Health	341	345	345	346	346	345	346	346	346	346
Community Services Agency	171	172	213	220	231	217	223	226	252	210
Health & Community Services	2	2	2	2	2	2	2	2	1	6
Health Department	220	226	231	234	235	245	247	247	256	262
Macomb/St. Clair Employment	68	68	43	46	47	45	46	46	48	45
Medical Care Facility	245	238	273	331	330	305	286	310	310	323
Senior Citizen Services	3	3	-	-	-	-	-	-	-	47
Substance Abuse	10	13	13	13	13	12	13	13	13	13
Veterans Services/Affairs	11	11	11	11	11	13	14	17	16	16
Community & Economic Development	26	27	26	27	27	28	28	26	29	29
Recreation & Culture - Parks	-	-	-	-	-	1	1	1	1	1
Total	2,785	2,827	2,908	3,016	3,035	3,049	3,062	3,008	3,118	3,207

Source: Macomb County Budget

Macomb County, Michigan

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

(Unaudited)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Judicial:										
Circuit Court										
Caseload	19,242	19,329	19,149	19,237	18,678	18,379	13,314	15,485	17,222	17,222
District Court - Romeo										
Caseload	8,306	8,772	8,549	8,835	11,225	11,045	7,719	6,303	10,035	10,035
District Court - New Baltimore										
Caseload	9,833	12,937	15,625	15,717	15,020	17,251	12,195	10,201	16,762	16,762
General Government:										
County Clerk										
Birth records	6,492	6,111	5,825	5,582	6,179	6,246	2,277	3,342	3,193	2,540
Death records	5,001	5,713	5,943	5,836	6,278	5,883	8,140	8,585	8,220	7,687
Marriage licenses	4,996	5,180	5,142	4,997	4,959	4,630	3,245	4,762	3,743	4,734
Public Works										
Drainage Districts / Public Works										
Inspections	5,777	5,043	16,107	16,017	15,139	12,089	10,104	10,532	12,859	16,599
Public Safety:										
Sheriff										
Complaints handled	101,029	87,090	105,993	194,625	196,048	213,805	110,592	123,489	114,054	122,677
Inmate bookings	17,881	17,291	17,170	17,042	16,770	16,406	9,709	10,236	12,830	13,929
Arrests made	5,601	3,316	4,822	4,770	4,468	4,454	3,627	3,938	2,884	3,406
Crashes investigated	4,120	1,563	1,421	1,224	3,492	1,746	4,014	4,131	4,025	3,863
Health and Welfare:										
Health Department										
COVID-19 vaccines administered	-	-	-	-	-	-	1,237	291,265	29,055	7,211
All other vaccines administered	45,048	44,711	39,492	40,867	43,314	40,564	14,098	19,454	24,701	26,863
Animals received at animal shelter	2,009	4,276	4,678	4,671	4,061	4,153	2,362	2,528	2,532	3,073
Food service inspections	4,578	4,634	4,652	4,630	4,847	5,226	3,100	3,573	4,297	4,765
Forensic examinations	649	643	686	716	691	538	684	745	628	629

N/A - not available

Source: Macomb County Finance Department

Macomb County, Michigan

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

(Unaudited)

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Judicial										
Number of court buildings	5	5	5	5	5	5	4	4	4	4
Vehicles	4	4	4	3	3	3	2	2	2	2
General Government										
Number of buildings	7	7	7	7	7	7	7	7	7	7
Vehicles	54	63	60	50	51	57	51	50	50	55
Public Safety										
Number of jails	1	1	1	1	1	1	1	1	1	1
Stations and substations	6	6	6	6	6	-	-	-	-	-
Marine patrol substations	2	2	2	1	1	1	1	1	1	1
Vehicles	147	168	173	177	189	206	190	199	221	226
Public Works										
Lane miles of roads maintained	2,393	2,397	2,508	2,508	2,510	2,518	2,512	2,523	2,523	2,606
Number of buildings	9	9	9	9	9	9	9	9	9	9
Vehicles	38	74	262	268	427	291	277	346	347	367
Health and Welfare										
Number of buildings	8	8	8	8	8	8	8	8	8	9
Vehicles	88	92	95	90	88	97	91	77	80	91
Recreation and Culture										
Number of buildings	1	1	1	1	1	1	1	1	1	1
County parks	1	1	1	1	1	1	1	1	1	1
Vehicles	-	-	-	-	1	1	1	1	1	1

Source: Macomb County Finance Department

Macomb County, Michigan

TAX ABATEMENTS – INDUSTRIAL FACILITIES TAX (IFT)

LAST TWO YEARS

(Unaudited)

The Michigan Plant Rehabilitation and Industrial Development District Act (Michigan Public Act 198 of 1974, as amended) ("Act 198"), provides significant tax incentives to industry to renovate and expand aging plants and to build new plants in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new plants to the area.

The issuance of any exemption certificate must be approved by the State Treasurer. Firms situated in such districts pay an Industrial Facilities Tax in lieu of property taxes on plant and equipment for a period of up to twelve years. For rehabilitated plants and equipment, the assessed value is frozen at previous levels. New plants and equipment are taxed at one-half of the recalculated IFT rate using 1993 school operating mills and current year mills for all other taxing jurisdictions.

Ad valorem property taxes and land and inventory are specifically excluded under Act 198.

Abatelements granted and the taxable values of the abated properties are listed below for the years ending December 31:

Year Ended December 31,	Taxable Values of Abated Property	County Tax Revenues Reduced by Abatelements
2016	\$ 405,584,285	\$ 930,339
2017	360,292,667	803,259
2018	354,007,313	800,087
2019	393,908,850	851,173
2020	400,332,217	901,519
2021	431,835,228	979,792
2022	435,142,211	954,267
2023	524,135,673	1,149,221

Macomb County, Michigan

STATE SHARED REVENUES AND COUNTY RESIDENTIAL BUILDING PERMITS ISSUED
LAST TEN YEARS

(Unaudited)

State shared revenues

Fiscal Year Ended	State Revenue Sharing Payments
2014	\$ 13,152,353
2015	16,403,775
2016	16,504,824
2017	16,667,584
2018	16,797,848
2019	16,988,673
2020	13,160,474
2021	17,335,671
2022	17,996,681
2023	19,011,385

Source: Macomb County Finance Department

County residential building permits issued

Year	Building Permits
2014	1,824
2015	1,867
2016	1,869
2017	2,307
2018	2,035
2019	2,001
2020	1,870
2021	1,720
2022	1,617
2023	1,216

Source: SEMCOG Community Profile Report for Macomb County

Macomb County, Michigan
SCHEDULE OF LABOR FORCE AGREEMENTS

Year Ended December 31, 2023

(Unaudited)



Union Group	Employee Classifications Covered	Number of Employees Covered	Contract Expiration Date
ADTECH	Dept. of Roads and Technical Emp.	100	12/31/2025
AFSCME Local 411 General & District Crt	Clerical	602	12/31/2025
AFSCME 411- Teachers	Teachers	38	12/31/2025
Building Trades Association	Carpenters, electricians, etc.	21	12/31/2025
Command Officers Association of Michigan	Sheriff - Lieutenants and Sergeants	60	12/31/2024
IUOE Local 547	Boiler Operators	5	12/31/2025
Macomb County Environmental Health Assoc.	Environmentalists	29	12/31/2025
MCPDSA	Correction officers	180	12/31/2025
Michigan Nurses Assoc	Nurses	46	12/31/2025
FOPLC	Deputies and Dispatchers	262	12/31/2024
POAM - Animal Control	Animal Shelter	13	12/31/2025
POAM-Asst Prosecutors Assoc	APA's	66	12/31/2025
POAM-Juvenile Justice Center	Juvenile Justice Center	38	12/31/2025
POAM- Medical Examiner	Med Exam Invest/Forensic Invest	8	12/31/2025
POLC-Captains	Captains and Jail Administrator	7	12/31/2024
Road Technicians Association	Dept. of Road technicians	128	12/31/2025
Teamsters Local 214	Circuit Court / Friend of the Court	70	12/31/2025
TPOAM	Circuit Court Officers & Professional	57	12/31/2025
TPOAM	Juvenile Court and Justice Center	15	12/31/2025
TPOAM	I.T.	31	12/31/2025
TPOAM	Specialized Employees	34	12/31/2025
TPOAM	Staff Attorney's at PDO	6	12/31/2025
UAW Local 412 - Unit 75	Supervisors	84	12/31/2025
UAW Local 412 - Unit 95	Corporation Counsel	6	12/31/2025
UAW Local 412	MCCSA Professionals	19	12/31/2025
UAW Local 889	Specialized Offices	70	12/31/2025
UAW Local 889	Macomb Community Action	157	12/31/2025
UAW Local 889	Probate Court / Corporation Counsel	17	12/31/2025
Non-Affiliated	County and Roads	720	N/A
Total Employee Count		2,889	

Source: Macomb County Human Resources and Labor Relations

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To Management and the Board of Commissioners
County of Macomb, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 County of Macomb (the "County"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County of Macomb's basic financial statements and have issued our report thereon dated October 30, 2024..

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, 2034-004 and 2023-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items, 2023-006, and 2023-007 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Macomb's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sterling Heights, MI
October 30, 2024

COUNTY OF MACOMB SCHEDULE OF FINDINGS For the year ended December 31, 2023

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? X Yes No
- Significant deficiencies identified? X Yes None reported
- Noncompliance material to the financial statements noted? Yes X No

COUNTY OF MACOMB
SCHEDULE OF FINDINGS (CONTINUED)
For the year ended December 31, 2023

FINANCIAL STATEMENT AUDIT FINDINGS

<u>Reference Number</u>	<u>Finding</u>
2023-001	Finding Type – Material Weakness Repeat Finding – Yes Criteria – The County should have appropriate procedures in place over the review and reconciling of bank reconciliations. Condition – Bank reconciliations were not completed in a timely manner. The State of Michigan defines timely as six weeks subsequent to month end. Context - After the start of the audit, the County completed the reconciliations for all accounts and adjusting entries were made by the County to adjust cash balances. Cause – Due in part to staff turnover and change in responsibilities, the reconciliations were not completed in a timely manner. Effect – Adjusting journal entries were prepared and recorded by the County to accurately record the cash accounts. Recommendation – The County should implement controls to ensure bank reconciliations are completed and reviewed in a timely manner. View of Responsible Officials and Corrective Action Plan – <i>The implementation of a new ERP system and staff vacancies resulted in bank reconciliations not being completed in a timely manner. Vacancies are beings addressed and temporary staff have been brought it to assist with brining bank reconciliations current.</i>

COUNTY OF MACOMB
SCHEDULE OF FINDINGS (CONTINUED)
For the year ended December 31, 2023

FINANCIAL STATEMENT AUDIT FINDINGS - (Continued)

<u>Reference Number</u>	<u>Finding</u>
2023-002	Finding Type – Material Weakness Repeat Finding – No Criteria – The County should have appropriate procedures in place to ensure proper financial reporting. Condition – The County's books and records for the 2023 fiscal year were not reconciled and closed in a timely manner. As a result, numerous adjusting entries were made by the client after the start of the audit process. In addition, audit adjusting entries were identified and proposed by the auditors throughout the duration of the audit. As a result of these numerous misstatements, the financial records of the County were materially misstated both during the year and at the beginning of the audit process. Cause – A thorough review of the year-end balances was not performed to ensure that account balances were calculated and recorded in accordance with generally accepted accounting principles. Effect – The financial records of the County were materially misstated at the beginning of the audit process. Recommendation – We recommend that the County develop a reliable system to close the financial records in a timely manner. View of Responsible Officials and Corrective Action Plan – <i>The closing of the books and records in 2023 was delayed due to the implementation of a new accounting/ERP system in the fall of 2023. The closing of 2024 is expected to be timely.</i>

COUNTY OF MACOMB
SCHEDULE OF FINDINGS (CONTINUED)
For the year ended December 31, 2023

FINANCIAL STATEMENT AUDIT FINDINGS - (Continued)

<u>Reference Number</u>	<u>Finding</u>
2023-003	Finding Type – Material Weakness Repeat Finding – No Criteria – The County should have appropriate procedures in place to ensure proper financial reporting. Condition – The County did not reconcile supporting schedules to the general ledger or to supporting documentation. Cause – Schedules to support the balances in the general ledger were not prepared accurately. Effect – Schedules supporting the activity in the general ledger were not fully completed at the start of the audit. Recommendation – We recommend that the County develop a reliable system to prepare and reconcile all general ledger detail with supporting documentation. View of Responsible Officials and Corrective Action Plan – <i>The timeliness of preparing and reconciling supporting schedules to the general ledger was negatively affected due to the implementation of a new ERP platform in 2023. Timely preparation of supporting schedules is expected on a go forward basis.</i>

COUNTY OF MACOMB
SCHEDULE OF FINDINGS (CONTINUED)
For the year ended December 31, 2023

FINANCIAL STATEMENT AUDIT FINDINGS - (Continued)

<u>Reference Number</u>	<u>Finding</u>
2023-004	Finding Type – Material Weaknesses Repeat Finding – No Criteria – The County should have appropriate procedures in place to ensure proper financial reporting. Condition – During the year, the County converted to a new accounting software. Reconciliations to ensure a proper conversion were not completed until months after the conversion took place. Cause – Reconciliations were not prepared in a timely matter to ensure that all accounting transactions were correctly converted to the new accounting software. Effect – The balances in the new accounting software could have been materially misstated and reports prepared from the system could have been inaccurate. Recommendation – Reconciliations should be completed in a timely manner. View of Responsible Officials and Corrective Action Plan – <i>The timing of the reconciliation of conversion data was delayed due to the complexities of the implementation itself. All reconciliations were completed during the course of the 2023 audit. This was a one-time event.</i>

COUNTY OF MACOMB
SCHEDULE OF FINDINGS (CONTINUED)
For the year ended December 31, 2023

FINANCIAL STATEMENT AUDIT FINDINGS - (Continued)

<u>Reference Number</u>	<u>Finding</u>
2023-005	Finding Type – Material Weaknesses Repeat Finding – No Criteria – The County should have appropriate procedures in place to ensure proper financial reporting. Condition – Revenue related to the Emergency Management Department grants activity was recorded in the wrong year, causing the need for a material adjustment to the prior year's fund balance. Cause – The County did not properly reconcile grant revenue accounts. Effect – The financial records for the County were material misstated and the beginning of the year fund balance required adjustment. Recommendation – Reconciliations should be completed in a timely manner. View of Responsible Officials and Corrective Action Plan - Complexities surrounding the grants administered by the department mentioned above resulted in expenditures being understated in 2022. Procedures have been put in place to more thoroughly review the expenditure activity in these programs as well as closer examination of deferred inflows and the timing of receipt of revenue reimbursements.

COUNTY OF MACOMB
SCHEDULE OF FINDINGS (CONTINUED)
For the year ended December 31, 2023

FINANCIAL STATEMENT AUDIT FINDINGS - (Continued)

<u>Reference Number</u>	<u>Finding</u>
2023-006	Finding Type – Significant Deficiency Repeat Finding – No Criteria – The County should have appropriate procedures in place to ensure proper financial reporting. Condition – A number of the County's departments have their own stand-alone accounting system. Cause – The County did not reconcile the balances between the specific departments' systems and the County's general ledger system. Further, the County did not properly reconcile the pooled cash account balances between the general fund and the Community Mental Health Department. Effect – The pooled cash account and the due from other funds balances for the general fund were materially misstated. Recommendation – Reconciliations should be completed in a timely manner. View of Responsible Officials and Corrective Action Plan – The pooled cash balances have been reconciled through December 2023. Other ledger balances from the Community Mental Health system will be brought into the County's ERP system and reconciled monthly going forward.

COUNTY OF MACOMB
SCHEDULE OF FINDINGS (CONTINUED)
For the year ended December 31, 2023

FINANCIAL STATEMENT AUDIT FINDINGS - (Continued)

<u>Reference Number</u>	<u>Finding</u>
2023-007	Finding Type – Significant Deficiency Repeat Finding – No Criteria – The County should have appropriate procedures in place to ensure proper financial reporting. Condition – Reports required by the County cannot be created directly from the County's Workday software. Cause – The reporting function of Workday has not been fully implemented to provide the required reports. Effect- The County engages with a consulting company to develop required reports. Recommendation – The County should continue to fully implement the reporting functions of Workday. View of Responsible Officials and Corrective Action Plan – <i>Certain delivered reports are currently being utilized. In addition, the County has contracted with a consulting firm to provide assistance with the development of custom reports as needed to improve reporting capabilities.</i>

Communication with Those Charged with Governance at the Conclusion of the Audit

To the Board of Commissioners
County of Macomb, Michigan

We have audited the 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 County of Macomb (the "County") for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standard and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 4, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements.

As described in Notes 22 to the financial statements, the County adopted the provisions of GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB 96, *Software-Based Information Technology Agreements (SBITAs)* and GASB Statement 99, *Omnibus 2022*.

The effects of the adoptions of these standards are described in Note 22.

We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

Management's estimates of the net pension liability and net OPEB liability are based on the projected future cost related to services rendered, as calculated by an actuary, net of the assets held by the County designed to fund such future cost in accordance.

The Macomb County Employees Retirement System and the County Retiree Health Care Plan hold investments in nontraditional investment vehicles (common collective trusts, venture capital, and limited partnerships) that are not actively traded on an open market. The County has valued these investments based on market values provided by the fund managers or the investment custodians. We have performed tests of the estimates by reviewing the audited financial statements of the nontraditional investment vehicles to satisfy ourselves as to the reasonableness of the valuations in relation to the financial statements.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

The audit of the County was delayed significantly this year as the County was not able to provide UHY with a trial balance until early September 2024. During the course of the audit, the County provided UHY with approximately 125 client prepared adjusting entries through September 2024.

In addition, UHY proposed 9 adjusting entries for areas that were materially misstated. A list of adjusting journal entries is attached to this communication.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. A list of all uncorrected misstatements is attached to this communication.

As noted above, UHY proposed 10 adjusting entries for areas that we found to be were materially misstated. A list of adjusting journal entries is attached to this communication.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other independent accountants.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information (e.g., combining statements, individual fund statements), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

See the attached *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* that details the material weaknesses and significant deficiencies noted during our audit.

In addition, we noted the following items for your attention:

- As a means to validate the status of the retirees of the County, the County sends out annual letters to it members. The letters require a witness signature, but the signatures are otherwise not validated. We recommend the County consider the use of the third-party provider of death records to validate retiree's status.
- We noted that the Emergency Management Department expended funds for certain grant agreements but did not apply for reimbursement from the grantor in a timely manner. We recommend the County develop procedures whereby reimbursement for grant expenditures are requested in the year the expenditures are made.

To the Board of Commissioners
County of Macomb, Michigan
Page Four

Other Information Included in the Annual Comprehensive Financial Report

Our responsibility for other information included in the Annual Comprehensive Financial Report does not extend beyond the financial statements, and we do not express an opinion or any form of assurance on the other information. However, we read the introductory and statistical sections of the County's Annual Comprehensive Financial Report, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially misstated or materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Restriction on Use

This information is intended solely for the information and use of The Board of Commissioners and management of the County of Macomb and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Sterling Heights, MI
October 30, 2024

To the Board of Commissioners
County of Macomb, Michigan
Page Five

Adjusting Journal Entries

Adjusting Journal Entries JE # 1

AJE #1 - Claims on Cash Adj.

F101.C272.0002.66500.RC0199	Interest Revenue	622,446.00	
F101.C999.9999.10010.BS0000	Pooled Cash - General County	1,134,323.00	
F101.C999.9999.10840.BS0000	Due from Other Funds	8,181,236.00	
F101.C999.9999.21400.BS0000	Due to Other Funds	1,134,323.00	
F603.C999.9999.10010.BS0000	Pooled Cash - General County	8,181,236.00	
F990.C999.9999.10010.BS0000	Pooled Cash - General County	11,072,327.00	
F990.C999.9999.10010.BS0000	Pooled Cash - General County	9,938,005.00	
F992.C999.9999.10010.BS0000	Pooled Cash - General County	9,938,005.00	
F992.C999.9999.10010.BS0000	Pooled Cash - General County	1,134,323.00	
F992.C999.9999.10019.BS0000	Cash - Checking	1,134,322.00	
F101.C999.9999.10010.BS0000	Pooled Cash - General County		1,134,323.00
F101.C999.9999.10010.BS0000	Pooled Cash - General County		9,938,005.00
F603.C999.9999.10010.BS0000	Pooled Cash - General County		8,181,236.00
F990.C999.9999.10010.BS0000	Pooled Cash - General County		622,446.00
F990.C999.9999.10010.BS0000	Pooled Cash - General County		9,938,005.00
F990.C999.9999.10010.BS0000	Pooled Cash - General County		8,181,235.00
F990.C999.9999.10010.BS0000	Pooled Cash - General County		1,134,323.00
F990.C999.9999.10010.BS0000	Pooled Cash - General County		1,134,323.00
F992.C999.9999.10010.BS0000	Pooled Cash - General County		11,072,327.00
F992.C999.9999.10010.BS0000	Pooled Cash - General County		1,134,323.00
Total		52,470,546.00	52,470,546.00

Adjusting Journal Entries JE # 2

AJE #2 - Prior Period Adjustment

F216.C999.9999.39000.BS0000	Fund Balance - Unassigned	596,010.00	
F216.C999.9999.36000.BS0000	Deferred Inflows		596,010.00
Total		596,010.00	596,010.00

Adjusting Journal Entries JE # 3

AJE #3 - To record DTRF 2023 interest Accrual Recalc

F516.C253.0002.66500.RC0199	Interest Revenue	2,128,434.00	
F516.C999.9999.10560.BS0000	Interest Receivable		2,128,434.00
Total		2,128,434.00	2,128,434.00

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County of Macomb, Michigan
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Adjusting Journal Entries JE # 4			
AJE #4 - To adjust interest & admin fee accrual			
F516.C999.9999.10182.BS0000	Accounts Receivable - Manual Accruals	388,726.00	
F516.C253.0002.44500.RC0115	Penalty and Interest Revenue - Delinquent Personal Property		388,726.00
Total		388,726.00	388,726.00

Adjusting Journal Entries JE # 5			
AJE #5 - REVERSE JE24005705 ACCRUED WAGES PAYABLE			
F217.C999.9999.25700.SC0167	Accrued Wages Payable-Fringe Benefit Expense - Workers Compensation	135,625.00	
F217.C693.0002.70200.SC0131	Salaries and Wages Expense - Base Pay		98,075.00
F217.C693.0002.70200.SC0136	Salaries and Wages Expense - Payments In Lieu of Medical Insurance		334.00
F217.C693.0002.70200.SC0137	Salaries and Wages Expense - Temporary Hired		3,470.00
F217.C693.0002.70200.SC0138	Salaries and Wages Expense - Overtime		49.00
F217.C693.0002.71200.SC0159	Fringe Benefit Expense - FICA - OASDI		5,295.00
F217.C693.0002.71200.SC0160	Fringe Benefit Expense - FICA - Medicare		1,239.00
F217.C693.0002.71200.SC0162	Fringe Benefit Expense - Dental Insurance		1,090.00
F217.C693.0002.71200.SC0166	Fringe Benefit Expense - Pension - Defined Contribution		4,835.00
F217.C693.0002.71200.SC0167	Fringe Benefit Expense - Workers Compensation		204.00
F217.C693.0002.71200.SC0169	Fringe Benefit Expense - Long-Term Disability		211.00
F217.C693.0002.71200.SC0170	Fringe Benefit Expense - Compensated Absences		1,130.00
F217.C693.0002.71200.SC0733	Fringe Benefit Expense - Medical Insurance		19,693.00
Total		135,625.00	135,625.00

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Adjusting Journal Entries JE # 6			
AJE #6 - RECORD ACTUAL AND ESTIMATED FOOD VALUES FOR TEFAP DONATED FOOD			
F217.C693.3023.95700.SC0529	In-Kind Expense - Donated Food	205,039.00	
F217.C693.3023.95700.SC0529	In-Kind Expense - Donated Food	1,087,190.00	
F217.C693.3030.95700.SC0529	In Kind Expense - Donated Food	393,090.00	
F217.C693.3030.95700.SC0529	In Kind Expense - Donated Food	98,272.00	
F217.C693.3056.95700.SC0529	In-Kind Expense - Donated Food	271,798.00	
F217.C693.3023.64000.RC0187	In Kind Revenue		1,087,190.00
F217.C693.3023.64000.RC0187	In Kind Revenue		205,039.00
F217.C693.3030.64000.RC0187	In Kind Revenue		393,090.00
F217.C693.3030.64000.RC0187	In Kind Revenue		98,272.00
F217.C693.3056.64000.RC0187	In Kind Revenue		271,798.00
Total		2,055,389.00	2,055,389.00

Adjusting Journal Entries JE # 7			
AJE #7 - REVERSE JE24005708 ACCRUED WAGES PAYABLE			
F217.C999.9999.25700.SC0167	Accrued Wages Payable-Fringe Benefit Expense - Workers Compensation	106,215.00	
F217.C693.0002.70200.SC0131	Salaries and Wages Expense - Base Pay		75,889.00
F217.C693.0002.70200.SC0141	Salaries and Wages Expense - Longevity		2,565.00
F217.C693.0002.71200.SC0159	Fringe Benefit Expense - FICA - OASDI		5,106.00
F217.C693.0002.71200.SC0160	Fringe Benefit Expense - FICA - Medicare		1,194.00
F217.C693.0002.71200.SC0162	Fringe Benefit Expense - Dental Insurance		1,050.00
F217.C693.0002.71200.SC0166	Fringe Benefit Expense - Pension - Defined Contribution		4,200.00
F217.C693.0002.71200.SC0167	Fringe Benefit Expense - Workers Compensation		164.00
F217.C693.0002.71200.SC0169	Fringe Benefit Expense - Long-Term Disability		165.00
F217.C693.0002.71200.SC0170	Fringe Benefit Expense - Compensated Absences		1,222.00
F217.C693.0002.71200.SC0733	Fringe Benefit Expense - Medical Insurance		14,660.00
Total		106,215.00	106,215.00

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Adjusting Journal Entries JE # 8

AJE #8 Claims on cash CMH - General Fund

F101.C999.9999.21400.BS0000	Due to Other Funds	3,762,651.00	
F992.C999.9999.10010.BS0000	Pooled Cash - General County	3,762,651.00	
F101.C999.9999.10010.BS0000	Pooled Cash - General County		3,762,651.00
F992.C999.9999.10840.BS0000	Due from Other Funds		<u>3,762,651.00</u>
Total		<u>7,525,302.00</u>	<u>7,525,302.00</u>

Adjusting Journal Entries JE # 9

AJE #1 - To true up investments to market value.

F801.C442.0001.10171.BS0000	Investments - PA 314	1,542.00	
F820.C442.0002.10171.BS0000	Investments - PA 314	1,081,999.00	
F830.C442.0003.10171.BS0000	Investments - PA 314	8,952.00	
F801.C442.0002.66500.RC0199	Interest Revenue		1,542.00
F820.C442.0002.66500.RC0199	Interest		1,081,999.00
F830.C442.0003.66500.RC0199	Interest		<u>8,952.00</u>
Total		<u>1,092,493.00</u>	<u>1,092,493.00</u>

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Passed Journal Entries – General Fund

Passed Journal Entries JE # 12

To reduce ROU and Liability for variable payments improperly included

UHY2	ROU Liability	257,022.00	
UHY1	ROU Asset		<u>257,022.00</u>
Total		<u>257,022.00</u>	<u>257,022.00</u>

Passed Journal Entries JE # 20

To remove prepaids that were also posted as payables.

F101.C999.9999.20100.BS0000	Vouchers Payable {CONTROL ACCOUNT}	752,842.00	
F101.C228.0001.12300.SC0337	Prepaid Expenses-Contractual Services Expense - Equipment Maintenance Agreements		<u>752,842.00</u>
Total		<u>752,842.00</u>	<u>752,842.00</u>

Passed Journal Entries – Community Mental Health

Passed Journal Entries JE # 9

To true up investments to market value.

10-000-0000-11000	Investments	630,528.00	
10-300-0000-44010	Interest revenue		<u>630,528.00</u>
Total		<u>630,528.00</u>	<u>630,528.00</u>

Passed Journal Entries JE # 11

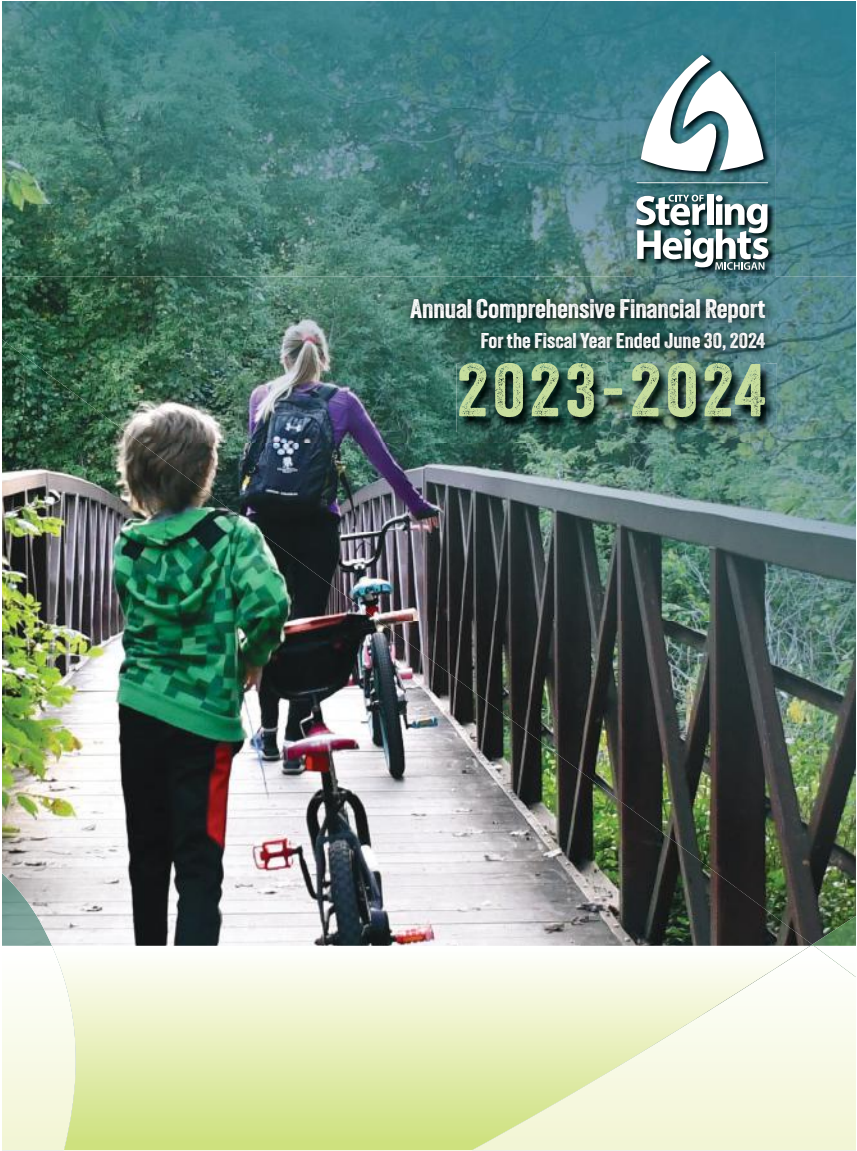
To adjust the TB to match FSR

10-000-0000-12100	Misc Receivables	106,786.00	
10-100-0000-41000	Medicaid		<u>106,786.00</u>
Total		<u>106,786.00</u>	<u>106,786.00</u>

APPENDIX E

CITY OF STERLING HEIGHTS COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024

This Appendix contains the basic financial statements (excluding supplemental financial information) and related notes for the City's fiscal year ended June 30, 2024. The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and, accordingly, has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.



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INTRODUCTORY SECTION

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December 17, 2024

Honorable Mayor, City Council, and Citizens
of the City of Sterling Heights
40555 Utica Road
P.O. Box 8009
Sterling Heights, MI 48311-8009

The Annual Comprehensive Financial Report (ACFR) of the City of Sterling Heights, Michigan (the "City") as of and for the year ended June 30, 2024 is hereby submitted. As required by City Charter and State laws, the basic financial statements as defined in the table of contents were audited by Rehmann Robson LLC, certified public accountants. Their unmodified opinion follows this letter of transmittal. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City Management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the governmental activities, business-type activities, the various funds and component units of the City of Sterling Heights. All disclosures necessary to enable the reader to gain an understanding of City activities have been included.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Sterling Heights' MD&A can be found immediately following the report of the independent auditor.

In addition, during the current year, an audit was performed in accordance with the requirements of the Single Audit Act Amendments of 1996 (P.L. 104-156). The auditor's reports related specifically to the single audit are issued under separate cover.

The Reporting Entity and Services Provided

The City of Sterling Heights has defined its financial reporting entity in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). The City includes all the funds, boards, commissions, and authorities that are controlled by or dependent upon the mayor and City Council. Based upon these criteria, the Corridor Improvement Authority, Economic Development Corporation, Brownfield Redevelopment Authority, and Local Development Finance Authority have been included in this report.

The City provides a full range of municipal services including police and fire protection; refuse services; construction and maintenance of highways, streets and infrastructure; planning and zoning; library services; and recreational and cultural events. Additionally, water and sewer services are provided under an Enterprise Fund, with user charges set by the City Council to ensure adequate coverage of operating expenses.

Governmental Structure and Local Economy

Sterling Heights is a vibrant community with a strong sense of civic pride and determination by its community leaders. Located in the northwest quadrant of Macomb County, at 36.8 square miles, there are 395 miles of roadway in Sterling Heights, of which 354 miles are maintained by the City. City services are provided to 55,316 households and 4,898 commercial and industrial businesses. According to the 2020 census, the official population for the City increased 3.6 percent to 134,346. Sterling Heights remains the fourth largest populated city in Michigan. At the end of the fiscal year, the City had a 4.7 percent unemployment rate as compared to a Macomb County rate of 4.9 percent, a statewide rate of 4.1 percent, and a national average of 4.1 percent.

The City continues to invest in infrastructure and quality of life assets. American Rescue Plan Act funds were used to construct a new 2.5 mile hike/bike trail along the ITC Corridor and the City's first Community Garden was approved and will include an interactive butterfly house. This investment continues to pay dividends for Sterling Heights residents, contributing to a 9% increase in city-wide assessed value in 2024. Sterling Heights continues to rank first in Macomb County in terms of residential and commercial property valuation.

Incorporated July 1, 1968, the City operates under a Council-Manager form of government. Voters elect a mayor and a six-member City Council, who historically have served two-year terms. Due to a voter approved change to the city charter, the mayor and City Council that was elected in November 2021 will serve four-year terms. The City Manager is appointed by the City Council as the chief administrative officer, who is responsible for daily operations and makes recommendations to the City Council.

Long-term Financial Planning

The City has continued to follow its successful long-term financial plan of providing excellent services with a low tax rate and continually monitoring revenue trends. The City continues to add to General Fund reserves annually. Total General Fund reserves equate to \$40.8 million or 32.8% of expenditures as of the current audit. This healthy fund balance will ensure the City has the financial resources to weather the ongoing economic uncertainty.

The Safe Streets millage has also been a critical factor in enabling the City to continue to provide the excellent services expected by residents. The millage provides \$4.1 million in dedicated funding for neighborhood street repairs and \$8.6 million to prevent further reductions in the number of sworn police and firefighters.

Because of the Safe Streets millage, the City is now able to maintain quality core services. However, the City will continue to look for ways to achieve expenditure savings where possible. The City has also adopted prudent and conservative financial policies that will help guide us through the future.

In November 2016 the voters passed the *Re* creating Recreation millage. This millage provides dedicated funds for park improvements and repairs, as well as funds to operate and maintain the new facilities.

Building on the above successes, city leadership initiated Visioning 2040, engaging residents and businesses to frame a clear vision and guiding principles for the future. The Visioning 2040 strategic plan resulted in the proposal of the Pathway to *Play and Preservation* millage, which was passed by the voters in November 2024. This millage will help shape the future of our City by funding important quality of life initiatives such as greenspace preservation, reforestation, sidewalk completion, as well as continued park development and the construction of an indoor pickleball complex.

Although the passage of these millages has allowed the City to maintain core services and invest in road and recreation improvements, the growth of the City's existing tax base remains limited to inflation (up to maximum of 5%) under State law (Proposal A). For the first time in recent history, taxable values have risen the maximum of 5% for two years in a row, although the actual inflation rate was much higher, which has impacted the cost of everything from supplies to contractual services and most significantly, labor. Recently settled contracts include significant increases to wages necessary for the City to remain competitive in attracting and retaining a highly qualified workforce.

Funding for long-term retirement liabilities also remains a significant ongoing expenditure. For the fiscal year 2024/25 budget, contributions to pension and other post-retirement benefit funds total 20 percent of the General Fund operating budget. Investment earnings in the current fiscal year increased the combined funding level of all three plans to 68.9%. The City is committed to fully funding the required contribution for both pension plans and continues to fund over the recommended contribution for the retiree medical plan.

To ensure the City's operating financial position remains strong despite these challenges, the City continues to rely on its five-year financial plan to make financial adjustments, as needed. The plan enables administration to project fund balance given various assumptions based on changes in major revenue and expenditures.

This strategy benefits the City by helping to eliminate the past structural imbalance caused by declining revenues and allows the City to continue to provide excellent services, and maintain adequate reserves and strong bond ratings.

The Year in Review

Many organizational accomplishments were realized over the past year including:

- The Look No Further campaign was launched to highlight the entrepreneurial business climate in the City and the high quality of life offered to residents.
- Sterling Heights is playing its role in addressing climate change by implementing its award-winning Sustainability Plan, which includes increasing the City's below average tree canopy, providing funding for the City's first ever Community Garden, increasing pathways across the city, implementing a City Fleet EV Pilot program, completion of Green House Gas emission assessment to determine how best to reduce GHGs, and implementation of a Universal Curbside Recycling program to eliminate reusable material from the waste stream consuming and contaminating landfills.
- The City is continuing massive investments in infrastructure including water and sewer improvements, along with major road improvements. Over a seven-year period over a half of billion dollars in road improvements have been completed. Major road improvements have included M-59, Mound, and Van Dyke to name just a few. This past year, funding was secured to resurface Moravian and reconstruct Clinton River Road between Hayes and Canal. Engineering for this \$10 million Clinton River Road project will be completed this year.
- The City also launched a major City-wide traffic calming study mainly focused on neighborhood roadways. The City is doing all that it can to slow traffic to ensure roadways are safe for motorists and pedestrians.
- Sterling Heights continues to be ranked as one of the safest cities in the country due in large part to superior Police and Fire services. The City's community-oriented policing practices have helped keep crime rates low. In addition, the City is continuing to implement best in class Emergency Medical Services by becoming the first community in Macomb County to pilot Medical Priority Dispatching. This service will protect short response times for life threatening medical 911 calls through the categorization and prioritization of EMS incidents.
- Having a safe community also requires having model programs to address homelessness, food poverty, drug and alcohol abuse, hoarding, and other mental illnesses. Sterling Heights has been on the cutting edge with award winning programs like our Quick Response Team, Sobriety Court, Drug Free Coalition, Hope Not Handcuffs, and the Safe Homes Task Force.
- The City's expanding social worker positions have proven to be invaluable to these proactive programs. While these efforts are impressive, they are not enough to address the overwhelming need in the community. As such, the City Council approved funding for a comprehensive Community Mental Wellness Strategic Plan. This plan will better identify long-term trends and outline additional resources needed to address the challenges.

- Having a diverse workforce ensures the city can attract and retain top talent. But that alone is not enough in today's highly competitive workforce where labor shortages are proving to be an ongoing challenge. The City's enhanced Internship program has helped increase awareness of local government career opportunities while providing access to rising stars as prospects for employment in Sterling Heights. The City's program included 20 interns across many departmental disciplines last year and we plan to continue this successful program.
- Long term planning has played an important role in the City's commitment to prosperity. The five-year Master Plan underway will ensure that future development is harmonious with surrounding property while addressing changing market conditions, vacancies and blight. Longer range plans like Visioning 2040 will enable the residents to determine the community they would like to see in the future. Visioning 2030, developed ten years ago, has resulted in transformative changes in the City and Visioning 2040 has the potential to continue this unprecedented prosperity for the next ten years and beyond.

Major Initiatives for July 1, 2024 and Thereafter

- ✓ The City will continue to implement the ARPA Action Plan approved by City Council ensuring that all required deadlines are met. Projects included in the fiscal year 2024/25 budget include the Community Garden, the development of the bike/hike trail along the ITC Corridor, and the reconstruction of the Lakeside Island bridge.
- ✓ The City will strive to implement the Fire Department strategic plan including an equipment allocation plan intended to extend the useful life of critical fire vehicles and equipment.
- ✓ The City will continue the comprehensive rewrite of the City's Master Land Use Plan which will include community engagement exercises and reflect current best practices.
- ✓ The City continues to update an on-going five-year financial plan, focusing on investing in the priorities identified through the Visioning 2040 plan while continuing to maintain reserves at the level necessary to successfully weather any future economic downturn.
- ✓ The City will continue to work with the owners and developers of Lakeside Mall to move forward this transformational redevelopment including Planned Unit Development approval, the creation of a Corridor Improvement Authority, and assistance in the application for additional funding through available through transformational brownfield legislation.
- ✓ The City will continue investing in major road construction by continuing to leverage Federal, State, County and local resources. This funding will result in another aggressive construction season in Sterling Heights for fiscal year 2025, including planned resurfacings of 17 and 18 Mile Roads, and the full reconstruction of Clinton River Road. This \$10.5 million project will be financed with federal grant proceeds.

- ✓ Thanks to the 10-year renewal of the Safe Streets millage that was passed in November 2019, the police and fire departments will continue to have the necessary revenue to preserve excellent police and fire services and the City will be able to continue with an aggressive program for improving our neighborhood streets.
- ✓ Due to the recent passage of the Pathway to Play and Preservation Millage, the City will invest in transformational projects beginning in the fiscal year 2025/2026 budget. These projects will include increasing residential tree canopy, open space preservation, sidewalk repair and gap projects, significant improvements at Red Run and Rotary parks, and the construction of an indoor pickleball complex.

Budgeting and Internal Controls

The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. Therefore, the City's accounting system is organized and operated on a "funds basis." Each fund is a distinct, self-balancing accounting entity. The *Fund Organization Chart* included in the Annual Report provides a list of funds used by the City.

An annual budget is adopted in accordance with the legal requirements set forth in the Uniform Budgeting Act, State of Michigan P.A. 621 of 1978. The City's budget is prepared on the modified accrual basis for governmental-type funds, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenue is recorded when it is both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued leave time. The City's governmental fund types, such as the General Fund, special revenue funds, debt service funds, and capital project funds, are reported on the modified accrual basis. The City's enterprise funds, internal service fund, and pension and other retirement benefits trust funds are reported on the full accrual basis, under which revenue is recorded when earned and expenses are recorded when incurred.

Also required under the Uniform Budgeting Act are budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level for the General Fund, special revenue funds, and certain debt service funds. However, budgetary control is maintained by object class (line account) for all funds for internal accounting purposes. The City maintains this control through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved by the use of encumbrances so that appropriations are not overspent. Budget transfers may be made within a budgetary center with approval of the Office of City Management. The City Council approves necessary transfers between budgetary centers or from fund balance periodically. In addition, the Office of City Management monitors department budgets on a monthly basis. Department directors and office managers must justify all variances.

The City relies on a sound system of internal controls over financial reporting and federal program compliance. A system of internal control has been established for the purpose of preventing or detecting errors, misappropriations of assets, and fraudulent financial reporting. The system of internal controls relies on the integrity of the people who work for the City. Since the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatement.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sterling Heights, Michigan for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR), whose contents conform to program standards. As such, the ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Sterling Heights, Michigan has received a Certificate of Achievement for the last 36 consecutive years (fiscal years 1988-2023). We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

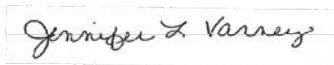
Acknowledgments

The preparation of this Annual Comprehensive Financial Report was made possible by the efficient and dedicated service of the entire staff of the Office of Financial Services. We wish to express our sincere appreciation to each of them and to various employees from other offices for their cooperation and assistance. Appreciation is also expressed to the Mayor and City Council for their consistent support throughout the year in matters pertaining to the financial affairs of the City.

Respectfully submitted,



Mark D. Vanderpool
City Manager



Jennifer L. Varney
Finance and Budget Director

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sterling Heights
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

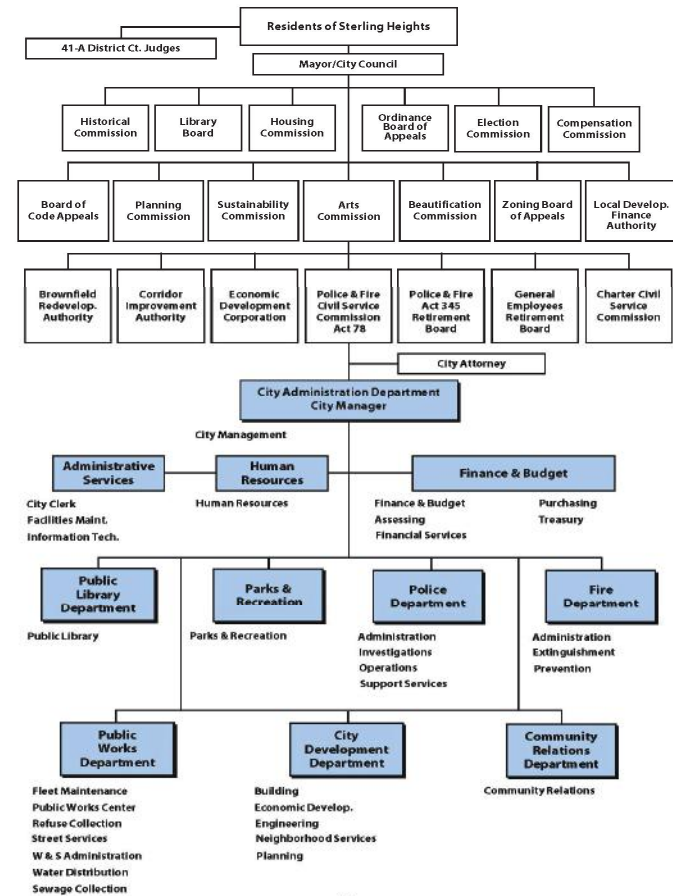
Christopher P. Morill

Executive Director/CEO

CITY OF STERLING HEIGHTS, MICHIGAN

Organization Chart

As of June 30, 2024



CITY OF STERLING HEIGHTS, MICHIGAN

Principal Officials

As of June 30, 2024

City Manager	Mark D. Vanderpool
Assistant City Manager	Jeffery Bahorski
Assistant City Manager	Dale Dwojakowski
Assistant City Planner	Shawn Keenan
Assistant Finance and Budget Director	Nick Makie
Building Official	Frank Bayer
City Assessor	Robin Palazzolo
City Attorney	Marc D. Kaszubski
City Clerk	Melanie D. Ryksa
City Development Director	Jason Castor
City Engineer	Brent S. Bashaw
City Planner/City Development Manager	Jake Parcell
City Treasurer	Jia Hang
Community Relations Director	Melanie D. Davis
Controller	Jason Denton
Facilities Maintenance Manager	Todd Macovis
Finance and Budget Director	Jennifer L. Varney
Fire Chief	Kevin Edmond
Human Resources Director	Kate Baldwin
Information Technology Director	Steve Deon
Parks and Recreation Director	Kyle Langlois
Interim Police Chief	Kenneth Pappas
Public Library Director	Tammy L. Turgeon
Public Works Director	Michael Moore
Purchasing Manager	Erik Skurda

CITY OF STERLING HEIGHTS, MICHIGAN

Fund Organization Chart

Governmental Funds	
General*	Special Revenue
	Major Streets
	Local Streets
	Parks and Recreation
	Indigent Defense
	Public Safety Forfeiture
	Community Development Block Grant
	Opioid Settlement
	Refuse/Recycling
	American Rescue Plan Act*
Debt Service	Capital Projects
Limited Tax General Obligation	General Improvements
General Drain	Facility Improvements
Voted Tax General Obligation	Clinton River Restoration
Road Bond Debt Retirement	Land and Water Conservation
	Road Bond Construction
Proprietary Funds	
Enterprise	Internal Service
Water and Sewer*	Self-insurance
Fiduciary Funds	
General Employees' Retirement System	
Police and Fire Retirement System	
Retiree Medical Benefits	
Tax Collections	
District Court	
Fiduciary Funds	
Corridor Improvement Authority	
Local Development Finance Authority	
Economic Development Authority	
Brownfield Redevelopment Authority	

* Major funds under GASB No. 34

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 17, 2024

Honorable Mayor and Members
of the City Council
City of Sterling Heights, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 **City of Sterling Heights, Michigan** (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

Independent Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, 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 methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, statistical, and continuing disclosure sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 17, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF STERLING HEIGHTS, MICHIGAN

Management's Discussion and Analysis

Our discussion and analysis of the City of Sterling Heights, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. This narrative should be considered in conjunction with the additional information presented in the letter of transmittal and is intended to serve as an introduction to the City's basic financial statements.

Financial Highlights

· Total net position	\$ 268,749,042
· Change in total net position	40,384,631
· Net position, governmental activities	135,139,847
· Change in total net position, governmental activities	38,466,024
· Net position, business-type activities	133,609,195
· Change in total net position, business-type activities	1,918,607
· Fund balances, governmental funds	82,351,642
· Change in fund balances, governmental funds	2,350,501
· Unassigned fund balance, general fund	39,756,411
· Change in fund balance, general fund	5,353,566

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Both the government-wide and major fund perspectives allow the user to address relevant questions, broaden a basis for comparison, and enhance the City's accountability.

Government-wide Financial Statements. The government-wide statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued interest on long-term debt).

The City's government-wide financial statements are divided into three categories:

Governmental Activities. Most of the City's basic services are included here, such as general government, 41A District Court, public safety, public works, and recreation and culture. Property taxes, state-shared revenue, charges for services, and grants provide most of the funding.

Business-type Activities. The City charges fees to customers to cover costs of providing water and sewer services.

Component Units. The City includes four other separate entities in its report: the Corridor Improvement Authority, the Local Development Finance Authority, the Economic Development Corporation, and the Brownfield Redevelopment Authority. Although legally separate, these component units are important because the City is considered financially accountable for them. The Sterling Heights Building Authority is also legally separate; however, it functions as a department of the City and, therefore, has been included as an integral part of the primary government. The Building Authority had no activity in the current fiscal year.

CITY OF STERLING HEIGHTS, MICHIGAN

Management's Discussion and Analysis

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into the following three categories:

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. The City adopts annual appropriated budgets for its General and special revenue funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewage disposal activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the management of its retained risks. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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 City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds include both the pension and other postemployment benefit trust funds and the custodial funds.

Notes to Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees. The combining and individual fund financial statements and schedules are presented immediately following the required supplementary information.

CITY OF STERLING HEIGHTS, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In a condensed format, the table below shows net position as of June 30, 2024 and 2023:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 128,841,892	\$ 126,820,374	\$ 44,586,375	\$ 46,243,255	\$ 173,428,267	\$ 173,063,629
Capital assets, net	388,569,729	372,174,575	207,751,172	204,555,268	596,320,901	576,729,843
Total assets	517,411,621	498,994,949	252,337,547	250,798,523	769,749,168	749,793,472
Deferred outflows of resources	10,452,770	22,391,430	656,841	1,721,534	11,109,611	24,112,964
Long-term liabilities	344,766,812	369,574,886	108,872,987	113,103,393	453,639,799	482,678,279
Other liabilities	33,300,609	34,113,203	9,300,269	6,083,594	42,600,878	40,196,797
Total liabilities	378,067,421	403,688,089	118,173,256	119,186,987	496,240,677	522,875,076
Deferred inflows of resources	14,657,123	21,024,467	1,211,937	1,642,482	15,869,060	22,666,949
Net position:						
Net investment in capital assets	278,232,574	264,368,326	117,064,499	112,001,593	395,297,073	376,369,919
Restricted	28,484,366	10,614,288	12,413,205	13,156,905	40,897,571	23,771,193
Unrestricted (deficit)	(171,577,093)	(178,308,791)	4,131,491	6,532,090	(167,445,602)	(171,776,701)
Total net position	\$ 135,139,847	\$ 96,673,823	\$ 133,609,195	\$ 131,690,588	\$ 268,749,042	\$ 228,364,411

The City as a Whole

The City's overall net position increased by 17.7% from last year, growing from \$228.4 million to \$268.7 million. The increase in net position can be primarily attributed to investments in infrastructure, including roads and water and sewer mains, as well as investments in facilities, vehicles, and equipment. A decrease in the unfunded post-retirement benefit liability also contributed.

A review of the governmental activities, separate from the business-type activities, shows an increase of \$38.5 million in net position during fiscal year 2024. As noted above, this is primarily due to investments in roads, facilities, vehicles, and equipment. A reduction in the net pension and OPEB liabilities due to increased rates of return also contributed to the net position gain. As of June 30, 2024, unrestricted net position for governmental activities, which is the part of total net position available to finance day-to-day operations and future growth, was a deficit of \$171.6 million. This represents a decrease of \$6.7 million compared to June 30, 2023. The negative amount is primarily due to recognition of future pension and OPEB liabilities, which decreased this year due to investment gains. The City is committed to continued funding of these long-term liabilities on a yearly basis.

CITY OF STERLING HEIGHTS, MICHIGAN

Management's Discussion and Analysis

The business-type activities experienced an increase in net position of \$1.9 million, primarily due to investments in water and sewer mains and a reduction in post-retirement liabilities.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	\$ 25,280,073	\$ 18,449,599	\$ 56,129,351	\$ 57,508,595	\$ 81,409,424	\$ 75,958,194
Operating grants	26,224,329	15,877,906	-	-	26,224,329	15,877,906
Capital grants	4,272,552	20,576,994	3,716,754	10,567,931	7,989,306	31,144,925
General revenues:						
Property taxes	87,715,017	81,474,109	-	-	87,715,017	81,474,109
Intergovernmental	15,685,869	16,490,679	-	-	15,685,869	16,490,679
Investment earnings	6,355,569	1,851,094	1,425,139	559,190	7,780,708	2,410,284
Other	4,502,875	4,895,708	92,785	-	4,595,660	4,895,708
Total revenues	170,036,284	159,616,089	61,364,029	68,635,716	231,400,313	228,251,805
Expenses:						
General government	9,880,105	17,901,375	-	-	9,880,105	17,901,375
41A District Court	4,632,788	4,332,387	-	-	4,632,788	4,332,387
Public safety	69,089,402	70,551,306	-	-	69,089,402	70,551,306
Public works	31,434,521	24,441,304	-	-	31,434,521	24,441,304
Recreation and culture	13,375,798	11,876,111	-	-	13,375,798	11,876,111
Interest on long-term liabilities	3,157,646	3,519,661	-	-	3,157,646	3,519,661
Water and sewer	-	-	59,445,422	58,799,172	59,445,422	58,799,172
Total expenses	131,570,260	132,622,144	59,445,422	58,799,172	191,015,682	191,421,316
Change in net position	38,466,024	26,993,945	1,918,607	9,836,544	40,384,631	36,830,489
Net position:						
Beginning of year	96,673,823	69,679,878	131,690,588	121,854,044	228,364,411	191,533,922
End of year	\$ 135,139,847	\$ 96,673,823	\$ 133,609,195	\$ 131,690,588	\$ 268,749,042	\$ 228,364,411

Financial Analysis of Individual Funds

The fund financial statements provide detailed information on the most significant funds. The City's major governmental funds for 2024 include the General Fund and the American Rescue Plan Act Fund. The City's major enterprise fund for 2024 was the Water and Sewer Fund.

CITY OF STERLING HEIGHTS, MICHIGAN

Management's Discussion and Analysis

General Fund

During the current fiscal year the fund balance of the City's General Fund increased by \$5,353,566, or 15.1% to \$40,817,040.

General Fund revenue increased by approximately \$4.3 million (3.4%) compared to the prior year to \$129.8 million. Many factors contributed to the increase, including the following:

- Higher property taxes of \$4.7 million resulting from an overall 7.1% increase in taxable value (5% due to inflation and the remainder due to growth and development). This is offset by \$4.7 million of refuse taxes in the prior year. Refuse tax is now recorded in the Refuse/Recycling Special Revenue Fund.
- Additional grant revenue of \$1.8 million primarily due to the receipt of FEMA COVID grant revenue of \$735,000 and \$1 million toward a total \$3 million grant for the Lakeside development.
- Increased investment income of \$3.1 million due to the higher interest rate environment and the recognition of unrealized investment gains.
- These increases were partially offset by lower building permit revenue and lower ordinance fines.

General Fund expenditures totaled \$107.3 million, which is an increase of \$1.4 million, or 1.3%, compared to the prior year. Many of the factors contributed to the increase, including the following:

- Labor costs increased \$4.6 million primarily due to increases in contractual wages, health insurance, and overtime.
- Additional grant funded expenditure of \$1 million related to the Lakeside redevelopment project.
- These increases were partially offset by \$4.5 million in rubbish removal costs in the prior year, now recorded in the Refuse/Recycling Special Revenue Fund.

American Rescue Plan Act Fund

The American Rescue Plan Act ("ARPA") Fund was created to track the revenue and expenditures related to the funds the City was allocated as part of the American Rescue Plan Act passed by the federal government in 2021. The City has received a total of \$19.8 million, and eligible expenditures must be obligated by calendar year-end 2024 and expended by calendar year-end 2026. The ARPA Action Plan was approved by the City Council in April 2022 and includes a variety of transformational projects, including road reconstruction, multiuse trails, land acquisition, community gardens, and much more. Expenditures of \$3.4 million were incurred during 2024. Expenditures that were made during the fiscal year include the following projects: Plumbrook Road Resurfacing, Enhanced Sidewalk Program, Neighborhood Street Tree Planting, and the Home Improvement Assistance Program. As of June 30, 2024, a total of \$10.1 million of ARPA funds have been obligated and expended. As revenue is recognized when expenditures are incurred, the fund balance of \$999,748 consists of investment income and will be used as additional funding toward approved ARPA projects.

Water and Sewer Fund

Unrestricted net position of the water and sewer system at the end of the year was \$4,131,491, with a total net position of \$133,609,195. Net position increased \$1,918,607. The increase in net position was primarily due to investments in capital assets, partially offset by lower sales revenue due to weather.

CITY OF STERLING HEIGHTS, MICHIGAN

Management's Discussion and Analysis

General Fund Budgetary Highlights

Over the course of the year, City administration and City Council monitor and amend the budget to take into account unanticipated events that occur during the year. The budget was amended twice during fiscal year 2024. Final budgeted expenditures and transfers out were \$3.1 million, or 2.5%, higher than the original budget primarily due to:

- A budgeted grant expenditure of \$3 million toward the Lakeside redevelopment.
- An increase in general liability and health insurance funding of \$2 million due to higher than expected claims.
- A \$4.5 million transfer to the Facilities Improvement Fund toward the future renovation of Fire Station #5.
- Partially offset by the transfer of the \$6.3 million refuse budget to the Refuse/Recycling Special Revenue Fund.

These additional expenditures were primarily funded with revenue received from Tier III personal property tax reimbursements.

Final budgeted revenue was \$3.4 million, or 2.7%, higher than the original budget due additional grant revenue of \$4.2 million, Tier III Personal Property Tax Reimbursements of \$4.5 million, and additional interest revenue of \$1.4 Million. This additional revenue was offset by \$6.3 million of budgeted refuse tax revenue that was moved to the Refuse/Recycling Special Revenue Fund.

At year end, actual General Fund expenditures were 96.5% of the budgeted amount, or \$3.9 million under budget. General Fund revenue was 100.8% of the budget amount, or \$1,045,614 over budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the City had \$596.3 million invested in a wide range of capital assets, including land, buildings, police and fire equipment, computer equipment, infrastructure assets (roads, bridges, sidewalks, and storm drains), and water and sewer lines. Capital assets increased \$20.0 million during the year. The increase is primarily due to major road improvements, including Mound Road, Plumbrook Road, and Metro Parkway.

	Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 47,284,201	\$ 47,131,712	\$ 64,871	\$ 64,871	\$ 47,349,072	\$ 47,196,583
Construction in progress	72,773,026	47,099,616	29,865,732	19,854,499	102,638,758	66,954,115
Works of art	623,047	623,047	-	-	623,047	623,047
Buildings and improvements	80,265,384	82,963,102	220,379	229,495	80,485,763	83,192,597
Land improvements	40,414,302	41,690,443	-	-	40,414,302	41,690,443
Equipment	17,959,172	16,895,069	12,251,512	13,046,843	30,210,684	29,941,912
Furnishings and fixtures	2,238,750	2,359,139	-	-	2,238,750	2,359,139
Infrastructure	127,011,847	133,412,447	165,348,678	171,359,560	292,360,525	304,772,007
Total	\$ 388,569,729	\$ 372,174,575	\$ 207,751,172	\$ 204,555,268	\$ 596,320,901	\$ 576,729,843

Additional information on the City's capital assets can be found in notes to the financial statements.

CITY OF STERLING HEIGHTS, MICHIGAN

Management's Discussion and Analysis

Long-term Debt

In May 2024, as part of a normal annual credit review, S&P affirmed the City's 'AA' credit rating. S&P noted the City's growing tax base, strong reserves, strong financial management, and manageable debt load when affirming the rating. The City's excellent credit rating allows the City to obtain low rates on debt issuances. Debt service for all outstanding direct debt during fiscal year 2024 totaled \$12.5 million. Outstanding bonds payable and related premium totaled \$211.5 million at June 30, 2024.

The City's business-type activities issued bonds in fiscal year 2024 of \$3,165,350. This represented the City's portion of a bond issued by the Oakland Macomb Interceptor Drainage District (OMIDD) for the rehabilitation of the North Interceptor East Arm and Northeast Sewage Pumping Station.

Years Ended	Net Debt Outstanding (Direct and Indirect)	Ratio of Net Debt Outstanding to Total State Equalized Value	Net Debt Outstanding Per Capita
2024	\$ 149,282,567	2.02	\$ 1,111
2023	155,181,884	2.30	1,155
2022	163,534,898	2.25	1,217

Additional information on the City's long-term debt can be found in the notes to the financial statements.

Economic Conditions and Outlook

The following economic factors currently affect the City and were considered in developing the 2024/2025 fiscal year budget:

General Fund

General Fund Revenue

General Fund budgeted revenue is expected to be \$125.7 million for fiscal year 2024/2025. This is an increase of \$6.4 million (5.3%) compared to the fiscal year 2023/2024 budget, excluding refuse revenue that were moved to the Refuse/Recycling special revenue fund in 2023/2024.

Property Taxes

The City's overall property tax assessments are expected to increase by 7.2% due to a 5% inflationary increase and an additional 2.2% increase due to new construction and property turnover leading to the uncapping of assessments. The City's operating tax rate of 9.494 mills is lower than the maximum allowable levy by 0.7864 mills, which allows the capture of additional property tax revenue through growth and investment. However, this gap continues to narrow each year due to consistent Headlee rollbacks and, without legislative change, will disappear, limiting the City's ability to increase revenue. The City's total millage rate will increase slightly to a total of 16.5823 mills. The increase is primarily due to a higher refuse millage resulting from a new contract that includes cart collection and universal curbside recycling.

The City's tax rate remains lower than 46% of all cities in the state and one of the lowest of any city in Macomb County. For 2024, the City's tax rate was 5.05 mills below the average of all cities in the county. For the 2024 tax year, the average homeowner's city tax bill is \$1,631 annually for all city services, about \$136 per month.

The City's non-tax General Fund revenue is expected to remain relatively stable seeing inflationary increases across most sources.

CITY OF STERLING HEIGHTS, MICHIGAN

Management's Discussion and Analysis

General Fund Expenditures

General Fund budgeted expenditures are \$125.6 million for fiscal year 2025. This is an increase of \$5.6 million (4.7%) compared to the fiscal year 2023/2024 budget, excluding refuse expenditures that were moved to the Refuse/Recycling special revenue fund in 2023/2024. The increase is primarily due to increases in contractual wages and benefits and increases to general liability and other insurance.

Contribution to Fund Balance

The City continues to prioritize a healthy General Fund fund balance to protect against future economic downturns. As a result, General Fund reserves now total \$40.8 million, or 32.8% of General Fund expenditures and transfers out. The 2024/2025 amended budget includes a use of \$1.2 million of fund balance primarily for one-time expenditures related to settled labor contracts. By following the City's long-term financial plan, the City has been able to weather the financial storm caused by the pandemic and avoided compromising its superior AA bond rating, which saves hundreds of thousands of dollars in annual interest costs.

Road Funding

The City continued to prioritize road reconstruction in 2024 by investing over \$21 million in major and local road reconstruction. This investment continues in the fiscal year 2024/2025 budget, which includes an additional \$15.3 million of road construction expenditures, including the completion of the transformative total reconstruction of Mound Road. This significant investment in roads was financed through a variety of sources, including state road funding, bond proceeds, and contributions from the General Fund. Thankfully, the Safe Streets millage that was first approved in 2013 was renewed in 2019 for an additional 10 years and generates over \$4.3 million annually for local road reconstruction. Despite these significant investments, much more is needed. Until the State legislature can agree on a permanent solution, the ongoing repair and maintenance of major and local roads will continue to be a challenge.

Water and Sewer Fund

The City of Sterling Heights, Michigan purchases water from the Great Lakes Water Authority (GLWA) and sewer services from Macomb County Public Works. Nearly 75% of the expenditures in the Water and Sewer Fund are directly related to the costs passed on by these two entities.

For fiscal year 2024/2025, the GLWA increased rates by 3.06%, and Macomb County Public Works increased rates by 3%. These cost increases plus a continued decline in usage resulted in a 5.9% increase in water and sewer rates for city customers. Even with this increase, the City continues to offer the lowest average water and sewer rates of our surrounding communities at a cost of \$76 per month for the average household.

Future Actions Needed for 2025 and Beyond

Because the City has successfully approached challenging financial times in a comprehensive, long-term manner, it is able to weather unexpected economic challenges. Much of the City's success in the past decade can be attributed to the successful implementation of the Visioning 2030 plan that was adopted in 2014. In 2024, City leaders, in collaboration with residents, business, and other stakeholders updated and adopted the Visioning 2040 plan in an effort to continue planning for a prosperous and sustainable future. This effort culminated with the passage of the Pathway to Play and Preservation millage in November 2024. This millage focuses on sustainability and placemaking projects, including creating and maintaining pathways and walkways, preserving open space, reforesting the community, and enhancing parks.

Due to the City's cost-cutting efforts, the City is better positioned than many communities. Regularly updating the City's financial forecast allows the City to take corrective action early when necessary. The City has low debt levels, high bond ratings, and excellent services funded by very low property taxes and water and sewer rates. The City's tax rate continues to be one of the lowest of any city in the county and is lower than 46% of cities throughout the state. The City also continues to have one of the lowest residential water and sewer rates of cities in the state with more than 25,000 residents. While we are not able to return to prior staffing levels due to property tax losses, with the Safe Streets millage, we are able to invest in replacing needed capital, make repairs to local neighborhood streets, and continue to provide critical police and fire services that result in the City remaining one of the safest large cities in the country. And through additional voter approved millages such as Recreating Recreation and the recently approved Pathways to Play and Preservation millage, the City is able to continue to invest in placemaking initiative that make Sterling Heights and ideal community to live and work.

CITY OF STERLING HEIGHTS, MICHIGAN

Management's Discussion and Analysis

The City is continuing to experience unprecedented growth and financial success due to thoughtful long-range planning. Our goal is to continue this tradition of excellence over the next fiscal year and beyond by continuing to balance service delivery needs, the need for capital investments, and the need to set aside funds for promised long-term retirement liabilities based on realistic actuarial investment assumptions.

The City Council and city administration will further develop the City's financial strategy and continue fiscal responsibility while maintaining as many core services as possible. In the meantime, the City will keep residents informed and ensure they continue to receive maximum value for their tax dollars.

Requests for Information

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the resources it receives. If you have any questions about this report or need additional information, we invite you to contact the administration offices at city hall.

BASIC FINANCIAL STATEMENTS

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CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Net Position
June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 30,888,947	\$ 750,621	\$ 31,639,568	\$ 4,901,371
Investments	58,327,973	18,614,961	76,942,934	-
Receivables	17,179,209	11,288,417	28,467,626	95,945
Other assets	9,843,241	1,519,171	11,362,412	339,511
Restricted assets, cash and investments	12,602,522	12,413,205	25,015,727	-
Capital assets not being depreciated	120,680,274	29,930,603	150,610,877	1,218,591
Capital assets being depreciated, net	267,889,455	177,820,569	445,710,024	5,367,655
Total assets	517,411,621	252,337,547	769,749,168	11,923,073
Deferred outflows of resources				
Deferred charge on refunding	1,174	190,699	191,873	-
Deferred pension amounts	8,274,820	340,178	8,614,998	-
Deferred other postemployment benefit amounts	2,176,776	125,964	2,302,740	-
Total deferred outflows of resources	10,452,770	656,841	11,109,611	-
Liabilities				
Accounts payable and accrued liabilities	12,659,061	7,627,544	20,286,605	859,000
Cash bonds and deposits	6,656,544	6,219	6,662,763	53,520
Unearned revenue	13,985,004	1,666,506	15,651,510	902,512
Bonds, notes and other long-term liabilities:				
Due within one year	9,012,261	5,936,055	14,948,316	-
Due in more than one year	109,012,830	92,588,528	201,601,358	-
Net pension liability (due in more than one year)	184,154,360	7,883,995	192,038,355	-
Net other postemployment benefit liability (due in more than one year)	42,587,361	2,464,409	45,051,770	-
Total liabilities	378,067,421	118,173,256	496,240,677	1,815,032
Deferred inflows of resources				
Deferred benefit on refunding	-	478,174	478,174	-
Deferred pension amounts	389,434	-	389,434	-
Deferred other postemployment benefit amounts	12,680,131	733,763	13,413,894	-
Deferred lease amounts	1,587,558	-	1,587,558	-
Total deferred inflows of resources	14,657,123	1,211,937	15,869,060	-
Net position				
Net investment in capital assets	278,232,574	117,064,499	395,297,073	6,586,246
Restricted for:				
Roads	14,048,904	-	14,048,904	-
Public safety	9,557,070	-	9,557,070	-
Public works	1,158,474	-	1,158,474	-
Recreation and culture	548,934	-	548,934	-
Capital projects	3,170,984	-	3,170,984	-
County drains	-	12,413,205	12,413,205	-
Unrestricted (deficit)	(171,577,093)	4,131,491	(167,445,602)	3,521,795
Total net position	\$ 135,139,847	\$ 133,609,195	\$ 268,749,042	\$ 10,108,041

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

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 9,880,105	\$ 5,864,894	\$ 11,648,766	\$ 3,682,376	\$ 11,315,931
41A District Court	4,632,788	2,531,270	524,179	-	(1,577,339)
Public safety	69,089,402	6,270,468	1,604,277	115,353	(61,099,304)
Public works	31,434,521	9,260,797	11,619,579	474,823	(10,079,322)
Recreation and culture	13,375,798	1,352,644	827,528	-	(11,195,626)
Interest on long-term liabilities	3,157,646	-	-	-	(3,157,646)
Total governmental activities	131,570,260	25,280,073	26,224,329	4,272,552	(75,793,306)
Business-type activities:					
Water and sewer	59,445,422	56,129,351	-	3,716,754	400,683
Total primary government	\$ 191,015,682	\$ 81,409,424	\$ 26,224,329	\$ 7,989,306	\$ (75,392,623)
Component units					
Corridor Improvement Authority	\$ 43,630	\$ -	\$ -	\$ -	\$ (43,630)
Local Development Finance Authority	1,704,761	-	162,824	-	(1,541,937)
Economic Development Authority	36,859	-	-	-	(36,859)
Brownfield Redevelopment Authority	722,070	-	-	-	(722,070)
Total component units	\$ 2,507,320	\$ -	\$ 162,824	\$ -	\$ (2,344,496)

continued...

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (75,793,306)	\$ 400,683	\$ (75,392,623)	\$ (2,344,496)
General revenues:				
Property taxes	87,715,017	-	87,715,017	2,732,555
Unrestricted state shared revenues	15,685,869	-	15,685,869	-
Unrestricted investment earnings	6,355,569	1,425,139	7,780,708	261,989
Gain on sale of capital assets	-	92,785	92,785	-
Cable franchise fees	1,763,682	-	1,763,682	-
Other revenue	2,739,193	-	2,739,193	296,543
Total general revenues	114,259,330	1,517,924	115,777,254	3,291,087
Change in net position	38,466,024	1,918,607	40,384,631	946,591
Net position, beginning of year	96,673,823	131,690,588	228,364,411	9,161,450
Net position, end of year	<u>\$ 135,139,847</u>	<u>\$ 133,609,195</u>	<u>\$ 268,749,042</u>	<u>\$ 10,108,041</u>

concluded.

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

CITY OF STERLING HEIGHTS, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2024

	General	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,007,800	\$ -	\$ 19,882,261	\$ 28,890,061
Investments	41,865,774	-	16,462,199	58,327,973
Restricted assets, cash and investments	-	10,884,997	1,717,525	12,602,522
Receivables:				
Special assessment	-	-	589,018	589,018
Accounts	1,219,837	-	400	1,220,237
Accrued interest	327,278	5,436	117,386	450,100
Leases	1,748,365	-	-	1,748,365
Due from other governmental units	3,390,559	-	3,705,387	7,095,946
Opioid settlement	-	-	4,900,942	4,900,942
Loans	-	-	1,168,067	1,168,067
Due from other funds	32,454	-	-	32,454
Prepays and other assets	136,453	91,000	5,290,289	5,517,742
Inventories	924,176	-	-	924,176
Total assets	<u>\$ 58,652,696</u>	<u>\$ 10,981,433</u>	<u>\$ 53,833,474</u>	<u>\$ 123,467,603</u>
Liabilities				
Accounts payable	\$ 3,479,980	\$ 378,106	\$ 2,518,926	\$ 6,377,012
Accrued and other liabilities	2,303,439	-	257,916	2,561,355
Due to other governmental units	149,929	-	-	149,929
Due to other funds	-	-	32,454	32,454
Cash bonds and deposits	6,260,667	-	395,877	6,656,544
Unearned revenue	651,412	9,603,579	3,730,013	13,985,004
Total liabilities	<u>12,845,427</u>	<u>9,981,685</u>	<u>6,935,186</u>	<u>29,762,298</u>
Deferred inflows of resources				
Unavailable revenue	3,402,671	-	6,363,434	9,766,105
Deferred lease amounts	1,587,558	-	-	1,587,558
Total deferred inflows of resources	<u>4,990,229</u>	<u>-</u>	<u>6,363,434</u>	<u>11,353,663</u>
Fund balances				
Nonspendable	1,060,629	91,000	5,290,289	6,441,918
Restricted	-	-	20,977,982	20,977,982
Committed	-	-	35,325	35,325
Assigned	-	908,748	14,231,258	15,140,006
Unassigned	39,756,411	-	-	39,756,411
Total fund balances	<u>40,817,040</u>	<u>999,748</u>	<u>40,534,854</u>	<u>82,351,642</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,652,696</u>	<u>\$ 10,981,433</u>	<u>\$ 53,833,474</u>	<u>\$ 123,467,603</u>

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

CITY OF STERLING HEIGHTS, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2024

Fund balances for governmental funds \$ 82,351,642

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 fund statement.
Capital assets not being depreciated 120,680,274
Capital assets being depreciated, net 267,889,455

The focus of governmental funds is on short-term financing. Accordingly, some
assets will not be available to pay for current-period expenditures. Those
assets (such as certain receivables) are offset by deferred outflows in the
governmental funds, and thus are not included in fund balance.
Deferred long-term receivables 9,766,105

Internal service funds are used by management to charge the costs of certain
activities, such as insurance and other centralized costs, to individual funds.
The assets and liabilities of certain internal service funds are included in
governmental activities.
Net position of internal service fund 2,757,193

Certain liabilities, such as bonds payable, are not due and payable
in the current period, and therefore are not reported in the funds.
Accrued interest on bonds (921,215)
Bonds, notes and other long-term liabilities (107,756,000)
Unamortized bond premiums (5,477,196)
Deferred charge on refunding 1,174
Compensated absences (4,791,895)

Certain pension and other postemployment benefit-related amounts, such as the net
pension and other postemployment benefit liabilities and deferred amounts,
are not due and payable in the current period or do not represent current
financial resources, and therefore are not reported in the funds.
Net pension liability (184,154,360)
Deferred outflows related to the net pension liability 8,274,820
Deferred inflows related to the net pension liability (389,434)
Net other postemployment benefit liability (42,587,361)
Deferred outflows related to the net other postemployment benefit liability 2,176,776
Deferred inflows related to the net other postemployment benefit liability (12,680,131)

Net position of governmental activities \$ 135,139,847

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

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds
For the Year Ended June 30, 2024

	General	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 72,487,300	\$ -	\$ 15,227,717	\$ 87,715,017
Special assessments	-	-	162,491	162,491
Intergovernmental:				
Federal sources	1,946,077	3,390,439	1,809,152	7,145,668
State sources	27,004,696	-	18,618,337	45,623,033
Local	792	-	507,658	508,450
Charges for services	15,166,409	-	2,118,215	17,284,624
Fines and forfeitures	2,087,493	-	-	2,087,493
Licenses and permits	3,713,920	-	-	3,713,920
Interest and rentals	5,442,786	551,207	1,743,368	7,737,361
Other revenue	1,983,201	-	755,992	2,739,193
Total revenues	129,832,674	3,941,646	40,942,930	174,717,250
Expenditures				
Current:				
General government	15,730,448	447,011	3,850	16,181,309
41A district court	4,017,565	-	406,984	4,424,549
Public safety	67,619,007	-	413,190	68,032,197
Public works	14,125,784	51,900	10,949,915	25,127,599
General expenditures	2,723,566	-	-	2,723,566
Recreation and culture	2,838,260	-	7,024,631	9,862,891
Debt service:				
Principal payments	-	-	7,045,000	7,045,000
Interest and paying agent fees	-	-	3,967,983	3,967,983
Capital outlay	224,549	2,891,527	31,994,180	35,110,256
Total expenditures	107,279,179	3,390,438	61,805,733	172,475,350
Revenues over (under) expenditures	22,553,495	551,208	(20,862,803)	2,241,900
Other financing sources (uses)				
Proceeds on sale of capital assets	108,601	-	-	108,601
Transfers in	-	-	22,109,960	22,109,960
Transfers out	(17,308,530)	-	(4,801,430)	(22,109,960)
Total other financing sources (uses)	(17,199,929)	-	17,308,530	108,601
Net change in fund balances	5,353,566	551,208	(3,554,273)	2,350,501
Fund balances, beginning of year	35,463,474	448,540	44,089,127	80,001,141
Fund balances, end of year	\$ 40,817,040	\$ 999,748	\$ 40,534,854	\$ 82,351,642

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

CITY OF STERLING HEIGHTS, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds \$ 2,350,501

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital assets purchased/constructed	34,999,289
Depreciation expense	(18,120,635)
Loss on sale of capital assets	(374,899)
Proceeds on sale of capital assets	(108,601)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Net change in deferred long-term receivables	(4,844,334)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on bonds and other long-term liabilities	7,045,000

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 governmental funds.

Change in accrued interest payable, bond premium and deferred charge on refunding on bonds, notes and other long-term liabilities	810,337
Change in employee costs (pension, OPEB and compensated absences)	16,628,607

An internal service fund is used by management to charge the costs of certain services to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Operating loss of the internal service funds	(82,609)
Investment income of the internal service funds	163,368

Change in net position of governmental activities \$ 38,466,024

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

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 78,076,600	\$ 71,816,810	\$ 72,487,300	\$ 670,490
Intergovernmental:				
Federal sources	425,550	1,886,520	1,946,077	59,557
State sources	21,685,730	29,115,650	27,004,696	(2,110,954)
Local	-	-	792	792
Charges for services	14,650,940	14,797,930	15,166,409	368,479
Fines and forfeitures	2,271,500	2,038,500	2,087,493	48,993
Licenses and permits:				
Cable franchise fees	1,944,000	1,800,000	1,763,682	(36,318)
Licenses and permits	2,560,430	2,017,300	1,950,238	(67,062)
Interest and rentals:				
Investment earnings	800,000	2,250,000	3,897,626	1,647,626
Rental income	1,686,640	1,561,840	1,545,160	(16,680)
Other revenue	1,246,550	1,502,510	1,983,201	480,691
Total revenues	125,347,940	128,787,060	129,832,674	1,045,614
Expenditures				
Current:				
General government:				
City administration	323,200	316,900	307,732	(9,168)
Chief executive (manager, supervisor)	4,874,460	4,632,560	4,366,396	(266,164)
Finance/Accounting/Budget department	4,469,410	4,323,210	4,162,361	(160,849)
Purchasing	1,588,870	1,503,100	1,455,193	(47,907)
Building and grounds	2,513,190	2,523,710	2,456,694	(67,016)
Human resources/personnel	947,770	953,070	876,769	(76,301)
Community relations	1,959,330	2,260,700	2,105,303	(155,397)
Total general government	<u>16,676,230</u>	<u>16,513,250</u>	<u>15,730,448</u>	<u>(782,802)</u>
41A district court	<u>3,980,530</u>	<u>3,990,390</u>	<u>4,017,565</u>	<u>27,175</u>
Public safety:				
Police	40,925,950	41,377,260	41,290,354	(86,906)
Fire	25,320,630	26,624,710	26,328,653	(296,057)
Total public safety	<u>66,246,580</u>	<u>68,001,970</u>	<u>67,619,007</u>	<u>(382,963)</u>

continued...

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Public works:				
Public works	\$ 10,189,430	\$ 13,182,820	\$ 10,736,958	\$ (2,445,862)
Refuse collection	6,266,270	-	-	-
City development	3,567,400	3,527,000	3,388,826	(138,174)
Total public works	<u>20,023,100</u>	<u>16,709,820</u>	<u>14,125,784</u>	<u>(2,584,036)</u>
General expenditures	<u>2,576,950</u>	<u>2,896,900</u>	<u>2,723,566</u>	<u>(173,334)</u>
Recreation and culture - Library	<u>2,870,520</u>	<u>2,876,040</u>	<u>2,838,260</u>	<u>(37,780)</u>
Capital outlay	<u>225,350</u>	<u>225,350</u>	<u>224,549</u>	<u>(801)</u>
Total expenditures	<u>112,599,260</u>	<u>111,213,720</u>	<u>107,279,179</u>	<u>(3,934,541)</u>
Revenues over expenditures	<u>12,748,680</u>	<u>17,573,340</u>	<u>22,553,495</u>	<u>4,980,155</u>
Other financing sources (uses)				
Proceeds on sale of capital assets	75,000	100,000	108,601	8,601
Transfers out	<u>(12,808,530)</u>	<u>(17,308,530)</u>	<u>(17,308,530)</u>	<u>-</u>
Total other financing sources (uses)	<u>(12,733,530)</u>	<u>(17,208,530)</u>	<u>(17,199,929)</u>	<u>8,601</u>
Net change in fund balance	<u>15,150</u>	<u>364,810</u>	<u>5,353,566</u>	<u>4,988,756</u>
Fund balance, beginning of year	<u>35,463,474</u>	<u>35,463,474</u>	<u>35,463,474</u>	<u>-</u>
Fund balance, end of year	<u>\$ 35,478,624</u>	<u>\$ 35,828,284</u>	<u>\$ 40,817,040</u>	<u>\$ 4,988,756</u>

concluded

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

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - American Rescue Plan Act
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - federal sources	\$ 584,200	\$ 12,994,020	\$ 3,390,439	\$ (9,603,581)
Interest and rentals	-	380,000	551,207	171,207
Total revenues	<u>584,200</u>	<u>13,374,020</u>	<u>3,941,646</u>	<u>(9,432,374)</u>
Expenditures				
Current:				
General government	530,000	760,290	447,011	(313,279)
Public works	54,200	54,200	51,900	(2,300)
Capital outlay	-	12,592,640	2,891,527	(9,701,113)
Total expenditures	<u>584,200</u>	<u>13,407,130</u>	<u>3,390,438</u>	<u>(10,016,692)</u>
Net change in fund balance	<u>-</u>	<u>(33,110)</u>	<u>551,208</u>	<u>584,318</u>
Fund balance, beginning of year	<u>448,540</u>	<u>448,540</u>	<u>448,540</u>	<u>-</u>
Fund balance, end of year	<u>\$ 448,540</u>	<u>\$ 415,430</u>	<u>\$ 999,748</u>	<u>\$ 584,318</u>

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

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2024

	Business-type Activities	Governmental Activities
	Water and Sewer	Self-Insurance Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 750,621	\$ 1,998,886
Investments	18,614,961	-
Receivables:		
Accounts	11,153,639	-
Accrued interest	134,778	6,534
Prepays and other assets	966,047	3,401,323
Inventories	553,124	-
Total current assets	<u>32,173,170</u>	<u>5,406,743</u>
Noncurrent assets:		
Restricted assets, cash and investments	12,413,205	-
Capital assets not being depreciated	29,930,603	-
Capital assets being depreciated, net	<u>177,820,569</u>	-
Total noncurrent assets	<u>220,164,377</u>	-
Total assets	<u>252,337,547</u>	<u>5,406,743</u>
Deferred outflows of resources		
Deferred charge on refunding	190,699	-
Deferred pension amounts	340,178	-
Deferred other postemployment benefit amounts	<u>125,964</u>	-
Total deferred outflows of resources	<u>656,841</u>	-

continued...

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2024

	Business-type Activities	Governmental Activities
	Water and Sewer	Self-Insurance Internal Service Fund
Liabilities		
Current liabilities:		
Accounts payable	\$ 6,937,225	\$ 82,407
Accrued and other liabilities	690,319	-
Cash bonds and deposits	6,219	-
Unearned revenue	1,666,506	-
Bonds, notes and other long-term liabilities, current portion	5,813,753	-
Compensated absences, current portion	<u>122,302</u>	-
Total current liabilities	<u>15,236,324</u>	<u>82,407</u>
Noncurrent liabilities:		
Provision for claims	-	2,567,143
Bonds, notes and other long-term liabilities, net of current portion	92,460,684	-
Compensated absences, net of current portion	127,844	-
Net pension liability	7,883,995	-
Net other postemployment benefit liability	<u>2,464,409</u>	-
Total noncurrent liabilities	<u>102,936,932</u>	<u>2,567,143</u>
Total liabilities	<u>118,173,256</u>	<u>2,649,550</u>
Deferred inflows of resources		
Deferred benefit on refunding	478,174	-
Deferred other postemployment benefit amounts	<u>733,763</u>	-
Total deferred inflows of resources	<u>1,211,937</u>	-
Net position		
Net investment in capital assets	117,064,499	-
Restricted - County drains	12,413,205	-
Unrestricted	<u>4,131,491</u>	<u>2,757,193</u>
Total net position	<u>\$ 133,609,195</u>	<u>\$ 2,757,193</u>

concluded

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

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Year Ended June 30, 2024

	Business-type Activities	Governmental Activities
	Water and Sewer	Self-Insurance Internal Service Fund
Operating revenues		
Water sales	\$ 21,755,000	\$ -
Sewage disposal charges	33,161,549	-
Service charges	570,414	-
City contributions	-	11,177,238
Other	642,388	689,494
Total operating revenues	56,129,351	11,866,732
Operating expenses		
Salaries and benefits	5,264,289	-
Water purchases	16,267,123	-
Sewage disposal services	21,908,524	-
Materials and supplies	286,186	-
Repairs and maintenance	1,242,504	-
Building and equipment rental	446,248	-
Contractual services	1,183,968	-
Administrative expenses	61,187	823,602
Other services and charges	2,379,300	-
Insurance charges and claims	250,000	11,125,739
Depreciation	7,320,985	-
Total operating expenses	56,610,314	11,949,341
Operating loss	(480,963)	(82,609)
Nonoperating revenues (expenses)		
Investment income	1,425,139	163,368
Interest expense	(2,835,108)	-
Gain on sale of capital assets	92,785	-
Total nonoperating revenues (expenses)	(1,317,184)	163,368
Income (loss) before capital contributions	(1,798,147)	80,759
Capital contributions	3,716,754	-
Change in net position	1,918,607	80,759
Net position, beginning of year	131,690,588	2,676,434
Net position, end of year	\$ 133,609,195	\$ 2,757,193

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

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2024

	Business-type Activities	Governmental Activities
	Water and Sewer	Self-Insurance Internal Service Fund
Cash flows from operating activities		
Receipts from customers	\$ 57,714,321	\$ -
Payments for interfund services and reimbursements	-	11,177,238
Other operating receipts	642,388	689,494
Payments to vendors	(42,484,735)	(14,008,571)
Payments to employees	(5,939,884)	-
Net cash provided by (used in) operating activities	9,932,090	(2,141,839)
Cash flows from capital and related financing activities		
Purchase of capital assets	(10,516,889)	-
Issuance of bonds payable	3,165,350	-
Issuance of premium on other long-term liabilities	47,708	-
Principal paid on bonds payable	(5,491,887)	-
Interest paid on bonds payable	(3,424,513)	-
Capital contributions	3,716,754	-
Proceeds from sale of capital assets	92,785	-
Net cash provided by (used in) capital and related financing activities	(12,410,692)	-
Cash flows from investing activities		
Interest received on investments	1,394,785	216,558
Purchase of investment securities	(1,398,276)	-
Proceeds from sale of investment securities	-	2,900,385
Net cash provided by (used in) investing activities	(3,491)	3,116,943
Net change in cash and investments	(2,482,093)	975,104
Cash and investments balances, beginning of year	3,232,714	1,023,782
Cash and investments balances, end of year	\$ 750,621	\$ 1,998,886

continued...

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Cash Flows

Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities	Governmental Activities
	Water and Sewer	Self-Insurance Internal Service Fund
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (480,963)	\$ (82,609)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	7,320,985	-
Changes in assets and liabilities:		
Receivables	705,428	-
Prepays and other assets	(26,840)	(3,401,323)
Inventories	(75,171)	896,083
Accounts payable	1,642,316	(76,426)
Accrued and other liabilities	(57,557)	-
Cash bonds and deposits	6,219	-
Unearned revenue	1,515,711	-
Provision for claims	-	522,436
Compensated absences	(3,309)	-
Net pension liability	(711,074)	-
Deferred outflows of resources related to the net pension liability	633,086	-
Net other postemployment benefits liability	(600,202)	-
Deferred outflows of resources related to the net other postemployment liability	414,310	-
Deferred inflows of resources related to the net other postemployment liability	(350,849)	-
Net cash provided by (used in) operating activities	\$ 9,932,090	\$ (2,141,839)
		concluded.

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

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
June 30, 2024

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 10,402,376	\$ -
Investments, at fair value:		
Municipal bonds	119,966	-
Government securities	43,319,437	-
Mutual funds	70,435,646	-
Common and preferred stock	324,716,516	-
Corporate bonds	24,824,074	-
Private real estate	44,323,482	-
Hedge funds	9,040,131	-
Receivables	3,294	-
Total assets	527,184,922	-
Liabilities		
Accounts payable	1,359,634	-
Accrued and other liabilities	49,600	-
Provision for claims	1,514,668	-
Total liabilities	2,923,902	-
Net position		
Restricted for:		
Pension benefits	353,855,470	-
Other postemployment benefits	170,405,550	-
Total net position	\$ 524,261,020	\$ -

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

CITY OF STERLING HEIGHTS, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2024

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Additions		
Contributions:		
Employer	\$ 26,989,027	\$ -
Plan members	3,406,841	-
Employee service purchases	289,054	-
Total contributions	<u>30,684,922</u>	<u>-</u>
Investment earnings:		
Net change in fair value of investments	39,375,920	-
Interest	274,985	-
Dividends	13,584,717	-
Total investment income	53,235,622	-
Less: Investment expenses	(3,038,555)	-
Net investment income	<u>50,197,067</u>	<u>-</u>
Taxes collected for other governments	-	149,902,831
Court fees collected for other governments	-	982,481
Total additions	<u>80,881,989</u>	<u>150,885,312</u>
Deductions		
Benefit payments	51,925,906	-
Refund of contributions	1,616,165	-
Administrative expenses	105,675	-
Payments of taxes to other governments	-	149,902,831
Court fees distributed to other governments	-	1,066,483
Total deductions	<u>53,647,746</u>	<u>150,969,314</u>
Change in net position	27,234,243	(84,002)
Net position, beginning of year	<u>497,026,777</u>	<u>84,002</u>
Net position, end of year	<u>\$ 524,261,020</u>	<u>\$ -</u>

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

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2024

	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Authority	Brownfield Redevelopment Authority	Total
Assets					
Cash and cash equivalents	\$ 1,282,119	\$ 2,854,950	\$ 2,239	\$ 762,063	\$ 4,901,371
Receivables	5,494	87,175	10	3,266	95,945
Other assets	339,511	-	-	-	339,511
Capital assets not being depreciated	-	1,218,591	-	-	1,218,591
Capital assets being depreciated, net	-	5,367,655	-	-	5,367,655
Total assets	<u>1,627,124</u>	<u>9,528,371</u>	<u>2,249</u>	<u>765,329</u>	<u>11,923,073</u>
Liabilities					
Accounts payable	22,508	116,922	-	719,570	859,000
Cash bonds and deposits	-	53,520	-	-	53,520
Unearned revenue	-	902,512	-	-	902,512
Total liabilities	<u>22,508</u>	<u>1,072,954</u>	<u>-</u>	<u>719,570</u>	<u>1,815,032</u>
Net position					
Investment in capital assets	-	6,586,246	-	-	6,586,246
Unrestricted	<u>1,604,616</u>	<u>1,869,171</u>	<u>2,249</u>	<u>45,759</u>	<u>3,521,795</u>
Total net position	<u>\$ 1,604,616</u>	<u>\$ 8,455,417</u>	<u>\$ 2,249</u>	<u>\$ 45,759</u>	<u>\$ 10,108,041</u>

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

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Statement of Activities
Discretely Presented Component Units
For the Year Ended June 30, 2024

	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Authority	Brownfield Redevelopment Authority	Total
Expenses					
Corridor Improvement Authority	\$ 43,630	\$ -	\$ -	\$ -	\$ 43,630
Local Development Finance Authority	-	1,704,761	-	-	1,704,761
Economic Development Authority	-	-	36,859	-	36,859
Brownfield Redevelopment Authority	-	-	-	722,070	722,070
Total expenses	43,630	1,704,761	36,859	722,070	2,507,320
Program revenues					
Operating grants and contributions	-	162,824	-	-	162,824
Net expense	(43,630)	(1,541,937)	(36,859)	(722,070)	(2,344,496)
General revenues					
Property taxes	309,460	1,701,026	-	722,069	2,732,555
Unrestricted investment earnings	72,276	151,969	903	36,841	261,989
Other revenue	-	296,543	-	-	296,543
Total general revenues	381,736	2,149,538	903	758,910	3,291,087
Change in net position	338,106	607,601	(35,956)	36,840	946,591
Net position, beginning of year	1,266,510	7,847,816	38,205	8,919	9,161,450
Net position, end of year	\$ 1,604,616	\$ 8,455,417	\$ 2,249	\$ 45,759	\$ 10,108,041

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

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sterling Heights, Michigan (the "City") follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the City:

Reporting Entity

The City is governed by an elected seven-member council. The accompanying basic financial statements have been prepared in accordance with criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement Nos. 61 and 80, for determining the various governmental organizations to be included in the reporting entity. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the City's operations. 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 City, although the City has the ability to impose its will over the entities.

Blended Component Unit

The Sterling Heights Building Authority (the "Building Authority") is governed by a board appointed by the City's governing body. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. The Building Authority had no activity during the current fiscal year.

Discretely Presented Component Units

The component units column in the government-wide financial statements include the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organizations.

Corridor Improvement Authority. The Corridor Improvement Authority (the "CI Authority") was created to encourage revitalization and redevelopment of commercial properties that have been developed along the City's major arterial roadways. The CI Authority's governing body, which consists of seven individuals, is selected by the City Council. In addition, the City Council sets the annual budget for the CI Authority.

Local Development Finance Authority. The Local Development Finance Authority (the "LDF Authority") was created to encourage development, prevent conditions of unemployment, and promote economic growth. The LDF Authority's governing body, which consists of seven individuals, is selected by the City Council. In addition, the City Council sets the annual budget for the LDF Authority.

Economic Development Corporation. The Economic Development Corporation (the "Corporation") was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services to and facilities of such enterprises to the residents of the City. The Corporation's governing body, which consists of five individuals, is selected by the City Council. In addition, the City Council sets the annual budget for the Corporation.

NOTES TO FINANCIAL STATEMENTS

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Brownfield Redevelopment Authority. The Brownfield Redevelopment Authority (the "BR Authority") was created to provide means and methods to encourage revitalization and redevelopment of brownfields, which are abandoned, undeveloped, or underutilized properties not being developed or fully utilized due to environmental contamination. The BR Authority's governing body, which consists of nine individuals, is selected by the City Council. In addition, the City Council sets the annual budget for the BR Authority.

Fiduciary Component Units

General Employees' Retirement System. The General Employees' Retirement System is governed by a five-member board that includes the city treasurer, the city finance director, one member appointed by the City, and two members elected by plan participants. Although the plan is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority of the board and the plan imposes a financial burden on the City.

Police and Fire Retirement System. The Police and Fire Retirement System is governed by a five-member board that includes the city treasurer, two members appointed by the City, and two members elected by plan participants. Although the plan is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority of the board and the plan imposes a financial burden on the City.

Retiree Medical Benefits Plan. The Retiree Medical Benefits Plan is administered by the City. Management of the plan is vested in a three-member investment committee that includes the city treasurer, the city finance director, and the city clerk. Although the plan is legally separate from the City, it is reported as a fiduciary component unit because the City acts as the governing body over the plan and the plan imposes a financial burden on the City.

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are 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 *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements.

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 for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 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 judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following funds as major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

The *American Rescue Plan Act Fund* (a special revenue fund type) accounts for the resources of federal grant revenue whose use is restricted for COVID-19 expenditures or the negative economic impacts of COVID-19.

The City reports the following fund as a major enterprise fund:

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

Additionally, the City reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects that comprise, or are expected to comprise a substantial portion of the fund's total reported inflows.

The *debt service funds* are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

The *capital projects funds* are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new property, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

The *internal service fund* is used to allocate insurance costs to the various funds on a full accrual basis so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

The *Tax Receiving custodial fund* collects taxes on behalf of all the taxing authorities (state, county, school district, and various others) and remits the taxes to each authority.

The *District Court custodial fund* accounts for assets held by the City as an agent for individuals, organizations, and other 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 payments in lieu of taxes and other charges between the City's water and sewer function 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the City's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position are assets that are subject to restrictions beyond the City's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Due To/From Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, to provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of fiscal year-end, balances of interfund accounts receivable or payable have been recorded.

Other Assets

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

Restricted Assets

The Water and Sewer Fund and the General Improvements Capital Project Fund have restricted assets consisting of amounts on deposit at external governments being held for construction, maintenance, or debt service. The Water and Sewer Fund restricted assets are held by Oakland County, Michigan in a construction fund maintained on behalf of the City for improvements to the Oakland-Macomb Interceptor Drainage District. The General Improvements Fund restricted assets are held by Macomb County, Michigan in construction and debt retirement funds maintained on behalf of the City by the Macomb County Department of Public Works for drain construction projects of the City. Additionally, the American Rescue Plan Act Fund has restricted assets that are restricted to be used on allowable grant specific expenditures.

Leases

The City is a lessor for a noncancellable lease of land for the use of cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

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

Capital Assets and Depreciation

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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 asset 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 useful lives:

	Years
Buildings	50
Building Improvements	25
Land improvements	10-30
Equipment	5-20
Furnishings and fixtures	10-15
Infrastructure	20-40
Water and sewer mains	50

Deferred Outflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pension and other postemployment benefit liabilities as well as for the deferred charge on refunding. A deferred refunding charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated Absences (Vacation and Sick Leave)

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

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to its pension and other postemployment benefit liabilities. The governmental funds also report unavailable revenues, which arises only under a modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the City reports a deferred benefit on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Finally, the statements of net position and governmental funds balance sheet report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (the government's highest level of decision-making authority). A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The honorable mayor and members of the City Council may assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unassigned fund balance is the residual classification for the General Fund. In other funds, the unassigned classification should be only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Designated Net Position

The Water and Sewer enterprise fund has \$2,540,000 designated net position included in unrestricted net position that is designated for capital improvements.

Property Tax Revenue

Property taxes are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 of the following year. These taxes are due on September 1, after which time the taxes are considered delinquent, and penalties and interest are assessed. The final collection date is February 28 before taxes are returned delinquent to the county treasurer.

The 2024 taxable valuation of the City totaled \$5,371,572,929, on which taxes levied consisted of 9.4940 mills for operating purposes, 1.1632 mills for refuse collection, 2.4109 mills for police and fire pension, 2.3859 mills for safe streets, and 0.9260 mills for parks and recreation. These amounts are recognized in the respective General Fund and special revenue fund financial statements as tax revenue.

Pension and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, net other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefit plans, and pension and other postemployment benefit expenses, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

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

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

The City adopts its budget by budgetary center for the General Fund and special revenue funds, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to April 1, the city manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) A public hearing is conducted to obtain taxpayer comments.
- 3) Prior to May 10, the budget is legally adopted by the City Council through the adoption of the appropriation ordinance.
- 4) The City Manager is authorized to transfer budgeted amounts within budgetary centers (activity); however, any revisions that alter the total expenditure of any budget center (activity) must be approved by the City Council.

Budgeted amounts of the revenue and expenditures presented for the General Fund and special revenue funds are a summarization of the budgeted amounts as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations that were adopted. Budget appropriations lapse at year end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner. A comparison of the budget with actual revenue and expenditures, including budget variances, for the General Fund and special revenue funds are presented.

Excess of Expenditures Over Appropriations in Budgeted Funds

For the year ended June 30, 2024, expenditures exceeded appropriations at the legal level of budgetary control in the following funds:

	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund:			
41A district court	\$ 3,990,390	\$ 4,017,565	\$ 27,175

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Construction Code Fees

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

Cumulative shortfall at July 1, 2023	<u>\$ (11,021,099)</u>
Current year permit revenue	1,804,458
Less: related expenses	<u>(3,630,418)</u>
Current year shortfall	<u>(1,825,960)</u>
Cumulative shortfall at June 30, 2024	<u>\$ (12,847,059)</u>

3. DEPOSITS AND INVESTMENTS

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

The investment policy adopted by the City Council in accordance with the Public Act 20 of 1948, as amended, authorizes investments in U.S. Treasuries, U.S. agencies and instrumentalities (date-specific maturities only), nonnegotiable certificates of deposit, commercial paper (rated A2/P2 or above), bankers' acceptances, repurchase agreements, overnight deposits, or mutual funds. For overnight deposits, the treasurer may invest overnight or short-term liquid assets to cover cash flow requirements in the following types of pools: investment pools organized under the Surplus Funds Investment Pool Act of 1982, PA 367, 1 MCL 129.111 to MCL 129.118, or investment pools organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to 124.512.

For mutual funds, the treasurer may invest in no-load fixed-income mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, either taxable or tax exempt. This authorization is limited to mutual funds whose intent is to maintain a net asset value of \$1.00 per share.

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

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

The City has designated one bank for the deposit of its cash. Other cash equivalents are held at this and several other institutions. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The City's investments comply with all required laws and regulations.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at net asset value.

At year-end the City's deposits and investments were reported in the basic financial statements in the following categories:

	Primary Government	Component Units	Total
Statement of net position:			
Cash and cash equivalents	\$ 31,639,568	\$ 4,901,371	\$ 36,540,939
Investments	76,942,934	-	76,942,934
Restricted assets	25,015,727	-	25,015,727
Statement of fiduciary net position:			
Cash and cash equivalents	10,402,376	-	10,402,376
Investments	516,779,252	-	516,779,252
	<u>\$ 660,779,857</u>	<u>\$ 4,901,371</u>	<u>\$ 665,681,228</u>

Deposits and investments

Bank deposits (checking and savings accounts, certificates of deposit, money market accounts)	\$ 43,492,337
Investments:	
City investment pool	91,261,022
General Employees' Retirement System	105,768,531
Police and Fire Retirement System	241,507,095
Retiree Medical Benefits	169,503,626
Restricted cash held with Oakland County	12,413,205
Restricted cash held with Macomb County	1,717,525
Cash on hand	17,887
Total	<u>\$ 665,681,228</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits investment maturities for commercial paper to no more than 270 days after date of purchase. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest. The City's weighted average maturity dates for bond mutual funds are disclosed below:

At year end, the City had the following fixed-income investments:

Investment	Fair Value	Weighted Average Maturity (Years)
<i>City investment pool:</i>		
U.S. treasuries	\$ 2,981,790	0.16
U.S. government agencies	65,553,068	1.60
Commercial paper	18,844,715	0.13
Municipal bonds	2,232,314	2.51
Michigan CLASS	1,649,135	N/A
<i>General Employees' Retirement System:</i>		
U.S. treasuries	3,869,568	8.81
U.S. government agencies	4,942,278	6.48
Corporate bonds	6,107,692	4.99
<i>Police and Fire Retirement System:</i>		
U.S. treasuries	9,014,674	10.69
U.S. government agencies	12,211,049	6.70
Corporate bonds	9,645,122	4.78
Municipal bonds	119,966	11.07
<i>Retiree Medical Benefits:</i>		
U.S. treasuries	5,969,371	12.81
U.S. government agencies	7,312,497	6.51
Corporate bonds	9,071,260	5.05

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of June 30, 2024, \$33,601,997 of the City's bank balance of \$34,851,997 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. As of June 30, 2024, the City's investments consisted of equities, mutual funds, government obligations and other assets. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2024, none of the City's investments were exposed to risk since the securities are held in the City's name by the counterparty.

Credit Risk – In compliance with state law, the City's investment policy limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. As of year end, the credit quality ratings of debt securities are as follows:

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Investment	Fair Value	Rating	Rating Organization
<i>City investment pool:</i>			
U.S. treasuries	\$ 2,981,790	AA+	S&P
U.S. government agencies	65,553,068	AA+	S&P
Commercial paper	18,844,715	A1	S&P
Municipal bonds	2,232,314	AA+	S&P
Michigan CLASS	1,649,135	AAA	S&P
<i>General Employees' Retirement System:</i>			
U.S. treasuries	3,869,568	AA+	S&P
U.S. government agencies	4,942,278	AA+	S&P
Corporate bonds	260,706	AAA	S&P
Corporate bonds	388,863	AA+ to AA-	S&P
Corporate bonds	1,416,258	A+ to A-	S&P
Corporate bonds	3,172,620	BBB+ to BBB-	S&P
Corporate bonds	773,722	BB+ to BB-	S&P
Corporate bonds	95,523	B	S&P
<i>Police and Fire Retirement System:</i>			
U.S. treasuries	9,014,674	AA+	S&P
U.S. government agencies	12,211,049	AA+	S&P
Corporate bonds	147,082	AAA	S&P
Corporate bonds	446,577	AAA	Moody's
Corporate bonds	109,280	AA+ to AA-	S&P
Corporate bonds	30,215	Aa1	Moody's
Corporate bonds	40,136	Aa2	Moody's
Corporate bonds	344,166	AA+ to AA-	S&P
Corporate bonds	3,146,173	A+ to A-	S&P
Corporate bonds	4,120,551	BBB+ to BBB-	S&P
Corporate bonds	288,360	BB+ to BB-	S&P
Corporate bonds	329,518	B+ to B-	S&P
Corporate bonds	246,199	CCC to CCC+	S&P
Corporate bonds	35,810	CC	S&P
Corporate bonds	12,451	C	S&P
Corporate bonds	130,860	Caa2	Moody's
Corporate bonds	217,744	Not Rated	N/A
Municipal bonds	25,468	AAA	S&P
Municipal bonds	94,498	AA+ to AA	S&P
<i>Retiree Medical Benefits:</i>			
U.S. treasuries	5,969,371	AA+	S&P
U.S. government agencies	7,312,497	AA+	S&P
Corporate bonds	411,178	AAA	S&P
Corporate bonds	570,500	AA+ to AA-	S&P
Corporate bonds	1,979,509	A+ to A-	S&P
Corporate bonds	4,744,434	BBB+ to BBB-	S&P
Corporate bonds	1,215,532	BB+ TO BB-	S&P
Corporate bonds	150,107	B+	S&P

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy places a 15 percent limit on the amount it may investment in any one issuer. No issuer held greater than 15 percent of investments as of June 30, 2024.

Foreign Currency Risk. Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The pension system restricts the amount of investments in foreign currency-denominated investments to 5 percent of total pension system investments. No investments exceed 5 percent of total pension system investments as of June 30, 2024.

Both pension systems include exposure to the international asset class in order to increase diversification and reduce risk. The investments held by the General Employees' Retirement System and Police and Fire Retirement System are protected from foreign currency risk through the use of American Depository Receipts (ADRs).

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

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

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

The City had the following recurring fair value measurements as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
<i>City investment pool:</i>				
U.S. treasuries	\$ -	\$ 2,981,790	\$ -	\$ 2,981,790
U.S. government agencies	-	65,553,068	-	65,553,068
Commercial paper	-	18,844,715	-	18,844,715
Municipal bonds	-	2,232,314	-	2,232,314
<i>General Employees' Retirement System:</i>				
Equities	67,738,494	-	-	67,738,494
Private real estate	-	8,301,234	-	8,301,234
U.S. treasuries	-	3,869,568	-	3,869,568
U.S. government agencies	-	4,942,278	-	4,942,278
Corporate bonds	-	6,107,692	-	6,107,692
<i>Police and Fire Retirement System:</i>				
Equities	143,782,464	-	-	143,782,464
Private real estate	-	23,136,466	-	23,136,466
U.S. treasuries	-	9,014,674	-	9,014,674
U.S. government agencies	-	12,211,049	-	12,211,049
Corporate bonds	-	9,645,122	-	9,645,122
Municipal bonds	-	119,966	-	119,966
<i>Retiree Medical Benefits:</i>				
Equities	113,195,558	-	-	113,195,558
Private real estate	-	12,885,782	-	12,885,782
U.S. treasuries	-	5,969,371	-	5,969,371
U.S. government agencies	-	7,312,497	-	7,312,497
Corporate bonds	-	9,071,260	-	9,071,260
Total investments at fair value	\$ 324,716,516	\$ 202,198,846	\$ -	526,915,362
Investments measured at NAV				
Michigan CLASS investment pool				1,649,135
Hedge funds				9,040,131
Mutual funds:				
Western Asset Management				21,773,327
Other				48,662,319
Total investments measured at NAV				81,124,912
Total investments				\$ 608,040,274

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Investments that Calculate Net Asset Value per Share. The City holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At June 30, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS investment pool	\$ 1,649,135	\$ -	N/A	None
Hedge funds	9,040,131	-	Quarterly	45-95 days
Mutual funds:				
Western Asset Management	21,773,327	-	N/A	None
Other	48,662,319	-	N/A	None
Total	<u>\$ 81,124,912</u>	<u>\$ -</u>		

The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

The Western Asset Management series mutual funds are open-ended funds whose objective is total return consisting of capital appreciation and income, consistent with prudent investment management. The funds invest primarily in a combination of U.S. dollar-denominated and non-U.S. dollar investment-grade debt obligations of both U.S. and non-U.S. issuers.

The hedge funds include investments in Millennium Fund and SEG Partners. The objective of the Millennium Fund is to achieve above-average appreciation by opportunistically trading and investing in a wide variety of securities, instruments, and other investment opportunities and engaging in a broad array of trading and investing strategies. SEG Partners' investment objective is to achieve maximum total return by primarily investing in equity securities.

Other mutual funds are also held by multiple equity managers as a temporary investment vehicle for cash prior to entrance into the equity market.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

4. RECEIVABLES AND UNAVAILABLE REVENUE

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Special assessments	\$ 589,018	\$ -	\$ -
Accounts	1,220,237	11,153,639	74,829
Accrued interest	456,634	134,778	21,116
Leases	1,748,365	-	-
Due from other government units	7,095,946	-	-
Opioid settlement	4,900,942	-	-
Loans	1,168,067	-	-
	<u>\$ 17,179,209</u>	<u>\$ 11,288,417</u>	<u>\$ 95,945</u>

Of the amounts reported for receivables above the following amounts are not expected to be collected within one year:

	Governmental Activities
Special assessments	\$ 439,942
Leases	1,526,490
Opioid settlement	4,383,729
Loans	<u>1,168,067</u>
	<u>\$ 7,518,228</u>

The City utilizes Community Development Block Grant funds to provide housing rehabilitation loans to eligible applicants. Such loans are made to low- and moderate-income persons to improve or rehabilitate residences. The City accounts for this program in the Community Development Block Grant special revenue fund. Loans receivable of \$1,168,067 at June 30, 2024 have been reflected in the accompanying fund financial statements as rehabilitation loans receivable, with an offsetting unearned revenue for the recording of related grant funding.

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

At the end of the current fiscal year, the various components of deferred inflows of resources for unavailable revenue are as follows:

	Governmental Funds
State-shared revenue - Unavailable	\$ 2,692,945
Special assessments - Unavailable	439,942
Opioid settlement - Unavailable	4,900,942
Other revenue - Unavailable	1,732,276
	<u>\$ 9,766,105</u>

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2024, was as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 32,454	\$ -
Nonmajor governmental funds	-	32,454
	<u>\$ 32,454</u>	<u>\$ 32,454</u>

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. All interfund balances are expected to be collected within one year.

Interfund transfers between the funds within the primary government were as follows:

	Transfers In Nonmajor Governmental Funds
Transfers Out	
General fund	\$ 17,308,530
Nonmajor governmental funds	4,801,430
	<u>\$ 22,109,960</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

During the year, the transfers from the General Fund to the nonmajor governmental funds represent unrestricted resources for operations and capital projects, restricted resources for debt service payments, and repair and replacement of roads. The transfers between the nonmajor governmental funds represent restricted resources for debt service payments.

6. CAPITAL ASSETS

Primary Government

Capital asset activity of the City's primary government was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 47,131,712	\$ 152,489	\$ -	\$ -	\$ 47,284,201
Construction in progress	47,099,616	29,062,445	(365,359)	(3,023,676)	72,773,026
Works of art	623,047	-	-	-	623,047
	<u>94,854,375</u>	<u>29,214,934</u>	<u>(365,359)</u>	<u>(3,023,676)</u>	<u>120,680,274</u>
Capital assets, being depreciated:					
Buildings and improvements	111,402,600	826,941	-	214,696	112,444,237
Land improvements	52,828,829	433,134	-	36,176	53,298,139
Equipment	48,700,767	4,319,712	(2,102,911)	682,449	51,600,017
Furnishings and fixtures	3,589,792	75,076	(10,207)	-	3,654,661
Infrastructure	358,891,205	129,492	-	2,090,355	361,111,052
	<u>575,413,193</u>	<u>5,784,355</u>	<u>(2,113,118)</u>	<u>3,023,676</u>	<u>582,108,106</u>
Less accumulated depreciation for:					
Buildings and improvements	(28,439,498)	(3,739,355)	-	-	(32,178,853)
Land improvements	(11,138,386)	(1,745,451)	-	-	(12,883,837)
Equipment	(31,805,698)	(3,820,006)	1,984,859	-	(33,640,845)
Furnishings and fixtures	(1,230,653)	(195,376)	10,118	-	(1,415,911)
Infrastructure	(225,478,758)	(8,620,447)	-	-	(234,099,205)
	<u>(298,092,993)</u>	<u>(18,120,635)</u>	<u>1,994,977</u>	<u>-</u>	<u>(314,218,651)</u>
Total capital assets being depreciated, net	<u>277,320,200</u>	<u>(12,336,280)</u>	<u>(118,141)</u>	<u>3,023,676</u>	<u>267,889,455</u>
Governmental activities capital assets, net	<u>\$ 372,174,575</u>	<u>\$ 16,878,654</u>	<u>\$ (483,500)</u>	<u>\$ -</u>	<u>\$ 388,569,729</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 64,871	\$ -	\$ -	\$ -	\$ 64,871
Construction in progress	19,854,499	10,110,424	-	(99,191)	29,865,732
	19,919,370	10,110,424	-	(99,191)	29,930,603
Capital assets, being depreciated:					
Buildings and improvements	362,373	-	-	-	362,373
Equipment	19,096,975	381,805	(217,151)	99,191	19,360,820
Water and sewer lines	342,653,636	24,660	-	-	342,678,296
	362,112,984	406,465	(217,151)	99,191	362,401,489
Less accumulated depreciation for:					
Buildings and improvements	(132,878)	(9,116)	-	-	(141,994)
Equipment	(6,050,132)	(1,276,327)	217,151	-	(7,109,308)
Water and sewer lines	(171,294,076)	(6,035,542)	-	-	(177,329,618)
	(177,477,086)	(7,320,985)	217,151	-	(184,580,920)
Total capital assets being depreciated, net	184,635,898	(6,914,520)	-	99,191	177,820,569
Business-type activities					
capital assets, net	\$ 204,555,268	\$ 3,195,904	\$ -	\$ -	\$ 207,751,172

Construction in progress includes \$21,692,986 of drain improvements constructed by the Oakland-Macomb Interceptor Drainage District (OMID), which represents the City's in-progress portion of total OMID improvements in the amount of \$352,677,690. These improvements will be completed by OMID using state revolving loan funds; state stormwater, asset management, and wastewater loan (SAW); and bonded debt.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Capital asset activity for the City's Local Development Finance Authority for the year ended June 30, 2024 was as follows:

Discretely presented component unit - Local Development Finance Authority

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component Unit - LDFA					
Capital assets, not being depreciated:					
Land	\$ 1,209,203	\$ -	\$ -	\$ -	\$ 1,209,203
Construction in progress	807,564	6,388	(33,054)	(774,510)	6,388
Works of art	3,000	-	-	-	3,000
	2,019,767	6,388	(33,054)	(774,510)	1,218,591
Capital assets, being depreciated:					
Buildings and improvements	4,964,434	81,980	-	384,460	5,430,874
Roads	-	437,600	-	386,375	823,975
Equipment	439,961	-	-	3,675	443,636
	5,404,395	519,580	-	774,510	6,698,485
Less accumulated depreciation for:					
Buildings and improvements	(981,912)	(179,910)	-	-	(1,161,822)
Roads	-	(10,300)	-	-	(10,300)
Equipment	(108,012)	(50,696)	-	-	(158,708)
	(1,089,924)	(240,906)	-	-	(1,330,830)
Total capital assets being depreciated, net	4,314,471	278,674	-	774,510	5,367,655
Component unit - LDFA					
capital assets, net	\$ 6,334,238	\$ 285,062	\$ (33,054)	\$ -	\$ 6,586,246

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Depreciation expense was charged to functions/programs as follows:

Depreciation of governmental activities	
General government	\$ 415,953
41A District Court	246,526
Public safety	3,425,593
Public works	10,797,264
Recreation and culture	<u>3,235,299</u>
Total depreciation expense - governmental activities	<u>\$ 18,120,635</u>
Depreciation of business-type activities	
Water and sewer	<u>\$ 7,320,985</u>
Depreciation of component unit activities	
Local Development Finance Authority	<u>\$ 240,906</u>

Construction Commitments

The City has active construction projects at year end. The projects are related to road repair, replacement and construction programs, and other capital improvements. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Governmental activities	\$ 59,801,752	\$ 12,067,967
Business-type activities	<u>8,539,906</u>	<u>1,298,549</u>
Total construction and other contracts	<u>\$ 68,341,658</u>	<u>\$ 13,366,516</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

7. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bonds, noted and other long-term liabilities debt at June 30, 2024, is comprised of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable	\$ 114,801,000	\$ -	\$ (7,045,000)	\$ 107,756,000	\$ 7,305,000
Unamortized premium	6,217,134	-	(739,938)	5,477,196	794,174
Compensated absences	<u>4,942,593</u>	<u>869,214</u>	<u>(1,019,912)</u>	<u>4,791,895</u>	<u>913,087</u>
Total governmental activities	<u>\$ 125,960,727</u>	<u>\$ 869,214</u>	<u>\$ (8,804,850)</u>	<u>\$ 118,025,091</u>	<u>\$ 9,012,261</u>
Business-type Activities					
Direct borrowings and direct placements	\$ 93,706,447	\$ 3,165,350	\$ (5,491,887)	\$ 91,379,910	\$ 5,284,365
Unamortized premium	7,373,817	47,708	(526,998)	6,894,527	529,388
Compensated absences	<u>253,455</u>	<u>95,871</u>	<u>(99,180)</u>	<u>250,146</u>	<u>122,302</u>
Total business-type activities	<u>\$ 101,333,719</u>	<u>\$ 3,308,929</u>	<u>\$ (6,118,065)</u>	<u>\$ 98,524,583</u>	<u>\$ 5,936,055</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Governmental activities - bonds payable

2008 Special Assessment Limited Tax Bonds; \$3,260,000 at issuance; payable in annual installments of \$100,000 to \$200,000; interest payable semi-annually at 3.50 to 4.50% through July 2028	\$ 1,000,000
2016 Michigan Transportation Fund Bonds; \$9,630,000 at issuance; payable in annual installments of \$520,000 to \$785,000; interest payable semi-annually at 2.00 to 3.00% through April 2031	5,025,000
2017 Capital Improvement Bonds; \$42,135,000 at issuance; payable in annual installments of \$1,590,000 to \$2,905,000; interest payable semi-annually at 3.00 to 5.00% through April 2037	31,090,000
2017 Michigan Transportation Fund Bonds; \$2,075,000 at issuance; payable in annual installments of \$110,000 to \$175,000; interest payable semi-annually at 2.00 to 3.00% through April 2032	1,235,000
2018 Capital Improvement Bonds; \$19,390,000 at issuance; payable in annual installments of \$715,000 to \$1,330,000; interest payable semi-annually at 3.00 to 5.00% through April 2038	15,125,000
2018 Michigan Transportation Fund Bonds; \$8,200,000 at issuance; payable in annual installments of \$470,000 to \$655,000; interest payable semi-annually at 2.625 to 5.00% through April 2033	5,255,000
2019 Capital Improvement Bonds; \$22,840,000 at issuance; payable in annual installments of \$775,000 to \$1,530,000; interest payable semi-annually at 3.00 to 5.00% through April 2039	18,670,000
2020 Michigan Transportation Refunding Bonds; \$973,000 at issuance; payable in annual installments of \$163,000 to \$209,000; interest payable semi-annually at 1.08% through October 2025	396,000
2021 Michigan Transportation Fund Bonds; \$18,000,000 at issuance; payable in annual installments of \$1,040,000 to \$1,375,000; interest payable semi-annually at 2.00% through April 2036	14,815,000
2022 Michigan Transportation Fund Bonds; \$16,850,000 at issuance; payable in annual installments of \$825,000 to \$1,470,000; interest payable semi-annually at 3.375 to 5.000% through April 2037	15,145,000
Total governmental activities	\$ 107,756,000

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Business-type activities - direct bonds and direct placements

State Revolving Fund Loans (Michigan Municipal Finance Authority)

Special assessment Roll No. 1 Series 2010A (Segment 1 - ARRA funding); \$4,299,957 at issuance; payable in annual installments of \$167,539 to \$269,613; interest payable semi-annually at 2.50% through April 2031	\$ 1,754,546
Special assessment Roll No. 1 Series 2011A (Segment 2); \$5,168,777 at issuance; payable in annual installments of \$202,457 to \$322,922; interest payable semi-annually at 2.50% through October 2033	2,901,238
Special assessment Roll No. 1 Series 2013A (Segment 3); \$11,278,994 at issuance; payable in annual installments of \$502,135 to \$676,151; interest payable semi-annually at 2.0% through October 2034	6,751,119
Special assessment Roll No. 1 Series 2015A (MIDD Project #5624-01); \$1,151,536 at issuance; payable in annual installments of \$45,435 to \$72,059; interest payable semi-annually at 2.5% through October 2034	558,513
2015 Oakland-Macomb Interceptor Drainage District SAW Loan; \$3,298,735 at issuance; payable in annual installments of \$128,219 to \$207,871; interest payable semi-annually at 2.5% through April 2036	2,171,963
County drain contract obligations	
2010 North Gratiot Interceptor Drainage District; \$252,751 at issuance, payable in annual installments of \$4,842 to \$14,526; interest payable semi-annually at 4.35 to 6.35% through April 2035	135,576
2014A Sewer Lining Repairs; \$1,649,117 at issuance, payable in annual installments of \$63,822 to \$108,270; interest payable semi-annually at 2.00 to 3.125% through October 2034	1,018,874
2015 North Gratiot Interceptor Drainage District Refunding Bonds; \$2,067,205 at issuance, payable in annual installments of \$85,170 to \$136,881; interest payable semi-annually at 3.75 to 5.00% through May 2033	1,188,125
2017A MID Drainage District; \$19,085,935 at issuance, payable in annual installments of \$353,972 to \$1,261,919; interest payable semi-annually at 3.00 to 5.00% through May 2042	15,825,579
2017A MID Drainage District Refunding; \$18,532,248 at issuance, payable in annual installments of \$783,998 to \$1,492,530; interest payable semi-annually at 3.00 to 5.00% through May 2035	13,066,625

continued...

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

2019 OMID Drainage District Refunding; \$743,703 at issuance, payable in annual installments of \$45,348 to \$82,451; interest payable semi-annually at 1.85% through April 2030	\$ 451,005
2019 OMID Drainage District Bonds; \$2,502,606 at issuance, payable in annual installments of \$230,788 to \$1,060,181; interest payable semi-annually at 1.55% through October 2025	480,808
2020 MID Drainage District Refunding (Clinton Pump Station); \$4,942,287 at issuance, payable in annual installments of \$336,206 to \$600,375; interest payable semi-annually at 5.00% through May 2031	3,482,175
2020A Oakland-Macomb Interceptor Drainage District; \$15,432,144 at issuance, payable in annual installments of \$262,979 to \$1,082,934; interest payable semi-annually at 2.00 to 5.00% through July 2040	13,985,087
2020B Oakland-Macomb Interceptor Drainage District; \$3,165,350 at issuance, payable in annual installments of \$96,673 to \$232,015; interest payable semi-annually at 4.00% through July 2043	3,068,677
2021 Capital Improvement Bonds; \$15,000,000 at issuance, payable in annual installments of \$615,000 to \$900,000; interest payable semi-annually at 2.00 to 2.125% through April 2041	13,115,000
2022 Capital Improvement Bonds; \$12,270,000 at issuance, payable in annual installments of \$400,000 to \$875,000; interest payable semi-annually at 3.75 to 5.00% through April 2042	<u>11,425,000</u>
Total business-type activities	<u>\$ 91,379,910</u>
	concluded

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Bonds Payable		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ 7,305,000	\$ 3,679,532	\$ 5,284,365	\$ 3,298,666
2026	7,586,000	3,379,043	5,709,520	3,099,781
2027	7,690,000	3,066,585	5,664,961	2,882,806
2028	8,000,000	2,751,073	5,903,403	2,659,060
2029	8,295,000	2,459,136	6,135,172	2,424,729
2030-2034	41,150,000	8,130,097	31,203,647	8,451,028
2035-2039	27,730,000	2,065,982	21,612,873	3,734,792
2040-2044	-	-	9,865,969	729,861
	<u>\$ 107,756,000</u>	<u>\$ 25,531,448</u>	<u>\$ 91,379,910</u>	<u>\$ 27,280,723</u>

During 2016, the Macomb Interceptor Drain Drainage District (MIDD Project #5624-01) was approved for \$3,675,000 of loans through the Michigan State Revolving Fund ("SRF") Loan Program, of which approximately \$1,151,500 was anticipated as the City's share. On this loan, \$917,293 of the City's share has been drawn to date, and no further draws are anticipated. The City's share of SRF funds drawn and payable at June 30, 2024 is \$558,513.

During 2020, the Macomb Interceptor Drain Drainage District (Project #5659-03) was approved for \$26,000,000 of loans through the SRF, of which \$8,036,105 was anticipated as the City's share. One disbursement, City's share of \$774,555, has been completed, since that disbursement the City has made principal and interest payments have been made to cover this disbursement. The City currently has no outstanding amount due on this loan, but has available \$7,261,550 to be able to draw.

General Obligation Bonds and Contracts. The City issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements are also general obligations of the City.

Special Assessment Bonds. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the City) are received.

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

8. LEASES

Lessor - The City is involved in seven agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2024 was \$186,338.

Asset Type	Remaining Term of Agreements
Land for cell towers	2-27 years

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees.

The City participates in the Michigan Municipal Risk Management Authority (the "Authority") risk pool program for claims relating to liability, auto, and property loss. The program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

The City is self-funded for medical benefits and workers' compensation up to a retention amount at which the City's reinsurance coverage begins.

Property and Liability

Prior to participating in the Authority, the City purchased reinsurance through an international insurance brokerage firm.

The City estimates, based on past experience, that \$1,022,240 will be paid for all claims reported to date and \$291,984 will be paid for claims incurred but not reported. The estimated liability for reported and incurred but not reported claims has been recorded in the self-insurance internal service fund. Changes in the estimated liability for the past two fiscal years are shown in the table below.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Medical Claims and Short-term Disability

As of April 1, 1989, the City became self-insured for Blue Cross/Blue Shield-equivalent health care coverage. Under the program, the City was liable for claims up to a retention amount of \$250,000 per active and retired employee (including dependents) for the contract year ended June 30, 2024. At January 1, 1990, the City became self-insured for short-term disability.

It is estimated, based on past experience, that \$22,715 will be paid for all claims reported to date and \$976,102 will be paid for claims incurred but not reported. This amount and all other transactions with respect to active employee medical and short-term disability claims are reflected in the self-insurance internal service fund. Retired employee medical claims are reflected in the Retiree Medical Benefits Trust. Changes in the estimated liability for the past two fiscal years are shown in the table below.

Workers' Compensation

On July 1, 1992, the City became self-insured for workers' compensation claims. Under the program, the City was liable for the first \$400,000 of any occurrence for the contract year ended June 30, 2024. The City has purchased excess insurance to cover claims greater than \$400,000. At June 30, 2024, it was estimated, based on past experience, that \$254,102 will be paid in total for both claims reported to date and claims incurred but not reported. This estimated liability for claims reported to date has been recorded in the self-insurance internal service fund. Changes in the estimated liability for the past two fiscal years are shown in the table below.

Changes in the reported liability for the past two fiscal years are as follows:

	Property and Liability	Workers' Compensation	Health	Retiree Medical Benefit Trust	Total
Estimated liability, June 30, 2022	\$ 1,127,603	\$ 131,195	\$ 770,005	\$ 630,964	\$ 2,659,767
Estimated claims incurred	744,704	280,274	7,327,590	9,464,232	17,816,800
Claim payments	(881,592)	(266,598)	(7,188,474)	(9,126,903)	(17,463,567)
Estimated liability, June 30, 2023	990,715	144,871	909,121	968,293	3,013,000
Estimated claims incurred	1,141,263	320,870	7,388,821	11,117,813	19,968,767
Claim payments	(817,754)	(211,639)	(7,299,125)	(10,571,438)	(18,899,956)
Estimated liability, June 30, 2024	\$ 1,314,224	\$ 254,102	\$ 998,817	\$ 1,514,668	\$ 4,081,811

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

10. FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

The following are financial statements for the individual pension plans and postemployment health care plan:

	Plan Net Position			
	General Employees' Retirement System	Police and Fire Retirement System	Retiree Medical Benefits	Total
Assets				
Cash and cash equivalents	\$ 1,965,905	\$ 5,742,494	\$ 2,693,977	\$ 10,402,376
Investments:				
Municipal bonds	-	119,966	-	119,966
Government securities	8,811,846	21,225,723	13,281,868	43,319,437
Mutual funds	12,800,347	39,227,957	18,407,342	70,435,646
Common and preferred stock	67,738,494	143,782,464	113,195,558	324,716,516
Corporate bonds	6,107,692	9,645,122	9,071,260	24,824,074
Private real estate	8,301,234	23,136,466	12,885,782	44,323,482
Hedge funds	2,008,918	4,369,397	2,661,816	9,040,131
Receivables	-	-	3,294	3,294
Total assets	107,734,436	247,249,589	172,200,897	527,184,922
Liabilities				
Accounts payable	131,963	996,592	231,079	1,359,634
Accrued and other liabilities	-	-	49,600	49,600
Provisions for claims	-	-	1,514,668	1,514,668
Total liabilities	131,963	996,592	1,795,347	2,923,902
Net position				
Restricted for:				
Pension benefits	107,602,473	246,252,997	-	353,855,470
Other postemployment benefits	-	-	170,405,550	170,405,550
Total net position	\$ 107,602,473	\$ 246,252,997	\$ 170,405,550	\$ 524,261,020

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

	Changes in Plan Net Position			
	General Employees' Retirement System	Police and Fire Retirement System	Retiree Medical Benefits	Total
Additions				
Contributions:				
Employer	\$ 4,570,650	\$ 13,917,727	\$ 8,500,650	\$ 26,989,027
Plan members	393,715	2,707,465	305,661	3,406,841
Employee service purchases	-	289,054	-	289,054
Total contributions	4,964,365	16,914,246	8,806,311	30,684,922
Investment earnings:				
Net change in fair value of investments	7,197,725	17,658,210	14,519,985	39,375,920
Interest	48,075	168,856	58,054	274,985
Dividends	3,074,103	5,958,989	4,551,625	13,584,717
Total investment income	10,319,903	23,786,055	19,129,664	53,235,622
Less: investment expense	(591,875)	(1,517,705)	(928,975)	(3,038,555)
Net investment income	9,728,028	22,268,350	18,200,689	50,197,067
Total additions	14,692,393	39,182,596	27,007,000	80,881,989
Deductions				
Benefit payments	11,541,210	27,380,880	13,003,816	51,925,906
Refund of contributions	93,474	1,522,691	-	1,616,165
Administrative expenses	-	105,675	-	105,675
Total deductions	11,634,684	29,009,246	13,003,816	53,647,746
Change in net position	3,057,709	10,173,350	14,003,184	27,234,243
Net position, beginning of year	104,544,764	236,079,647	156,402,366	497,026,777
Net position, end of year	\$ 107,602,473	\$ 246,252,997	\$ 170,405,550	\$ 524,261,020

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

11. PENSION PLANS

Plan Description

The City of Sterling Heights, Michigan provides retirement benefits to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the General Employees' Retirement System ("GERS"), a single-employer plan administered by the General Employees' Pension Board, and Police and Fire Retirement System ("PFRS"), a single-employer plan administered by the Police and Fire Pension Board.

General Employees' Retirement System

GERS provides pensions for certain active permanent full-time general employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The plan is closed to new members.

Management of GERS is vested in the pension board, which consists of five members: two elected by plan members, one appointed by the City, the city treasurer, and the city finance director, who serves as an ex officio member.

Police and Fire Retirement System

PFRS provides pensions for all permanent full-time public safety employees of the City. Benefit terms under Act 345 have been established by contractual agreements between the City and the various employee union representation, and amendments are subject to the same process.

Management of PFRS is vested in the pension board, which consists of five members: two elected by plan members, two appointed by the City, and the city treasurer, who serves as an ex officio member.

Benefits Provided. The GERS and the PFRS provide retirement, disability, and death benefits. Benefit terms are established by contractual agreements between the City and the various employee union representations and may be amended by the same process.

General Employees' Retirement System

Retirement benefits for general plan members are calculated in a range of 2.0 to 2.3 percent of the member's final best three of the last 10 years' average salary times the member's years of service. Under the point system (age plus years of service), members are eligible under 70, 75, or 80 points. Some members with 10 years of service are eligible to retire at age 60. Members may retire at any age after 30 years of service or at age 55 with 25 years of service.

CITY OF STERLING HEIGHTS, MICHIGAN

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All plan members are eligible for nonduty disability benefits after 10 years (5 for court ordinance and court clerical AFSCME employees) of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Workers' compensation claims offset benefits. Duty death before benefit eligibility for normal retirement provides 75.0 percent of the member's regular retirement benefit to the spouse with service credited from the date of death to age 60. Nonduty death provides the same benefit as regular retirement but is actuarially reduced in accordance with a 100.0 percent joint and survivor election. A member who leaves city service may withdraw his or her employee required contributions, plus any accumulated interest. General plan members are not eligible for annual cost of living increases subsequent to their retirement.

Police and Fire Retirement System

Retirement benefits for police and fire plan members are calculated in a range of 2.5 to 2.8 percent of the member's final best three of the last 10 years' average salary times the member's first 25 years of service plus 1.0 percent of average salary times the years of service exceeding 25. The maximum benefit is 75.0 percent of annual final compensation for police members and 70 points for fire members. Eligibility for normal retirement is 25 years of service, regardless of age.

All plan members are eligible for nonduty disability benefits after 5 years of service and for duty-related disability benefits upon hire. Duty disability retirement benefits are computed as regular retirement but with additional service credited from date of disability to age 55 or when they would have completed 25 years of service, whichever comes first. Workers' compensation claims offset benefits with the exception of lump-sum settlements. Nonduty disability prior to age 55 is 1.5 percent of annual final compensation times years of service until attaining age 55. Duty death before benefit eligibility for normal retirement provides a pension that is the greater of the amount paid by workers' compensation or the member's regular retirement benefit actuarially reduced with a 100.0 percent joint and survivor pension. Nonduty death provides the same benefit as regular retirement but is actuarially reduced with a 100.0 percent joint and survivor election. A member who leaves city service may withdraw his or her employee required contributions, plus any accumulated interest. Certain members hired prior to 1994 are eligible to receive annual cost of living increases subsequent to their retirement, which is payable annually on January 1 in the range of \$500 - \$800 per applicable member.

Employees Covered by Benefit Terms

Membership. At June 30, 2024 valuation date, plan membership consisted of the following:

	General Employees' Retirement System	Police and Fire Retirement System
Inactive employees or beneficiaries currently receiving benefits	356	417
Inactive employees entitled to but not receiving benefits	17	34
Active employees	54	238
Total members	427	689

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Contributions. State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the city charter, union contracts, and plan provisions.

For the plan year ended June 30, 2024, the active member contributions were \$393,715 and 8.2 percent of covered payroll for GERS and \$2,707,465 and 10.1 percent for PFRS. The City's contributions were \$4,570,650 and 94.9 percent of covered payroll for GERS and \$13,917,727 and 52.1 percent for PFRS, respectively.

Pension Plan Reserves. In accordance with the city charter and code of ordinances, the following reserves are required to be set aside within the pension plans:

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

The employee reserves are credited as employee contributions are received throughout the year; the plans maintain a record of the amount contributed by each employee and credit interest annually at a rate of 2.0 percent. For any employee who terminates before vesting in the pension plans, his or her balance is returned to him or her; for those who stay until retirement, the balance is transferred into the retiree reserve.

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

The balances of the reserve accounts at June 30, 2024 are as follows:

	Required Reserve	Amount Funded
GERS		
Retiree reserve	\$ 119,488,390	\$ 100,746,130
Employee reserve	6,856,343	6,856,343
PFRS		
Retiree reserve	279,521,268	220,618,062
Employee reserve	25,634,935	25,634,935

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Deferred Retirement Option Program (DROP). The City offers certain employees the ability to continue services and be paid a salary after they are fully vested; this program credits the employee for benefit payments that would have been paid and pays them out with interest at 4.00 percent after the employee has fully retired (discontinued providing employee services to the City). At June 30, 2024, the plan has \$26,781,727 accumulated in DROP accounts.

Net Pension Liability. The City's net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent (GERS); 2.25 percent (PFRS)
Salary increases	3.0-10.75 percent (GERS); 3.0-20.10 percent (PFRS), including inflation
Investment rate of return	7.15 percent (GERS); 7.25 percent (PFRS), net of investment expense,
Mortality rates	Healthy Pre-Retirement (GERS): The Pub-2010, Amount-Weighted, General Employee Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010. Healthy Post-Retirement (GERS): The Pub-2010, Amount-Weighted, General Healthy Retiree Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010. Disability Retirement(GERS): The Pub-2010, Amount-Weighted, General Disabled Retiree Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010. Healthy Pre-Retirement (PFRS): The Pub-2010, Amount-Weighted, Safety, Employee, Male and Female Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019. Healthy Post-Retirement (PFRS): The Pub-2010, Amount-Weighted, Safety, Healthy Retiree, Male and Female Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019. Disability Retirement(PFRS): The Pub-2010, Amount-Weighted, Safety, Disabled Retiree, Male and Female Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019.

The actuarial assumptions used in the actuarial valuations are generally based on the results of periodic actuarial experience studies that encompass a five-year look-back window.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Investment Policy and Long-term Expected Real Investment Rate of Return

The pension plans' policies in regard to the allocation of invested assets are established and may be amended by the pension boards by a majority vote of their members. It is the policy of the pension boards to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plans' investment policies discourage the use of cash equivalents, except for liquidity purposes, and aim to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024, are summarized in the following tables:

Asset Class (GERS)	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Large cap growth equities	7.70%	6.09%	0.47%
Large cap value equities	7.70%	6.34%	0.49%
Large cap core equities	7.60%	5.78%	0.44%
Small/mid cap equities	15.00%	6.89%	1.03%
International equities	20.00%	5.69%	1.14%
Emerging markets	5.50%	7.41%	0.41%
Real estate	2.00%	4.55%	0.09%
Fixed income	20.00%	1.79%	0.36%
Alternative investments	14.50%	3.96%	0.57%
	100.00%		5.00%
Inflation			2.50%
Risk adjustments			-0.35%
Investment rate of return			7.15%

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Asset Class (PFRS)	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Large cap growth equities	7.70%	6.09%	0.47%
Large cap value equities	7.70%	6.34%	0.49%
Large cap core equities	7.60%	5.78%	0.44%
Small/mid cap equities	15.00%	6.89%	1.03%
International equities	20.00%	5.69%	1.14%
Emerging markets	5.50%	7.41%	0.41%
Real estate	2.00%	4.55%	0.09%
Fixed income	20.00%	1.79%	0.36%
Alternative investments	14.50%	3.96%	0.57%
	100.00%		5.00%
Inflation			2.50%
Risk adjustments			-0.25%
Investment rate of return			7.25%

Discount Rate. The discount rate used to measure the total pension liability was 7.15% for GERS and 7.25% for PFRS. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Annual Money-weighted Rate of Return. For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.58 percent (GERS) and 9.46 percent (PFRS). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Changes in the Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

General Employees' Retirement System

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 148,969,117	\$ 104,544,764	\$ 44,424,353
Changes for the year:			
Service cost	706,604	-	706,604
Interest	10,260,613	-	10,260,613
Differences between expected and actual experience	48,718	-	48,718
Employer contributions	-	4,570,650	(4,570,650)
Employee contributions	-	393,715	(393,715)
Net investment income	-	9,728,028	(9,728,028)
Benefit payments, including refunds of employee contributions	(11,634,684)	(11,634,684)	-
Net changes	(618,749)	3,057,709	(3,676,458)
Balances at June 30, 2024	\$ 148,350,368	\$ 107,602,473	\$ 40,747,895

The plan fiduciary net position as a percentage of the total pension liability is 72.5 percent.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Police and Fire Retirement System

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 388,793,615	\$ 236,079,647	\$ 152,713,968
Changes for the year:			
Service cost	5,851,202	-	5,851,202
Interest	27,351,888	-	27,351,888
Differences between expected and actual experience	4,450,323	-	4,450,323
Employer contributions	-	13,917,727	(13,917,727)
Employee contributions	-	2,707,465	(2,707,465)
Employee service purchases	-	289,054	(289,054)
Net investment income	-	22,268,350	(22,268,350)
Benefit payments, including refunds of employee contributions	(28,903,571)	(28,903,571)	-
Administrative expense	-	(105,675)	105,675
Net changes	8,749,842	10,173,350	(1,423,508)
Balances at June 30, 2024	\$ 397,543,457	\$ 246,252,997	\$ 151,290,460

The plan fiduciary net position as a percentage of the total pension liability is 61.9 percent.

General Employees' Retirement System	\$ 40,747,895
Police and Fire Retirement System	151,290,460
Total net pension liability	\$ 192,038,355

The City's net pension liability is presented in the government-wide statement of net position as follows:

Governmental activities	\$ 184,154,360
Business-type activities	7,883,995
Total net pension liability	\$ 192,038,355

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.15 percent for GERS and 7.25 percent for PFRS, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15/6.25 percent) or 1-percentage-point higher (8.15/8.25 percent) than the current rate:

	1% Decrease	Current Discount Rate (7.25%)	1% Increase
City's GERS net pension liability	\$ 55,347,743	\$ 40,747,895	\$ 28,294,471
City's PFRS net pension liability	193,618,344	151,290,460	116,053,827
	<u>\$ 248,966,087</u>	<u>\$ 192,038,355</u>	<u>\$ 144,348,298</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is provided in Note 10.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2024, the City recognized pension expense of \$4,166,329 for GERS and \$14,159,442 for PFRS. At June 30, 2024, the City reported deferred outflows of resources related to pensions from the following sources:

General Employees' Retirement System

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	<u>\$ 1,758,207</u>

Police and Fire Retirement System

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 4,973,513	\$ 389,434	\$ 4,584,079
Net difference between projected and actual earnings on pension plan investments	<u>1,883,278</u>	<u>-</u>	<u>1,883,278</u>
Total	<u>\$ 6,856,791</u>	<u>\$ 389,434</u>	<u>\$ 6,467,357</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

The City's deferred outflows of resources related to pensions is presented in the government-wide statement of net position as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Governmental activities	\$ 8,274,820	\$ 389,434	\$ 7,885,386
Business-type activities	<u>340,178</u>	<u>-</u>	<u>340,178</u>
Total	<u>\$ 8,614,998</u>	<u>\$ 389,434</u>	<u>\$ 8,225,564</u>

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

Year Ended June 30,	General Employees' Retirement System	Police and Fire Retirement System
2025	\$ (517,060)	\$ (1,035,839)
2026	4,030,792	10,032,715
2027	(1,257,216)	(2,044,979)
2028	<u>(498,309)</u>	<u>(484,540)</u>
Total	<u>\$ 1,758,207</u>	<u>\$ 6,467,357</u>

Payable to the Pension Plan. At June 30, 2024, the City had no amount payable to the pension plan.

The net pension liability will be liquidated from the funds from which the individual employee salaries are paid, generally the General Fund and the Water and Sewer Fund.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

12. OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The City provides OPEB for all employees who are members of the GERS and PFRS pension plans who meet eligibility requirements. The benefits are provided through the City of Sterling Heights Retiree Health Care Plan (the "Plan"), a single-employer defined benefit plan under Public Act 149 of 1999 administered by the City Investment Council. The plan is closed to new members.

The financial statements of the OPEB plan are included in these financial statements as the Pension and Other Employee Benefit Trust Fund (a fiduciary fund).

Management of the Plan is vested in the investment committee, which consists of three members: the city treasurer, city finance director, and city clerk.

Benefits Provided. The Plan provides health care for retirees and their dependents. Benefits are provided through a third-party insurer, and the partial cost of benefits is covered by the Plan.

Benefit terms provide for annual cost of living adjustments to each employee's OPEB benefits subsequent to the employee's retirement date. The annual adjustments are one-half of the change in the Consumer Price Index, limited to a maximum increase in OPEB benefits of 2 percent for general employees and 3 percent for public safety employees.

The City Council has the sole authority to establish and amend the benefit terms.

Employees Covered by Benefit Terms. At June 30, 2022 (the date of the most recent actuarial report), the following members were covered by the benefit terms:

Retirees and beneficiaries	660
Active and DROP plan members	437
Total membership	1,097

Contributions. A July 2000 City Council resolution grants the authority to establish and amend the contribution requirements of the City and plan members to the investment committee. The investment committee establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended June 30, 2024, the City's contribution was \$8,500,650. DROP plan members are required to contribute 5 percent of gross wages.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2024.

Actuarial Assumptions. The total OPEB liability in the June 30, 2022 valuation was determined using the following actuarial assumptions, applied consistently to all periods included in the measurement, unless otherwise specified:

Inflation	No explicit price inflation used
Salary increases	3.0% to 20.10%, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based tables that are specific to the type of eligibility condition
Healthcare cost trend rate	Non-Medicare: 7.50% gradually decreasing to an ultimate trend rate of 3.50%; Medicare: 6.25% gradually decreasing to an ultimate trend rate of 3.50%
Mortality rates	General: The Pub-2010, Amount-Weighted, General Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010. Police/Fire: The Pub-2010, Amount-Weighted, Safety, Employee, Male and Female tables, and future mortality improvements projected using scale MP-2019.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2022 for general members and June 30, 2016 through June 30, 2019 for police and fire members.

Investment Policy and Long-term Expected Real Investment Rate of Return

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the investment committee by a majority vote of its members. It is the policy of the investment committee to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Large capitalization equities	23.00%	5.24%	1.21%
Small/middle capitalization equities	10.50%	6.37%	0.67%
International equities	20.00%	6.07%	1.21%
Emerging markets	7.50%	8.02%	0.60%
Real estate	7.00%	4.75%	0.33%
Fixed income	20.00%	1.32%	0.26%
Hedge funds	3.00%	3.31%	0.10%
Infrastructure	5.00%	5.59%	0.28%
Private equity	4.00%	9.81%	0.39%
	<u>100.00%</u>		5.05%
Risk adjustments			<u>2.20%</u>
Investment rate of return			<u>7.25%</u>

Discount Rate. The discount rate used to measure the total OPEB 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 City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Annual Money-weighted Rate of Return. For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 11.49 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Changes in the Net OPEB Liability

The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023	\$ 212,447,151	\$ 156,402,366	\$ 56,044,785
Changes for the year:			
Service cost	1,430,773	-	1,430,773
Interest on total OPEB liability	15,007,986	-	15,007,986
Differences between expected and actual experience	(764,597)	-	(764,597)
Employer contributions	-	8,500,650	(8,500,650)
Employee contributions	-	305,661	(305,661)
Net investment income	-	18,200,689	(18,200,689)
Benefit payments	(13,003,816)	(13,003,816)	-
Other changes	339,823	-	339,823
Net changes	<u>3,010,169</u>	<u>14,003,184</u>	<u>(10,993,015)</u>
Balances at June 30, 2024	\$ 215,457,320	\$ 170,405,550	\$ 45,051,770

The Plan's fiduciary net position represents 79.09 percent of the total OPEB liability.

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is provided in Note 10.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net OPEB liability	\$ 68,316,974	\$ 45,051,770	\$ 25,545,370

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption. The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 7.50 percent to 3.50 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease (6.50%) Decreasing to 2.50%)	Healthcare Cost Trend Rates (7.50%) Decreasing to 3.50%)	1% Increase (8.50%) Decreasing to 4.50%)

City's net OPEB liability	\$ 21,630,736	\$ 45,051,770	\$ 72,947,901

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

For the year ended June 30, 2024, the City recognized an OPEB benefit of \$1,335,926. At June 30, 2024, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 10,742,941	\$ (10,742,941)
Changes in assumptions	2,302,740	38,957	2,263,783
Net difference between projected and actual earnings on OPEB plan investments	-	2,631,996	(2,631,996)
Total	\$ 2,302,740	\$ 13,413,894	\$ (11,111,154)

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

Year Ended June 30,	Amount
2025	\$ (6,701,691)
2026	1,531,057
2027	(4,465,736)
2028	(1,474,784)
Total	\$ (11,111,154)

Payable to the OPEB Plan. At June 30, 2024, the City had no amount payable to the OPEB plan.

The net OPEB liability will be liquidated from the funds from which the individual employee salaries are paid, generally the General Fund and the Water and Sewer Fund.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

13. DEFINED CONTRIBUTION PENSION PLAN

The City provides pension benefits to all new general employees through a defined contribution plan administered by the City. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by City Council resolution, the City contributes 7.0 percent of employees' base wages, based on employee group, while the employees contribute a minimum of 5.0 percent of eligible wages to the employees' individual accounts. The City's contributions to the employees' accounts, including investment earnings, are fully vested after five years of service. In accordance with these requirements, the City contributed \$895,294 during the current year, and employees contributed \$779,036.

14. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

15. TAX ABATEMENTS

The City uses the industrial facilities tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property for up to 12 years.

For the fiscal year ended June 30, 2024, the City abated \$848,383 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

16. FUND BALANCES - GOVERNMENTAL FUNDS

Detailed information on fund balances of governmental funds is as follows:

	General	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Prepays and other assets	\$ 136,453	\$ 91,000	\$ 5,290,289	\$ 5,517,742
Inventories	924,176	-	-	924,176
	<u>1,060,629</u>	<u>91,000</u>	<u>5,290,289</u>	<u>6,441,918</u>
Restricted				
Street construction and maintenance	-	-	11,738,423	11,738,423
Public safety	-	-	3,148,505	3,148,505
Opioid	-	-	1,507,623	1,507,623
Public works	-	-	684,859	684,859
Capital improvements	-	-	3,581,753	3,581,753
Debt service	-	-	316,819	316,819
	<u>-</u>	<u>-</u>	<u>20,977,982</u>	<u>20,977,982</u>
Committed				
Land and water conservation	-	-	35,325	35,325
Assigned				
Parks and recreation	-	-	1,035,391	1,035,391
Debt service	-	-	2,826	2,826
Grants	-	908,748	-	908,748
Capital improvements	-	-	13,193,041	13,193,041
	<u>-</u>	<u>908,748</u>	<u>14,231,258</u>	<u>15,140,006</u>
Unassigned	<u>39,756,411</u>	<u>-</u>	<u>-</u>	<u>39,756,411</u>
Total fund balance	<u>\$ 40,817,040</u>	<u>\$ 999,748</u>	<u>\$ 40,534,854</u>	<u>\$ 82,351,642</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Financial Statements

17. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2024, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 120,680,274	\$ 29,930,603	\$ 1,218,591
Capital assets being depreciated, net	<u>267,889,455</u>	<u>177,820,569</u>	<u>5,367,655</u>
	<u>388,569,729</u>	<u>207,751,172</u>	<u>6,586,246</u>
Related debt:			
Bonds payable	107,756,000	91,379,910	-
Unspent bond proceeds	(3,421,454)	(7,875,239)	-
Bond premium	5,477,196	6,894,527	-
Deferred charge on refunding	(1,174)	(190,699)	-
Deferred benefit on refunding	-	478,174	-
Construction related payables	<u>526,587</u>	<u>-</u>	<u>-</u>
	<u>110,337,155</u>	<u>90,686,673</u>	<u>-</u>
Net investment in capital assets	<u>\$ 278,232,574</u>	<u>\$ 117,064,499</u>	<u>\$ 6,586,246</u>

18. OPIOID SETTLEMENT

The City is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the City expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the City expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.192% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$2,878,103 and \$664,243 from the Distributors and Janssen, respectively.

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan, and Teva, and the associated state-subdivision agreement was finalized in 2023. In 2023, additional settlements with Mallinckrodt and Meijer were announced. The term of the settlement varies by pharmacy and manufacturer; however, the City expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$2,807,817. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of June 30, 2024, the amounts to be allocated to and collected by the City were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2024 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2024 is \$4,900,942.

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CITY OF STERLING HEIGHTS, MICHIGAN

Required Supplementary Information

General Employees' Retirement System

Schedule of Changes in the Net Pension Liability and Related Ratios

REQUIRED SUPPLEMENTARY INFORMATION

	Fiscal Year Ended June 30,				
	2024	2023	2022	2021	2020
Change in total pension liability					
Service cost	\$ 706,604	\$ 804,749	\$ 857,788	\$ 848,617	\$ 926,654
Interest	10,260,613	10,446,617	10,192,021	10,363,444	10,340,464
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	48,718	(1,976,159)	1,750,581	(286,885)	867,442
Changes in assumptions	-	-	4,717,863	3,292,370	-
Benefit payments, including refunds of member contributions	(11,634,684)	(12,020,508)	(11,909,081)	(11,734,502)	(11,843,768)
Net change in total pension liability	(618,749)	(2,745,301)	5,609,172	2,483,044	290,792
Total pension liability, beginning	148,969,117	151,714,418	146,105,246	143,622,202	143,331,410
Total pension liability, ending	148,350,368	148,969,117	151,714,418	146,105,246	143,622,202
Change in plan fiduciary net position					
Contributions - employer	4,570,650	4,048,820	4,533,280	4,029,741	3,778,317
Contributions - member	393,715	491,498	460,224	490,970	505,668
Net investment income (loss)	9,728,028	10,767,070	(17,574,042)	30,177,513	1,399,063
Benefit payments, including refunds of member contributions	(11,634,684)	(12,020,508)	(11,909,081)	(11,734,502)	(11,843,768)
Other	-	-	-	-	-
Net change in plan fiduciary net position	3,057,709	3,286,880	(24,489,619)	22,963,722	(6,160,720)
Plan fiduciary net position, beginning	104,544,764	101,257,884	125,747,503	102,783,781	108,944,501
Plan fiduciary net position, ending	107,602,473	104,544,764	101,257,884	125,747,503	102,783,781
City's net pension liability, ending	\$ 40,747,895	\$ 44,424,353	\$ 50,456,534	\$ 20,357,743	\$ 40,838,421
Plan fiduciary net position as a percentage of the total pension liability	72.53%	70.18%	66.74%	86.07%	71.57%
Covered payroll	\$ 4,818,246	\$ 4,980,818	\$ 5,492,708	\$ 5,767,428	\$ 5,994,428
City's net pension liability as a percentage of covered payroll	845.70%	891.91%	918.61%	352.98%	681.27%

See notes to required supplementary information.

Fiscal Year Ended June 30,				
2019	2018	2017	2016	2015
\$ 923,068	\$ 1,011,294	\$ 1,033,145	\$ 999,822	\$ 1,059,741
10,310,982	10,259,718	10,194,909	10,251,133	10,094,749
-	-	21,315	468,337	-
722,498	782,654	(790,128)	(220,359)	1,896,980
-	-	6,023,738	3,043,452	-
(11,286,739)	(11,365,307)	(11,080,749)	(11,221,254)	(10,912,153)
669,809	688,359	5,402,230	3,321,131	2,139,317
<u>142,661,601</u>	<u>141,973,242</u>	<u>136,571,012</u>	<u>133,249,881</u>	<u>131,110,564</u>
<u>143,331,410</u>	<u>142,661,601</u>	<u>141,973,242</u>	<u>136,571,012</u>	<u>133,249,881</u>
3,612,060	3,265,820	2,648,960	2,768,790	2,610,080
529,015	555,471	583,975	619,418	712,397
5,813,306	7,578,055	11,402,709	(288,329)	3,903,536
(11,286,739)	(11,365,307)	(11,080,749)	(11,221,254)	(10,912,153)
4,897	-	-	20,441	-
(1,327,461)	34,039	3,554,895	(8,100,934)	(3,686,140)
<u>110,271,962</u>	<u>110,237,923</u>	<u>106,683,028</u>	<u>114,783,962</u>	<u>118,470,102</u>
<u>108,944,501</u>	<u>110,271,962</u>	<u>110,237,923</u>	<u>106,683,028</u>	<u>114,783,962</u>
<u>\$ 34,386,909</u>	<u>\$ 32,389,639</u>	<u>\$ 31,735,319</u>	<u>\$ 29,887,984</u>	<u>\$ 18,465,919</u>
76.01%	77.30%	77.65%	78.12%	86.14%
\$ 6,380,656	\$ 6,204,481	\$ 7,420,404	\$ 7,491,549	\$ 8,903,144
538.92%	522.04%	427.68%	398.96%	207.41%

CITY OF STERLING HEIGHTS, MICHIGAN

Required Supplementary Information

General Employees' Retirement System
Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2015	\$ 2,610,080	\$ 2,610,080	\$ -	\$ 8,903,144	29.3%
2016	2,768,790	2,768,790	-	7,491,549	37.0%
2017	2,648,960	2,648,960	-	7,420,404	35.7%
2018	3,265,820	3,265,820	-	6,204,481	52.6%
2019	3,612,060	3,612,060	-	6,380,656	56.6%
2020	3,768,403	3,778,317	(9,914)	5,994,428	63.0%
2021	4,029,741	4,029,741	-	5,767,945	69.9%
2022	4,516,276	4,533,280	(17,004)	5,492,708	82.5%
2023	4,048,369	4,048,820	(451)	4,980,818	81.3%
2024	4,569,791	4,570,650	(859)	4,818,246	94.9%

See notes to required supplementary information.

CITY OF STERLING HEIGHTS, MICHIGAN

Required Supplementary Information
General Employees' Retirement System
Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	3.40%
2016	-0.24%
2017	11.08%
2018	7.16%
2019	5.39%
2020	1.33%
2021	30.30%
2022	-14.34%
2023	10.99%
2024	9.58%

See notes to required supplementary information.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Required Supplementary Information
General Employees' Retirement System

Notes to Schedule of Changes in the Net Pension Liability and Related Ratios - General Employees' Retirement System

In 2022, both the discount rate and investment rate of return decreased from 7.25 percent to 7.15 percent. The valuation also changed from using the RP-2014 tables (projected with scale MP-2016) to using the Pub-2010 tables (projected with scale MP-2021).

In 2021, both the discount rate and investment rate of return decreased from 7.50 percent to 7.25 percent.

The mortality table utilized in 2017 was the MP-2014 using a fully generational improvement scale (MP-2016), whereas the table utilized previously was the RP-2000 Male (unadjusted) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2015 using projection scale AA. The discount rate in 2017 was adjusted from 7.75 to 7.50 percent.

The discount rate in 2016 was adjusted from 8.00 to 7.75 percent.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	June 30, 2022 (for determination of employer contributions for the 2023 fiscal year)
Notes	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Required Supplementary Information

General Employees' Retirement System

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar amount, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	3.5% - 10.75% including inflation
Investment rate of return	7.15%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2022 valuation pursuant to an experience study of the period 2016-2021.
Mortality	Healthy Pre-Retirement: The Pub-2010, Amount-Weighted, General Employee Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010. Healthy Post-Retirement: The Pub-2010, Amount-Weighted, General Healthy Retiree Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010. Disability Retirement: The Pub-2010, Amount-Weighted, General Disabled Retiree Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010.

CITY OF STERLING HEIGHTS, MICHIGAN

Required Supplementary Information

Police and Fire Retirement System

Schedule of Changes in the Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,				
	2024	2023	2022	2021	2020
Change in total pension liability					
Service cost	\$ 5,851,202	\$ 5,418,565	\$ 5,249,370	\$ 4,849,101	\$ 4,765,180
Interest	27,351,888	26,731,488	26,322,454	25,557,497	24,559,781
Changes of benefit terms	-	1,608,259	-	810,864	-
Differences between expected and actual experience	4,450,323	2,193,181	(1,240,342)	2,557,466	(2,197,579)
Changes in assumptions	-	-	-	-	(1,324,741)
Benefit payments, including refunds of member contributions	(28,903,571)	(26,317,533)	(23,230,948)	(23,616,915)	(22,746,754)
Net change in total pension liability	<u>8,749,842</u>	<u>9,633,960</u>	<u>7,100,534</u>	<u>10,158,013</u>	<u>3,055,887</u>
Total pension liability, beginning	<u>388,793,615</u>	<u>379,159,655</u>	<u>372,059,121</u>	<u>361,901,108</u>	<u>358,845,221</u>
Total pension liability, ending	<u>397,543,457</u>	<u>388,793,615</u>	<u>379,159,655</u>	<u>372,059,121</u>	<u>361,901,108</u>
Change in plan fiduciary net position					
Contributions - employer	13,917,727	13,520,242	13,738,932	11,969,319	9,830,873
Contributions - member	2,707,465	2,857,797	2,244,516	1,949,272	1,993,395
Employee service purchases	289,054	-	-	-	-
Net investment income (loss)	22,268,350	26,308,790	(40,828,197)	70,313,859	8,329,773
Benefit payments, including refunds of member contributions	(28,903,571)	(26,317,533)	(23,230,948)	(23,616,915)	(22,746,754)
Other	-	-	-	-	-
Administrative expense	(105,675)	-	(106,405)	(98,801)	(101,257)
Net change in plan fiduciary net position	<u>10,173,350</u>	<u>16,369,296</u>	<u>(48,182,102)</u>	<u>60,516,734</u>	<u>(2,693,970)</u>
Plan fiduciary net position, beginning	<u>236,079,647</u>	<u>219,710,351</u>	<u>267,892,453</u>	<u>207,375,719</u>	<u>210,069,689</u>
Plan fiduciary net position, ending	<u>246,252,997</u>	<u>236,079,647</u>	<u>219,710,351</u>	<u>267,892,453</u>	<u>207,375,719</u>
City's net pension liability, ending	<u>\$ 151,290,460</u>	<u>\$ 152,713,968</u>	<u>\$ 159,449,304</u>	<u>\$ 104,166,668</u>	<u>\$ 154,525,389</u>
Plan fiduciary net position as a percentage of the total pension liability	61.94%	60.72%	57.95%	72.00%	57.30%
Covered payroll	\$ 26,733,173	\$ 25,229,061	\$ 23,945,932	\$ 23,391,529	\$ 22,575,989
City's net pension liability as a percentage of covered payroll	565.93%	605.31%	665.87%	445.32%	684.47%

See notes to required supplementary information.

Fiscal Year Ended June 30,				
2019	2018	2017	2016	2015
\$ 4,116,668	\$ 3,380,879	\$ 3,118,370	\$ 4,566,392	\$ 3,745,877
24,500,149	23,166,857	23,330,680	21,627,043	20,597,428
-	-	-	-	-
2,866,838	2,689,692	(2,688,374)	4,075,015	5,363,325
21,949,498	14,170,036	6,757,450	(60,488,228)	23,250,473
(23,083,898)	(24,296,503)	(22,414,879)	(19,003,317)	(18,772,663)
30,349,255	19,110,961	8,103,247	(49,223,095)	34,184,440
328,495,966	309,385,005	301,281,758	350,504,853	316,320,413
358,845,221	328,495,966	309,385,005	301,281,758	350,504,853
10,103,803	8,297,370	7,994,747	7,986,312	7,953,970
1,857,374	2,038,119	1,660,858	1,538,401	1,297,931
-	-	-	-	-
14,613,943	19,084,405	22,479,683	(1,776,431)	9,106,541
(23,083,898)	(24,296,503)	(22,414,879)	(19,003,316)	(18,772,663)
(259,392)	(259,392)	-	76,413	53,294
(61,225)	(6,503)	(53,973)	(64,145)	(51,574)
3,429,997	4,857,496	9,666,436	(11,242,766)	(412,501)
206,639,692	201,782,196	192,115,760	203,358,526	203,771,027
210,069,689	206,639,692	201,782,196	192,115,760	203,358,526
\$ 148,775,532	\$ 121,856,274	\$ 107,602,809	\$ 109,165,998	\$ 147,146,327

58.54%	62.90%	65.22%	63.77%	58.02%
\$ 22,859,153	\$ 21,549,009	\$ 19,778,423	\$ 19,321,315	\$ 16,589,288
650.84%	565.48%	544.04%	565.00%	887.00%

CITY OF STERLING HEIGHTS, MICHIGAN

Required Supplementary Information

Police and Fire Retirement System
Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2015	\$ 7,953,970	\$ 7,953,970	\$ -	\$ 16,589,288	47.9%
2016	7,986,312	7,986,312	-	19,321,315	41.3%
2017	7,994,747	7,994,747	-	19,778,423	40.4%
2018	8,297,370	8,297,370	-	21,549,009	38.5%
2019	9,091,402	10,103,803	(1,012,401)	22,859,153	44.2%
2020	9,813,390	9,830,873	(17,483)	22,575,989	43.5%
2021	11,969,088	11,969,319	(231)	23,391,529	51.2%
2022	13,738,932	13,738,932	-	23,945,932	57.4%
2023	13,520,242	13,520,242	-	25,229,061	53.6%
2024	13,917,727	13,917,727	-	26,733,173	52.1%

See notes to required supplementary information.

CITY OF STERLING HEIGHTS, MICHIGAN

Required Supplementary Information
Police and Fire Retirement System
Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	4.90%
2016	-0.40%
2017	12.70%
2018	10.22%
2019	7.15%
2020	3.96%
2021	34.20%
2022	-15.29%
2023	12.05%
2024	9.46%

See notes to required supplementary information.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Required Supplementary Information
Police and Fire Retirement System

Notes to Schedule of Changes in the Net Pension Liability and Related Ratios - Police and Fire Retirement System

In 2023, benefit changes included an increase in the benefit multiplier from 2.00 percent to 2.50 percent for fire employees hired after January 2, 2013. The employee contribution rate also increased from 8.00 percent to 10.00 percent for fire employees.

In 2021, benefit changes included an increase in the benefit multiplier from 2.00 percent to 2.50 percent for certain employees. The employee contribution rate also increased from 8.00 percent to 10.00 percent for certain employees.

The discount rate in 2020 was adjusted from 7.02 to 7.25 percent. The mortality table utilized in 2020 was Pub-2010 with the MP-2019 improvement scale, whereas the table utilized previously was the RP-2014 with Generational MP-2017 improvement scale.

The discount rate in 2019 was adjusted from 7.68 to 7.02 percent.

The discount rate in 2018 was adjusted from 7.75 to 7.68 percent. The mortality table utilized in 2018 was the RP-2014 with Generational MP-2017 improvement scale, whereas the table utilized previously was the RP-2000 Combined Healthy Mortality table projected to 2014.

The discount rate in 2017 was adjusted from 8.00 to 7.75 percent.

The discount rate in 2016 was adjusted from 6.30 to 8.00 percent. The mortality table utilized in 2016 was the RP-2000 Combined Healthy Mortality table projected to 2014, whereas the table utilized previously was the RP-2014 Healthy Annuitant Mortality table.

The discount rate in 2015 was adjusted from 6.67 to 6.30 percent. The mortality table utilized in 2015 was the RP-2014 Healthy Annuitant Mortality table, whereas the table utilized previously was the 1994 Uninsured Pension Mortality.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Required Supplementary Information

Police and Fire Retirement System

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	June 30, 2022 (for determination of employer contributions for the 2024 fiscal year)
Notes	Actuarially determined contribution amounts are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry-age normal
Amortization method	Level percent-of-payroll, closed
Remaining amortization period	19 years
Asset valuation method	5-year smooth fair value
Inflation	2.25%
Salary increases	3.00% - 20.10% including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Healthy Pre-Retirement: The Pub-2010, Amount-Weighted, Safety, Employee, Male and Female Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019. Healthy Post-Retirement: The Pub-2010, Amount-Weighted, Safety, Healthy Retiree, Male and Female Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019. Disability Retirement(PFRS): The Pub-2010, Amount-Weighted, Safety, Disabled Retiree, Male and Female Mortality Tables, with a base year of 2010 and future mortality improvements projected using scale MP-2019.

CITY OF STERLING HEIGHTS, MICHIGAN

Required Supplementary Information

Retiree Medical Benefits Trust

Schedule of Changes in Net OPEB Liability and Related Ratios

	Fiscal Year Ended June 30,			
	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 1,430,773	\$ 1,702,998	\$ 1,556,117	\$ 1,618,774
Interest	15,007,986	15,450,129	14,907,440	16,148,111
Difference between expected and actual experience	(764,597)	(11,063,555)	(2,936,786)	(27,706,806)
Changes in assumptions	-	(70,989)	2,921,151	11,868,794
Benefit payments, including refunds	(13,003,816)	(11,310,509)	(10,343,761)	(9,805,884)
Other changes	339,823	110,842	-	(812,847)
Net change in total OPEB liability	<u>3,010,169</u>	<u>(5,181,084)</u>	<u>6,104,161</u>	<u>(8,689,858)</u>
Total OPEB liability, beginning of year	<u>212,447,151</u>	<u>217,628,235</u>	<u>211,524,074</u>	<u>220,213,932</u>
Total OPEB liability, end of year	<u>215,457,320</u>	<u>212,447,151</u>	<u>217,628,235</u>	<u>211,524,074</u>
Plan fiduciary net position				
Employer contributions	8,500,650	9,002,320	9,299,990	10,500,000
Member contributions	305,661	326,848	279,572	85,276
Net investment income (loss)	18,200,689	19,077,267	(25,160,896)	41,525,017
Benefit payments, including refunds	(13,003,816)	(11,310,509)	(10,343,761)	(9,805,884)
Other	-	-	(110,844)	-
Net change in plan fiduciary net position	<u>14,003,184</u>	<u>17,095,926</u>	<u>(26,035,939)</u>	<u>42,304,409</u>
Plan fiduciary net position, beginning of year	<u>156,402,366</u>	<u>139,306,440</u>	<u>165,342,379</u>	<u>123,037,970</u>
Plan fiduciary net position, end of year	<u>170,405,550</u>	<u>156,402,366</u>	<u>139,306,440</u>	<u>165,342,379</u>
Net OPEB liability	<u>\$ 45,051,770</u>	<u>\$ 56,044,785</u>	<u>\$ 78,321,795</u>	<u>\$ 46,181,695</u>
Plan fiduciary net position as a percentage of total OPEB liability	79.09%	73.62%	64.01%	78.17%
Covered payroll	\$ 23,065,894	\$ 23,908,123	\$ 25,216,929	\$ 26,600,457
Net OPEB liability as a percentage of covered payroll	195.32%	234.42%	310.59%	173.61%

See notes to required supplementary information.

Fiscal Year Ended June 30,			
2020	2019	2018	2017
\$ 1,678,922	\$ 1,719,869	\$ 1,882,705	\$ 2,001,128
15,511,460	14,979,531	14,695,533	14,177,069
(1,942,968)	(5,425,052)	(3,926,583)	(380,735)
3,381,580	5,723,906	-	5,411,956
(9,602,980)	(9,824,162)	(8,212,223)	(8,447,897)
469,199	-	-	-
9,495,213	7,174,092	4,439,432	12,761,521
210,718,719	203,544,627	199,105,195	186,343,674
220,213,932	210,718,719	203,544,627	199,105,195
11,500,000	11,452,950	11,452,950	11,452,950
65,649	200,196	174,683	12,822
1,088,614	6,082,507	7,950,032	11,360,581
(9,602,980)	(9,824,162)	(8,752,335)	(8,447,897)
-	-	-	10,572
3,051,283	7,911,491	10,825,330	14,389,028
119,986,687	112,075,196	101,249,866	86,860,838
123,037,970	119,986,687	112,075,196	101,249,866
\$ 97,175,962	\$ 90,732,032	\$ 91,469,431	\$ 97,855,329
55.87%	56.94%	55.06%	50.85%
\$ 24,904,864	\$ 27,050,738	\$ 27,014,605	\$ 28,386,397
390.19%	335.41%	338.59%	344.73%

CITY OF STERLING HEIGHTS, MICHIGAN

Required Supplementary Information

Retiree Medical Benefits Trust
Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as Percentage of Covered Payroll
2015	\$ 12,334,370	\$ 12,334,370	\$ -	\$ 35,567,006	34.7%
2016	11,572,635	12,584,830	(1,012,195)	35,568,006	35.4%
2017	11,452,950	11,452,950	-	28,386,397	40.3%
2018	10,637,102	11,452,950	(815,848)	27,014,605	42.4%
2019	10,553,939	11,452,950	(899,011)	27,050,738	42.3%
2020	10,551,592	11,500,000	(948,408)	24,904,864	46.2%
2021	10,468,129	10,500,000	(31,871)	26,600,457	39.5%
2022	8,269,618	9,299,990	(1,030,372)	25,216,929	36.9%
2023	8,088,229	9,002,320	(914,091)	23,908,123	37.7%
2024	7,428,955	8,500,650	(1,071,695)	23,065,894	36.9%

See notes to required supplementary information.

CITY OF STERLING HEIGHTS, MICHIGAN

Required Supplementary Information

Retiree Medical Benefits Trust
Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Money- Weighted Rate of Return, Net of Investment Expense
2017	12.86%
2018	7.77%
2019	5.65%
2020	0.51%
2021	34.37%
2022	-15.24%
2023	13.68%
2024	11.49%

See notes to required supplementary information.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Required Supplementary Information

Retiree Medical Benefits Trust

Notes to Schedule of Changes in the Net OPEB Liability and Related Ratios

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Changes in assumptions in 2023 reflect the effects of changes in the health care cost trend rates and mortality assumptions used. Health care cost trend rates were adjusted from an initial trend of 7.25 percent gradually decreasing to an ultimate trend rate of 3.50 percent to an initial trend of 7.50 percent gradually decreasing to an ultimate trend rate of 3.50 percent.

Changes in assumptions in 2022 reflect the effects of changes in the health care cost trend rates and mortality assumptions used. Health care cost trend rates were adjusted from an initial trend of 7.50 percent gradually decreasing to an ultimate trend rate of 3.50 percent to an initial trend of 7.25 percent gradually decreasing to an ultimate trend rate of 3.50 percent. For general members, the valuation changed from using the RP-2014 tables (projected with scale MP-2016) to using the Pub-2010 tables (projected with scale MP-2021). Mortality assumptions remained the same for police and fire members.

Changes in assumptions in 2021 reflect the effects of changes in the discount rate and investment rate of return, health care cost trend rates, and mortality assumptions used. The discount rate and investment rate of return both decreased from 7.50 percent to 7.25 percent. Health care cost trend rates were adjusted from an initial trend of 8.25 percent gradually decreasing to an ultimate trend rate of 3.50 percent to an initial trend of 7.50 percent gradually decreasing to an ultimate trend rate of 3.50 percent. For police and fire members, the valuation changed from using the RP-2014 tables (projected with scale MP-2016) to using the Pub-2010 tables (projected with scale MP-2019). Mortality assumptions remained the same for general members.

Changes in assumptions in 2020 reflect the effects of changes in the assumed salary increases, health care cost trend rates, and mortality assumptions used. Assumed salary increases (including inflation) were adjusted from a range of 3.75 to 20.00 percent to a range of 3.00 to 20.10 percent. Health care cost trend rates were adjusted from an initial trend of 9.00 percent gradually decreasing to an ultimate trend rate of 3.50 percent to an initial trend of 8.25 percent gradually decreasing to an ultimate trend rate of 3.50 percent. The valuation changed from using the RP-2000 Healthy Annuitant Tables for males and females (projected to 2015 using Scale AA) to the RP-2014 tables (projected with scale MP-2016 from a base year of 2006).

Changes in assumptions in 2019 assumed salary increases (including inflation) were adjusted to a range of 3.75 to 20.00 percent from 3.00 to 3.25 percent.

Changes in assumptions in 2017 were the discount rate was adjusted from 7.75 to 7.50 percent. The mortality table utilized was the RP-2014, whereas the table utilized previously was the RP-2000 Combined Healthy Mortality table projected to 2015.

CITY OF STERLING HEIGHTS, MICHIGAN

Notes to Required Supplementary Information
Retiree Medical Benefits Trust

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	June 30, 2022
Notes	Actuarially determined contribution rates are calculated as of December 31 of even numbered years, which is six months prior to the beginning of the fiscal year biennium in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed fair value
Inflation	No explicit price inflation assumption used
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	General: The Pub-2010, Amount-Weighted, General Mortality Tables, with future mortality improvements projected using the fully generational MP-2021 projection scale with a base year of 2010. Police/Fire: The Pub-2010, Amount-Weighted, Safety, Employee, Male and Female tables, and future mortality improvements projected using scale MP-2019.
Health care trend rates	Non-Medicare: 7.50% gradually decreasing to an ultimate trend rate of 3.50%; Medicare: 6.25% gradually decreasing to an ultimate trend rate of 3.50%
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Investment expenses are net of the investment returns; administrative expenses are included in the premium costs.

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Notes to Schedule of Investment Returns

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds			
	Major Streets	Local Streets	Parks and Recreation	Indigent Defense
Assets				
Cash and cash equivalents	\$ 1,669,807	\$ 3,156,799	\$ 2,187,937	\$ 415,404
Investments	5,645,820	-	-	-
Restricted assets, cash and investments	-	-	-	-
Receivables:				
Special assessment	-	33,252	-	-
Accounts	400	-	-	-
Accrued interest	12,393	7,789	8,698	1,788
Due from other governmental units	1,930,318	681,563	539,794	-
Opioid settlement	-	-	-	-
Loans	-	-	-	-
Prepays and other assets	2,279,604	-	-	-
Total assets	<u>\$ 11,538,342</u>	<u>\$ 3,879,403</u>	<u>\$ 2,736,429</u>	<u>\$ 417,192</u>
Liabilities				
Accounts payable	\$ 861,361	\$ 183,003	\$ 427,688	\$ 73,171
Accrued and other liabilities	154	14,625	224,416	-
Due to other funds	-	-	-	-
Cash bonds and deposits	55,107	254,191	-	-
Unearned revenue	400	-	500,000	344,021
Total liabilities	<u>917,022</u>	<u>451,819</u>	<u>1,152,104</u>	<u>417,192</u>
Deferred inflows of resources				
Unavailable revenue	-	30,877	548,934	-
Fund balances				
Nonspendable	2,279,604	-	-	-
Restricted	8,341,716	3,396,707	-	-
Committed	-	-	-	-
Assigned	-	-	1,035,391	-
Total fund balances	<u>10,621,320</u>	<u>3,396,707</u>	<u>1,035,391</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,538,342</u>	<u>\$ 3,879,403</u>	<u>\$ 2,736,429</u>	<u>\$ 417,192</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

Special Revenue Funds				Debt Service Funds	
Public Safety Forfeiture	Community Development Block Grant	Opioid Settlement	Refuse/ Recycling	Limited Tax GO Debt	General Drain Debt
\$ 3,161,530	\$ -	\$ 1,501,190	\$ 1,338,275	\$ 2,814	\$ 3,631
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,111	-	6,433	1,585	12	16
-	80,097	-	473,615	-	-
-	-	4,900,942	-	-	-
-	1,168,067	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,170,641</u>	<u>\$ 1,248,164</u>	<u>\$ 6,408,565</u>	<u>\$ 1,813,475</u>	<u>\$ 2,826</u>	<u>\$ 3,647</u>
\$ 22,136	\$ 44,447	\$ -	\$ 655,001	\$ -	\$ -
-	-	-	-	-	-
-	32,454	-	-	-	-
-	3,196	-	-	-	-
-	1,168,067	-	-	-	-
<u>22,136</u>	<u>1,248,164</u>	<u>-</u>	<u>655,001</u>	<u>-</u>	<u>-</u>
-	-	4,900,942	473,615	-	-
-	-	-	-	-	-
3,148,505	-	1,507,623	684,859	-	3,647
-	-	-	-	-	-
-	-	-	-	2,826	-
<u>3,148,505</u>	<u>-</u>	<u>1,507,623</u>	<u>684,859</u>	<u>2,826</u>	<u>3,647</u>
<u>\$ 3,170,641</u>	<u>\$ 1,248,164</u>	<u>\$ 6,408,565</u>	<u>\$ 1,813,475</u>	<u>\$ 2,826</u>	<u>\$ 3,647</u>

continued...

	Debt Service Funds		Capital Projects Funds	
	Voted Tax GO Debt	Road Bond Debt Retirement	General Improvements	Facility Improvements
Assets				
Cash and cash equivalents	\$ 73,529	\$ 94,624	\$ 5,403,727	\$ 499,537
Investments	-	-	4,946,459	3,912,240
Restricted assets, cash and investments	-	-	1,717,525	-
Receivables:				
Special assessment	-	458,722	97,044	-
Accounts	-	-	-	-
Accrued interest	295	30,906	33,286	1,733
Due from other governmental units	-	-	-	-
Opioid settlement	-	-	-	-
Loans	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 73,824</u>	<u>\$ 584,252</u>	<u>\$ 12,198,041</u>	<u>\$ 4,413,510</u>
Liabilities				
Accounts payable	\$ 737	\$ -	\$ 251,382	\$ -
Accrued and other liabilities	125	-	18,596	-
Due to other funds	-	-	-	-
Cash bonds and deposits	-	-	70,110	-
Unearned revenue	-	-	1,717,525	-
Total liabilities	<u>862</u>	<u>-</u>	<u>2,057,613</u>	<u>-</u>
Deferred inflows of resources				
Unavailable revenue	-	344,042	65,024	-
Fund balances				
Nonspendable	-	-	-	-
Restricted	72,962	240,210	1,308,783	-
Committed	-	-	-	-
Assigned	-	-	8,766,621	4,413,510
Total fund balances	<u>72,962</u>	<u>240,210</u>	<u>10,075,404</u>	<u>4,413,510</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 73,824</u>	<u>\$ 584,252</u>	<u>\$ 12,198,041</u>	<u>\$ 4,413,510</u>

Capital Projects Funds			
Clinton River Restoration	Land and Water Conservation	Road Bond Construction	Total Nonmajor Governmental Funds
\$ 12,910	\$ 48,389	\$ 312,158	\$ 19,882,261
-	-	1,957,680	16,462,199
-	-	-	1,717,525
-	-	-	589,018
-	-	-	400
-	209	3,132	117,386
-	-	-	3,705,387
-	-	-	4,900,942
-	-	-	1,168,067
-	-	3,010,685	5,290,289
<u>\$ 12,910</u>	<u>\$ 48,598</u>	<u>\$ 5,283,655</u>	<u>\$ 53,833,474</u>
\$ -	\$ -	\$ -	\$ 2,518,926
-	-	-	257,916
-	-	-	32,454
-	13,273	-	395,877
-	-	-	3,730,013
<u>-</u>	<u>13,273</u>	<u>-</u>	<u>6,935,186</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,363,434</u>
-	-	3,010,685	5,290,289
-	-	2,272,970	20,977,982
-	35,325	-	35,325
<u>12,910</u>	<u>-</u>	<u>-</u>	<u>14,231,258</u>
<u>12,910</u>	<u>35,325</u>	<u>5,283,655</u>	<u>40,534,854</u>
<u>\$ 12,910</u>	<u>\$ 48,598</u>	<u>\$ 5,283,655</u>	<u>\$ 53,833,474</u>

concluded.

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds			
	Major Streets	Local Streets	Parks and Recreation	Indigent Defense
Revenues				
Taxes	\$ -	\$ 4,079,856	\$ 4,939,057	\$ -
Special assessments	-	2,415	-	-
Intergovernmental:				
Federal sources	-	-	2,155	-
State sources	11,803,454	4,802,814	601,189	387,007
Local sources	-	-	-	-
Charges for services	-	-	1,250,253	-
Interest and rentals	296,414	139,090	182,590	19,977
Other	374,816	42,757	99,820	-
Total revenues	<u>12,474,684</u>	<u>9,066,932</u>	<u>7,075,064</u>	<u>406,984</u>
Expenditures				
Current:				
General government	-	-	-	-
41A District court	-	-	-	406,984
Public safety	-	-	-	-
Public works	2,373,500	2,250,012	-	-
Recreation and culture	-	-	7,024,631	-
Debt service:				
Principal payments	-	-	1,775,000	-
Interest and paying agent fees	-	-	1,227,088	-
Capital outlay	10,200,898	4,849,266	113,603	-
Total expenditures	<u>12,574,398</u>	<u>7,099,278</u>	<u>10,140,322</u>	<u>406,984</u>
Revenues over (under) expenditures	<u>(99,714)</u>	<u>1,967,654</u>	<u>(3,065,258)</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	1,000,000	-	3,256,170	-
Transfers out	(4,801,430)	-	-	-
Total other financing sources (uses)	<u>(3,801,430)</u>	<u>-</u>	<u>3,256,170</u>	<u>-</u>
Net change in fund balances	<u>(3,901,144)</u>	<u>1,967,654</u>	<u>190,912</u>	<u>-</u>
Fund balances, beginning of year	<u>14,522,464</u>	<u>1,429,053</u>	<u>844,479</u>	<u>-</u>
Fund balances, end of year	<u>\$ 10,621,320</u>	<u>\$ 3,396,707</u>	<u>\$ 1,035,391</u>	<u>\$ -</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2024

Special Revenue Funds				Debt Service Funds	
Public Safety Forfeiture	Community Development Block Grant	Opioid Settlement	Refuse/ Recycling	Limited Tax GO Debt	General Drain Debt
\$ -	\$ -	\$ -	\$ 6,200,802	\$ -	\$ 443
-	-	-	-	-	-
909,234	638,661	-	-	-	-
611,637	-	-	370,076	-	-
-	-	-	-	-	-
-	-	843,427	24,535	-	-
156,385	-	48,424	2,716	2,506	195
361	-	-	-	-	-
<u>1,677,617</u>	<u>638,661</u>	<u>891,851</u>	<u>6,598,129</u>	<u>2,506</u>	<u>638</u>
-	-	-	-	1,000	-
-	-	-	-	-	-
413,190	-	-	-	-	-
-	413,133	-	5,913,270	-	-
-	-	-	-	-	-
-	-	-	-	1,680,000	-
-	-	-	-	1,281,357	-
437,998	225,528	-	-	-	-
<u>851,188</u>	<u>638,661</u>	<u>-</u>	<u>5,913,270</u>	<u>2,962,357</u>	<u>-</u>
<u>826,429</u>	<u>-</u>	<u>891,851</u>	<u>684,859</u>	<u>(2,959,851)</u>	<u>638</u>
-	-	-	-	2,962,360	-
-	-	-	-	-	-
-	-	-	-	2,962,360	-
826,429	-	891,851	684,859	2,509	638
<u>2,322,076</u>	<u>-</u>	<u>615,772</u>	<u>-</u>	<u>317</u>	<u>3,009</u>
<u>\$ 3,148,505</u>	<u>\$ -</u>	<u>\$ 1,507,623</u>	<u>\$ 684,859</u>	<u>\$ 2,826</u>	<u>\$ 3,647</u>

continued...

	Debt Service Funds		Capital Projects Funds	
	Voted Tax GO Debt	Road Bond Debt Retirement	General Improvements	Facility Improvements
Revenues				
Taxes	\$ 7,559	\$ -	\$ -	\$ -
Special assessments	-	114,678	45,398	-
Intergovernmental:				
Federal sources	-	-	259,102	-
State sources	42,160	-	-	-
Local sources	-	-	507,658	-
Charges for services	-	-	-	-
Interest and rentals	3,261	15,081	503,232	(86,490)
Other	-	29,461	208,777	-
Total revenues	<u>52,980</u>	<u>159,220</u>	<u>1,524,167</u>	<u>(86,490)</u>
Expenditures				
Current:				
General government	-	2,850	-	-
41A District court	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Recreation and culture	-	-	-	-
Debt service:				
Principal payments	-	3,590,000	-	-
Interest and paying agent fees	-	1,459,538	-	-
Capital outlay	-	-	6,265,506	-
Total expenditures	<u>-</u>	<u>5,052,388</u>	<u>6,265,506</u>	<u>-</u>
Revenues over (under) expenditures	<u>52,980</u>	<u>(4,893,168)</u>	<u>(4,741,339)</u>	<u>(86,490)</u>
Other financing sources (uses)				
Transfers in	-	4,801,430	5,590,000	4,500,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>4,801,430</u>	<u>5,590,000</u>	<u>4,500,000</u>
Net change in fund balances	<u>52,980</u>	<u>(91,738)</u>	<u>848,661</u>	<u>4,413,510</u>
Fund balances, beginning of year	<u>19,982</u>	<u>331,948</u>	<u>9,226,743</u>	<u>-</u>
Fund balances, end of year	<u>\$ 72,962</u>	<u>\$ 240,210</u>	<u>\$ 10,075,404</u>	<u>\$ 4,413,510</u>

Capital Projects Funds

Clinton River Restoration	Land and Water Conservation	Road Bond Construction	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 15,227,717
-	-	-	162,491
-	-	-	1,809,152
-	-	-	18,618,337
-	-	-	507,658
-	-	-	2,118,215
-	2,864	457,123	1,743,368
-	-	-	755,992
-	2,864	457,123	40,942,930
-	-	-	3,850
-	-	-	406,984
-	-	-	413,190
-	-	-	10,949,915
-	-	-	7,024,631
-	-	-	7,045,000
-	-	-	3,967,983
-	-	9,901,381	31,994,180
-	-	9,901,381	61,805,733
-	2,864	(9,444,258)	(20,862,803)
-	-	-	22,109,960
-	-	-	(4,801,430)
-	-	-	17,308,530
-	2,864	(9,444,258)	(3,554,273)
12,910	32,461	14,727,913	44,089,127
\$ 12,910	\$ 35,325	\$ 5,283,655	\$ 40,534,854

concluded.

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Major Streets Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - state sources	\$ 11,555,450	\$ 11,855,000	\$ 11,803,454	\$ (51,546)
Interest and rentals	103,850	185,000	296,414	111,414
Other	309,000	309,000	374,816	65,816
Total revenues	11,968,300	12,349,000	12,474,684	125,684
Expenditures				
Current -				
Public works	2,820,880	2,702,370	2,373,500	(328,870)
Capital outlay	4,760,000	16,952,440	10,200,898	(6,751,542)
Total expenditures	7,580,880	19,654,810	12,574,398	(7,080,412)
Revenues over (under) expenditures	4,387,420	(7,305,810)	(99,714)	7,206,096
Other financing sources (uses)				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	(4,801,430)	(4,801,430)	(4,801,430)	-
Total other financing sources (uses)	(3,801,430)	(3,801,430)	(3,801,430)	-
Net change in fund balance	585,990	(11,107,240)	(3,901,144)	7,206,096
Fund balance, beginning of year	14,522,464	14,522,464	14,522,464	-
Fund balance, end of year	\$ 15,108,454	\$ 3,415,224	\$ 10,621,320	\$ 7,206,096

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Streets Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 4,055,560	\$ 4,038,520	\$ 4,079,856	\$ 41,336
Special assessments	2,380	2,380	2,415	35
Intergovernmental - state sources	4,551,940	4,688,960	4,802,814	113,854
Interest and rentals	15,000	135,000	139,090	4,090
Other	53,120	53,120	42,757	(10,363)
Total revenues	8,678,000	8,917,980	9,066,932	148,952
Expenditures				
Current -				
Public works	2,477,130	3,753,840	2,250,012	(1,503,828)
Capital outlay	6,180,000	5,610,190	4,849,266	(760,924)
Total expenditures	8,657,130	9,364,030	7,099,278	(2,264,752)
Net change in fund balance	20,870	(446,050)	1,967,654	2,413,704
Fund balance, beginning of year	1,429,053	1,429,053	1,429,053	-
Fund balance, end of year	\$ 1,449,923	\$ 983,003	\$ 3,396,707	\$ 2,413,704

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

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Parks and Recreation Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 4,918,040	\$ 4,888,770	\$ 4,939,057	\$ 50,287
Intergovernmental:				
Federal sources	-	-	2,155	2,155
State sources	581,670	858,830	601,189	(257,641)
Charges for services	1,337,760	1,300,710	1,250,253	(50,457)
Interest and rentals	50,000	200,000	182,590	(17,410)
Other	75,700	75,700	99,820	24,120
Total revenues	6,963,170	7,324,010	7,075,064	(248,946)
Expenditures				
Current -				
Recreation and culture	6,989,460	7,119,730	7,024,631	(95,099)
Debt service:				
Principal payments	1,775,000	1,775,000	1,775,000	-
Interest and paying agent fees	1,227,090	1,227,090	1,227,088	(2)
Capital outlay	100,000	120,400	113,603	(6,797)
Total expenditures	10,091,550	10,242,220	10,140,322	(101,898)
Revenues under expenditures	(3,128,380)	(2,918,210)	(3,065,258)	(147,048)
Other financing sources				
Transfers in	3,256,170	3,256,170	3,256,170	-
Net change in fund balance	127,790	337,960	190,912	(147,048)
Fund balance, beginning of year	844,479	844,479	844,479	-
Fund balance, end of year	\$ 972,269	\$ 1,182,439	\$ 1,035,391	\$ (147,048)

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Indigent Defense Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - state sources	\$ 511,830	\$ 799,790	\$ 387,007	\$ (412,783)
Interest and rentals	-	-	19,977	19,977
Total revenues	511,830	799,790	406,984	(392,806)
Expenditures				
Current -				
41A District court	511,830	799,790	406,984	(392,806)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Public Safety Forfeiture Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental:				
Federal sources	\$ -	\$ 806,890	\$ 909,234	\$ 102,344
State sources	18,900	434,950	611,637	176,687
Interest and rentals	-	122,260	156,385	34,125
Other	-	320	361	41
Total revenues	18,900	1,364,420	1,677,617	313,197
Expenditures				
Current -				
Public safety	336,140	880,930	413,190	(467,740)
Capital outlay	354,680	737,970	437,998	(299,972)
Total expenditures	690,820	1,618,900	851,188	(767,712)
Net change in fund balance	(671,920)	(254,480)	826,429	1,080,909
Fund balance, beginning of year	2,322,076	2,322,076	2,322,076	-
Fund balance, end of year	\$ 1,650,156	\$ 2,067,596	\$ 3,148,505	\$ 1,080,909

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Community Development Block Grant Fund For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - federal grants	\$ 921,180	\$ 1,318,230	\$ 638,661	\$ (679,569)
Expenditures				
Current -				
Public works	508,180	654,170	413,133	(241,037)
Capital outlay	413,000	664,060	225,528	(438,532)
Total expenditures	<u>921,180</u>	<u>1,318,230</u>	<u>638,661</u>	<u>(679,569)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Opioid Settlement Fund For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 125,000	\$ 125,000	\$ 843,427	\$ 718,427
Interest and rentals	-	-	48,424	48,424
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>891,851</u>	<u>766,851</u>
Expenditures				
Current -				
Public safety	125,000	125,000	-	(125,000)
Net change in fund balance	-	-	891,851	891,851
Fund balance, beginning of year	615,772	615,772	615,772	-
Fund balance, end of year	<u>\$ 615,772</u>	<u>\$ 615,772</u>	<u>\$ 1,507,623</u>	<u>\$ 891,851</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Refuse/Recycling Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ -	\$ 6,161,020	\$ 6,200,802	\$ 39,782
Intergovernmental:				
State sources	-	370,070	370,076	6
Local sources	-	1,191,500	-	(1,191,500)
Charges for services	-	22,000	24,535	2,535
Interest and rentals	-	-	2,716	2,716
Total revenues	-	7,744,590	6,598,129	(1,146,461)
Expenditures				
Current -				
Public works	-	6,296,220	5,913,270	(382,950)
Net change in fund balance	-	1,448,370	684,859	(763,511)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 1,448,370</u>	<u>\$ 684,859</u>	<u>\$ (763,511)</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds
June 30, 2024

	General Employees' Retirement System	Police and Fire Retirement System	Retiree Medical Benefits	Total
Assets				
Cash and cash equivalents	\$ 1,965,905	\$ 5,742,494	\$ 2,693,977	\$ 10,402,376
Investments:				
Municipal bonds	-	119,966	-	119,966
Government securities	8,811,846	21,225,723	13,281,868	43,319,437
Mutual funds	12,800,347	39,227,957	18,407,342	70,435,646
Common and preferred stock	67,738,494	143,782,464	113,195,558	324,716,516
Corporate bonds	6,107,692	9,645,122	9,071,260	24,824,074
Private real estate	8,301,234	23,136,466	12,885,782	44,323,482
Hedge funds	2,008,918	4,369,397	2,661,816	9,040,131
Receivables	-	-	3,294	3,294
Total assets	<u>107,734,436</u>	<u>247,249,589</u>	<u>172,200,897</u>	<u>527,184,922</u>
Liabilities				
Accounts payable	131,963	996,592	231,079	1,359,634
Accrued and other liabilities	-	-	49,600	49,600
Provisions for claims	-	-	1,514,668	1,514,668
Total liabilities	<u>131,963</u>	<u>996,592</u>	<u>1,795,347</u>	<u>2,923,902</u>
Net position				
Restricted for:				
Pension	107,602,473	246,252,997	-	353,855,470
Other postemployment benefits	-	-	170,405,550	170,405,550
Total net position	<u>\$ 107,602,473</u>	<u>\$ 246,252,997</u>	<u>\$ 170,405,550</u>	<u>\$ 524,261,020</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2024

	General Employees' Retirement System	Police and Fire Retirement System	Retiree Medical Benefits	Total
Additions				
Contributions:				
Employer	\$ 4,570,650	\$ 13,917,727	\$ 8,500,650	\$ 26,989,027
Plan members	393,715	2,707,465	305,661	3,406,841
Employee service purchases	-	289,054	-	289,054
Total contributions	<u>4,964,365</u>	<u>16,914,246</u>	<u>8,806,311</u>	<u>30,684,922</u>
Investment earnings:				
Net change in fair value of investments	7,197,725	17,658,210	14,519,985	39,375,920
Interest	48,075	168,856	58,054	274,985
Dividends	3,074,103	5,958,989	4,551,625	13,584,717
Total investment income	<u>10,319,903</u>	<u>23,786,055</u>	<u>19,129,664</u>	<u>53,235,622</u>
Less investment expenses	<u>(591,875)</u>	<u>(1,517,705)</u>	<u>(928,975)</u>	<u>(3,038,555)</u>
Net investment income	<u>9,728,028</u>	<u>22,268,350</u>	<u>18,200,689</u>	<u>50,197,067</u>
Total additions	<u>14,692,393</u>	<u>39,182,596</u>	<u>27,007,000</u>	<u>80,881,989</u>
Deductions				
Benefit payments	11,541,210	27,380,880	13,003,816	51,925,906
Refunds of contributions	93,474	1,522,691	-	1,616,165
Administrative expenses	-	105,675	-	105,675
Total deductions	<u>11,634,684</u>	<u>29,009,246</u>	<u>13,003,816</u>	<u>53,647,746</u>
Change in net position	<u>3,057,709</u>	<u>10,173,350</u>	<u>14,003,184</u>	<u>27,234,243</u>
Net position, beginning of year	<u>104,544,764</u>	<u>236,079,647</u>	<u>156,402,366</u>	<u>497,026,777</u>
Net position, end of year	<u>\$ 107,602,473</u>	<u>\$ 246,252,997</u>	<u>\$ 170,405,550</u>	<u>\$ 524,261,020</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds
June 30, 2024

	Tax Receiving	District Court	Total
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Net position			
Restricted for individuals, organizations and other governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2024

	Tax Receiving	District Court	Total
Additions			
Taxes collected for other governments	\$ 149,902,831	\$ -	\$ 149,902,831
Court fees collected for other governments	-	982,481	982,481
Total additions	<u>149,902,831</u>	<u>982,481</u>	<u>150,885,312</u>
Deductions			
Payments of taxes to other governments	149,902,831	-	149,902,831
Court fees distributed to other governments	-	1,066,483	1,066,483
Total deductions	<u>149,902,831</u>	<u>1,066,483</u>	<u>150,969,314</u>
Change in net position	-	(84,002)	(84,002)
Net position, beginning of year	-	84,002	84,002
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Balance Sheet

Component Units

June 30, 2024

	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Authority	Brownfield Redevelopment Authority	Total Component Units
Assets					
Cash and cash equivalents	\$ 1,282,119	\$ 2,854,950	\$ 2,239	\$ 762,063	\$ 4,901,371
Receivables:					
Accounts	-	74,829	-	-	74,829
Accrued interest	5,494	12,346	10	3,266	21,116
Prepays and other assets	43,711	-	-	-	43,711
Inventories	295,800	-	-	-	295,800
Total assets	<u>\$ 1,627,124</u>	<u>\$ 2,942,125</u>	<u>\$ 2,249</u>	<u>\$ 765,329</u>	<u>\$ 5,336,827</u>
Liabilities					
Accounts payable	\$ 22,508	\$ 116,922	\$ -	\$ 719,570	\$ 859,000
Cash bonds and deposits	-	53,520	-	-	53,520
Unearned revenue	-	902,512	-	-	902,512
Total liabilities	<u>22,508</u>	<u>1,072,954</u>	<u>-</u>	<u>719,570</u>	<u>1,815,032</u>
Fund balances					
Nonspendable	339,511	-	-	-	339,511
Unassigned	1,265,105	1,869,171	2,249	45,759	3,182,284
Total fund balances	<u>1,604,616</u>	<u>1,869,171</u>	<u>2,249</u>	<u>45,759</u>	<u>3,521,795</u>
Total liabilities and fund balances	<u>\$ 1,627,124</u>	<u>\$ 2,942,125</u>	<u>\$ 2,249</u>	<u>\$ 765,329</u>	<u>\$ 5,336,827</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
Component Units
June 30, 2024

	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Authority	Brownfield Redevelopment Authority	Total Component Units
Fund balances for component units	\$ 1,604,616	\$ 1,869,171	\$ 2,249	\$ 45,759	\$ 3,521,795
Amounts reported for <i>component units</i> 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 fund statement.					
Capital assets not being depreciated	-	1,218,591	-	-	1,218,591
Capital assets, net of accumulated depreciation	-	5,367,655	-	-	5,367,655
Net position for component units	<u>\$ 1,604,616</u>	<u>\$ 8,455,417</u>	<u>\$ 2,249</u>	<u>\$ 45,759</u>	<u>\$ 10,108,041</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Component Units
For the Year Ended June 30, 2024

	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Authority	Brownfield Redevelopment Authority	Total Component Units
Revenues					
Taxes	\$ 309,460	\$ 1,701,026	\$ -	\$ 722,069	\$ 2,732,555
Intergovernmental - state sources	-	162,824	-	-	162,824
Investment income	72,276	151,969	903	36,841	261,989
Other revenue	-	296,543	-	-	296,543
Total revenues	381,736	2,312,362	903	758,910	3,453,911
Expenditures					
Current -					
Community and economic development	43,630	1,956,769	36,859	722,070	2,759,328
Change in fund balances	338,106	355,593	(35,956)	36,840	694,583
Fund balances, beginning of year	1,266,510	1,513,578	38,205	8,919	2,827,212
Fund balances, end of year	<u>\$ 1,604,616</u>	<u>\$ 1,869,171</u>	<u>\$ 2,249</u>	<u>\$ 45,759</u>	<u>\$ 3,521,795</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Reconciliation					
Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities Component Units For the Year Ended June 30, 2024					
	Corridor Improvement Authority	Local Development Finance Authority	Economic Development Authority	Brownfield Redevelopment Authority	Total Component Units
Net change in fund balances - component units	\$ 338,106	\$ 355,593	\$ (35,956)	\$ 36,840	\$ 694,583
Amounts reported for component units in the statement of activities are different because:					
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 assets purchased/constructed	-	525,968	-	-	525,968
Depreciation expense	-	(240,906)	-	-	(240,906)
Loss on disposal of capital assets	-	(33,054)	-	-	(33,054)
Change in net position of component units	\$ 338,106	\$ 607,601	\$ (35,956)	\$ 36,840	\$ 946,591

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance				
Budget and Actual - Corridor Improvement Authority For the Year Ended June 30, 2024				
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 310,950	\$ 310,950	\$ 309,460	\$ (1,490)
Investment income	10,000	10,000	72,276	62,276
Total revenues	320,950	320,950	381,736	60,786
Expenditures				
Current -				
Community and economic development	40,000	97,740	43,630	(54,110)
Net change in fund balance	280,950	223,210	338,106	114,896
Fund balance, beginning of year	1,266,510	1,266,510	1,266,510	-
Fund balance, end of year	\$ 1,547,460	\$ 1,489,720	\$ 1,604,616	\$ 114,896

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local Development Finance Authority
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 1,659,600	\$ 1,701,030	\$ 1,701,026	\$ (4)
Investment income	20,000	130,000	151,969	21,969
Intergovernmental - state sources	-	600,000	162,824	(437,176)
Intergovernmental - local sources	120,000	120,000	-	(120,000)
Other revenue	195,000	300,000	296,543	(3,457)
Total revenues	1,994,600	2,851,030	2,312,362	(538,668)
Expenditures				
Current -				
Community and economic development	2,005,650	3,276,210	1,956,769	(1,319,441)
Net change in fund balance	(11,050)	(425,180)	355,593	780,773
Fund balance, beginning of year	1,513,578	1,513,578	1,513,578	-
Fund balance, end of year	<u>\$ 1,502,528</u>	<u>\$ 1,088,398</u>	<u>\$ 1,869,171</u>	<u>\$ 780,773</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Economic Development Authority
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment income	\$ -	\$ -	\$ 903	\$ 903
Expenditures				
Current -				
Community and economic development	36,860	36,860	36,859	(1)
Net change in fund balance	(36,860)	(36,860)	(35,956)	904
Fund balance, beginning of year	38,205	38,205	38,205	-
Fund balance, end of year	<u>\$ 1,345</u>	<u>\$ 1,345</u>	<u>\$ 2,249</u>	<u>\$ 904</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Brownfield Redevelopment Authority
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 719,390	\$ 722,070	\$ 722,069	\$ (1)
Investment income	-	35,000	36,841	1,841
Total revenues	719,390	757,070	758,910	1,840
Expenditures				
Current -				
Community and economic development	719,390	722,070	722,070	-
Net change in fund balance	-	35,000	36,840	1,840
Fund balance, beginning of year	8,919	8,919	8,919	-
Fund balance, end of year	\$ 8,919	\$ 43,919	\$ 45,759	\$ 1,840

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STATISTICAL SECTION

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CITY OF STERLING HEIGHTS, MICHIGAN

Statistical Section Table of Contents

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.	164
Debt Capacity	
These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	170
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	180
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	183

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

CITY OF STERLING HEIGHTS, MICHIGAN

Net Position by Component Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2015	2016	2017	2018 (1)
Governmental Activities				
Net investment in capital assets	\$ 166,305,991	\$ 172,609,179	\$ 141,192,833	\$ 193,873,282
Restricted	9,687,600	8,325,564	52,219,283	10,222,676
Unrestricted (deficit)	(107,150,997)	(110,411,191)	(114,623,816)	(203,205,414)
Total governmental activities net position	<u>\$ 68,842,594</u>	<u>\$ 70,523,552</u>	<u>\$ 78,788,300</u>	<u>\$ 890,544</u>
Business Type Activities				
Net investment in capital assets	\$ 118,109,220	\$ 119,117,466	\$ 109,551,411	\$ 113,751,804
Restricted	10,521,601	1,307,099	10,193,185	3,008,771
Unrestricted	9,948,067	14,617,172	12,974,017	7,879,223
Total business-type activities net position	<u>\$ 138,578,888</u>	<u>\$ 135,041,737</u>	<u>\$ 132,718,613</u>	<u>\$ 124,639,798</u>
Primary government				
Net investment in capital assets	\$ 284,415,211	\$ 291,726,645	\$ 250,744,244	\$ 307,625,086
Restricted	20,209,201	9,632,663	62,412,468	13,231,447
Unrestricted (deficit)	(97,202,930)	(95,794,019)	(101,649,799)	(195,326,191)
Total primary government	<u>\$ 207,421,482</u>	<u>\$ 205,565,289</u>	<u>\$ 211,506,913</u>	<u>\$ 125,530,342</u>

(1) GASB No. 75 was implemented with the fiscal year ended June 30, 2018

UNAUDITED

Fiscal Year Ended June 30,					
2019	2020	2021	2022	2023	2024
\$ 207,285,272	\$ 233,489,857	\$ 247,550,798	\$ 252,451,250	\$ 264,033,525	\$ 278,232,574
17,743,175	11,579,485	12,414,891	17,539,690	14,209,089	28,484,366
<u>(200,071,465)</u>	<u>(209,465,303)</u>	<u>(194,211,633)</u>	<u>(200,311,062)</u>	<u>(181,568,791)</u>	<u>(171,577,093)</u>
<u>\$ 24,956,982</u>	<u>\$ 35,604,039</u>	<u>\$ 65,754,056</u>	<u>\$ 69,679,878</u>	<u>\$ 96,673,823</u>	<u>\$ 135,139,847</u>
\$ 113,701,480	\$ 111,234,487	\$ 100,816,622	\$ 106,623,230	\$ 112,111,579	\$ 117,064,499
2,459,517	3,816,286	16,102,118	9,184,883	13,156,905	12,413,205
<u>6,537,347</u>	<u>4,555,149</u>	<u>7,761,073</u>	<u>6,045,931</u>	<u>6,422,104</u>	<u>4,131,491</u>
<u>\$ 122,698,344</u>	<u>\$ 119,605,922</u>	<u>\$ 124,679,813</u>	<u>\$ 121,854,044</u>	<u>\$ 131,690,588</u>	<u>\$ 133,609,195</u>
\$ 320,986,752	\$ 344,724,344	\$ 348,367,420	\$ 359,074,480	\$ 376,145,104	\$ 395,297,073
20,202,692	15,395,771	28,517,009	26,724,573	27,365,994	40,897,571
<u>(193,534,118)</u>	<u>(204,910,154)</u>	<u>(186,450,560)</u>	<u>(194,265,131)</u>	<u>(175,146,687)</u>	<u>(167,445,602)</u>
<u>\$ 147,655,326</u>	<u>\$ 155,209,961</u>	<u>\$ 190,433,869</u>	<u>\$ 191,533,922</u>	<u>\$ 228,364,411</u>	<u>\$ 268,749,042</u>

CITY OF STERLING HEIGHTS, MICHIGAN

Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	\$ 6,200,880	\$ 7,351,777	\$ 8,060,141	\$ 7,267,842
District Court	3,351,422	3,877,503	4,126,604	3,728,890
Public safety	61,063,426	55,117,055	55,632,517	54,397,264
Public works	24,385,159	28,014,220	26,282,093	29,961,490
Recreation and culture	4,892,593	5,735,889	6,624,266	6,343,690
Interest on long-term liabilities	603,500	514,247	675,198	2,496,423
Total governmental activities expenses	<u>100,496,980</u>	<u>100,610,691</u>	<u>101,400,819</u>	<u>104,195,599</u>
Business-type activities - Water and sewer	<u>44,886,232</u>	<u>49,351,047</u>	<u>52,082,635</u>	<u>55,599,159</u>
Total primary government expenses	<u>145,383,212</u>	<u>149,961,738</u>	<u>153,483,454</u>	<u>159,794,758</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	3,760,720	3,227,800	3,441,658	2,378,747
41A District Court	2,368,667	2,692,034	2,604,583	2,908,337
Public safety	1,562,339	1,633,571	1,656,530	2,679,269
Public works	2,936,122	3,189,189	3,596,813	3,443,958
Recreation and culture	760,007	733,620	752,883	574,725
Total charges for services	<u>11,387,855</u>	<u>11,476,214</u>	<u>12,052,467</u>	<u>11,985,036</u>
Operating grants and contributions	3,566,906	4,048,708	6,618,802	9,931,126
Capital grants and contributions	8,129,304	8,553,786	16,135,905	14,316,813
Total governmental activities program revenue	<u>23,084,065</u>	<u>24,078,708</u>	<u>34,807,174</u>	<u>36,232,975</u>
Business-type activities:				
Charges for services	36,020,248	40,026,642	45,917,303	50,589,347
Operating grants and contributions	602,738	96,712	-	559,609
Capital grants and contributions	1,954,700	5,014,380	3,906,683	3,100,357
Total business-type activities program revenue	<u>38,577,686</u>	<u>45,137,734</u>	<u>49,823,986</u>	<u>54,249,313</u>
Total primary government program revenues	<u>61,661,751</u>	<u>69,216,442</u>	<u>84,631,160</u>	<u>90,482,288</u>
General revenues:				
Governmental activities:				
Property taxes	62,231,352	64,036,721	60,946,929	66,282,454
State-shared revenues	10,785,806	10,694,421	11,259,947	11,784,623
Investment earnings	630,068	886,403	71,918	1,454,230
Cable franchise fees	-	-	-	2,414,752
Other revenue	2,533,069	2,595,396	2,579,599	1,883,080
Total governmental activities	<u>76,180,295</u>	<u>78,212,941</u>	<u>74,858,393</u>	<u>83,819,139</u>
Business-type activities:				
Investment earnings	635,502	676,162	(64,475)	35,247
Gain on sale of capital assets	-	-	-	-
Total business-type activities	<u>635,502</u>	<u>676,162</u>	<u>(64,475)</u>	<u>35,247</u>
Total primary government general revenue	<u>76,815,797</u>	<u>78,889,103</u>	<u>74,793,918</u>	<u>83,854,386</u>
Change in net position				
Governmental activities	(1,232,620)	1,680,958	8,264,748	15,856,515
Business-type activities	<u>(5,673,044)</u>	<u>(3,537,151)</u>	<u>(2,323,124)</u>	<u>(1,314,599)</u>
Total primary government	<u>\$ (6,905,664)</u>	<u>\$ (1,856,193)</u>	<u>\$ 5,941,624</u>	<u>\$ 14,541,916</u>

UNAUDITED

Fiscal Year Ended June 30,					
2019	2020	2021	2022	2023	2024
\$ 14,396,969	\$ 16,349,557	\$ 14,487,942	\$ 16,824,449	\$ 17,901,375	\$ 9,880,105
3,762,089	4,103,248	3,351,572	4,780,581	4,332,387	4,632,788
58,518,653	65,604,864	56,874,610	72,686,196	70,551,104	69,089,402
21,642,326	21,430,495	20,805,200	26,530,983	24,441,506	31,434,521
7,411,196	8,860,964	9,603,947	11,704,479	11,876,111	13,375,798
3,628,285	3,540,056	3,305,989	3,283,639	3,519,661	3,157,646
109,359,518	119,889,184	108,429,260	135,810,327	132,622,144	131,570,260
54,411,558	56,529,468	54,962,880	58,964,138	58,799,172	59,445,422
163,771,076	176,418,652	163,392,140	194,774,465	191,421,316	191,015,682
2,538,972	2,516,764	2,785,584	3,031,456	3,249,159	5,864,894
3,079,738	1,890,130	1,452,870	1,940,087	2,797,889	2,531,270
4,730,272	4,580,155	4,052,332	4,642,445	8,322,955	6,270,468
3,359,102	3,260,383	3,046,608	3,444,596	2,841,568	9,260,797
862,525	628,802	611,981	1,026,152	1,238,028	1,352,644
14,570,609	12,876,234	11,949,375	14,084,736	18,449,599	25,280,073
11,315,298	10,376,070	16,793,437	12,138,713	15,877,906	26,224,329
14,537,254	15,244,980	15,668,776	17,341,628	20,576,994	4,272,552
40,423,161	38,497,284	44,411,588	43,565,077	54,904,499	55,776,954
49,231,779	50,351,649	58,984,621	54,238,528	57,508,595	56,129,351
565,149	875,241	-	-	-	-
1,986,596	1,871,557	994,297	1,954,602	10,567,931	3,716,754
51,783,524	53,098,447	59,978,918	56,193,130	68,076,526	59,846,105
92,206,685	91,595,731	104,390,506	99,758,207	122,981,025	115,623,059
72,772,592	72,130,241	74,319,939	78,406,913	81,474,109	87,715,017
12,162,566	12,677,603	14,499,046	16,288,653	16,490,679	15,685,869
3,176,376	2,220,455	762,914	(2,626,093)	1,851,094	6,355,569
2,329,624	2,227,827	2,218,739	2,114,490	1,982,585	1,763,682
2,561,637	2,782,831	2,367,051	1,987,109	2,913,123	2,739,193
93,002,795	92,038,957	94,167,689	96,171,072	104,711,590	114,259,330
686,580	338,599	57,853	(54,761)	559,190	1,425,139
-	-	-	-	-	92,785
686,580	338,599	57,853	(54,761)	559,190	1,517,924
93,689,375	92,377,556	94,225,542	96,116,311	105,270,780	115,777,254
24,066,438	10,647,057	30,150,017	3,925,822	26,993,945	38,466,024
(1,941,454)	(3,092,422)	5,073,891	(2,825,769)	9,836,544	1,918,607
\$ 22,124,984	\$ 7,554,635	\$ 35,223,908	\$ 1,100,053	\$ 36,830,489	\$ 40,384,631

CITY OF STERLING HEIGHTS, MICHIGAN

Fund Balances – Governmental Funds
Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2015	2016	2017	2018
General Fund				
Nonspendable	\$ 580,872	\$ 735,358	\$ 829,129	\$ 563,361
Assigned	4,457,140	5,095,500	5,076,900	-
Unassigned	2,501,722	5,564,011	11,360,580	24,150,393
Total general fund	<u>7,539,734</u>	<u>11,394,869</u>	<u>17,266,609</u>	<u>24,713,754</u>
All other governmental funds				
Nonspendable	222,835	2,009,754	610,377	695,486
Restricted	5,391,767	10,514,620	54,501,560	62,149,539
Committed	85,588	623,435	374,420	190,436
Assigned	1,630,427	1,732,331	1,499,058	3,852,870
Total all other governmental funds	<u>7,330,617</u>	<u>14,880,140</u>	<u>56,985,415</u>	<u>66,888,331</u>
Total governmental funds	<u>\$ 14,870,351</u>	<u>\$ 26,275,009</u>	<u>\$ 74,252,024</u>	<u>\$ 91,602,085</u>

UNAUDITED

Fiscal Year Ended June 30,					
2019	2020	2021	2022	2023	2024
\$ 565,524	\$ 664,405	\$ 946,960	\$ 1,061,097	\$ 1,120,070	\$ 1,060,629
-	-	-	-	-	-
26,318,389	29,250,023	31,302,213	31,813,209	34,343,404	39,756,411
26,883,913	29,914,428	32,249,173	32,874,306	35,463,474	40,817,040
3,499,383	5,640,822	5,755,462	7,702,210	6,844,462	5,381,289
40,105,715	29,549,254	27,451,676	33,377,957	28,607,525	20,977,982
161,907	159,899	31,283	31,283	32,461	35,325
9,738,175	5,356,141	5,798,047	6,069,478	9,053,219	15,140,006
53,505,180	40,706,116	39,036,468	47,180,928	44,537,667	41,534,602
\$ 80,389,093	\$ 70,620,544	\$ 71,285,641	\$ 80,055,234	\$ 80,001,141	\$ 82,351,642

CITY OF STERLING HEIGHTS, MICHIGAN

Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2015	2016	2017	2018
Revenues				
Taxes	\$ 62,231,352	\$ 64,036,721	\$ 60,946,929	\$ 66,282,454
Special assessments	212,828	201,579	199,092	222,250
Federal sources	1,456,596	1,990,255	6,300,698	4,122,227
State and local sources	21,054,148	21,279,925	27,584,764	31,365,436
Charges for services	10,085,731	9,719,467	9,842,019	12,373,661
Fines and forfeitures	2,567,229	3,057,417	2,944,500	2,384,499
Licenses and permits (excluding cable)	1,800,968	2,149,069	2,568,909	2,648,068
Investment income (loss)	247,437	426,998	112,450	1,120,683
Rental income	1,829,381	1,578,977	1,488,753	1,630,951
Cable revenue	2,533,069	2,595,396	2,579,599	2,414,752
Other	1,414,282	1,960,041	1,568,519	1,866,109
Total revenues	105,433,021	108,995,845	116,136,232	126,431,090
Expenditures				
Current:				
General government	7,803,567	8,154,052	8,300,238	9,118,455
41A District Court	3,087,262	3,223,740	3,242,874	3,309,841
Public safety	49,752,772	49,704,157	48,646,567	50,311,362
Public works	21,450,688	20,929,934	20,869,103	23,165,358
General expenditures	1,119,452	1,027,555	1,164,656	1,845,158
Recreation and culture	4,189,468	4,393,760	7,664,887	4,805,997
Debt service principal	2,620,000	1,725,000	2,280,000	4,100,000
Debt service interest	628,563	545,331	700,971	2,025,489
Capital outlay	14,388,416	19,122,277	22,513,996	39,333,835
Total expenditures	105,040,188	108,825,806	115,383,292	138,015,495
Revenues over (under) expenditures	392,833	170,039	752,940	(11,584,405)
Other financing sources (uses)				
Issuance of bond, notes and other long-term liabilities	198,633	9,630,000	47,315,000	27,590,000
Premium or discount on debt issuance	-	254,555	2,902,577	1,302,812
Proceeds on sale of capital assets	-	-	80,363	41,655
Transfers in	13,594,435	10,797,379	10,180,735	10,588,025
Transfers out	(10,494,435)	(9,447,315)	(10,180,735)	(10,588,025)
Total other financing sources (uses)	3,298,633	11,234,619	50,297,940	28,934,467
Net change in fund balances	\$ 3,691,466	\$ 11,404,658	\$ 51,050,880	\$ 17,350,062
Debt service as a percentage of noncapital expenditures	3.58%	2.53%	3.21%	6.23%

UNAUDITED

Fiscal Year Ended June 30,					
2019	2020	2021	2022	2023	2024
\$ 72,759,327	\$ 72,179,599	\$ 74,402,654	\$ 78,406,913	\$ 81,474,109	\$ 87,715,017
263,804	126,507	119,427	151,788	148,520	162,491
2,356,723	2,713,283	8,277,635	4,452,146	7,773,120	7,145,668
34,699,398	36,310,073	37,924,816	40,764,798	44,377,240	46,131,483
14,938,523	14,298,086	13,657,617	14,569,479	15,939,463	17,284,624
2,517,198	1,540,704	1,079,803	1,678,277	2,469,429	2,087,493
2,629,072	2,562,476	2,344,498	2,572,200	2,443,600	1,950,238
3,382,059	2,045,963	671,876	(2,582,927)	1,764,819	6,192,201
1,552,811	1,498,761	1,640,887	1,746,415	1,565,433	1,545,160
2,329,624	2,227,827	2,218,739	2,114,490	1,982,585	1,763,682
2,510,236	2,792,592	2,426,826	1,871,711	3,525,346	2,739,193
<u>139,938,775</u>	<u>138,295,871</u>	<u>144,764,778</u>	<u>145,745,290</u>	<u>163,463,664</u>	<u>174,717,250</u>
11,087,713	12,485,728	12,753,975	14,177,083	16,224,085	16,181,309
3,480,346	3,646,569	3,569,512	3,959,102	4,042,861	4,424,549
54,426,486	55,657,071	59,704,317	62,044,521	64,490,069	68,032,197
21,359,651	20,507,719	21,707,991	22,276,474	22,372,141	25,127,599
1,589,904	2,369,508	2,922,963	3,411,578	2,700,717	2,723,566
6,159,499	7,039,735	7,153,046	7,782,054	8,784,166	9,862,891
5,340,000	6,462,520	5,535,000	6,803,000	7,464,000	7,045,000
3,109,779	3,574,278	3,638,619	3,760,843	4,162,943	3,967,983
44,685,871	62,799,049	45,291,490	30,724,425	33,399,832	35,110,256
<u>151,239,249</u>	<u>174,542,177</u>	<u>162,276,913</u>	<u>154,939,080</u>	<u>163,640,814</u>	<u>172,475,350</u>
(11,300,474)	(36,246,306)	(17,512,135)	(9,193,790)	(177,150)	2,241,900
-	24,919,316	18,973,000	16,850,000	-	-
-	-	702,899	1,036,153	-	-
87,482	17,875	41,899	77,230	123,057	108,601
23,133,990	17,627,275	19,940,070	17,012,684	22,252,546	22,109,960
<u>(23,133,990)</u>	<u>(17,627,275)</u>	<u>(19,940,070)</u>	<u>(17,012,684)</u>	<u>(22,252,546)</u>	<u>(22,109,960)</u>
<u>87,482</u>	<u>24,937,191</u>	<u>19,717,798</u>	<u>17,963,383</u>	<u>123,057</u>	<u>108,601</u>
<u>\$ (11,212,992)</u>	<u>\$ (11,309,115)</u>	<u>\$ 2,205,663</u>	<u>\$ 8,769,593</u>	<u>\$ (54,093)</u>	<u>\$ 2,350,501</u>
7.99%	8.98%	7.79%	8.50%	9.07%	8.01%

CITY OF STERLING HEIGHTS, MICHIGAN

General Government Tax Revenue by Source
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Fund Property Taxes				
	Operating	Refuse (1)	Police and Fire Retirement System	Safe Streets	Total
2015	\$ 38,380,857	\$ 4,615,657	\$ 7,905,424	\$ 6,969,239	\$ 57,871,177
2016	40,154,336	4,786,968	7,992,154	7,121,201	60,054,659
2017	38,159,793	4,418,198	7,914,369	6,786,371	57,278,731
2018	39,003,553	4,425,923	8,251,737	6,916,401	58,597,614
2019	44,404,945	4,407,310	9,011,570	7,102,036	64,925,861
2020	42,343,466	4,454,516	9,780,505	7,400,807	63,979,294
2021	42,719,547	4,416,896	11,220,782	7,580,766	65,937,991
2022	44,817,855	4,654,346	12,866,281	7,748,836	70,087,318
2023	47,287,467	4,705,616	12,556,551	8,071,382	72,621,016
2024 (2)	50,549,495	-	12,847,034	8,608,416	72,004,945

Source: City Treasurer's Office

- (1) During the fiscal year ended June 30, 2024 refuse taxes were recognized in the Refuse/Recycling special revenue fund.
(2) Tax revenue excludes adjustment for Michigan personal tax exemption for eligible manufacturing personal property.

UNAUDITED

Local Roads Property Taxes	Parks and Recreation Property Taxes	Refuse /Recycling Property Taxes	Debt Service Funds Property Taxes			Total All Property Taxes
Safe Streets	Recreating Recreation	Refuse	General Drain	Voted Tax General Obligation	Total	
\$ 3,271,161	\$ -	\$ -	\$ 658,448	\$ 430,566	\$ 1,089,014	\$ 62,231,352
3,344,947	-	-	164,288	472,828	637,116	64,036,722
3,201,818	-	-	2,297	464,084	466,381	60,946,930
3,258,923	3,965,701	-	1,052	459,166	460,218	66,282,456
3,330,120	4,032,610	-	688	413,759	414,447	72,703,038
3,479,548	4,228,073	-	628	492,057	492,685	72,179,600
3,564,606	4,331,004	-	607	506,343	506,950	74,340,551
3,631,075	4,402,377	-	615	549,205	549,820	78,670,590
3,795,529	4,600,110	-	619	551,550	552,169	81,568,824
4,055,322	4,917,738	6,161,022	601	1,488	2,089	87,141,116

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CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year	Year Ended June 30,	Total Levy (1)	Current Collections	Percent Collected	Delinquent Collections (2)	Total Tax Collections	Percent of Levy Collected
2014	2015	\$ 62,603,722	\$ 61,350,710	98.00%	\$ 1,157,471	\$ 62,508,181	99.85%
2015	2016	63,842,382	62,694,645	98.20%	1,046,438	63,741,083	99.84%
2016	2017	61,003,077	59,820,159	98.06%	1,065,670	60,885,829	99.81%
2017	2018	66,431,075	65,265,032	98.24%	1,074,118	66,339,150	99.86%
2018	2019	73,342,584	71,900,008	98.03%	1,295,204	73,195,212	99.80%
2019	2020	72,676,628	71,373,019	98.21%	1,198,695	72,571,714	99.86%
2020	2021	75,590,292	73,894,914	98.29%	1,144,217	75,039,131	99.27%
2021	2022	80,455,135	78,245,801	97.25%	1,236,272	79,482,073	98.79%
2022	2023	82,703,836	81,190,278	98.17%	1,130,940	82,321,218	99.54%
2023	2024	87,988,683	86,220,931	97.99%	1,519,001	87,739,932	99.72%
2024	2025	95,140,418	(2)				

(1) Includes operational, refuse, public improvement, safe streets, and general drain taxes, but does not include penalty and interest on late payment of taxes.

(2) Estimated tax levy. This levy will only change due to STC, MTT, and/or Board of Review adjustments and is included to facilitate continuing disclosure requirements.

Source: City Treasurer's Office

CITY OF STERLING HEIGHTS, MICHIGAN

Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year (Tax Year)	City Direct Rates							
	Operating (1)	Refuse	Police and Fire Retirement System	Drain Debt Service	Public Improvement Debt Service	Safe Streets	Recreating Recreation	Total
2015 (2014)								
Homestead	9.3701	1.1267	1.9238	0.1605	0.1047	2.5000	0.0000	15.1858
Non-homestead	9.3701	1.1267	1.9238	0.1605	0.1047	2.5000	0.0000	15.1858
2016 (2015)								
Homestead	9.4909	1.1424	1.9026	0.0377	0.1122	2.5000	0.0000	15.1858
Non-homestead	9.4909	1.1424	1.9026	0.0377	0.1122	2.5000	0.0000	15.1858
2017 (2016)								
Homestead	9.4856	1.1062	1.9788	0.0000	0.1152	2.5000	0.0000	15.1858
Non-homestead	9.4856	1.1062	1.9788	0.0000	0.1152	2.5000	0.0000	15.1858
2018 (2017)								
Homestead	9.4940	1.0827	2.0124	0.0000	0.1114	2.4853	0.9700	16.1558
Non-homestead	9.4940	1.0827	2.0124	0.0000	0.1114	2.4853	0.9700	16.1558
2019 (2018)								
Homestead	10.4940	1.0420	2.1279	0.0000	0.0971	2.4678	0.9516	17.1804
Non-homestead	10.4940	1.0420	2.1279	0.0000	0.0971	2.4678	0.9516	17.1804
2020 (2019)								
Homestead	9.4940	1.0038	2.1984	0.0000	0.1096	2.4505	0.9506	16.2069
Non-homestead	9.4940	1.0038	2.1984	0.0000	0.1096	2.4505	0.9506	16.2069
2021 (2020)								
Homestead	9.3106	0.9639	2.4441	0.0000	0.1097	2.4343	0.9443	16.2069
Non-homestead	9.3106	0.9639	2.4441	0.0000	0.1097	2.4343	0.9443	16.2069
2022 (2021)								
Homestead	9.4940	0.9877	2.7240	0.0000	0.1150	2.4157	0.9378	16.6742
Non-homestead	9.4940	0.9877	2.7240	0.0000	0.1150	2.4157	0.9378	16.6742
2023 (2022)								
Homestead	9.4940	0.9468	2.5189	0.0000	0.1096	2.3850	0.9257	16.3800
Non-homestead	9.4940	0.9468	2.5189	0.0000	0.1096	2.3850	0.9257	16.3800
2024 (2023)								
Homestead	9.4940	1.1632	2.4109	0.0000	0.0000	2.3859	0.9260	16.3800
Non-homestead	9.4940	1.1632	2.4109	0.0000	0.0000	2.3859	0.9260	16.3800

(1) City general operating tax rate charter limit equals 12.0 mills.

(2) Sterling Heights' taxable valuation is based on 62 percent for Utica Schools and 38 percent for Warren Consolidated Schools for the year ended June 30, 2016.

Source: Municipal Advisory Council of Michigan.

UNAUDITED

Overlapping Rates							
Macomb Intermediate School District	Macomb Community College	Huron/ Clinton Metro Authority	S.M.A.R.T.	County Zoo Authority	Veterans Operations	D.I.A.	Med Call
2.9430	1.5262	0.2146	1.0000	0.1000	0.0400	0.2000	0.0000
2.9430	1.5262	0.2146	1.0000	0.1000	0.0400	0.2000	0.0000
2.9430	1.5302	0.2146	1.0000	0.1000	0.0400	0.2000	0.0000
2.9430	1.5302	0.2146	1.0000	0.1000	0.0400	0.2000	0.0000
2.9355	1.4212	0.2146	0.9974	0.0997	0.0398	0.1994	0.0000
2.9355	1.4212	0.2146	0.9974	0.0997	0.0398	0.1994	0.0000
2.9146	1.4034	0.2140	0.9903	0.0989	0.0682	0.1979	0.0000
2.9146	1.4034	0.2140	0.9903	0.0989	0.0682	0.1979	0.0000
2.8945	1.4640	0.2129	1.0000	0.0985	0.0676	0.1965	0.0000
2.8945	1.4640	0.2129	1.0000	0.0985	0.0676	0.1965	0.0000
2.8744	1.4531	0.2117	0.9926	0.0977	0.0674	0.1950	0.0000
2.8744	1.4531	0.2117	0.9926	0.0977	0.0674	0.1950	0.0000
4.7296	1.4387	0.2104	0.9827	0.0967	0.0667	0.1930	0.0990
4.7296	1.4387	0.2104	0.9827	0.0967	0.0667	0.1930	0.0990
4.6845	1.4247	0.2089	0.9731	0.0957	0.0660	0.1911	0.0000
4.6845	1.4247	0.2089	0.9731	0.0957	0.0660	0.1911	0.0000
4.6300	1.4077	0.2070	0.9500	0.0945	0.0652	0.1956	0.0000
4.6300	1.4077	0.2070	0.9500	0.0945	0.0652	0.1956	0.0000
4.7100	1.4077	0.2070	0.9500	0.0945	0.0690	0.1956	0.0000
4.7100	1.4077	0.2070	0.9500	0.0945	0.0690	0.1956	0.0000

continued...

CITY OF STERLING HEIGHTS, MICHIGAN

Direct and Overlapping Governments Last Ten Fiscal Years

Fiscal Year (Tax Year)	Overlapping Rates								
	Macomb County		Utica Community School District (2)			Warren Consolidated School District (2)			
	Operating	Drain Debt Service	State Education Tax	Operating/ Local	Debt	State Education Tax	Operating/ Local	Supplemental	Debt
2015 (2014)									
Homestead	4.5685	0.0050	6.0000	0.0000	3.8500	6.0000	0.0000	7.1603	3.6000
Non-homestead	4.5685	0.0050	6.0000	17.9316	3.8500	6.0000	18.0000	0.0000	3.6000
2016 (2015)									
Homestead	4.5685	0.0050	6.0000	0.0000	3.8500	6.0000	0.0000	6.7766	3.9200
Non-homestead	4.5685	0.0050	6.0000	17.9082	3.8500	6.0000	18.0000	0.0000	3.9200
2017 (2016)									
Homestead	4.5566	0.0050	6.0000	0.0000	3.8500	6.0000	0.0000	6.7914	4.8700
Non-homestead	4.5566	0.0050	6.0000	17.6968	3.8500	6.0000	17.8182	0.0000	4.8700
2018 (2017)									
Homestead	4.5242	0.0050	6.0000	0.0000	3.8500	6.0000	0.0000	6.5091	4.8700
Non-homestead	4.5242	0.0050	6.0000	17.5676	3.8500	6.0000	17.7487	0.0000	4.8700
2019 (2018)									
Homestead	4.4925	0.0050	6.0000	0.0000	3.7600	6.0000	0.0000	6.1678	4.7800
Non-homestead	4.4925	0.0050	6.0000	17.3128	3.7600	6.0000	18.0000	0.0000	4.7800
2020 (2019)									
Homestead	4.4592	0.0000	6.0000	0.0000	3.5000	6.0000	0.0000	5.7931	4.7800
Non-homestead	4.4592	0.0000	6.0000	17.1621	3.5000	6.0000	17.9463	5.7931	4.7800
2021 (2020)									
Homestead	4.4150	0.0000	6.0000	0.0000	3.5000	6.0000	0.0000	5.3583	4.7800
Non-homestead	4.4150	0.0000	6.0000	16.9183	3.5000	6.0000	17.9463	0.0000	4.7800
2022 (2021)									
Homestead	4.3721	0.0000	6.0000	0.0000	3.5000	6.0000	0.0000	5.0652	4.7800
Non-homestead	4.3721	0.0000	6.0000	16.9183	3.5000	6.0000	17.8296	0.0000	4.7800
2023 (2022)									
Homestead	4.3200	0.0000	6.0000	0.0000	3.5000	6.0000	0.0000	2.6824	4.7800
Non-homestead	4.3200	0.0000	6.0000	16.7508	3.5000	6.0000	17.6120	2.6824	4.7800
2024 (2023)									
Homestead	4.3200	0.0000	6.0000	0.0000	3.5000	6.0000	0.0000	3.4464	4.7800
Non-homestead	4.3200	0.0000	6.0000	18.0000	3.5000	6.0000	17.6120	0.0000	4.7800

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Total Direct and Overlapping Rates by Resident's School District	
Utica Community	Warren Consolidated
35.6331 53.5647	42.5434 53.3831
35.6371 53.5453	42.4837 53.7071
35.5050 53.2018	43.3164 54.3432
36.4223 53.9899	43.9514 55.1910
37.3719 54.6847	44.5597 56.3919
36.0580 53.2201	43.1311 55.2843
37.9387 54.8570	44.5770 57.1650
38.1903 55.1086	44.5355 57.2999
37.7500 54.5008	41.7124 59.3244
37.8338 55.8338	42.5602 56.7258
concluded.	

CITY OF STERLING HEIGHTS, MICHIGAN

Assessed Taxable Values Last Ten Fiscal Years

	2015	2016	2017	2018
State Equalized Value				
SEV equivalent	\$ 4,421,529,781	\$ 4,796,034,350	\$ 4,949,191,377	\$ 5,200,275,450
IFT exemption	<u>149,204,525</u>	<u>123,790,350</u>	<u>64,411,150</u>	<u>61,439,675</u>
Total State Equalized Value	<u>\$ 4,570,734,306</u>	<u>\$ 4,919,824,700</u>	<u>\$ 5,013,602,527</u>	<u>\$ 5,261,715,125</u>
Taxable Value (by class)				
Real property	\$ 3,564,635,642	\$ 3,665,393,466	\$ 3,737,558,043	\$ 3,855,214,582
Personal property	<u>714,092,150</u>	<u>670,143,500</u>	<u>366,173,450</u>	<u>327,166,100</u>
Total Taxable Value (by class)	<u>\$ 4,278,727,792</u>	<u>\$ 4,335,536,966</u>	<u>\$ 4,103,731,493</u>	<u>\$ 4,182,380,682</u>
Taxable Value (by type)				
Residential	\$ 2,640,642,487	\$ 2,717,724,673	\$ 2,777,714,820	\$ 2,863,163,811
Commercial	558,328,319	574,872,887	594,885,971	612,549,438
Industrial	296,637,552	305,821,724	314,006,932	317,662,123
Personal property	488,607,400	494,865,700	289,981,650	270,324,150
IFT real and personal property	<u>294,512,034</u>	<u>242,251,982</u>	<u>127,142,120</u>	<u>118,681,160</u>
Total	4,278,727,792	4,335,536,966	4,103,731,493	4,182,380,682
Less exempt property	<u>(147,256,017)</u>	<u>(121,125,991)</u>	<u>(63,571,060)</u>	<u>(59,340,580)</u>
Total Taxable Value (by type)	<u>\$ 4,131,471,775</u>	<u>\$ 4,214,410,975</u>	<u>\$ 4,040,160,433</u>	<u>\$ 4,123,040,102</u>
Total direct tax rate (1)	<u>\$ 15.1858</u>	<u>\$ 15.1858</u>	<u>\$ 15.1858</u>	<u>\$ 16.1558</u>
Total taxable value as a percentage of SEV equivalent	90.39%	85.66%	80.58%	77.49%
Total taxable value as a percentage of total value	96.56%	97.21%	98.45%	98.84%

(1) This rate is applied 100 percent to the total taxable value.

Source: City of Sterling Heights, Assessor's Office

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2019	2020	2021	2022	2023	2024
\$ 5,409,399,365	\$ 5,798,698,325	\$ 6,158,957,816	\$ 6,427,561,200	\$ 6,698,886,900	\$ 7,310,585,590
52,225,350	53,110,750	52,709,800	62,864,450	61,276,500	64,550,550
<u>\$ 5,461,624,715</u>	<u>\$ 5,851,809,075</u>	<u>\$ 6,211,667,616</u>	<u>\$ 6,490,425,650</u>	<u>\$ 6,760,163,400</u>	<u>\$ 7,375,136,140</u>
\$ 4,032,937,100	\$ 4,244,580,889	\$ 4,427,329,545	\$ 4,562,968,811	\$ 4,823,098,811	\$ 5,185,909,481
289,445,900	305,210,600	282,249,500	319,918,100	282,964,300	243,973,490
<u>\$ 4,322,383,000</u>	<u>\$ 4,549,791,489</u>	<u>\$ 4,709,579,045</u>	<u>\$ 4,882,886,911</u>	<u>\$ 5,106,063,111</u>	<u>\$ 5,429,882,971</u>
\$ 2,986,252,214	\$ 3,121,603,015	\$ 3,241,733,427	\$ 3,356,319,778	\$ 3,559,441,589	\$ 3,831,414,153
637,542,166	679,530,404	726,105,453	704,267,708	741,971,902	787,430,304
343,983,905	369,124,697	376,971,307	397,600,360	414,915,057	450,444,941
254,615,000	279,689,900	267,400,500	308,300,400	274,997,000	243,973,490
99,989,715	99,843,473	97,368,358	116,398,665	114,737,563	116,620,083
4,322,383,000	4,549,791,489	4,709,579,045	4,882,886,911	5,106,063,111	5,429,882,971
(49,994,857)	(49,921,736)	(48,684,179)	(58,199,332)	(57,368,781)	(58,310,042)
<u>\$ 4,272,388,143</u>	<u>\$ 4,499,869,753</u>	<u>\$ 4,660,894,866</u>	<u>\$ 4,824,687,579</u>	<u>\$ 5,048,694,330</u>	<u>\$ 5,371,572,929</u>
<u>\$ 17.1804</u>	<u>\$ 16.2069</u>	<u>\$ 16.2069</u>	<u>\$ 16.6742</u>	<u>\$ 16.3800</u>	<u>\$ 16.3800</u>
78.23%	76.90%	75.03%	74.34%	74.68%	72.83%
98.84%	98.90%	98.97%	98.81%	98.88%	98.93%

CITY OF STERLING HEIGHTS, MICHIGAN

Principal Property Taxpayers (Major Taxpayers)
Current Year and Ten Years Ago

Company Name	Product/Service	Year Ended June 30, 2024		
		Taxable Value	Rank	Percent of Total City Taxable Value
DTE Energy	Public electric utility	\$ 60,811,218	1	1.13%
Stellantis(FCA US LLC/ Chrysler Group LLC)	Automotive assembly and stamping	55,381,040	2	1.03%
Consumer Energy	Public utility for gas	49,150,898	3	0.92%
Ford Motor Company	Automotive manufacturing and drive shafts	29,704,044	4	0.55%
International Transmission	Automotive	17,860,786	5	0.33%
Comcast Cable	Cable communications	17,590,961	6	0.33%
Liberty Park Commerce Center, LLC	Industrial facilities	17,259,045	7	0.32%
Chalk Spade Investments (USA)	Investments	15,223,446	8	0.28%
General Dynamics	Defense-related	14,136,393	9	0.26%
BAE Systems	Defense Technology	13,687,741	10	0.25%
Detroit Media PArtnership	Printing plant - Newspapers			
Lakeside Associates	Retail shopping center			
NJT Enterprises	Retail Shopping center			
		290,805,572		5.41%
	Other taxpayers	5,080,767,357		
	Total taxable value	<u>\$ 5,371,572,929</u>		

Source: City of Sterling Heights, Assessor's Office

UNAUDITED

Year Ended June 30, 2015		
Taxable Value	Rank	Percent of Total City Taxable Value
\$ 36,651,629	3	0.68%
195,484,696	1	3.64%
14,001,242	8	0.26%
155,857,079	2	2.90%
16,501,429	7	0.31%
26,113,625	4	0.49%
10,136,975	10	0.19%
25,985,129	5	0.48%
22,563,877	6	0.42%
13,703,200	9	0.26%
516,998,881		9.62%
3,614,472,894		
<u>\$ 4,131,471,775</u>		

CITY OF STERLING HEIGHTS, MICHIGAN

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities	
	General Obligation Bonds	County Issued Bonds	Amounts Available in Debt Service Funds	General Obligation Bonds	County Issued Bonds
2015	\$ 5,253,950	\$ 150,000	\$ (18,201)	\$ -	\$ 33,071,724
2016	4,667,114	-	(28,263)	-	35,885,137
2017	46,135,000	-	(63,338)	-	50,299,962
2018	63,190,000	-	(92,722)	-	48,741,669
2019	60,335,000	-	(57,046)	-	46,797,853
2020	84,852,623	-	(31,437)	-	51,344,551
2021	96,347,571	-	(4,968)	15,371,660	65,167,696
2022	76,866,655	-	(11,118)	27,638,357	61,906,037
2023	72,517,518	-	(25,458)	26,513,260	57,247,478
2024	68,517,431	-	-	25,420,319	57,363,691

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See the schedule of assessed taxable value for property value data.
- (2) United States Census Bureau - 2010/2020 Census and 2010 American Community Survey One Year Estimates

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Total Primary Government	Percentage of Estimated Total Taxable Value of Property (1)	Population (2)	Per Capita
\$ 38,457,473	0.9356%	129,699	\$ 296.51
40,523,988	0.9653%	129,699	312.45
96,371,624	0.2388%	129,699	743.04
111,838,947	0.2621%	129,699	862.30
107,075,807	0.2506%	129,699	825.57
136,165,737	0.3026%	129,699	1,049.86
161,240,299	0.3459%	132,438	1,217.48
166,399,931	0.3449%	134,346	1,238.59
156,252,798	0.3095%	134,346	1,163.06
151,301,441	0.2817%	134,346	1,126.21

CITY OF STERLING HEIGHTS, MICHIGAN

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-type Activities
	General Obligation Bonds	Michigan Transportation Bonds	Special Assessment Bonds	County- issued Bonds	General Obligation Bonds
2015	\$ 5,253,950	\$ 7,465,086	\$ 2,550,000	\$ 150,000	\$ -
2016	4,667,114	16,480,393	2,400,000	-	-
2017	46,135,000	16,595,000	2,250,000	-	-
2018	63,190,000	23,180,000	2,100,000	-	-
2019	60,335,000	20,845,000	1,950,000	-	-
2020	84,852,623	19,129,213	1,800,000	-	-
2021	80,975,911	36,003,953	1,600,000	-	15,371,660
2022	76,866,655	50,878,548	1,400,000	-	27,638,357
2023	72,517,518	47,300,615	1,200,000	-	26,513,260
2024	68,517,431	43,715,765	1,000,000	-	25,420,319

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of demographic and economic statistics for personal income data.

UNAUDITED

Business-type Activities						
County Issued						
General Obligation Bonds	Special Assessment Bonds	County State Revolving Loan Funds	Total Primary Government	Percentage of Personal Income (1)	Population	Per Capita
\$ 33,071,724	\$ 4,098,344	\$ 17,592,684	\$ 70,181,788	2.23%	129,699	\$ 541.11
31,831,025	4,054,112	20,725,947	80,158,591	2.55%	129,699	618.04
46,597,435	3,702,527	22,126,394	137,406,356	4.38%	129,699	1,059.42
48,741,669	2,258,379	21,072,504	160,542,552	5.11%	129,699	1,237.81
46,797,853	1,962,402	19,973,656	151,863,911	4.84%	129,699	1,170.90
51,344,551	1,983,169	18,860,521	177,970,077	5.67%	129,699	1,372.18
63,323,681	1,844,015	18,485,695	219,178,930	6.98%	132,438	1,689.90
60,201,476	1,704,561	17,320,226	236,009,823	5.61%	134,346	1,756.73
57,247,478	1,565,415	15,754,110	222,098,396	5.28%	134,346	1,653.18
57,363,691	1,424,711	14,065,716	211,507,633	5.02%	134,346	1,574.35

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CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

Direct and Overlapping Governmental Activities Debt

June 30, 2024

Direct Debt

General Obligation Bonds			
05/09/17	Limited Tax	\$ 32,521,423	
05/22/18	Limited Tax	15,766,522	
08/22/19	Limited Tax	<u>20,229,486</u>	\$ 68,517,431
Michigan Transportation Fund Bonds			
04/05/16	MTF Bonds, Series 2016	5,184,216	
05/09/17	MTF Bonds, Series 2017	1,253,491	
05/22/18	MTF Bonds, Series 2018	5,461,737	
10/28/20	MTF Bonds, Series 2020	396,000	
03/10/21	MTF Bonds, Series 2021	15,377,319	
05/18/22	MTF Bonds, Series 2022	<u>16,043,002</u>	43,715,765
Special Assessment Bonds			
08/03/08	Improvements		<u>1,000,000</u>
Total direct debt outstanding			113,233,196
Less:	MTF Bonds	43,715,765	
	Special Assessment Bonds	<u>1,000,000</u>	<u>44,715,765</u>
Net direct and indirect debt outstanding			<u>68,517,431</u>

Overlapping Debt

Municipality	Net Tax Supported Debt	City allocation	
Utica Community School District	252,985,000	35.28%	89,253,108
Warren Consolidated School District	210,250,000	45.21%	95,054,025
Macomb Intermediate School District	92,145,000	14.78%	13,619,031
Macomb County at large	216,557,490	15.10%	<u>32,700,181</u>
Total overlapping debt			<u>230,626,345</u>
Net direct and indirect debt outstanding and overlapping debt			<u>\$ 299,143,776</u>

Source: Assessed value data used to estimate applicable overlapping debt percentages is provided by the Municipal Advisory Council of Michigan, Detroit, Michigan. Debt outstanding data is provided by each governmental unit.

CITY OF STERLING HEIGHTS, MICHIGAN

Ratios of Outstanding Debt

Last Ten Fiscal Years

As of June 30,				
	2015	2016	2017	2018
Governmental Activities:				
General obligation bonds	\$ 5,253,950	\$ 4,667,114	\$ 49,055,194	\$ 63,190,000
Michigan transportation fund bonds	7,465,086	16,480,393	17,080,252	23,180,000
Special assessment bonds	2,550,000	2,400,000	2,250,000	2,100,000
County issued bonds	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>15,419,036</u>	<u>23,547,507</u>	<u>68,385,446</u>	<u>88,470,000</u>
Business-type Activities:				
General obligation bonds	33,071,724	31,831,025	53,263,196	48,741,669
Special assessment bonds	4,098,344	4,054,112	3,884,347	2,258,379
County state revolving loan funds	<u>17,592,684</u>	<u>20,725,947</u>	<u>22,126,394</u>	<u>21,072,504</u>
	<u>54,762,752</u>	<u>56,611,084</u>	<u>79,273,937</u>	<u>72,072,552</u>
Total debt of the government				
	<u>\$ 70,181,788</u>	<u>\$ 80,158,591</u>	<u>\$ 147,659,383</u>	<u>\$ 160,542,552</u>
Total residential personal income				
Ratio of total debt to personal income	\$ 3,140,402,000	\$ 3,140,402,000	\$ 3,140,402,000	\$ 3,140,402,000
	2.23%	2.55%	4.70%	5.11%
Total Population				
Total debt per capita	\$ 541.11	\$ 618.04	\$ 1,138.48	\$ 1,237.81

UNAUDITED

As of June 30,					
2019	2020	2021	2022	2023	2024
\$ 60,335,000	\$ 84,852,623	\$ 80,975,911	\$ 76,866,655	\$ 72,517,518	\$ 68,517,431
20,845,000	19,129,213	36,003,953	50,878,548	47,300,615	43,715,765
1,950,000	1,800,000	1,600,000	1,400,000	1,200,000	1,000,000
-	-	-	-	-	-
83,130,000	105,781,836	118,579,864	129,145,203	121,018,133	113,233,196
46,797,853	51,344,551	78,695,342	87,839,833	83,760,738	82,784,010
1,962,402	1,983,169	1,844,015	1,704,561	1,565,415	1,424,711
19,973,656	18,860,521	18,485,695	17,320,226	15,754,110	14,065,716
68,733,911	72,188,241	99,025,052	106,864,620	101,080,263	98,274,437
<u>\$ 151,863,911</u>	<u>\$ 177,970,077</u>	<u>\$ 217,604,916</u>	<u>\$ 236,009,823</u>	<u>\$ 222,098,396</u>	<u>\$ 211,507,633</u>
\$ 3,140,402,000	\$ 3,140,402,000	\$ 4,056,708,000	\$ 4,209,732,000	\$ 4,209,732,000	\$ 4,209,732,000
4.84%	5.67%	5.36%	5.61%	5.28%	5.02%
129,699	129,699	132,438	134,346	134,346	134,346
\$ 1,170.90	\$ 1,372.18	\$ 1,643.07	\$ 1,756.73	\$ 1,653.18	\$ 1,574.35

CITY OF STERLING HEIGHTS, MICHIGAN

Legal Debt Margin
Last Ten Fiscal Years

As of June 30,				
2015	2016	2017	2018	
Calculation of debt limit:				
State equalized valuation	\$ 4,570,734,306	\$ 4,919,824,700	\$ 5,013,602,527	\$ 5,261,715,125
10% of taxable value	<u>457,073,431</u>	<u>491,982,470</u>	<u>501,360,253</u>	<u>526,171,513</u>
Calculation of debt subject to limit:				
Total debt	52,589,104	59,432,644	125,532,989	139,470,048
Less: debt not subject to limit:				
Michigan Transportation Fund Bonds	7,205,000	15,995,000	16,595,000	23,180,000
Special Assessment Bonds	2,550,000	2,400,000	2,250,000	2,100,000
MID District Special Assessments	2,449,227	2,468,817	2,182,194	2,258,379
OMID District Special Assessments	<u>1,649,117</u>	<u>1,585,295</u>	<u>1,520,333</u>	<u>1,454,232</u>
Net debt subject to limit	<u>38,735,760</u>	<u>36,983,532</u>	<u>102,985,462</u>	<u>110,477,437</u>
Legal debt margin	<u>\$ 418,337,671</u>	<u>\$ 454,998,938</u>	<u>\$ 398,374,791</u>	<u>\$ 415,694,076</u>
Net debt subject to limit as % of debt limit	8.47%	7.52%	20.54%	21.00%

(1) Debt limit set forth in Section 4a, Act 279 of 1909 and Act 202, P.A. 1943, as amended by Act 42, P.A. 1960

UNAUDITED

As of June 30,					
2019	2020	2021	2022	2023	2024
\$ 5,461,624,715	\$ 5,851,809,075	\$ 6,211,667,616	\$ 6,490,425,650	\$ 6,760,163,400	\$ 7,375,136,140
546,162,472	585,180,908	621,166,762	649,042,565	676,016,340	737,513,614
131,890,255	159,109,556	199,119,221	218,689,597	206,344,286	197,441,917
20,845,000	19,129,213	36,003,953	50,878,548	47,300,615	43,715,765
1,950,000	1,800,000	1,600,000	1,400,000	1,200,000	1,000,000
1,962,402	1,983,169	1,844,015	1,704,561	1,565,415	1,424,711
1,385,851	1,316,331	1,244,530	1,171,590	1,096,372	1,018,874
105,747,002	134,880,843	158,426,723	163,534,898	155,181,884	150,282,567
\$ 440,415,470	\$ 450,300,065	\$ 462,740,039	\$ 485,507,667	\$ 520,834,456	\$ 587,231,047
19.36%	23.05%	25.50%	25.20%	22.96%	20.38%

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CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

Pledged Revenue Coverage
 Last Ten Fiscal Years

Limited Tax Obligation Bonds - Governmental Activities					
Fiscal Year Ended	Debt Service				Coverage
	Collections	Principal	Interest	Total	
2015	\$ 312,675	\$ 240,000	\$ 72,450	\$ 312,450	1.001
2016	322,375	260,000	62,150	322,150	1.001
2017	356,075	305,000	50,850	355,850	1.001
2018	4,297,400	1,890,000	1,450,769	3,340,769	1.286
2019	5,720,642	2,405,000	2,293,487	4,698,487	1.218
2020	7,244,184	3,230,000	2,799,402	6,029,402	1.201
2021	7,277,798	2,975,000	2,978,194	5,953,194	1.223
2022	7,372,802	3,745,000	3,132,509	6,877,509	1.072
2023	7,558,373	4,365,000	3,422,925	7,787,925	0.971
2024	7,901,722	3,455,000	2,508,445	5,963,445	1.325

Michigan Transportation Fund Bonds - Governmental Activities					
Fiscal Year Ended	Debt Service				Coverage
	Collections	Principal	Interest	Total	
2015	\$ 3,819,418	\$ 1,330,000	\$ 257,912	\$ 1,587,912	2.405
2016	4,025,210	1,165,000	227,707	1,392,707	2.890
2017	4,630,041	1,625,000	515,996	2,140,996	2.163
2018	5,548,637	1,615,000	440,801	2,055,801	2.699
2019	5,919,343	2,335,000	773,131	3,108,131	1.904
2020	6,184,549	2,495,000	737,114	3,232,114	1.913
2021	6,805,281	1,805,000	557,275	2,362,275	2.881
2022	7,339,411	2,908,000	845,177	3,753,177	1.956
2023	7,654,996	3,399,000	1,422,049	4,821,049	1.588
2024	7,848,952	3,390,000	1,411,389	4,801,389	1.635

Special Assessment Bonds - Governmental Activities					
Fiscal Year Ended	Debt Service				Coverage (1)
	Collections (1)	Principal	Interest	Total	
2015	\$ 250,699	\$ 150,000	\$ 108,207	\$ 258,207	0.971
2016	246,302	150,000	103,225	253,225	0.973
2017	267,781	150,000	97,600	247,600	1.082
2018	296,155	150,000	91,600	241,600	1.226
2019	320,493	150,000	85,600	235,600	1.360
2020	221,453	150,000	79,600	229,600	0.965
2021	99,723	200,000	72,600	272,600	0.450
2022	120,770	200,000	64,550	264,550	0.457
2023	133,876	200,000	56,450	256,450	0.522
2024	114,678	200,000	48,150	248,150	0.462

(1) Customers may choose to make special assessment payments up-front to avoid paying interest to the City, which creates uneven payment streams over the life of the assessment.

Source: City of Sterling Heights

CITY OF STERLING HEIGHTS, MICHIGAN

Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Estimated Population (1)	Median Age (2)	Education Age 25 or Older (2)		Per Capita Income (1)	Income (in thousands) (4)
			High School Graduate or Higher	Bachelor's Degree or Higher		
2015	129,699	40-44	86.4%	22.9%	\$ 24,213	\$ 3,140,402
2016	129,699	40-44	86.4%	22.9%	24,213	3,140,402
2017	129,699	40-44	86.4%	22.9%	24,213	3,140,402
2018	129,699	40-44	86.4%	22.9%	24,213	3,140,402
2019	129,699	40-44	86.4%	22.9%	24,213	3,140,402
2020	129,699	40-44	86.4%	22.9%	24,213	3,140,402
2021	132,438	40-44	86.4%	26.7%	30,631	4,056,708
2022	134,346	40-44	86.4%	26.7%	31,335	4,209,732
2023	134,346	40-44	86.4%	26.7%	31,335	4,209,732
2024	134,346	40-44	87.7%	30.8%	31,335	4,209,732

Sources:

- (1) United States Census Bureau - 2010/2020 Census and 2010 American Community Survey One Year Estimates
- (2) Southeast Michigan Council of Governments (SEMCOG)
- (3) Michigan Department of Career Development, Employment Security Agency, Office of Labor Market Information
- (4) Michigan Department of Technology, Labor and Budget

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Number of Households (1)	Median Household Income (1)	Unemployment Rate (3)/(4)
49,576	\$ 53,390	7.0%
49,576	53,390	4.6%
49,576	53,390	3.4%
49,576	53,390	3.9%
49,576	53,390	4.2%
49,576	53,390	17.5%
51,615	64,833	4.3%
51,615	64,833	4.1%
51,615	64,833	3.4%
51,615	64,833	4.1%

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CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

Miscellaneous Demographics

June 30, 2024

Income and Benefit Characteristics					
Population U.S Census		Household Income Income	Number of Households	Households	Number
2020	134,346	Less than \$14,999	3,499	With earnings	39,656
2010	129,699	\$15,000 - \$34,999	7,289	With Social Security income	17,335
2000	124,471	\$35,000 - \$49,999	5,918	With retirement income	12,609
1990	117,810	\$50,000 - \$74,999	8,635	With supplemental security income	3,424
		\$75,000 - \$99,999	7,081	With cash public assistance income	1,741
		\$100,000 or more	18,567	With food stamps/SNAP benefits	6,507

Housing Tenure			Labor Characteristics	
Types	2020	2010	By Occupation:	Employees
Owner occupied	37,874	37,685		
Renter occupied	13,641	11,766	Management, professional, and related Service	25,931 9,688
Vacant:			Sales and office	14,042
Seasonal/Migrant	139	128	Natural resources, construction, and maintenance	4,042
Other vacant units	1,601	2,611	Production, transportation, and material moving	10,845
Total	53,255	52,190	Total	64,548

Household Characteristics			Labor Characteristics	
Types	2020	2010	By Industry:	Employees
With seniors 65+	18,119	14,229	Manufacturing	14,454
Without seniors	33,396	35,222	Educational, health, and social services	12,818
Two or more without children	23,360	21,007	Retail trade	8,368
Live alone, over 65	6,501	5,316	Professional, scientific, management, administrative, and waste management services	5,713
Live alone, under 65	7,619	7,791	Arts, entertainment, recreation, accommodation, and food services	5,529
With children	14,035	15,337	Transportation, warehousing, and utilities	3,642
Total households	51,515	49,451	Finance, insurance, real estate, rental, and leasing	3,591
			Other professional and related services	3,158
			Construction	2,859
			Public administration	2,114
			Wholesale trade	1,201
			Information	870
			Agriculture, forestry, fishing and hunting, and mining	231
			Total	64,548

Age Statistics		
Years	2020	2010
Under 5	5.1%	5.5%
5 to 19	16.8%	18.7%
20 to 24	6.2%	6.3%
25 to 44	25.2%	25.8%
45 to 64	27.2%	28.5%
Over 64	19.6%	15.2%

Source: United States Census Bureau - 2010/2020 Census and 2020 American Community Survey Five Year Estimates

CITY OF STERLING HEIGHTS, MICHIGAN

Principal Employers (Major Employers)				
Current Year and Ten Years Ago				
Company Name	Product/Service	Year Ended		
		June 30, 2024		Total City
		Employees	Rank	Employment
Stellantis(FCA USLLC/ Chrysler Group LLC)	Automotive assembly and stamping	7,821	1	12.12%
General Dynamics	Defense-related manufacturing	7,300	2	11.31%
Ford Motor Company	Automotive axles and transmissions	3,835	3	5.94%
America's Back Office	HR Solutions	3,500	4	5.42%
Conti LLC	Automotive Parts	2,500	5	3.87%
Utica Community Schools	Education	2,300	6	3.56%
21 Century Newspapers	Newspaper Publishing	1,500	7	2.32%
Beaumont Health	Healthcare	1,299	8	2.01%
Detroit Media Partnership	Printing plant - Newspapers (3)	1,000	9	1.55%
Mayco International/Stonebridge Industries	Automotive plastics	950	10	1.47%
Lakeside Associates	Retail Shopping Center			
Kuka Sytems Corporation	Metalworking machinery and robotic systems			
Warren Consolidated Schools	Education			
U.S. Farathane Corporation	Paints and finishes	32,005		49.57%
	Other employers	32,543		
	Total employment	64,548		

Source: City of Sterling Heights, Economic Development Office

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Year Ended June 30, 2015		
Employees	Rank	Total City Employment
4,000	1	6.61%
2,000	3	3.30%
3,600	2	5.95%
1,150	5	1.90%
1,000	6	1.65%
600	10	0.99%
2,000	4	3.30%
1,000	7	1.65%
790	8	1.31%
750	9	1.24%
16,890		27.91%
43,626		
60,516		

CITY OF STERLING HEIGHTS, MICHIGAN

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
General Government				
Election Data				
Registered voters	87,576	86,465	88,520	84,781
Voters at polls	26,444	8,178	41,578	8,130
Absentee ballots	11,862	8,475	16,443	8,221
Percent voting	43.74%	19.00%	65.55%	19.29%
41A District Court				
Court Cases				
Civil	2,652	2,566	2,612	3,021
Criminal	4,279	3,644	3,321	3,825
Landlord and tenant	2,223	2,161	1,932	1,971
Small claims	333	386	393	340
Traffic	25,887	31,584	31,445	26,847
Public Safety				
Police Protection				
Adult arrests	3,882	3,919	3,612	3,290
Civil infractions	27,031	30,780	26,088	22,994
Group A offenses (1)	2,885	2,871	2,782	3,078
Group B offenses (2)	2,867	3,235	2,917	3,467
Injury accidents	952	1,300	1,265	899
Juvenile arrests	219	212	116	99
OUIL arrests	204	169	138	157
Parking violations	1,282	1,333	1,468	1,116
Property damage	3,625	3,638	3,825	3,915
Private property damage	700	644	531	323
Total traffic violations	31,777	35,610	30,678	26,521
Fire Protection				
Emergency alarms answered	13,588	14,293	14,805	15,930
Fire inspections conducted	863	1,232	1,688	1,146
Inspection violations issued	945	2,433	24,722	2,500
Medical emergencies	10,253	10,753	11,025	11,808
Training hours completed	26,086	24,359	32,116	35,002
Recreation and Culture				
Parks and Recreation				
Adult athletics attendance	19,006	17,914	21,291	20,051
Instructional recreation attendance	23,566	23,916	22,903	27,143
Nature program attendance	15,079	16,187	15,753	18,085
50th activity program attendance	97,769	101,770	101,825	108,155
Special event attendance	80,680	114,295	93,327	112,833
Adaptive recreation program attendance	8,847	8,460	7,568	7,523
Summer playground attendance	12,765	10,353	12,182	11,254

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Fiscal Year					
2019	2020	2021	2022	2023	2024
86,629	90,254	98,915	99,390	101,557	108,488
35,160	8,798	29,532	7,134	31,506	N/A
14,232	9,105	40,672	12,517	21,052	N/A
57.02%	19.84%	70.97%	19.77%	51.75%	0.00%
3,180	2,467	2,709	2,401	2,296	3,327
4,018	3,057	3,226	1,407	5,175	2,838
2,164	1,538	1,069	2,111	2,806	2,875
282	175	100	130	208	250
27,350	18,567	13,417	18,393	24,534	19,388
3,411	2,529	1,018	1,888	2,454	2,507
23,990	15,510	9,095	15,121	21,210	17,314
3,210	2,800	2,987	3,486	4,047	3,776
4,090	3,877	4,515	4,803	5,041	5,079
925	710	653	787	792	815
88	57	31	38	7	5
120	141	116	165	249	278
1,326	1,097	462	2,291	3,106	1,433
3,680	2,946	2,599	3,436	3,436	2,930
197	184	193	218	240	207
27,986	18,528	10,034	19,459	27,204	21,884
15,795	15,683	16,170	18,130	17,832	17,657
1,235	1,937	2,113	2,141	2,126	2,100
2,319	3,050	3,483	2,913	1,186	1,954
11,856	11,644	12,993	13,957	13,509	13,563
43,780	40,687	42,538	42,159	40,596	33,448
18,728	18,942	13,865	12,407	12,637	13,021
29,802	17,980	12,506	26,276	31,099	40,576
16,020	9,999	5,521	9,531	13,522	12,915
101,055	91,619	33,880	85,208	94,095	110,986
120,118	124,280	55,071	178,894	160,439	145,636
7,135	4,990	2,355	2,978	3,483	5,000
8,776	6,674	1,374	6,649	8,133	7,960

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CITY OF STERLING HEIGHTS, MICHIGAN

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
Library				
Outreach visits	-	-	-	-
Total room usage	1,463	1,528	1,587	1,668
In-house materials usage	60,279	54,742	39,714	32,590
Interlibrary loan requests	80,545	78,015	71,796	69,323
Interlibrary loans - Lent	72,109	70,606	62,818	61,479
Items circulated	536,038	548,414	536,321	565,478
Library visits	376,007	385,398	314,813	241,302
Electronic database usage	-	-	-	-
Program attendance	16,322	20,209	23,208	27,721
Reference transactions	65,368	65,587	64,893	59,864
Registered borrowers	48,490	47,334	46,498	66,043
Water and Sewer Services				
Customers: (3)				
Residential	35,223	35,319	35,419	35,494
Commercial/Industrial	4,274	4,297	4,270	4,320
Water (in thousand cubic feet):				
Purchased from Detroit	603,378	636,215	615,045	580,053
Sold to residents	602,994	590,426	629,333	591,358
Rates (per thousand):				
1,000 CU. FT.	\$ 55.37	\$ 62.59	\$ 71.79	\$ 74.75
Next 2,000 CU.FT.	55.37	62.59	71.79	74.75
Over 3,000 CU.FT.	60.53	68.26	78.11	81.51
Sewer only - Per billing	70.00	80.00	85.00	87.00

(1) Aggravated assault, arson, burglary, criminal sexual conduct and murder, larceny, motor vehicle theft, robbery, etc.

(2) Assault, disorderly conduct, family trouble, negligent homicide, obstructing justice, etc.

N/A - Not available

Source: City of Sterling Heights

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Fiscal Year					
2019	2020	2021	2022	2023	2024
130	130	305	421	490	484
1,600	1,126	16	2,361	2,375	3,697
33,526	18,710	-	14,103	22,313	35,080
68,940	54,225	71,081	57,795	46,509	40,406
61,875	49,901	69,814	59,758	45,243	37,788
632,157	492,674	347,536	460,384	457,800	486,722
223,577	149,962	43,040	114,189	162,525	179,222
125,076	100,896	109,077	89,002	8,326	13,824
32,751	63,867	33,198	14,733	12,945	18,747
54,365	42,828	50,613	44,940	47,617	47,550
64,449	62,882	65,530	64,287	63,861	70,608
35,539	35,599	34,970	36,738	39,910	39,727
4,333	4,340	4,358	2,871	3,010	2,814
584,634	571,473	657,886	590,785	584,935	562,863
587,317	555,329	620,625	579,482	498,532	558,297
\$ 77.20	\$ 81.22	\$ 79.10	\$ 83.10	\$ 85.70	\$ 90.60
77.20	81.22	79.10	83.10	85.70	90.60
84.39	88.78	92.10	102.00	102.80	111.40
89.00	91.00	93.00	95.00	32.34	33.00

concluded

CITY OF STERLING HEIGHTS, MICHIGAN

Capital Asset Statistics by Function

Last Ten Fiscal Years

	Fiscal Year			
	2015	2016	2017	2018
General Government				
Buildings				
City Center Commons	1	1	1	1
41A District Court	1	1	1	1
Public Safety				
Police Protection				
Stations	1	1	1	1
Vehicles - Marked	53	54	49	51
Vehicles - Unmarked	65	56	57	58
Fire Protection				
Stations	5	5	5	5
Vehicles - Extinguishment	16	16	21	21
Public Works				
Streets and Sidewalks				
Miles of City:				
Primary streets	63	63	63	63
Secondary streets	286	286	286	288
Sidewalks	614	615	617	618
Bridges	11	11	11	11
Buildings	2	2	2	2
Street lights	2,535	2,535	2,535	2,535
Vehicles - Snow plows	21	25	25	25
Water and Sewer Services				
Fire hydrants	7,281	7,292	7,305	7,317
Miles of water mains	576	667	667	667
Miles of sanitary sewers	430	430	430	475
Recreation and Culture				
Parks and Recreation				
Acres	820	820	820	820
Developed parks	28	28	28	28
Buildings	3	3	3	3
Library				
Book collections	196,437	196,019	190,166	186,932
Other collections (1)	57,623	53,447	64,638	71,715
Buildings	1	1	1	1
Vehicles - Library van	1	1	1	1

(1) Includes art prints, audio/video cassettes, compact discs, posters, puppets, software discs, etc.

Source: City of Sterling Heights

UNAUDITED

Fiscal Year					
2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
45	52	52	57	57	57
58	62	62	62	62	62
5	5	5	5	5	5
23	23	23	23	24	24
63	63	63	63	63	63
288	288	289	290	290	290
620	628	639	640	640	641
11	11	11	11	11	11
1	1	1	1	1	1
2,535	2,535	2,535	2,535	2,535	2,535
23	23	23	23	23	23
7,429	7,428	7,428	7,454	7,455	7,455
667	667	667	667	667	667
475	475	475	475	475	475
820	820	821	821	821	821
228	28	28	28	28	28
3	3	3	3	3	3
185,922	172,302	177,874	174,994	154,651	147,953
143,464	147,271	149,168	181,113	193,944	217,737
1	1	1	1	1	1
1	1	1	-	-	-

CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

Building Permits at Market Value
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential					Total Residential
	New Construction		Additions/ Improvements			
	Number	Value	Number	Value		
2015	96	\$ 22,656,130	585	\$ 1,126,895	\$ 23,783,025	
2016	170	87,099,668	726	1,528,732	88,628,400	
2017	247	55,558,146	574	958,155	56,516,301	
2018	155	28,786,551	790	1,101,534	29,888,085	
2019	42	13,392,236	1,401	887,605	14,279,841	
2020	198	38,434,748	1,076	1,107,943	39,542,691	
2021	130	45,584,777	1,465	1,241,345	46,826,122	
2022	128	68,867,372	1,561	1,033,094	69,900,466	
2023	74	34,099,939	1,236	568,316	34,668,255	
2024	59	18,580,198	998	2,256,772	20,836,970	
Fiscal Year Ended June 30,	Commercial					Total Commercial
	New Construction		Additions/ Improvements			
	Number	Value	Number	Value		
2015	10	\$ 25,455,891	166	\$ 26,570,017	\$ 52,025,908	
2016	31	31,932,939	135	15,628,005	47,560,944	
2017	29	81,070,698	94	9,340,587	90,411,285	
2018	31	77,545,580	131	31,448,148	108,993,728	
2019	11	108,794,390	110	29,263,744	138,058,134	
2020	15	74,557,626	90	40,847,483	115,405,109	
2021	10	32,648,979	120	37,667,034	70,316,013	
2022	9	26,217,462	260	58,202,708	84,420,170	
2023	10	14,475,834	99	20,276,906	34,752,740	
2024	12	35,013,682	236	20,803,405	55,817,087	

Source: City of Sterling Heights, Office of Building Services

CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

Full-time and Part-time City Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	60	61	57	63	65	67	72	79	88	89
41A District Court	39	39	41	41	42	43	44	44	45	44
Public safety:										
Police	203	203	202	206	206	206	214	215	218	220
Fire	88	88	88	104	104	106	112	115	113	115
Public works:										
City development	28	29	31	28	31	32	36	36	39	42
Public works	34	34	35	35	19	19	20	20	21	21
Street services	25	24	24	24	28	28	31	31	31	26
Engineering	9	9	9	9	9	9	10	10	10	10
Recreation and culture:										
Parks and recreation	11	12	10	15	17	17	18	18	20	22
Library	38	38	38	38	39	39	41	39	39	40
Water and sewer	35	36	36	40	46	47	51	49	49	49
Total	570	573	571	603	606	613	649	656	673	678

Source: City of Sterling Heights

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CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

State-Shared Revenue
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Modified Accrual Basis of Accounting	Accrual Basis of Accounting
2015	\$ 10,814,534	\$ 10,785,806
2016	10,694,421	10,776,313
2017	11,259,947	11,389,139
2018	11,626,225	11,721,760
2019	12,149,046	12,162,566
2020	12,532,213	12,055,055
2021	12,818,384	13,743,415
2022	15,281,499	15,487,551
2023	15,867,244	15,581,280
2024	15,685,869	15,911,923

Source: City of Sterling Heights

CONTINUING DISCLOSURES

CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

Gas and Weight Taxes

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Type of Street		Gas and Weight Tax (Act 51) Receipts
	Major Roads	Local Roads	
2015	\$ 5,575,631	\$ 2,063,204	\$ 7,638,835
2016	5,874,539	2,175,881	8,050,420
2017	6,755,605	2,504,476	9,260,081
2018	8,095,038	3,002,237	11,097,275
2019	8,635,594	3,203,092	11,838,686
2020	9,021,127	3,347,971	12,369,098
2021	9,924,666	3,685,896	13,610,562
2022	10,706,768	3,972,053	14,678,821
2023	11,168,764	4,141,227	15,309,991
2024	11,446,946	4,250,958	15,697,904

Source: City of Sterling Heights

CITY OF STERLING HEIGHTS, MICHIGAN

UNAUDITED

Labor Agreements

June 30, 2024

Name	Contract Expiration Date	Actual Number of Employees Covered	
		Full Time	Part Time
Union Employees			
Police Officers Michigan Association of Police (MAP)	6/30/2024	123	-
Firefighters International Association of Firefighters, Local 1557	6/30/2025	107	-
Technical/Office Employees Michigan Association of Public Employees (MAPE)	6/30/2025	74	30*
Department of Public Works Field Employees Teamsters, Local 214	6/30/2027	60	-
Police Command Officers Sterling Heights Police Command Officers Association	6/30/2026	37	-
Professional and Technical Employees Michigan Association of Public Employees (MAPE)	6/30/2026	55	13
Court Clerical AFSCME, Local 1884, Council 25	6/30/2025	20	3
Police Clerical Employees Michigan Association of Police (MAP)	6/30/2026	21	-
Supervisory Employees Michigan Association of Public Employees (MAPE)	6/30/2025	15	-
Executive Employees Sterling Heights Executive Group	6/30/2025	7	-
Department of Public Works Supervisors AFSCME, Local 1917, Council 25	6/30/2027	9	-
Nonunion Employees			
41A District Court Administration	N/A	11	-
41A District Court Judges	N/A	3	-
Ordinance Employees	N/A	3	-

* Includes 12 part-time employees that are excluded from the part-time limit.

Source: City of Sterling Heights, Office of City Management

APPENDIX F

CHARTER TOWNSHIP OF HARRISON ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED DECEMBER 31, 2023

This Appendix contains the basic financial statements (excluding supplemental financial information) and related notes for the Township's fiscal year ended December 31, 2023. The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and, accordingly, has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.

**Charter
Township of
Harrison,
Michigan**



Year Ended
December 31,
2023

**Financial
Statements**

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Kenneth J. Verkest, Township Supervisor

Nicol Giebas, Finance Director

Prepared by: Finance Department

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

June 21, 2024

Board of Trustees
Charter Township of Harrison
Harrison Township, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the **Charter Township of Harrison, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparisons for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, 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 methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2024, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



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MANAGEMENT'S DISCUSSION AND ANALYSIS

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Management's Discussion and Analysis

As management of the Charter Township of Harrison, Michigan (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

· Primary government total net position	\$ 10,885,131
· Change in primary government total net position	5,754,282
· Fund balances, governmental funds	7,851,637
· Change in fund balances, governmental funds	2,327,947
· Unassigned fund balance, general fund	5,252,574
· Change in fund balance, general fund	1,694,532
· Installment debt outstanding	16,484,252
· Change in installment debt	(595,141)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the remaining amount reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, planning and zoning, community and economic development, and culture and recreation. The business-type activities of the Township are water and sewer and refuse collection.

The government-wide financial statements include not only the Township itself (known as the primary government), but also legally separate entities for which the Township is financially accountable. Financial information for the discretely presented component units is reported separately from the financial information presented for the primary government itself.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Management's Discussion and Analysis

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the fire special revenue fund, the police special revenue fund, and the special assessments revolving capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. The combining statements referred to earlier in connection with nonmajor funds are presented immediately following the required supplementary information.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements or schedules have been provided for these funds to demonstrate compliance with the budgets.

Proprietary Funds. The Township has only one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The Township uses an enterprise fund to account for its combined water and sewer operations, which is considered to be a major fund of the Township. The Township also reports its refuse operations in a nonmajor enterprise fund.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected 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.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to the management's discussion and analysis and schedules concerning the Township's progress in funding its obligation to provide pension and other postemployment benefits to certain employees.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10.9 million at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 21,162,069	\$ 20,512,645	\$ 10,136,456	\$ 10,198,449	\$ 31,298,525	\$ 30,711,094
Capital assets, net	16,383,812	16,246,147	33,912,193	34,198,752	50,296,005	50,444,899
Total assets	37,545,881	36,758,792	44,048,649	44,397,201	81,594,530	81,155,993
Deferred outflows of resources	2,594,911	4,943,484	101,747	698,629	2,696,658	5,642,113
Liabilities						
Current liabilities	1,261,184	3,451,970	1,429,231	1,335,762	2,690,415	4,787,732
Long-term liabilities	3,929,122	4,321,640	14,101,962	14,377,236	18,031,084	18,698,876
Other noncurrent liabilities	37,182,267	36,635,016	5,236,910	9,088,209	42,419,177	45,723,225
Total liabilities	42,372,573	44,408,626	20,768,103	24,801,207	63,140,676	69,209,833
Deferred inflows of resources	10,247,142	11,483,740	18,239	973,684	10,265,381	12,457,424
Net position						
Net investment in capital assets	13,383,259	12,859,021	19,825,992	19,838,140	33,209,251	32,697,161
Restricted	3,777,170	1,677,705	-	-	3,777,170	1,677,705
Unrestricted (deficit)	(29,639,352)	(28,726,816)	3,538,062	(517,201)	(26,101,290)	(29,244,017)
Total net position	\$ (12,478,923)	\$ (14,190,090)	\$ 23,364,054	\$ 19,320,939	\$ 10,885,131	\$ 5,130,849

The largest portion of the Township's net position (\$33.2 million) reflects its investment in capital assets (e.g., land and easements, construction in progress, buildings and improvements, infrastructure including water and sewer lines, and machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (\$3.8 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance (deficit of \$26.1) is *unrestricted net position*. The deficit is primarily driven by the Township's net pension and other postemployment benefit (OPEB) liabilities. The remaining portion of unrestricted net position not associated with those liabilities may be used to meet the government's ongoing obligations.

Governmental activities revenues increased by approximately 7.8% from the prior year, largely due to transferring in ARPA funds into the general fund.

Governmental activities expenses increased by approximately 45.4% from the prior year. The Township's routine operating expenditures actually increased during the year largely due to inflation and the Township contributed an additional \$100,000 to the OPEB fund. Governmental activities expense also included an increase in the Township's net pension and OPEB liabilities which are recorded in operating expense.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Management's Discussion and Analysis

Business-type activities revenues increased 5.1% from the prior year. The increase was primarily driven by a state grant for the Township's drinking water asset management project of approximately \$340,000. This increase is also due to debt forgiveness on the Township's portion of county drain bond debt. Additionally, the county paid the whole bond issuance off with ARPA funds, therefore, the Township was no longer responsible for their share of that debt of approximately \$161,000. Water and sewer rates also increased year-over-year leading to more revenue collected. The Township also assessed approximately \$25,000 more in penalties during 2023 due to non-payment of water bills. Lastly, the Township received significantly more interest revenue during 2023 on investments.

Business-type activities expenses decreased by approximately 23.0% from the prior year, largely due to a decrease in the net pension liability offset with a significant increase in operating supplies expense for the water meters purchased.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 2,703,096	\$ 2,467,722	\$ 10,928,802	\$ 10,774,200	\$ 13,631,898	\$ 13,241,922
Grants/contributions:						
Operating	2,781,199	1,239,918	339,752	-	3,120,951	1,239,918
Capital	-	-	1,446,453	1,423,216	1,446,453	1,423,216
General revenues:						
Property taxes	9,535,149	10,223,858	-	-	9,535,149	10,223,858
State shared revenue	2,760,951	2,813,987	-	-	2,760,951	2,813,987
Unrestricted investment earnings	473,902	98,437	145,628	52,218	619,530	150,655
Miscellaneous	220,868	311,974	29,828	15,000	250,696	326,974
Gain on sale of capital assets	28,428	2,553	-	-	28,428	2,553
Total revenues	18,503,593	17,158,449	12,890,463	12,264,634	31,394,056	29,423,083
Expenses						
General government	3,650,899	448,725	-	-	3,650,899	448,725
Public safety	11,412,769	8,849,402	-	-	11,412,769	8,849,402
Public works	438,460	842,272	-	-	438,460	842,272
Planning and zoning	382,900	485,030	-	-	382,900	485,030
Community and economic development	251,929	593,109	-	-	251,929	593,109
Culture and recreation	551,364	259,051	-	-	551,364	259,051
Interest on long-term debt	85,605	57,463	-	-	85,605	57,463
Water and sewer	-	-	7,641,317	10,322,677	7,641,317	10,322,677
Refuse collection	-	-	1,224,531	1,194,070	1,224,531	1,194,070
Total expenses	16,773,926	11,535,052	8,865,848	11,516,747	25,639,774	23,051,799
Change in net position, before transfers	1,729,667	5,623,397	4,024,615	747,887	5,754,282	6,371,284
Transfers	(18,500)	-	18,500	-	-	-
Change in net position	1,711,167	5,623,397	4,043,115	747,887	5,754,282	6,371,284
Net position - Beginning of year	(14,190,090)	(19,813,487)	19,320,939	18,573,052	5,130,849	(1,240,435)
End of year	\$ (12,478,923)	\$ (14,190,090)	\$ 23,364,054	\$ 19,320,939	\$ 10,885,131	\$ 5,130,849

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$7.9 million, an increase of \$2.3 million from the prior year. Approximately 63.7% of this total amount (or \$5.0 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, the total fund balance of the general fund was \$5.3 million, of which 98.3% was unassigned. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 125.0% of total general fund expenditures and transfers out. Overall, the fund balance of the general fund increased by \$1.7 million for the year, resulting in the actual increase in fund balance exceeding the budgeted change by \$92,795.

Other factors affecting the general fund financial results for the year include:

- Total general fund revenues increased approximately 59.7% compared to the prior year. This is largely due to an increase in the transfer of ARPA funds into the general fund.
- Total general fund expenditures increased approximately 22.0% compared to the prior year. This is largely due to an increase in inflation and the Township purchased more park passes to sell in 2023. The Township was also required to support District Court 418 as part of their joint venture.
- The Township transferred \$404,444 to the other funds to support government operations.

The fire special revenue fund had an ending fund balance of \$883,789. This balance is an increase from the previous year of \$223,455. This increase is largely due to a larger increase in revenue year-over-year than the increase in expenditures. Taxable values on properties increased and the Township also received a state grant for the fire pension which flows through revenue.

The police special revenue fund had an ending fund balance of \$575,887. This balance is an increase from the previous year of \$214,668. This increase is largely due to an increase in the taxable values which resulted in more revenue year-over-year.

The special assessments revolving capital projects fund had an ending fund balance deficit of \$167,262. This balance is an increase from the previous year deficit of \$167,832. The deficit is due to the timing of revenue received and recognized on special assessments compared to the timing of capital outlay. As special assessments are assessed and collected, the deficit will be eliminated.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Management's Discussion and Analysis

General Fund Budgetary Highlights

The Township takes an active role in monitoring all departmental needs and budget requests throughout the fiscal year. The Township will continue to find ways to reduce costs and still provide the essential services to constituents.

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Percentage Over (Under) Final Budget
Revenues	\$ 3,863,293	\$ 5,806,252	\$ 5,881,465	\$ 75,213	1.30%
Expenditures	3,397,569	3,817,624	3,796,323	(21,301)	-0.56%
Other financing sources and uses	(304,095)	(386,891)	(390,610)	3,719	0.96%

Budget amendments of \$1,942,959 were made to increase revenues. These amendments were made as a result of transferring ARPA funds into the general fund and an increase in state revenue sharing payments.

Budget amendments of \$420,055 were made to increase expenditures. These amendments were made primarily due to a \$200,000 contribution to the OPEB fund not originally budgeted for.

Budget amendments of \$82,796 were made to increase transfers out. This amendment was made primarily due to increased amounts of transfers to building and grant funds to supplement expenditures.

Actual revenues were more than the final budgeted amount by \$75,213. This represents a variance of only 1.3% against the final budgeted amounts and is the result of careful budgeting by Township management.

Actual expenditures were less than budgeted amounts by \$21,301. This represents a variance of less than 1.0% against the final budgeted amounts. This was the result of careful budgeting and expenditure control by Township management.

Actual transfers out were consistent with the final budgeted amount, with actual more than budgeted amounts by \$3,719 or only 1.0% of the final budget.

Capital Asset and Debt Administration

Capital Assets. At the end of 2023, the Township had \$50.3 million invested in a broad range of net capital assets including land and easements, construction in progress, buildings and improvements, infrastructure, machinery and equipment, and leased assets.

	Capital Assets (Net of Depreciation/Amortization)					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and easements	\$ 2,661,950	\$ 2,661,950	\$ 565,125	\$ 518,455	\$ 3,227,075	\$ 3,180,405
Construction in progress	228,218	1,265,343	778,930	3,836,248	1,007,148	5,101,591
Buildings/improvements	2,523,818	2,742,251	130,566	173,924	2,654,384	2,916,175
Water mains and lines	-	-	7,065,483	6,693,407	7,065,483	6,693,407
Sewer mains and lines	-	-	7,818,459	8,106,188	7,818,459	8,106,188
Infrastructure	8,359,435	6,692,677	16,907,572	14,180,104	25,267,007	20,872,781
Machinery and equipment	2,540,900	2,786,010	507,961	586,393	3,048,861	3,372,403
Leased assets - vehicles	69,491	97,916	138,097	104,033	207,588	201,949
Total capital assets, net	\$ 16,383,812	\$ 16,246,147	\$ 33,912,193	\$ 34,198,752	\$ 50,296,005	\$ 50,444,899

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Management's Discussion and Analysis

Major capital asset purchases during the current fiscal year included:

- Fire equipment
- Major repairs to fire vehicles that extended the life of those assets

Additional information on the Township's capital asset activity may be found in Note 5 of the notes to the financial statements.

Long-term Debt. At the end of the current year, the Township had total long-term debt (excluding compensated absences, leases payable and unamortized premiums) outstanding of \$16,484,252 which is backed by the full faith and credit of the government.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 3,357,746	\$ 3,694,878	\$ -	\$ -	\$ 3,357,746	\$ 3,694,878
Financed purchase agreements	84,535	104,371	-	-	84,535	104,371
Revenue bonds	-	-	13,041,971	13,280,144	13,041,971	13,280,144
Total installment debt	\$ 3,442,281	\$ 3,799,249	\$ 13,041,971	\$ 13,280,144	\$ 16,484,252	\$ 17,079,393

Additional information on the Township's long-term debt activity can be found in Note 8 of the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Township's expenditure budget for next fiscal year is \$4.0 million. Revenues are budgeted to be \$4.2 million. Significant factors considered while developing the 2024 fiscal year budget include:

- State revenue sharing increases.
- Planned capital projects by the Township.
- The general economic outlook and condition of the Township's finances.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions concerning any of the information should be addressed to the Township Accounting Department, 38151 L'Anse Creuse, Harrison Township, MI 48045.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Net Position December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 8,728,473	\$ 4,307,699	\$ 13,036,172	\$ 2,214,856
Receivables	12,211,497	3,942,433	16,153,930	920,129
Other assets	222,099	1,886,324	2,108,423	11,434
Capital assets not being depreciated/amortized	2,890,168	1,344,055	4,234,223	-
Capital assets being depreciated/amortized, net	13,493,644	32,568,138	46,061,782	125,140
Total assets	37,545,881	44,048,649	81,594,530	3,271,559
Deferred outflows of resources				
Deferred pension amounts	2,594,911	101,747	2,696,658	-
Liabilities				
Accounts payable and accrued liabilities	1,199,591	1,362,670	2,562,261	25,906
Unearned revenue	61,593	66,561	128,154	-
Bonds, notes and other long-term liabilities:				
Due within one year	421,199	893,504	1,314,703	-
Due in more than one year	3,507,923	13,208,458	16,716,381	-
Other liabilities, due in more than one year:				
Net pension liability	19,659,790	1,233,004	20,892,794	-
Net other postemployment benefit liability	17,522,477	4,003,906	21,526,383	-
Total liabilities	42,372,573	20,768,103	63,140,676	25,906
Deferred inflows of resources				
Deferred pension amounts	12,743	-	12,743	-
Deferred other postemployment benefit amounts	79,822	18,239	98,061	-
Taxes levied but intended for subsequent period	10,154,577	-	10,154,577	1,012,794
Total deferred inflows of resources	10,247,142	18,239	10,265,381	1,012,794
Net position				
Net investment in capital assets	13,383,259	19,825,992	33,209,251	125,140
Restricted for:				
Public safety	1,505,318	-	1,505,318	-
Grants	76,434	-	76,434	-
Debt service	262,326	-	262,326	-
Opioid	621,745	-	621,745	-
Special assessments	1,311,347	-	1,311,347	-
Unrestricted (deficit)	(29,639,352)	3,538,062	(26,101,290)	2,107,719
Total net position	\$ (12,478,923)	\$ 23,364,054	\$ 10,885,131	\$ 2,232,859

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Activities For the Year Ended December 31, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 3,650,899	\$ 699,197	\$ 2,071,985	\$ -	\$ (879,717)
Public safety	11,412,769	1,614,280	584,306	-	(9,214,183)
Public works	438,460	283,829	-	-	(154,631)
Planning and zoning	382,900	68,180	-	-	(314,720)
Community and economic development	251,929	-	109,568	-	(142,361)
Culture and recreation	551,364	37,610	15,340	-	(498,414)
Interest on long-term debt	85,605	-	-	-	(85,605)
Total governmental activities	16,773,926	2,703,096	2,781,199	-	(11,289,631)
Business-type activities:					
Water and sewer	7,641,317	9,635,169	339,752	1,446,453	3,780,057
Refuse collection	1,224,531	1,293,633	-	-	69,102
Total business-type activities	8,865,848	10,928,802	339,752	1,446,453	3,849,159
Total primary government	\$ 25,639,774	\$ 13,631,898	\$ 3,120,951	\$ 1,446,453	\$ (7,440,472)
Component units					
Downtown Development Authority	\$ 1,912	\$ -	\$ -	\$ -	\$ (1,912)
Economic Development Corporation	1,773	-	500	-	(1,273)
Library	562,769	4,468	27,713	-	(530,588)
Total component units	\$ 566,454	\$ 4,468	\$ 28,213	\$ -	\$ (533,773)

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CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Activities
For the Year Ended December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net revenue (expenses)	\$ (11,289,631)	\$ 3,849,159	\$ (7,440,472)	\$ (533,773)
General revenues:				
Property taxes	9,535,149	-	9,535,149	973,363
Unrestricted state shared revenue	2,760,951	-	2,760,951	-
Unrestricted investment earnings	473,902	145,628	619,530	100,381
Miscellaneous	220,868	29,828	250,696	19,849
Gain on sale of capital assets	28,428	-	28,428	-
Transfers	(18,500)	18,500	-	-
Total general revenues	13,000,798	193,956	13,194,754	1,093,593
Change in net position	1,711,167	4,043,115	5,754,282	559,820
Net position, beginning of year	(14,190,090)	19,320,939	5,130,849	1,673,039
Net position, end of year	<u>\$ (12,478,923)</u>	<u>\$ 23,364,054</u>	<u>\$ 10,885,131</u>	<u>\$ 2,232,859</u>

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

FUND FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Balance Sheet

Governmental Funds
December 31, 2023

	Special Revenue			Capital Projects		
	General	Fire	Police	Special Assessments Revolving	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 4,189,055	\$ 1,734,477	\$ 1,034,533	\$ 158,427	\$ 1,611,981	\$ 8,728,473
Receivables:						
Accounts	191,110	152,472	-	-	531,937	875,519
Special assessments	-	-	-	1,628,985	-	1,628,985
Taxes	-	6,685,901	2,474,282	-	-	9,160,183
Due from other governments	451,752	23,813	8,690	-	62,555	546,810
Advances to other funds	574,641	-	-	-	-	574,641
Due from other funds	153,848	-	-	-	-	153,848
Prepaid items	91,220	39,058	-	85,975	5,846	222,099
Total assets	\$ 5,651,626	\$ 8,635,721	\$ 3,517,505	\$ 1,873,387	\$ 2,212,319	\$ 21,890,558
Liabilities						
Accounts payable	\$ 134,281	\$ 105,338	\$ 198,326	\$ 813	\$ 13,984	\$ 452,742
Accrued liabilities	76,132	206,263	-	-	32,302	314,697
Due to other funds	-	-	-	153,848	-	153,848
Advances from other funds	-	-	-	574,641	-	574,641
Escrow payable	95,200	27,517	-	-	294,519	417,236
Unearned revenue	-	-	-	-	61,593	61,593
Total liabilities	305,613	339,118	198,326	729,302	402,398	1,974,757
Deferred inflows of resources						
Unavailable revenue:						
Special assessments	-	-	-	1,311,347	-	1,311,347
Opioid settlement	-	-	-	-	531,937	531,937
Other	2,219	-	1,529	-	62,555	66,303
Taxes levied but intended for subsequent period	-	7,412,814	2,741,763	-	-	10,154,577
Total deferred inflows of resources	2,219	7,412,814	2,743,292	1,311,347	594,492	12,064,164
Fund balances						
Nonspendable - prepaid items	91,220	39,058	-	85,975	5,846	222,099
Restricted for:						
Public safety	-	844,731	575,887	-	38,123	1,458,741
Grants	-	-	-	-	11,804	11,804
Opioid settlement	-	-	-	-	89,808	89,808
Debt service	-	-	-	-	277,242	277,242
Capital improvements	-	-	-	-	509,975	509,975
Committed for:						
Capital projects	-	-	-	-	258,004	258,004
Culture and recreation	-	-	-	-	24,627	24,627
Unassigned (deficit)	5,252,574	-	-	(253,237)	-	4,999,337
Total fund balances	5,343,794	883,789	575,887	(167,262)	1,215,429	7,851,637
Total liabilities, deferred inflows of resources and fund balances	\$ 5,651,626	\$ 8,635,721	\$ 3,517,505	\$ 1,873,387	\$ 2,212,319	\$ 21,890,558

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds to Net Position of
Governmental Activities
December 31, 2023

Fund balances - total governmental funds \$ 7,851,637

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 fund statement.

Capital assets not being depreciated/amortized 2,890,168
Capital assets being depreciated/amortized, net 13,493,644

The focus of governmental funds is on short-term financing. Accordingly, some
assets will not be available to pay for current-period expenditures. Those
assets (such as certain receivables) are offset by deferred inflows of resources
in the governmental funds, and thus are not included in fund balance.

Special assessments 1,311,347
Opioid settlement 531,937
Other revenue 66,303

Certain liabilities, such as bonds payable, are not due and payable
in the current period, and therefore are not reported in the funds.

General obligation bonds, financed purchase agreements and lease payable (3,510,528)
Accrued interest on bonds and financed purchase agreements (14,916)
Compensated absences (418,594)

Certain pension and other postemployment benefit-related amounts, such as the
net pension and other postemployment benefit liabilities and deferred amounts
are not due and payable in the current period or do not represent current financial
resources and therefore are not reported in the funds.

Net pension liability (19,659,790)
Deferred outflows related to the net pension liability 2,594,911
Deferred inflows related to the net pension liability (12,743)
Net other postemployment benefit liability (17,522,477)
Deferred inflows related to the net other postemployment benefit liability (79,822)

Net position of governmental activities \$ (12,478,923)

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds
For the Year Ended December 31, 2023

	Special Revenue			Capital Projects		
	General	Fire	Police	Special Assessments Revolving	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes and special assessments	\$ -	\$ 6,940,536	\$ 2,567,266	\$ 415,860	\$ -	\$ 9,923,662
Licenses and permits	206,385	61,980	-	-	575,236	843,601
Intergovernmental	4,287,249	517,464	8,884	-	618,297	5,431,894
Charges for services	616,617	687,832	-	-	146,137	1,450,586
Fines and forfeitures	1,825	-	-	-	-	1,825
Franchise fees	406,312	-	-	-	-	406,312
Interest income	328,568	89,093	41,936	-	14,305	473,902
Other	34,509	19,169	-	-	22,016	75,694
Total revenues	<u>5,881,465</u>	<u>8,316,074</u>	<u>2,618,086</u>	<u>415,860</u>	<u>1,375,991</u>	<u>18,607,476</u>
Expenditures						
Current:						
General government	3,207,144	-	-	-	7,442	3,214,586
Public safety	-	7,767,997	2,403,418	-	756,226	10,927,641
Public works	123,506	-	-	31,750	-	155,256
Planning and zoning	397,981	-	-	-	-	397,981
Community and economic development	-	-	-	-	256,972	256,972
Culture and recreation	37,624	-	-	-	10,898	48,522
Debt service:						
Principal	2,825	35,608	-	66,500	281,640	386,573
Interest and fiscal charges	4,465	2,192	-	33,836	45,112	85,605
Capital outlay	22,778	36,561	-	283,204	503,350	845,893
Total expenditures	<u>3,796,323</u>	<u>7,842,358</u>	<u>2,403,418</u>	<u>415,290</u>	<u>1,861,640</u>	<u>16,319,029</u>
Revenues over (under) expenditures	<u>2,085,142</u>	<u>473,716</u>	<u>214,668</u>	<u>570</u>	<u>(485,649)</u>	<u>2,288,447</u>
Other financing sources (uses)						
Proceeds from sale of capital assets	-	58,000	-	-	-	58,000
Transfers in	13,834	-	-	-	694,205	708,039
Transfers out	(404,444)	(308,261)	-	-	(13,834)	(726,539)
Total other financing sources (uses)	<u>(390,610)</u>	<u>(250,261)</u>	<u>-</u>	<u>-</u>	<u>680,371</u>	<u>39,500</u>
Net change in fund balances	<u>1,694,532</u>	<u>223,455</u>	<u>214,668</u>	<u>570</u>	<u>194,722</u>	<u>2,327,947</u>
Fund balances (deficit), beginning of year	<u>3,649,262</u>	<u>660,334</u>	<u>361,219</u>	<u>(167,832)</u>	<u>1,020,707</u>	<u>5,523,690</u>
Fund balances (deficit), end of year	<u>\$ 5,343,794</u>	<u>\$ 883,789</u>	<u>\$ 575,887</u>	<u>\$ (167,262)</u>	<u>\$ 1,215,429</u>	<u>\$ 7,851,637</u>

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Reconciliation

Net Change in Fund Balances of Governmental Funds to
Change in Net Position of Governmental Activities
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds \$ 2,327,947

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Change in special assessments receivable	(388,513)
Change in unavailable revenue for opioid settlement and other sources	256,202

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/amortization expense.

Capital assets purchased/constructed	1,157,901
Depreciation/amortization expense	(990,664)
Proceeds from sale of capital assets	(58,000)
Gain on sale of capital assets	28,428

Bond and other debt proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds and other debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on bonds, notes and other long-term liabilities	386,573

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 governmental funds.

Change in accrued interest payable on bonds and other debt	3,512
Change in the net pension liability and related deferred amounts	668,411
Change in net other postemployment benefit liability and related deferred amounts	(1,686,575)
Change in the accrual for compensated absences	5,945

Change in net position of governmental activities \$ 1,711,167

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 202,100	\$ 202,150	\$ 206,385	\$ 4,235
Intergovernmental	2,597,653	4,280,420	4,287,249	6,829
Charges for services	540,973	616,907	616,617	(290)
Fines and forfeitures	1,500	1,500	1,825	325
Franchise fees	450,000	408,743	406,312	(2,431)
Interest income	63,700	261,789	328,568	66,779
Other	7,367	34,743	34,509	(234)
Total revenues	3,863,293	5,806,252	5,881,465	75,213
Expenditures				
Current:				
General government:				
Township board	40,907	40,907	40,907	-
Township supervisor	223,558	245,692	244,986	(706)
Elections	102,250	115,415	118,475	3,060
Finance	399,678	400,470	371,564	(28,906)
Assessor	323,094	296,858	321,662	24,804
Township clerk	298,887	302,225	299,543	(2,682)
Cable TV committee	8,912	5,997	6,041	44
Administration	706,259	925,862	900,353	(25,509)
Township treasurer	449,563	459,653	450,181	(9,472)
Building and grounds	356,651	378,152	370,529	(7,623)
District court	-	82,903	82,903	-
Total general government	2,909,759	3,254,134	3,207,144	(46,990)
Public works	46,073	50,073	123,506	73,433

continued...

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Planning and zoning:				
Planning commission	\$ 101,103	\$ 161,218	\$ 131,052	\$ (30,166)
Zoning board of appeals	80,926	89,460	91,027	1,567
Ordinances	176,776	176,777	175,902	(875)
Total planning and zoning	358,805	427,455	397,981	(29,474)
Culture and recreation:				
Parks and recreation	42,118	42,118	28,859	(13,259)
Beautification committee	14,024	14,024	8,765	(5,259)
Total culture and recreation	56,142	56,142	37,624	(18,518)
Debt service:				
Principal	2,825	2,825	2,825	-
Interest and fiscal charges	4,465	4,465	4,465	-
Total debt service	7,290	7,290	7,290	-
Capital outlay	19,500	22,530	22,778	248
Total expenditures	3,397,569	3,817,624	3,796,323	(21,301)
Revenues over expenditures	465,724	1,988,628	2,085,142	96,514
Other financing sources (uses)				
Transfers in	-	13,834	13,834	-
Transfers out	(304,095)	(400,725)	(404,444)	3,719
Total other financing sources (uses)	(304,095)	(386,891)	(390,610)	3,719
Net change in fund balance	161,629	1,601,737	1,694,532	92,795
Fund balance, beginning of year	3,649,262	3,649,262	3,649,262	-
Fund balance, end of year	\$ 3,810,891	\$ 5,250,999	\$ 5,343,794	\$ 92,795

concluded.

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Fire Special Revenue Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes and special assessments	\$ 6,974,101	\$ 6,940,536	\$ 6,940,536	\$ -
Licenses and permits	62,000	61,000	61,980	980
Intergovernmental	50,000	37,129	517,464	480,335
Charges for services	640,000	598,500	687,832	89,332
Interest income	-	78,500	89,093	10,593
Other	100	19,772	19,169	(603)
Total revenues	7,726,201	7,735,437	8,316,074	580,637
Expenditures				
Current -				
Public safety	7,173,794	7,297,361	7,767,997	470,636
Debt service:				
Principal	-	-	35,608	35,608
Interest and fiscal charges	-	-	2,192	2,192
Capital outlay	42,790	92,964	36,561	(56,403)
Total expenditures	7,216,584	7,390,325	7,842,358	452,033
Revenues over expenditures	509,617	345,112	473,716	128,604
Other financing sources (uses)				
Proceeds from sale of capital assets	-	58,000	58,000	-
Transfers out	(509,618)	(403,117)	(308,261)	(94,856)
Total other financing sources (uses)	(509,618)	(345,117)	(250,261)	94,856
Net change in fund balance	(1)	(5)	223,455	223,460
Fund balance, beginning of year	660,334	660,334	660,334	-
Fund balance, end of year	\$ 660,333	\$ 660,329	\$ 883,789	\$ 223,460

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Police Special Revenue Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes and special assessments	\$ 2,578,376	\$ 2,567,266	\$ 2,567,266	\$ -
Intergovernmental	-	1,722	8,884	7,162
Interest income	600	34,786	41,936	7,150
Total revenues	<u>2,578,976</u>	<u>2,603,774</u>	<u>2,618,086</u>	<u>14,312</u>
Expenditures				
Current -				
Public safety	2,451,049	2,406,255	2,403,418	(2,837)
Capital outlay	127,927	197,519	-	(197,519)
Total expenditures	<u>2,578,976</u>	<u>2,603,774</u>	<u>2,403,418</u>	<u>(200,356)</u>
Net change in fund balance	-	-	214,668	214,668
Fund balance, beginning of year	361,219	361,219	361,219	-
Fund balance, end of year	<u>\$ 361,219</u>	<u>\$ 361,219</u>	<u>\$ 575,887</u>	<u>\$ 214,668</u>

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Net Position

Proprietary Funds - Enterprise Funds
December 31, 2023

	Water and Sewer	Nonmajor Refuse Collection	Total Enterprise Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 4,237,746	\$ 69,953	\$ 4,307,699
Accounts receivable	3,447,361	443,581	3,890,942
Due from other governments	51,491	-	51,491
Inventory	1,862,668	-	1,862,668
Prepaid items	23,656	-	23,656
Total current assets	<u>9,622,922</u>	<u>513,534</u>	<u>10,136,456</u>
Noncurrent assets:			
Capital assets not being depreciated/amortized	1,344,055	-	1,344,055
Capital assets being depreciated/amortized, net	32,568,138	-	32,568,138
Total noncurrent assets	<u>33,912,193</u>	<u>-</u>	<u>33,912,193</u>
Total assets	<u>43,535,115</u>	<u>513,534</u>	<u>44,048,649</u>
Deferred outflows of resources			
Deferred pension amounts	101,747	-	101,747
Liabilities			
Current liabilities:			
Accounts payable	1,227,030	-	1,227,030
Accrued liabilities	64,704	-	64,704
Accrued interest	70,936	-	70,936
Unearned revenue	66,561	-	66,561
Compensated absences, current portion	788	-	788
Bonds and leases payable, current portion	892,716	-	892,716
Total current liabilities	<u>2,322,735</u>	<u>-</u>	<u>2,322,735</u>
Noncurrent liabilities:			
Net pension liability	1,233,004	-	1,233,004
Net other postemployment benefit liability	4,003,906	-	4,003,906
Compensated absences, net of current portion	14,973	-	14,973
Bonds and leases payable, net of current portion	13,193,485	-	13,193,485
Total noncurrent liabilities	<u>18,445,368</u>	<u>-</u>	<u>18,445,368</u>
Total liabilities	<u>20,768,103</u>	<u>-</u>	<u>20,768,103</u>
Deferred inflows of resources			
Deferred other postemployment benefit amounts	18,239	-	18,239
Net position			
Net investment in capital assets	19,825,992	-	19,825,992
Unrestricted	3,024,528	513,534	3,538,062
Total net position	<u>\$ 22,850,520</u>	<u>\$ 513,534</u>	<u>\$ 23,364,054</u>

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds - Enterprise Funds
For the Year Ended December 31, 2023

		Nonmajor	
	Water and Sewer	Refuse Collection	Total Enterprise Funds
Operating revenues			
Intergovernmental	\$ 339,752	\$ -	\$ 339,752
Charges for services	9,475,122	1,271,126	10,746,248
Penalties	135,396	22,507	157,903
Other	24,651	-	24,651
Total operating revenues	9,974,921	1,293,633	11,268,554
Operating expenses			
Personnel services	(2,191,041)	-	(2,191,041)
Materials and supplies	7,448,511	-	7,448,511
Contractual	442,895	-	442,895
Refuse collection	-	1,224,531	1,224,531
Other	283,662	-	283,662
Depreciation/amortization	1,247,765	-	1,247,765
Total operating expenses	7,231,792	1,224,531	8,456,323
Operating income	2,743,129	69,102	2,812,231
Nonoperating revenues (expenses)			
Debt services charges	1,295,453	-	1,295,453
Investment income	14,375	-	14,375
Interest income	131,253	-	131,253
Proceeds from sale of capital assets	29,828	-	29,828
Interest expense and fees	(409,525)	-	(409,525)
Total nonoperating revenues (expenses)	1,061,384	-	1,061,384
Income before capital contributions and transfers	3,804,513	69,102	3,873,615
Capital contributions - tap fees and other	151,000	-	151,000
Transfers			
Transfers in	18,500	-	18,500
Change in net position	3,974,013	69,102	4,043,115
Net position, beginning of year	18,876,507	444,432	19,320,939
Net position, end of year	\$ 22,850,520	\$ 513,534	\$ 23,364,054

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Cash Flows

Proprietary Funds - Enterprise Funds
For the Year Ended December 31, 2023

		Nonmajor	
	Water and Sewer	Refuse Collection	Total Enterprise Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 9,891,062	\$ 1,296,104	\$ 11,187,166
Payments to suppliers	(9,678,975)	(1,384,531)	(11,063,506)
Payments to employees	(2,017,749)	-	(2,017,749)
Net cash used in operating activities	(1,805,662)	(88,427)	(1,894,089)
Cash flows from noncapital financing activities			
Transfers in	18,500	-	18,500
Cash flows from capital and related financing activities			
Principal paid on debt	(919,251)	-	(919,251)
Interest paid on debt	(498,059)	-	(498,059)
Purchase of capital assets	(973,523)	-	(973,523)
Sale of capital assets	42,145	-	42,145
Receipt of debt service fees	1,295,453	-	1,295,453
Proceeds from issuance of long-term debt	729,115	-	729,115
Receipt of tap fees	151,000	-	151,000
Net cash used in capital and related financing activities	(173,120)	-	(173,120)
Cash flows from investing activities			
Investment income received	14,375	-	14,375
Interest income received	131,253	-	131,253
Net cash provided by investing activities	145,628	-	145,628
Net change in cash and cash equivalents	(1,814,654)	(88,427)	(1,903,081)
Cash and cash equivalents, beginning of year	6,052,400	158,380	6,210,780
Cash and cash equivalents, end of year	\$ 4,237,746	\$ 69,953	\$ 4,307,699

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CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Cash Flows

Proprietary Funds - Enterprise Funds
For the Year Ended December 31, 2023

	Water and Sewer	Nonmajor Refuse Collection	Total Enterprise Funds
Reconciliation of operating income to net cash used in operating activities:			
Operating income	\$ 2,743,129	\$ 69,102	\$ 2,812,231
Adjustments to reconcile operating income to net cash used in operating activities:			
Depreciation/amortization expense	1,247,765	-	1,247,765
Change in:			
Accounts receivable	(33,962)	(20,301)	(54,263)
Due from other governments	(49,897)	-	(49,897)
Due from other funds	160,000	22,772	182,772
Inventory	(1,681,891)	-	(1,681,891)
Prepaid items	(2,556)	-	(2,556)
Deferred outflows of resources:			
Pension amounts	210,553	-	210,553
Other postemployment benefit amounts	386,329	-	386,329
Accounts payable	96,393	-	96,393
Accrued liabilities	1,935	-	1,935
Unearned revenue	(600)	-	(600)
Due to other funds	(75,253)	(160,000)	(235,253)
Net pension liability	(474,660)	-	(474,660)
Net other postemployment benefit liability	(3,376,639)	-	(3,376,639)
Deferred inflows of resources:			
Pension amounts	(10,039)	-	(10,039)
Other postemployment benefit amounts	(945,406)	-	(945,406)
Compensated absences	(863)	-	(863)
Net cash used in operating activities	\$ (1,805,662)	\$ (88,427)	\$ (1,894,089)

concluded.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
December 31, 2023

	Pension and Retiree Healthcare and Life Insurance Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 135,034	\$ 1,490,992
Investments, at fair value:		
Mutual funds:		
Equities	15,639,855	-
Fixed income	7,285,886	-
Equities	10,298,113	-
Fixed income	3,966,769	-
Hedge funds	908,247	-
Money market funds	1,363,983	-
Prepaid items	7,433	-
Total assets	39,605,320	1,490,992
Liabilities		
Accounts payable	23,236	21,752
Undistributed receipts	-	1,469,240
Total liabilities	23,236	1,490,992
Net position		
Restricted for:		
Pension	32,857,007	-
Other postemployment benefits	6,725,077	-
Total net position	\$ 39,582,084	\$ -

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

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds
For the Year Ended December 31, 2023

	Pension and Retiree Healthcare and Life Insurance Trust Funds	Custodial Funds
Additions		
Investment income:		
Net change in fair value of investments	\$ 4,491,934	\$ -
Interest and dividends	860,155	-
Investment management fees	(137,063)	-
Net investment income from investing activities	5,215,026	-
Employer contributions	3,285,731	-
Employee contributions	402,924	-
Taxes collected for other governments	-	33,239,278
Total additions	8,903,681	33,239,278
Deductions		
Benefit payments	3,660,600	-
Employee refunds	593,929	-
Administrative expenses	70,313	-
Payments of taxes to other governments	-	33,239,278
Total deductions	4,324,842	33,239,278
Total net change in net position	4,578,839	-
Net position, beginning of year	35,003,245	-
Net position, end of year	\$ 39,582,084	\$ -

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units
December 31, 2023

	Downtown Development Authority	Economic Development Corporation	Library	Totals
Assets				
Cash and cash equivalents	\$ 336,290	\$ 50,883	\$ 1,827,683	\$ 2,214,856
Taxes receivable	69,523	-	847,615	917,138
Due from other governments	-	-	2,991	2,991
Prepaid items	-	-	11,434	11,434
Capital assets being depreciated, net	-	-	125,140	125,140
Total assets	405,813	50,883	2,814,863	3,271,559
Liabilities				
Accounts payable	261	-	7,072	7,333
Accrued liabilities	-	-	18,573	18,573
Total liabilities	261	-	25,645	25,906
Deferred inflows of resources				
Taxes levied but intended for subsequent period	73,784	-	939,010	1,012,794
Net position				
Investment in capital assets	-	-	125,140	125,140
Unrestricted	331,768	50,883	1,725,068	2,107,719
Total net position	\$ 331,768	\$ 50,883	\$ 1,850,208	\$ 2,232,859

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

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units
For the Year Ended December 31, 2023

	Downtown Development Authority	Economic Development Corporation	Library	Totals
Expenses				
Community development	\$ 1,912	\$ 1,773	\$ -	\$ 3,685
Recreation and culture	-	-	533,140	533,140
Depreciation	-	-	29,629	29,629
Total expenses	<u>1,912</u>	<u>1,773</u>	<u>562,769</u>	<u>566,454</u>
Program revenues				
Charges for services	-	-	4,468	4,468
Operating grants and contributions	-	500	27,713	28,213
Total program revenues	<u>-</u>	<u>500</u>	<u>32,181</u>	<u>32,681</u>
Net expenses	<u>(1,912)</u>	<u>(1,273)</u>	<u>(530,588)</u>	<u>(533,773)</u>
General revenues				
Property taxes	93,594	-	879,769	973,363
Investment income	-	58	1,931	1,989
Interest revenue	9,559	1,490	87,343	98,392
Miscellaneous	-	-	19,849	19,849
Total general revenues	<u>103,153</u>	<u>1,548</u>	<u>988,892</u>	<u>1,093,593</u>
Change in net position	<u>101,241</u>	<u>275</u>	<u>458,304</u>	<u>559,820</u>
Net position, beginning of year	<u>230,527</u>	<u>50,608</u>	<u>1,391,904</u>	<u>1,673,039</u>
Net position, end of year	<u>\$ 331,768</u>	<u>\$ 50,883</u>	<u>\$ 1,850,208</u>	<u>\$ 2,232,859</u>

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

NOTES TO FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Charter Township of Harrison, Michigan (the “Township”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township’s accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units, if any, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

Harrison Township Building Authority – The Building Authority is governed by the Board of Trustees (the “Board”). Although it is legally separate from the Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township’s public buildings. The Building Authority was inactive during 2023 and has no assets or liabilities.

Discretely Presented Component Units

Harrison Township Downtown Development Authority (the “DDA”) – The 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 Township Board.

Harrison Township Economic Development Corporation (the “EDC”) – The EDC was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township so as to provide needed services and facilities of such enterprises to the residents of the Township. The EDC’s governing body is selected by the Township Board of Trustees.

Harrison Township Library (the “Library”) – The Library operates under the authority of PA 164 of the Michigan Public Acts of 1877. The Library is governed by a publicly elected Board of Trustees. However, because the activities are so interrelated with the Township, all employees are Township employees, employees are part of the Township retirement plan, the Library building is owned by the Township, etc., the activities have been shown as a discretely presented component unit.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Fiduciary Component Units

The Harrison Township Employees' Retirement System (the "ERS") is a single-employer defined benefit pension plan established and administered by the Township to provide pension benefits to eligible retirees and their beneficiaries. The ERS is administered through the Employees' Retirement System Trust. The Township is financially accountable for the system, as it is obligated to make employer contributions. Plan provisions are established and may be amended by the Township Board of Trustees, subject to the Township's various collective bargaining agreements.

The Harrison Township Firemen's Pension System (the "FPS") is a single-employer defined benefit pension plan established and administered by the Township to provide pension benefits to eligible retirees and their beneficiaries. The FPS is administered through the Firemen's Pension System Trust. The Township is financially accountable for the system, as it is obligated to make employer contributions. Plan provisions are established and may be amended by the Township Board of Trustees, subject to the Township's various collective bargaining agreements.

The Harrison Township Other Postemployment Benefit Plan (the "OPEB Plan") is a single-employer defined benefit postemployment healthcare plan established and administered by the Township to provide healthcare and life insurance benefits to eligible retirees and their beneficiaries. The OPEB Plan is administered through the Retiree Healthcare Trust. The Township is financially accountable for the OPEB Plan, as it is obligated to make employer contributions. Plan provisions are established and may be amended by the Township Board of Trustees, subject to the Township's various collective bargaining agreements.

Joint Venture

The Charter Townships of Harrison and Clinton and the City of Mount Clemens entered into a joint venture for the management and operation of the 41-B Judicial District Court. A committee of one representative from each community oversees the administration and management of the Court. Revenues generated from fines, fees, costs, etc. from the boundaries of each unit are deposited directly with the Court but maintained by the unit. Expenditures for the Court, including operations and maintenance, debt retirement and improvements are allocated to each unit based on the number of cases for each municipality with any surplus or shortage the responsibility of the individual municipality. In connection, the Charter Township of Clinton has issued \$13.5 million of General Obligation Limited Tax Capital Improvement Bonds for the purpose of constructing, equipping, and furnishing a new Court facility. The full faith and credit of each member is pledged for the repayment of bonds. The financial statements for the Court can be obtained at 41-B District Court, 22380 Starks, Clinton Township, Michigan, 48036.

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are 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 HARRISON, MICHIGAN

Notes To Financial Statements

The statement of activities demonstrates the degree to which the *direct expenses* of given functions or segments are 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, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the respective fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. 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 for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement based grants. 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 judgments, are recorded only when payment is due.

Property taxes, state shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Township reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *fire special revenue fund* accounts for the fire millage revenue and related expenditures.

The *police special revenue fund* accounts for the police millage revenue and related expenditures.

The *special assessments revolving capital projects fund* is used to account for special assessment and other financial resources that are restricted for the construction of capital assets.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

The government reports the following major proprietary fund -

The *water and sewer enterprise fund* accounts for the activities of the water distribution and the sewage disposal and treatment system, which are financed primarily by user charges.

Additionally, the government reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *enterprise fund* is used to account for the collection of refuse to residential and commercial customers. Funding is provided through user charges.

The *custodial funds* account for assets held by the Township in a custodial capacity for other governments and entities such as property taxes collected for other 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 payments in lieu of taxes 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.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial paper, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "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 statements as *internal balances*. Advances between funds, if any, are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

Prepays Items and Inventory

Inventory is valued at cost, which approximates market, using the first in/first out method. The costs of governmental fund type inventory is primarily recorded as expenditures when purchased rather than when consumed.

Payments made to vendors for services that will benefit future periods are recorded as prepaid items, using the consumption method, in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles and infrastructure assets (e.g., roads, bridges, drains and similar items), with an initial cost greater than \$5,000 (\$35,000 for infrastructure) and an estimated useful life of greater than one year, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost 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.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Capital assets of the primary government are depreciated/amortized using the straight-line method over the useful lives of the assets as follows:

Asset	Years
Storm drains	50
Buildings and improvements	10-45
Machinery and equipment	5-20
Water and sewer lines and mains	27-50
Infrastructure	40
Library books / audio visual	5

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then. The Township reports deferred outflows of resources related to its pension plan.

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables (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 and business-type activities are reported in the government-wide financial statements as internal balances.

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 payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only when they have matured or come due. The compensated absences balance related to the governmental funds is a liability recorded in the statement of net position.

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases

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

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

Key estimates and judgments related to leases include how the Township determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the Township is reasonably certain to exercise.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, from long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods. In the government-wide and proprietary fund statements, the Township also reports deferred inflows of resources related to its net pension and other postemployment benefits liabilities.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Fund Equity and Net Position

Governmental funds report *nonspendable* fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted* fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed* fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees (the government’s highest level of decision-making authority). A formal resolution of the Board of Trustees is required to establish, modify, or rescind a fund balance commitment. The Township may report *assigned* fund balance for amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed; however, the Board of Trustees has not yet authorized anyone to assign fund balance. *Unassigned* fund balance is the residual classification for the general fund or deficit fund balances in other funds.

The Board has established that the general fund maintain a minimum unassigned fund balance of 25% of total general fund revenues, which it is in compliance with as of December 31, 2023.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government’s policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

2. BUDGETARY INFORMATION

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year-end. Public hearings are conducted to obtain citizen comment. Prior to December 31 of each year, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. A budget is legally enacted by the Township Board through the passage of a budget resolution on or before December 31. The general fund budget was approved at the activity (department) level and total expenditure level for the special revenue funds. Expenditures at these levels in excess of amounts budgeted are a violation of Michigan law. However, for control purposes all budgets are maintained at the account level. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.

During the year ended December 31, 2023, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	Final Budget	Actual	Actual Over Final Budget
General fund:			
Current:			
General government:			
Elections	\$ 115,415	\$ 118,475	\$ 3,060
Assessor	296,858	321,662	24,804
Cable TV committee	5,997	6,041	44
Public works	50,073	123,506	73,433
Planning and zoning -			
Zoning board of appeals	89,460	91,027	1,567
Capital outlay	22,530	22,778	248
Transfers out	400,725	404,444	3,719
Fire fund	7,390,325	7,842,358	452,033
Grants fund	248,100	256,972	8,872

Deficit Fund Balances

The special assessments revolving capital projects fund had a deficit fund balance at December 31, 2023 of \$167,262. As special assessments are assessed and collected, the deficit will be eliminated.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

3. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposits and investments as of December 31, 2023:

	Primary Government	Component Unit	Totals
Statement of Net Position			
Cash and cash equivalents	\$ 13,036,172	\$ 2,214,856	\$ 15,251,028
Statement of Fiduciary Net Position			
Cash and cash equivalents	1,626,026	-	1,626,026
Investments	39,462,853	-	39,462,853
Total	<u>\$ 54,125,051</u>	<u>\$ 2,214,856</u>	<u>\$ 56,339,907</u>
Deposits and investments			
Bank deposits (checking, savings, and insured cash sweep)			\$ 12,490,790
Petty cash			1,264
Investments in securities, mutual funds and similar vehicles:			
Treasurer's investment pool			4,385,000
Employee's retirement system			15,842,025
Firemen's pension system			16,896,513
Retiree healthcare trust			<u>6,724,315</u>
Total			<u>\$ 56,339,907</u>

Bank Deposits and Treasurer's Investment Pool

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township is not exposed to interest rate risk.

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. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. State law does not require and the Township does not have a policy for deposit custodial credit risk.

At year-end, \$993,302 of the combined bank balance of \$11,353,999 of deposits and collateralized sweep accounts (total book balance of \$12,490,790) was exposed to custodial credit risk as it was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable level are used as depositories.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified under "statutory authority" above. The Township's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

Custodial Credit Risk - Investments. Following is a summary of the Treasurer's investment pool as of December 31, 2023:

Money market accounts	\$ 1,268
MI Class	1,270,925
U.S. treasuries	2,799,387
Commercial paper	<u>313,420</u>
	<u>\$ 4,385,000</u>

Custodial Credit Risk - Investments. Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the Township's investment policy, all investments are held in the name of the Township and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township's investment policy and State law require that commercial paper be rated in the top two ratings by at least two nationally recognized statistical rating organizations. Ratings are not required for money market funds or U.S. treasuries. The Township's investments in Commercial paper are rated A2 by S&P.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified under "statutory authority" above. The Township's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's investments in commercial paper and U.S. treasuries all mature within one year from December 31, 2023.

Fair Value Measurements. The Township categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs – other than quoted prices included within Level 1- that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the management's review of the type and substance of investments held by the Township.

The Township's recurring fair value measurement as of December 31, 2023 were related to its investments in commercial paper and U.S. treasuries. These investments are valued using significant other observable inputs of the underlying securities and bonds (Level 2 inputs).

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

The Township holds shares in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient. At year end, the net asset value of the Township's investment in Michigan CLASS government investment pool was \$12,790,925. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

Employees' Retirement System Investments

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the Employee's Retirement System (the "ERS") to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The ERS's governing body has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the ERS's investments; all investment decisions are subject to Michigan law and the investment policy established by the governing body.

Investment holdings. The ERS's investments are held by an independent trust company. Following is a summary of the ERS's investments as of December 31, 2023: (investments at fair value, as determined by quoted market price).

Equities	
Common stock and exchange traded funds	<u>\$ 10,298,113</u>
Fixed income	
U.S. treasuries	2,154,500
Corporate bonds	1,796,348
Asset backed	<u>15,921</u>
	<u>3,966,769</u>
Other	
Managed futures/hedge funds	<u>908,247</u>
Money market funds	
	<u>668,896</u>
Total investments	<u><u>\$ 15,842,025</u></u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the ERS will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The ERS's investment policy requires that securities be held in trust by a third-party institution in the ERS's name. As such, although uninsured and unregistered, the ERS's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the ERS's name. Short-term investments in money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in any particular asset class may or may not be consistent with the objectives of the ERS. The investment policy statement specifically indicates permissible asset classes, including high yield fixed income and alternatives, in appropriate target percentages.

The ERS's investments in U.S. treasuries are not rated.

The ERS's fixed income securities consisted of the following at December 31, 2023:

	Rating (S&P) BBB	Rating (S&P) A	Rating (S&P) AA	Rating (S&P) AAA	Total
Corporate bonds	\$ 182,237	\$ 1,528,932	\$ 14,937	\$ 70,242	\$ 1,796,348
Asset backed	-	-	-	15,921	15,921
Total fixed income					<u><u>\$ 1,812,269</u></u>

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the ERS's investment in a single issuer. The ERS's investment policy specifies that in order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 5% of the total fund, no more than 90% of the total fund may be invested in equity securities, and no more than 15% of the total fund may be invested in "below investment grade" bonds.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The ERS's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The ERS's investment policy does not address weighted average portfolio maturities.

	Investments Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 2,154,500	\$ -	\$ 1,601,291	\$ 273,729	\$ 279,480
Corporate bonds	1,796,348	41,766	1,120,746	633,836	-
Asset backed	15,921	-	-	-	15,921
Total fixed income	<u><u>\$ 3,966,769</u></u>	<u><u>\$ 41,766</u></u>	<u><u>\$ 2,722,037</u></u>	<u><u>\$ 907,565</u></u>	<u><u>\$ 295,401</u></u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Rate of Return. For the year ended December 31, 2023, the annual money-weighted rate of return on plan investments, net of investment expenses, was 15.99%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Measurements. The ERS categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the ERS's investment manager at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment manager will request the information from the fund manager, if necessary.

The ERS had the following recurring fair value measurements as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Equities				
Common stock and ETFs	\$ 10,298,113	\$ -	\$ -	\$ 10,298,113
Fixed income				
U.S. treasuries	-	2,154,500	-	2,154,500
Asset backed	-	15,921	-	15,921
Corporate bonds	-	1,796,348	-	1,796,348
	-	3,966,769	-	3,966,769
Other				
Managed futures/hedge funds	-	-	571,874	571,874
Money market funds	-	668,896	-	668,896
	-	668,896	571,874	1,240,770
Total investments at fair value	\$ 10,298,113	\$ 4,635,665	\$ 571,874	15,505,652
Investments measured at net asset value (NAV)				
Managed futures/hedge funds				336,373
Total investments				\$ 15,842,025

Firemen's Pension System Investments

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the Firemen's Pension System (the "FPS") to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The FPS's governing body has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the FPS's investments; all investment decisions are subject to Michigan law and the investment policy established by the governing body.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Investment holdings. The FPS's investments are held by an independent trust company. Following is a summary of the FPS's investments as of December 31, 2023: (investments at fair value, as determined by quoted market price).

Mutual Funds	
Equities:	
Large cap domestic	\$ 5,009,794
Small cap value	3,395,819
International	1,986,854
Emerging markets	581,419
Fixed income -	
Domestic fixed income	5,647,102
	<u>16,620,988</u>
Other	
Money market funds	275,525
	<u>275,525</u>
Total investments	\$ 16,896,513

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the FPS will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The FPS's investment policy requires that securities be held in trust by a third-party institution in the FPS's name. As such, although uninsured and unregistered, the FPS's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the FPS's name. Short-term investments in money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in any particular asset class may or may not be consistent with the objectives of the FPS. The investment policy statement specifically indicates permissible asset classes, including high yield fixed income and alternatives, in appropriate target percentages.

The FPS's investments in fixed income mutual funds are not rated.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the FPS's investment in a single issuer. The FPS's investment policy specifies that in order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 5% of the total fund, no more than 90% of the total fund may be invested in equity securities, and no more than 15% of the total fund may be invested in "below investment grade" bonds.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The FPS's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The FPS's investment policy does not address weighted average portfolio maturities.

Rate of Return. For the year ended December 31, 2023, the annual money-weighted rate of return on plan investments, net of investment expenses, was 13.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Fair Value Measurements. The FPS categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the FPS's investment manager at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment manager will request the information from the fund manager, if necessary.

The FPS's investments subject to fair value measurement consist of mutual funds and are within the fair value Level 2 category at December 31, 2023.

Retiree Healthcare Trust Investments

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the Retiree Healthcare Trust (the "OPEB Plan") to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The OPEB Plan's governing body has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the OPEB Plan's investments; all investment decisions are subject to Michigan law and the investment policy established by the governing body.

Following is a summary of the OPEB Plan's investments as of December 31, 2023:

Investments at fair value, as determined by the quoted market price:

Mutual funds	
Fixed income	\$ 1,638,784
Equities	4,665,970
Money market funds	<u>419,561</u>
Total investments	<u>\$ 6,724,315</u>

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the OPEB Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The OPEB Plan's investment policy requires that securities be held in trust by a third-party institution in the OPEB Plan's name. As such, although uninsured and unregistered, the OPEB Plan's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the OPEB Plan's name. Short-term investments in money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The OPEB Plan's investment policy emphasizes appropriate risk/return parameters and compliance with Public Act 314, and gives discretionary authority to its investment managers as opposed to establishing specific credit rating benchmarks. As of December 31, 2023, the OPEB Plan's investments in fixed income mutual funds were not rated.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The OPEB Plan's investment policy specifies that in order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 5% of the total fund, no more than 90% of the total fund may be invested in equity securities, and no more than 15% of the total fund may be invested in "below investment grade" bonds.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The OPEB Plan's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The OPEB Plan's investment policy does not address weighted average portfolio maturities.

Rate of Return. For the year ended December 31, 2023, the annual money-weighted rate of return on plan investments, net of investment expenses, was 17.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair Value Measurements. The OPEB Plan categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the OPEB Plan's investment manager at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment manager will request the information from the fund manager, if necessary.

The OPEB Plan's investments subject to fair value measurement consist of money market and mutual funds. Mutual funds are within the fair value Level 1 category at December 31, 2023. The OPEB Plan's investments in money market accounts are categorized as Level 2 investments within the fair value hierarchy.

4. RECEIVABLES

Receivables of the primary government are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	\$ 875,519	\$ 3,890,942	\$ -
Special assessments	1,628,985	51,491	-
Taxes receivable	9,160,183	-	917,138
Due from other governments	<u>546,810</u>	<u>-</u>	<u>2,991</u>
	<u>\$ 12,211,497</u>	<u>\$ 3,942,433</u>	<u>\$ 920,129</u>
Special assessments not expected to be collected within one year	<u>\$ 1,311,347</u>	<u>\$ -</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

5. CAPITAL ASSETS

Primary government

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated/ amortized:					
Land and easements	\$ 2,661,950	\$ -	\$ -	\$ -	\$ 2,661,950
Construction in progress	1,265,343	133,350	-	(1,170,475)	228,218
	<u>3,927,293</u>	<u>133,350</u>	<u>-</u>	<u>(1,170,475)</u>	<u>2,890,168</u>
Capital assets being depreciated/ amortized:					
Buildings and improvements	5,699,927	16,845	-	-	5,716,772
Machinery and equipment	6,045,964	137,927	(302,754)	29,391	5,910,528
Infrastructure	9,114,404	869,779	-	1,170,475	11,154,658
Leased assets - vehicles	126,342	-	-	-	126,342
	<u>20,986,637</u>	<u>1,024,551</u>	<u>(302,754)</u>	<u>1,199,866</u>	<u>22,908,300</u>
Less accumulated depreciation/ amortization for:					
Buildings and improvements	(2,957,676)	(235,278)	-	-	(3,192,954)
Machinery and equipment	(3,259,954)	(353,465)	273,182	(29,391)	(3,369,628)
Infrastructure	(2,421,727)	(373,496)	-	-	(2,795,223)
Leased assets - vehicles	(28,426)	(28,425)	-	-	(56,851)
	<u>(8,667,783)</u>	<u>(990,664)</u>	<u>273,182</u>	<u>(29,391)</u>	<u>(9,414,656)</u>
Total capital assets being depreciated/amortized, net	<u>12,318,854</u>	<u>33,887</u>	<u>(29,572)</u>	<u>1,170,475</u>	<u>13,493,644</u>
Governmental activities capital assets, net	<u>\$ 16,246,147</u>	<u>\$ 167,237</u>	<u>\$ (29,572)</u>	<u>\$ -</u>	<u>\$ 16,383,812</u>

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

General government	\$ 657,868
Public safety	330,330
Recreation and culture	<u>2,466</u>
Total depreciation/amortization expense	<u>\$ 990,664</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated/ amortized:					
Land	\$ 518,455	\$ -	\$ -	\$ -	\$ 518,455
Right of way easement	-	46,670	-	-	46,670
Construction in progress	593,346	30,270	-	(476,840)	146,776
Macomb/Oakland interceptor construction in progress**	<u>3,242,902</u>	<u>632,153</u>	<u>-</u>	<u>(3,242,901)</u>	<u>632,154</u>
	<u>4,354,703</u>	<u>709,093</u>	<u>-</u>	<u>(3,719,741)</u>	<u>1,344,055</u>
Capital assets being depreciated/ amortized:					
Buildings	701,254	-	-	-	701,254
Water mains and lines	15,353,464	167,470	-	476,840	15,997,774
Sewer mains and lines	27,265,238	-	-	-	27,265,238
Macomb/Oakland interceptor infrastructure**	17,830,241	-	-	3,242,901	21,073,142
Machinery and equipment	3,137,589	-	(240,464)	(29,391)	2,867,734
Leased assets - vehicles	138,710	96,960	(24,633)	-	211,037
	<u>64,426,496</u>	<u>264,430</u>	<u>(265,097)</u>	<u>3,690,350</u>	<u>68,116,179</u>
Less accumulated depreciation/ amortization for:					
Buildings	(527,330)	(43,358)	-	-	(570,688)
Water mains and lines	(8,660,057)	(272,234)	-	-	(8,932,291)
Sewer mains and lines	(19,159,050)	(287,729)	-	-	(19,446,779)
Macomb/Oakland interceptor infrastructure**	(3,650,137)	(515,433)	-	-	(4,165,570)
Machinery and equipment	(2,551,196)	(78,432)	240,464	29,391	(2,359,773)
Leased assets - vehicles	(34,677)	(50,579)	12,316	-	(72,940)
	<u>(34,582,447)</u>	<u>(1,247,765)</u>	<u>252,780</u>	<u>29,391</u>	<u>(35,548,041)</u>
Total capital assets being depreciated/amortized, net	<u>29,844,049</u>	<u>(983,335)</u>	<u>(12,317)</u>	<u>3,719,741</u>	<u>32,568,138</u>
Business-type activities capital assets, net	<u>\$ 34,198,752</u>	<u>\$ (274,242)</u>	<u>\$ (12,317)</u>	<u>\$ -</u>	<u>\$ 33,912,193</u>

**The Township has been apportioned a percentage of various Interceptor/Drain projects undertaken by Macomb and Oakland Counties. The assets classified above are a "right of use" as opposed to a specified portion of the capital improvements which lie within the municipality.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Library component unit					
Capital assets being depreciated -					
Library books / audio visual	\$ 346,186	\$ 45,485	\$ -	\$ -	\$ 391,671
Less accumulated depreciation for -					
Library books / audio visual	(236,902)	(29,629)	-	-	(266,531)
Library component unit capital assets, net	\$ 109,284	\$ 15,856	\$ -	\$ -	\$ 125,140

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 452,742	\$ 1,227,030	\$ 7,333
Accrued liabilities	314,697	64,704	18,573
Interest payable	14,916	70,936	-
Escrow payable	417,236	-	-
	<u>\$ 1,199,591</u>	<u>\$ 1,362,670</u>	<u>\$ 25,906</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At December 31, 2023, amounts due from and due to other funds were as follows:

	Payable Funds
	Special Assessments Revolving
Receivable funds	
General	<u>\$ 153,848</u>

Due to/from balances result primarily from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and/or payments between funds are made. Interfund receivables and payables represent routine and temporary cash flow assistance. The amounts outstanding at year end consisted primarily of the following: (1) The special assessments revolving fund owes the general fund for projects related to prior years.

For the year ended December 31, 2023, interfund transfers consisted of the following:

	Transfers In			
	General Fund	Nonmajor Governmental Funds	Water and Sewer	Totals
Transfers Out				
General fund	\$ -	\$ 385,944	\$ 18,500	\$ 404,444
Fire fund	-	308,261	-	308,261
Nonmajor governmental funds	13,834	-	-	13,834
	<u>\$ 13,834</u>	<u>\$ 694,205</u>	<u>\$ 18,500</u>	<u>\$ 726,539</u>

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

During the year ended December 31, 2023, the Township transferred resources from the general fund and the fire special revenue fund to the debt service fund to fund debt service payments on bonds. There was also a transfer out of the general fund to the water and sewer fund due to the sale of vehicles between the general fund and water and sewer fund. The Township also transferred resources from the general fund to the grants fund to due to the fund never having enough revenue to cover their expenditures.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

8. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Primary government

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the Township. These bonds are typically issued as 10-20 year serial bonds with varying amounts of principal maturing each year.

General obligation bonds and financed purchase agreements outstanding at December 31, 2023 are as follows:

Governmental Activities

Bonds	Interest Rate	Year of Maturity	Original Amount	Outstanding Amount
Limited Tax Bonds - Series 2020	1.650%	2035	\$ 3,333,117	\$ 2,535,646
Limited Tax Bonds - Series 2022	3.170%	2032	888,600	822,100
Total general obligation bonds			<u>\$ 4,221,717</u>	<u>\$ 3,357,746</u>
Financed Purchase Agreements	Interest Rate	Year of Maturity	Original Amount	Outstanding Amount
Bridgeview bridge	5.000%	2041	\$ 218,686	\$ 84,536

Annual debt service requirements to maturity for general obligation bonds and financed purchase agreements are as follows:

Year Ended December 31,	Governmental Activities			
	General Obligation Bonds		Financed Purchase Agreements	
	Principal	Interest	Principal	Interest
2024	\$ 366,535	\$ 61,283	\$ 2,969	\$ 4,321
2025	371,112	53,990	3,121	4,169
2026	375,766	46,153	3,281	4,009
2027	380,497	38,579	3,449	3,841
2028	385,208	30,926	3,625	3,665
2029-2033	1,269,212	57,761	21,107	15,344
2034-2038	209,416	3,470	27,087	9,363
2039-2041	-	-	19,897	2,061
	<u>\$ 3,357,746</u>	<u>\$ 292,161</u>	<u>\$ 84,536</u>	<u>\$ 46,772</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Revenue Bonds. The Township, in conjunction with Macomb and Oakland Counties, also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. The original amount of revenue bonds for the issues outstanding as of December 31, 2023 was \$17,438,278. There was one new revenue bond issued during the current year.

Revenue bonds outstanding at December 31, 2023 are as follows:

Business-type Activities

Revenue Bonds	Interest Rate	Year of Maturity	Original Amount	Outstanding Amount
2010 North Gratiot Interceptor Drain	1.00%-6.35%	2035	\$ 46,005	\$ 26,507
2010A Oakland Macomb Interceptor Drain	2.50%	2031	782,664	360,622
2011A Oakland Macomb Interceptor Drain	2.50%	2033	940,812	528,077
2013A Oakland Macomb Interceptor	2.00%	2034	2,052,984	1,228,827
2014A Oakland Macomb Interceptor	2.00% - 3.50%	2034	300,170	185,454
2015 North Gratiot Interceptor (Drain District Refunding)	3.625%-5.00%	2033	376,266	237,740
2015A Oakland Macomb Interceptor (Drain District SAW Loan)	2.50%	2036	600,430	423,271
2015A Macomb Interceptor	2.50%	2035	210,107	101,907
2017A MID District	3.00%-5.00%	2042	6,879,940	5,546,096
2019A Refunding Bonds	1.85%	2030	135,368	94,098
2019B Oakland Macomb Interceptor	1.55%	2025	499,795	96,021
2020 Refunding MID	5.00%	2031	899,583	705,507
2020A Oakland Macomb Interceptor	2.00%-5.00%	2040	3,082,000	2,875,690
2020B (2023 Issuance) MID District	11.03%	2043	632,154	632,154
			<u>\$ 17,438,278</u>	<u>\$ 13,041,971</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ended December 31,	Business-type activities	
	Principal	Interest
2024	\$ 756,267	\$ 484,459
2025	785,255	460,947
2026	811,983	429,941
2027	842,081	396,161
2028	879,853	360,854
2029-2033	4,597,747	1,319,080
2034-2038	2,864,087	540,613
2039-2043	1,504,698	162,508
	<u>\$ 13,041,971</u>	<u>\$ 4,154,563</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Changes in bonds, notes and other long-term liabilities. Bonds, notes and other long-term liabilities activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 3,694,878	\$ -	\$ (337,132)	\$ 3,357,746	\$ 366,535
Financed purchase agreements	104,371	-	(19,836)	84,535	2,969
Lease payable (Note 9)	97,852	-	(29,605)	68,247	30,765
Compensated absences	424,539	13,063	(19,008)	418,594	20,930
Total governmental activities	4,321,640	13,063	(405,581)	3,929,122	421,199
Business-type activities					
Revenue bonds	13,280,144	632,154	(870,327)	13,041,971	756,267
Lease payable (Note 9)	102,804	96,961	(48,924)	150,841	52,172
Unamortized premium	977,664	-	(84,275)	893,389	84,277
Compensated absences	16,624	370	(1,233)	15,761	788
Total business-type activities	14,377,236	729,485	(1,004,759)	14,101,962	893,504
Total primary government	\$ 18,698,876	\$ 742,548	\$ (1,410,340)	\$ 18,031,084	\$ 1,314,703

The governmental activities compensated absences are generally liquidated by the general fund.

9. LEASES

Lessee - The Township is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the Township will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

The right-to-use asset and the related activity are included in Note 5, Capital Assets. The lease liability and related activity are presented in Note 8, Bonds, Notes and Other Long-term liabilities.

Asset Type	Remaining Term of Agreements
Vehicles	1-5 years

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

The net present value of future minimum payments as of December 31, 2023, were as follows:

Year Ended December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 30,765	\$ 2,073	\$ 52,172	\$ 8,586
2025	25,765	899	43,926	5,683
2026	11,717	214	23,780	3,532
2027	-	-	25,761	1,552
2028	-	-	5,202	65
Total	\$ 68,247	\$ 3,186	\$ 150,841	\$ 19,418

10. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2023, the government carried commercial insurance to cover all risks of losses. The Township has had no settled claims from these risks that exceeded its commercial coverage.

11. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by federal and state grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government and its component units, individually or jointly, are the defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government and component units counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

12. PROPERTY TAXES

Property taxes become an enforceable lien on the property as of December 31. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes along with collecting taxes for various other taxing jurisdictions. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed.

Assessed values, as established annually by the government, are subject to acceptance by the County and equalized by the State at an estimated 50% of current market value. For the December 31, 2022 levy, the taxable value of real and personal property in the Township totaled \$1,097,181,257. The government's general operating tax rate for the December 1, 2022 levy, which is considered revenue for fiscal year 2023 was 9.5000 mills. That operating levy is allocated 6.350 mills to the fire fund, 2.350 mills to the police fund, and the remaining 0.8000 mills to the library.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

13. PENSION PLANS

Employees' Retirement System

Plan administration. The Charter Township of Harrison Employees' Retirement System (the "ERS") is a single employer defined benefit retirement plan established and administered by the Charter Township of Harrison (the "Township") which provides pension benefits to substantially all full-time employees (except firemen) and their beneficiaries. Under the Township Charter, the authority to establish and amend benefit provisions of the system resides with the Township Board of Trustees. The financial statements of the ERS are included as a pension trust fund in the Township's financial statements.

Management of the ERS is vested in the Charter Township of Harrison Employees' Retirement System Committee (the "Committee"). The Committee is a quasi-judicial body consisting of five (5) members, two (2) members from the Township Board, one (1) citizen and two (2) members of the retirement system.

Benefits provided. The ERS provides retirement, disability, and death benefits to plan members and their beneficiaries in accordance with the Township's pension ordinance. All participants eligible for regular retirement at age 55 with 8 years (15 years for AFSCME members hired on or after January 1, 2012) of service or completion of 25 or more years of service, whichever is earliest. Supervisors hired on or after January 1, 2010 are not covered under the ERS.

AFSCME members hired prior to January 1, 2012 are entitled to an annual retirement benefit, payable monthly in an amount equal to 2.5% of final average compensation (FAC) times all years of service accrued before January 1, 2013, plus 2.2% of FAC times all remaining years up to 25, plus 1% of FAC times years of service in excess of 25 years. AFSCME members hired on or after January 1, 2012 receive an annual retirement benefit equal to 1.8% of FAC times the first 25 years of service plus 0.8% of FAC times years of service in excess of 25 years. Supervisory members receive an annual retirement benefit equal to 2.5% of FAC times years of service up to 25 years plus 1% of FAC times years of service in excess of 25 years.

In addition to the regular retirement provisions, the ERS allows for the following retirement provisions at regular or reduced benefits:

- Deferred Retirement - eight or more years of service (15 years of AFSCME members hired on or after January 1, 2012), benefits begin at age 55 for supervisors and age 60 for AFSCME members.
- Death In-Service - eight or more years of service.
- Duty Disability - No age or service requirements.
- Non-Duty Disability - eight or more years of service (15 years for AFSCME members hired on or after January 1, 2012).

Plan membership. Membership of the ERS consisted of the following at December 31, 2022, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	62
Inactive employees entitled to but not yet receiving benefits	1
Active employees	27
Total membership	90

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Contributions. Member contributions are established by negotiation with the Township's collective bargaining units and currently requires a contribution from the employees of 9.00% of payroll for employees entering the bargaining units prior to January 1, 2012 and 7.00% of payroll for employees after that date. The employer's actuarially determined contribution rate for 2023 was 62.80%. For the year ended December 31, 2023, the employer contributed \$1,047,645 and the employees contributed \$126,672.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2022 (and rolled forward to December 31, 2023), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	2.75 percent, average, including inflation
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation
Investment rate of return	The fully generational Pub-2010 Amount-Weighted, General Employee, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2020.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study performed in conjunction with the December 31, 2021 actuarial valuation.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Equities			
U.S. large cap	20.00%	7.10%	1.42%
U.S. mid cap	20.00%	7.80%	1.56%
U.S. small cap	15.00%	8.00%	1.20%
Developed foreign equities	6.00%	6.40%	0.38%
International emerging markets	2.00%	7.90%	0.16%
Fixed income			
Intermediate term tax exempt	26.00%	3.10%	0.81%
Other investments			
Global hedge funds	9.00%	5.20%	0.47%
Cash alternatives	2.00%	1.50%	0.03%
	<u>100.00%</u>		
Inflation expectation			2.25%
Risk adjustment			<u>-1.53%</u>
Investment rate of return			<u>6.75%</u>

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Changes in Net Pension Liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2022	\$ 22,843,916	\$ 14,379,362	\$ 8,464,554
Changes for the year:			
Service cost	250,830	-	250,830
Interest	1,489,112	-	1,489,112
Difference between expected and actual experience	185,279	-	185,279
Employer contributions	-	1,047,645	(1,047,645)
Employee contributions	-	126,672	(126,672)
Net investment income	-	2,132,739	(2,132,739)
Benefit payments, including refunds of employee contributions	(1,816,800)	(1,816,800)	-
Administrative expense	-	(26,255)	26,255
Net changes	<u>108,421</u>	<u>1,464,001</u>	<u>(1,355,580)</u>
Balances at December 31, 2023	\$ 22,952,337	\$ 15,843,363	\$ 7,108,974

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Township, calculated using the discount rate of 6.75%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.75%) or 1% higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Township's net pension liability	\$ 9,494,805	\$ 7,108,974	\$ 5,086,380

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in Note 15.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2023, the Township recognized pension expense of \$603,689. The Township reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 143,641
Changes in assumptions	116,570
Net difference between projected and actual earnings on pension plan investments	326,417
	<u>\$ 586,628</u>

Amounts reported as pension-related deferred outflows of resources will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2024	\$ 172,722
2025	161,476
2026	489,372
2027	<u>(236,942)</u>
Total	<u>\$ 586,628</u>

Payable to the Pension Plan. At December 31, 2023, the Township had outstanding payables to the ERS of \$137,536.

The governmental activities net pension liability related to the ERS is generally liquidated by the general fund.

Firemen's Pension System

Plan administration. The Charter Township of Harrison Firemen's Pension System (the "FPS") is a single employer defined benefit retirement plan established and administered by the Charter Township of Harrison (the "Township") which provides pension benefits to substantially all full-time employees of the Township Fire Department and their beneficiaries. Under the Township Charter, the authority to establish and amend benefit provisions of the system resides with the Township Board of Trustees. The financial statements of the FPS are included as a pension trust fund in the Township's financial statements.

Management of the FPS is vested in the Charter Township of Harrison Firemen's Pension Board (the "Board"), The Board is a quasi-judicial body consisting of five (5) members, the Township Treasurer, two (2) active members of the fire department, and two (2) members appointed by the Township Board.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Benefits provided. The FPS provides retirement, disability and death benefits to members and their beneficiaries in accordance with the Township's pension ordinance. For members hired prior to July 1, 2011, retirement benefits fully vest after 20 years of credited service regardless of age or when the sum of age and credited services meet or exceed 70. For members hired on or after July 1, 2011, retirement benefits fully vest after 25 or more years of service regardless of age or when the sum of age and credited service meet or exceed 75.

Employees hired before December 19, 2014 who retire with full benefits are entitled to an annual retirement benefit, payable monthly in an amount equal to 2.8% of 3-year average final compensation (AFC) times the first 20 years of service plus 1.8% of AFC times years of service in excess of 20 years up to 25 years, plus 1% of AFC times years of service in excess of 25 years up to 30 years with maximum benefits of 70.0% times AFC. For employees hired after December 19, 2014, the retirement benefit formula is equal to 2.0% of AFC times the first 25 years of service plus 1.0% of AFC for all years in excess of 25 years with maximum benefits of 70.0% times AFC.

In addition to the regular retirement provisions, the FPS allows for the following retirement provisions at regular or reduced benefits:

- Deferred Retirement - 10 or more years of service, benefits begin at the date retirement would have occurred had member remained in employment.
- Death In-Service - payable upon expiration of workers' compensation.
- Duty Disability - No age or service requirements.
- Non-Duty Disability - five or more years of service.

Plan membership. Membership of the FPS consisted of the following at December 31, 2022, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>29</u>
Total membership	<u>70</u>

Contributions. Member contributions are established by negotiation with the Township's collective bargaining units and currently require a contribution from the employees of 11.00%. The employer's actuarially determined contribution rate for 2023 was 60.33%. For the year ended December 31, 2023, the employer contributed \$1,988,086 and the employees contributed \$276,252.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2022 (and rolled forward to December 31, 2023), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	3.00 percent, average, including inflation
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation
Investment rate of return	The fully generational Pub-2010 Amount-Weighted, General Employee, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2021.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study performed in conjunction with the December 31, 2021 actuarial valuation.

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Equities			
Domestic equities	50.00%	7.50%	3.75%
International equities	15.00%	8.50%	1.28%
Fixed income			
Domestic bonds	30.00%	2.50%	0.75%
Other investments			
Real estate	5.00%	4.50%	0.23%
	<u>100.00%</u>		
Inflation expectation			2.25%
Risk adjustments			<u>-1.76%</u>
Investment rate of return			<u>6.50%</u>

Discount Rate. The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Changes in Net Pension Liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2022	\$ 30,225,973	\$ 15,108,938	\$ 15,117,035
Changes for the year:			
Service cost	587,283	-	587,283
Interest	1,904,549	-	1,904,549
Difference between expected and actual experience	(12,290)	-	(12,290)
Changes in assumptions	529,678	-	529,678
Employer contributions	-	1,988,086	(1,988,086)
Employee contributions	-	276,252	(276,252)
Net investment income	-	2,102,697	(2,102,697)
Benefit payments, including refunds of employee contributions	(2,437,729)	(2,437,729)	-
Administrative expense	-	(24,600)	24,600
Net changes	<u>571,491</u>	<u>1,904,706</u>	<u>(1,333,215)</u>
Balances at December 31, 2023	\$ 30,797,464	\$ 17,013,644	\$ 13,783,820

Changes in Assumptions. The significant changes in assumptions for the fiscal year ended December 31, 2023, were primarily related to active liabilities were "loaded" by 5% to account for the use of anniversary pay, 27 pay periods and comp bank payouts in the Average Final Compensation (AFC). Rates of retirement were increased from 15% to 20% for 20-29 years of service and the Rule-of-70 rates from 25% to 30% for years 0-5. The rates used to measure merit and seniority pay increase now use a pay scale based on service only (instead of rates based on age and service).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Township, calculated using the discount rate of 6.5%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.5%) or 1% higher (7.5%) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Township's net pension liability	\$ 17,532,655	\$ 13,783,820	\$ 10,672,557

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in Note 15.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

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

For the year ended December 31, 2023, the Township recognized pension expense of \$1,489,486. The Township reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 248,085	\$ 12,743	\$ 235,342
Changes in assumptions	792,432	-	792,432
Net difference between projected and actual earnings on pension plan investments	1,069,513	-	1,069,513
	<u>\$ 2,110,030</u>	<u>\$ 12,743</u>	<u>\$ 2,097,287</u>

Amounts reported as pension-related deferred outflows/inflows of resources will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2024	\$ 519,562
2025	710,321
2026	850,852
2027	(59,071)
2028	<u>75,623</u>
Total	<u>\$ 2,097,287</u>

Payable to the Pension Plan. At December 31, 2023, the Township had outstanding payables to the FPS of \$133,264.

The governmental activities net pension liability related to the FPS is generally liquidated by the general fund.

14. OTHER POSTEMPLOYMENT BENEFITS PLAN

General Information About the Plan

Plan Description. The Township participates in a single-employer other postemployment benefit plan (the "OPEB Plan") that provides healthcare benefits to eligible retirees and their beneficiaries. The OPEB Plan was adopted and established by the Township Board of Trustees.

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 HARRISON, MICHIGAN

Notes To Financial Statements

Benefits Provided. The Townships provides other postemployment benefits, as follows:

Employee Type	Benefits Provided		
AFSCME	Normal retirement age is 55 after completion of 8 years of credited services or 25 years of service, whichever is earliest. Premium costs are split as follows:		
	Service Years	Employee	Township
	8 to 10 years	75%	25%
	11 to 14 years	50%	50%
	15 years or	0%	100%

Members hired after January 1, 2012 are not eligible to receive healthcare benefits. The Township deposits \$170 in an H.S.A. account for each month they are employed by the Township. Vesting is 5 years: 50%, 7 years: 75%, and 10 years: 100%. The account is to be used to purchase healthcare after separation from the Township.

Supervisors
Normal retirement age is 55 after completion of 8 years of credited services or when the age and service equal a total of 80 points. The Township pays 100% of premium costs. Members hired after January 1, 2010 are not eligible for healthcare benefits. For any employee hired after January 1, 2010, the Township deposits \$230 in an H.S.A. account for each month they are employed by the Township.

Firemen
Normal retirement age is 20 years of service (25 years for members hired on or after July 1, 2011) or when their age and service equal a total of 70 points (75 points for members hired on or after July 1, 2011). The Township pays 100% of the premium costs. (Members of IAFF 1737 hired after December 19, 2014 shall, in lieu of retiree health insurance, receive a monthly contribution of \$270 in an account established by the Township. Vesting is 5 years: 50%, 7 years: 75%, and 10 years: 100%. Such members may also contribute to the fund each year subject to IRS regulations.)

Employees Covered by Benefit Terms. During the year ended December 31, 2023, the actuarially determined contribution, based on a valuation dated December 31, 2021 and including both the retiree healthcare benefit and life insurance, was \$1,752,771 and actual contributions of \$1,435,772 were made.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Employees Covered by Benefit Terms. At December 31, 2021, the date of the most recent actuarial valuation, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	79
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>21</u>
Total membership	<u><u>101</u></u>

Net Other Postemployment Benefits Liability. The Township's net other postemployment benefits liability was measured as of December 31, 2023, and the total other postemployment benefits liability used to calculate the net other postemployment benefits liability was determined by an actuarial valuation as of December 31, 2021 (rolled forward to December 31, 2023).

Actuarial Assumptions. The total other postemployment benefits liability was determined by an actuarial valuation as of December 31, 2021 (and rolled forward to December 31, 2023, the measurement date), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% per year
Salary Increases	2.75%-9.75% (General) and 3.20%-12.75% (Fire)
Investment rate of return	6.00%
Healthcare trend rate	7.50% graded down to 3.50%

Pre-Retirement Mortality: The fully generational PubG-2010 and PubS-2010 Amount-Weighted, General (Safety for Firemen), Employee, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2021. This assumption was used to measure the probabilities of members dying before retirement. Fifty percent (50%) of pre-retirement Firemen deaths were assumed to be non-duty related; 100% of pre-retirement AFSCME and Supervisory deaths were assumed to be non-duty related.

Non-disabled retired plan members and beneficiaries: The fully generational PubG-2010 and PubS-2010 Amount-Weighted, General (Safety for Firemen), Healthy Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2021. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Disabled retired plan members: The fully generational PubG-2010 and PubS-2010 Amount-Weighted, General (Safety for Firemen), Disabled Retiree, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2021. This assumption was used to measure the probabilities of each benefit payment being made after disability retirements.

Investment Policy. The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment processes that the Township Board of Trustees deems appropriate. The OPEB Plan's asset allocation policy is shown on the following pages.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Rate of Return. For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 17.82 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long-term Expected Rate of Return. The long-term expected rate of return on other postemployment benefits plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Equities			
Domestic equities	50.00%	7.50%	3.75%
International equities	15.00%	8.50%	1.28%
Fixed income			
Domestic bonds	30.00%	2.50%	0.75%
Other investments			
Real estate	<u>5.00%</u>	4.50%	0.23%
	<u><u>100.00%</u></u>		
Inflation assumption			2.25%
Risk adjustments			<u>-2.26%</u>
Investment rate of return			<u><u>6.00%</u></u>

Discount Rate. The discount rate used to measure the total other postemployment benefits liability is 6.0% for 2023. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the other postemployment benefits plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on other postemployment benefits plan investments was applied to all periods of projected benefit payments to determine the total other postemployment benefits liability.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Net OPEB Liability of the Township. The components of the net OPEB liability of the Township at December 31, 2023, were as follows:

Total OPEB liability	\$ 28,251,460
Plan fiduciary net position	<u>6,725,077</u>
Township's net OPEB liability	<u>\$ 21,526,383</u>
Plan fiduciary net position as a percentage of the total OPEB liability	23.8%

Changes in Net Other Postemployment Benefits Liability. The components of the change in the net other postemployment benefits (OPEB) liability are summarized as follows:

Retiree Healthcare and Life Insurance	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2022	\$ 27,656,581	\$ 5,514,945	\$ 22,141,636
Changes for the year:			
Service cost	237,224	-	237,224
Interest	1,630,938	-	1,630,938
Differences between expected and actual experience	(87,510)	-	(87,510)
Employer contributions	-	1,435,772	(1,435,772)
Net investment income	-	962,091	(962,091)
Benefit payments, including refunds of employee contributions	(1,185,773)	(1,185,773)	-
Administrative expense	-	(1,958)	1,958
Net changes	<u>594,879</u>	<u>1,210,132</u>	<u>(615,253)</u>
Balances at December 31, 2023	<u>\$ 28,251,460</u>	<u>\$ 6,725,077</u>	<u>\$ 21,526,383</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Sensitivity of the Net Other Postemployment Benefits Liability to Changes in the Discount Rate. The following presents the net other postemployment benefits liability of the Township, calculated using the discount rate of 6.00%, as well as what the Township's net other postemployment benefits liability would be if it were calculated using a discount rate that is 1% lower (5.00%) or 1% higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Township's net other postemployment benefits liability	<u>\$ 25,273,512</u>	<u>\$ 21,526,383</u>	<u>\$ 18,257,638</u>

Sensitivity of the Net Other Postemployment Benefits Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net other postemployment benefits liability of the Township, calculated using the healthcare cost trend rate of 7.5%, as well as what the Township's net other postemployment benefits liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease (6.5% graded down to 2.5%)	Current Healthcare Cost Trend Rate (7.5% graded down to 3.5%)	1% Increase (8.5% graded down to 4.5%)
Township's net other postemployment benefits liability	<u>\$ 17,754,264</u>	<u>\$ 21,526,383</u>	<u>\$ 25,903,265</u>

Other Postemployment Benefit Expense and Deferred Outflows/Inflows of Resources Related to Other Postemployment Benefits

For the year ended December 31, 2023, the Township recognized other postemployment benefits expense of (\$813,367). The Township reported deferred inflows of resources related to other postemployment benefits as follows:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 39,527
Net difference between projected and actual earnings on other postemployment benefits plan investments	<u>58,534</u>
	<u>\$ 98,061</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Amounts reported as other postemployment benefits-related deferred inflows of resources will be recognized in other postemployment benefits expense as follows:

Year Ended December 31,	Amount
2024	\$ (86,144)
2025	13,109
2026	99,722
2027	(124,748)
Total	\$ (98,061)

Payable to the Other Postemployment Benefits Plan. At December 31, 2023, the Township reported no amount payable to the OPEB plan.

Governmental activities net other postemployment benefits liability is generally liquidated by the general fund.

15. COMBINING FINANCIAL INFORMATION - PENSION AND OTHER POSTEMPLOYMENT TRUST FUNDS

Statements of Fiduciary Net Position

	Employee Retirement System	Fireman's Pension System	Retiree Healthcare and Life Insurance Trust	Total
Assets				
Cash and cash equivalents	\$ 5,120	\$ 125,719	\$ 4,195	\$ 135,034
Investments, at fair value:				
Mutual funds:				
Equities	-	10,973,886	4,665,969	15,639,855
Fixed income	-	5,647,102	1,638,784	7,285,886
Equities	10,298,113	-	-	10,298,113
Fixed income	3,966,769	-	-	3,966,769
Hedge funds	908,247	-	-	908,247
Money market funds	668,896	275,525	419,562	1,363,983
Prepaid items	3,053	3,208	1,172	7,433
Total assets	15,850,198	17,025,440	6,729,682	39,605,320
Liabilities				
Accounts payable	6,835	11,796	4,605	23,236
Net position				
Restricted for:				
Pension benefits	15,843,363	17,013,644	-	32,857,007
Other postemployment benefits	-	-	6,725,077	6,725,077
Total net position	\$ 15,843,363	\$ 17,013,644	\$ 6,725,077	\$ 39,582,084

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

Statements of Changes in Fiduciary Net Position

	Employee Retirement System	Fireman's Pension System	Retiree Healthcare and Life Insurance Trust	Total
Additions				
Contributions:				
Employer	\$ 1,047,645	\$ 1,988,086	\$ 250,000	\$ 3,285,731
Plan members	126,672	276,252	-	402,924
Total contributions	1,174,317	2,264,338	250,000	3,688,655
Investment earnings:				
Net adjustment in fair value of investments	1,942,992	1,714,785	834,157	4,491,934
Interest and dividends	287,187	427,535	145,433	860,155
Investment expense	(97,440)	(39,623)	-	(137,063)
Net investment income	2,132,739	2,102,697	979,590	5,215,026
Total additions	3,307,056	4,367,035	1,229,590	8,903,681
Deductions				
Benefits - pension	1,813,595	1,847,005	-	3,660,600
Employee refunds	3,205	590,724	-	593,929
Administrative expenses	26,255	24,600	19,458	70,313
Total deductions	1,843,055	2,462,329	19,458	4,324,842
Change in net position	1,464,001	1,904,706	1,210,132	4,578,839
Restricted net position, beginning				
Pension benefits	14,379,362	15,108,938	-	29,488,300
Other postemployment benefits	-	-	5,514,945	5,514,945
Total restricted net position, beginning	14,379,362	15,108,938	5,514,945	35,003,245
Restricted net position, ending				
Pension benefits	15,843,363	17,013,644	-	32,857,007
Other postemployment benefits	-	-	6,725,077	6,725,077
Total restricted net position, ending	\$ 15,843,363	\$ 17,013,644	\$ 6,725,077	\$ 39,582,084

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

16. DEFINED CONTRIBUTION PLANS

The Township provides pension and retiree healthcare savings benefits for all of its permanent employees through defined contribution plans. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. The Township offers pension benefits through a 401(a) plan and retiree healthcare savings options through a 457 plan.

For the year ended December 31, 2023, the Township made contributions to the 401(a) plan of \$130,872. Currently, the Township is making matching contributions for 45 employees to the Plan. Township employees made contributions to the 457 plan of \$242,929. Currently, there are 60 employees making active contributions to the Plan.

17. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of December 31, 2023, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated/amortized	\$ 2,890,168	\$ 1,344,055
Capital assets being depreciated/amortized, net	13,493,644	32,568,138
	<u>16,383,812</u>	<u>33,912,193</u>
Less related debt:		
Bonds payable and other liabilities	3,510,528	14,086,201
Less: unspent bond proceeds	(509,975)	-
	<u>3,000,553</u>	<u>14,086,201</u>
Net investment in capital assets	<u>\$ 13,383,259</u>	<u>\$ 19,825,992</u>

18. OPIOID SETTLEMENT

The Township is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the Township expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 in the amount of \$18,056 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the Township expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 and the remaining installments expected to be made annually beginning in 2026. The Township is currently allocated approximately 0.12% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$342,872 and \$78,302 from the Distributors and Janssen, respectively.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes To Financial Statements

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan, and Teva, and the associated state-subdivision agreement was finalized in 2023. In 2023, additional settlements with Mallinckrodt and Meijer were announced. The term of the settlement varies by pharmacy and manufacturer; however, the Township expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$307,835. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of December 31, 2023, the amounts to be allocated to and collected by the Township were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of December 31, 2023 is \$531,937.

19. SUBSEQUENT EVENT

Issuance of Debt . On February 29, 2024, the Township issued Capital Improvement Bonds, Series 2024A with a face value of \$1,600,000 to finance the purchase of the new water meter reading system upgrade.

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REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ended December 31,		
	2023	2022	2021
Change in total pension liability			
Service cost	\$ 250,830	\$ 230,327	\$ 246,272
Interest	1,489,112	1,492,873	1,450,830
Differences between expected and actual experience	185,279	19,203	4,188
Changes in assumptions	-	-	699,512
Benefit payments, including refunds of member contributions	(1,816,800)	(1,799,908)	(1,740,052)
Net change in total pension liability	<u>108,421</u>	<u>(57,505)</u>	<u>660,750</u>
Total pension liability, beginning	<u>22,843,916</u>	<u>22,901,421</u>	<u>22,240,671</u>
Total pension liability, ending	<u>22,952,337</u>	<u>22,843,916</u>	<u>22,901,421</u>
Change in plan fiduciary net position			
Contributions - employer	1,047,645	958,881	801,698
Contributions - member	126,672	127,401	121,987
Net investment income (loss)	2,132,739	(2,314,292)	2,761,434
Benefit payments, including refunds of member contributions	(1,816,800)	(1,799,908)	(1,740,052)
Administrative expense	(26,255)	(22,954)	(40,685)
Net change in plan fiduciary net position	<u>1,464,001</u>	<u>(3,050,872)</u>	<u>1,904,382</u>
Plan fiduciary net position, beginning	<u>14,379,362</u>	<u>17,430,234</u>	<u>15,525,852</u>
Plan fiduciary net position, ending	<u>15,843,363</u>	<u>14,379,362</u>	<u>17,430,234</u>
Net pension liability, ending	<u>\$ 7,108,974</u>	<u>\$ 8,464,554</u>	<u>\$ 5,471,187</u>
 Plan fiduciary net position as a percentage of the total pension liability	 69.03%	 62.95%	 76.11%
 Covered payroll	 \$ 1,694,077	 \$ 1,540,634	 \$ 1,571,340
 Township's net pension liability as a percentage of covered payroll	 419.64%	 549.42%	 348.19%

See notes to required supplementary information.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Required Supplementary Information

Employees' Retirement System
Schedule of Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 623,332	\$ 623,332	\$ -	\$ 1,674,083	37.2%
12/31/2016	612,301	612,301	-	1,632,393	37.5%
12/31/2017	735,521	735,521	-	1,573,141	46.8%
12/31/2018	847,629	847,629	-	1,711,197	49.5%
12/31/2019	877,689	877,689	-	1,833,965	47.9%
12/31/2020	862,518	862,518	-	1,760,350	49.0%
12/31/2021	801,698	801,698	-	1,571,340	51.0%
12/31/2022	958,881	958,881	-	1,540,634	62.2%
12/31/2023	1,047,645	1,047,645	-	1,694,077	61.8%

See notes to required supplementary information.

Fiscal Year Ended December 31,					
2020	2019	2018	2017	2016	2015
\$ 269,140	\$ 290,715	\$ 273,193	\$ 254,393	\$ 273,667	\$ 277,084
1,463,408	1,439,271	1,442,942	1,398,610	1,384,938	1,360,379
(230,051)	253,245	(170,580)	565,512	(185,182)	197,567
-	-	(16,958)	(8,819)	1,007,450	-
(1,614,760)	(1,614,932)	(1,568,555)	(1,556,112)	(1,515,710)	(1,449,265)
(112,263)	368,299	(39,958)	653,584	965,163	385,765
22,352,934	21,984,635	22,024,593	21,371,009	20,405,846	20,020,081
22,240,671	22,352,934	21,984,635	22,024,593	21,371,009	20,405,846
862,518	877,689	847,629	735,521	612,301	623,332
140,374	142,965	142,892	110,900	110,041	108,400
1,519,999	2,296,342	(1,086,108)	1,674,439	1,250,953	(241,509)
(1,614,760)	(1,614,932)	(1,568,555)	(1,556,112)	(1,515,710)	(1,449,265)
(36,831)	(19,300)	(35,765)	(25,815)	(12,630)	(27,270)
871,300	1,682,764	(1,699,907)	938,933	444,955	(986,312)
14,654,552	12,971,788	14,671,695	13,732,762	13,287,807	14,274,119
15,525,852	14,654,552	12,971,788	14,671,695	13,732,762	13,287,807
\$ 6,714,819	\$ 7,698,382	\$ 9,012,847	\$ 7,352,898	\$ 7,638,247	\$ 7,118,039

69.81%	65.56%	59.00%	66.62%	64.26%	65.12%
\$ 1,760,350	\$ 1,833,965	\$ 1,711,197	\$ 1,573,141	\$ 1,632,393	\$ 1,674,083
381.45%	419.77%	526.70%	467.40%	467.92%	425.19%

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Required Supplementary Information

Employees' Retirement System
Schedule of Investment Returns

Fiscal Year Ended December 31,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2015	-1.74%
2016	9.66%
2017	12.50%
2018	-7.55%
2019	18.11%
2020	10.60%
2021	18.32%
2022	-12.79%
2023	15.99%

See notes to required supplementary information.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Required Supplementary Information

Firemen's Pension System
Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ended December 31,		
	2023	2022	2021
Change in total pension liability			
Service cost	\$ 587,283	\$ 549,826	\$ 513,699
Interest	1,904,549	1,849,199	1,787,213
Differences between expected and actual experience	(12,290)	(3,876)	373,915
Changes in assumptions	529,678	536,308	-
Benefit payments, including refunds of member contributions	(2,437,729)	(1,759,564)	(1,718,951)
Net change in total pension liability	<u>571,491</u>	<u>1,171,893</u>	<u>955,876</u>
Total pension liability, beginning	<u>30,225,973</u>	<u>29,054,080</u>	<u>28,098,204</u>
Total pension liability, ending	<u>30,797,464</u>	<u>30,225,973</u>	<u>29,054,080</u>
Change in plan fiduciary net position			
Contributions - employer	1,988,086	1,468,989	1,488,068
Contributions - member	276,252	267,842	251,054
Net investment income (loss)	2,102,697	(3,003,562)	1,785,579
Benefit payments, including refunds of member contributions	(2,437,729)	(1,759,564)	(1,718,951)
Administrative expense	(24,600)	(29,456)	(19,017)
Net change in plan fiduciary net position	<u>1,904,706</u>	<u>(3,055,751)</u>	<u>1,786,733</u>
Plan fiduciary net position, beginning	<u>15,108,938</u>	<u>18,164,689</u>	<u>16,377,956</u>
Plan fiduciary net position, ending	<u>17,013,644</u>	<u>15,108,938</u>	<u>18,164,689</u>
Net pension liability, ending	<u>\$ 13,783,820</u>	<u>\$ 15,117,035</u>	<u>\$ 10,889,391</u>
 Plan fiduciary net position as a percentage of the total pension liability	 55.24%	 49.99%	 62.52%
 Covered payroll	 \$ 2,437,700	 \$ 2,296,953	 \$ 2,282,312
 Township's net pension liability as a percentage of covered payroll	 565.44%	 658.13%	 477.12%

See notes to required supplementary information.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Required Supplementary Information

Firemen's Pension System
Schedule of Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 803,588	\$ 803,588	\$ -	\$ 2,148,539	37.4%
12/31/2016	858,439	858,439	-	2,110,262	40.7%
12/31/2017	891,543	891,543	-	1,995,478	44.7%
12/31/2018	1,466,591	1,466,591	-	2,163,640	67.8%
12/31/2019	1,559,555	1,559,555	-	2,098,805	74.3%
12/31/2020	1,668,800	1,668,800	-	2,141,735	77.9%
12/31/2021	1,488,068	1,488,068	-	2,282,312	65.2%
12/31/2022	1,468,989	1,468,989	-	2,296,953	64.0%
12/31/2023	1,507,120	1,988,086	(480,966)	2,437,700	81.6%

See notes to required supplementary information.

Fiscal Year Ended December 31,					
2020	2019	2018	2017	2016	2015
\$ 484,528	\$ 531,579	\$ 503,248	\$ 468,415	\$ 521,350	\$ 531,918
1,756,185	1,718,448	1,686,114	1,719,907	1,703,727	1,636,318
97,027	314,271	34,702	(561,547)	(569,231)	79,810
-	-	-	2,087,857	-	-
(2,031,006)	(1,889,409)	(1,592,137)	(1,437,253)	(1,375,146)	(1,250,822)
306,734	674,889	631,927	2,277,379	280,700	997,224
27,791,470	27,116,581	26,484,654	24,207,275	23,926,575	22,929,351
28,098,204	27,791,470	27,116,581	26,484,654	24,207,275	23,926,575
1,668,800	1,559,555	1,466,591	891,543	858,439	803,588
235,631	223,170	237,060	221,281	213,989	200,897
2,177,966	2,375,722	(744,276)	1,986,289	766,875	(587,170)
(2,031,006)	(1,889,409)	(1,592,137)	(1,437,253)	(1,375,146)	(1,250,822)
(26,502)	(61,785)	(58,508)	(26,345)	(29,805)	(22,424)
2,024,889	2,207,253	(691,270)	1,635,515	434,352	(855,931)
14,353,067	12,145,814	12,837,084	11,201,569	10,767,217	11,623,148
16,377,956	14,353,067	12,145,814	12,837,084	11,201,569	10,767,217
\$ 11,720,248	\$ 13,438,403	\$ 14,970,767	\$ 13,647,570	\$ 13,005,706	\$ 13,159,358
58.29%	51.65%	44.79%	48.47%	46.27%	45.00%
\$ 2,141,735	\$ 2,098,805	\$ 2,163,640	\$ 1,995,478	\$ 2,110,262	\$ 2,148,539
547.23%	640.29%	691.93%	683.92%	616.31%	612.48%

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Required Supplementary Information

Firemen's Pension System
Schedule of Investment Returns

Fiscal Year Ended December 31,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2015	-5.13%
2016	7.20%
2017	17.95%
2018	-5.79%
2019	19.52%
2020	15.24%
2021	10.92%
2022	-15.99%
2023	13.90%

See notes to required supplementary information.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Required Supplementary Information

Single-Employer Defined Benefit Other Postemployment Benefits Plan
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Retiree Health Care and Life Insurance Benefits

	Year Ended December 31,		
	2023	2022**	2021
Total other postemployment benefits liability			
Service cost	\$ 237,224	\$ 206,221	\$ 348,536
Interest	1,630,938	1,835,400	1,778,435
Changes in benefit terms	-	404,131	-
Differences between expected and actual experience	(87,510)	(6,400,201)	-
Changes in assumptions	-	1,666,876	-
Benefit payments, including refunds of employee contributions	(1,185,773)	(1,085,477)	(1,127,294)
Net change in total other postemployment benefits liability	594,879	(3,373,050)	999,677
Total other postemployment benefits liability, beginning of year	27,656,581	31,029,631	30,029,954
Total other postemployment benefits liability, end of year	28,251,460	27,656,581	31,029,631
Plan fiduciary net position			
Employer contributions	1,435,772	1,385,477	1,127,294
Net investment income (loss)	962,091	(755,138)	746,539
Benefit payments, including refunds of employee contributions	(1,185,773)	(1,085,477)	(1,127,294)
Administrative expense	(1,958)	(991)	-
Other changes	-	-	-
Net change in plan fiduciary net position	1,210,132	(456,129)	746,539
Plan fiduciary net position, beginning of year	5,514,945	5,971,074	5,224,535
Plan fiduciary net position, end of year	6,725,077	5,514,945	5,971,074
Township's net other postemployment benefits liability	\$ 21,526,383	\$ 22,141,636	\$ 25,058,557
Plan fiduciary net position as a percentage of total other postemployment benefits liability	23.8%	19.9%	19.2%
Covered payroll	\$ 1,714,199	\$ 1,866,028	\$ 1,919,120
Township's net other postemployment benefits liability as a percentage of covered payroll	1255.8%	1186.6%	1305.7%

**During the year ended December 31, 2022, the Township formally amended the OPEB trust to combine the Retiree Healthcare and Life Insurance benefits into a single OPEB trust fund.

See notes to required supplementary information.

Year Ended December 31,			
2020	2019	2018	2017
\$ 305,998	\$ 494,958	\$ 480,542	\$ 466,546
1,938,279	1,938,606	1,859,761	1,787,826
-	-	-	-
(5,917,641)	-	-	-
2,083,066	(1,325,412)	-	-
(1,062,800)	(975,427)	(1,091,442)	(1,033,456)
(2,653,098)	132,725	1,248,861	1,220,916
<u>32,683,052</u>	<u>32,550,327</u>	<u>31,301,466</u>	<u>30,080,550</u>
<u>30,029,954</u>	<u>32,683,052</u>	<u>32,550,327</u>	<u>31,301,466</u>
1,062,800	1,017,427	1,091,442	1,033,456
578,085	793,910	(315,811)	577,275
(1,062,800)	(975,427)	(1,091,442)	(1,033,456)
(22,225)	-	(20,914)	(38,176)
-	-	-	(891)
<u>555,860</u>	<u>835,910</u>	<u>(336,725)</u>	<u>538,208</u>
<u>4,668,675</u>	<u>3,832,765</u>	<u>4,169,490</u>	<u>3,631,282</u>
<u>5,224,535</u>	<u>4,668,675</u>	<u>3,832,765</u>	<u>4,169,490</u>
<u>\$ 24,805,419</u>	<u>\$ 28,014,377</u>	<u>\$ 28,717,562</u>	<u>\$ 27,131,976</u>
17.4%	14.3%	11.8%	13.3%
\$ 2,032,847	\$ 2,416,968	\$ 3,064,890	\$ 2,897,945
1220.2%	1159.1%	937.0%	936.2%

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Required Supplementary Information

Single-Employer Defined Benefit Other Postemployment Benefits Plan
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Life Insurance Benefits

	Year Ended December 31,				
	2021**	2020	2019	2018	2017
Total other postemployment benefits liability					
Service cost	\$ 10,450	\$ 7,771	\$ 7,556	\$ 8,384	\$ 8,140
Interest	16,208	19,691	21,733	19,976	19,228
Differences between expected and actual experience	-	(33,271)	-	-	-
Changes in assumptions	24,778	103,924	105,981	(40,969)	-
Benefit payments, including refunds of employee contributions	(4,779)	(5,384)	(4,895)	(4,483)	(5,289)
Net change in total other postemployment benefits liability	<u>46,657</u>	<u>92,731</u>	<u>130,375</u>	<u>(17,092)</u>	<u>22,079</u>
Total other postemployment benefits liability, beginning of year	<u>807,572</u>	<u>714,841</u>	<u>584,466</u>	<u>601,558</u>	<u>579,479</u>
Total other postemployment benefits liability, end of year	<u>854,229</u>	<u>807,572</u>	<u>714,841</u>	<u>584,466</u>	<u>601,558</u>
Plan fiduciary net position					
Employer contributions	4,779	5,384	4,895	4,483	5,289
Benefit payments, including refunds of employee contributions	(4,779)	(5,384)	(4,895)	(4,483)	(5,289)
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Township's net other postemployment benefits liability	<u>\$ 854,229</u>	<u>\$ 807,572</u>	<u>\$ 714,841</u>	<u>\$ 584,466</u>	<u>\$ 601,558</u>
Plan fiduciary net position as a percentage of total other postemployment benefits liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 1,919,120	\$ 2,032,847	\$ 2,416,968	\$ 3,064,890	\$ 2,897,945
Township's net other postemployment benefits liability as a percentage of covered payroll	44.5%	39.7%	29.6%	19.1%	20.8%

**During the year ended December 31, 2022, the Township formally amended their OPEB trust to combine the Retiree Healthcare and Life Insurance benefits into a single OPEB trust fund.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Required Supplementary Information

Single-Employer Defined Benefit Other Postemployment Benefits Plan
Schedule of Contributions

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2017	\$ 2,561,346	\$ 1,038,745	\$ (1,522,601)	\$ 2,897,945	35.8%
2018	2,480,634	1,095,925	(1,384,709)	3,064,890	35.8%
2019	2,491,720	1,022,322	(1,469,398)	2,416,968	42.3%
2020	2,103,423	1,062,800	(1,040,623)	2,032,847	52.3%
2021	2,089,295	1,132,073	(957,222)	1,919,120	59.0%
2022	1,765,823	1,385,477	(380,346)	1,866,028	74.2%
2023	1,752,771	1,435,772	(316,999)	1,714,199	83.8%

See notes to required supplementary information.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Required Supplementary Information

Single-Employer Defined Benefit Other Postemployment Benefits Plan
Schedule of Investment Returns

Fiscal Year Ending December 31,	Annual Money- Weighted Rate of Return, Net of Investment Expense
2017	14.85%
2018	7.58%
2019	20.57%
2020	12.41%
2021	14.29%
2022	-12.65%
2023	17.82%

See notes to required supplementary information.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes to Required Supplementary Information

Employees' Retirement System

Pension Information

GASB 67 was implemented in fiscal year 2014. These schedules are being built prospectively. Ultimately, 10 years of data will be presented.

Notes to the Schedule of Changes in Net Pension Liability and Related Ratios

Changes in assumptions There were no plan provision changes or assumption changes reflected in the TPL as of December 31, 2023.

The significant changes in assumptions for the fiscal year ended December 31, 2021, were primarily related to updates to mortality tables, adjustments to retirement, merit, and seniority rates, a decrease in price inflation to 2.25%, a decrease in wage inflation to 2.75%, and an update to the final average compensation (FAC) liability load.

The significant changes in assumptions for the fiscal year ended December 31, 2016, were primarily related to updates to mortality tables, price inflation, wage inflation, adjusting the investment rate return to 6.75%, and an update to the FAC liability load.

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of December 31 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported (December 31, 2021, for the fiscal year ended December 31, 2023).

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period	10 years for layer 1; 19 years for layer 2
Asset valuation method	Closed 4-Year smoothed market with no corridor
Inflation	2.75%
Salary increases	2.75% to 9.75% including wage inflation
Investment rate of return	6.75% net of pension plan investment expense, including inflation
Retirement Age	Age and Experience-based table of rates that are specific to the type of eligibility condition.
Mortality rates	Fully generational, Pub-2010 Amount-Weighted, General Employee, Healthy Retiree and Disabled Retiree male and female tables with base year 2010 and MP-2020 improvement scales.
Cost-of-living adjustment	AFSCME: None Supervisory: There are 2 post-retirement increases: 10% five years after retirement; 10% ten years after retirement.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes to Required Supplementary Information

Firemen's Pension System

Pension Information

GASB 67 was implemented in fiscal year 2014. These schedules are being built prospectively. Ultimately, 10 years

Notes to the Schedule of Changes in Net Pension Liability and Related Ratios

Changes in assumptions The significant changes in assumptions for the fiscal year ended December 31, 2023, were primarily related to active liabilities were "loaded" by 5% to account for the use of anniversary pay, 27 pay periods and comp bank payouts in the Average Final Compensation (AFC). Rates of retirement were increased from 15% to 20% for 20-29 years of service and the Rule-of-70 rates from 25% to 30% for years 0-5. The rates used to measure merit and seniority pay increase now use a pay scale based on service only (instead of rates based on age and service).

The significant changes in assumptions for the fiscal year ended December 31, 2022, were primarily related to updates to mortality tables.

The significant changes in assumptions for the fiscal year ended December 31, 2017, were primarily related to updates to mortality tables, adjusting the investment return rate of return to 6.5%, wage inflation to 3.0%, price inflation to 2.25% and adopting a 10-year closed amortization period for the retiree liabilities.

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of December 31 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported (December 31, 2021, for the fiscal year ended December 31, 2023).

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period	16 years
Asset valuation method	Closed 4-Year smoothed market with 40% corridor
Inflation	3.00%
Salary increases	3.00% to 12.70% including wage inflation
Investment rate of return	6.50% net of pension plan investment expense, including inflation
Retirement Age	Age and Experience-based table of rates that are specific to the type of eligibility condition
Mortality rates	The fully generational PubS-2010 Amount-Weighted, Safety Healthy Retiree and Disables Retiree Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2021.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Notes to Required Supplementary Information

Single-Employer Defined Benefit Other Postemployment Benefits Plan

OPEB Information

GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to the Schedule of Changes in OPEB Liability and Related Ratios

Changes in assumptions There were no plan provision changes or assumption changes reflected as of December 31, 2023.

The significant changes in assumptions for the fiscal year ended December 31, 2022, were primarily related to updates to mortality tables, resetting the healthcare trend rates, and adjusting retirement, wage, and merit rates to align with pension plan assumptions.

The significant changes in assumptions for the fiscal year ended December 31, 2020, were primarily related to resetting the health care trend rates.

The significant changes in assumptions for the fiscal year ended December 31, 2019, were primarily related to removing the 3.8% load for the Cadillac Tax, which was repealed in 2019.

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Notes to Schedule of Contributions

GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Valuation Date	December 31, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	Closed, 25-year period for the FY beginning January 1, 2023
Asset valuation method	Market value
Inflation	2.25%
Salary increases	2.75% -9.75% (General) and 3.2%-12.75% (Fire)
Investment rate of return	6.0% net of OPEB plan investment expense, including inflation
Healthcare cost trend	7.5% graded down to 3.5%
Normal retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The fully generational PubG-2010 and PubS-2010 Amount Weighted, General (Safety for Firemen), Employee, Male and Female tables, with a base year of 2010 and future mortality improvements projected using scale MP-2021.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Assets				
Cash and cash equivalents	\$ 566,760	\$ 277,242	\$ 767,979	\$ 1,611,981
Accounts receivable	531,937	-	-	531,937
Due from other governments	62,555	-	-	62,555
Prepaid items	5,846	-	-	5,846
Total assets	\$ 1,167,098	\$ 277,242	\$ 767,979	\$ 2,212,319
Liabilities				
Accounts payable	\$ 13,984	\$ -	\$ -	\$ 13,984
Accrued liabilities	32,302	-	-	32,302
Escrow payable	294,519	-	-	294,519
Unearned revenue	61,593	-	-	61,593
Total liabilities	402,398	-	-	402,398
Deferred inflows of resources				
Unavailable revenue	62,555	-	-	62,555
Opioid settlement	531,937	-	-	531,937
Total deferred inflows of resources	594,492	-	-	594,492
Fund balances				
Nonspendable - prepaid items	5,846	-	-	5,846
Restricted:				
Public safety	38,123	-	-	38,123
Grants	11,804	-	-	11,804
Opioid settlement	89,808	-	-	89,808
Debt service	-	277,242	-	277,242
Capital improvements	-	-	509,975	509,975
Committed:				
Capital projects	-	-	258,004	258,004
Culture and recreation	24,627	-	-	24,627
Total fund balances	170,208	277,242	767,979	1,215,429
Total liabilities, deferred inflows of resources and fund balances	\$ 1,167,098	\$ 277,242	\$ 767,979	\$ 2,212,319

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues				
Licenses and permits	\$ 575,236	\$ -	\$ -	\$ 575,236
Intergovernmental	618,297	-	-	618,297
Charges for services	146,137	-	-	146,137
Interest income	-	14,305	-	14,305
Other	22,016	-	-	22,016
Total revenues	1,361,686	14,305	-	1,375,991
Expenditures				
Current:				
General government	7,442	-	-	7,442
Public safety	756,226	-	-	756,226
Culture and recreation	10,898	-	-	10,898
Community and economic development	256,972	-	-	256,972
Debt service:				
Principal	11,008	270,632	-	281,640
Interest and fiscal charges	1,041	44,071	-	45,112
Capital outlay	503,350	-	-	503,350
Total expenditures	1,546,937	314,703	-	1,861,640
Revenues under expenditures	(185,251)	(300,398)	-	(485,649)
Other financing sources (uses)				
Transfers in	279,502	314,703	100,000	694,205
Transfers out	(13,834)	-	-	(13,834)
Total other financing sources (uses)	265,668	314,703	100,000	680,371
Net change in fund balances	80,417	14,305	100,000	194,722
Fund balances, beginning of year	89,791	262,937	667,979	1,020,707
Fund balances, end of year	\$ 170,208	\$ 277,242	\$ 767,979	\$ 1,215,429

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
December 31, 2023

	Grants	Parks and Recreation	Building Inspection	CARES Act	Opioid Settlement
Assets					
Cash and cash equivalents	\$ 23,392	\$ 13,026	\$ 428,456	\$ 162	\$ 89,808
Accounts receivable	-	-	-	-	531,937
Due from other governments	62,555	-	-	-	-
Prepaid items	2,075	-	3,771	-	-
Total assets	\$ 88,022	\$ 13,026	\$ 432,227	\$ 162	\$ 621,745
Liabilities					
Accounts payable	\$ 5,261	\$ 315	\$ 8,246	\$ 162	\$ -
Accrued liabilities	6,327	-	25,975	-	-
Escrow payable	-	-	294,519	-	-
Unearned revenue	-	-	61,593	-	-
Total liabilities	11,588	315	390,333	162	-
Deferred inflows of resources					
Unavailable revenue	62,555	-	-	-	-
Opioid settlement	-	-	-	-	531,937
Total deferred inflows of resources	62,555	-	-	-	531,937
Fund balances					
Nonspendable - prepaid items	2,075	-	3,771	-	-
Committed:					
Culture and recreation	-	12,711	-	-	-
Restricted:					
Public safety	-	-	38,123	-	-
Grants	11,804	-	-	-	-
Opioid settlement	-	-	-	-	89,808
Total fund balances	13,879	12,711	41,894	-	89,808
Total liabilities, deferred inflows of resources and fund balances	\$ 88,022	\$ 13,026	\$ 432,227	\$ 162	\$ 621,745

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Beautification	ARPA Local Fiscal Recovery	Total
\$ 11,916	\$ -	\$ 566,760
-	-	531,937
-	-	62,555
-	-	5,846
<u>\$ 11,916</u>	<u>\$ -</u>	<u>\$ 1,167,098</u>
\$ -	\$ -	\$ 13,984
-	-	32,302
-	-	294,519
-	-	61,593
<u>-</u>	<u>-</u>	<u>402,398</u>
-	-	62,555
-	-	531,937
<u>-</u>	<u>-</u>	<u>594,492</u>
-	-	5,846
11,916	-	24,627
-	-	38,123
-	-	11,804
-	-	89,808
<u>11,916</u>	<u>-</u>	<u>170,208</u>
<u>\$ 11,916</u>	<u>\$ -</u>	<u>\$ 1,167,098</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023

	Grants	Parks and Recreation	Building Inspection	CARES Act	Opioid Settlement
Revenues					
Licenses and permits	\$ -	\$ -	\$ 575,236	\$ -	\$ -
Intergovernmental	108,013	-	-	1,942	-
Charges for services	-	-	56,329	-	89,808
Other	3,221	12,980	3,455	-	-
Total revenues	<u>111,234</u>	<u>12,980</u>	<u>635,020</u>	<u>1,942</u>	<u>89,808</u>
Expenditures					
Current:					
General government	-	-	-	1,942	-
Public safety	-	-	756,226	-	-
Culture and recreation	-	10,898	-	-	-
Community and economic development	256,972	-	-	-	-
Debt service:					
Principal	-	-	11,008	-	-
Interest	-	-	1,041	-	-
Capital outlay	-	-	508	-	-
Total expenditures	<u>256,972</u>	<u>10,898</u>	<u>768,783</u>	<u>1,942</u>	<u>-</u>
Revenues over (under) expenditures	<u>(145,738)</u>	<u>2,082</u>	<u>(133,763)</u>	<u>-</u>	<u>89,808</u>
Other financing sources (uses)					
Transfers in	145,738	-	133,764	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>145,738</u>	<u>-</u>	<u>133,764</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>2,082</u>	<u>1</u>	<u>-</u>	<u>89,808</u>
Fund balances, beginning of year	<u>13,879</u>	<u>10,629</u>	<u>41,893</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 13,879</u>	<u>\$ 12,711</u>	<u>\$ 41,894</u>	<u>\$ -</u>	<u>\$ 89,808</u>

Beautification	ARPA Local Fiscal Recovery	Total
\$ -	\$ -	\$ 575,236
-	508,342	618,297
-	-	146,137
2,360	-	22,016
<u>2,360</u>	<u>508,342</u>	<u>1,361,686</u>
-	5,500	7,442
-	-	756,226
-	-	10,898
-	-	256,972
-	-	11,008
-	-	1,041
-	502,842	503,350
<u>-</u>	<u>508,342</u>	<u>1,546,937</u>
<u>2,360</u>	<u>-</u>	<u>(185,251)</u>
-	-	279,502
-	(13,834)	(13,834)
-	(13,834)	265,668
2,360	(13,834)	80,417
9,556	13,834	89,791
<u>\$ 11,916</u>	<u>\$ -</u>	<u>\$ 170,208</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Grants
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	134,482	134,482	108,013	(26,469)
Charges for services	-	-	-	-
Interest income	-	-	-	-
Other	1,000	2,481	3,221	740
Total revenues	<u>135,482</u>	<u>136,963</u>	<u>111,234</u>	<u>(25,729)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	205,830	248,100	256,972	8,872
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>205,830</u>	<u>248,100</u>	<u>256,972</u>	<u>8,872</u>
Revenues over (under) expenditures	<u>(70,348)</u>	<u>(111,137)</u>	<u>(145,738)</u>	<u>(34,601)</u>
Other financing sources (uses)				
Transfers in	70,348	111,137	145,738	34,601
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>70,348</u>	<u>111,137</u>	<u>145,738</u>	<u>34,601</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>13,879</u>	<u>13,879</u>	<u>13,879</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,879</u>	<u>\$ 13,879</u>	<u>\$ 13,879</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Parks and Recreation
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest income	-	-	-	-
Other	11,750	12,730	12,980	250
Total revenues	11,750	12,730	12,980	250
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	11,750	12,729	10,898	(1,831)
Community and economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	11,750	12,729	10,898	(1,831)
Revenues over (under) expenditures	-	1	2,082	2,081
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	1	2,082	2,081
Fund balance, beginning of year	10,629	10,629	10,629	-
Fund balance, end of year	\$ 10,629	\$ 10,630	\$ 12,711	\$ 2,081

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Building Inspection
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 571,500	\$ 549,580	\$ 575,236	\$ 25,656
Intergovernmental	-	-	-	-
Charges for services	68,180	54,779	56,329	1,550
Interest income	-	-	-	-
Other	-	3,455	3,455	-
Total revenues	639,680	607,814	635,020	27,206
Expenditures				
Current:				
General government	-	-	-	-
Public safety	753,434	759,851	756,226	(3,625)
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
Debt service:				
Principal	-	-	11,008	11,008
Interest	-	-	1,041	1,041
Capital outlay	13,549	12,606	508	(12,098)
Total expenditures	766,983	772,457	768,783	(3,674)
Revenues over (under) expenditures	(127,303)	(164,643)	(133,763)	30,880
Other financing sources (uses)				
Transfers in	127,305	164,646	133,764	(30,882)
Transfers out	-	-	-	-
Total other financing sources (uses)	127,305	164,646	133,764	(30,882)
Net change in fund balance	2	3	1	(2)
Fund balance, beginning of year	41,893	41,893	41,893	-
Fund balance, end of year	\$ 41,895	\$ 41,896	\$ 41,894	\$ (2)

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - CARES Act

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,942	1,942	-
Charges for services	-	-	-	-
Interest income	-	-	-	-
Other	-	-	-	-
Total revenues	-	1,942	1,942	-
Expenditures				
Current:				
General government	-	1,942	1,942	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	1,942	1,942	-
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Beautification

For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest income	-	-	-	-
Other	30,000	2,360	2,360	-
Total revenues	30,000	2,360	2,360	-
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	30,000	2,360	-	(2,360)
Community and economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	30,000	2,360	-	(2,360)
Revenues over (under) expenditures	-	-	2,360	2,360
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	2,360	2,360
Fund balance, beginning of year	9,556	9,556	9,556	-
Fund balance, end of year	<u>\$ 9,556</u>	<u>\$ 9,556</u>	<u>\$ 11,916</u>	<u>\$ 2,360</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Opioid Settlement Fund

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	89,808	89,808	-
Interest income	-	-	-	-
Other	-	-	-	-
Total revenues	-	89,808	89,808	-
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	-	89,808	89,808	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	89,808	89,808	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 89,808</u>	<u>\$ 89,808</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - ARPA Local Fiscal Recovery

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	508,342	508,342	-
Charges for services	-	-	-	-
Interest income	2,000	-	-	-
Other	-	-	-	-
Total revenues	2,000	508,342	508,342	-
Expenditures				
Current:				
General government	-	5,500	5,500	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	502,842	502,842	-
Total expenditures	-	508,342	508,342	-
Revenues over (under) expenditures	2,000	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(13,834)	(13,834)	-
Total other financing sources (uses)	-	(13,834)	(13,834)	-
Net change in fund balance	2,000	(13,834)	(13,834)	-
Fund balance, beginning of year	13,834	13,834	13,834	-
Fund balance, end of year	<u>\$ 15,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2023

	General Debt Service	2020 Bond	Total
Assets			
Cash and cash equivalents	\$ 277,242	\$ -	\$ 277,242
Fund balances			
Restricted for debt service	\$ 277,242	\$ -	\$ 277,242

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2023

	General Debt Service	2020 Bond	Total
Revenues			
Interest income	\$ 14,305	\$ -	\$ 14,305
Expenditures			
Debt service:			
Principal	-	270,632	270,632
Interest and fiscal charges	-	44,071	44,071
Total expenditures	-	314,703	314,703
Revenues over (under) expenditures	14,305	(314,703)	(300,398)
Other financing sources			
Transfers in	-	314,703	314,703
Net change in fund balances	14,305	-	14,305
Fund balances, beginning of year	262,937	-	262,937
Fund balances, end of year	\$ 277,242	\$ -	\$ 277,242

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Balance Sheet Nonmajor Capital Projects Funds December 31, 2023

	2020 Bond	Fire Equipment & Replacement	Building & Site	Total
Assets				
Cash and cash equivalents	\$ 509,975	\$ 254,720	\$ 3,284	\$ 767,979
Fund balances				
Restricted for capital improvements	\$ 509,975	\$ -	\$ -	\$ 509,975
Committed for capital projects	-	254,720	3,284	258,004
Total fund balances	<u>\$ 509,975</u>	<u>\$ 254,720</u>	<u>\$ 3,284</u>	<u>\$ 767,979</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds For the Year Ended December 31, 2023

	2020 Bond	Fire Equipment & Replacement	Building & Site	Total
Other financing sources				
Transfers in	\$ -	\$ 100,000	\$ -	\$ 100,000
Fund balances, beginning of year	<u>509,975</u>	<u>154,720</u>	<u>3,284</u>	<u>667,979</u>
Fund balances, end of year	<u>\$ 509,975</u>	<u>\$ 254,720</u>	<u>\$ 3,284</u>	<u>\$ 767,979</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN
Combining Schedule of Net Position

Water and Sewer Fund
December 31, 2023

	592 Operating Fund	465 Capital Replacement Fund	597 Macomb/ Oakland Interceptors	Eliminations	Total Water and Sewer Fund
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,655,707	\$ 2,539,344	\$ 42,695	\$ -	\$ 4,237,746
Accounts receivable	3,068,912	-	378,449	-	3,447,361
Due from other governments	51,491	-	-	-	51,491
Inventory	1,862,668	-	-	-	1,862,668
Prepaid items	23,656	-	-	-	23,656
Total current assets	6,662,434	2,539,344	421,144	-	9,622,922
Noncurrent assets:					
Capital assets not being depreciated/amortized	711,900	-	632,155	-	1,344,055
Capital assets being depreciated/ amortized, net	15,660,566	-	16,907,572	-	32,568,138
Total noncurrent assets	16,372,466	-	17,539,727	-	33,912,193
Total assets	23,034,900	2,539,344	17,960,871	-	43,535,115
Deferred outflows of resources					
Deferred pension amounts	101,747	-	-	-	101,747
Liabilities					
Current liabilities:					
Accounts payable	1,227,030	-	-	-	1,227,030
Accrued liabilities	64,704	-	-	-	64,704
Accrued interest	-	-	70,936	-	70,936
Unearned	66,561	-	-	-	66,561
Compensated absences, current portion	788	-	-	-	788
Bonds and leases payable, current portion	52,172	-	840,544	-	892,716
Total current liabilities	1,411,255	-	911,480	-	2,322,735
Noncurrent liabilities:					
Net pension liability	1,233,004	-	-	-	1,233,004
Net other postemployment benefit liability	4,003,906	-	-	-	4,003,906
Compensated absences, net of current portion	14,973	-	-	-	14,973
Bonds and leases payable, net of current portion	98,668	-	13,094,817	-	13,193,485
Total noncurrent liabilities	5,350,551	-	13,094,817	-	18,445,368
Total liabilities	6,761,806	-	14,006,297	-	20,768,103
Deferred inflows of resources					
Deferred other postemployment benefit amounts	18,239	-	-	-	18,239
Net position					
Net investment in capital assets	16,221,626	-	3,604,366	-	19,825,992
Unrestricted	134,976	2,539,344	350,208	-	3,024,528
Total net position	\$ 16,356,602	\$ 2,539,344	\$ 3,954,574	\$ -	\$ 22,850,520

CHARTER TOWNSHIP OF HARRISON, MICHIGAN
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position

Water and Sewer Fund
For the Year Ended December 31, 2023

	592 Operating Fund	465 Capital Replacement Fund	597 Macomb/ Oakland Interceptors	Eliminations	Total Water and Sewer Fund
Operating revenues					
Intergovernmental	\$ 178,850	\$ -	\$ 160,902	\$ -	\$ 339,752
Charges for services	9,475,122	-	-	-	9,475,122
Penalties	135,396	-	-	-	135,396
Other	24,651	-	-	-	24,651
Total operating revenues	\$ 9,814,019	\$ -	\$ 160,902	\$ -	\$ 9,974,921
Operating expenses					
Personnel services	(2,191,041)	-	-	-	(2,191,041)
Materials and supplies	7,448,511	-	-	-	7,448,511
Contractual	442,687	-	208	-	442,895
Other	282,068	-	1,594	-	283,662
Depreciation/amortization	732,332	-	515,433	-	1,247,765
Total operating expenses	6,714,557	-	517,235	-	7,231,792
Operating income (loss)	3,099,462	-	(356,333)	-	2,743,129
Nonoperating revenues (expenses)					
Debt services charges	-	-	1,295,453	-	1,295,453
Interest income	20,628	125,000	-	-	145,628
Gain on sale of capital assets	29,828	-	-	-	29,828
Interest expense and fees	-	-	(409,525)	-	(409,525)
Total nonoperating revenues (expenses)	50,456	125,000	885,928	-	1,061,384
Income before contributions and transfers	3,149,918	125,000	529,595	-	3,804,513
Capital contributions - tap fees and other	151,000	-	-	-	151,000
Transfers					
Transfers in	18,500	500,000	-	(500,000)	18,500
Transfers out	(500,000)	-	-	500,000	-
Total transfers	(481,500)	500,000	-	-	18,500
Change in net position	2,819,418	625,000	529,595	-	3,974,013
Net position, beginning of year	13,537,184	1,914,344	3,424,979	-	18,876,507
Net position, end of year	\$ 16,356,602	\$ 2,539,344	\$ 3,954,574	\$ -	\$ 22,850,520

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Statement of Fiduciary Net Position Custodial Funds December 31, 2023

	General Custodial	Undistributed Tax	Total
Assets			
Cash and cash equivalents	\$ 3,679	\$ 1,487,313	\$ 1,490,992
Liabilities			
Accounts payable	3,679	18,073	21,752
Undistributed receipts	-	1,469,240	1,469,240
Total liabilities	<u>3,679</u>	<u>1,487,313</u>	<u>1,490,992</u>
Net position			
Restricted for individuals, organizations, and other governments	\$ -	\$ -	\$ -

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position Custodial Funds For the Year Ended December 31, 2023

	General Custodial	Undistributed Tax	Total
Additions			
Taxes collected for other governments	\$ 15,473	\$ 33,223,805	\$ 33,239,278
Deductions			
Payments of taxes to other governments	<u>15,473</u>	<u>33,223,805</u>	<u>33,239,278</u>
Change in net position	-	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Balance Sheet / Statement of Net Position

Downtown Development Authority Component Unit
December 31, 2023

	Downtown Development Authority	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 336,290	\$ -	\$ 336,290
Taxes receivable	69,523	-	69,523
Total assets	<u>\$ 405,813</u>	<u>-</u>	<u>405,813</u>
Liabilities			
Accounts payable	\$ 261	-	261
Deferred inflows of resources			
Taxes levied but intended for subsequent period	73,784	-	73,784
Fund balance			
Unassigned	331,768	(331,768)	-
Total liabilities and fund balance	<u>\$ 405,813</u>		
Net position			
Unrestricted		<u>\$ 331,768</u>	<u>\$ 331,768</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance / Statement of Activities

Downtown Development Authority Component Unit
For the Year Ended December 31, 2023

	Downtown Development Authority	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 93,594	\$ -	\$ 93,594
Interest revenue	9,559	-	9,559
Total revenues	103,153	-	103,153
Expenditures/expenses			
Community development	1,912	-	1,912
Change in fund balance / net position	101,241	-	101,241
Fund balance / net position, beginning of year	230,527	-	230,527
Fund balance / net position, end of year	<u>\$ 331,768</u>	<u>\$ -</u>	<u>\$ 331,768</u>

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Balance Sheet / Statement of Net Position

Economic Development Corporation Component Unit
December 31, 2023

	Economic Development Corporation	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 50,883	\$ -	\$ 50,883
Fund balance			
Unassigned	\$ 50,883	(50,883)	-
Net position - unrestricted		\$ 50,883	\$ 50,883

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Revenues, Expenditures

and Changes in Fund Balance / Statement of Activities
Economic Development Corporation Component Unit
For the Year Ended December 31, 2023

	Economic Development Corporation	Adjustments	Statement of Activities
Revenues			
Fundraising	\$ 500	\$ -	\$ 500
Investment income	58	-	58
Interest revenue	1,490	-	1,490
Total revenues	2,048	-	2,048
Expenditures/expenses			
Community development	1,773	-	1,773
Change in fund balance / net position	275	-	275
Fund balance / net position, beginning of year	50,608	-	50,608
Fund balance / net position, end of year	\$ 50,883	\$ -	\$ 50,883

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Balance Sheet / Statement of Net Position

Library Component Unit
December 31, 2023

	Library	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 1,827,683	\$ -	\$ 1,827,683
Taxes receivable	847,615	-	847,615
Due from other governments	2,991	-	2,991
Prepaid items	11,434	-	11,434
Capital assets being depreciated, net	-	125,140	125,140
Total assets	\$ 2,689,723	125,140	2,814,863
Liabilities			
Accounts payable	\$ 7,072	-	7,072
Accrued liabilities	18,573	-	18,573
Total liabilities	25,645	-	25,645
Deferred inflows of resources			
Taxes levied but intended for subsequent period	939,010	-	939,010
Total deferred inflows	939,010	-	939,010
Fund balance			
Nonspendable	11,434	(11,434)	-
Unassigned	1,713,634	(1,713,634)	-
Total fund balance	1,725,068	(1,725,068)	-
Total liabilities, deferred inflows of resources and fund balance	\$ 2,689,723		
Net position			
Investment in capital assets		125,140	125,140
Unrestricted		1,725,068	1,725,068
Total net position			\$ 1,850,208

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance /

Statement of Activities

Library Component Unit

For the Year Ended December 31, 2023

	Library	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 879,769	\$ -	\$ 879,769
Intergovernmental	27,713	-	27,713
Licenses and permits	4,468	-	4,468
Investment income	1,931	-	1,931
Interest revenue	87,343	-	87,343
Other	19,849	-	19,849
Total revenues	1,021,073	-	1,021,073
Expenditures/expenses			
Recreation and culture	533,140	-	533,140
Capital outlay	45,485	(45,485)	-
Depreciation	-	29,629	29,629
Total expenditures/expenses	578,625	(15,856)	562,769
Change in fund balance / net position	442,448	15,856	458,304
Fund balance / net position, beginning of year	1,282,620	109,284	1,391,904
Fund balance / net position, end of year	\$ 1,725,068	\$ 125,140	\$ 1,850,208



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

June 21, 2024

Board of Trustees
Charter Township of Harrison
Harrison Township, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 Harrison, 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, and have issued our report thereon dated June 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Lobach LLC

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

June 21, 2024

Board of Trustees
Charter Township of Harrison
Harrison Township, Michigan

We have audited the 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 Harrison, Michigan** (the "Township"), as of and for the year ended December 31, 2023, and have issued our report thereon dated June 21, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 2, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Township solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated June 21, 2024. In addition, we noted certain other matters which are included in Attachment A to this letter.



Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Township's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Township is included in Note 1 to the financial statements.

There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Township's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment C to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Township, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Township's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment B to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the *Charter Township of Harrison, Michigan* and is not intended to be and should not be used by anyone other than these specified parties.



CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Attachment A - Comments and Recommendations
For the December 31, 2023 Audit

During our audit, we became aware of certain other matters that are opportunities for strengthening internal control and/or improving operating efficiency. This memorandum summarizes our comments and recommendations regarding these matters. Our consideration of the Township's internal control over financial reporting is described in our report, dated June 21, 2024, issued in accordance with *Government Auditing Standards*. This memorandum does not affect that report or our report dated June 21, 2024, on the financial statements of the *Charter Township of Harrison Township, Michigan*.

Capital Assets

During our audit, we noted that the Township's accounting records for capital asset are maintained within Microsoft Excel. While this is a common solution for smaller organizations, excel worksheets are prone to manual calculation error which could result in future reporting deficiencies. We strongly recommend that the Township convert to a computerized system designed maintain the historical record of asset costs. As noted in the Government Finance Officer's Association (GFOA) manual on Accounting for Capital Assets: A Guide for State and Local Governments, "A sound capital asset management system is essential to ensure that all of the necessary data is collected and kept current for.... control, compliance, maintenance, replacement, insurance, cost recovery, rate setting, and financial reporting". A capital asset management system can also eliminate a significant amount of manual record-keeping duties, improve operational efficiency, and provide more accurate information regarding existing assets. Specifically, we noted that the acquisition date for certain existing capital assets were not properly reflected in the excel file maintained by the Township. This incorrect acquisition date resulted to inconsequential errors in the calculation of depreciation expense and accumulated depreciation; however, future errors arising from similar issues could result in larger errors. As such, we recommend the Township consider the cost vs. benefit of replacing their existing manual recordkeeping system with a software package designed specifically for capital asset management.

Lack of Procedures to Review User Access on a Periodic Basis

Per inquiry with management, there is not a defined process to review user accounts and entitlements for in-scope financial applications. The in-scope users and their roles/access rights have not been obtained and reviewed to assess the appropriateness of access retained by users in the system.

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Attachment A - Comments and Recommendations
For the December 31, 2023 Audit

Lack of Manual Call-Back Procedures for Wire Transfer and Vendor Master File Change Requests

Per inquiry with management, there are no manual call back procedures in place to independently verify requests for wire transfers (including amount and bank details) or changes to vendor master data (i.e., bank details, shipping locations, etc.) when requests for these items are received via email. The risk is that emails can easily be intercepted and spoofed to send fake/fraudulent requests to change bank details or submit fraudulent wire requests, ultimately leading to the inappropriate disbursement of funds. Management should implement a process to manually call the wire requestor/approver and/or vendor requesting the change to verify the accuracy and validity of the disbursement/changes requested. The verification process should utilize a known contact number that is independently obtained from documentation not included in the original request received.

Passwords for Financial Applications Does Not Comply with Organizational Policy or Best Practice Configurations

Per inquiry with management, passwords configurations for key financial application(s) do not comply with the published policy governing passwords. We noted there is no technical limitation for which the application cannot align with the policy. Complex password setting address the risk of easy to guess passwords in the case of employees or malicious attackers being able to guess passwords. Management should align BS&A password configuration with the established policy.

Cybersecurity Training

During our audit, we noted that the Township does not currently offer or require cybersecurity training for Township employees. Cybersecurity training is crucial for several reasons:

- Encourages Team Accountability: Training and security awareness help each team within an organization understand its role in protecting data.
- Provides Essential Knowledge: Employees gain insights into common threats, such as phishing attacks, malware, and social engineering. This knowledge empowers them to recognize and respond effectively to potential risks.
- Supports Policy Development: Training ensures that employees adhere to security policies and procedures, reducing the likelihood of security breaches.
- Investing in cybersecurity training helps prevent costly data breaches, improves employee productivity, and saves time and money in the long-term. We recommend that the Township implement a policy or procedure to provide and require cybersecurity training for all employees.



CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Attachment B – Upcoming Changes in Accounting Standards / Regulations
For the December 31, 2023 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Township in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Township. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 100 ■ Accounting Changes and Error Corrections
Effective 06/15/2024 (your FY 2024)

This standard clarifies the presentation and disclosure requirements for prior period adjustments to beginning net position.

GASB 101 ■ Compensated Absences
Effective 12/15/2024 (your FY 2024)

This standard revises the liability governments record for compensated absences payable to include any sick, vacation, personal time, or other PTO reasonably expected to be used by employees or paid out to them at termination.

GASB 102 ■ Certain Risk Disclosures
Effective 06/15/2025 (your FY 2025)

This standard requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.

GASB 103 ■ Financial Reporting Model Improvements
Effective 06/15/2026 (your FY 2026)

This standard establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following: a. management’s discussion and analysis (MD&A), b. unusual or infrequent items, c. presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, d. information about major component units in basic financial statements, e. budgetary comparison information, and f. financial trends information in the statistical section.

■ ■ ■ ■ ■

CHARTER TOWNSHIP OF HARRISON, MICHIGAN

Attachment C – Management Representations
For the December 31, 2023 Audit

The following pages contain the written representations that we requested from management.



CHARTER TOWNSHIP OF HARRISON

June 21, 2024

Rehmann Robson
1249 Griswold Street, Suite 201
Detroit, MI 48226

This representation letter is provided in connection with your audit of the 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 Harrison, Michigan** (the "Township"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, and the respective budgetary comparison for the general fund and the major special revenue funds of the Township in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of June 21, 2024:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 2, 2024, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.

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CHARTER TOWNSHIP OF HARRISON

3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
4. With respect to the nonattest services provided, which include any assistance you provided in drafting the financial statements and related notes, proposing standard, adjusting or conversion journal entries, assistance with maintaining/updating a GASB 68 template for pension, assistance with maintaining/updating a GASB 75 template for OPEB, assistance with maintaining/updating a GASB 87 template for leases, assistance with maintaining/updating a GASB 96 template for subscription-based information technology arrangements and assistance with the Macomb/Oakland interceptor drain capital asset and long-term debt schedules and entries, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. With regard to items reported at fair value:

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CHARTER TOWNSHIP OF HARRISON

- a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
12. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
 13. All funds and activities are properly classified.
 14. All funds that meet the quantitative GASB criteria for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
 15. All components of net position and fund balance classifications have been properly reported.
 16. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
 17. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
 18. All interfund and intra-entity transactions and balances have been properly classified and reported.
 19. Deposit and investment risks have been properly and fully disclosed.
 20. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
 21. All required supplementary information is measured and presented within the prescribed guidelines.
 22. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 23. There were no omissions from the participants' data provided to the single-employer pension/OPEB Plan's actuary for the purpose of determining the actuarial present value of the Plan's benefit obligations and the other actuarially determined amounts in the financial statements.

Rehmann
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CHARTER TOWNSHIP OF HARRISON

24. The single-employer pension/OPEB Plan's administrator agrees with the actuarial methods and assumptions and methods used by the actuary for funding purposes and for determining the Plan's benefit obligations and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to the Plan's actuary with respect to the values of amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the Plan's actuary.
25. The following have been properly recorded and disclosed in the financial statements:
 - a. The actuarial methods or assumptions used in calculating amounts recorded or disclosures in the financial statements.
 - b. Changes in the single-employer pension/OPEB Plan's provisions between the actuarial valuation date and the date of this letter.
26. All required filings of the single-employer pension/OPEB Plan's documents with the appropriate agencies have been made.
27. The single-employer pension/OPEB Plan (and the trust established by the Plan) is qualified under the appropriate section of the internal revenue code and we intend to continue as a qualified plan (and trust). The Plan sponsor has operated the Plan in a manner that did not jeopardize this tax status.
28. The single-employer pension/OPEB Plan has complied with the Department of Labor's regulations concerning the timely remittance of participants' contributions to trusts containing assets of the Plan.
29. The single-employer pension/OPEB Plan's management has obtained and reviewed the relevant service auditor's SOC-1 reports and management is performing the applicable user control.

Information Provided

30. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
31. All transactions have been recorded in the accounting records and are reflected in the financial statements.
32. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.



CHARTER TOWNSHIP OF HARRISON

33. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
34. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
35. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
36. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
37. We have a process to track the status of audit findings and recommendations.
38. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
39. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
40. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
41. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
42. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
43. The government has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
44. We have disclosed to you all guarantees, whether written or oral, under which the government is contingently liable.
45. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.



CHARTER TOWNSHIP OF HARRISON

46. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
47. The Township has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
48. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
49. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Supplementary Information in Relation to the Financial Statements as a Whole

50. With respect to the supplementary information accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

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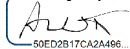


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Required Supplementary Information

51. With respect to the required supplementary information accompanying the financial statements:
- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

DocuSigned by:


50ED2B17CA2A466

Township Clerk


Nicol Giebas, Finance Director

APPENDIX G

FORM OF LEGAL OPINION

Clark Hill
500 Woodward Ave., Suite 3500
Detroit, MI 48226
T (313) 965-8300
F (313) 965-8252

January 30, 2025

**Oakland-Macomb Interceptor Drain Drainage District
Waterford, Michigan**

Ladies and Gentlemen:

We have examined the transcript of proceedings for the issue by the Oakland-Macomb Interceptor Drain Drainage District, Counties of Macomb and Oakland, State of Michigan (the “Issuer”) of its bonds in the principal amount of \$3,155,000 which are designated Oakland-Macomb Interceptor Drain Drainage District Drain Bonds, Series 2025 (General Obligation Limited Tax) (the “Bonds”) for the purposes described in the Bonds. The Bonds are dated January 30, 2025, payable in principal installments, payable as to interest, and subject to redemption prior to maturity, all as specified on the face of the Bonds. The Issuer has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”).

The Bonds are issued pursuant to the provisions of Chapter 21 of Act 40, Public of Michigan, 1956, as amended (the “Drain Code” or “Act 40”), and pursuant to the Final Order of Apportionment adopted by the Drainage Board for the Drainage District on March 20, 2024 (the “Drainage Board”), a resolution adopted by the Drainage Board on June 12, 2024, and a supplemental resolution adopted by the Drainage Board on December 18, 2024 (the “Resolutions”) for the purposes of paying a portion of the cost of designing, acquiring, constructing, improving, replacing and financing certain wastewater facilities by the Drainage District.

As to questions of fact material to our opinion we have relied upon certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms.

2. The Bonds and the interest thereon are being issued in anticipation of and shall be payable from the Oakland-Macomb Interceptor Drain Drainage District Drain Bonds, Series 2024

Special Assessment Roll No. 1 confirmed on June 12, 2024 (the “2024 Special Assessments”) pursuant to Section 528 of the Drain Code, against the following public corporations (the “Public Corporations”), the Village of Lake Orion, and the City of Rochester, in Oakland County, Michigan; and Harrison Township, Lenox Township, the City of Sterling Heights, and the City of Utica, in Macomb County, Michigan, under the applicable provisions of the Drain Code with respect to the Project, for the purpose of paying the costs to design, acquire, improve, replace, and construct certain inter-county drain improvements and pay the costs of issuance of the Bonds. The special assessments are a general obligation of the respective Public Corporations and are payable from the respective Public Corporations’ general funds or from ad valorem taxes which may be levied on all taxable property in the Public Corporation, subject to constitutional, statutory and charter limitations.

Pursuant to authorization provided in Chapter 21 of the Drain Code, and resolutions of the County of Oakland (“Oakland County”) and the County of Macomb (“Macomb County”) duly adopted by two-thirds (2/3) vote of the members of the Board of Commissioners of Oakland County on April 11, 2024 and Macomb County on April 18, 2024, the limited tax general obligation full faith and credit of each County has been pledged as a condition precedent to the issuance of the Bonds for the prompt payment of the principal of, and interest on the Bonds as the same shall become due in accordance with such resolutions. As provided in said resolutions and the Drain Code, in the event any Public Corporation in Oakland County shall fail to pay or neglect to account to the Oakland County Treasurer, and any Public Corporation in Macomb County shall fail to pay or neglect to account to the Macomb County Treasurer, for the amount of any special assessment installment and interest (in anticipation of which the Bonds are issued) when due, then the amount thereof shall be advanced from the funds of the Oakland County or the Macomb County, respectively, as provided in such resolutions, and the Oakland County Treasurer and the Macomb County Treasurer are directed to make such advancement to the extent necessary. If it becomes necessary for Oakland County or Macomb County to so advance such moneys, they shall have such right or rights of reimbursement and any and all remedies therefor as provided by of the Drain Code or any other law.

3. Under existing Federal Statutes, Regulations and Rules as enacted and construed on the date of the initial delivery of the Bonds, the interest on the Bonds is (a) excluded from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. However, we observe that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. The foregoing is subject to the condition that the Issuer comply with all requirements of the Drain Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be or continued to be, excluded from gross income for federal income tax purposes.

4. The Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

January 30, 2025

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We express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and interest thereon.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Final Official Statement relating to the Bonds.

It is understood that the rights of the holder of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

CLARK HILL PLC

APPENDIX H

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

CONTINUING DISCLOSURE UNDERTAKING

COUNTY OF MACOMB State of Michigan

\$3,155,000

OAKLAND-MACOMB INTERCEPTOR DRAIN DRAINAGE DISTRICT COUNTIES OF OAKLAND AND MACOMB, STATE OF MICHIGAN DRAIN BONDS, SERIES 2025 (GENERAL OBLIGATION LIMITED TAX)

January 30, 2025

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by County of Macomb, State of Michigan (the “County”), in connection with the issuance by the Oakland-Macomb Interceptor Drain Drainage District, Counties of Oakland and Macomb, State of Michigan, Drain Bonds, Series 2025 (General Obligation Limited Tax) (the “Bonds”) being dated and delivered on the date hereof. The County is an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

The County covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) The following terms used herein shall have the following meanings Definitions:

“Audited Financial Statements” means the annual audited financial statements pertaining to the County prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access District, or such other District, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The County hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the 9th month after the end of the fiscal year of the County, the following annual financial information and operating data or data of substantially the same nature, commencing with the fiscal year ended December 31, 2024, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement for the Bonds (the “Official Statement”) appearing in the Tables in the Official Statement as described below:

- a. HISTORY OF PROPERTY VALUATIONS;
- b. MAJOR TAXPAYERS;
- c. TAX RATES (Per \$1,000 of Taxable Value);
- d. TAX LEVIES AND COLLECTIONS;
- e. REVENUES FROM THE STATE OF MICHIGAN;
- f. DEBT STATEMENT – DIRECT DEBT; and
- g. GENERAL FUND AND BALANCE SHEET.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available, and unaudited financial statements will be filed by such date. Such additional financial information or operating data as may be determined by the County and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the County or by specific reference to documents available to the public through EMMA or filed with the SEC including official statements of debt issues of the County or related public entities.

If the fiscal year of the County is changed, the County shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The County agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the County to provide the annual financial information with

respect to the County described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The County agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the County, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

(13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; or

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The County agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the County to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the County no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The County agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the County’s obligations hereunder and any failure by the County to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the County, provided that the County agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County or the type of activities conducted

thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the County (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the County in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the County to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the County has caused this Undertaking to be executed by its Authorized Officer.

COUNTY OF MACOMB
State of Michigan

By: Larry Rocca

Its: County Treasurer

CONTINUING DISCLOSURE UNDERTAKING

CITY OF STERLING HEIGHTS County of Macomb, State of Michigan

\$3,155,000

OAKLAND-MACOMB INTERCEPTOR DRAIN DRAINAGE DISTRICT COUNTIES OF OAKLAND AND MACOMB, STATE OF MICHIGAN DRAIN BONDS, SERIES 2025 (GENERAL OBLIGATION LIMITED TAX)

January 30, 2025

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by City of Sterling Heights, County of Macomb, State of Michigan (the “City”), in connection with the issuance by the Oakland-Macomb Interceptor Drain Drainage District, Counties of Oakland and Macomb, State of Michigan, Drain Bonds, Series 2025 (General Obligation Limited Tax) (the “Bonds”) being dated and delivered on the date hereof. The City is an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

The City covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) The following terms used herein shall have the following meanings Definitions:

“Audited Financial Statements” means the annual audited financial statements pertaining to the City prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access District, or such other District, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The City hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the 9th month after the end of the fiscal year of the City, the following annual financial information and operating data or data of substantially the same nature, commencing with the fiscal year ended June 30, 2024, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement for the Bonds (the “Official Statement”) appearing in the Tables in the Official Statement as described below:

- a. HISTORY OF PROPERTY VALUATIONS;
- b. MAJOR TAXPAYERS;
- c. TAX RATES (Per \$1,000 of Taxable Value);
- d. TAX LEVIES AND COLLECTIONS;
- e. REVENUES FROM THE STATE OF MICHIGAN;
- f. DEBT STATEMENT – DIRECT DEBT; and
- g. GENERAL FUND AND BALANCE SHEET.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available, and unaudited financial statements will be filed by such date. Such additional financial information or operating data as may be determined by the City and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the City or by specific reference to documents available to the public through EMMA or filed with the SEC including official statements of debt issues of the City or related public entities.

If the fiscal year of the City is changed, the City shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The City agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the City to provide the annual financial information with

respect to the City described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The City agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; or

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The City agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the City to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the City no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The City agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the City’s obligations hereunder and any failure by the City to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the City, provided that the City agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the City (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by

the City in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the City has caused this Undertaking to be executed by its Authorized Officer.

CITY OF STERLING HEIGHTS
County of Macomb, State of Michigan

By: _____

Its: Budget and Finance Director

CONTINUING DISCLOSURE UNDERTAKING

HARRISON CHARTER TOWNSHIP County of Macomb, State of Michigan

\$3,155,000

OAKLAND-MACOMB INTERCEPTOR DRAIN DRAINAGE DISTRICT COUNTIES OF OAKLAND AND MACOMB, STATE OF MICHIGAN DRAIN BONDS, SERIES 2025 (GENERAL OBLIGATION LIMITED TAX)

January 30, 2025

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by Harrison Charter Township, County of Macomb, State of Michigan (the “Township”), in connection with the issuance by the Oakland-Macomb Interceptor Drain Drainage District, Counties of Oakland and Macomb, State of Michigan, Drain Bonds, Series 2025 (General Obligation Limited Tax), (the “Bonds”) being dated and delivered on the date hereof. The Township is an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

The Township covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) The following terms used herein shall have the following meanings Definitions:

“Audited Financial Statements” means the annual audited financial statements pertaining to the Township prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access District, or such other District, Internet Web site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Township hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the 9th month after the end of the fiscal year of the Township, the following annual financial information and operating data or data of substantially the same nature, commencing with the fiscal year ended December 31, 2024, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement for the Bonds (the “Official Statement”) appearing in the Tables in the Official Statement as described below:

- a. HISTORY OF PROPERTY VALUATIONS;
- b. MAJOR TAXPAYERS;
- c. TAX RATES (Per \$1,000 of Taxable Value);
- d. TAX LEVIES AND COLLECTIONS;
- e. REVENUES FROM THE STATE OF MICHIGAN;
- f. DEBT STATEMENT – DIRECT DEBT; and
- g. GENERAL FUND AND BALANCE SHEET.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available, and unaudited financial statements will be filed by such date. Such additional financial information or operating data as may be determined by the Township and its advisors as desirable or necessary to comply with the Rule.

Such annual financial information and operating data described above are expected to be provided directly by the Township or by specific reference to documents available to the public through EMMA or filed with the SEC including official statements of debt issues of the Township or related public entities.

If the fiscal year of the Township is changed, the Township shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Township agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Township to provide the annual financial information

with respect to the Township described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

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- (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to

undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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HARRISON CHARTER TOWNSHIP
County of Macomb, State of Michigan

By: _____

Its: _____

\$3,155,000

**OAKLAND-MACOMB INTERCEPTOR DRAIN DRAINAGE DISTRICT
COUNTIES OF OAKLAND AND MACOMB, STATE OF MICHIGAN
DRAIN BONDS, SERIES 2025 (GENERAL OBLIGATION LIMITED TAX)**

