

TOWNSHIP OF CLAY
St. Clair County, Michigan

ANNUAL FINANCIAL REPORT
with Supplementary Information

FOR THE YEAR ENDED
JUNE 30, 2024

TOWNSHIP OF CLAY
St. Clair County, Michigan

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St. Clair County, Michigan

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Township Board
Township of Clay
Algonac, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Clay, Michigan (the "Township"), as of and for the year ended June 30, 2024 and the related notes to the financial statements which collectively comprise the Township's basic financial statements, as listed in the table of contents.

In our opinion, the 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 unit, each major fund, and the aggregate remaining fund information of the Township of Clay, Michigan, as of June 30, 2024, the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

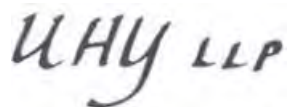
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and employees' retirement system and retiree health benefits schedules and budgetary comparison information, 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 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 accompanying combining and individual nonmajor fund financial statements and schedule, combining water and sewer funds schedules, combining custodial fund statements, and component unit schedule, as listed in the table of contents, 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 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; 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 nonmajor fund financial statements and schedules and component unit schedules are fairly stated, in all respects, in relation to the basic financial statements as a whole.

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

Port Huron, Michigan
November 13, 2024

CLAY TOWNSHIP, MICHIGAN

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

The Township has three kinds of funds:

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

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

Fiduciary funds - Are used to account for resources held for the benefit of parties outside of the government. A fiduciary fund is not reported in the government-wide financial statements because the resources of the funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Township's fiduciary funds consist of the tax receiving fund, trust and agency fund, and the other postemployment benefits trust fund.

FINANCIAL OVERVIEW (Government-wide financial analysis)

The Township has combined total net position of \$24,411,944. This is an increase from 2023 of \$719,107. Governmental activities comprise \$6,385,301 and business-type activities make up \$18,026,643 of the total net position. In a condensed format, the table below shows net position as of June 30, 2024 and 2023.

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Assets:				
Current assets	\$ 6,318,864	\$ 6,081,511	\$ 5,638,619	\$ 5,588,555
Restricted assets	76,000	76,000	2,913,800	1,322,838
Noncurrent assets	7,022,790	6,889,589	12,189,548	12,601,874
	<u>13,417,654</u>	<u>13,047,100</u>	<u>20,741,967</u>	<u>19,513,267</u>
Deferred Outflows of Resources	<u>1,028,996</u>	<u>1,852,221</u>	<u>180,108</u>	<u>420,081</u>
Liabilities:				
Current liabilities	931,337	1,148,679	215,773	193,574
Current liabilities payable from restricted assets	-	-	958,029	20,765
Non-current liabilities	7,042,085	7,323,318	1,688,864	1,759,938
	<u>7,973,422</u>	<u>8,471,997</u>	<u>2,862,666</u>	<u>1,974,277</u>
Deferred Inflows of Resources	<u>87,927</u>	<u>533,520</u>	<u>32,766</u>	<u>160,038</u>
Net Position:				
Net investment in capital assets	5,920,476	5,860,634	9,352,793	9,711,516
Restricted	929,663	979,121	1,776,028	1,105,673
Unrestricted (Deficit)	<u>(464,838)</u>	<u>(945,951)</u>	<u>6,897,822</u>	<u>6,981,844</u>
Total Net Position	<u>\$ 6,385,301</u>	<u>\$ 5,893,804</u>	<u>\$ 18,026,643</u>	<u>\$ 17,799,033</u>

The Township's governmental activities experienced a change in net position of \$491,497, primarily as a result of the General and Police Funds having a change in fund balance of \$358,653 and \$88,757, respectively. The business-type activities experienced a change in net position of \$227,610, due primarily to debt service fees in the Water Fund and capital contributions in the Sewer Fund.

The following table shows the changes in net position for 2024 and 2023:

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Revenues:				
Program revenues -				
Charges for services	\$ 1,825,341	\$ 1,763,861	\$ 3,415,874	\$ 3,288,574
Operating grants and contributions	376,029	283,832	-	146,602
Capital grants and contributions	468,673	555,153	89,574	-
General revenues -				
Property taxes	4,913,841	4,590,868	-	-
Unrestricted grants	1,028,294	1,100,877	-	-
Unrestricted investment income	254,086	150,174	267,362	112,327
	<u>8,866,264</u>	<u>8,444,765</u>	<u>3,772,810</u>	<u>3,547,503</u>
Program Expenses:				
General government	1,225,233	1,011,355	-	-
Public safety	5,623,185	5,236,567	-	-
Public works	1,058,971	1,071,622	-	-
Community and economic development	114,679	83,793	-	-
Recreation and cultural	211,674	173,595	-	-
Interest on long-term debt	141,025	161,146	-	-
Water and sewer operations	-	-	3,545,200	3,404,495
	<u>8,374,767</u>	<u>7,738,078</u>	<u>3,545,200</u>	<u>3,404,495</u>
Change in net position	<u>\$ 491,497</u>	<u>\$ 706,687</u>	<u>\$ 227,610</u>	<u>\$ 143,008</u>

Governmental Activities

Revenues for governmental activities totaled \$8,866,264 in 2024. Of this amount, \$4,913,841 was received from taxes, which was an increase of \$322,973. The next largest revenue source was charges for services of \$1,825,341 an increase of \$61,480 from 2023.

Business-type Activities

The Township has two business-type activities, the water and sewer operations. Total revenues, including charges for services, capital grants, and interest income, were \$3,772,810 and expenses were \$3,545,200, for a change in net position of \$227,610.

FINANCIAL ANALYSIS OF MAJOR TOWNSHIP FUNDS AND BUDGETS

Governmental Funds

The General Fund ended 2024 with a fund balance of \$3,120,116, with \$139,000 assigned for next year's budget and the remaining \$2,981,116 unassigned. The General Fund had a net change in fund balance of \$358,653 of revenues over expenditures, primarily as a result of increased interest revenue and licenses and permits and less Township Hall capital outlay than anticipated.

The Township's other major governmental funds had the following change in fund balance:

- The Fire Fund had expenditures over revenues of \$24,891 with a fund balance of \$533,707 at June 30, 2024.
- The Police Fund had revenues over expenditures of \$88,757, with a fund balance of \$1,067,753 at June 30, 2024.
- The CARES Act Fund had revenues over expenditures of \$41,731 with a fund balance of \$69,889 at June 30, 2024.

Over the course of the year, the Township administration and Board monitor the budgets and, if necessary, amends the budget to take into account unanticipated events that occur during the year. There were no significant budget adjustments approved during 2023/2024 for the General Fund.

Since the original budget and amended budgets are estimates of what is expected, there are differences between the budgets and actual results. The significant differences are as follows:

- Increase in interest revenue by \$116,027 due to more than anticipated earnings.
- Increase in licenses and permits revenue by \$130,456 due to more than anticipated building growth.
- General government Township Hall was \$231,657 under budget due to less capital outlay expenditures.

Proprietary Funds - The Township has two proprietary funds, the Water and Sewer Funds. The Water Fund had an operating loss of \$711,371 for the year ended June 30, 2024 and a change in net position of \$152,677. The Sewer Fund had an operating loss of \$105,970 and a change in net position of \$74,933.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township had \$16,748,647 invested in capital assets for its government and business-type activities (net of accumulated depreciation) as of June 30, 2024. The investment in capital assets includes land, construction in progress, buildings and improvements, land improvements, vehicles and equipment, furniture and fixtures, and water and sewer lines. During the year, the Township added capital assets of \$1,188,353, of which \$784,806 was in the governmental activities and \$403,547 was in the business-type activities. The governmental activities' capital expenditures included \$129,939 for right-to-use vehicle leases, \$87,938 for new infrastructure, \$323,796 for a pier and pickleball court projects, and \$228,411 for various types of equipment, which includes \$102,840 for police tasers. The business-type activities' capital expenditures included \$187,070 for construction in progress for an interceptor project and wastewater treatment plant, \$50,307 for underground mains, and \$166,129 for right-to-use vehicle leases.

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

Long-term Liabilities

At June 30, 2024, the Township had \$5,865,918 in long-term liabilities, compared to \$5,897,018 at June 30, 2023, a decrease of \$31,100. The decrease is a result of normal annual debt payments and new debt issued during the year for right-to-use leased assets of \$296,107 and taser purchases of \$103,830.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For fiscal 2025, the Township adopted a General Fund budget with anticipated revenues of \$2,168,772 and expenditures of \$2,307,772, with the difference of \$139,000 coming from fund balance.

CONTACTING THE TOWNSHIP

This financial report is designed to provide a general overview of the Township's finances to our residents and other interested parties in understanding the Township's financial condition. If you have questions about this report or need additional financial information, please contact the Township at (810) 794-9303.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF CLAY
St. Clair County, Michigan
STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government			Component Unit (DDA)
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 4,416,209	\$ 2,141,455	\$ 6,557,664	\$ 130,187
Investments	1,490,086	2,360,463	3,850,549	307,224
Receivables	346,363	738,448	1,084,811	2,500
Inventory	-	382,281	382,281	-
Due from primary government	-	-	-	7,500
Prepaid expenses/deposits	66,206	15,972	82,178	-
Restricted assets -				
Cash and cash equivalents	-	1,240,534	1,240,534	-
Investments	76,000	1,525,503	1,601,503	-
Special assessment receivable	-	147,763	147,763	-
Prepaid service contracts	-	2,463,691	2,463,691	-
Capital assets (net of accumulated depreciation) -				
Assets not being depreciated	1,415,027	422,559	1,837,586	-
Assets being depreciated	5,607,763	9,303,298	14,911,061	-
Total Assets	<u>13,417,654</u>	<u>20,741,967</u>	<u>34,159,621</u>	<u>447,411</u>
Deferred Outflows of Resources:				
Related to the pension plan	777,502	86,389	863,891	-
Related to the OPEB plan	251,494	93,719	345,213	-
Total Deferred Outflows of Resources	<u>1,028,996</u>	<u>180,108</u>	<u>1,209,104</u>	<u>-</u>
Liabilities:				
Payables and accrued liabilities	193,379	192,044	385,423	-
Due to component unit	7,500	-	7,500	-
Accrued interest	10,400	2,755	13,155	-
Advances and deposits	26,708	20,974	47,682	-
Liabilities payable from restricted assets -				
Accounts Payable	-	26,838	26,838	-
Unearned revenue	-	910,426	910,426	-
Accrued interest	-	765	765	-
Bonds payable (current)	-	20,000	20,000	-
Unearned revenue	693,350	-	693,350	-
Non-current liabilities -				
Due within one year	380,812	84,664	465,476	-
Due in more than one year	4,221,502	1,108,400	5,329,902	-
Accrued compensated absences	50,540	-	50,540	-
Net pension liability	1,508,563	167,618	1,676,181	-
Net OPEB liability	880,668	328,182	1,208,850	-
Total Liabilities	<u>7,973,422</u>	<u>2,862,666</u>	<u>10,836,088</u>	<u>-</u>
Deferred Inflows of Resources:				
Related to the OPEB plan	87,927	32,766	120,693	-
Net Position (Deficit):				
Net investment in capital assets	5,920,476	9,352,793	15,273,269	-
Restricted -				
Perpetual care - Nonexpendable	76,000	-	76,000	-
General government	11,632	-	11,632	-
Public safety	693,310	-	693,310	-
Public works	127,630	-	127,630	-
Recreation and culture	21,091	-	21,091	-
Capital improvements	-	470,570	470,570	-
Debt service	-	1,305,458	1,305,458	-
Unrestricted (Deficit)	(464,838)	6,897,822	6,432,984	447,411
Total Net Position	<u>\$ 6,385,301</u>	<u>\$ 18,026,643</u>	<u>\$ 24,411,944</u>	<u>\$ 447,411</u>

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

TOWNSHIP OF CLAY
St. Clair County, Michigan

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 1,225,233	\$ 21,669	\$ 12,239	\$ 335,935
Public safety	5,623,185	863,013	336,543	-
Public works	1,058,971	916,484	12,547	53,271
Community and economic development	114,679	-	-	-
Recreation and cultural	211,674	24,175	14,700	79,467
Interest on long-term debt	141,025	-	-	-
Total Governmental Activities	<u>8,374,767</u>	<u>1,825,341</u>	<u>376,029</u>	<u>468,673</u>
Business-type Activities:				
Water	2,486,576	2,451,613	-	-
Sewer	<u>1,058,624</u>	<u>964,261</u>	<u>-</u>	<u>89,574</u>
Total Business-type Activities	<u>3,545,200</u>	<u>3,415,874</u>	<u>-</u>	<u>89,574</u>
Total Primary Government	<u>\$ 11,919,967</u>	<u>\$ 5,241,215</u>	<u>\$ 376,029</u>	<u>\$ 558,247</u>
Component Unit				
Downtown Development Authority	<u>\$ 370,954</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 7,500</u>

General Revenues:
Property taxes
Grants and contributions not
restricted to specific programs
Unrestricted investment income
Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

Net (Expense) Revenue and Change in Net Position			
Primary Government			Component Unit (DDA)
Governmental Activities	Business-type Activities	Total	
\$(855,390)	\$ -	\$(855,390)	\$ -
(4,423,629)	-	(4,423,629)	-
(76,669)	-	(76,669)	-
(114,679)	-	(114,679)	-
(93,332)	-	(93,332)	-
(141,025)	-	(141,025)	-
<u>(5,704,724)</u>	<u>-</u>	<u>(5,704,724)</u>	<u>-</u>
-	(34,963)	(34,963)	-
<u>-</u>	<u>(4,789)</u>	<u>(4,789)</u>	<u>-</u>
<u>-</u>	<u>(39,752)</u>	<u>(39,752)</u>	<u>-</u>
			-
<u>(5,704,724)</u>	<u>(39,752)</u>	<u>(5,744,476)</u>	<u>-</u>
-	-	-	(362,954)
4,913,841	-	4,913,841	299,595
1,028,294	-	1,028,294	-
254,086	267,362	521,448	19,681
<u>6,196,221</u>	<u>267,362</u>	<u>6,463,583</u>	<u>319,276</u>
491,497	227,610	719,107	(43,678)
<u>5,893,804</u>	<u>17,799,033</u>	<u>23,692,837</u>	<u>491,089</u>
<u>\$ 6,385,301</u>	<u>\$ 18,026,643</u>	<u>\$ 24,411,944</u>	<u>\$ 447,411</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>CARES Act</u>
Current assets:				
Cash and cash equivalents	\$ 1,980,209	\$ 560,810	\$ 1,077,834	\$ 334,456
Investments	1,024,081	-	-	460,837
Receivables -				
Special assessments	-	-	-	-
Due from other governmental units	165,230	-	42,794	-
Other	23,050	-	6,679	-
Due from other funds	31,678	-	-	-
	<u>3,224,248</u>	<u>560,810</u>	<u>1,127,307</u>	<u>795,293</u>
Restricted assets:				
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 3,224,248</u></u>	<u><u>\$ 560,810</u></u>	<u><u>\$ 1,127,307</u></u>	<u><u>\$ 795,293</u></u>
Liabilities:				
Accounts payable	\$ 14,151	\$ 5,891	\$ 18,413	\$ 32,054
Accrued liabilities	43,534	21,212	41,141	-
Due to other funds	-	-	-	-
Performance bonds and deposits	26,708	-	-	-
Due to component units	7,500	-	-	-
Unearned revenue	-	-	-	693,350
Total Liabilities	<u>91,893</u>	<u>27,103</u>	<u>59,554</u>	<u>725,404</u>
Deferred Inflows of Resources				
Unavailable grants and special assessments	<u>12,239</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Nonspendable - Perpetual care	-	-	-	-
Restricted	-	533,707	1,067,753	-
Committed	-	-	-	69,889
Assigned 2024-2025	139,000	-	-	-
Unassigned (Deficit)	<u>2,981,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>3,120,116</u>	<u>533,707</u>	<u>1,067,753</u>	<u>69,889</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)	<u><u>\$ 3,224,248</u></u>	<u><u>\$ 560,810</u></u>	<u><u>\$ 1,127,307</u></u>	<u><u>\$ 795,293</u></u>

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

Other Governmental Funds	Total Governmental Funds
\$ 462,900	\$ 4,416,209
5,168	1,490,086
95,803	95,803
-	208,024
12,807	42,536
-	31,678
<u>576,678</u>	<u>6,284,336</u>
 76,000	 76,000
<u><u>\$ 652,678</u></u>	<u><u>\$ 6,360,336</u></u>
 \$ 15,070	 \$ 85,579
1,913	107,800
31,678	31,678
-	26,708
-	7,500
-	693,350
<u>48,661</u>	<u>952,615</u>
 86,388	 98,627
 76,000	 76,000
319,956	1,921,416
144,917	214,806
-	139,000
<u>(23,244)</u>	<u>2,957,872</u>
 517,629	 5,309,094
<u><u>\$ 652,678</u></u>	<u><u>\$ 6,360,336</u></u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES
ON THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Fund Balances - total governmental funds	\$	5,309,094
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Amounts reported for governmental activities in the statement of net position
are different because:

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

Capital assets	\$ 15,671,242	
Accumulated depreciation	<u>(8,648,452)</u>	7,022,790

Expenses recorded in the funds on the purchase method.		66,206
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Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as unavailable in the funds		98,627
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Certain pension/OPEB contributions and changes in pension/OPEB plan liabilities
are reported as deferred outflows (inflows) of resources in the statement
of net position.

Deferred outflows of resources	1,028,996	
Deferred inflows of resources	<u>(87,927)</u>	941,069

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

Bonds, notes, and leases payable	(4,602,314)	
Compensated absences	(50,540)	
Net pension liability	(1,508,563)	
Net OPEB liability	(880,668)	
Accrued interest payable	<u>(10,400)</u>	<u>(7,052,485)</u>

Net position of governmental activities	\$	<u><u>6,385,301</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CLAY
St. Clair County, Michigan

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General	Fire	Police	CARES Act
Revenues:				
Taxes	\$ 565,881	\$ 1,237,835	\$ 2,825,215	\$ -
Licenses and permits	437,192	-	-	-
Intergovernmental	955,793	11,716	261,315	132,550
Charges for services	39,296	-	378,215	-
Fines and forfeits	-	-	11,374	-
Special assessments	-	-	-	-
Interest and rent	145,027	19,077	36,424	41,731
Other	15,312	9,595	16,959	-
Total Revenues	<u>2,158,501</u>	<u>1,278,223</u>	<u>3,529,502</u>	<u>174,281</u>
Expenditures:				
General government	1,056,179	-	-	-
Public safety	373,991	1,264,516	3,070,579	-
Public works	160,747	-	-	-
Community and economic development	114,679	-	-	-
Recreation and cultural	14,474	-	-	-
Capital outlay	-	-	256,277	132,550
Debt service	56,138	76,548	359,188	-
Total Expenditures	<u>1,776,208</u>	<u>1,341,064</u>	<u>3,686,044</u>	<u>132,550</u>
Revenues over (under) expenditures	<u>382,293</u>	<u>(62,841)</u>	<u>(156,542)</u>	<u>41,731</u>
Other Financing Sources (Uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	(26,000)	-	-	-
Proceeds from sale of fixed assets	2,360	37,950	11,530	-
Lease proceeds	-	-	129,939	-
Loan proceeds	-	-	103,830	-
Total Other Financing Sources (Uses)	<u>(23,640)</u>	<u>37,950</u>	<u>245,299</u>	<u>-</u>
Net Change in Fund Balances	<u>358,653</u>	<u>(24,891)</u>	<u>88,757</u>	<u>41,731</u>
Fund Balances at beginning of year	2,761,463	558,598	978,996	28,158
Adjustment - change from major to nonmajor fund	-	-	-	-
Fund Balances at beginning of year as restated	<u>2,761,463</u>	<u>558,598</u>	<u>978,996</u>	<u>28,158</u>
Fund Balances at end of year	<u>\$ 3,120,116</u>	<u>\$ 533,707</u>	<u>\$ 1,067,753</u>	<u>\$ 69,889</u>

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

(Formally Major Fund) Road/Canal Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 284,910	\$ 4,913,841
-	-	437,192
-	48,618	1,409,992
-	68,581	486,092
-	9,035	20,409
-	860,222	860,222
-	17,006	259,265
-	23,818	65,684
-	1,312,190	8,452,697
-	1,905	1,058,084
-	276,714	4,985,800
-	963,743	1,124,490
-	-	114,679
-	119,962	134,436
-	-	388,827
-	-	491,874
-	1,362,324	8,298,190
-	(50,134)	154,507
-	26,000	26,000
-	-	(26,000)
-	-	51,840
-	-	129,939
-	-	103,830
-	26,000	285,609
-	(24,134)	440,116
5,324	536,439	4,868,978
(5,324)	5,324	-
-	541,763	4,868,978
\$ -	\$ 517,629	\$ 5,309,094

TOWNSHIP OF CLAY
St. Clair County, Michigan

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Net change in fund balances - total governmental funds	\$	440,116
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$	784,806	
Depreciation expense	(586,225)	
Net book value of assets sold/disposed	(<u>65,380)</u>	133,201

Change in prepaid expenses recorded in the funds on the purchase method.		2,519
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Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		11,621
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The issuance of long-term debt (e.g., bonds and notes) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.

Proceeds on long-term liabilities	(233,769)	
Principal payments on long-term liabilities		350,410	

Change in deferred outflows/inflows of resources as a result in changes in assumptions, differences between projected and actual earnings, contributions made subsequent to the measurement date, and difference between expected and actual experience.	(377,632)
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Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the funds.

Decrease in accrued interest payable		439	
Increase in net pension liability	(25,812)	
Decrease in net OPEB liability		197,551	
Increase in accrued compensated absences	(<u>7,147)</u>	<u>165,031</u>

Change in net position of governmental activities	\$	<u><u>491,497</u></u>
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The notes to the financial statements are an integral part of this statement.

TOWNSHIP OF CLAY
St. Clair County, Michigan
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

Assets:	Water	Sewer	Total
Current Assets -			
Cash and cash equivalents	\$ 1,479,032	\$ 662,423	\$ 2,141,455
Investments	1,629,944	730,519	2,360,463
Utilities receivable	507,739	230,709	738,448
Inventory	353,347	28,934	382,281
Prepaid expenses	15,972	-	15,972
Prepaid service contracts - current portion	192,686	-	192,686
Total Current Assets	<u>4,178,720</u>	<u>1,652,585</u>	<u>5,831,305</u>
Restricted Assets -			
Cash and cash equivalents	275,743	964,791	1,240,534
Investments	1,525,503	-	1,525,503
Special assessment receivable	147,763	-	147,763
Total Restricted Assets	<u>1,949,009</u>	<u>964,791</u>	<u>2,913,800</u>
Noncurrent Assets -			
Capital assets, net	7,224,483	2,501,374	9,725,857
Prepaid service contracts	2,271,005	-	2,271,005
Total Other Assets	<u>9,495,488</u>	<u>2,501,374</u>	<u>11,996,862</u>
Total Assets	<u>15,623,217</u>	<u>5,118,750</u>	<u>20,741,967</u>
Deferred Outflows of Resources:			
Related to the pension plan	51,833	34,556	86,389
Related to the OPEB plan	49,073	44,646	93,719
Total Deferred Outflows of Resources	<u>100,906</u>	<u>79,202</u>	<u>180,108</u>
Liabilities:			
Current Liabilities -			
Accounts payable	77,527	96,388	173,915
Accrued expenses	10,054	8,075	18,129
Deposits	20,974	-	20,974
Accrued interest	2,755	-	2,755
Current portion of long-term debt	56,732	27,932	84,664
Total Current Liabilities	<u>168,042</u>	<u>132,395</u>	<u>300,437</u>
Current Liabilities (payable from restricted assets) -			
Accounts payable	-	26,838	26,838
Accrued interest	765	-	765
Unearned revenue	-	910,426	910,426
Current portion of long-term debt	20,000	-	20,000
Total Current Liabilities (payable from restricted assets)	<u>20,765</u>	<u>937,264</u>	<u>958,029</u>
Long-term Liabilities -			
Net pension liability	100,571	67,047	167,618
Net OPEB liability	171,842	156,340	328,182
Long-term debt, net of current portion	901,100	207,300	1,108,400
Total Long-term Liabilities	<u>1,173,513</u>	<u>430,687</u>	<u>1,604,200</u>
Total Liabilities	<u>1,362,320</u>	<u>1,500,346</u>	<u>2,862,666</u>
Deferred Inflows of Resources:			
Related to the OPEB plan	17,157	15,609	32,766
Net Position:			
Net Investment in capital assets	6,935,451	2,417,342	9,352,793
Restricted for -			
Capital improvements	443,043	27,527	470,570
Debt service	1,305,458	-	1,305,458
Unrestricted	5,660,694	1,237,128	6,897,822
Total Net Position	<u>\$ 14,344,646</u>	<u>\$ 3,681,997</u>	<u>\$ 18,026,643</u>

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

TOWNSHIP OF CLAY
St. Clair County, Michigan

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Water	Sewer	Total
Operating Revenues:			
Charges for services - user charges	\$ 1,595,139	\$ 925,842	\$ 2,520,981
Penalty on delinquent accounts	39,248	15,002	54,250
Hydrant rental	25,190	-	25,190
Other revenue	79,933	368	80,301
Total Operating Revenues	<u>1,739,510</u>	<u>941,212</u>	<u>2,680,722</u>
Operating Expenses:			
Cost of water purchased and sewer disposal	732,299	435,260	1,167,559
Salaries and wages	362,908	113,537	476,445
Fringe benefits	211,842	39,326	251,168
Pension and OPEB accrual adjustment	(25,636)	(11,131)	(36,767)
Meters, tools, and supplies	487,680	33,135	520,815
Administration fee	42,385	43,656	86,041
Utilities	22,943	12,015	34,958
Repairs and maintenance	10,773	14,733	25,506
Other operating expenses	112,389	32,942	145,331
Depreciation and amortization	493,298	333,709	827,007
Total Operating Expenses	<u>2,450,881</u>	<u>1,047,182</u>	<u>3,498,063</u>
Operating Loss	<u>(711,371)</u>	<u>(105,970)</u>	<u>(817,341)</u>
Non-Operating Revenues (Expenses):			
Special assessments and tap fees	88,519	6,650	95,169
Interest and fiscal costs	(35,695)	(11,442)	(47,137)
Interest income	187,640	79,722	267,362
Debt service fees	607,836	-	607,836
Gain on sale of assets	15,748	16,399	32,147
Total Non-Operating Revenues	<u>864,048</u>	<u>91,329</u>	<u>955,377</u>
Net Income (Loss) Before Capital Contributions	152,677	(14,641)	138,036
Capital Contributions	<u>-</u>	<u>89,574</u>	<u>89,574</u>
Change in Net Position	152,677	74,933	227,610
Net Position at beginning of year	<u>14,191,969</u>	<u>3,607,064</u>	<u>17,799,033</u>
Net Position end of year	<u><u>\$ 14,344,646</u></u>	<u><u>\$ 3,681,997</u></u>	<u><u>\$ 18,026,643</u></u>

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

TOWNSHIP OF CLAY
St. Clair County, Michigan

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Water	Sewer	Total
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 1,710,642	\$ 915,008	\$ 2,625,650
Cash payments to suppliers	(965,884)	(529,769)	(1,495,653)
Cash payments to employees	(602,865)	(151,775)	(754,640)
Net Cash Provided by Operating Activities	<u>141,893</u>	<u>233,464</u>	<u>375,357</u>
Cash Flows From Capital and Related Financing Activities:			
Special assessment/tap fees	105,948	6,650	112,598
Capital contribution	-	1,000,000	1,000,000
Purchase of capital assets	(168,718)	(234,829)	(403,547)
Proceeds from sale of capital assets	18,051	17,548	35,599
Lease proceeds	83,084	83,084	166,168
Principal and interest paid on debt	(103,288)	(30,929)	(134,217)
Debt service charge	607,836	-	607,836
Net Cash Provided by Capital and Related Financing Activities	<u>542,913</u>	<u>841,524</u>	<u>1,384,437</u>
Cash Flows From Investing Activities:			
Purchase of investments	(58,370)	(423,059)	(481,429)
Interest earned	187,640	79,722	267,362
Net Cash Provided (Used) by Investing Activities	<u>129,270</u>	<u>(343,337)</u>	<u>(214,067)</u>
Net Increase in Cash and Cash Equivalents for the year	814,076	731,651	1,545,727
Cash and Cash Equivalents at Beginning of Year	<u>940,699</u>	<u>895,563</u>	<u>1,836,262</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,754,775</u></u>	<u><u>\$ 1,627,214</u></u>	<u><u>\$ 3,381,989</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating loss for the year	\$(711,371)	\$(105,970)	\$(817,341)
Adjustments to reconcile operating loss to net cash provided by operating activities -			
Depreciation and amortization	493,298	333,709	827,007
Change in assets and liabilities:			
Receivables	(28,868)	(26,204)	(55,072)
Inventory	423,924	2,013	425,937
Prepaid expenses/service contracts	(16,750)	-	(16,750)
Deferred outflows of resources	159,721	80,252	239,973
Accounts payable/accrued expenses	7,295	41,048	48,343
Net pension liability	(71,842)	(1,918)	(73,760)
Net OPEB liability	(40,699)	(35,009)	(75,708)
Deferred inflows of resources	(72,815)	(54,457)	(127,272)
Net Cash Provided by Operating Activities	<u><u>\$ 141,893</u></u>	<u><u>\$ 233,464</u></u>	<u><u>\$ 375,357</u></u>

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

TOWNSHIP OF CLAY
St. Clair County, Michigan

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Other Postemployment Trust Fund	Custodial Funds
Assets:		
Cash and cash equivalents	\$ -	\$ 20,180
Investments	4,686,105	-
Total Assets	<u>4,686,105</u>	<u>20,180</u>
Liabilities:		
Undistributed taxes and fees	<u>-</u>	<u>20,180</u>
Net Position:		
Restricted for Retiree Healthcare Benefits	<u><u>\$ 4,686,105</u></u>	<u><u>\$ -</u></u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Other Postemployment Trust Fund	Custodial Funds
Additions:		
Contributions -		
Employer contributions	\$ 228,729	\$ -
Net investment income	423,568	-
Tax collections for other governments	-	18,423,832
Total Additions	<u>652,297</u>	<u>18,423,832</u>
Deductions:		
Tax collections disbursed to other governments	-	18,423,832
Benefits paid	184,729	-
Total Deductions	<u>184,729</u>	<u>18,423,832</u>
Net Increase in Net Position	467,568	-
Net Position - Beginning of year	<u>4,218,537</u>	<u>-</u>
Net Position - End of year	<u><u>\$ 4,686,105</u></u>	<u><u>\$ -</u></u>

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

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

The Township of Clay, Michigan (the "Township"), was organized as a Township in 1828 under the provisions of the Constitution and general law of the State of Michigan. The Township is located in southern St. Clair County and covers an area of approximately 82.5 square miles, which includes Harsens Island. The Township operates under an elected Township Board, which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees. The Township provides services to its residents in many areas including law enforcement, fire protection, roads, water, sewer, cemetery, and parks and recreation.

These financial statements present the Township and its component unit, an entity for which the Township is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

DISCRETELY PRESENTED COMPONENT UNIT -

DOWNTOWN DEVELOPMENT AUTHORITY (DDA) - A nine-member board, who are appointed by the Township Board of Trustees, controls the Downtown Development Authority. The DDA is responsible for the creation of a development and financing plan for the downtown district or a development area within the district to promote economic growth. The DDA must obtain the Township Board approval of all development and financial plans. The annual operating budget and any modification require the approval of the Township Board. The DDA does not publish separate financial statements.

RELATED ORGANIZATION -

The Harsens Island Transportation Authority (HITA) was created by the Township of Clay in accordance with laws of the State of Michigan. The Township appoints and/or must approve the five- (5) member Board of HITA but is not able to impose its will on the organization. Further, there is no financial benefit or burden to the Township of Clay resulting from HITA. The Township is not financially accountable for HITA; therefore, HITA is excluded from these financial statements. HITA was created to plan, promote, purchase, acquire, establish, own, operate or cause to be operated, maintain, improve, enlarge, and modernize an intra-waterway transit system serving the Harsens Island area.

B. Government-wide and Fund Financial Statements -

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. 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 the legally separate *component unit* for which the primary government is financially accountable.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

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

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

The government-wide financial statements 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 they are due. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

State shared revenue, interest, licenses, and permits associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes, which are levied on December 1 and are due the following February, are recognized as revenue in the year which they are levied. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

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

Fire Fund - is a special revenue fund used to account for the operations of firefighting activity throughout the Township. Funding is provided primarily through a local property tax levy and is restricted for fire services for the Township.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Police Fund - is a special revenue fund used to account for the operations of law enforcement activity in the Township. Funding is provided primarily through a local property tax levy and is restricted for police protection for the Township.

CARES Act Fund - is a special revenue fund used for federal Coronavirus Aid Relief and Economic Security (CARES) Act revenues and expenditures, including the Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act.

The Township reports the following major proprietary funds:

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

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

Additionally, the Township reports the following fund types:

Governmental Fund Types -

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

Capital Projects Fund - is used to account for special assessments and other financial resources that are restricted for the construction of capital assets and other expenditures.

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

Fiduciary Fund Types -

Other Postemployment Benefit (OPEB) Trust Fund - is used to account for the accumulation and investment of funds to provide for the funding of healthcare benefits for retirees of the Township.

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

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal on-going operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses include costs of sales and services, administrative expenses, and depreciation/amortization, on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

Deposits and Investments -

The Township pools the cash reserves of the various funds in order to facilitate cash management and investment activity.

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, investment trust funds and certificates of deposit with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at their carrying amount which reasonably approximates fair value.

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

Receivables and Payables -

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as 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 financial statements as "internal balances."

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Inventories and Prepaid Items -

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

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

Property Tax Calendar -

The Township's property taxes are levied on December 1 on the taxable value of property located in the Township as of the preceding December 31 and is treated as revenue in the current fiscal year. The Township also collects taxes for various other municipalities and school districts. The collection and remittance of all taxes are accounted for in the Tax Collection Fund.

Prepaid Service Contracts -

Prepaid service contracts represent the Township's portion of various upgrades made to the City of Algonac's water plant, for which the Township has no direct ownership interest. The upgrades to the water plant are amortized over the life of the water contract with the City of Algonac and are recorded as depreciation and amortization expenses.

Capital Assets -

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 columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 (prior to October 1, 2014, the threshold was \$1,000 or more) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets purchased/constructed by the DDA have been reported as a contribution to the primary government and capitalized as part of the government-wide financial statements since the assets will revert to the Township when the DDA disbands.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	20 years
Underground mains	50 years
Sewage treatment plant	50 years
Buildings and building improvements	20 to 50 years
Land improvements	40 years
Vehicles and equipment	3 to 20 years
Furniture and fixtures	7 to 20 years

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Leases -

The Township is a lessee for noncancelable leases of vehicles. The Township recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements.

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 or the period of the lease, whichever is shorter.

Key estimates and judgements related to leases include how the Township determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments.

- The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Township is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Compensated Absences -

In accordance with certain contracts negotiated with the employee groups, employees earn vacation and sick time under formulas and conditions specified in the contract; however, the benefits are either paid out at year-end or forfeited, except for certain police and professional staff personnel who are allowed to accumulate benefits up to amounts specified in the contract for vacation. All vested vacation is accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee identified resignations and retirements.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Long-term Obligations -

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when 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 on debt issuances are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pension -

The Township offers pension benefits to certain retirees. The Township records a net pension liability for the difference between the total pension liability, calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense information about the fiduciary net position of the pension plan, and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the pension plan are reported at fair value.

Other Postemployment Benefits (OPEB) -

The Township offers retiree healthcare benefits to certain employees. The Township records a net OPEB liability for the difference between the total liability, calculated by the actuary, and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense information about the fiduciary net position of the OPEB plan, and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments of the OPEB plan are reported at fair value.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Deferred Outflows/Inflows of Resources -

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. The Township reports deferred outflows of resources related to the net pension and net other postemployment benefit (OPEB) liabilities. The contributions made subsequent to the measurement date are recognized in the following plan year, the difference between projected and actual plan investment earnings is amortized over five (5) years, and the remaining deferred items are amortized over the average remaining service lives of the participants.

In addition to liabilities, the statement of financial position 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Township reports deferred inflows of resources related to the net OPEB liabilities. The deferred inflows of resources related to the OPEB plan are amortized over the expected remaining service lives of the participants.

Fund Balance -

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

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

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

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

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

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

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

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Estimates -

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

Upcoming Accounting Pronouncements -

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

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, that updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement requires that liabilities or compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement is effective for the Township's fiscal year ending June 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess whether a concentration or constraint makes the reporting unit report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, it requires a government to assess whether an event or events associated with a concentration of constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for the Township's fiscal year ending June 30, 2025.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This statement is effective for the Township's fiscal year ending June 30, 2026.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary Information -

Annual budgets are adopted for the General and Special Revenue Funds on a basis consistent with accounting principles generally accepted in the United States of America and are not significantly different from the *modified accrual basis* used to reflect actual results.

The annual budget is prepared by the Township supervisor and clerk, which is then formally adopted by the Township board; subsequent amendments are approved by the Township board.

The General Fund budget was approved at the activity level and the total expenditure level for the Special Revenue Funds. 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. All annual appropriations lapse at year-end.

Michigan Public Act 621 of 1978, Section 18, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated at the legally enacted level. The Michigan Department of Treasury requires the reporting of any significant overages at the legal level of budgetary control (any overages at the legal level of budgetary control greater than 10% of total expenditures and the overage itself is larger than 10%). For the fiscal year ended June 30, 2024, the Township did not have any overages that exceeded this threshold.

Construction Code Fees -

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Shortfall at July 1, 2023	\$(1,503,149)
Permit revenue	348,585
Related expenses	<u>373,991</u>
Current-year shortfall	(25,406)
Cumulative shortfall at June 30, 2024	<u>\$(1,528,555)</u>

Deficit Fund Balance -

The Uniform Budgeting and Accounting Act (MCL 141.435) prohibits a Township from incurring an operating deficit in a fund during a fiscal year.

The Road/Canal Projects Fund (Capital Projects Fund) had a deficit fund balance at June 30, 2024 of \$23,244. As special assessments are assessed and collected, the deficit will be eliminated.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - DEPOSITS AND INVESTMENTS:

Carrying Amount -

As of June 30, 2024, the carrying amounts of the deposits and investments are as follows:

	Primary Government	Fiduciary Funds	Component Unit (DDA)	Total
Petty Cash and Cash on Hand	\$ 450	\$ -	\$ -	\$ 450
Deposits with Financial Institutions -				
Checking	2,148,089	20,180	19,794	2,188,063
Certificates of Deposit	5,452,046	-	307,224	5,759,270
Total Deposits	7,600,135	20,180	327,018	7,947,333
Interest in Pooled Investments	-	4,686,105	-	4,686,105
Investment Trust Funds	5,649,665	-	110,393	5,760,058
	5,649,665	4,686,105	110,393	10,446,163
	<u>\$ 13,250,250</u>	<u>\$ 4,706,285</u>	<u>\$ 437,411</u>	<u>\$ 18,393,946</u>

Reconciliation to Combined Balance Sheet -

Reported as Cash and Cash Equivalents -				
Cash on Hand	\$ 450	\$ -	\$ -	\$ 450
Checking	2,148,083	20,180	19,794	2,188,057
Investment Trust Funds	5,649,665	-	110,393	5,760,058
Total Cash and Cash Equivalents	7,798,198	20,180	130,187	7,948,565
Reported as Investments -				
Certificates of Deposit	5,452,052	-	307,224	5,759,276
Interest in Pooled Investments	-	4,686,105	-	4,686,105
Total Investments	5,452,052	4,686,105	307,224	10,445,381
	<u>\$ 13,250,250</u>	<u>\$ 4,706,285</u>	<u>\$ 437,411</u>	<u>\$ 18,393,946</u>

Deposits with Financial Institutions -

The Township's investment policy and Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which 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.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Custodial Credit Risk - Deposits - is the risk that in the event of a bank failure, the Township's deposits may not be returned.

At June 30, 2024 the bank balance of the Township's deposits was \$8,265,659, of which \$7,362,289 was insured and the remaining \$903,370 was uninsured and uncollateralized.

Investments -

The Township's investment policy and Act 20 PA 1994 as amended by Act 1997 PA 1999 authorizes the Township to invest surplus funds in bonds, securities and other direct obligations of the United States government or an agency or instrumentality of the United States; certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution only if the bank, savings and loan association, or credit union is eligible to be a depository of funds belonging to the State; bankers' acceptances of United States banks; commercial paper rated at the time of purchase within the highest classification established by not less than two standard rating services, which mature not more than 270 days after the date of purchase; mutual funds registered under the Investment Company Act of 1940, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation, investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 365, 129.111 to 129.118; investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

The Post Employment Benefit Trust Fund is authorized by Michigan Public Act 314 of 1965, as amended, to invest in 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 reverse purchase agreements, certain State and local government obligations, and certain other specified investment vehicles. The Township has authorized investments in a retiree healthcare funding plan provided by the Municipal Employees' Retirement System (MERS). The funds in which the Township have invested are part of the MERS Retiree Health Funding Vehicle (RHFV), a diversified fund designed to provide reasonable growth and income while minimizing volatility for all MERS clients.

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

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

The Township has \$5,760,058 invested in investment trust funds that invest primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper. The investment trusts have been rated as follows:

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Weighted Average Maturity of</u>
MBIA Michigan CLASS	\$ 5,760,058	AAAm	Standard & Poor's	≤ 60

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

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

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

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

Concentration of Credit Risk - Investments - is the risk of loss attributed to the magnitude of the Township's investment in a single issuer. The Township's investment policy minimizes the concentration of credit risk by limiting the exposure of a single security issuer.

Interest Rate Risk- Investments - Interest rate risk is the risk that the value of securities in the Township portfolio will decrease as a result of a rise in interest rates. The Township attempts to minimize interest risk by maintaining liquidity to meet all operating requirements without the need to sell securities prior to maturity and investing operating funds primarily in short-term securities, money markets, mutual funds, or similar public investment pools. At June 30, 2024, \$5,759,276 of the Township's certificates of deposit have a maturity of ninety days to six months.

Fair Value of Investments - The Township had \$4,686,105 in shares or interest in the MERS Total Market Portfolio (interest in pooled investments) 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. MERS invests the assets in a manner that will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. Shares sold within 90 days of purchase are subject to a 2.00% redemption fee applied on a first-in, first-out basis.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 - TAXES:

The Township property taxes are levied each December 1 on the assessed valuation of the property in the Township as of the preceding December 31, as adjusted by the March and July Board of Review.

Assessed values are established annually by the Township and are equalized by the State at an estimated percentage of the current market value. Real and personal property for the Township of Clay for the fiscal year 2024 had a taxable value of \$595,986,186. The millage rates levied by the Township was .5091 mills for operating purposes, 4.8500 mills for police services, and 2.1250 mills for fire services.

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

NOTE 5 - RECEIVABLES:

Receivables in the governmental and business-type activities at June 30, 2024 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Special assessments	\$ 95,803	\$ 147,763
Accounts	42,536	738,448
Due from other governmental units	<u>208,024</u>	<u>-</u>
	<u>\$ 346,363</u>	<u>\$ 886,211</u>

NOTE 6 - INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS:

The composition of interfund balances as of June 30, 2024 is as follows:

Due From/To Other Funds -

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Road/Canal Projects Fund	\$ <u>31,678</u> (1)

(1) To provide cash flow

Due From/To Primary Government and Component Unit -

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Downtown Development Fund	General Fund	\$ <u>7,500</u> (2)

(2) Reimbursement of costs

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Transfers From/To Other Funds Primary Government -

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Parks and Recreation Fund	General Fund	\$ <u>26,000</u> (3)

(3) Appropriation for operations

NOTE 7 - CAPITAL ASSETS:

Primary Government -

Capital asset activity of the primary government for the year ended June 30, 2024 was as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance June 30, 2024</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,405,186	\$ -	\$ -	\$ 1,405,186
Construction in progress	<u>354,682</u>	<u>323,796</u>	<u>668,637</u>	<u>9,841</u>
Total capital assets, being depreciated	<u>1,759,868</u>	<u>323,796</u>	<u>668,637</u>	<u>1,415,027</u>
Capital assets, being depreciated:				
Infrastructure	2,859,701	87,938	132,684	2,814,955
Buildings and improvements	5,294,227	14,722	-	5,308,949
Land improvements	115,858	668,637	-	784,495
Vehicles and equipment	4,756,829	228,411	220,664	4,764,576
Furniture and fixtures	94,705	-	-	94,705
Right-to-use assets - vehicles	<u>358,596</u>	<u>129,939</u>	<u>-</u>	<u>488,535</u>
Total capital assets, being depreciated	<u>13,479,916</u>	<u>1,129,647</u>	<u>353,348</u>	<u>14,256,215</u>
Less - Accumulated depreciation for:				
Infrastructure	1,712,177	113,830	92,879	1,733,128
Buildings and improvements	3,566,296	117,636	-	3,683,932
Land improvements	15,387	7,716	-	23,103
Vehicles and equipment	2,852,586	252,650	195,089	2,910,147
Furniture and fixtures	81,084	1,245	-	82,329
Right-to-use assets - vehicles	<u>122,665</u>	<u>93,148</u>	<u>-</u>	<u>215,813</u>
Total accumulated depreciation	<u>8,350,195</u>	<u>586,225</u>	<u>287,968</u>	<u>8,648,452</u>
Total capital assets, being depreciated, net	<u>5,129,721</u>	<u>543,422</u>	<u>65,380</u>	<u>5,607,763</u>
Governmental activities capital assets, net	<u>\$ 6,889,589</u>	<u>\$ 867,218</u>	<u>\$ 734,017</u>	<u>\$ 7,022,790</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

	Balance July 1, 2023	Additions	Adjustments/ Deletions	Balance June 30, 2024
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 170,650	\$ 1	\$ -	\$ 170,651
Construction in progress	64,838	187,070	-	251,908
Total capital assets, not being depreciated	<u>235,488</u>	<u>187,071</u>	<u>-</u>	<u>422,559</u>
Capital assets, being depreciated:				
Underground mains	24,190,297	50,307	-	24,240,604
Buildings and improvements	507,950	-	-	507,950
Vehicles and equipment	641,667	-	53,555	588,112
Sewage treatment plant	5,328,495	-	-	5,328,495
Right-to-use assets - vehicles	31,852	166,169	-	198,021
Total capital assets, being depreciated	<u>30,700,261</u>	<u>216,476</u>	<u>53,555</u>	<u>30,863,182</u>
Less - Accumulated depreciation for:				
Underground mains	16,344,508	465,972	-	16,810,480
Buildings and improvements	314,929	10,159	-	325,088
Vehicles and equipment	430,220	26,820	50,103	406,937
Sewage treatment plant	3,876,943	106,571	-	3,983,514
Right-to-use assets - vehicles	7,963	25,902	-	33,865
Total accumulated depreciation	<u>20,974,563</u>	<u>635,424</u>	<u>50,103</u>	<u>21,559,884</u>
Total capital assets, being depreciated, net	<u>9,725,698</u>	<u>(418,948)</u>	<u>3,452</u>	<u>9,303,298</u>
Business-type activities capital assets, net	<u>\$ 9,961,186</u>	<u>\$(231,877)</u>	<u>\$ 3,452</u>	<u>\$ 9,725,857</u>

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

Governmental activities:	
General government	\$ 48,401
Public safety	385,640
Public works	72,162
Recreation and culture	<u>80,022</u>
Total depreciation expense - governmental activities	<u>\$ 586,225</u>
Business-type activities:	
Water	\$ 301,715
Sewer	<u>333,709</u>
Total depreciation expense - business-type activities	<u>\$ 635,424</u>

Amortization in the Water Fund related to the prepaid service contract for the period ending June 30, 2024 was \$191,583.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Construction/Purchase Commitments -

The Township has committed the following contracts at June 30, 2024 (These commitments do not include any change orders made after June 30, 2024):

	<u>Contract Amount</u>	<u>Payments through 6/30/2024</u>	<u>Accounts Payable/ Retention</u>	<u>Remaining Balance 6/30/2024</u>
Sparks Grant - Playground equipment	\$ 555,565	\$ -	\$ -	\$ 555,565
Clay/Ira Intercept Connector - Engineering	253,810	72,792	1,580	179,438
Harsens Island Waste Water Treatment Plant - Engineering	<u>710,090</u>	<u>62,841</u>	<u>26,838</u>	<u>620,411</u>
	<u>\$ 1,519,465</u>	<u>\$ 135,633</u>	<u>\$ 28,418</u>	<u>\$ 1,355,414</u>

NOTE 8 - PAYABLES:

Payables in the governmental and business-type activities at June 30, 2024 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable	\$ 85,579	\$ 200,753
Accrued wages and fringe benefits	<u>107,800</u>	<u>18,129</u>
	<u>\$ 193,379</u>	<u>\$ 218,882</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 - LONG-TERM LIABILITIES:

The following is a summary of changes in the long-term debt (including current portion) of the primary government for the year ended June 30, 2024:

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Governmental Activities:							
General Obligation Limited Tax Bonds -							
2022 MERS Funding							
Amount of Issue: \$3,875,000	1.80% -	\$196,000 -					
Maturity through 2039	3.50%	295,000	\$ 3,690,000	\$ -	\$ 190,000	\$ 3,500,000	\$ 190,000
Direct Borrowings -							
Taser Contracts Payable							
Amount of issue: \$103,830							
Maturity through 2028	0.00%	20,766	-	103,830	20,766	83,064	20,766
Fire Truck Installment Purchase							
Amount of issue: \$843,658		52,151 -					
Maturity through 2036	1.81%	63,584	743,569	-	51,220	692,349	52,151
Leases Enterprise Vehicles							
Amount of issue: \$488,534	4.6700% -						
Maturity through 2028	8.8704%	12,512	285,386	129,939	88,424	326,901	117,895
Other Liabilities -							
Compensated Absences			<u>43,393</u>	<u>7,147</u>	<u>-</u>	<u>50,540</u>	<u>-</u>
Total Governmental Activities			<u>4,762,348</u>	<u>240,916</u>	<u>350,410</u>	<u>4,652,854</u>	<u>380,812</u>
Business-type Activities:							
Water Fund -							
2022 General Obligation Limited Tax Bonds:							
2022 MERS Funding							
Amount of issue: \$762,600	1.80% -	36,900 -					
Maturity through 2039	3.50%	57,400	725,700	-	36,900	688,800	36,900
2018 Special Assessment Bonds							
Amount of issue: \$720,000		15,000 -					
Maturity through 2036	3.75%	20,000	225,000	-	20,000	205,000	20,000
Direct Borrowing:							
Lease Enterprise Vehicles							
Amount of issue: \$99,010	6.7100% -	1,227 -					
Maturity through 2029	8.6904%	6,332	12,335	83,084	11,387	84,032	19,832
Sewer Fund -							
2022 General Obligation Limited Tax Bonds:							
2022 MERS Funding							
Amount of issue: \$167,400	1.80% -	\$ 8,100 -					
Maturity through 2039	3.50%	12,600	159,300	-	8,100	151,200	8,100
Direct Borrowing:							
Lease Enterprise Vehicle							
Amount of issue: \$99,010	6.7100% -	1,227 -					
Maturity through 2029	8.6904%	6,332	<u>12,335</u>	<u>83,084</u>	<u>11,387</u>	<u>84,032</u>	<u>19,832</u>
Total Business-type Activities			<u>1,134,670</u>	<u>166,168</u>	<u>87,774</u>	<u>1,213,064</u>	<u>104,664</u>
Total Primary Government			<u>\$ 5,897,018</u>	<u>\$ 407,084</u>	<u>\$ 438,184</u>	<u>\$ 5,865,918</u>	<u>\$ 485,476</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

Annual Debt Requirements -

The annual requirements to pay the debt outstanding at June 30, 2024 for the following notes and bonds (excluding compensated absences and leases) of the Primary Government are as follows:

Year Ending June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 262,917	\$ 112,038	\$ 374,955	\$ 65,000	\$ 31,595	\$ 96,595
2026	268,865	107,385	376,250	70,000	29,968	99,968
2027	274,831	102,422	377,253	70,000	28,194	98,194
2028	285,814	97,039	382,853	70,000	26,345	96,345
2029	271,049	91,208	362,257	65,000	24,446	89,446
2030-2034	1,450,906	354,578	1,805,484	365,000	91,910	456,910
2035-2039	<u>1,461,031</u>	<u>144,987</u>	<u>1,606,018</u>	<u>340,000</u>	<u>35,059</u>	<u>375,059</u>
Total	<u>\$ 4,275,413</u>	<u>\$ 1,009,657</u>	<u>\$ 5,285,070</u>	<u>\$ 1,045,000</u>	<u>\$ 267,517</u>	<u>\$ 1,312,517</u>

NOTE 10 - LEASES:

During fiscal 2024, the Township leased eighteen (18) vehicles from a third party. The leases require forty-eight (48) to sixty (60) monthly payments through 2029.

Future principal and interest payments at June 30, 2024 are as follows:

Year Ending June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 117,895	\$ 20,221	\$ 138,116	\$ 39,664	\$ 12,641	\$ 52,305
2026	116,696	11,977	128,673	43,041	9,263	52,304
2027	61,160	5,442	66,602	37,323	5,791	43,114
2028	31,150	1,274	32,424	40,657	2,546	43,203
2029	-	-	-	7,379	105	7,484
	<u>\$ 326,901</u>	<u>\$ 38,914</u>	<u>\$ 365,815</u>	<u>\$ 168,064</u>	<u>\$ 30,346</u>	<u>\$ 198,410</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 - EMPLOYEE PENSION PLAN:

DEFINED BENEFIT PLAN

Plan Descriptions -

The Township participates in the Michigan Municipal Employees' Retirement System (MERS); an agent multiple-employer state-wide public employee defined benefit pension plan, that covers all employees that work at least 40 hours per week and was hired prior to July 1, 2019. All employees hired on or after that date are covered by a deferred contribution plan. MERS was created under Public Act 135 of 1945 and now operates under Public Act 220 of 1996. MERS was established to provide retirement, survivor, and disability benefits on a voluntary basis to the State of Michigan's local government employees. Act No. 427 of the Public Acts of 1974, as amended, establishes and amends the benefits provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information at www.mersofmich.com or by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

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

The membership at December 31, 2023 was comprised of 27 active participants, 35 retirees and beneficiaries, 5 other vested inactive participants, and 13 unvested inactive participants.

Benefits Provided -

Retirement benefits are calculated for various divisions as 2.00%-2.50% of the employee's final three-year average salary times the employee's years of service. Employees are vested between 8-10 years of service. Normal retirement age is 60. Early retirement with unreduced benefits at age 50 or 55 and 20 or 25 years of service, based on bargaining unit, and at reduced benefits at age 50 or 55 and 15 or 25 years of service. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability benefits are determined in the same manner as retirement benefits but are payable immediately. An employee who leaves service may withdraw his or her contributions, plus accumulated interest. Benefit terms do not provide for annual cost-of-living adjustments to each employee's retirement benefit subsequent to the employee's retirement date.

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

Contributions -

The participants' obligation to contribute to the Plan was established by negotiations with the Township's collective bargaining units and requires a contribution of 1.05%-12.25% of gross wages. The Township pays the actuarially determined amount, which for the year ended June 30, 2024 was \$145,836. At June 30, 2024, \$22,210 was payable to the Plan relating to June 30, 2024 contributions.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 - EMPLOYEE PENSION PLAN - (cont'd):

Net Pension Liability -

The net pension liability of the Township has been measured as of December 31, 2023 as determined by an actuarial valuation performed as of that date and the changes in the net pension liability are composed of the following:

	Total Pension Liability	Plan's Net Position	Net Pension Liability
Beginning balance	\$ 13,704,901	\$ 11,980,772	\$ 1,724,129
Service cost	269,261	-	269,261
Interest on total pension liability	979,074	-	979,074
Net investment income	-	1,319,376	(1,319,376)
Difference between expected and actual experience	192,564	-	192,564
Change in assumptions	105,937	-	105,937
Contributions from employer	-	175,428	(175,428)
Contributions from employees	-	128,001	(128,001)
Benefit payments	(670,124)	(670,124)	-
Administrative costs	-	(28,021)	28,021
Ending balance	<u>\$ 14,581,613</u>	<u>\$ 12,905,432</u>	<u>\$ 1,676,181</u>

Plan fiduciary net position as a percentage of the total pension liability 88.50%

Pension Expense and Deferred Outflows of Resources Related to Pensions -

For the year ended June 30, 2024, the Township recognized pension expense of \$518,279 in the government-wide and proprietary fund financial statements of the primary government. At June 30, 2024, the Township reported deferred outflows of resources related to pensions from the following sources:

Net difference between projected and actual earnings on Plan investments	\$ 570,602
Difference between expected and actual experience	167,403
Change in assumptions	<u>52,968</u>
	790,973
Contributions made subsequent to the measurement date	<u>72,918</u>
	<u>\$ 863,891</u>

The amounts of deferred outflows of resources and deferred inflows of resources related to pension, excluding contributions to the Plan subsequent to the measurement date which will be recognized by the Plan in the next measurement period, will be recognized in pension expense as follows:

2025	\$ 356,240
2026	210,385
2027	317,363
2028	(93,015)
	<u>\$ 790,973</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 - EMPLOYEE PENSION PLAN - (cont'd):

Actuarial Assumptions -

The total pension liability was determined by an actuarial valuation as of December 31, 2023. The valuation used the following actuarial assumptions based on the most recent study of plan experience covering the period from January 1, 2014 through December 31, 2018.

Salary Increases - 3.00%

Inflation - 2.50%

Investment Rate of Return - 7.00%

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

Discount Rate - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows - Based on the assumptions above, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2023 for each major asset class included in the Plan's target asset allocation, as disclosed in the investment footnote of the Plan, are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	60.00 %	2.70 %
Global Fixed Income	20.00	0.40
Private Investments	20.00	1.40

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 - EMPLOYEE PENSION PLAN - (cont'd):

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.25 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25 percent) or one-percentage-point higher (8.25 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability of the Primary Government	<u>\$ 3,338,133</u>	<u>\$ 1,676,181</u>	<u>\$ 275,577</u>

DEFINED CONTRIBUTION PLAN

Effective October 1, 2019, the Township established a MERS 401(a) Defined Contribution Plan. The Defined Contribution Plan is open to all new hires, rehires, and transfers of the current Defined Benefit Division for Divisions 10, 11, 12, 20, 22, and 23 after July 1, 2019. The Township contributes a non-matching 9% of compensation for each payroll period and will match a not-to-exceed 3% of the employees' compensation. The participants are not required to contribute. The Township's contribution will be fully vested after 5 years of service. For the year ended June 30, 2024, the Township contributed \$87,089.

NOTE 12 - POSTEMPLOYMENT BENEFITS:

Plan Description/Benefit -

The Township of Clay, Michigan, administers the Township Retiree Health Plan (the "OPEB Plan"), a single-employer defined benefit other postemployment benefit (OPEB) plan that provides postemployment benefits other than pensions (health insurance) to eligible retirees with 20 or more years of service and age 55 or 30 years of continuous service for Water and Sewer employees hired before the OPEB Plan was closed. The OPEB Plan was closed between July 1, 2010 and January 1, 2011 based on the employee group. The OPEB Plan requires employer contributions ranging from \$0 to \$1,200.

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

Summary of Significant Accounting Policies -

For purposes of measuring net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, and OPEB expense, the fiduciary net position of the OPEB Plan and additions to/deductions from fiduciary net position have been determined as the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Contributions -

During the year ended June 30, 2024, determined contributions, based on a rollforward valuation dated June 30, 2023, were \$316,995 and actual contributions of \$228,729 were made. The determined contribution as a percentage of covered payroll is 24.23%. There are no required member contributions.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (cont'd):

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

Plan Membership -

At June 30, 2024, OPEB Plan membership consisted of 13 active members and 17 retirees or beneficiaries receiving benefits.

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 by a majority vote of its members.

The long-term expected rate of return on the OPEB Plan's investments was determined using a forward-looking estimate of capital market returns model for each investment's major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The adopted asset allocation policy and the best estimates of arithmetic real rates of return for each asset class as of June 30, 2024 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	60.00 %	4.50 %
Global Fixed Income	20.00	2.00
Private Assets	20.00	7.00

Methods and Assumptions -

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the OPEB liability and the value of assets consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement Age of Active Employees - Based on the required retirement age for the covered group, active plan members were assumed to retire at age 55 with 20 years of service or after 30 continuous years of service for the water and sewer departments.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (cont'd):

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

Mortality - Life expectancies were based on mortality tables from the 2010 Public General and Public Safety Employees and Healthy Retirees Headcount, Weighted with 2021 Mortality Improvement Scale.

Turnover - Nongroup-specific age-based turnover data from GASB Statement No. 45 was used as the basis for assigning active members a probability of remaining employment until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on standards set by Michigan Public Act 202. Non-Medicare rates were estimated at 7.25 percent for 2024, decreasing by 0.25 percent every year to an ultimate trend rate of 4.50 percent in 2039 and the years thereafter. Medicare rates were estimated at 5.50 percent for 2024, decreasing by 0.25 percent every year to an ultimate trend rate of 4.50 percent in 2033 and the years thereafter.

Health Insurance Premiums - 2023 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll Growth Rate - The expected long-term payroll growth rate assumption of 3.00 percent was based on standards set by Michigan Public Act 202.

Discount Rate - A discount rate of 7.00% was used.

Net OPEB Liability of the Township -

The total OPEB liability has been measured based on an actuarial valuation as of June 30, 2023, which used updated procedures to rollforward estimated liability to June 30, 2024, and is composed of the following:

	<u>Total OPEB Liability</u>	<u>OPEB Plan's Net Position</u>	<u>Net OPEB Liability</u>
Beginning Balance	\$ 5,700,646	\$ 4,218,537	\$ 1,482,109
Service cost	64,289	-	64,289
Interest on net OPEB liability	397,079	-	397,079
Net investment income	-	423,568	(423,568)
Expected and actual differences	(107,974)	-	(107,974)
Change in assumptions	25,644	-	25,644
Contributions from employer	-	228,729	(228,729)
Benefit payments	(184,729)	(184,729)	-
Ending Balance	<u>\$ 5,894,955</u>	<u>\$ 4,686,105</u>	<u>\$ 1,208,850</u>

OPEB Plan fiduciary net position as a percentage of total OPEB liability 79.49%

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (cont'd):

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB -

For the year ended June 30, 2024, the Township recognized an OPEB expense of \$25,412 for the OPEB Plan in the government-wide and proprietary fund financial statements of the primary government. At June 30, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB Plan investments	\$ -	\$ 46,462
Difference between expected and actual experience	119,930	74,231
Changes in assumptions	<u>225,283</u>	<u>-</u>
	<u>\$ 345,213</u>	<u>\$ 120,693</u>

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

2025	\$ 123,066
2026	166,108
2027	(37,239)
2028	<u>(27,415)</u>
	<u>\$ 224,520</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate -

The following presents the net OPEB liability of the Township, calculated using the discount rate of 7.00% as well as what the net OPEB 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	Current Discount Rate	1% Increase
Net OPEB liability	\$ <u>1,831,784</u>	\$ <u>1,208,850</u>	\$ <u>685,453</u>

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

The following presents the net OPEB liability of the Township, calculated using the healthcare cost trend rate of 7.25%, decreasing by 0.25% to an ultimate trend rate of 4.50% for Non-Medicare rates, and a healthcare cost trend rate of 5.50%, decreasing by 0.25% to an ultimate trend rate of 4.50% for Medicare rates, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower (6.25/4.50-3.50%) or one-percentage-point higher (8.25/6.50-5.50%) than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ <u>598,688</u>	\$ <u>1,208,850</u>	\$ <u>1,983,386</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 - WATER SUPPLY SERVICE AGREEMENT:

The Township of Clay does not own a water filtration plant; instead, the Township has entered into an agreement with the City of Algonac (the “City”) to provide the Township’s water supply. Under an amended agreement dated July 7, 1998, the Township agreed to purchase its present and future water requirements from the City. The agreement is for a period of thirty years at such rates as the City may establish and are reasonable.

NOTE 14 - JOINT VENTURE:

Under the authorization of the Michigan Public Act 233 of 1955, the Township of Clay, the Township of Ira, and the City of Algonac entered into an interlocal agreement to incorporate the Southwater Municipal Utility Authority (the “Authority”). The Authority was established in 2023 to acquire, own, extend, improve, operate, maintain, administer, and manage the Algonac Waste Treatment Plant, which was constructed by the County of St. Clair pursuant to the County Department and Board of Public Works (SCCDPW) act, Act 185 of 1957. In December 2023 the plant, and all related assets were transferred to the Authority. The plant was previously owned and operated the SCCDPW. The Authority is governed by a three (3) member Board, with a trustee appointed by each municipality.

Annually, a budget is approved and provided to each of the constituent municipalities. Each of the constituent municipalities shall reimburse the Authority by paying such rates and charges as shall be established by the Authority, with an annual reconciliation at the end of each year. Upon withdrawal from the Authority, a constituent municipality shall not be entitled to receive any portion or share of the assets of the Authority, which shall be retained by the Authority for the benefit of the remaining constituent municipalities. The agreement is for a period of twenty (20) years, which will be automatically renewed thereafter for additional five (5) year terms, unless notice of termination is provided at least two (2) years prior to the expiration of the initial term or the renewed term.

The Township is unaware of any circumstances that would cause an additional benefit or burden to the constituent municipalities in the near future. For the six (6) months ended June 30, 2024, the Township contributed \$217,032. A separate financial report of the Authority will be available for the eighteen (18) months ending June 30, 2025 by contacting the City of Algonac, Michigan.

NOTE 15 - INTERGOVERNMENTAL AGREEMENT:

On September 18, 2023, the Township signed a three-year agreement with Ira Township from August 1, 2023 through July 31, 2025. The agreement provides that the Township of Clay will provide law enforcement services to Ira Township. In the event that Ira Township seeks a millage renewal for police protection and the millage renewal fails, this contract will be null and void after 60 days of the election. Ira Township will pay the Township of Clay from August 1, 2024 to July 31, 2025 the contract amount of \$351,437.

NOTE 16 - RESTRICTED ASSETS:

The restricted assets of \$76,000 in the Cemetery Perpetual Care Fund are for perpetual care and cemetery operations.

The water contract with the City of Algonac requires the Township to establish an Equipment Replacement Fund for maintenance, repair, and equipment replacement of the water system. The balance of those restricted assets at June 30, 2024 was \$443,043. In addition, there was \$1,505,966 for Water Debt Retirement.

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16 - RESTRICTED ASSETS - (cont'd):

The Sewer Fund received a \$1,000,000 grant for the Harsens Island waste water treatment plant construction. The unspent portion at June 30, 2024 of \$964,791 is restricted assets.

NOTE 17 - NET POSITION/FUND BALANCE:

Restricted Net Position/Fund Balance -

The net position has been restricted in the entity-wide statement of net position at June 30, 2024 for the following purposes:

Governmental Activities/Funds:

General Government -	
Phragmites Fund	\$ <u>11,632</u>
Public Safety -	
Fire Fund	533,707
Police Fund	1,067,753
Drug Enforcement Fund	17,148
Ambulance Fund	<u>142,455</u>
	<u>1,761,063</u>
Public Works -	
Rubbish Collection Fund	122,283
Cemetery Perpetual Care Expendable Funds	<u>5,347</u>
	<u>127,630</u>
Recreational and Cultural -	
Music in the Park Fund	<u>21,091</u>
Total Restricted Net Position - Governmental Funds	1,921,416
Nonspendable -	
Perpetual Care Fund	76,000
Pension and OPEB Liability -	
Police Fund	(<u>1,067,753</u>)
Total Restricted Net Position - Governmental Activities	<u>929,663</u>

Business-type Activities:

Water Fund -	
Capital Improvements	443,043
Debt Service	1,305,458
Sewer Fund -	
Capital Improvements	<u>27,527</u>
Total Restricted Net Position - Business-type Activities	<u>1,776,028</u>
Total Restricted Net Position	\$ <u><u>2,705,691</u></u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - NET POSITION/FUND BALANCE - (cont'd):

Committed Fund Balance -

As of June 30, 2024, the Township Board had committed the following balances:

CARES Act Fund	\$ 69,889
Nonmajor Funds -	
Oaklawn Cemetery Fund	43,893
Parks and Recreation Fund	<u>101,024</u>
	<u>\$ 214,806</u>

NOTE 18 - RISK MANAGEMENT:

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

NOTE 19 - SUBSEQUENT EVENT:

On July 23, 2024, the Township approved a contract with DVM Utilities in the amount of \$2,168,911 for construction costs related to the cost share agreement for the Clay/Ira interceptor. On October 8, 2024, the Township approved a contract with Solberg Knowles & Associates for Harsens Island Wastewater Treatment Plant equipment in the amount of \$778,875.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF CLAY
St. Clair County, Michigan

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 530,848	\$ 530,848	\$ 565,881	\$ 35,033
Licenses and permits	295,950	306,736	437,192	130,456
Intergovernmental	970,978	970,978	955,793	(15,185)
Charges for services	47,500	47,500	39,296	(8,204)
Special assessments	5,000	5,000	-	(5,000)
Interest and rent	29,000	29,000	145,027	116,027
Other	15,750	10,750	15,312	4,562
Total Revenues	<u>1,895,026</u>	<u>1,900,812</u>	<u>2,158,501</u>	<u>257,689</u>
Expenditures:				
General government -				
Legislative	30,478	30,478	25,405	5,073
Supervisor	110,323	110,323	99,648	10,675
Elections	36,318	36,318	26,242	10,076
Assessor	214,179	214,179	208,639	5,540
Clerk	122,978	122,978	117,698	5,280
Board of review	3,472	3,472	1,899	1,573
Treasurer	112,107	112,107	109,776	2,331
Township hall	784,358	784,570	552,913	231,657
	<u>1,414,213</u>	<u>1,414,425</u>	<u>1,142,220</u>	<u>272,205</u>
Less: Reimbursement from other funds	<u>(87,314)</u>	<u>(87,314)</u>	<u>(86,041)</u>	<u>(1,273)</u>
	<u>1,326,899</u>	<u>1,327,111</u>	<u>1,056,179</u>	<u>270,932</u>
Public safety -				
Inspections	<u>364,214</u>	<u>375,000</u>	<u>373,991</u>	<u>1,009</u>
Public works -				
Drains at large	10,000	10,000	9,209	791
Road maintenance and construction	<u>123,000</u>	<u>160,000</u>	<u>151,538</u>	<u>8,462</u>
	<u>133,000</u>	<u>170,000</u>	<u>160,747</u>	<u>9,253</u>
Community and economic development -				
Planning commission	22,583	22,583	21,392	1,191
Zoning	<u>90,257</u>	<u>90,257</u>	<u>93,287</u>	<u>(3,030)</u>
	<u>112,840</u>	<u>112,840</u>	<u>114,679</u>	<u>(1,839)</u>
Recreation and Cultural -				
Community	9,000	9,000	9,000	-
Library board	<u>5,931</u>	<u>5,931</u>	<u>5,474</u>	<u>457</u>
	<u>14,931</u>	<u>14,931</u>	<u>14,474</u>	<u>457</u>
Debt service	<u>56,671</u>	<u>56,671</u>	<u>56,138</u>	<u>533</u>
Total Expenditures	<u>2,008,555</u>	<u>2,056,553</u>	<u>1,776,208</u>	<u>280,345</u>
Revenues over (under) expenditures	<u>(113,529)</u>	<u>(155,741)</u>	<u>382,293</u>	<u>538,034</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers to other funds	\$ (26,000)	\$ (26,000)	\$ (26,000)	\$ -
Proceeds on sale of assets	500	500	2,360	1,860
Total Other Financing Sources (Uses)	<u>(25,500)</u>	<u>(25,500)</u>	<u>(23,640)</u>	<u>1,860</u>
Net Change in Fund Balance	(139,029)	(181,241)	358,653	539,894
Fund Balance at beginning of year	<u>2,761,463</u>	<u>2,761,463</u>	<u>2,761,463</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 2,622,434</u>	<u>\$ 2,580,222</u>	<u>\$ 3,120,116</u>	<u>\$ 539,894</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,240,633	\$ 1,237,542	\$ 1,237,835	\$ 293
Intergovernmental	-	11,466	11,716	250
Interest	9,500	10,522	19,077	8,555
Other	-	9,595	9,595	-
Total Revenues	<u>1,250,133</u>	<u>1,269,125</u>	<u>1,278,223</u>	<u>9,098</u>
Expenditures:				
Public safety -				
Salaries and fringes	800,644	974,566	951,451	23,115
Other current services	445,418	297,227	313,065	(15,838)
Capital outlay	16,000	25,738	-	25,738
Debt service	81,571	69,544	76,548	(7,004)
Total Expenditures	<u>1,343,633</u>	<u>1,367,075</u>	<u>1,341,064</u>	<u>26,011</u>
Revenues over (under) expenditures	<u>(93,500)</u>	<u>(97,950)</u>	<u>(62,841)</u>	<u>35,109</u>
Other Financing Sources:				
Proceeds on sale of assets	45,000	37,950	37,950	-
Lease proceeds	2,500	-	-	-
Total of other financing sources	<u>47,500</u>	<u>37,950</u>	<u>37,950</u>	<u>-</u>
Net Change in Fund Balance	<u>(46,000)</u>	<u>(60,000)</u>	<u>(24,891)</u>	<u>35,109</u>
Fund Balance at beginning of year	<u>558,598</u>	<u>558,598</u>	<u>558,598</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 512,598</u>	<u>\$ 498,598</u>	<u>\$ 533,707</u>	<u>\$ 35,109</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

POLICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Property taxes	\$ 2,831,562	\$ 2,831,562	\$ 2,825,215	\$ (6,347)
Intergovernmental	218,550	218,550	261,315	42,765
Charges for services	349,010	349,010	378,215	29,205
Fines and forfeitures	13,000	13,000	11,374	(1,626)
Interest	3,500	3,500	36,424	32,924
Other revenues	-	-	16,959	16,959
Total Revenues	<u>3,415,622</u>	<u>3,415,622</u>	<u>3,529,502</u>	<u>113,880</u>
Expenditures:				
Public safety -				
Salaries and fringes	2,879,184	2,871,184	2,808,640	62,544
Legal fees	15,500	15,500	12,269	3,231
Insurance	34,000	44,000	43,484	516
Facility	48,601	49,601	28,480	21,121
Repairs and maintenance	55,000	45,000	32,213	12,787
Other	227,842	256,842	145,493	111,349
Capital outlay	24,000	54,000	256,277	(202,277)
Debt service	336,495	284,495	359,188	(74,693)
Total Expenditures	<u>3,620,622</u>	<u>3,620,622</u>	<u>3,686,044</u>	<u>(65,422)</u>
Revenues under expenditures	<u>(205,000)</u>	<u>(205,000)</u>	<u>(156,542)</u>	<u>48,458</u>
Other Financing Sources:				
Proceeds on sale of assets	55,000	55,000	11,530	(43,470)
Lease proceeds	-	-	129,939	129,939
Loan proceeds	-	-	103,830	103,830
Total Other Financing Sources	<u>55,000</u>	<u>55,000</u>	<u>245,299</u>	<u>190,299</u>
Net change in fund balance	<u>(150,000)</u>	<u>(150,000)</u>	<u>88,757</u>	<u>238,757</u>
Fund Balance at beginning of year	<u>978,996</u>	<u>978,996</u>	<u>978,996</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 828,996</u>	<u>\$ 828,996</u>	<u>\$ 1,067,753</u>	<u>\$ 238,757</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

CARES ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 150,000	\$ 132,550	\$(17,450)
Interest	20,000	38,346	41,731	3,385
Total Revenues	<u>20,000</u>	<u>188,346</u>	<u>174,281</u>	<u>(14,065)</u>
Expenditures:				
Public safety -				
Capital outlay	<u>20,000</u>	<u>150,000</u>	<u>132,550</u>	<u>17,450</u>
Revenues over expenditures	-	38,346	41,731	3,385
Fund Balance at beginning of year	<u>28,158</u>	<u>28,158</u>	<u>28,158</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 28,158</u></u>	<u><u>\$ 66,504</u></u>	<u><u>\$ 69,889</u></u>	<u><u>\$ 3,385</u></u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

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

	For the Year Ended December 31,				
	2023	2022	2021	2020	2019
Total Pension Liability:					
Service cost	\$ 269,261	\$ 264,083	\$ 261,030	\$ 258,154	\$ 251,487
Interest	979,074	924,529	895,880	850,154	822,409
Change in benefits	-	-	-	176	448
Differences between expected and actual experience	192,564	213,363	(655,731)	279,344	69,205
Change in assumptions	105,937	-	469,108	384,001	339,588
Benefit payments, including refunds	(670,124)	(634,328)	(605,470)	(599,590)	(561,110)
Other changes	-	-	43,249	-	-
Change in total pension liability	876,712	767,647	408,066	1,172,239	922,027
Total pension liability, beginning of year	13,704,901	12,937,254	12,529,188	11,356,949	10,434,922
Total pension liability, end of year	<u>\$14,581,613</u>	<u>\$13,704,901</u>	<u>\$12,937,254</u>	<u>\$12,529,188</u>	<u>\$11,356,949</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 175,428	\$ 4,906,072	\$ 446,729	\$ 389,784	\$ 367,826
Contributions - member	128,001	138,786	131,947	141,406	127,574
Net investment income	1,319,376	(1,251,591)	1,097,942	898,883	842,450
Benefit payments, including refunds	(670,124)	(634,328)	(605,470)	(599,590)	(561,110)
Administrative expenses	(28,021)	(23,125)	(12,591)	(14,045)	(14,514)
Net change in plan fiduciary net position	924,660	3,135,814	1,058,557	816,438	762,226
Plan fiduciary net position, beginning of year	11,980,772	8,844,958	7,786,401	6,969,963	6,207,737
Plan fiduciary net position, end of year	<u>\$12,905,432</u>	<u>\$11,980,772</u>	<u>\$ 8,844,958</u>	<u>\$ 7,786,401</u>	<u>\$ 6,969,963</u>
Township's Net Pension Liability - Ending	<u>\$ 1,676,181</u>	<u>\$ 1,724,129</u>	<u>\$ 4,092,296</u>	<u>\$ 4,742,787</u>	<u>\$ 4,386,986</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.50%	87.42%	68.37%	62.15%	61.37%
Covered Employee Payroll	\$ 1,956,463	\$ 1,950,554	\$ 2,042,729	\$ 2,161,672	\$ 2,099,978
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	85.67%	88.39%	200.33%	219.4%	208.9%

2018	2017	2016	2015	2014
\$ 244,567	\$ 214,739	\$ 213,198	\$ 222,469	\$ 200,818
780,867	749,717	720,826	674,129	640,859
-	(6,222)	(303)	1,351	-
36,154	(51,042)	(80,429)	69,961	-
-	-	-	326,591	-
(530,432)	(529,013)	(456,844)	(444,769)	(453,675)
-	(3,012)	-	-	-
531,156	375,167	396,448	849,732	388,002
9,903,766	9,528,599	9,132,151	8,282,419	7,894,417
<u>\$ 10,434,922</u>	<u>\$ 9,903,766</u>	<u>\$ 9,528,599</u>	<u>\$ 9,132,151</u>	<u>\$ 8,282,419</u>
\$ 362,505	\$ 329,603	\$ 279,425	\$ 286,312	\$ 226,575
116,000	111,888	115,793	111,205	111,027
(257,148)	771,387	606,499	(82,107)	330,716
(530,432)	(529,013)	(456,844)	(444,769)	(453,675)
(12,680)	(12,208)	(11,970)	(11,977)	(12,146)
(321,755)	671,657	532,903	(141,336)	202,497
6,529,492	5,857,835	5,324,932	5,466,268	5,263,771
<u>\$ 6,207,737</u>	<u>\$ 6,529,492</u>	<u>\$ 5,857,835</u>	<u>\$ 5,324,932</u>	<u>\$ 5,466,268</u>
<u>\$ 4,227,185</u>	<u>\$ 3,374,274</u>	<u>\$ 3,670,764</u>	<u>\$ 3,807,219</u>	<u>\$ 2,816,151</u>
59.49%	65.93%	61.48%	58.31%	66.00%
\$ 2,019,212	\$ 1,845,779	\$ 1,797,413	\$ 1,827,020	\$ 1,673,664
209.3%	182.8%	204.2%	208.4%	168.3%

TOWNSHIP OF CLAY
St. Clair County, Michigan

EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 145,836	\$ 145,836	\$ -	\$ 2,044,226	7.13%
2023	205,020	205,020	-	1,983,762	10.33%
2022	388,572	5,041,720 (1)	4,653,148	2,123,701	237.40%
2021	415,872	415,872	-	2,109,947	19.71%
2020	372,305	372,305	-	2,162,917	17.21%
2019	352,154	352,154	-	2,054,669	17.14%
2018	373,084	373,084	-	1,932,758	19.30%
2017	296,081	296,081	-	1,793,858	16.51%
2016	266,028	266,028	-	1,710,936	15.55%
2015	273,386	273,386	-	1,627,468	16.80%

Valuation Date: December 31, two years prior to the end of the fiscal year

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal cost method
Amortization Method	Level percent of payroll, closed
Remaining Amortization Period	15 years
Asset Valuation Method	5-year smoothed market value
Salary Increases	3.00%
Investment Rate of Return	7.00%
Retirement Age	Replacement Index up to age 70, then 100%
Mortality	Pub-2010 Mortality table fully generational mortality improvements projected with scale MP-2019.

(1) In March 2022, the Township issued Limited General Obligation Bonds to fund the Township's pension liability; as a result, the Township contributed an additional \$4,653,148 in 2022.

TOWNSHIP OF CLAY
St. Clair County, Michigan

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

	2024	2023	2022	2021
Total OPEB Liability:				
Service cost	\$ 64,289	\$ 60,168	\$ 70,311	\$ 122,292
Interest	397,079	322,837	271,328	266,602
Differences between expected and actual experience	(107,974)	278,780	552,615	(98,918)
Changes in assumptions	25,644	482,692	(1,424,943)	-
Changes in benefits	-	-	-	-
Benefit payments, including refunds	<u>(184,729)</u>	<u>(193,237)</u>	<u>(152,287)</u>	<u>(134,646)</u>
Change in total OPEB liability	194,309	951,240	(682,976)	155,330
Total OPEB liability, beginning of year	<u>5,700,646</u>	<u>4,749,406</u>	<u>5,432,382</u>	<u>5,277,052</u>
Total OPEB liability, end of year	<u><u>\$ 5,894,955</u></u>	<u><u>\$ 5,700,646</u></u>	<u><u>\$ 4,749,406</u></u>	<u><u>\$ 5,432,382</u></u>
Plan Fiduciary Net Position:				
Contributions to OPEB trust	\$ -	\$ -	\$ -	\$ -
Contributions/benefit payments from employer	228,729	237,237	196,287	168,646
Net investment income	423,568	283,102	(355,215)	910,501
Benefit payments, including refunds	<u>(184,729)</u>	<u>(193,237)</u>	<u>(152,287)</u>	<u>(134,646)</u>
Net change in plan fiduciary net position	467,568	327,102	(311,215)	944,501
Plan fiduciary net position, beginning of year	<u>4,218,537</u>	<u>3,891,435</u>	<u>4,202,650</u>	<u>3,258,149</u>
Plan fiduciary net position, end of year	<u><u>\$ 4,686,105</u></u>	<u><u>\$ 4,218,537</u></u>	<u><u>\$ 3,891,435</u></u>	<u><u>\$ 4,202,650</u></u>
Township's Net OPEB Liability - Ending	<u><u>\$ 1,208,850</u></u>	<u><u>\$ 1,482,109</u></u>	<u><u>\$ 857,971</u></u>	<u><u>\$ 1,229,732</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	79.49%	74.00%	81.94%	77.36%
Covered Employee Payroll	\$ 943,822	\$ 1,215,296	\$ 1,314,815	\$ 1,214,541
Township's Net OPEB Liability as a Percentage of Covered Employee Payroll	128.08%	121.95%	65.25%	101.25%

GASB Statement No. 75 was implemented for fiscal year ended June 30, 2018. These schedules are being built prospectively.

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 117,597	\$ 119,460	\$ 122,918
257,561	251,543	262,966
(86,055)	(218,161)	2,570
-	109,731	-
24,809	-	-
<u>(140,989)</u>	<u>(139,693)</u>	<u>(130,984)</u>
172,923	122,880	257,470
<u>5,104,129</u>	<u>4,981,249</u>	<u>4,723,779</u>
<u>\$ 5,277,052</u>	<u>\$ 5,104,129</u>	<u>\$ 4,981,249</u>
\$ 259,989	\$ 258,693	\$ 187,251
-	-	-
65,429	82,506	166,218
<u>(140,989)</u>	<u>(139,693)</u>	<u>(130,984)</u>
184,429	201,506	222,485
<u>3,073,720</u>	<u>2,872,214</u>	<u>2,649,729</u>
<u>\$ 3,258,149</u>	<u>\$ 3,073,720</u>	<u>\$ 2,872,214</u>
<u>\$ 2,018,903</u>	<u>\$ 2,030,409</u>	<u>\$ 2,109,035</u>
61.74%	60.22%	57.7%
\$ 1,214,541	\$ 1,271,822	\$ 1,208,375
166.23%	159.65%	174.5%

TOWNSHIP OF CLAY
St. Clair County, Michigan

RETIREE HEALTH BENEFITS
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

	Annual Determined Contribution	Contributions in Relation to the Annual Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 316,995	\$ 228,729	\$ 88,266	\$ 943,822	24.23%
2023	195,136	237,237	(42,101)	1,215,296	19.52%
2022	126,571	196,287	(69,716)	1,314,815	14.93%
2021	181,023	168,646	12,377	1,214,541	13.89%
2020	209,861	259,989	(50,128)	1,214,541	21.41%
2019	212,309	258,693	(46,384)	1,271,822	20.34%
2018	218,427	187,251	31,176	1,208,375	15.50%

Valuation Date: June 30, 2023

Measurement Date: June 30, 2024

Methods and Assumptions Used to Determine Contribution Rates:

Simplified Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	8 years
Salary Increases	3.80% for 2024 and 2023
Investment Rate of Return	7.00% for 2024 and 2023
Years of Service	25 years of continuous service, or 30 years of non-continuous service with the Township
Mortality	2010 Public General and Public Safety Employees and Healthy Retirees, Headcount Weighted, IRS 2024 Adjusted Scale MP-2021
Health Care Trend Rates	Initial trend of 7.5% in 2025, decreasing by 0.25% to an ultimate trend rate of 4.5% in 2039 and for years thereafter for Non-Medicare rates. Initial trend of 5.50% in 2025, decreasing by 0.25% to an ultimate trend rate of 4.5% in 2033 and for years thereafter for Medicare rates.

GASB Statement No. 75 was implemented for fiscal year ended June 30, 2018 and does not require retroactive implementation.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF CLAY
St. Clair County, Michigan

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	Special Revenue Funds			
	Rubbish Collection	Drug Enforcement	Oaklawn Cemetery	Music in the Park
Assets:				
Current assets -				
Cash and cash equivalents	\$ 131,014	\$ 8,148	\$ 45,219	\$ 21,091
Investments	-	-	-	-
Receivables-				
Special assessments	-	-	-	-
Other	3,807	9,000	-	-
	<u>134,821</u>	<u>17,148</u>	<u>45,219</u>	<u>21,091</u>
Restricted assets -				
Investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 134,821</u>	<u>\$ 17,148</u>	<u>\$ 45,219</u>	<u>\$ 21,091</u>
Liabilities:				
Accounts payable	\$ 12,150	\$ -	\$ 798	\$ -
Accrued liabilities	388	-	528	-
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>12,538</u>	<u>-</u>	<u>1,326</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable special assessments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Nonspendable for -				
Perpetual care	-	-	-	-
Restricted	122,283	17,148	-	21,091
Committed	-	-	43,893	-
Unassigned (Deficit)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>122,283</u>	<u>17,148</u>	<u>43,893</u>	<u>21,091</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 134,821</u>	<u>\$ 17,148</u>	<u>\$ 45,219</u>	<u>\$ 21,091</u>

			(Formally a Major Fund) Capital Projects Fund	Permanent Fund Cemetery Perpetual Care	
<u>Parks and Recreation</u>	<u>Phragmites Program</u>	<u>Ambulance</u>	<u>Road/Canal Projects</u>		<u>Total</u>
\$ 103,162	\$ 11,632	\$ 142,455	\$ -	\$ 179	\$ 462,900
-	-	-	-	5,168	5,168
-	-	-	95,803	-	95,803
-	-	-	-	-	12,807
<u>103,162</u>	<u>11,632</u>	<u>142,455</u>	<u>95,803</u>	<u>5,347</u>	<u>576,678</u>
-	-	-	-	76,000	76,000
<u>\$ 103,162</u>	<u>\$ 11,632</u>	<u>\$ 142,455</u>	<u>\$ 95,803</u>	<u>\$ 81,347</u>	<u>\$ 652,678</u>
\$ 1,141	\$ -	\$ -	\$ 981	\$ -	\$ 15,070
997	-	-	-	-	1,913
<u>-</u>	<u>-</u>	<u>-</u>	<u>31,678</u>	<u>-</u>	<u>31,678</u>
<u>2,138</u>	<u>-</u>	<u>-</u>	<u>32,659</u>	<u>-</u>	<u>48,661</u>
-	-	-	86,388	-	86,388
-	-	-	-	76,000	76,000
-	11,632	142,455	-	5,347	319,956
101,024	-	-	-	-	144,917
-	-	-	(23,244)	-	(23,244)
<u>101,024</u>	<u>11,632</u>	<u>142,455</u>	<u>(23,244)</u>	<u>81,347</u>	<u>517,629</u>
<u>\$ 103,162</u>	<u>\$ 11,632</u>	<u>\$ 142,455</u>	<u>\$ 95,803</u>	<u>\$ 81,347</u>	<u>\$ 652,678</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Funds			
	Rubbish Collection	Drug Enforcement	Oaklawn Cemetery	Music in the Park
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	54,495	-
Fines and forfeits	-	9,035	-	-
Special assessments	841,471	-	-	-
Interest and rent	2,061	-	1,869	-
Other	1,505	-	-	14,700
Total Revenues	<u>845,037</u>	<u>9,035</u>	<u>56,364</u>	<u>14,700</u>
Expenditures:				
Current -				
General government	-	-	-	-
Public safety	-	1,200	-	-
Public works	861,181	-	51,312	-
Recreation and cultural	-	-	-	10,194
Total Expenditures	<u>861,181</u>	<u>1,200</u>	<u>51,312</u>	<u>10,194</u>
Revenues over (under) expenditures	(16,144)	7,835	5,052	4,506
Other Financing Sources (Uses):				
Transfers from other funds	-	-	-	-
Net Change in Fund Balances	<u>(16,144)</u>	<u>7,835</u>	<u>5,052</u>	<u>4,506</u>
Fund Balances at beginning of year, as previously reported	138,427	9,313	38,841	16,585
Adjustment - change from major to nonmajor fund	-	-	-	-
Fund Balances at beginning of year, as restated	<u>138,427</u>	<u>9,313</u>	<u>38,841</u>	<u>16,585</u>
Fund Balances at end of year	<u>\$ 122,283</u>	<u>\$ 17,148</u>	<u>\$ 43,893</u>	<u>\$ 21,091</u>

			(Formally a Major Fund) Capital Projects Fund	Permanent Fund Cemetery Perpetual Care	
Parks and Recreation	Phragmites Program	Ambulance	Road/Canal Projects		Total
\$ -	\$ -	\$ 284,910	\$ -	\$ -	\$ 284,910
48,618	-	-	-	-	48,618
14,086	-	-	-	-	68,581
-	-	-	-	-	9,035
-	-	-	18,751	-	860,222
5,743	-	-	3,931	3,402	17,006
5,788	1,825	-	-	-	23,818
<u>74,235</u>	<u>1,825</u>	<u>284,910</u>	<u>22,682</u>	<u>3,402</u>	<u>1,312,190</u>
-	1,905	-	-	-	1,905
-	-	275,514	-	-	276,714
-	-	-	51,250	-	963,743
<u>109,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,962</u>
<u>109,768</u>	<u>1,905</u>	<u>275,514</u>	<u>51,250</u>	<u>-</u>	<u>1,362,324</u>
(35,533)	(80)	9,396	(28,568)	3,402	(50,134)
<u>26,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,000</u>
<u>(9,533)</u>	<u>(80)</u>	<u>9,396</u>	<u>(28,568)</u>	<u>3,402</u>	<u>(24,134)</u>
110,557	11,712	133,059	-	77,945	536,439
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,324</u>	<u>-</u>	<u>5,324</u>
<u>110,557</u>	<u>11,712</u>	<u>133,059</u>	<u>5,324</u>	<u>77,945</u>	<u>541,763</u>
<u>\$ 101,024</u>	<u>\$ 11,632</u>	<u>\$ 142,455</u>	<u>\$(23,244)</u>	<u>\$ 81,347</u>	<u>\$ 517,629</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

RUBBISH COLLECTION FUND

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Special assessments	\$ 831,643	\$ 831,643	\$ 841,471	\$ 9,828
Interest	25	600	2,061	1,461
Other	1,876	1,300	1,505	205
Total Revenues	<u>833,544</u>	<u>833,543</u>	<u>845,037</u>	<u>11,494</u>
Expenditures:				
Public works	<u>836,194</u>	<u>836,194</u>	<u>861,181</u>	<u>(24,987)</u>
Net Change in Fund Balance	(2,650)	(2,651)	(16,144)	(13,493)
Fund Balance at beginning of year	<u>138,427</u>	<u>138,427</u>	<u>138,427</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 135,777</u></u>	<u><u>\$ 135,776</u></u>	<u><u>\$ 122,283</u></u>	<u><u>\$(13,493)</u></u>

DRUG ENFORCEMENT FUND

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Fines and forfeits	\$ -	\$ -	\$ 9,035	\$ 9,035
Expenditures:				
Public safety	<u>9,140</u>	<u>9,139</u>	<u>1,200</u>	<u>7,939</u>
Net Change in Fund Balance	(9,140)	(9,139)	7,835	16,974
Fund Balance at beginning of year	<u>9,313</u>	<u>9,313</u>	<u>9,313</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 173</u></u>	<u><u>\$ 174</u></u>	<u><u>\$ 17,148</u></u>	<u><u>\$ 16,974</u></u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

OAKLAWN CEMETERY FUND

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Charges for services	\$ 44,500	\$ 44,500	\$ 54,495	\$ 9,995
Interest and rent	200	200	1,869	1,669
Total Revenues	44,700	44,700	56,364	11,664
Expenditures:				
Public works	51,200	51,200	51,312	(112)
Net Change in Fund Balance	(6,500)	(6,500)	5,052	11,552
Fund Balance at beginning of year	38,841	38,841	38,841	-
Fund Balance at end of year	<u>\$ 32,341</u>	<u>\$ 32,341</u>	<u>\$ 43,893</u>	<u>\$ 11,552</u>

MUSIC IN THE PARK FUND

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Other	\$ 15,200	\$ 15,200	\$ 14,700	\$(500)
Expenditures:				
Recreation and culture	15,200	15,200	10,194	5,006
Net Change in Fund Balance	-	-	4,506	4,506
Fund Balance at beginning of year	14,537	14,537	14,537	-
Fund Balance at end of year	<u>\$ 14,537</u>	<u>\$ 14,537</u>	<u>\$ 19,043</u>	<u>\$ 4,506</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

PARKS AND RECREATION FUND

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 43,257	\$ 43,257	\$ 48,617	\$ 5,360
Charges for services	12,000	12,000	14,087	2,087
Interest and rent	3,600	3,600	5,743	2,143
Other	2,500	2,500	5,788	3,288
Total Revenues	<u>61,357</u>	<u>61,357</u>	<u>74,235</u>	<u>12,878</u>
Expenditures:				
Recreation and culture	<u>139,357</u>	<u>139,357</u>	<u>109,768</u>	<u>29,589</u>
Revenues under expenditures	(78,000)	(78,000)	(35,533)	42,467
Other Financing Uses:				
Transfers from other funds	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Net Change in Fund Balance	(52,000)	(52,000)	(9,533)	42,467
Fund Balance at beginning of year	<u>110,557</u>	<u>110,557</u>	<u>110,557</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 58,557</u>	<u>\$ 58,557</u>	<u>\$ 101,024</u>	<u>\$ 42,467</u>

PHRAGMITES PROGRAM FUND

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Other	\$ 3,150	\$ 3,150	\$ 1,825	\$(1,325)
Expenditures:				
General government	<u>4,950</u>	<u>4,950</u>	<u>1,905</u>	<u>3,045</u>
Net Change in Fund Balance	(1,800)	(1,800)	(80)	1,720
Fund Balance at beginning of year	<u>11,712</u>	<u>11,712</u>	<u>11,712</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 9,912</u>	<u>\$ 9,912</u>	<u>\$ 11,632</u>	<u>\$ 1,720</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

AMBULANCE FUND

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ -	\$ 284,910	\$ 284,910	\$ -
Expenditures:				
Public safety	-	284,910	275,514	9,396
Net Change in Fund Balance	-	-	9,396	9,396
Fund Balance at beginning of year	133,059	133,059	133,059	-
Fund Balance at end of year	<u>\$ 133,059</u>	<u>\$ 133,059</u>	<u>\$ 142,455</u>	<u>\$ 9,396</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan
WATER FUND
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2024

	Unrestricted	Restricted	
	Operating	Colony Debt Service	Total
Assets:			
Current Assets -			
Cash and cash equivalents	\$ 1,479,032	\$ -	\$ 1,479,032
Investments	1,629,944	-	1,629,944
Utilities receivable	507,739	-	507,739
Inventory	353,347	-	353,347
Prepaid expenses	15,972	-	15,972
Prepaid service contracts - current portion	192,686	-	192,686
Total Current Assets	<u>4,178,720</u>	<u>-</u>	<u>4,178,720</u>
Restricted Assets -			
Cash and cash equivalents	269,881	5,862	275,743
Investments	1,478,620	46,883	1,525,503
Special assessment receivable	-	147,763	147,763
Total Restricted Assets	<u>1,748,501</u>	<u>200,508</u>	<u>1,949,009</u>
Noncurrent Assets -			
Capital assets, net	7,224,483	-	7,224,483
Prepaid service contracts	2,271,005	-	2,271,005
Total Other Assets	<u>9,495,488</u>	<u>-</u>	<u>9,495,488</u>
Total Assets	<u>15,422,709</u>	<u>200,508</u>	<u>15,623,217</u>
Deferred Outflows of Resources:			
Related to the pension plan	51,833	-	51,833
Related to the OPEB plan	49,073	-	49,073
	<u>100,906</u>	<u>-</u>	<u>100,906</u>
Liabilities:			
Current Liabilities -			
Accounts payable	77,527	-	77,527
Accrued expenses	10,054	-	10,054
Deposits	20,974	-	20,974
Accrued interest	2,755	-	2,755
Current portion of long-term debt	56,732	-	56,732
Total Current Liabilities	<u>168,042</u>	<u>-</u>	<u>168,042</u>
Current Liabilities (payable from restricted assets) -			
Accrued interest	-	765	765
Current portion of long-term debt	-	20,000	20,000
Total Current Liabilities (payable from restricted assets)	<u>-</u>	<u>20,765</u>	<u>20,765</u>
Long-term Liabilities -			
Net pension liability	100,571	-	100,571
Net OPEB liability	171,842	-	171,842
Long-term debt - net of current portion	716,100	185,000	901,100
Total Long-term Liabilities	<u>988,513</u>	<u>185,000</u>	<u>1,173,513</u>
Total Liabilities	<u>1,156,555</u>	<u>205,765</u>	<u>1,362,320</u>
Deferred Inflows of Resources:			
Related to the OPEB plan	17,157	-	17,157
Net Position:			
Net Investment in capital assets	7,140,451	(205,000)	6,935,451
Restricted for -			
Capital improvements	443,043	-	443,043
Debt service	1,305,458	-	1,305,458
Unrestricted	5,460,951	199,743	5,660,694
Total Net Position	<u>\$ 14,349,903</u>	<u>\$(5,257)</u>	<u>\$ 14,344,646</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

WATER FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Unrestricted</u>	<u>Restricted</u>	
	<u>Operating</u>	<u>Colony Debt Service</u>	<u>Total</u>
Operating Revenues:			
Charges for services - user charges	\$ 1,595,139	\$ -	\$ 1,595,139
Penalty on delinquent accounts	39,248	-	39,248
Hydrant rental	25,190	-	25,190
Other revenue	79,933	-	79,933
Total Operating Revenues	<u>1,739,510</u>	<u>-</u>	<u>1,739,510</u>
Operating Expenses:			
Cost of water purchased	732,299	-	732,299
Salaries and wages	362,908	-	362,908
Fringe benefits	211,842	-	211,842
Pension and OPEB accrual adjustment	(25,636)	-	(25,636)
Meters, tools, and supplies	487,680	-	487,680
Administration fee	42,385	-	42,385
Utilities	22,943	-	22,943
Repairs and maintenance	10,773	-	10,773
Other operating expenses	112,389	-	112,389
Depreciation and amortization	493,298	-	493,298
Total Operating Expenses	<u>2,450,881</u>	<u>-</u>	<u>2,450,881</u>
Operating Loss	<u>(711,371)</u>	<u>-</u>	<u>(711,371)</u>
Non-Operating Revenues (Expenses):			
Interest, fiscal, and issuance costs	(27,268)	(8,427)	(35,695)
Interest income	179,009	8,631	187,640
Debt service fees	607,836	-	607,836
Special assessment and tap fees	85,380	3,139	88,519
Sale of assets	15,748	-	15,748
Total Non-Operating Revenues	<u>860,705</u>	<u>3,343</u>	<u>864,048</u>
Change in Net Position	149,334	3,343	152,677
Net Position at beginning of year	<u>14,200,569</u>	<u>(8,600)</u>	<u>14,191,969</u>
Net Position end of year	<u>\$ 14,349,903</u>	<u>\$(5,257)</u>	<u>\$ 14,344,646</u>

TOWNSHIP OF CLAY
St. Clair County, Michigan

SEWER FUND
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2024

	Operating	Harsens Island Operating	Total
Assets:			
Current Assets -			
Cash and cash equivalents	\$ 662,423	\$ -	\$ 662,423
Investments	730,519	-	730,519
Utilities receivable	230,709	-	230,709
Inventory	28,934	-	28,934
Total Current Assets	1,652,585	-	1,652,585
Restricted Assets -			
Cash and cash equivalents	-	964,791	964,791
Investments	-	-	-
Total Restricted Assets	-	964,791	964,791
Noncurrent Assets -			
Capital assets, net	2,412,555	88,819	2,501,374
Total Assets	4,065,140	1,053,610	5,118,750
Deferred Outflows of Resources:			
Related to the pension plan	34,556	-	34,556
Related to the OPEB plan	44,646	-	44,646
Total Deferred Outflows of Resources	79,202	-	79,202
Liabilities:			
Current Liabilities -			
Accounts payable	96,388	-	96,388
Accrued expenses	8,075	-	8,075
Current portion of long-term debt	27,932	-	27,932
Total Current Liabilities	132,395	-	132,395
Current Liabilities (payable from restricted assets) -			
Accounts payable	-	26,838	26,838
Unearned revenue	-	910,426	910,426
Total Current Liabilities (payable from restricted assets)	-	937,264	937,264
Long-term Liabilities -			
Net pension liability	67,047	-	67,047
Net OPEB liability	156,340	-	156,340
Long-term debt - net of current portion	207,300	-	207,300
Total Long-term Liabilities	430,687	-	430,687
Total Liabilities	563,082	937,264	1,500,346
Deferred Inflows of Resources:			
Related to the OPEB plan	15,609	-	15,609
Net Position:			
Net Investment in capital assets	2,328,523	88,819	2,417,342
Restricted for -			
Capital improvements	-	27,527	27,527
Unrestricted	1,237,128	-	1,237,128
Total Net Position	\$ 3,565,651	\$ 116,346	\$ 3,681,997

TOWNSHIP OF CLAY
St. Clair County, Michigan

SEWER FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Operating	Harsens Island Operating	Total
Operating Revenues:			
Charges for services - user charges	\$ 925,842	\$ -	\$ 925,842
Penalty on delinquent accounts	15,002	-	15,002
Other revenue	368	-	368
Total Operating Revenues	<u>941,212</u>	<u>-</u>	<u>941,212</u>
Operating Expenses:			
Cost of water purchased	435,260	-	435,260
Salaries and wages	113,537	-	113,537
Fringe benefits	39,326	-	39,326
Pension and OPEB accrual adjustment	(11,131)	-	(11,131)
Meters, tools, and supplies	33,135	-	33,135
Administration fee	43,656	-	43,656
Utilities	12,015	-	12,015
Repairs and maintenance	14,733	-	14,733
Other operating expenses	32,187	755	32,942
Depreciation and amortization	333,709	-	333,709
Total Operating Expenses	<u>1,046,427</u>	<u>755</u>	<u>1,047,182</u>
Operating Loss	<u>(105,215)</u>	<u>(755)</u>	<u>(105,970)</u>
Non-Operating Revenues:			
Interest, fiscal, and issuance costs	(11,442)	-	(11,442)
Interest income	52,195	27,527	79,722
Special assessment and tap fees	6,650	-	6,650
Sale of assets	16,399	-	16,399
Total Non-Operating Revenues	<u>63,802</u>	<u>27,527</u>	<u>91,329</u>
Net Income (Loss) Before Capital Contributions	(41,413)	26,772	(14,641)
Capital Contributions	<u>-</u>	<u>89,574</u>	<u>89,574</u>
Change in Net Position	(41,413)	116,346	74,933
Net Position at beginning of year	<u>3,607,064</u>	<u>-</u>	<u>3,607,064</u>
Net Position end of year	<u><u>\$ 3,565,651</u></u>	<u><u>\$ 116,346</u></u>	<u><u>\$ 3,681,997</u></u>

CUSTODIAL FUNDS

TOWNSHIP OF CLAY
St. Clair County, Michigan

CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Tax Receiving	Trust and Agency	Total
Assets:			
Cash and cash equivalents	\$ 65	\$ 20,115	\$ 20,180
Liabilities:			
Undistributed taxes and fees	\$ 65	20,115	\$ 20,180

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Tax Receiving	Trust and Agency	Total
Additions:			
Tax collections for other governments	\$ 18,410,461	\$ 13,371	\$ 18,423,832
Deductions:			
Tax collection disbursed to other governments	18,410,461	13,371	18,423,832
Change in Net Position	-	-	-
Net Position:			
Beginning of year	-	-	-
End of year	\$ -	\$ -	\$ -

COMPONENT UNIT

TOWNSHIP OF CLAY
St. Clair County, Michigan

DOWNTOWN DEVELOPMENT AUTHORITY
DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 290,000	\$ 290,000	\$ 299,595	\$ 9,595
Intergovernmental	-	-	7,500	7,500
Interest	5,000	17,918	19,681	1,763
Other	-	-	500	500
Total Revenues	295,000	307,918	327,276	19,358
Expenditures:				
Community and economic development	295,000	370,001	370,954	(953)
Net Change in Fund Balance	-	(62,083)	(43,678)	18,405
Fund Balance at beginning of year	491,089	491,089	491,089	-
Fund Balance at end of year	<u>\$ 491,089</u>	<u>\$ 429,006</u>	<u>\$ 447,411</u>	<u>\$ 18,405</u>