

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025



Department of Finance

City of Port Huron, Michigan

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
CITY OF PORT HURON, MICHIGAN
DEPARTMENT OF FINANCE**

For the Fiscal Year Ended June 30, 2025

CITY COUNCIL

Anita R. Ashford – Mayor

Sherry L. Archibald

Robert L. Mosurak

Conrad Haremza

Barbara Payton

Teri Lamb

Jeffrey R. Pemberton

James R. Freed – City Manager

DEPARTMENT OF FINANCE

Lee V. Ward, C.P.A. – Director

Roberta J. Seppo – Deputy Director

Terry G. Caryl – Treasurer – Water Office Supervisor

Karla M. Pearl, C.P.A. – Income Tax Administrator

Angela M. Swoffer – Assessor

CITY OF PORT HURON
St. Clair County, Michigan
June 30, 2025

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December 23, 2025

To the Honorable Mayor, City Council
and Citizens of the City of Port Huron

We are pleased to present the Annual Comprehensive Financial Report of the City of Port Huron, Michigan for the fiscal year ended June 30, 2025. State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants within six months of the close of each fiscal year. Pursuant to this requirement, we hereby issue the annual comprehensive financial report of the City of Port Huron for the fiscal year ended June 30, 2025. This report was prepared in accordance with regulations and standards set forth by the City Charter, the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the Treasurer of the State of Michigan, and the Government Finance Officers Association.

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

The City of Port Huron's financial statements have been audited by UHY, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Port Huron for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Port Huron's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Port Huron's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Port Huron, incorporated in 1857, is located in southeastern Michigan, on the western shore of Lake Huron where it flows into the St. Clair River. The City of Port Huron occupies a land area of approximately eight square miles and serves a population of 28,983 (2020 census).

The City of Port Huron is operated under the council-manager form of government. Policy-making and legislative authority are vested in City Council, consisting of six at large members and an elected Mayor. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four year terms, with three council members elected every two years. The Mayor is elected separately for a two year term. Elections are held during even numbered years in November.

The City of Port Huron provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; sanitation services and recreational activities and cultural events. The City's parks include three and a half miles of public water frontage with two beaches on Lake Huron, four large parks and parkways along the St. Clair River and marina facilities on the Black River. The City provides water distribution and wastewater collection services for its residents and for portions of four surrounding communities, serving a population in excess of 60,000.

The annual budget serves as the foundation for the City of Port Huron's financial planning and control. State law requires the City Manager to develop a proposed budget. The City Charter requires that the proposed budget be presented to the City Council for review at the second April council meeting. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City of Port Huron's fiscal year. The budget is prepared by fund and function (e.g., public safety) with supporting detail by activity or department (e.g., police). However, the legally adopted budget is at the functional level. Therefore, expenditures may not legally exceed budget appropriations at the functional level. Department heads may make transfers of appropriations within a department. Authority to make transfers of appropriations between departments is given to the City Manager. Transfers between funds or changes in spending at the fund level require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and the major special revenue funds, this comparison is presented starting on page 92 as part of required supplementary information of the financial statements. This comparison is presented in the combining and individual fund subsection of this report, which starts on page 107, for governmental funds with appropriated annual budgets other than the general fund and the major special revenue funds.

The City Council is presented with a three-year budget for the General Fund. However, only the current year's budget is formally adopted. The two outlying years are presented to help facilitate long-term financial planning within the General Fund. This enables the City to identify trends sooner, thereby providing the City Council with additional time to take any corrective budgetary measures that would be beneficial. Also, City staff annually prepares a six-year Capital Improvement Program (CIP). The intent of the CIP is to establish capital priorities and therefore assist in the most efficient allocation of the City's financial resources. The City Council adopts the CIP as a guide when the budget resolution is adopted.

The City of Port Huron has adopted financial policies that guide the City in its financial management practices. The City takes these policies into account in preparation of the annual budget and in reviewing the budget status of each fund during the year. The City's Fund Balance Policy specifies that the City's General Fund should be managed in such a way that, over time, its unassigned fund balance would move toward 25 percent of adopted expenditures. The City's Debt Management Policy, details underlying principles and restrictions for incurring debt and payment of debt service.

ECONOMIC CONDITION AND OUTLOOK

Port Huron is one of only three ports of entry into Canada from the state, via the International Blue Water Bridge. As a result of the modern limited access highway systems on both sides of the border as well as the dual span Blue Water Bridge, we experience trade and tourism activity for our community. The Blue Water Bridge is among the five busiest Ontario crossings, both commercially and overall. Over 5 million vehicles annually cross the twin spans, including approximately 10,000 passenger vehicles on an average day. Port Huron is also within the just-in-time service radius of Detroit and Flint which has contributed to the addition of new auto related industries in our industrial park.

The City has a varied manufacturing, industrial and commercial base and is the county seat. The downtown area includes the administrative and court facilities for St. Clair County. The St. Clair County Community College and the regional medical facilities of the McLaren Port Huron Hospital and Lake Huron Medical Center are also within the City. The City's population has been relatively stable. However, the metropolitan area, which is served by the City and its employers, is over 80,000, increasing the City's commercial and employment base. The City is also home to McMorran Place, a theater and arena complex. The Port Huron Museum currently has four major facilities; the Carnegie Center; the Discovery City Children's Museum; the retired Coast Guard lightship, the Huron; the Thomas Edison Depot Museum and a variety of other maritime attractions. The County recreation commission has acquired the historic Fort Gratiot Lighthouse, the oldest Great Lakes lighthouse, and the surrounding buildings and park area from the federal government. The Fort Gratiot Lighthouse is open to the public and is also operated by the Port Huron Museum.

A local investor and philanthropist has created an investment venture which has acquired over seventy acres of former railroad and other property in the southern downtown area of the City along the St. Clair River, including the Seaway Terminal formerly owned by the City. The local philanthropist has donated a 4,300 foot strip of riverfront shoreline which opened to the public as Blue Water River Walk during June, 2014.

The Blue Water Convention Center, featuring over 34,000 square feet of state-of-the-art meeting space and on-site dining and catering, opened in the spring of 2015. It was constructed in conjunction with the renovation of an existing hotel and conference center and the creation of a new waterfront restaurant. The complex is scenically located along the St. Clair River with a view of Lake Huron and the Blue Water Bridge.

Developers continue with their plans to renovate and restore several downtown buildings. The plans include use of second and third floors for lofts and improved retail and commercial space on the first floors. The plans include a variety of financing and tax incentives.

The development of waterfront ultra-modern high-rise tower condominiums has been completed, with units currently being occupied. The condominium units have a considerable amount of glass to maximize the view of Lake Huron, the St. Clair River and Sarnia, Ontario.

OTHER MAJOR INITIATIVES

Providing job opportunities and maintaining our population are key factors that will determine the economic future of Port Huron. The City has served as a major catalyst in these areas and promoted economic development to attain these goals. Several significant developments have occurred or are in progress which will enhance our future and include:

- The continuing concentrated effort to revitalize streets made possible with voter approval of a two mill property tax levy (initially approved by the citizens in May, 1994 for a ten year period. The levy was renewed for an additional ten years in May, 2004, November, 2013 and December, 2023).
- Continued operation of the City's industrial park to facilitate additional manufacturing sites and employment opportunities.
- In June, 2009, the Water Street Marina was sold to a developer for the construction of a hotel and restaurant on the site. As a result of financing issues, the developer was unable to continue the project. The City reacquired the property in late 2012 and resold the property to another developer in June, 2013. The hotel opened for business in early 2016.
- During August, 2017, citizens of the City of Port Huron approved two new property tax levies by wide margins. The additional three mill property tax levy for public safety allowed the Police and Fire Departments to maintain current service levels. The additional one mill property tax levy for parks and recreation allowed the City to maintain current programs at McMorran Place and in the Parks and Recreation Department. The millage was approved for a period of five years with the initial levy occurring in July, 2018 and renewed in May, 2023.
- During December, 2017, the City installed festive LED lighting over three blocks of its main downtown street. The lighting showcases this vibrant downtown area and has received a warm reception from citizens and tourists alike. Donations from multiple local agencies and individuals helped to partially offset the cost of this project.
- During the fall of 2018, developers purchased a former department store and began renovations in order to bring the much needed grocery store to the City's downtown. Within the scope of the project the owners included offices available for local businesses and second floor loft units. The grocery store opened during March, 2022.

- The City has announced plans to develop 3.3 acres of vacant land. This property, formerly part of the County's day treatment program, will eventually include 19 single family homes. Construction of streets, water lines and sewer lines are complete with home construction, currently, underway with eight homes purchased.
- Development of a vacant downtown building which formerly housed both a grocery store and a furniture store is substantially complete. The project involved a \$13 million dollar investment in the City's downtown area. The project included a variety of innovative financing sources. In addition to private financing, there was participation by the Michigan Economic Development Corporation and the Brownfield Redevelopment Authority as well as other tax incentives. The main floor includes a combination of business and open market space. The top three floors include 36 lofts with an attached two-story parking deck.

The City of Port Huron is committed to expanding workforce housing options through proactive planning, public-private partnerships, targeted incentives and regulatory alignment to meet current and future housing needs. With goals in place to increase the supply of workforce housing units, promote mixed-income and mixed-used developments to foster inclusive neighborhoods, encourage public-private housing development partnerships, preservation of existing affordable housing stock and reduction of development barriers strategic actions have already been undertaken by the City. These include zoning and land use reforms, offering incentives and financing tools such as PILOT and OPERA programs and leveraging tax credits, engaging in public-private partnerships with non-profits and community development corporations as well as community engagement and support by offering education programs, providing tenant assistance programs and working with surrounding organization to identify housing needs and solutions. Below is an overview of the City's collective successes:

- City Council approved a Payment in Lieu of Taxes (PILOT) agreement for Lincoln Lofts, a proposed 40-unit affordable housing development on Erie Street. The project was awarded \$16.5 million in Low-Income Housing Tax Credits by the Michigan State Housing Development Authority (MSHDA).
- Michigan Community Capital, a Lansing based nonprofit, will develop 12 duplex-style condominiums, supported by \$650,000 in remaining American Rescue Plan Act (ARPA) funds from the City. This will be an affordable housing project with a total investment of more than \$4 million using MI Neighborhood grant program.
- City Council approved a PILOT for North Port Apartments, a 249-unit complex supported by a \$19 million loan from MSHDA. The funding will be used to acquire and fully rehabilitate the property, which will remain affordable for the next 30 years.
- The City announced plans of launching the "Bridge to Home" Affordable Homeownership Program in an effort to develop nine affordable homes between 26th and 27th Street on City owned vacant lots while offering down payment assistance through the Urban Pioneer Program.

- The City is looking into funding to support individuals experiencing or at risk of homelessness. Services will include rental assistance and education.

It is anticipated that the City's involvement in these major economic development projects will create additional job opportunities and increased population, and will expand the City's financial resources. However, the recent economic conditions will make it extremely challenging to continue to fund services. The City administration continues to work with elected officials and citizens to review City operations.

LEGACY COSTS - PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The City of Port Huron participates in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System of Michigan (MERS). All of the City's full-time employees hired before February 1, 2020 participate in the plan. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance and nonduty-connected death to plan members and their beneficiaries. Certain new employees hired after July 1, 2008 began participating in the MERS Hybrid Plan, with all new employees hired after July 1, 2014 and prior to February 1, 2020 participating. The Hybrid Plan offers both a defined benefit pension with a reduced multiplier and a defined contribution pension. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City of Port Huron must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City of Port Huron fully funds each year's annual required contribution to the pension plan as determined by the actuary.

During 2019, the City's management came to agreement with its six unions to close all defined benefit plans to new hires. New employees hired after February 1, 2020 participate in a defined contribution plan. This allowed the City to issue pension bonds with \$52 million being transferred directly to MERS during March, 2020 to fund the City's defined benefit pension plan.

The City of Port Huron also provides post-retirement health benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 489 retired employees and covered spouses receiving these benefits. The City maintains a prefunded retiree health care fund with MERS, recorded in the Retiree Health Care Benefits Fund. As a matter of course, the City has routinely made the actuarially required contribution into the Retiree Health Care Benefits Fund set up to provide these benefits in the future. As of June 30, 2025, the value in the fund is approximately \$33.3 million. The post employment health care benefits are projected annually and required contributions are actuarially computed.

Effective January 1, 2022, all Medicare eligible retirees that have qualified for retiree health care benefits are covered by a Medicare Advantage Plan. This change reduced the City's total OPEB liability by approximately \$28.5 million.

Additional information on the City of Port Huron's pension arrangements and post-employment benefits can be found in Notes 9 and 10 in the notes to the financial statements.

The City of Port Huron has made changes to various employee benefit programs to reduce current and future costs. Current health care coverages have been modified to increase deductibles and co-pays, to encourage the use of generic drugs and to increase coverages for preventative tests and other procedures. The City has introduced wellness programs, including a prohibition on hiring smokers that

dates to 1993. Also, all employees hired after January 1, 2012 do not participate in the retiree health care program. Those employees now participate in a health care savings plan with a 2% contribution matched by the City, and will be able to purchase retiree health care from the City using their balance in the health care savings plan.

RISK MANAGEMENT

The City has entered into a joint powers agreement with other Michigan units of government for joining the Michigan Municipal Risk Management Authority (MMRMA) for its property damage and general liability coverage, including auto and public official liability. There is third party coverage for claims in excess of \$150,000. The MMRMA also provides training and other assistance to reduce risk and has a risk avoidance grant program (RAP) which has allowed the City to purchase safety and other equipment at reduced costs. The City has also provided for worker's compensation claims within the Fringe Benefit Fund with third party coverage for claims above \$750,000 for police officers and firefighters and \$550,000 for all other employees.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Port Huron for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. This was the forty-ninth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

In closing, we also thank the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



James R. Freed
City Manager



Lee V. Ward, C.P.A.
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
Financial
Reporting**

Presented to

City of Port Huron Michigan

For its Annual Comprehensive Financial
Report
For the Fiscal Year Ended

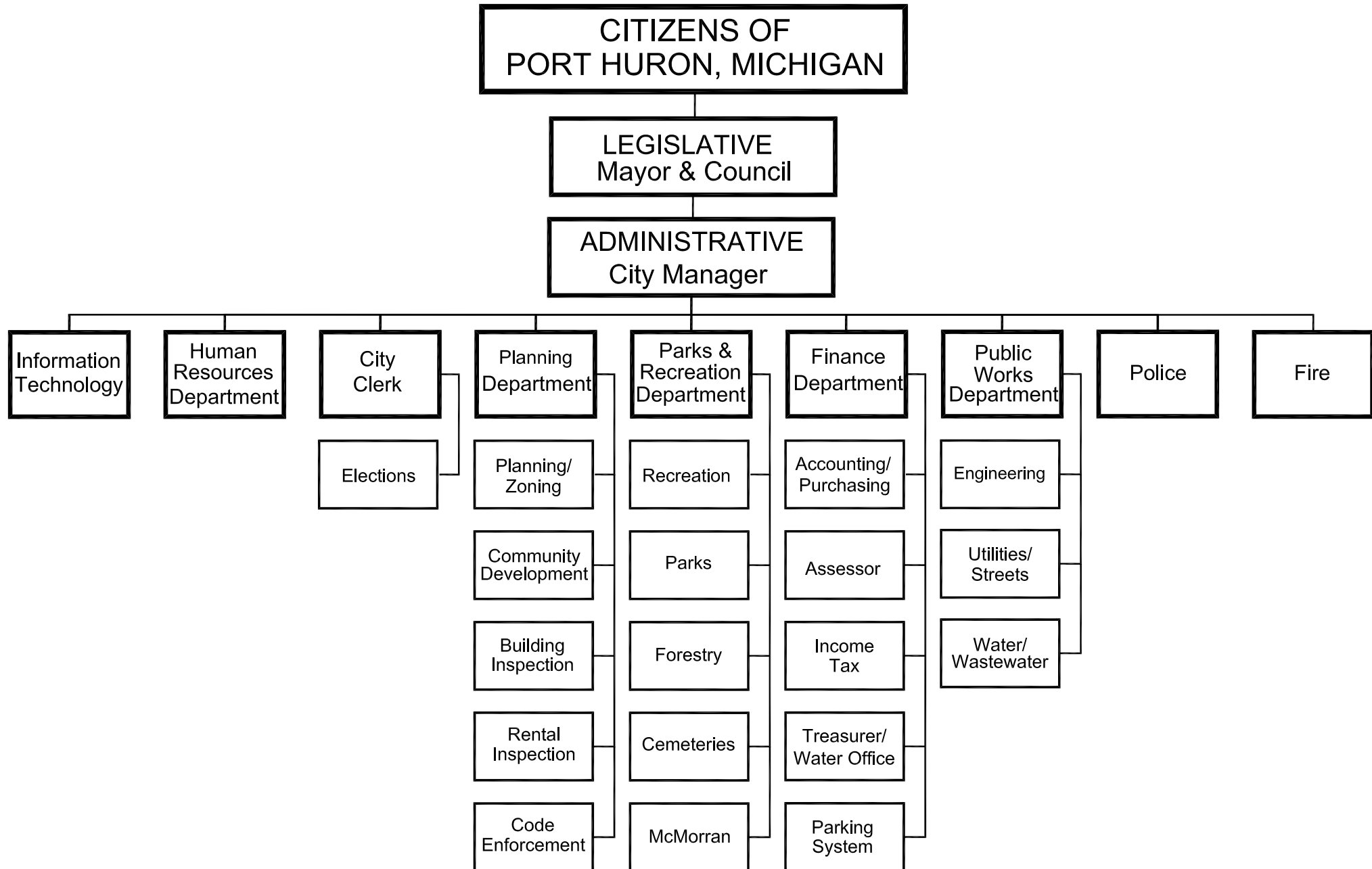
June 30, 2024

Christopher P. Morrill

Executive Director/CEO

PORT HURON CITY GOVERNMENT

ORGANIZATIONAL CHART





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Port Huron, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Huron, Michigan (the "City"), as of and for the year ended June 30, 2025 and the related notes to the financial statements which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Huron, Michigan, as of June 30, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adjustments to Prior Period Financial Statements

The financial statements of the City as of and for the year ended June 30, 2024, which are not presented herein, were audited by other auditors whose report dated December 16, 2024 expressed an unmodified opinion on those statements. As more fully described in Note 18 to the financial statements, the City has restated its 2024 financial statements and beginning fund balance at July 1, 2024 in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2024 financial statements before the restatement.

To the Honorable Mayor and Members of City Council
City of Port Huron, Michigan

As part of our audit of the 2025 financial statements, we also audited the adjustments described in Note 18 that were applied to restate the beginning fund balance at July 1, 2024. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the City other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements as a whole. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Note 18 to the financial statements, in 2025, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Honorable Mayor and Members of City Council
City of Port Huron, Michigan

In performing an audit in accordance with generally accepted auditing standards and *Government 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events considered in the aggregate that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

To the Honorable Mayor and Members of City Council
City of Port Huron, Michigan

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary 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 of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements; 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

To the Honorable Mayor and Members of City Council
City of Port Huron, Michigan

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025 on our consideration of the City of Port Huron's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City of Port Huron's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Port Huron's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive.

Port Huron, Michigan
December 23, 2025

CITY OF PORT HURON, MICHIGAN

Management's Discussion and Analysis

As management of the City of Port Huron, Michigan (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 7 of this report, and with the basic financial statements and related notes that follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$161,702,802 (net position). Included in this amount is \$(53,116,252) of unrestricted net position. Also included is \$34,250,792 of net position restricted for specific purposes (street improvements, law enforcement, etc.), and \$180,568,262 representing net investment in capital assets.
- The government's total net position increased by \$7,426,594. This increase is primarily the result of the careful review and control of expenses and level revenues.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$37,935,862, an increase of \$5,547,131 from the prior year. Approximately 18.2% or \$6,922,151 of this amount is available for spending at the government's discretion (unassigned fund balance). Another \$2,783,541 has been committed by City Council for specific purposes.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,922,151, or 17.8%, of total General Fund expenditures and transfers.
- The City's total debt (net of repayments and refundings) increased by \$2,095,184 during the current fiscal year as a result of the issuance of a new revenue bond and repayment of prior-year debt. The City also entered into a new lease for \$950,530 and subscription-based information technology agreements for \$325,621. Additional information can be found in Note 7 to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three (3) components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works (highways and streets, rubbish and garbage collection, and other services), health and welfare, community and economic development, and recreation, parks, and culture. The business-type activities of the City include a regional water distribution system, regional wastewater collection system, parking, theater and arena complex, marinas, and land purchase and economic development.

The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate entities for which the primary government is financially accountable. The Downtown Development Authority, Tax Increment Finance Authority, Local Development Finance Authority, Brownfield Redevelopment Authority, and Neighborhood Improvement Authority are reported as discretely presented governmental component units. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund; the major, local, and municipal streets funds; and the cemetery perpetual care fund, all of which are considered to be major funds. Data from the other 10 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

As required by state law, the City adopts an annual budget for each of its governmental funds, except for the cemetery perpetual care fund, which is not required to adopt a budget. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two (2) different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water distribution, wastewater collection, parking, theater and arena complex, marinas, and land purchase and economic development.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for central office supply stores, motor vehicle pool and fleet operations, data processing services, energy performance services, and insurance and employee fringe benefits. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements with the exception of debt in the insurance and fringe benefits fund. The debt of this fund (pension bonds) has been allocated to business-type activities based on employee cost and is reported as an internal balance on the statement of net position.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary financial statements provide separate information for the water and wastewater funds, which are considered to be major funds of the City. Conversely, the remaining enterprise funds and the internal service funds are each combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the remaining enterprise funds and internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on budgetary comparisons for five major governmental funds, as well as certain pension system and other postemployment benefits schedules.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, net position was \$161,702,802 at the close of the most recent fiscal year.

The largest portion of the City's net position (111.7 percent) reflects its investment in capital assets, (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following analysis focuses on the net position of the City's governmental and business-type activities.

City of Port Huron's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	Restated 2024	2025	Restated 2024	2025	Restated 2024
Assets						
Current and other assets	\$ 62,840,737	\$ 62,399,443	\$ 30,251,557	\$ 16,022,995	\$ 93,092,294	\$ 78,422,438
Capital assets	77,829,538	74,719,458	150,624,319	153,115,913	228,453,857	227,835,371
Total assets	140,670,275	137,118,901	180,875,876	169,138,908	321,546,151	306,257,809
Deferred outflows of resources	10,167,958	8,375,078	2,403,946	2,153,950	12,571,904	10,529,028
Liabilities						
Non-current liabilities	108,909,819	101,847,590	51,218,167	46,727,970	160,127,986	148,575,560
Other liabilities	6,606,989	9,480,683	2,640,631	2,267,724	9,247,620	11,748,407
Total liabilities	115,516,808	111,328,273	53,858,798	48,995,694	169,375,606	160,323,967
Deferred inflows of resources	2,927,149	2,126,837	112,498	59,825	3,039,647	2,186,662
Net position						
Net investment in capital assets	65,285,539	64,897,015	115,282,723	116,833,274	180,568,262	181,730,289
Restricted	28,175,515	25,810,330	6,075,277	822,113	34,250,792	26,632,443
Unrestricted (deficit)	(61,066,778)	(58,668,476)	7,950,526	4,581,952	(53,116,252)	(54,086,524)
Total net position	\$ 32,394,276	\$ 32,038,869	\$ 129,308,526	\$ 122,237,339	\$ 161,702,802	\$ 154,276,208

The 2024 amounts were restated by the City to correct two errors relating to prior-year OPEB valuation involving various funds and recording a contracts receivable in the wastewater fund. See Note 18.

At the end of the current fiscal year, 21.2% of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$53,116,252.

The City's net position increased by \$7,426,594 during the current fiscal year. This increase is primarily the result of the careful review and control of expenses and level revenues.

The following condensed financial information was derived from the government-wide statement of activities and reflects how the City's net position changed:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues -						
Charges for services	\$ 10,757,490	\$ 8,787,597	\$ 29,990,778	\$ 31,588,706	\$ 40,748,268	\$ 40,376,303
Operating grants and contributions	7,307,069	7,577,355	205,500	537,350	7,512,569	8,114,705
Capital grants and contributions	4,717,712	3,580,694	2,720,884	196,404	7,438,596	3,777,098
General revenues -						
Property taxes	13,874,698	13,029,038	-	-	13,874,698	13,029,038
Income taxes	10,402,746	9,585,727	-	-	10,402,746	9,585,727
State shared revenue	5,498,847	5,919,663	-	-	5,498,847	5,919,663
Investment income	2,369,330	2,125,706	368,746	430,852	2,738,076	2,556,558
Gain on disposal of capital assets	-	76,167	28,725	46,112	28,725	122,279
Other	-	775,856	-	-	-	775,856
Total revenues	54,927,892	51,457,803	33,314,633	32,799,424	88,242,525	84,257,227
Expenses						
General government	5,706,928	3,857,170	-	-	5,706,928	3,857,170
Public safety	25,205,738	19,973,694	-	-	25,205,738	19,973,694
Public works	12,514,682	11,760,535	-	-	12,514,682	11,760,535
Health and welfare	337,717	105,600	-	-	337,717	105,600
Community and economic development	2,489,885	3,288,129	-	-	2,489,885	3,288,129
Recreation, parks, and culture	5,682,348	5,940,181	-	-	5,682,348	5,940,181
Interest on long-term debt	1,670,187	1,538,886	-	-	1,670,187	1,538,886
Water	-	-	7,980,913	7,102,709	7,980,913	7,102,709
Wastewater	-	-	15,324,586	14,913,581	15,324,586	14,913,581
McMorran	-	-	3,068,121	2,437,454	3,068,121	2,437,454
Parking	-	-	185,777	161,368	185,777	161,368
Land purchase	-	-	183,922	342,657	183,922	342,657
Marina	-	-	465,127	375,023	465,127	375,023
Total expenses	53,607,485	46,464,195	27,208,446	25,332,792	80,815,931	71,796,987
Increase in net position before transfers	1,320,407	4,993,608	6,106,187	7,466,632	7,426,594	12,460,240
Transfers	(965,000)	(905,000)	965,000	905,000	-	-
Change in net position	355,407	4,088,608	7,071,187	8,371,632	7,426,594	12,460,240
Net position, beginning of year	34,107,812	30,019,204	117,971,989	109,600,357	152,079,801	139,619,561
Prior period adjustment	(2,068,943) *	-	4,265,350 *	-	2,196,407 *	-
Net position, beginning of year, (as restated)	32,038,869	30,019,204	122,237,339	109,600,357	154,276,208	139,619,561
Net position, end of year	<u>\$ 32,394,276</u>	<u>\$ 34,107,812</u>	<u>\$ 129,308,526</u>	<u>\$ 117,971,989</u>	<u>\$ 161,702,802</u>	<u>\$ 152,079,801</u>

Governmental Activities

Governmental activities increased the City's net position by \$355,407. The increase in net position attributable to governmental activities is primarily due to careful review and control of expenses and moderate increases in revenue. A summary of the changes are as follows:

- Property taxes (including related revenue, primarily delinquent taxes, penalties, and interest) increased by \$845,660, or 6.5%, during the year, primarily due to an increased taxable valuation.
- Income tax revenue increased by \$817,019 or 8.5%. Income tax revenue was budgeted at \$9,200,000 for the year ended June 30, 2025 with actual revenue of \$10,402,746.
- Operating grants and contributions decreased by \$270,286, primarily due to decreased grant activity in various areas with the recognition of American Rescue Plan Act (ARPA) funding during the current fiscal year.
- Capital grants and contributions increased by \$1,137,018, primarily due to ARPA funding being used towards improvements made to City Hall in fiscal year 2025.
- Investment income increased by \$243,624 as a result of favorable market conditions in the cemetery perpetual care fund during the current fiscal year.
- Charges for services increased by \$1,969,893, or 22.4%, during the year, primarily due to the reclassification of wage reimbursement and increased recreation fees collected.

Operating expenses increased compared to the prior year. The increase in governmental activities expenses of \$1,849,758 is primarily due to increased employee fringe benefit costs and the reclassification of wage reimbursements for police officers.

Business-type Activities

Business-type activities increased the City's net position by \$7,071,187. Key elements affecting business-type activities are as follows:

- Charges for services decreased by \$1,597,928, or 5.1%, during the year. The decrease was primarily due to decreased revenue in the wastewater fund due to a decreased billing to a township for less system usage and an increase of \$598,699 in the water fund utility charges.
- Operating expenses have increased by \$1,875,654 compared to the prior year, primarily due to increased benefit costs.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$37,935,862, an increase of \$5,547,131 in comparison to the prior year. Of this amount, 18.2% or \$6,922,151 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is recorded as nonspendable, restricted, or committed to indicate that it is not available for new spending because it has already been 1) obligated to generate income to pay for the perpetual care of the municipal cemetery in the amount of \$3,677,469 (nonspendable), 2) restricted or committed for a variety of other specific purposes in the amount of \$26,589,299, or 3) converted to nonspendable form for other purposes in the amount of \$746,943.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,922,151, while total fund balance reached \$9,470,054. The City also had \$2,300,000 in committed fund balance for contingencies. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers. Unassigned fund balance represents 17.8% of total General Fund expenditures and transfers, while total fund balance represents 24.3% of that same amount.

The fund balance of the City's General Fund increased by \$2,553,991 during the current fiscal year. Key factors in the changes in the General Fund are as follows:

- Intergovernmental revenue increased by \$3,423,998, primarily due to increased utilization of ARPA funding during the current fiscal year.
- In aggregate, General Fund expenditures decreased by \$2,238,378, primarily due to decreased capital outlay expenditures from the prior-year fire station construction and current-year increased costs to the other various City services.

Over the course of the year, the City administration and City Council monitor the budgets and, if necessary, amend the budget to take into account unanticipated events that occur during the year.

Since the original budget and amended budgets are estimates of what is expected, there are differences between the budget and actual results. The only significant difference in the General Fund was for public safety. Patrol expenditures were over budget by \$1,410,103 due to subscription and equipment right-to-use assets being recorded of \$1,276,151.

The City maintains three special revenue funds (major streets, local streets, and municipal streets) that account for the maintenance and construction of the City's street system. The major streets and local streets funds have been established to account for the various state-shared and other revenues relating to the repairs and maintenance of major streets and state trunklines and local streets, respectively. The municipal streets fund has been established to account for property taxes levied for street construction and major maintenance, the Blue Water Area Transportation Commission, and for various other revenues related to construction activities. Funds are transferred to the major streets and local streets funds as are necessary for construction activities.

At the end of the current fiscal year, the combined fund balance of the three funds was \$13,306,744, an increase of \$1,893,781 during the fiscal year.

The cemetery perpetual care fund is a permanent fund. Investment income for the year was a gain of \$1,483,483. The gain is primarily due to favorable market conditions in the current year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position at the end of the year for the water fund was \$36,137,677 and net position for the wastewater fund was \$92,043,212. The total net position for the water and wastewater funds increased by \$1,308,580 and \$5,779,133, respectively. The increase for the water and wastewater funds was primarily due to careful review and control of expenses and moderate rate increases and changes in the pension and other postemployment benefits systems. Unrestricted net position at the end of the year for the water fund was \$(430,341) and unrestricted net position for the wastewater fund was \$18,161,350. Unrestricted net position for the water fund decreased by \$371,524 and increased in the wastewater fund by \$7,147,903. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounts to \$228,453,857 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, systems, machinery and equipment, streets, bridges, and sidewalks. The total increase in the City's investment in capital assets for the current fiscal year was \$618,486, a 4.2% increase for governmental activities and a 1.6% decrease for business-type activities.

Major capital asset events during the year included the following:

- A variety of infrastructure improvements were completed during the year
- Various building and system additions and improvements were also completed, and the City's structured replacement of vehicles continued.
- Subscription assets and right-to-use assets were added for police department equipment.

City of Port Huron's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 4,455,672	\$ 4,455,672	\$ 5,371,996	\$ 5,360,122	\$ 9,827,668	\$ 9,815,794
Construction in progress	4,171,841	1,494,010	4,812,898	950,786	8,984,739	2,444,796
Land improvements	22,498,115	22,382,780	4,280,939	4,280,939	26,779,054	26,663,719
Buildings	25,288,771	24,645,050	55,049,529	54,680,977	80,338,300	79,326,027
Machinery and equipment	20,178,237	18,641,423	18,921,080	17,914,141	39,099,317	36,555,564
Vehicles	12,306,085	12,021,338	-	-	12,306,085	12,021,338
Infrastructure	104,716,926	102,005,959	244,808,922	244,012,695	349,525,848	346,018,654
Subscription assets	325,621	-	-	-	325,621	-
Right-to-use assets	950,530	-	-	-	950,530	-
	<u>194,891,798</u>	<u>185,646,232</u>	<u>333,245,364</u>	<u>327,199,660</u>	<u>528,137,162</u>	<u>512,845,892</u>
Less - accumulated depreciation	<u>117,062,260</u>	<u>110,926,774</u>	<u>182,621,045</u>	<u>174,083,747</u>	<u>299,683,305</u>	<u>285,010,521</u>
Total	<u>\$ 77,829,538</u>	<u>\$ 74,719,458</u>	<u>\$ 150,624,319</u>	<u>\$ 153,115,913</u>	<u>\$ 228,453,857</u>	<u>\$ 227,835,371</u>

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt outstanding of \$95,970,313. Of this amount, \$83,281,064 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured by specified revenue sources (i.e., revenue bonds) and is also backed by the full faith and credit of the government.

City of Port Huron's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 55,719,089	\$ 57,682,258	\$ 27,561,975	\$ 31,865,608	\$ 83,281,064	\$ 89,547,866
Revenue bonds	-	-	12,689,249	5,235,614	12,689,249	5,235,614
Leases	950,530	-	-	-	950,530	-
Subscriptions	325,621	-	-	-	325,621	-
Total	<u>\$ 56,995,240</u>	<u>\$ 57,682,258</u>	<u>\$ 40,251,224</u>	<u>\$ 37,101,222</u>	<u>\$ 97,246,464</u>	<u>\$ 94,783,480</u>

The City's total debt increased by \$2,462,984 during the current fiscal year due to the repayment of prior-year debt and issuance of new debt of \$7,500,000 for the 2024 sewage disposal system revenue bonds with an unamortized premium of \$219,241, along with a new lease and subscription arrangement.

The City and its water and wastewater funds both maintain an "A+" rating from Standard & Poor's and an "A" rating from Fitch Ratings for general obligation debt. The revenue bonds of the water and sewer funds have been rated "A-" by Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. Currently, 10% of assessed valuation is \$118,575,080. After considering applicable borrowings, the current remaining legal debt margin for the City is \$48,119,932. Debt issued as a result of an order, which would include \$12,825,916 of the City's outstanding general obligation debt listed above, is excluded from the debt limitation calculation.

The City entered into agreements relating to subscription assets and right-to-use assets for police department equipment.

Additional information on the City's long-term debt can be found in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of September 30, 2025, the unemployment rate for the City of Port Huron was 6.5 percent, an increase of 0.9 percentage points from the year before. This compares to the county's average unemployment rate of 4.4 percent, the state's average unemployment rate of 5.1 percent and the national average rate of 4.6 percent.

The occupancy rate of the government's central business district has remained stable over the past year. Currently, developers are renovating several downtown buildings. There has been substantial investment within the City to develop vacant land, and constructing a senior living facility, creating new job opportunities.

Inflationary trends in the region compare favorably to national indices.

For the 2025-2026 budget year, total equalized valuation and taxable valuation increased moderately. It is expected that both equalized valuation and taxable valuation will increase for the 2026-2027 budget year. This will result in an increase in property tax revenues available to the City for 2026-2027. Such increase will be limited somewhat due to the effects of Proposal A. Additional information is available in the Statistical Section, pages 142 and 143.

All of these factors were considered in preparing the City of Port Huron's budget for the 2025-2026 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Port Huron's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance, 100 McMorran Boulevard, Port Huron, Michigan 48060.

BASIC FINANCIAL STATEMENTS

CITY OF PORT HURON, MICHIGAN
STATEMENT OF NET POSITION
June 30, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	\$ 25,877,226	\$ 23,048,716	\$ 48,925,942	\$ 3,542,043
Investments	13,516,272	-	13,516,272	-
Receivables (net of allowance)	7,974,789	4,170,555	12,145,344	292,645
Inventory	668,054	582,452	1,250,506	-
Prepaid expenses/deposits	4,817,786	28,000	4,845,786	29,917
Restricted assets -				
Cash and cash equivalents	14,251	5,598,455	5,612,706	-
Beneficial interest in assets held by others	178,997	476,822	655,819	-
Due from other governmental units capacity rights	-	6,139,919	6,139,919	-
Capital assets (net of accumulated depreciation) -				
Assets not being depreciated	8,627,513	10,184,894	18,812,407	312,684
Assets being depreciated	69,202,025	140,439,425	209,641,450	697,012
Internal balances	9,793,362	(9,793,362)	-	-
Total assets	140,670,275	180,875,876	321,546,151	4,874,301
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	7,307,749	1,957,842	9,265,591	-
Related to OPEB	2,860,209	446,104	3,306,313	-
Total deferred outflows of resources	10,167,958	2,403,946	12,571,904	-
LIABILITIES				
Payables and accrued liabilities	4,419,318	1,853,711	6,273,029	596,506
Accrued interest	525,430	285,128	810,558	-
Advances and deposits	10,600	-	10,600	-
Unearned revenue	1,651,641	501,792	2,153,433	386,302
Non-current liabilities -				
Compensated absences	3,566,622	-	3,566,622	-
Claims and judgements (current portion)	1,276,797	-	1,276,797	-
Claims and judgements	169,237	-	169,237	-
Net pension liability	32,620,701	8,739,517	41,360,218	-
Net OPEB liability	14,281,222	2,227,426	16,508,648	-
Due within one year	2,102,681	3,638,320	5,741,001	26,719
Due in more than one year	54,892,559	36,612,904	91,505,463	255,305
Total liabilities	115,516,808	53,858,798	169,375,606	1,264,832
DEFERRED INFLOWS OF RESOURCES				
Leases	2,355,723	-	2,355,723	-
Related to pensions	208,798	55,939	264,737	-
Related to OPEB	362,628	56,559	419,187	-
Total deferred inflows of resources	2,927,149	112,498	3,039,647	-
NET POSITION				
Net investment in capital assets	65,285,539	115,282,723	180,568,262	727,672
Restricted -				
Nonexpendable	3,856,466	-	3,856,466	-
Expendable	24,319,049	6,075,277	30,394,326	-
Unrestricted (deficit)	(61,066,778)	7,950,526	(53,116,252)	2,881,797
Total net position	\$ 32,394,276	\$ 129,308,526	\$ 161,702,802	\$ 3,609,469

CITY OF PORT HURON, MICHIGAN
STATEMENT OF ACTIVITIES
For the year ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities -				
General government	\$ 5,706,928	\$ 3,877,086	\$ 445,841	\$ 1,081,021
Public safety	25,205,738	1,709,315	126,168	42,936
Public works	12,514,682	3,897,914	5,342,122	1,441,084
Recreation and culture	5,682,348	699,430	289,362	2,028,365
Health and welfare	337,717	-	12,544	124,306
Community and economic development	2,489,885	573,745	1,091,032	-
Interest on long-term debt	1,670,187	-	-	-
Total governmental activities	53,607,485	10,757,490	7,307,069	4,717,712
Business-type activities -				
Water supply system	7,980,913	9,168,960	-	234,172
Wastewater	15,324,586	18,539,081	-	2,444,250
Parking	185,777	32,751	-	-
Land purchase	183,922	-	205,500	-
Marina	465,127	379,443	-	-
McMorran	3,068,121	1,870,543	-	42,462
Total business-type activities	27,208,446	29,990,778	205,500	2,720,884
Total primary government	\$ 80,815,931	\$ 40,748,268	\$ 7,512,569	\$ 7,438,596
COMPONENT UNITS				
Downtown development	\$ 1,092,807	\$ 242,913	\$ 26,045	\$ -
Local development finance	136,123	-	-	-
Tax increment finance	80,753	-	-	-
Brownfield redevelopment	502,440	-	-	-
Neighborhood improvement	4,921	-	-	-
Total component units	\$ 1,817,044	\$ 242,913	\$ 26,045	\$ -
General revenues -				
Property taxes				
Income taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment income				
Gain on sale of assets				
Other miscellaneous income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Prior period adjustment				
Net position at beginning of year as restated				
Net position at end of year				

Net (Expense) Revenue and Change in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (302,980)	\$ -	\$ (302,980)	\$ -
(23,327,319)	-	(23,327,319)	-
(1,833,562)	-	(1,833,562)	-
(2,665,191)	-	(2,665,191)	-
(200,867)	-	(200,867)	-
(825,108)	-	(825,108)	-
(1,670,187)	-	(1,670,187)	-
(30,825,214)	-	(30,825,214)	-
-	1,422,219	1,422,219	-
-	5,658,745	5,658,745	-
-	(153,026)	(153,026)	-
-	21,578	21,578	-
-	(85,684)	(85,684)	-
-	(1,155,116)	(1,155,116)	-
-	5,708,716	5,708,716	-
(30,825,214)	5,708,716	(25,116,498)	-
-	-	-	(823,849)
-	-	-	(136,123)
-	-	-	(80,753)
-	-	-	(502,440)
-	-	-	(4,921)
-	-	-	(1,548,086)
13,874,698	-	13,874,698	1,913,626
10,402,746	-	10,402,746	-
5,498,847	-	5,498,847	263,947
2,369,330	368,746	2,738,076	3,309
-	28,725	28,725	-
-	-	-	36,778
(965,000)	965,000	-	-
31,180,621	1,362,471	32,543,092	2,217,660
355,407	7,071,187	7,426,594	669,574
34,107,812	117,971,989	152,079,801	2,939,895
(2,068,943)	4,265,350	2,196,407	-
32,038,869	122,237,339	154,276,208	2,939,895
<u>\$ 32,394,276</u>	<u>\$ 129,308,526</u>	<u>\$ 161,702,802</u>	<u>\$ 3,609,469</u>

CITY OF PORT HURON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	Special Revenue Funds			
	General	Major Street	Local Street	Municipal Streets
ASSETS				
Cash and cash equivalents	\$ 9,610,887	\$ 1,914,880	\$ 5,542	\$ 11,145,445
Investments	-	-	-	-
Receivables, net of allowance -				
Interest and accounts	279,969	1,468	-	9,540
Property and income taxes	1,655,927	-	-	1,576
Leases	2,531,365	-	-	-
Due from other governmental units	1,496,379	686,537	174,606	-
Due from other funds	-	-	-	-
Inventory	-	-	-	331,574
Prepaid expenditures/deposits	54,655	-	-	-
Restricted assets -				
Cash and cash equivalents	14,251	-	-	-
Beneficial interest in assets held by others	178,997	-	-	-
Total assets	<u>\$ 15,822,430</u>	<u>\$ 2,602,885</u>	<u>\$ 180,148</u>	<u>\$ 11,488,135</u>
LIABILITIES				
Accounts payable	\$ 1,103,494	\$ 3,862	\$ 1,386	\$ 858,455
Accrued liabilities	1,159,468	44,196	19,645	36,880
Advances and deposits	2,100	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	1,651,591	-	-	-
Total liabilities	<u>3,916,653</u>	<u>48,058</u>	<u>21,031</u>	<u>895,335</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues -				
Leases	2,355,723	-	-	-
Grants	80,000	-	-	-
Charges for services	-	-	-	-
Total deferred inflows of resources	<u>2,435,723</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable -				
Inventory	-	-	-	331,574
Prepaid expenditures	54,655	-	-	-
Perpetual care	-	-	-	-
Beneficial interest in assets held by others	178,997	-	-	-
Restricted	14,251	2,554,827	159,117	10,261,226
Committed	2,300,000	-	-	-
Unassigned	6,922,151	-	-	-
Total fund balances	<u>9,470,054</u>	<u>2,554,827</u>	<u>159,117</u>	<u>10,592,800</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,822,430</u>	<u>\$ 2,602,885</u>	<u>\$ 180,148</u>	<u>\$ 11,488,135</u>

Cemetery Perpetual Care	Other Governmental Funds	Total Governmental Funds
\$ 106,258	\$ 1,528,970	\$ 24,311,982
13,516,272	-	13,516,272
-	774,795	1,065,772
-	-	1,657,503
-	-	2,531,365
-	90,308	2,447,830
-	79,840	79,840
-	-	331,574
-	181,717	236,372
-	-	14,251
-	-	178,997
<u>\$ 13,622,530</u>	<u>\$ 2,655,630</u>	<u>\$ 46,371,758</u>
\$ -	\$ 233,575	\$ 2,200,772
143,290	58,027	1,461,506
-	8,500	10,600
-	79,840	79,840
-	50	1,651,641
<u>143,290</u>	<u>379,992</u>	<u>5,404,359</u>
-	-	2,355,723
-	-	80,000
-	595,814	595,814
<u>-</u>	<u>595,814</u>	<u>3,031,537</u>
-	-	331,574
-	181,717	236,372
3,677,469	-	3,677,469
-	-	178,997
9,801,771	1,014,566	23,805,758
-	483,541	2,783,541
-	-	6,922,151
<u>13,479,240</u>	<u>1,679,824</u>	<u>37,935,862</u>
<u>\$ 13,622,530</u>	<u>\$ 2,655,630</u>	<u>\$ 46,371,758</u>

CITY OF PORT HURON, MICHIGAN
RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
June 30, 2025

Fund balances - total governmental funds \$ 37,935,862

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

Capital assets used in governmental activities are not financial resources

Capital assets	174,324,775	
Accumulated depreciation/amortization	(103,247,228)	

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

Deferred outflows of resources	9,534,968	
Deferred inflows of resources	(529,988)	

Other long-term assets are not available to pay for current period expenditures, and therefore, are unavailable in the funds.

Charges for services	675,814	
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Internal service funds used by management to charge cost of the City's motor pool activities, healthcare, and accrued vacation and sick benefits. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

(31,574,861)

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

Bonds payable	\$ (9,335,000)	
Net OPEB liability	(13,094,026)	
Lease liability	(950,530)	
SBITA liability	(325,621)	
Net pension liability	(30,856,494)	
Accrued interest	(97,528)	(54,659,199)

Premiums on bonds are reported as other financing sources in the governmental funds, whereas they are capitalized and amortized from net position (netted against bonds payable)

(65,867)

Net position of governmental activities	\$ 32,394,276
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CITY OF PORT HURON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2025

		Special Revenue Funds		
	General	Major Street	Local Street	Municipal Streets
REVENUES				
Taxes	\$ 22,046,190	\$ -	\$ -	\$ 1,867,820
Intergovernmental	10,841,472	5,126,082	1,131,039	221,968
Charges for services	2,412,738	-	-	168,006
Fines and forfeits	253,538	100	-	-
Licenses and permits	1,025,597	-	-	-
Interest and rent	812,144	25,443	-	361,714
Other	2,860,975	39,426	-	-
Total revenues	40,252,654	5,191,051	1,131,039	2,619,508
EXPENDITURES				
Current -				
General government	5,733,718	-	-	-
Public safety	21,705,655	-	-	-
Public works	1,546,514	2,465,533	902,788	447,823
Recreation and cultural	4,746,713	-	-	-
Health and Welfare	-	-	-	-
Community and economic development	923,131	-	-	-
Other	125,586	-	-	-
Capital outlay	2,638,584	2,067,983	1,163,690	-
Debt service -				
Principal	175,000	-	-	-
Interest	394,113	-	-	-
Total expenditures	37,989,014	4,533,516	2,066,478	447,823
Revenues over (under) expenditures	2,263,640	657,535	(935,439)	2,171,685
OTHER FINANCING SOURCES (USES)				
Lease proceeds	1,276,151	-	-	-
Transfers in	-	-	940,000	-
Transfers out	(985,800)	-	-	(940,000)
Total other financing sources (uses)	290,351	-	940,000	(940,000)
Net change in fund balances	2,553,991	657,535	4,561	1,231,685
Fund balances at beginning of year	6,916,063	1,897,292	154,556	9,361,115
Fund balances at end of year	\$ 9,470,054	\$ 2,554,827	\$ 159,117	\$ 10,592,800

Cemetery Perpetual Care	Other Governmental Fund	Total Governmental Funds
\$ -	\$ 363,434	\$ 24,277,444
-	971,083	18,291,644
81,664	3,723,187	6,385,595
-	13,708	267,346
-	-	1,025,597
1,483,483	-	2,682,784
-	72,243	2,972,644
<u>1,565,147</u>	<u>5,143,655</u>	<u>55,903,054</u>
-	-	5,733,718
-	16,166	21,721,821
-	3,654,936	9,017,594
-	-	4,746,713
-	337,717	337,717
-	1,566,754	2,489,885
-	-	125,586
-	54,670	5,924,927
-	-	175,000
-	-	394,113
<u>-</u>	<u>5,630,243</u>	<u>50,667,074</u>
<u>1,565,147</u>	<u>(486,588)</u>	<u>5,235,980</u>
-	-	1,276,151
-	595,800	1,535,800
<u>(575,000)</u>	<u>-</u>	<u>(2,500,800)</u>
<u>(575,000)</u>	<u>595,800</u>	<u>311,151</u>
990,147	109,212	5,547,131
<u>12,489,093</u>	<u>1,570,612</u>	<u>32,388,731</u>
<u>\$ 13,479,240</u>	<u>\$ 1,679,824</u>	<u>\$ 37,935,862</u>

CITY OF PORT HURON, 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, 2025

Net change in fund balances - total governmental funds	\$ 5,547,131
Governmental funds report capital outlay 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	8,531,088
Depreciation/amortization expense	(5,150,013)
Loss on disposal of assets	(33,479)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(975,164)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net position.	
Principal payment on bonds	175,000
Issuance of SBITAs	(325,621)
Issuance of leases	(950,530)
Accrued interest expense on bonds and the amortization of bond premiums and deferred charges are not recorded by governmental funds, but are reported under interest and fiscal charges for the purpose of net position.	
Interest expense is recognized in the government-wide as it accrues	1,750
Amortization of bond premium	3,927
Internal service funds used by management to charge costs of the City's motor pool, healthcare, and vacation and sick activities. The net revenues (expenses) attributable to those funds is reported with governmental activities.	(577,478)
Change in deferred outflows and deferred inflows of resources related to the pension and OPEB plans	1,366,184
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the funds.	
Increase in net OPEB liability	(5,727,185)
Increase in net pension liability	(1,530,203)
Change in net position of governmental activities	<u>\$ 355,407</u>

CITY OF PORT HURON, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Business-type Activities - Enterprise Funds				Internal Service Funds
	Water	Wastewater	Other Nonmajor Enterprise Funds	Total	
ASSETS					
Current assets -					
Cash and cash equivalents	\$ 1,622,913	\$ 20,474,725	\$ 951,078	\$ 23,048,716	\$ 1,565,244
Accounts and interest receivable	1,515,360	2,602,289	52,906	4,170,555	272,319
Inventories	405,582	122,715	54,155	582,452	336,480
Prepaid expenses	-	1,000	27,000	28,000	4,581,414
Total current assets	<u>3,543,855</u>	<u>23,200,729</u>	<u>1,085,139</u>	<u>27,829,723</u>	<u>6,755,457</u>
Non-current assets -					
Restricted cash and cash equivalents	376,460	5,221,995	-	5,598,455	-
Due from other governmental units	-	6,139,919	-	6,139,919	-
Beneficial interest in assets held at the Community Foundation	-	-	476,822	476,822	-
	<u>376,460</u>	<u>11,361,914</u>	<u>476,822</u>	<u>12,215,196</u>	<u>-</u>
Property, plant, and equipment	95,663,598	220,223,358	17,358,408	333,245,364	20,567,024
Less - accumulated depreciation	<u>(51,016,157)</u>	<u>(124,679,964)</u>	<u>(6,924,924)</u>	<u>(182,621,045)</u>	<u>(13,815,033)</u>
Property, plant, and equipment, net	<u>44,647,441</u>	<u>95,543,394</u>	<u>10,433,484</u>	<u>150,624,319</u>	<u>6,751,991</u>
Total assets	<u>48,567,756</u>	<u>130,106,037</u>	<u>11,995,445</u>	<u>190,669,238</u>	<u>13,507,448</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension plan	693,692	1,115,229	148,921	1,957,842	395,221
Related to OPEB plan	<u>207,332</u>	<u>168,403</u>	<u>70,369</u>	<u>446,104</u>	<u>237,769</u>
Total deferred outflows of resources	<u>901,024</u>	<u>1,283,632</u>	<u>219,290</u>	<u>2,403,946</u>	<u>632,990</u>

(Continued)

CITY OF PORT HURON, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Wastewater	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
LIABILITIES					
Current liabilities -					
Accounts payable	\$ 198,294	\$ 1,184,689	\$ 162,445	\$ 1,545,428	\$ 214,363
Accrued expenses	108,924	141,241	58,118	308,283	1,819,474
Accrued interest	62,187	222,941	-	285,128	427,902
Bonds and contracts payable (current portion)	1,455,848	2,182,472	-	3,638,320	1,808,222
Unearned revenue	457,917	-	43,875	501,792	-
Total current liabilities	<u>2,283,170</u>	<u>3,731,343</u>	<u>264,438</u>	<u>6,278,951</u>	<u>4,269,961</u>
Long-term liabilities (net of current portion) -					
Net OPEB liability	1,035,223	840,845	351,358	2,227,426	1,187,196
Net pension liability	3,096,537	4,978,217	664,763	8,739,517	1,764,207
Accrued vacation and sick	-	-	-	-	3,566,622
Bonds and contracts payable	6,870,067	29,742,837	-	36,612,904	44,510,000
Claims and judgments payable	-	-	-	-	169,237
Total long-term liabilities	<u>11,001,827</u>	<u>35,561,899</u>	<u>1,016,121</u>	<u>47,579,847</u>	<u>51,197,262</u>
Total liabilities	<u>13,284,997</u>	<u>39,293,242</u>	<u>1,280,559</u>	<u>53,858,798</u>	<u>55,467,223</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pension plan	19,820	31,864	4,255	55,939	11,293
Related to OPEB plan	26,286	21,351	8,922	56,559	30,145
Total deferred inflows of resources	<u>46,106</u>	<u>53,215</u>	<u>13,177</u>	<u>112,498</u>	<u>41,438</u>
NET POSITION					
Net investment in capital assets	36,191,558	68,659,867	10,431,298	115,282,723	6,358,941
Restricted	376,460	5,221,995	476,822	6,075,277	-
Unrestricted	(430,341)	18,161,350	12,879	17,743,888	(47,727,164)
Total net position	<u>\$ 36,137,677</u>	<u>\$ 92,043,212</u>	<u>\$ 10,920,999</u>	139,101,888	<u>\$ (41,368,223)</u>
Amounts reported for business-type activities in the statement of net position are different because a portion of the internal service fund is included as business-type activities, reported as internal balance				(9,793,362)	
Net position of business-type activities				<u>\$ 129,308,526</u>	

(Concluded)

CITY OF PORT HURON, MICHIGAN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the year ended June 30, 2025

	Business-type Activities - Enterprise Funds				Internal Service Funds
	Water	Wastewater	Other Nonmajor Enterprise Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 9,151,109	\$ 18,531,826	\$ 1,977,804	\$ 29,660,739	\$ 19,310,197
Rent income	-	-	298,933	298,933	-
Other	17,851	7,255	6,000	31,106	288,112
Total operating revenues	9,168,960	18,539,081	2,282,737	29,990,778	19,598,309
OPERATING EXPENSES					
Personnel services	3,010,196	4,186,313	1,559,291	8,755,800	15,196,780
Supplies	186,887	1,021,008	476,445	1,684,340	452,821
Contractual services	378,853	278,929	696,049	1,353,831	342,067
Other services	1,787,899	3,554,085	689,952	6,031,936	1,001,711
Depreciation	2,520,309	5,512,122	507,350	8,539,781	1,211,933
Total operating expenses	7,884,144	14,552,457	3,929,087	26,365,688	18,205,312
Operating income (loss)	1,284,816	3,986,624	(1,646,350)	3,625,090	1,392,997
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental	-	-	205,500	205,500	-
Gain on sale of capital assets	-	-	28,725	28,725	32,434
Investment income	8,122	316,140	44,484	368,746	(126,369)
Interest expenses	(218,530)	(967,881)	-	(1,186,411)	(1,281,751)
Total non-operating revenues (expenses)	(210,408)	(651,741)	278,709	(583,440)	(1,375,686)
Net income (loss) before transfers and capital contributions	1,074,408	3,334,883	(1,367,641)	3,041,650	17,311
CAPITAL CONTRIBUTIONS	234,172	2,444,250	42,462	2,720,884	101,812
Net income (loss) before transfers	1,308,580	5,779,133	(1,325,179)	5,762,534	119,123
TRANSFERS - transfers in	-	-	965,000	965,000	-
Change in net position	1,308,580	5,779,133	(360,179)	6,727,534	119,123
Net position at beginning of year	34,949,545	81,810,784	11,348,675	128,109,004	(41,134,398)
Prior period adjustment	(120,448)	4,453,295	(67,497)	4,265,350	(352,948)
Net position (deficit) at beginning of year, as restated	34,829,097	86,264,079	11,281,178	132,374,354	(41,487,346)
Net position (deficit) end of year	<u>\$ 36,137,677</u>	<u>\$ 92,043,212</u>	<u>\$ 10,920,999</u>	139,101,888	<u>\$ (41,368,223)</u>
Amounts reported for business-type activities in the statement of net activities are different because a portion of the internal service fund is included as business-type activities				343,653	
Change in net position of business-type activities				<u>\$ 7,071,187</u>	

CITY OF PORT HURON, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2025

	Business-type Activities - Enterprise Funds				Internal Service Funds
	Water	Wastewater	Other Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 9,151,952	\$ 17,256,313	\$ 2,285,428	\$ 28,693,693	\$ -
Cash receipts from interfund services	-	-	-	-	19,463,548
Cash payments to suppliers	(1,499,206)	(3,931,885)	(1,416,192)	(6,847,283)	(2,744,258)
Cash payments to employees	(1,239,109)	(2,441,610)	(995,385)	(4,676,104)	(13,920,432)
Cash payments for interfund services	(1,709,846)	(2,202,049)	(870,764)	(4,782,659)	-
Net cash provided by (used for) operating activities	4,703,791	8,680,769	(996,913)	12,387,647	2,798,858
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from/to other funds	-	-	965,000	965,000	-
Due from/to other funds	-	3,486,985	-	3,486,985	(205,290)
Net cash provided by (used for) noncapital financing activities	-	3,486,985	965,000	4,451,985	(205,290)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bond proceeds	-	7,719,241	-	7,719,241	-
Bond payments	(2,026,467)	(3,702,764)	-	(5,729,231)	(3,083,257)
Intergovernmental	-	-	205,500	205,500	-
Capital grants	234,172	2,444,250	42,462	2,720,884	101,812
Proceeds from sale of assets	-	-	28,725	28,725	32,434
Acquisition and construction of capital assets	(1,681,155)	(4,099,706)	(267,326)	(6,048,187)	(974,417)
Net cash provided by (used for) capital and related financing activities	(3,473,450)	2,361,021	9,361	(1,103,068)	(3,923,428)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income (loss)	8,122	316,140	793	325,055	(126,369)
Net increase (decrease) in cash and cash equivalents for the year	1,238,463	14,844,915	(21,759)	16,061,619	(1,456,229)
Cash and cash equivalents at beginning of year	760,910	10,851,805	972,837	12,585,552	3,021,473
Cash and cash equivalents at end of year	\$ 1,999,373	\$ 25,696,720	\$ 951,078	\$ 28,647,171	\$ 1,565,244
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss) for the year	\$ 1,284,816	\$ 3,986,624	\$ (1,646,350)	\$ 3,625,090	\$ 1,392,997
Adjustments to reconcile operating income (loss) to net cash provided by operating by (used for) operating activities -					
Depreciation	2,520,309	5,512,122	507,350	8,539,781	1,211,933
Change in assets and liabilities:					
Receivables	3,806	764,357	11,250	779,413	(134,761)
Inventory	11,820	(8,703)	1,186	4,303	(3,408)
Prepays and deposits	-	-	(3,175)	(3,175)	22,436
Due from other governmental units	-	(2,047,125)	-	(2,047,125)	-
Accounts payable/accrued expenses	137,029	187,002	51,570	375,601	(232,548)
Unearned revenue	(20,814)	-	(8,289)	(29,103)	-
Net OPEB liability	452,795	367,776	153,680	974,251	519,267
Net pension liability	499,682	(88,906)	(44,832)	365,944	172,456
Deferred outflows/inflows related to pension and OPEB plans	(185,652)	7,622	(19,293)	(197,323)	(149,514)
TOTAL NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 4,703,791</u>	<u>\$ 8,680,769</u>	<u>\$ (996,903)</u>	<u>\$ 12,387,657</u>	<u>\$ 2,798,858</u>

CITY OF PORT HURON, MICHIGAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2025

	Other Employee Benefits - Retiree Health Care Benefits	Private Purpose Trust Fund - Senior Citizens	Custodial Fund - Tax Collection
ASSETS			
Cash and cash equivalents	\$ -	\$ 24,833	\$ 52,068
Investments	<u>33,287,971</u>	<u>-</u>	<u>-</u>
	<u>33,287,971</u>	<u>24,833</u>	<u>52,068</u>
LIABILITIES			
Due to other governmental units	<u>-</u>	<u>-</u>	<u>52,068</u>
NET POSITION			
Restricted for senior citizens	-	24,833	-
Restricted for other postemployment benefits	<u>33,287,971</u>	<u>-</u>	<u>-</u>
	<u>\$ 33,287,971</u>	<u>\$ 24,833</u>	<u>\$ -</u>

CITY OF PORT HURON, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the year ended June 30, 2025

	Other Employee Benefits - Retiree Health Care Benefits	Private Purpose Trust Fund - Senior Citizens	Custodial Fund - Tax Collection
ADDITIONS			
Contributions - employer contributions	\$ 3,452,929	\$ -	\$ -
Investment Income - Net appreciation	2,959,946	-	-
Tax collections for other governments	-	-	23,708,305
Total additions	6,412,875	-	23,708,305
DEDUCTIONS			
Tax collections disbursed to other governments	-	-	23,708,305
Health/life insurance	3,448,369	-	-
Administration	66,425	-	-
Total deductions	3,514,794	-	23,708,305
Net increase in net position	2,898,081	-	-
NET POSITION			
Beginning of year	30,389,890	24,833	-
End of year	<u>\$ 33,287,971</u>	<u>\$ 24,833</u>	<u>\$ -</u>

COMPONENT UNITS

CITY OF PORT HURON, MICHIGAN
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2025

	<u>Downtown Development</u>	<u>Local Development Finance</u>	<u>Tax Increment Finance</u>
ASSETS			
Cash and cash equivalents	\$ 1,631,126	\$ 1,152,271	\$ 80,753
Receivables	268,741	2,516	12,392
Prepays and deposits	29,917	-	-
Capital assets (net of accumulated depreciation) -			
Assets not being depreciated	312,684	-	-
Assets being depreciated	<u>697,012</u>	<u>-</u>	<u>-</u>
Total assets	<u>2,939,480</u>	<u>1,154,787</u>	<u>93,145</u>
LIABILITIES			
Payables and accrued liabilities	39,176	-	80,753
Unearned revenue	386,302	-	-
Non-current liabilities -			
Due within one year	26,719	-	-
Due in more than one year	<u>255,305</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>707,502</u>	<u>-</u>	<u>80,753</u>
NET POSITION			
Net investment in capital assets	727,672	-	-
Unrestricted	<u>1,504,306</u>	<u>1,154,787</u>	<u>12,392</u>
Total net position	<u><u>\$ 2,231,978</u></u>	<u><u>\$ 1,154,787</u></u>	<u><u>\$ 12,392</u></u>

<u>Brownfield Redevelopment</u>	<u>Neighborhood Improvement</u>	<u>Total</u>
\$ 548,986	\$ 128,907	\$ 3,542,043
8,969	27	292,645
-	-	29,917
-	-	312,684
-	-	697,012
<u>557,955</u>	<u>128,934</u>	<u>4,874,301</u>
475,940	637	596,506
-	-	386,302
-	-	26,719
-	-	255,305
<u>475,940</u>	<u>637</u>	<u>1,264,832</u>
-	-	727,672
<u>82,015</u>	<u>128,297</u>	<u>2,881,797</u>
<u>\$ 82,015</u>	<u>\$ 128,297</u>	<u>\$ 3,609,469</u>

CITY OF PORT HURON, MICHIGAN
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the year ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution
Downtown development -				
Governmental activities:				
Community and economic development	\$ 1,092,807	\$ 242,913	\$ 26,045	\$ -
Local development finance -				
Governmental activities:				
Community and economic development	136,123	-	-	-
Tax increment finance -				
Governmental activities:				
Community and economic development	80,753	-	-	-
Brownfield redevelopment -				
Governmental activities:				
Community and economic development	502,440	-	-	-
Neighborhood improvement -				
Governmental activities:				
Community and economic development	4,921	-	-	-
Total component units	<u>\$ 1,817,044</u>	<u>\$ 242,913</u>	<u>\$ 26,045</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Grants and contribution not restricted				
Interest				
Other miscellaneous income				
Total general revenues				
Change in net position				
Net position at beginning of year				
Net position at end of year				

Net (Expense) Revenue and Change in Net Position					
Downtown Development	Local Development Finance	Tax Increment Finance	Brownfield Redevelopment	Neighborhood Improvement	Total
<u>\$ (823,849)</u>					\$ (823,849)
	<u>\$ (136,123)</u>				(136,123)
		<u>\$ (80,753)</u>			(80,753)
			<u>\$ (502,440)</u>		(502,440)
				<u>\$ (4,921)</u>	(4,921)
<u>(823,849)</u>	<u>(136,123)</u>	<u>(80,753)</u>	<u>(502,440)</u>	<u>(4,921)</u>	<u>(1,548,086)</u>
1,028,151	163,787	92,421	496,229	133,038	1,913,626
-	255,999	-	7,948	-	263,947
3,309	-	-	-	-	3,309
<u>36,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180</u>	<u>36,778</u>
<u>1,068,058</u>	<u>419,786</u>	<u>92,421</u>	<u>504,177</u>	<u>133,218</u>	<u>2,217,660</u>
244,209	283,663	11,668	1,737	128,297	669,574
<u>1,987,769</u>	<u>871,124</u>	<u>724</u>	<u>80,278</u>	<u>-</u>	<u>2,939,895</u>
<u>\$ 2,231,978</u>	<u>\$ 1,154,787</u>	<u>\$ 12,392</u>	<u>\$ 82,015</u>	<u>\$ 128,297</u>	<u>\$ 3,609,469</u>

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used by the City of Port Huron, Michigan (the "City"):

Reporting Entity

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and containing either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the City of Port Huron, Michigan (the primary government) and its component units. The financial data of the component units is included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

A blended component unit is an entity that is legally separate from the City, but is so intertwined with the City that it is, in substance, the same as the City. The Port Huron Building Authority (the "Building Authority") is reported as part of the City and blended into the special revenue funds. The Building Authority is a municipal nonprofit, nonstock corporation organized under the laws of the State of Michigan for the purpose of acquiring and owning buildings for lease to the City.

A fiduciary component unit includes other postemployment benefit (OPEB) plans administered through a trust. The retiree health care benefits fund is such a trust. City Council governs the trust through the Municipal Employees' Retirement System of Michigan (MERS) Retiree Health Funding Vehicle (RHFV). The MERS RHFV is governed by a nine- (9) member board which includes three (3) members of a participating municipality, three (3) employee members, two (2) expert members, and one (1) retiree member. Although legally separate from the City, this fund is reported as a fiduciary component unit because the plan imposes a financial burden on the City.

A discretely presented component unit is an entity that is legally separate from the City, but for which the City is financial accountable, or its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Such component units are reported in separate columns to emphasize that they are legally separate from the City.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BLENDED COMPONENT UNIT

Port Huron Building Authority - The Port Huron Building Authority is reported as part of the City and blended into the special revenue funds. The Building Authority is a municipal nonprofit, nonstock corporation organized under the laws of the State of Michigan for the purpose of acquiring and owning buildings for lease to the City. During the year ended June 30, 2025, there was no activity between the Building Authority and the City.

DISCRETELY PRESENTED COMPONENT UNITS

Downtown Development Authority - The City of Port Huron Downtown Development Authority (DDA) is a municipal nonprofit, nonstock corporation organized in 1976 under the laws of the State of Michigan for the purpose of correcting and preventing deterioration in the business district and promoting economic growth therein. In addition, the DDA's budget is subject to approval of City Council (Board). Funding for the DDA is provided by a two-mill levy on property within the district and by increased property tax collections within designated areas. As of June 30, 2025, the DDA manages six (6) plans (one of which no longer captures taxes). Additional financial information can be obtained at its administrative offices; however, separate financial statements are not prepared.

Port Huron Housing Commission - The Port Huron Housing Commission (the "Housing Commission") was created in accordance with the laws of the State of Michigan. The City appoints a majority of its governing body but is not able to impose its will. Further, there is no financial benefit or burden to the City resulting from the Housing Commission. Therefore, the City is not financially accountable for the Housing Commission, and it is excluded from these financial statements. The Housing Commission's main purpose is to administer activities that provide adequate housing facilities for low-income families and the elimination of housing conditions that are detrimental to the public's peace, health, safety, and welfare.

Brownfield Redevelopment Authority - The City of Port Huron Brownfield Redevelopment Authority (BRDA) is a municipal nonprofit, nonstock corporation organized on March 10, 1997 under the laws of the State of Michigan for the purpose of remediation, removal, and redevelopment of functionally obsolete or formerly blighted or contaminated properties for beneficial uses. In addition, the City qualifies for financing of public facilities and general infrastructure needs for specific remediation sites. As of June 30, 2025, the BRDA manages four (4) plans.

Tax Increment Finance Authority - The City of Port Huron Tax Increment Finance Authority (TIFA) is a municipal nonprofit, nonstock corporation organized on April 13, 1981 under the laws of the State of Michigan for the purpose of financing public facilities within certain designated areas of the City. As of June 30, 2025, the TIFA manages one (1) plan.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Local Development Finance Authority - The City of Port Huron Local Development Finance Authority (LDFA) is a municipal nonprofit, nonstock corporation organized on May 14, 1990 under the laws of the State of Michigan for the purpose of financing public facilities and general infrastructure needs of specific project districts, including the industrial park. As of June 30, 2025, the LDFA manages one (1) plan.

Neighborhood Improvement Authority (NIA) - The City of Port Huron Neighborhood Improvement Authority is a municipal nonprofit, nonstock corporation organized on October 9, 2023 under the laws of the State of Michigan for the purpose of promoting residential and economic revitalization and growth in the southside community. As of June 30, 2025, the NIA manages one (1) plan.

The governing bodies of each authority are appointed by City Council. Their budgets and any bond issuance authorizations are approved by City Council. Funding for TIFA, LDFA, BRDA, and NIA is provided by increased property tax collections from improvements and increased valuations within the designated areas. Each of the authority's primary activities, which are as of and for the year ended June 30, 2025, are reported discretely as governmental fund types - special revenue funds.

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the City:

Report Presentation - The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenues are reported instead as general revenues.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 enterprise funds, if any, are reported as separate columns in the fund financial statements.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources. Separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three (3) broad fund types:

Governmental Funds - Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following funds as major governmental funds:

General Fund - is the primary operating fund. It accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Major Streets Fund - accounts for various state-shared and other revenue relating to the repairs and maintenance of major streets and state trunklines.

Local Streets Fund - accounts for various state-shared and other revenue relating to the repairs and maintenance of local streets and state trunklines.

Municipal Streets Fund - accounts for property taxes levied for street construction and repairs and the Blue Water Area Transportation Commission (BWATC) and for various other revenue related to construction activities.

Cemetery Perpetual Care Fund - is a permanent fund that was established to invest the proceeds from the sale of burial plots and utilize the investment income of the operations of the City-owned cemetery.

Proprietary Funds - Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees, and internal service funds, which provide goods or services to other funds of the City.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following funds as major enterprise funds:

Water Fund - is used to account for the provision of water and related services to residents of the City and surrounding townships.

Wastewater Fund - is used to account for the collection of wastewater and related treatment services to residents of the City and surrounding townships.

The City's internal service funds are used for office supply room and copier activities, rental of City-owned vehicles and other equipment, data processing services, energy performance services, and payment of insurance and payroll-related fringe benefits provided to other departments or agencies of the City on a cost reimbursement basis.

Fiduciary Funds - Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs. The City reports the following as fiduciary activities:

Other Employee Benefit Funds - account for the activities of the retiree health care benefits fund, which accumulates resources for retiree health care benefits for qualified retirees.

Private Purpose Trust Funds - account for resources legally held in trust for use in senior citizens' projects. All resources of the funds, including any earnings on invested resources, may be used to support these activities. There is no requirement that any portion of these resources are preserved as capital.

Custodial Funds - are generally used to account for taxes collected that the City holds on behalf of others as their agent.

Fund Balance Flow Assumptions

Sometimes, the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as program revenue include: 1) charges to customers or applicants for goods, services, or other; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue other than program revenue. General revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of the City's proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the respective funds' balance sheet or statement of net position. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Interfund services provided and used are accounted for as revenues and expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the City has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future. Conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care related costs) are not recorded until they come due for payment. In addition, debt service expenditures, claims, and judgements are recorded only when payment is due.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue is not recognized until it is collected or otherwise collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year-end to be available for recognition. The following major revenue sources meet the availability criterion: property taxes, City income tax revenue (principally employee withholdings), state-shared revenues, reimbursement type grants, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability. Receivables have been recorded for these, along with a deferred inflow of resources.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the water and wastewater functions and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting as applicable. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and short-term investments with an original maturity date within three (3) months of the date acquired by the City.

Investments

State statutes and the policy adopted by City Council authorize general City funds to be deposited in government-insured accounts in banks and thrifts within the state. Permissible investments include obligations of the U.S. Treasury and agencies (either individually or in pooled funds), domestic certificates of deposit, commercial paper with prescribed ratings, obligations of the State of Michigan or its political subdivisions (which are rated as investment grade), and repurchase agreements.

Certificates of deposit with an original maturity date in excess of three (3) months are classified as investments and are reported at original cost, which approximates fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less (of which there were none in the current year) are stated at amortized cost. Securities traded on a national or international exchange are stated at fair value based upon quoted market prices (typically, the last reported sale price at current exchange rates). Investments that do not have an established fair value are reported at estimated fair value as determined by management of the City.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City participates in bank-administered external investment pools, which are registered with the Securities and Exchange Commission, in which the fair value of the City's portion in the pool is the same as the value of the pool shares.

Inventories and Prepaid Items

Inventories are valued at cost using the first in/first out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the government-wide and the fund financial statements, when applicable. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

In accordance with bond covenants, bond proceeds received in the wastewater fund are used for designated improvements to the wastewater system. In the water fund, amounts sufficient to meet certain interest and principal payment requirements have been restricted for that purpose. Since these assets are restricted as to their use, they are classified as restricted assets on the statement of net position and the statement of cash flows.

The City issued general obligation limited tax bonds to be used for capital improvements, including a new fire station. As of June 30, 2025, there was \$14,251 in unspent bond proceeds.

In previous years, the City donated funds to the Community Foundation of St. Clair County from the General Fund and McMorran fund. The income of the donated funds is distributed at least annually for use within the City for projects that constitute a public purpose, as defined by Michigan law.

Capital Assets

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., streets, 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 City as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. All costs related to the construction of facilities, including salaries and employee benefits, are capitalized.

Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>Depreciable Life</u>
Buildings and improvements	10 - 50
Machinery and equipment	2 - 10
Vehicles	2 - 10
Infrastructure	20 - 50

Unearned Revenue

Unearned revenue consists primarily of grant proceeds that are not considered earned until they have been spent on eligible expenditures.

Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

For the government-wide financial statements, all long-term obligations are recorded within the applicable governmental or business-type activity.

Deferred Outflows/Inflows of Resources

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

The City reports deferred outflows of resources related to the pension and OPEB plans.

In addition to liabilities, the statements of net position and/or balance sheet will sometimes report a separate section of deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports deferred inflows of resources related to leases, opioid settlement funds, and the pension and OPEB plans.

Net Position

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Fund balances are considered nonspendable and segregated for inventories, prepaid items, beneficial interest in assets held by others and cemetery perpetual care. Restricted balances represent those portions of the fund equity that cannot be appropriated for expenditure or are legally segregated for a specific future use. Amounts segregated for endowments in the cemetery perpetual care fund (permanent fund) are not available for expenditure. Interest and dividends earned in the cemetery perpetual care fund can be transferred annually for use in the cemetery operating fund.

City Council has committed a portion of the fund balance in the General Fund to be set aside for a contingency fund balance for future financial challenges or unforeseen expenditures.

City Council has assigned a portion of the fund balance in certain funds to be used for subsequent year's expenditures. The City had no fund deficits as defined under state statute.

In the fund financial statements, governmental funds reported the following components of fund balance:

Nonspendable Fund Balance - amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance - amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed Fund Balance - amounts that have been formally set aside by City Council for use for specific purposes. Commitments are made and can be rescinded only by resolution by City Council.

Assigned Fund Balance - intent to spend resources on specific purposes expressed by City Council. Currently, City Council has not authorized anyone to make assignments on its behalf.

Unassigned Fund Balance - all other amounts not classified elsewhere. The General Fund is the only fund that reports a positive unassigned fund balance.

When different classifications of fund balance are present, it is the City'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.

Property Tax Revenue

Property taxes are levied on each July 1 and become an enforceable lien at that time. The tax is based on the taxable valuation of property as of the preceding December 31. A penalty of 1% is added on August 1 and on the first day of each succeeding month until March 1 of the following year. At that time, the taxes are considered delinquent and turned over to the County Treasurer for collection.

The City's property tax revenue was levied and collectible on July 1, 2024 and is recognized as revenue in the year ended June 30, 2025 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2024 taxable valuation (real and personal property) totaled \$789,178,996 on which ad valorem taxes levied consisted of 10.9754 mills for the City's operating purposes, 2.9266 mills for public safety operating purposes, 0.9755 mills for parks and recreation, 1.9477 mills for street resurfacing, and 0.6068 mills for Blue Water Area Transportation Commission operating expenses. The ad valorem taxes generated \$7,990,000 for the City's operating purposes, \$2,148,000 for public safety operating purposes, \$715,900 for parks and recreation, \$1,421,000 for street resurfacing, and \$445,000 for the Blue Water Area Transportation Commission's operating expenses. These amounts are recorded in their respective funds as property tax revenue.

In addition, the component unit's 2024 taxable value of \$789,178,996 at a millage rate of 0.2500 mills generated \$96,000 for the Downtown Development Authority's operating purposes. These amounts are recorded in their respective funds as property tax revenue.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension

The City offers a defined benefit pension plan to its employees. The City 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, and pension expense, information about the fiduciary net position of the City's 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 are reported at fair value.

Other Postemployment Benefit Costs

The City offers retiree health care benefits to retirees. This plan is closed to all new-hires, effective June 23, 2008. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The insurance and fringe benefit fund (an internal service fund) is used to liquidate the obligations.

Compensated Absences (Vacation and Sick Leave)

All matured and vested compensated absences are recorded and paid in the insurance and fringe benefit fund. All liabilities as incurred are paid to the internal service fund by the applicable governmental or proprietary funds. At June 30, 2025, the total accrued liability of \$3,566,622 for vested vacation and sick leave benefits was recorded in the insurance and fringe benefit fund. As described in Note 18 to the financial statements, the City implemented GASB Statement No. 101, *Compensated Absences*, that updates the recognition and measurement guidance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions, such as provisions for uninsured losses, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The City is a lessee for a noncancelable lease for police equipment. The City recognizes a lease liability and a right-to-use lease asset in the government-wide financial statements.

The DDA is a lessee for a noncancelable lease of land upon which the City's farmers market will be operated. The DDA recognizes a lease liability and an intangible right-to-use lease asset in the applicable governmental activities and component units columns in the government-wide financial statements.

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

Key estimates and judgements related to leases include how the City 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 City uses an imputed interest rate, which approximates its incremental borrowing cost 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 City is reasonably certain to exercise.

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

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

The City is a lessor for noncancelable leases of office space, a sublease of rental space, and land upon which various lessees have constructed cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- The City uses an imputed interest rate, which approximates its incremental borrowing cost as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

Upcoming Accounting Pronouncements

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

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 City's fiscal year ending June 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement establishes types of assets required to be disclosed separately within the capital asset note, as well as information disclosed for assets held for sale. This statement is effective for City's fiscal year ending June 30, 2026.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state statutes. Annual appropriated budgets are adopted for the General Fund and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end; however, they are generally reappropriated as part of the following year's budget.

The City Manager receives requests for appropriations from all City departments and agencies in February of each year in order for a budget to be prepared. The budget is prepared by fund, function, and activity and includes information on the past two years, the current year, and requested appropriations for the fiscal year beginning July 1.

On or before the fourth Monday in April, the proposed budget is presented to City Council for review. City Council holds a public hearing and may make any revisions that, in their opinion and as a result of the public hearing thereon, may appear advisable. The budget is prepared by fund and function (e.g., public safety) with supporting detail by activity or department (e.g., police). However, the legally adopted budget is at the functional level. Therefore, expenditures may not legally exceed budget appropriations at the functional level.

Supplemental appropriations to the City's budget require the approval of City Council. Transfers within functional levels that do not affect aggregate expenditures may be approved by the City Manager. During the year, a supplemental appropriation was adopted to reflect changes in economic conditions. All budget adjustments are reflected as the final budget in this report.

The City 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 level (any overages at the legal level of budgetary control greater than 10% of total expenditures and the overage itself is larger than 10%). During the fiscal year ended June 30, 2025, the City had no overages that exceeded this threshold.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Unrestricted Net Position Deficit

The water fund and McMorran fund (enterprise funds) have unrestricted net position deficits of \$430,341 and \$694,783, respectively, at June 30, 2025. The motor vehicle, data processing, and insurance and fringe benefits funds (internal service funds) have unrestricted net position deficits of \$1,147,279, \$506,128, and \$46,161,715, respectively, at June 30, 2025.

Construction Code Fees

The City tracks the results of building department operations in the General Fund. In accordance with Michigan Public Act 245 of 1999, the City is required to maintain an accounting system that separately accumulates revenues and expenditures related to the building department function. As required under the provisions of the act, the City adopted this accounting treatment effective January 1, 2000. For the year ended June 30, 2025, building department revenues and expenditures totaled \$643,648 and \$525,313, respectively. Cumulative building department revenues and expenditures since July 1, 1999 totaled \$9,721,466 and \$13,325,947, respectively.

NOTE 3 - DEPOSITS AND INVESTMENTS

Carrying Amount

As of June 30, 2025, the carrying amount of the deposits and investments is as follows:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Petty cash and cash on hand	\$ 21,780	\$ 500	\$ -	\$ 22,280
Deposits with financial institutions -				
Checking	14,341,151	3,541,543	76,901	17,959,595
Savings/money market/ certificates of deposit	41,462,954	-	-	41,462,954
Total deposits with financial institutions	55,804,105	3,541,543	76,901	59,422,549
Investments -				
Trust funds/pooled investments	-	-	33,287,971	33,287,971
Stocks	11,547,542	-	-	11,547,542
Corporate bonds/notes	681,493	-	-	681,493
Total investments	12,229,035	-	33,287,971	45,517,006
Grand total	\$ 68,054,920	\$ 3,542,043	\$ 33,364,872	\$ 104,961,835

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Reconciliation to Combined Balance Sheet

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Reported as cash and cash equivalents -				
Cash on hand	\$ 21,780	\$ 500	\$ -	\$ 22,280
Checking	14,341,151	3,541,543	76,901	17,959,595
Savings/money market	40,175,717	-	-	40,175,717
	<u>54,538,648</u>	<u>3,542,043</u>	<u>76,901</u>	<u>58,157,592</u>
Reported as investments -				
Certificates of deposit	1,287,237	-	-	1,287,237
Trust funds/pooled investments	-	-	33,287,971	33,287,971
Stocks	11,547,542	-	-	11,547,542
Corporate bonds/notes	681,493	-	-	681,493
	<u>13,516,272</u>	<u>-</u>	<u>33,287,971</u>	<u>46,804,243</u>
Grand total	<u>\$ 68,054,920</u>	<u>\$ 3,542,043</u>	<u>\$ 33,364,872</u>	<u>\$ 104,961,835</u>

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the State of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures no 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.

The investment policy adopted by City Council in accordance with Public Act 20 of 1943, as amended, authorizes investments in bonds, securities, and other investments within the limitations prescribed by Public Act 20. For mutual funds, this authorization is limited to mutual funds whose intent is to maintain a net asset value of \$1 per share.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The cemetery perpetual care fund is authorized by Public Act 157 of 1976 to invest or reinvest in real or personal property deemed advisable by the governing board, including mortgages, stocks, bonds, debentures, and other securities of for-profit or non-profit corporations; shares in or obligations of associations, partnerships, and individuals; and obligations of any government or subdivision or instrumentality thereof; retain property contributed by a donor to an institutional fund for as long as the governing board deems advisable, including all or any part of an institutional fund in a pooled or common fund maintained by the institution; and invest all or any part of an institutional fund in any other pooled or common fund available for investment, including shares or interest in regulated investment companies, mutual funds, common trust funds, investment partnerships, real estate investment trusts, or similar organizations in which funds are commingled and investment determinations are made by persons other than the governing board.

The retiree health care benefits 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 repurchase agreements, certain state and local government obligations, and certain other specified investment vehicles. The City has authorized investment in a retiree health care funding plan provided by the Municipal Employees' Retirement System of Michigan, the City's pension plan. Funds in which the City have invested are part of the MERS total market fund, a diversified fund designed to provide reasonable growth and income while minimizing volatility for all MERS-defined benefit participants.

The City has designated certain banks and credit unions for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CD's, but not the remainder of state statutory authority, as listed above. The City's deposits and investments are in accordance with statutory authority.

The City's cash and investments are subject to several types of risk, which are examined in more detail below.

Custodial Credit Risk - Bank Deposits

Custodial credit risk of bank deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2025, the City's deposits consist of demand deposits, savings accounts, and certificates of deposit. The bank balance of the City's deposits was \$59,668,297 of which \$56,630,523 was insured by depository insurance and the remaining balance of \$3,037,774 was uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments

Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. As of June 30, 2025, none of the City's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the City and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the City's name

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The City's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and limiting the average maturity in accordance with the City's cash requirements. It is the City's policy to hold such securities until maturity.

At year-end, the average maturities of investments in years are as follows:

Investment	Carrying Value	Weighted Average Maturity
Investments -		
Cemetery perpetual care fund corporate bonds	\$ 681,493	2.49
Other items reported as investments -		
Cemetery perpetual care fund certificates of deposit	1,287,237	
Cemetery perpetual care fund equities	<u>11,547,542</u>	
Total investments - primary government	13,516,272	
Retiree health care benefits fund	<u>33,287,971</u>	
Total	<u><u>\$ 46,804,243</u></u>	

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

Endowment funds are authorized by Public Act 157 of 1976 to invest, in part, in mortgages, stocks, bonds, debentures, and other securities. The General Fund is authorized by Public Act 20 of 1943, as amended, to invest, in part, in municipal obligations of the State of Michigan or its political subdivisions, which are rated as investment grade. The General Fund is also authorized to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States. The retiree health care benefits fund is authorized by Public Act 314 of 1965 to invest, in part, in stocks, diversified investment companies, annuities, government obligations, and other specified investment vehicles. The City does not have a policy for credit risk. The City used the Standard & Poor's rating agency to rate its investments. As of June 30, 2025, the credit ratings of debt securities (other than the U.S. government) for the cemetery perpetual care fund, the General Fund, and the interest in pooled investments for the retiree health care benefits fund are as follows:

Investment	Carrying Value	Rating
Cemetery perpetual care fund -		
Corporate bonds	\$ 206,816	AA
Corporate bonds	422,370	A+
Corporate bonds	52,307	BBB+
Total	<u>\$ 681,493</u>	
Retiree health care benefits fund -		
Interest in pooled investments	<u>\$ 33,287,971</u>	Not rated

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issue or equity.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs used requires judgement and consideration of factors specific to each asset or liability.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The City has the following recurring fair value measurements as of June 30, 2025:

- Mutual funds and equities of \$11,547,542 are valued using quoted market prices (Level 1 inputs).
- Corporate bonds of \$681,493 are valued using a matrix pricing model (Level 2 inputs).
- Interest in pooled investments of \$33,287,971 is measured at net asset value (NAV).

At June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Carrying Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
MERS RHFV total market portfolio	\$ 33,287,971	\$ -	N/A	N/A

The MERS RHFV Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers of the MERS RHFV Total Market Portfolio.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2025 in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 1,694,927	\$ -
Interest and accounts	1,435,169	4,205,555
Intergovernmental	2,447,830	6,139,919
Leases	2,531,365	-
	8,109,291	10,345,474
Less - allowance for uncollectible	<u>(134,502)</u>	<u>(35,000)</u>
	<u>\$ 7,974,789</u>	<u>\$ 10,310,474</u>
Amount not expected to be collected within one year	<u>\$ 3,127,179</u>	<u>\$ 6,139,919</u>

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2024	Transfers	Additions	Disposals	Balance June 30, 2025
Governmental activities					
Capital assets, not being depreciated -					
Land	\$ 4,455,672	\$ -	\$ -	\$ -	\$ 4,455,672
Construction in progress	1,494,010	(3,029,258)	5,707,089	-	4,171,841
Total capital assets, not being depreciated	5,949,682	(3,029,258)	5,707,089	-	8,627,513
Capital assets, being depreciated -					
Streets, bridges, and sidewalks	102,005,959	2,648,629	62,338	-	104,716,926
Buildings	24,645,050	380,629	263,092	-	25,288,771
Machinery and equipment	18,641,423	-	1,569,233	32,419	20,178,237
Vehicles	12,021,338	-	440,987	156,240	12,306,085
Land improvements	22,382,780	-	186,615	71,280	22,498,115
Subscription assets	-	-	325,621	-	325,621
Right-to-use assets - equipment	-	-	950,530	-	950,530
Total capital assets, being depreciated	179,696,550	3,029,258	3,798,416	259,939	186,264,285
Less - accumulated depreciation for -					
Streets, bridges, and sidewalks	65,089,720	-	3,158,106	-	68,247,826
Buildings	11,059,992	-	693,184	-	11,753,176
Machinery and equipment	14,360,251	-	975,670	32,419	15,303,502
Vehicles	7,656,185	-	749,862	122,761	8,283,286
Land improvements	12,760,626	-	769,454	71,280	13,458,800
Subscription assets	-	-	7,942	-	7,942
Right-to-use assets - equipment	-	-	7,728	-	7,728
Total accumulated depreciation	110,926,774	-	6,361,946	226,460	117,062,260
Total capital assets, being depreciated, net	68,769,776	3,029,258	(2,563,530)	33,479	69,202,025
Governmental activities capital assets, net	<u>\$ 74,719,458</u>	<u>\$ -</u>	<u>\$ 3,143,559</u>	<u>\$ 33,479</u>	<u>\$ 77,829,538</u>
Business-type activities					
Capital assets, not being depreciated -					
Land	\$ 5,360,122	\$ -	\$ 11,874	\$ -	\$ 5,371,996
Construction in progress	950,786	(1,586,109)	5,448,221	-	4,812,898
Total capital assets, not being depreciated	6,310,908	(1,586,109)	5,460,095	-	10,184,894
Capital assets, being depreciated -					
Buildings	54,680,977	-	371,035	2,483	55,049,529
Machinery and equipment	17,914,141	945,982	60,957	-	18,921,080
Systems	244,012,695	640,127	156,100	-	244,808,922
Land improvements	4,280,939	-	-	-	4,280,939
Total capital assets, being depreciated	320,888,752	1,586,109	588,092	2,483	323,060,470
Less - accumulated depreciation for -					
Buildings	31,553,377	-	1,796,749	2,483	33,347,643
Machinery and equipment	16,398,309	-	471,985	-	16,870,294
Systems	124,588,932	-	6,094,678	-	130,683,610
Land improvements	1,543,129	-	176,369	-	1,719,498
Total accumulated depreciation	174,083,747	-	8,539,781	2,483	182,621,045
Total capital assets, being depreciated, net	146,805,005	1,586,109	(7,951,689)	-	140,439,425
Business-type activities capital assets, net	<u>\$ 153,115,913</u>	<u>\$ -</u>	<u>\$ (2,491,594)</u>	<u>\$ -</u>	<u>\$ 150,624,319</u>

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 - CAPITAL ASSETS (Continued)

Transfers for construction in progress represent amounts reclassified to property and equipment being depreciated.

Capital asset activity of the City's component unit for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Component unit					
Capital assets, not being depreciated -					
Construction in progress	\$ 312,684	\$ -	\$ -	\$ -	\$ 312,684
Capital assets, being depreciated -					
Machinery and equipment	48,828	-	-	-	48,828
Land improvements	441,613	-	-	-	441,613
Other - leased assets	329,363	-	-	-	329,363
Total capital assets, being depreciated	819,804	-	-	-	819,804
Less - accumulated depreciation/amortization for -					
Machinery and equipment	4,883	-	4,883	-	9,766
Land improvements	27,694	-	19,460	-	47,154
Leased assets	32,936	-	32,936	-	65,872
Total accumulated depreciation/ amortization	65,513	-	57,279	-	122,792
Capital assets, being depreciated, net	754,291	-	(57,279)	-	697,012
Net capital assets	\$ 1,066,975	\$ -	\$ (57,279)	\$ -	\$ 1,009,696

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

Governmental activities:	
General government	\$ 324,609
Public safety	556,737
Public works	3,339,762
Community and economic development	1,085
Recreation, parks, and culture	927,820
	<u>5,150,013</u>
Internal service funds	<u>1,211,933</u>
Total governmental activities	<u>\$ 6,361,946</u>

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 - CAPITAL ASSETS (Continued)

Business-type activities:

Water	\$ 2,520,309
Wastewater	5,512,122
McMorran	346,193
Parking	78,323
Land purchase	68,162
Marina	14,672
Total business-type activities	<u>\$ 8,539,781</u>

Component unit activities - Downtown Development Authority	<u>\$ 57,279</u>
--	------------------

Construction Commitments

The City has entered into various construction contracts. Several such contracts were in progress but not completed as of June 30, 2025. The total incurred to date on these contracts is approximately \$6,829,446 as of June 30, 2025. The total contractual commitments outstanding as of June 30, 2025 aggregated approximately \$10,554,535. The City has sufficient funds available to cover these commitments.

	Contract Amount	Payments Through 6/30/2025	Accounts Payable	Remaining Balance 6/30/2025
16th Street Park	\$ 629,994	\$ 480,364	\$ 31,500	\$ 118,130
BW Bridge expansion - sewer	440,900	88,200	1,170	351,530
Hospital area	4,145,330	558,468	530,280	3,056,582
Hospital area	548,995	271,343	103,351	174,301
Lapeer Avenue	1,800,543	-	8,801	1,791,742
Lapeer Avenue	373,840	174,534	36,521	162,785
Military Street Pocket Park	515,388	206,872	22,986	285,530
MOC parking structure	1,447,388	632,780	332,259	482,349
MOC parking structure	212,500	158,530	25,715	28,255
Rehab of sanitary pump stations	268,868	46,478	26,915	195,475
Russell Court water main	1,030,753	438,003	112,366	480,384
Secondary clarifiers	404,670	166,866	1,185	236,619
Splitter box replacement	3,136,000	988,401	777,477	1,370,122
WFP high voltage switchgear	261,610	112,841	13,782	134,987
WWTP - primary clarifiers	1,542,923	280,571	200,887	1,061,465
WWTP - overhead door/hatch	108,259	-	-	108,259
Dehumidification unit replacement -				
Water filtration plant	136,220	-	-	136,220
Sanborn Park tennis court				
improvements	119,800	-	-	119,800
Screw pump no. 1 repairs	260,000	-	-	260,000

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers are used either to move revenues from the fund that statute or budget requires to collect the revenue to the fund that statute or budget requires to expend the revenue or to use unrestricted revenues collected in the general fund and municipal streets fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
General fund	McMorran fund	\$ 965,000
	Beautification commission fund	3,300
	Streetscape maintenance fund	<u>17,500</u>
	Total general fund	985,800
Municipal streets fund	Local streets fund	940,000
Cemetery perpetual care fund	Cemetery operating fund	<u>575,000</u>
		<u><u>\$ 2,500,800</u></u>

Outstanding balances between funds are reported in the fund financial statements as due to/from other funds. These amounts result from short-term lending from one fund to another. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Amounts due from/to other funds are as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Rubbish and garbage collection fund	Community development block	
	grant fund	\$ 76,869
	Home fund	<u>2,971</u>
		<u><u>\$ 79,840</u></u>

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 - LONG-TERM DEBT

Long-term debt for the year ended June 30, 2025 can be summarized as follows:

Governmental Activities

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Bonds and contracts payable -					
Internal service funds - direct					
borrowings and direct placements - 3.80					
percent 2012A energy services refunding					
bonds (limited tax general obligation);					
amount of issue - \$3,736,500	\$ 777,464	\$ -	\$ 389,242	\$ 388,222	\$ 388,222
Insurance and fringe benefit fund - other					
debt - 1.266 percent to 3.117 percent 2020					
general obligation limited tax pension					
bonds; amount of issue - \$52,710,000	47,325,000	-	1,395,000	45,930,000	1,420,000
General obligation tax bonds, Series 2022 -					
4.000 percent to 4.375 percent; amount					
of issue - \$9,680,000	9,510,000	-	175,000	9,335,000	185,000
Total bonds and contracts payable	57,612,464	-	1,959,242	55,653,222	1,993,222
Unamortized premium on bonds payable	69,794	-	3,927	65,867	3,855
Leases	-	950,530	-	950,530	78,658
Subscriptions	-	325,621	-	325,621	26,946
Compensated absences	3,181,056	385,566	-	3,566,622	-
Claims and judgements	2,199,400	5,458,844	6,212,210	1,446,034	1,276,797
Total governmental activities long-term					
debt	<u>\$ 63,062,714</u>	<u>\$ 7,120,561</u>	<u>\$ 8,175,379</u>	<u>\$ 62,007,896</u>	<u>\$ 3,379,478</u>

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 - LONG-TERM DEBT (Continued)

Business-type Activities

	July 1, 2024	Additions	Reductions	June 30, 2025	One Year
Bonds and contracts payable -					
Water fund - direct borrowings and direct placements:					
2.50 percent to 4.00 percent 2021 water supply system revenue bonds; amount of issue - 5090000, defeased debt of \$2,064,291	\$ 4,705,000	\$ -	\$ 200,000	\$ 4,505,000	\$ 210,000
2.125 percent to 2.500 percent drinking water revolving fund (DWRf) water supply system (junior lien) revenue bonds (limited tax general obligation) -					
Series 7119-01	369,255	-	120,000	249,255	120,000
Series 7147-01	105,245	-	105,245	-	-
Series 7150-01	31,504	-	31,504	-	-
Series 7167-01	186,036	-	100,000	86,036	86,036
Series 7168-01	100,000	-	100,000	-	-
Series 7169-01	22,532	-	22,532	-	-
Series 7185-01	210,053	-	70,000	140,053	70,000
Series 7186-01	66,848	-	45,000	21,848	21,848
Series 7187-01	58,662	-	30,000	28,662	28,662
Series 7188-01	79,909	-	45,000	34,909	34,909
Series 7220-01	416,676	-	100,000	316,676	105,000
Series 7221-01	150,000	-	30,000	120,000	30,000
Series 7275-01	889,258	-	140,000	749,258	140,000
Series 7276-01	50,000	-	10,000	40,000	10,000
Series 7378-01	1,213,679	-	95,000	1,118,679	100,000
3.64 percent 2012B water meter refunding bonds (limited tax general obligation); amount of issue - \$5,112,000	938,895	-	495,308	443,587	443,587
Water fund - bonds payable	9,593,552	-	1,739,589	7,853,963	1,400,042
Water fund - unamortized premium on bonds payable	530,614	-	58,662	471,952	55,806
Total water fund	10,124,166	-	1,798,251	8,325,915	1,455,848
Wastewater fund - direct borrowings and direct placements:					
2.60 percent 2019 wastewater general obligation limited tax bonds; amount of issue - \$3,425,000	2,345,000	-	235,000	2,110,000	240,000
2.25 percent to 4.00 percent 2021 wastewater general obligation limited tax bonds; amount of issue - \$9,215,000	8,735,000	-	255,000	8,480,000	265,000
2.25 percent to 4.00 percent 2021B wastewater general obligation limited tax bonds; amount of issue - \$2,305,000	2,185,000	-	65,000	2,120,000	65,000
3.00 percent to 4.00 percent 2021 wastewater general obligation limited tax bonds; amount of issue - \$3,818,975	3,430,000	-	185,000	3,245,000	195,000

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 - LONG-TERM DEBT (Continued)

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
3.00 percent to 4.00 percent 2021 wastewater general obligation limited tax bonds; amount of issue - \$2,320,000	\$ 2,145,000	\$ -	\$ 90,000	\$ 2,055,000	\$ 95,000
4.00 percent 2021 wastewater general obligation limited tax bonds; amount of issue - \$1,895,000	510,000	-	510,000	-	-
5.00 percent 2024 sewage disposal system revenue bonds; amount of issue - \$7,500,000	-	7,500,000	-	7,500,000	160,000
SRF wastewater general obligation limited tax bonds -					
Series 5006-09	192,532	-	192,532	-	-
Series 5006-10	70,000	-	70,000	-	-
Series 5006-11	200,710	-	105,000	95,710	95,710
Series 5006-12	304,821	-	95,000	209,821	100,000
Series 5006-13	154,548	-	75,000	79,548	79,548
Series 5006-14	118,139	-	60,000	58,139	58,139
Series 5006-15	578,666	-	145,000	433,666	145,000
Series 5006-16	1,060,000	-	165,000	895,000	170,000
Series 5006-17	154,750	-	25,000	129,750	25,000
Series 5006-18	711,014	-	80,000	631,014	80,000
Series 5006-19	902,640	-	105,000	797,640	105,000
Series 5006-20	1,349,545	-	110,000	1,239,545	110,000
Series 5413-01	294,886	-	30,000	264,886	30,000
Wastewater fund - bonds payable	25,442,251	7,500,000	2,597,532	30,344,719	2,018,397
Wastewater fund - unamortized premium on bonds payable	1,534,805	219,241	173,456	1,580,590	164,075
Total wastewater fund	26,977,056	7,719,241	2,770,988	31,925,309	2,182,472
Total business-type activities long-term debt	<u>\$ 37,101,222</u>	<u>\$ 7,719,241</u>	<u>\$ 4,569,239</u>	<u>\$ 40,251,224</u>	<u>\$ 3,638,320</u>

The City has pledged substantially all revenue of the water fund, net of operating expenses, to repay the above water revenue bonds. Proceeds from the bonds provided financing for the construction of improvements to the water distribution system not financed by the Michigan DWRF Program. The bonds are payable from the net revenue of the water system. The remaining principal and interest to be paid on the bonds is \$5,860,225 (\$4,976,952 for principal and \$883,273 for interest). During the current year, net revenue of the system was \$3,786,577, compared to the annual debt requirements of \$366,450.

The City has pledged substantially all revenue of the sewer disposal system, net of operating expenses, to repay the above sewer disposal system revenue bonds. Proceeds from the bonds provided financing for the construction of improvements to the sewer disposal system not financed by the Michigan DWRF Program. The bonds are payable from the net revenue of the sewer system. The remaining principal and interest to be paid on the bonds is \$12,193,526 (\$7,712,297 for principal and \$4,481,229 for interest). During the current year, net revenue of the system was \$9,391,570, compared to the annual debt requirements of \$98,366.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 - LONG-TERM DEBT (Continued)

Recorded in the enterprise funds are general obligation bonds amounting to \$27,561,975 at June 30, 2025 for which the City's full faith and credit is pledged. Recorded in the water fund is a revenue bond in the amount of \$4,976,952 at June 30, 2025 for which the net revenue of the water system is pledged. Recorded in the wastewater fund is a revenue bond of \$7,712,297 at June 30, 2025 for which the net revenue of the wastewater plant is pledged. It is anticipated that the principal and interest on this debt will continue to be serviced by these funds. There are no bond sinking fund requirements.

Leases

The City has a lease for police equipment. Details of the lease are in Note 11.

\$ 950,530

Subscriptions

The City obtains the right to use vendors' information technology software through a long-term contract. See Note 12 for details.

\$ 325,621

Debt Service Requirements to Maturity

During the fiscal year ended June 30, 2020, the City issued \$52,710,000 of 2020 General Obligation Limited Tax Pension Bonds. Proceeds of these bonds in the amount of \$52,000,000 were transferred directly to MERS to finance employee benefits in the insurance and fringe benefit fund (an internal service fund).

The annual requirements to pay the debt outstanding (all of which are considered direct borrowings and direct placements of debt) at June 30, 2025 are as follows:

Year ending June 30,	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2026	\$ 388,222	\$ 11,064	\$ 1,605,000	\$ 1,648,046	\$ 3,652,332
2027	-	-	1,635,000	1,604,735	3,239,735
2028	-	-	1,670,000	1,570,310	3,240,310
2029	-	-	1,705,000	1,533,773	3,238,773
2030	-	-	1,750,000	1,494,856	3,244,856
2031-2035	-	-	9,445,000	6,784,625	16,229,625
2036-2040	-	-	10,890,000	5,382,315	16,272,315
2041-2045	-	-	12,715,000	3,590,905	16,305,905
2046-2050	-	-	12,250,000	1,389,888	13,639,888
Thereafter	-	-	1,600,000	105,902	1,705,902
	<u><u>\$ 388,222</u></u>	<u><u>\$ 11,064</u></u>	<u><u>\$ 55,265,000</u></u>	<u><u>\$ 25,105,355</u></u>	<u><u>\$ 80,769,641</u></u>

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 - LONG-TERM DEBT (Continued)

Year ending June 30,	Business-type Activities		
	Direct Borrowings and Direct Placements		Total
	Principal	Interest	
2026	\$ 3,418,439	\$ 1,001,847	\$ 4,420,286
2027	2,669,129	916,325	3,585,454
2028	2,415,342	846,655	3,261,997
2029	2,240,000	781,363	3,021,363
2030	2,279,008	718,277	2,997,285
2031-2035	9,246,764	2,735,113	11,981,877
2036-2040	7,260,000	1,640,629	8,900,629
2041-2045	5,215,000	852,161	6,067,161
2046-2050	3,455,000	246,176	3,701,176
	<u>\$ 38,198,682</u>	<u>\$ 9,738,546</u>	<u>\$ 47,937,228</u>

NOTE 8 - TAX ABATEMENTS

The City uses the Industrial Facilities Tax Exemption (Public Act 198 of 1974, as amended) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the City grants reductions of 50% of the property tax bill for new property for up to 12 years. For the fiscal year ended June 30, 2025, the City abated approximately \$28,000 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

Additionally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses Brownfield Redevelopment Agreements under Public Act 381 of 1996, as amended, that remediate environmental contamination, blight, or functional obsolescence of their properties. As a result of these agreements, tax revenue was reduced. For the fiscal year ended June 30, 2025, the BRDA abated approximately \$153,000 of taxes under this program. There are no provisions to recapture taxes.

The City also granted reduced property tax revenue to low-income housing programs under Public Act 346 of 1966, as amended. Qualified low-income housing is exempt from property taxes but pays a fee in lieu of taxes based on a percentage of its rents. The amount of tax foregone was determined by subtracting the fee in lieu of taxes paid from the amount of tax that would have been normally calculated. For the fiscal year ended June 30, 2025, net taxes abated under this program were approximately \$14,000. There are no provisions to recapture taxes.

There are no significant abatements made by other governments that reduce the City's tax revenue.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 - PENSION PLAN

DEFINED BENEFIT

Plan Description

The City participates in an agent multiple-employer defined benefit pension plan administered by MERS. As of June 30, 2025, all of the City's full-time employees hired prior to June 23, 2008, including all full-time employees of the component units, participate in the plan, except as noted below. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, and nonduty-connected death to plan members and their beneficiaries. The service requirement is computed using the employee's credited years of service at the time of termination of membership, multiplied by 2.5% multiplied by the final average compensation (FAC), with a maximum benefit of 80% of FAC. The most recent period for which actuarial data was available was for the year ended December 31, 2024 (measurement date).

Certain new employees hired after July 1, 2008 began participating in the MERS Hybrid Plan, with all new employees hired after July 1, 2008 and prior to November 8, 2011 participating. The Hybrid Plan offers both a defined benefit pension similar to the plans described above and a defined contribution pension. The defined benefit pension is based on a 1.25% multiplier. The defined contribution pension has a 3% employer and a 2% employee contribution.

Management of the plan is vested in the pension board, which consists of seven (7) members: three (3) elected by plan members; three (3) appointed by the City; and the City Treasurer, who serves as an ex officio member.

Benefits Provided

MERS was organized pursuant to Section 12a of Act No. 156, Public Acts of 1851 [MSA 5.333(a); MCLA 46.12(a)], as amended, State of Michigan. MERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS is administered by a nine- (9) member retirement board. The act assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities. In this case, the authority rests with the City. MERS issues a publicly available financial report that includes the financial statements and required supplementary information of this defined benefit plan. That report may be obtained at www.mersofmich.com or by writing to MERS at 1134 Municipal Way, Lansing, MI 48917. An employee who leaves City service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Honorable Mayor and members of City Council generally after negotiations of these terms with the affected unions have concluded. Police and fire employees' benefit terms may be subject to binding arbitration in certain circumstances.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 - PENSION PLAN (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms at December 31, 2024:

Inactive Plan members or beneficiaries currently receiving benefits	410
Inactive Plan members entitled to but not yet receiving benefits	49
Active Plan members	<u>166</u>
Total Plan members	<u><u>625</u></u>

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees may be required to make pension contributions based on the amounts agreed upon in union contracts. The City's required contribution is determined after consideration of the required contribution rate of employees. For the year ended December 31, 2024, the average active employee contribution rate was 3.2% of annual pay, and the City's average contribution rate was 15.8% of annual payroll.

Net Pension Liability

The City has been chosen to use December 31, 2024 as its measurement date for the net pension liability. The June 30, 2025 fiscal year-end reported net pension liability using a measure of the total pension liability and the pension net position as of the December 31, 2024 measurement date. The December 31, 2024 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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

	<u>Total Pension Liability</u>	<u>Pension Plan Net Position</u>	<u>Net Pension Liability</u>
Beginning balance	\$ 173,124,256	\$ 133,832,641	\$ 39,291,615
Service cost	1,160,410	-	1,160,410
Interest	11,994,712	-	11,994,712
Differences between expected and actual experience	1,444,130	-	1,444,130
Changes in assumptions	(397,105)	-	(397,105)
Contributions from employer	-	2,164,794	(2,164,794)
Contributions from employee	-	435,280	(435,280)
Net investment income	-	9,821,334	(9,821,334)
Benefit payments, including refunds	(13,294,355)	(13,294,355)	-
Administrative expenses	-	(287,864)	287,864
Ending balance	<u>\$ 174,032,048</u>	<u>\$ 132,671,830</u>	<u>\$ 41,360,218</u>
Plan's fiduciary net position as a percentage of the total pension liability			76.23%

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 - PENSION PLAN (Continued)

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

For the year ended June 30, 2025, the City recognized pension expense of \$4,855,403.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,553,296	\$ -
Changes in assumptions	397,839	264,737
Net difference between projected and actual earnings on pension plan investments	6,033,005	-
Employer contributions to the pension plan subsequent to the measurement date	1,281,451	-
	<u>\$ 9,265,591</u>	<u>\$ 264,737</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability, and therefore, will not be included in future pension expenses):

Year ending June 30,	Amount
2026	\$ 4,148,095
2027	4,864,180
2028	(1,163,589)
2029	(129,283)
	<u>\$ 7,719,403</u>

These amounts are exclusive to the employer contributions to the plan subsequent to the measurement date of \$1,281,451 which will affect the net pension liability in the fiscal year ending June 30, 2026 rather than pension expense.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 - PENSION PLAN (Continued)

Actuarial Assumptions

The total pension was determined by an actuarial valuation as of December 31, 2024. The valuation used the following actuarial assumptions based on the most recent study of Plan experience covering the period from December 31, 2019 through December 31, 2023.

Inflation Rate - 2.50%

Salary Increases - 3.00% (including inflation)

Investment Rate of Return - 6.93% (net of investment expense)

Mortality Rates - Mortality Table fully generated mortality improvements projected with Scale MP-2021

Discount Rate

The discount rate used to measure the total pension liability was 7.18%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 - PENSION PLAN (Continued)

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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 the December 31, 2024 measurement date for each major asset class are included in the Plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	2.70 %
Global fixed income	20.00	0.43 %
Private investments	20.00	1.30 %

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.18 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability of MERS	<u>\$ 60,050,826</u>	<u>\$ 41,360,218</u>	<u>\$ 25,610,619</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report found at www.mersofmich.com. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pension plan. The pension plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expenses when due and payable in accordance with the benefit terms.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 - PENSION PLAN (Continued)

DEFINED CONTRIBUTION

The City also offers a MERS Defined Contribution Plus Pension Plan for all full-time employees hired after February 1, 2020. This plan incorporates features of Internal Revenue Code Section 401(a) and Section 457. Mandatory contributions include a 7% employer contribution of eligible wages and a 3% employee contribution. In addition, the employee has the option to contribute an additional 3%, with the City matching this additional contribution up to 3%. For the year ended June 30, 2025, contributions by the City totaled \$583,802 on eligible wages of \$6,044,497.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description

The City has established a single-employer defined benefit other postemployment benefit (OPEB) plan, the Retiree Health Care Benefits Fund (the "Plan"), that provides postemployment benefits other than pensions for eligible employees and retirees. OPEB benefits are provided under collective bargaining agreements and other requirements. The Plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the City. The Plan is administered in accordance with the Uniform Resolution adopting the MERS Retiree Health Funding Vehicle, which was adopted by City Council on May 14, 2007.

Benefits Provided

The Plan provides health care benefits for certain retirees and their covered spouses. The benefits provided to retirees are generally the same as or similar to the benefits received by employees. Therefore, benefits received by retirees may be changed due to changes in collective bargaining agreements and other requirements.

Effective January 1, 2022, all Medicare eligible retirees that have qualified for retiree health care benefits are covered by a Medicare Advantage Plan.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms at June 30, 2025:

Inactive Plan members or beneficiaries currently receiving benefits	489
Active Plan members	<u>75</u>
Total Plan members	<u><u>564</u></u>

The Plan is closed to new-hires. All new employees hired after December 31, 1992 are ineligible to participate in the Plan.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)

Contributions

Adoption of the Plan granted the City the authority to establish and amend the contribution requirements. In practice, these contributions are established based on the actuarially determined rate. For the year ended June 30, 2025, the City contributed \$3,452,929, and the actuarially determined amount was \$1,980,890. The City's contribution rate was 46% of covered employee payroll. Plan members are not required to contribute to the Plan.

Net OPEB Liability

The City has been chosen to use June 30, 2025 as its measurement date for the net OPEB liability. The June 30, 2025 fiscal year-end reported net OPEB liability using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2025 measurement date. The June 30, 2025 measurement date total OPEB liability was determined by an actuarial valuation.

Changes in the net OPEB liability during the measurement year were as follows:

	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Beginning balance	\$ 39,677,835	\$ 30,389,890	\$ 9,287,945
Service cost	203,339	-	203,339
Interest	2,410,461	-	2,410,461
Differences between expected and actual experience	4,653,570	-	4,653,570
Changes in assumptions	6,299,783	-	6,299,783
Contributions from employer	-	3,452,929	(3,452,929)
Net investment income	-	2,959,946	(2,959,946)
Benefit payments, including refunds	(3,448,369)	(3,448,369)	-
Administrative expenses	-	(66,425)	66,425
Ending balance	<u>\$ 49,796,619</u>	<u>\$ 33,287,971</u>	<u>\$ 16,508,648</u>

Plan's fiduciary net position as a percentage of the total OPEB liability 66.85%

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$8,736,713.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings	\$ -	\$ 419,187
Difference between expected and actual experience	1,073,901	-
Changes in assumptions	<u>2,232,412</u>	<u>-</u>
	<u><u>\$ 3,306,313</u></u>	<u><u>\$ 419,187</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability, and therefore, will not be included in future OPEB expenses):

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 3,785,910
2027	(375,592)
2028	(351,979)
2029	<u>(171,213)</u>
	<u><u>\$ 2,887,126</u></u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2025. The valuation used the following actuarial assumptions included in the measurement:

Inflation Rate - 2.50%

Salary Increases - 3.00% (including inflation)

Investment Rate of Return - 7.00% (net of investment expense)

Health Care Cost Trend Rate - Non-Medicare: 7.25%, decreasing 0.25% per year to an ultimate rate of 4.50% for the year ending June 30, 2036 and later years; Medicare: 20.00% decreasing to 5.25%, then decreasing 0.25% per year to an ultimate rate of 4.50% for the year ending June 30, 2028 and later years.

Mortality Rate - Pub-2010 mortality table

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.93%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the 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 OPEB liability.

Investment Rate of Return

The investments of the Plan are governed by Public Act 149 of 1999, as amended. The City has adopted the MERS Retiree Health Funding Vehicle. The long-term expected rate of return on RHFV investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHFV 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 June 30, 2025 for each major asset class included in the Plan's target asset allocation, as disclosed in the investment note, are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.16
Private assets	20.00	6.50

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 9.65%. The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 6.93 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability of the Plan	<u>\$ 21,673,150</u>	<u>\$ 16,508,648</u>	<u>\$ 12,136,254</u>

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability of the Plan	<u>\$ 11,710,827</u>	<u>\$ 16,508,648</u>	<u>\$ 22,153,012</u>

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expenses when due and payable in accordance with the benefit terms.

Assumption Changes

In 2025, the immediate post-65 medical trend was updated to reflect the rate lock in effect for Medicare advantage premiums through 2025. Per-capita costs were also updated to reflect experience since the previous valuation and rate of morbidity used to age-adjust the per-capita claims costs were updated to reflect the 2013 SOA Study Health Care Costs - From Birth to Death.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 - LEASES

The City leased police equipment from a third party. The lease requires 10 annual payments of \$118,010, including interest of 4.14%.

Lease asset activity of the City is included in Note 5. The remaining term of the agreement is 10 years.

The future minimum principal and interest payments are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 78,658	\$ 39,352	\$ 118,010
2027	81,914	36,096	118,010
2028	85,306	32,704	118,010
2029	88,837	29,173	118,010
2030	92,515	25,495	118,010
2031-2035	<u>523,300</u>	<u>66,750</u>	<u>590,050</u>
Total lease payable	<u>\$ 950,530</u>	<u>\$ 229,570</u>	<u>\$ 1,180,100</u>

The DDA leases space for use of a farmers market. Payments are fixed amounts that increase by 3.00% on an annual basis. The right-to-use asset and liability have been calculated using a 3.86% discount rate.

Future principal and interest payment requirements related to the City's lease liability at June 30, 2025 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 26,719	\$ 10,417	\$ 37,136
2027	28,903	9,347	38,250
2028	31,206	8,191	39,397
2029	33,636	6,944	40,580
Thereafter	<u>161,560</u>	<u>13,301</u>	<u>174,861</u>
	<u>\$ 282,024</u>	<u>\$ 48,200</u>	<u>\$ 330,224</u>

The City leases certain assets to various third parties. The assets leased primarily include office space and land, most of which the various lessees have constructed cell towers. Payments are generally fixed monthly.

The City also receives a percentage of the sublease of these cell towers. Terms of the lessees' subleases are similar to the terms of the original leases. Minimum payments received by the City are fixed in amount.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 - LEASES (Continued)

During the year ended June 30, 2025, the City recognized the following related to its lessor agreement:

Lease revenue	\$ 347,676
Interest income related to its leases	61,214

NOTE 12 - SUBSCRIPTIONS

The City obtains the right to use vendors' information technology software through a long-term contract. Payments are fixed annually. Subscription asset activity of the City is included in Note 5.

Future principal and interest payment requirements related to the City's subscription liability at June 30, 2025 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 26,946	\$ 13,480
2027	28,061	12,365
2028	29,223	11,203
2029	30,433	9,993
2030	31,693	8,733
2031-2035	<u>179,265</u>	<u>22,867</u>
Total subscription payable	<u>\$ 325,621</u>	<u>\$ 78,641</u>

NOTE 13 - COMMITMENTS FROM COMPONENT UNITS

The Downtown Development Authority, the Tax Increment Finance Authority, the Local Development Finance Authority, and the Brownfield Redevelopment Authority have committed to repay the General Fund \$715,029 and the land purchase fund \$7,051,589 for payments made on behalf of these authorities. Such payments were made to finance various improvements, public facilities, and infrastructure needs in accordance with each authority's specific purposes. The payments made on behalf of the authorities are to be repaid from the future collection of property tax revenue restricted for those purposes. The future collection of property tax revenue is dependent upon several factors, including the development and sale of real estate, increases in property valuation, and general economic conditions. It is not known when or if such amounts due from component units will be repaid. Because collectability cannot be reasonably estimated or assured due to the uncertainties discussed above and the extended period of the expected repayments, the City has not recorded the outstanding balances due from component units.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 13 - COMMITMENTS FROM COMPONENT UNITS (Continued)

Revenue is recognized annually as nonoperating revenue - operating grants and contributions as payments are made by the component units from available incremental tax receipts. If further tax revenue is insufficient, such amounts due from component units may not be repaid. The activity from component units for the year ended June 30, 2025 is summarized as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
Commitment from component units -				
DDA - on behalf of payments from the primary government:				
General Fund	\$ 401,166	\$ -	\$ (359,500)	\$ 41,666
Land purchase fund	3,986,850	-	(179,000)	3,807,850
Total DDA	4,388,016	-	(538,500)	3,849,516
TIFA - on behalf of payments from the primary government:				
General Fund	163,863	-	-	163,863
Land purchase fund	1,867,794	-	-	1,867,794
Total TIFA	2,031,657	-	-	2,031,657
BRDA - on behalf of payments from the primary government:				
Land purchase fund	419,086	-	(26,500)	392,586
Total commitment from component units	<u>\$ 6,838,759</u>	<u>\$ -</u>	<u>\$ (565,000)</u>	<u>\$ 6,273,759</u>

NOTE 14 - DEFERRED COMPENSATION

The City offers their employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City makes contributions to the plan on behalf of certain employees. The plan permits employees to defer a portion of their salary until future years. The plan is administered by unrelated financial institutions. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor.

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal Risk Management Authority (MMRMA) program for general, auto, professional, public officials, and errors and omissions liabilities. MMRMA also provides coverage for property damage, inland marine/mobile equipment (contractor type of equipment), electronic data processing media, and equipment and blanket employee fidelity. The City has an administrative service contract with the Blue Cross Blue Shield of Michigan to provide third-party administration of employee and retiree health care claims with stop-loss coverage above certain limits. The City also participates in a third-party administered retained risk program for workers' compensation with reinsurance coverage provided for claims in excess of \$750,000 for police officers and firefighters and \$550,000 for all other employees. The City is uninsured for acts of nature and environmental cleanup losses.

The component units of the City are also included.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three (3) years. There was no reduction in coverages obtained through commercial insurance during the past year.

The MMRMA pool operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. The City currently has a \$150,000 deductible for every loss on all lines of coverage. The risk pool's normal coverage will pay losses up to \$15,000,000 for liabilities and \$1,500,000 for vehicle physical damage. Any liability for losses that exceed each respective amount would remain with the City. Past experience indicates that incurred but not reported claims for either general liability or workers' compensation, in the aggregate, do not represent a material amount; however, such claims are considered part of the estimated liability.

The City estimates the liability for general liability, health care, and workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. Changes in the estimated liabilities for claims for general liability, health care, and workers' compensation were as follows:

	June 30,	
	2025	2024
Estimated liability - beginning of year	\$ 2,199,400	\$ 1,851,867
Estimated claims incurred, including changes in estimates	5,458,844	6,139,496
Claim payments	<u>(6,212,210)</u>	<u>(5,791,963)</u>
Estimated liability - end of year	<u>\$ 1,446,034</u>	<u>\$ 2,199,400</u>

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 16 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although City administration expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorneys, the resolution of these matters will not have a material adverse effect on the City's financial condition.

NOTE 17 - FUND BALANCE/NET POSITION

Net Investment in Capital Assets

Governmental activities

Capital assets	\$ 77,829,538
Unspent debt proceeds	14,251
Less - related debt -	
Accounts/retainer payable	(1,473,011)
2012A refunding bond	(388,222)
2022 general obligation bond	(9,355,000)
Lease liabilities	(950,530)
Subscription liabilities	(325,621)
Bond premiums	(65,866)
	<u>\$ 65,285,539</u>

Business-type activities

Capital assets	\$ 150,624,319
Due from other governmental units	6,139,919
Less - related debt -	
Accounts/retainer payable	(1,230,291)
Bonds payable	(38,198,682)
Bond premiums	(2,052,542)
	<u>\$ 115,282,723</u>

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 17 - FUND BALANCE/NET POSITION (Continued)

Restricted Fund Balance/Net Position

The fund balances and net position have been restricted for the following purposes at June 30, 2025:

Governmental funds/activities

Public safety -	
General fund	\$ 14,251
Law enforcement fund	80,024
	94,275
Public works -	
Major street fund	2,554,827
Local street fund	159,117
Municipal street fund	10,261,226
Rubbish and garbage collection fund	855,972
Streetscape maintenance fund	14,435
	13,845,577
Health and welfare -	
Opioid settlement fund	64,135
Cemetery perpetual care - expendable funds	9,801,771
Total restricted fund balance - governmental funds	23,805,758
Beneficial interest in assets held by others -	
Nonexpendable - general fund	178,997
Public works - inventory	331,574
Health and welfare - prepaid expenditure	181,717
Perpetual care - nonexpendable	3,677,469
Total restricted net position - governmental activities	\$ 28,175,515

Business-type activities (water, sewer, and McMorran funds)

Beneficial interest in assets held by others	\$ 476,822
Acquisition/construction of capital assets	4,732,045
Debt retirement	866,410
Total restricted net position - business-type activities	\$ 6,075,277

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 17 - FUND BALANCE/NET POSITION (Continued)

Committed Fund Balance

At June 30, 2025, City Council had committed the following fund balances:

General government -	
General fund - contingencies	\$ 2,300,000
Public works -	
Cemetery operating fund	83,436
Beautification commission fund	10,063
Community and economic development -	
Rental certification fund	390,042
	\$ 2,783,541

NOTE 18 - ACCOUNTING CHANGES AND ERROR CORRECTIONS

Change in Accounting Principle

The City implemented GASB Statement No. 101, *Compensated Absences*, that updates the recognition and measurement guidance. It requires the City to recognize liabilities for compensated absences for leave earned that will be paid out and used in future periods. There was not a material effect on the City's primary government beginning net position.

Correction

A prior period adjustment for the OPEB valuation was recorded for June 30, 2024 in the McMorran Fund, Water Fund, Wastewater Fund, Data Processing Fund, Motor Pool Fund, and governmental activities. It was discovered that the prior-year participant data that was provided to the OPEB actuary was incomplete.

	Deferred Outflow	Deferred Inflow	Net OPEB Liability	Net Position
McMorran	\$ 24,805	\$ 1,429	\$ 90,873	\$ (67,497)
Wastewater	36,299	(34,597)	(289,605)	360,501
Water	69,614	(1,501)	191,563	(120,448)
Data processing	44,101	7,895	223,244	(187,038)
Motor pool	45,222	6,028	205,104	(165,910)
Governmental activities	904,625	20,747	2,952,821	(2,068,943)

CITY OF PORT HURON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 18 - ACCOUNTING CHANGES AND ERROR CORRECTIONS (Continued)

Another prior period adjustment was recorded in the Wastewater Fund for contracts receivable based on a sewer treatment agreement with Fort Gratiot, Port Huron, and Kimball Townships. The agreement authorizes the City to issue debt to pay for capital improvements and renovations at the treatment plant and include the debt costs as part of the annual treatment cost. Should the townships terminate the contracts, the townships would be responsible for their respective share percentages. The Wastewater Fund June 30, 2024 net position was restated as follows:

	Due from Other Governmental Units	Net Position
Wastewater fund	\$ 4,092,794	\$ 4,092,794

NOTE 19 - SUBSEQUENT EVENTS

The City approved contracts for various projects subsequent to year-end as follows:

Agreement	Vendor	Date Signed	Amount
Seawell rehabilitation project	E.C. Korneffel	9/25/2025	\$ 577,500
Ravenswood sanitary sewer extension	Murray Underground Systems	10/14/2025	116,702
10th Street sanitary pump station	Boddy Construction	9/25/2025	1,040,000
Water plant control panel upgrade	Ainsworth Electric	10/14/2025	967,730
Water Street area reconstruction - Engineering	DLZ Michigan	7/15/2025	748,946
McLaren Hospital area road reconstruction	DLZ Michigan	8/12/2025	840,580
Secondary clarifier rehabilitation project	JF Cavanaugh	11/25/2025	8,875,615

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PORT HURON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
REVENUES				
Taxes -				
Property taxes	\$ 11,485,000	\$ 11,485,000	\$ 11,643,444	\$ 158,444
Income taxes	9,200,000	9,200,000	10,402,746	1,202,746
Intergovernmental -				
Federal grants	3,057,000	3,351,000	3,501,575	150,575
State sources				
State shared revenue	5,635,000	5,635,000	6,352,549	717,549
Other State grants	650,000	817,000	564,429	(252,571)
Local grants and contributions				
Operating grants	360,000	369,000	400,419	31,419
Capital grants	50,000	50,000	22,500	(27,500)
Charges for services -				
Recreation fees	901,000	901,000	868,152	(32,848)
Blue Water Bridge reimbursement	300,000	300,000	350,000	50,000
County parks millage	155,000	155,000	166,830	11,830
Other	692,486	692,486	1,027,756	335,270
Fines and forfeits	140,000	140,000	253,538	113,538
Licenses and permits -				
Cable franchise fees	350,000	350,000	267,019	(82,981)
Nonbusiness licenses and permits	475,000	603,000	643,648	40,648
Other business licenses and permits	63,000	63,000	114,930	51,930
Investment income and rent	665,000	665,000	812,144	147,144
Charges to other funds -				
Rubbish and garbage collection fund	153,519	153,519	153,519	-
Marina fund	45,071	45,071	45,071	-
Parking fund	10,728	10,728	10,728	-
Water fund	839,860	839,860	839,860	-
Wastewater fund	1,468,324	1,468,324	1,468,324	-
Central stores fund	9,051	9,051	9,051	-
Data processing fund	114,874	114,874	114,874	-
Motor vehicle fund	219,548	219,548	219,548	-
Total revenues	37,039,461	37,637,461	40,252,654	2,615,193

Continued

CITY OF PORT HURON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
EXPENDITURES				
Current -				
General government:				
City council	\$ 147,950	\$ 147,950	\$ 141,759	\$ 6,191
City manager	424,946	514,946	497,279	17,667
Finance and accounting	802,134	755,134	715,989	39,145
Purchasing	82,520	87,520	87,154	366
Income tax	542,783	562,783	561,424	1,359
Treasurer	328,092	328,092	322,563	5,529
Assessing	430,545	430,545	426,930	3,615
Board of review	2,800	2,800	2,133	667
Clerk	380,952	387,952	386,097	1,855
Legal	160,000	160,000	117,819	42,181
Elections	140,975	140,975	87,916	53,059
Human resources	423,262	458,262	456,922	1,340
Municipal office center	2,561,824	2,346,824	1,929,733	417,091
Total general government	6,428,783	6,323,783	5,733,718	590,065
Public safety:				
Police administration	2,082,380	2,082,380	1,923,438	158,942
Fire	6,906,572	7,251,572	7,279,663	(28,091)
Communications	52,500	52,500	49,178	3,322
Detectives	1,694,587	1,619,587	1,376,106	243,481
Patrol	8,712,193	8,887,193	10,297,296	(1,410,103)
Emergency management	159,858	264,858	254,661	10,197
Building inspections	501,095	531,095	525,313	5,782
Total public safety	20,109,185	20,689,185	21,705,655	(1,016,470)
Public works:				
Public works administration	158,394	162,794	161,560	1,234
Engineering	557,121	557,121	529,482	27,639
Street lighting	915,465	915,465	855,472	59,993
Total public works	1,630,980	1,635,380	1,546,514	88,866
Community and economic development:				
Planning	251,187	335,187	335,182	5
Blight and code enforcement	434,532	434,132	435,489	(1,357)
Demolition	50,000	284,000	152,460	131,540
Total community and economic development	735,719	1,053,319	923,131	130,188

Continued

CITY OF PORT HURON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Recreational and cultural:				
Parks	\$ 2,051,794	\$ 2,200,194	\$ 2,200,888	\$ (694)
Boat launch ramps	18,792	18,792	15,578	3,214
Recreation	809,565	859,565	856,457	3,108
Rockin' the Rivers	56,351	50,951	42,240	8,711
20th and Court pool	168,241	159,241	136,199	23,042
Sanborn pool	239,127	239,127	203,207	35,920
Chillyfest	35,400	35,400	30,852	4,548
Parades and special events	55,600	55,600	34,750	20,850
Lighthouse park	77,323	78,823	33,540	45,283
Lakeside park	330,875	339,375	338,644	731
Palmer park recreation center	364,054	386,054	362,649	23,405
Library	8,000	8,000	8,000	-
Museum	134,173	134,173	111,981	22,192
Children's museum	207,746	372,746	371,728	1,018
Total recreational and cultural	4,557,041	4,938,041	4,746,713	191,328
Other:				
Telephone service	12,206	14,206	13,242	964
Insurance, health, and safety	162,907	125,407	112,344	13,063
Total other	175,113	139,613	125,586	14,027
Capital outlay	2,250,000	2,656,000	2,638,584	17,416
Debt service -				
Principal	175,000	175,000	175,000	-
Interest	393,613	394,113	394,113	-
Total debt service	568,613	569,113	569,113	-
Total expenditures	36,455,434	38,004,434	37,989,014	15,420
Revenues over (under) expenditures	584,027	(366,973)	2,263,640	2,630,613
OTHER FINANCING SOURCES (USES)				
Lease and SBITA proceeds	-	-	1,276,151	1,276,151
Sale of asset	973	973	-	(973)
Transfers out	(585,000)	(1,088,300)	(985,800)	102,500
Total other financing sources (uses)	(584,027)	(1,087,327)	290,351	1,377,678
Net change in fund balance	-	(1,454,300)	2,553,991	4,008,291
Fund balance at beginning of year	6,916,063	6,916,063	6,916,063	-
Fund balance at end of year	<u>\$ 6,916,063</u>	<u>\$ 5,461,763</u>	<u>\$ 9,470,054</u>	<u>\$ 4,008,291</u>

Concluded

CITY OF PORT HURON, MICHIGAN
MAJOR STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Amended Budget
REVENUES				
Intergovernmental	\$ 4,276,758	\$ 4,276,758	\$ 5,126,082	\$ 849,324
Fines and forfeits	-	-	100	100
Interest	-	-	25,443	25,443
Other	575,000	575,000	39,426	(535,574)
Total revenues	4,851,758	4,851,758	5,191,051	339,293
EXPENDITURES				
Current - public works	2,978,347	2,978,347	2,465,533	512,814
Capital outlay	2,375,000	2,375,000	2,067,983	307,017
Total expenditures	5,353,347	5,353,347	4,533,516	819,831
Revenues over (under) expenditures	(501,589)	(501,589)	657,535	1,159,124
OTHER FINANCING SOURCES				
Transfers in	502,000	502,000	-	(502,000)
Net change in fund balance	411	411	657,535	657,124
Fund balance at beginning of year	1,897,292	1,897,292	1,897,292	-
Fund balance at end of year	<u>\$ 1,897,703</u>	<u>\$ 1,897,703</u>	<u>\$ 2,554,827</u>	<u>\$ 657,124</u>

CITY OF PORT HURON, MICHIGAN
LOCAL STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Amended Budget
REVENUES				
Intergovernmental	\$ 1,121,000	\$ 1,121,000	\$ 1,131,039	\$ 10,039
EXPENDITURES				
Current - public works	1,314,759	1,314,759	902,788	411,971
Capital outlay	2,580,000	2,580,000	1,163,690	1,416,310
Total expenditures	3,894,759	3,894,759	2,066,478	1,828,281
Revenues under expenditures	(2,773,759)	(2,773,759)	(935,439)	1,838,320
OTHER FINANCING SOURCES				
Transfers in	2,775,000	2,775,000	940,000	(1,835,000)
Net change in fund balance	1,241	1,241	4,561	3,320
Fund balance at beginning of year	154,556	154,556	154,556	-
Fund balance at end of year	\$ 155,797	\$ 155,797	\$ 159,117	\$ 3,320

CITY OF PORT HURON, MICHIGAN
MUNICIPAL STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Amended Budget
REVENUES				
Property taxes	\$ 1,835,000	\$ 1,835,000	\$ 1,867,820	\$ 32,820
Intergovernmental	190,000	190,000	221,968	31,968
Charges for services	160,000	160,000	168,006	8,006
Interest	-	-	361,714	361,714
Total revenues	2,185,000	2,185,000	2,619,508	434,508
EXPENDITURES				
Public works	544,200	544,200	447,823	96,377
Revenues over expenditures	1,640,800	1,640,800	2,171,685	530,885
OTHER FINANCING USES				
Transfers out	(3,277,000)	(3,277,000)	(940,000)	2,337,000
Net change in fund balance	(1,636,200)	(1,636,200)	1,231,685	2,867,885
Fund balance at beginning of year	9,361,115	9,361,115	9,361,115	-
Fund balance at end of year	<u>\$ 7,724,915</u>	<u>\$ 7,724,915</u>	<u>\$ 10,592,800</u>	<u>\$ 2,867,885</u>

CITY OF PORT HURON, MICHIGAN
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Plan year ended December 31,

	2024	2023	2022	2021
TOTAL PENSION LIABILITY				
Service cost	\$ 1,160,410	\$ 1,176,223	\$ 1,209,777	\$ 1,103,259
Interest	11,994,712	11,902,963	11,766,933	11,899,968
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	1,444,130	1,771,627	1,791,267	(351,219)
Change in assumptions	(397,105)	1,193,517	-	5,653,576
Benefit payments, including refunds	(13,294,355)	(13,021,518)	(12,728,328)	(12,541,411)
Change in total pension liability	907,792	3,022,812	2,039,649	5,764,173
Total pension liability, beginning of year	173,124,256	170,101,444	168,061,795	162,297,622
Total pension liability, end of year	<u>\$ 174,032,048</u>	<u>\$ 173,124,256</u>	<u>\$ 170,101,444</u>	<u>\$ 168,061,795</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 2,164,794	\$ 2,090,088	\$ 2,587,788	\$ 2,200,038
Contributions - member	435,280	448,232	483,558	465,654
Net investment income (loss)	9,821,334	14,279,910	(17,328,062)	19,408,926
Administrative expenses	(287,864)	(297,571)	(281,777)	(230,824)
Benefit payments, including refunds	(13,294,355)	(13,021,518)	(12,728,328)	(12,541,411)
Net change in plan fiduciary net position	(1,160,811)	3,499,141	(27,266,821)	9,302,383
Plan fiduciary net position, beginning of year	133,832,641	130,333,500	157,600,321	148,297,938
Plan fiduciary net position, end of year	<u>\$ 132,671,830</u>	<u>\$ 133,832,641</u>	<u>\$ 130,333,500</u>	<u>\$ 157,600,321</u>
CITY'S NET PENSION LIABILITY - ending	<u>\$ 41,360,218</u>	<u>\$ 39,291,615</u>	<u>\$ 39,767,944</u>	<u>\$ 10,461,474</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY	76.23%	77.30%	76.62%	93.78%
COVERED EMPLOYEE PAYROLL	\$ 13,735,244	\$ 13,852,222	\$ 14,088,178	\$ 13,925,974
CITY'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	301.1%	283.7%	282.3%	75.1%

2020	2019	2018	2017	2016	2015
\$ 1,260,526	\$ 1,407,211	\$ 1,666,791	\$ 1,764,161	\$ 1,772,330	\$ 1,757,825
11,498,638	11,599,968	12,141,293	11,928,206	11,834,909	11,228,924
-	(813,573)	(8,911,168)	-	-	-
824,338	1,372,320	374,885	391,125	(1,483,605)	2,491,086
4,271,526	5,098,392	-	-	-	6,951,357
(12,450,039)	(12,135,354)	(11,681,756)	(11,057,994)	(10,851,323)	(10,365,273)
5,404,989	6,528,964	(6,409,955)	3,025,498	1,272,311	12,063,919
156,892,633	150,363,669	156,773,624	153,748,126	152,475,815	140,411,896
<u>\$ 162,297,622</u>	<u>\$ 156,892,633</u>	<u>\$ 150,363,669</u>	<u>\$ 156,773,624</u>	<u>\$ 153,748,126</u>	<u>\$ 152,475,815</u>
\$ 54,368,446	\$ 4,215,474	\$ 4,957,393	\$ 4,275,121	\$ 4,350,070	\$ 4,561,758
479,503	559,183	869,239	1,021,459	1,040,220	1,138,153
26,098,092	10,129,512	(3,194,651)	10,520,868	8,693,531	(1,225,499)
(242,425)	(174,274)	(163,443)	(167,113)	(171,949)	(182,216)
(12,450,039)	(12,135,354)	(11,681,756)	(11,057,994)	(10,851,323)	(10,365,273)
68,253,577	2,594,541	(9,213,218)	4,592,341	3,060,549	(6,073,077)
80,044,361	77,449,820	86,663,038	82,070,697	79,010,148	85,083,225
<u>\$ 148,297,938</u>	<u>\$ 80,044,361</u>	<u>\$ 77,449,820</u>	<u>\$ 86,663,038</u>	<u>\$ 82,070,697</u>	<u>\$ 79,010,148</u>
<u>\$ 13,999,684</u>	<u>\$ 76,848,272</u>	<u>\$ 72,913,849</u>	<u>\$ 70,110,586</u>	<u>\$ 71,677,429</u>	<u>\$ 73,465,667</u>
91.37%	51.02%	51.51%	55.28%	53.38%	51.82%
\$ 13,839,804	\$ 14,233,983	\$ 13,975,269	\$ 13,944,929	\$ 13,768,369	\$ 13,808,346
101.2%	539.9%	521.7%	502.8%	520.6%	532.0%

CITY OF PORT HURON, MICHIGAN
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CITY CONTRIBUTIONS

	Actuarially determined contributions (ADC)	Contributions in relation to ADC	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2025	\$ 2,562,900	\$ 2,562,900	\$ -	\$ 13,735,244	18.66%
2024	1,766,688	1,766,688	-	13,852,222	12.75%
2023	2,413,488	2,413,488	-	14,088,178	17.13%
2022	2,917,854	2,917,854	-	14,850,476	19.65%
2021	1,823,490	1,823,490	-	14,366,004	12.69%
2020	3,942,578	55,942,578	(52,000,000)	14,724,248	379.94%
2019	4,295,151	4,795,151	(500,000)	14,622,078	32.79%
2018	4,606,653	4,606,653	-	14,446,746	31.89%
2017	4,176,779	4,669,901	(493,122)	14,842,828	31.46%
2016	3,716,779	4,216,779	(500,000)	13,674,382	30.84%

VALUATION DATE December 31, 18 months prior to the end of the fiscal year

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Individual entry age
Amortization method	Level percent of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market value
Inflation	2.50%
Salary increases	3.00% at 6/30/2025 and 6/30/2024
Investment rate of return	6.93% at 6/30/2025 and 7.25% at 6/30/2024 gross of pension plan investment expense, including inflation
Retirement age	Experience-based table of rates specific to the type of eligibility condition
Mortality	50% Male and 50% Female blend of 1) RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, 2) RP-2014 Employee Mortality Tables, and 3) RP-2014 Juvenile Mortality Table. For disabled retirees, RP- Disabled Retiree Mortality Tables using a 50% Male and 50% Female blend.

CITY OF PORT HURON, MICHIGAN
RETIREE HEALTH BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2025	Restated 2024	2023
TOTAL OPEB LIABILITY			
Service cost	\$ 203,339	\$ 170,277	\$ 174,109
Interest	2,410,461	2,523,138	2,588,800
Changes in benefit terms	-	-	-
Differences between expected and actual experience	4,653,570	675,030	512,034
Changes in assumptions	6,299,783	2,043,828	(1,089,649)
Benefit payments, including refunds	(3,448,369)	(3,217,985)	(3,020,979)
Change in total OPEB liability	10,118,784	2,194,288	(835,685)
Total OPEB liability, beginning of year	39,677,835	37,483,547	38,319,232
Total OPEB liability, end of year	<u>\$ 49,796,619</u>	<u>\$ 39,677,835</u>	<u>\$ 37,483,547</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 3,452,929	\$ 3,228,056	\$ 3,024,448
Net investment income	2,959,946	2,834,473	1,917,795
Administrative expenses	(66,425)	(60,480)	(48,554)
Benefit payments, including refunds	(3,448,369)	(3,217,985)	(3,020,979)
Net change in plan fiduciary net position	2,898,081	2,784,064	1,872,710
Plan fiduciary net position, beginning of year	30,389,890	27,605,826	25,733,116
Plan fiduciary net position, end of year	<u>\$ 33,287,971</u>	<u>\$ 30,389,890</u>	<u>\$ 27,605,826</u>
CITY'S NET OPEB LIABILITY - ending	<u>\$ 16,508,648</u>	<u>\$ 9,287,945</u>	<u>\$ 9,877,721</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL OPEB LIABILITY	66.85%	76.59%	123.82%
COVERED EMPLOYEE PAYROLL	\$ 7,506,007	\$ 7,772,607	\$ 8,081,085
CITY'S NET OPEB LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	219.94%	119.50%	122.23%

GASB Statement No. 74 was implemented for fiscal year ended June 30, 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

2024 was restated due to a correction to the participant data used for valuation.

2022	2021	2020	2019	2018	2017
\$ 174,972	\$ 364,868	\$ 308,199	\$ 374,392	\$ 367,910	\$ 354,612
4,948,758	4,976,354	4,559,909	4,503,392	4,109,240	4,030,397
(28,548,250)	-	-	-	-	-
(713,213)	746,481	2,589,233	3,047,340	-	-
(6,529,980)	(1,623,283)	(4,975,636)	1,718,262	-	-
(3,069,254)	(3,582,743)	(3,524,113)	(3,513,225)	(3,218,912)	(3,125,166)
(33,736,967)	881,677	(1,042,408)	6,130,161	1,258,238	1,259,843
72,056,199	71,174,522	72,216,930	66,086,769	64,828,531	63,568,688
<u>\$ 38,319,232</u>	<u>\$ 72,056,199</u>	<u>\$ 71,174,522</u>	<u>\$ 72,216,930</u>	<u>\$ 66,086,769</u>	<u>\$ 64,828,531</u>
\$ 3,080,886	\$ 4,961,666	\$ 4,916,346	\$ 4,130,796	\$ 3,222,467	\$ 3,126,902
(2,311,466)	5,870,929	434,319	570,510	1,296,615	1,920,945
(50,379)	(43,396)	(35,676)	(38,380)	(42,094)	(38,758)
(3,069,254)	(3,582,743)	(3,524,113)	(3,513,225)	(3,218,912)	(3,125,166)
(2,350,213)	7,206,456	1,790,876	1,149,701	1,258,076	1,883,923
28,083,329	20,876,873	19,085,997	17,936,296	16,678,220	14,794,297
<u>\$ 25,733,116</u>	<u>\$ 28,083,329</u>	<u>\$ 20,876,873</u>	<u>\$ 19,085,997</u>	<u>\$ 17,936,296</u>	<u>\$ 16,678,220</u>
<u>\$ 12,586,116</u>	<u>\$ 43,972,870</u>	<u>\$ 50,297,649</u>	<u>\$ 53,130,933</u>	<u>\$ 48,150,473</u>	<u>\$ 48,150,311</u>
67.15%	38.97%	29.33%	26.43%	27.14%	25.73%
\$ 6,430,945	\$ 6,402,718	\$ 6,576,217	\$ 6,824,559	\$ 7,415,530	\$ 7,634,516
195.71%	686.78%	764.84%	778.53%	649.32%	630.69%

CITY OF PORT HURON, MICHIGAN
RETIREE HEALTH BENEFITS
SCHEDULE OF OPEB CONTRIBUTIONS

	Actuarially determined contributions (ADC)	Contributions in relation to ADC	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2025	\$ 1,980,890	\$ 3,452,929	\$ (1,472,039)	\$ 7,506,007	46.00%
2024	1,013,739	3,228,056	(2,214,317)	7,772,607	41.53%
2023	1,235,112	3,024,448	(1,789,336)	6,430,945	47.03%
2022	1,085,478	3,080,886	(1,995,408)	6,402,718	48.12%
2021	4,700,998	4,961,666	(260,668)	6,576,217	75.45%
2020	4,246,075	4,916,346	(670,271)	6,824,559	72.04%
2019	4,254,101	4,127,840	126,261	7,415,530	55.66%
2018	4,833,526	3,218,912	1,614,614	7,634,292	42.16%
2017	2,697,774	3,192,066	(494,292)	13,674,382	23.34%
2016	2,689,768	3,075,907	(386,139)	13,913,491	22.11%

VALUATION DATE June 30 of the current fiscal year-end

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Individual entry age
Amortization method	Level dollar, closed
Remaining amortization period	23 years
Asset valuation method	Fair value
Medical inflation rate	Nonmedicare - 7.25% initial rate, decreasing 0.25% per year to a 4.50% long-term rate; Medicare - 20.00% initial rate, decreasing to 5.25% then 0.25% per year to a 4.50% long-term rate
Salary increases	3% at 6/30/2025 and 6/30/2024
Investment rate of return	6.93% at 6/30/2025 and 7.00% at 6/30/2024
Retirement age	Experience-based table of rates are specific to the type of eligibility condition.
Mortality	Society of Actuaries General pub-2010 total dataset mortality tables using Scale MP-2021

CITY OF PORT HURON, MICHIGAN
RETIREE HEALTH BENEFITS
SCHEDULE OF OPEB INVESTMENT RETURNS

	Annual money-weighted rate of return, net of investment expenses
2025	9.65%
2024	10.28%
2023	7.46%
2022	-8.24%
2021	28.00%
2020	2.20%
2019	3.10%
2018	7.80%
2017	13.00%

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017. This schedule is being build prospectively. Ultimately, ten years of data will be presented.

CITY OF PORT HURON, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in Assumptions

Pension Plan

- | | |
|---------------|--|
| June 30, 2016 | The beginning of the year total pension liability was based on a single discount rate of 8.25 percent and the 1994 Group Annuity Mortality Tables. The end of the year total pension liability was based on a single discount rate of 8.00 percent and the RP-2014 Mortality Tables. |
| June 30, 2020 | The beginning of the year total pension liability was based on a single discount rate of 8.00 percent, and the end of the year total pension liability was based on a single discount rate of 7.60 percent. |
| June 30, 2021 | The beginning of the year total pension liability was based on the RP-2014 mortality tables, and the end of the year total pension liability was based on the Pub-2010 mortality tables. |
| June 30, 2022 | The beginning of the year total pension liability was based on a single discount rate of 7.60 percent, and the end of the year total pension liability was based on a single discount rate of 7.25 percent. |
| June 30, 2024 | The beginning of the year total pension liability was based on a single discount rate of 7.25 percent, and the end of the year total pension liability was based on a single discount rate of 7.18 percent. |
| June 30, 2025 | The beginning and end of the year total pension liability was based on a single discount rate of 7.18 percent. |

CITY OF PORT HURON, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

OPEB Plan

June 30, 2019	Assumptions were updated related to the health care cost trend rate.
June 30, 2020	Assumptions were updated related to the investment rate of return, health care cost trend rate, and mortality.
June 30, 2021	Mortality rates were updated to be based on the sex distinct Pub-2010 tables. In addition, the health care cost trend rates were updated for pre-65 medical and drug costs to 7.50 percent, and the healthcare cost trend rates for post-65 medical and drug costs were
June 30, 2022	The health care cost trend rates were updated for pre-65 medical and drug costs to 7.25 percent, and the health care cost trend rates for post-65 medical and drug costs were updated to 5.5 percent. The benefit change is that, effective January 1, 2022, all Medicare-eligible retirees who have qualified for retiree health care benefits are covered by a Medicare Advantage Plan.
June 30, 2024	The health care cost trend rates were updated for pre-65 medical and drug costs to 7.50 percent, and the health care cost trend rates for post-65 medical and drug costs were updated to 5.75 percent.
June 30, 2025	The health care cost trend rates were updated for pre-65 medical and drug costs to 7.25 percent, and the health care cost trend rates for post-65 medical and drug costs were updated to 20.00 percent for increased Medicare Advantage Plan rates.

SUPPLEMENTARY INFORMATION

**CITY OF PORT HURON, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS**

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The combined nonmajor special revenue funds comprise the following individual funds:

Rental Certification Fund

This fund records the activities under the rental housing certification program.

Law Enforcement Fund

Property forfeited to the City in connection with drug-related activities and the enhanced 911 communications program is accounted for in this fund.

Rubbish and Garbage Collection Fund

This fund has been established to account for property tax revenue restricted for rubbish and garbage collection.

Cemetery Operating Fund

This fund has been established to account for the operation of the City cemetery.

Community Development Block Grant Fund

This fund has been established to account for grants received from the U.S. Department of Housing and Urban Development for residential and other capital improvements.

Home Fund

Grants received from the U.S. Department of Housing and Urban Development for housing and related programs are accounted for in this fund.

Streetscape Maintenance Fund

This fund record the activity under the streetscape maintenance program.

Beautification Commission Fund

This fund was established to account for private donations that are used for beautification projects throughout the City.

Ambulance Fund

This fund was established to account for the EMS millage that is received from St. Clair County and remitted to Tri-Hospital EMS.

Opioid Settlement Fund

This fund was established to record activities related to the opioid settlement.

CITY OF PORT HURON, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2025

	<u>Rental Certification</u>	<u>Law Enforcement</u>	<u>Rubbish and Garbage Collection</u>	<u>Cemetery Operating</u>
ASSETS				
Cash and cash equivalents	\$ 297,739	\$ 80,715	\$ 1,003,719	\$ 109,768
Receivables, net of allowance -				
Accounts and interest	124,526	-	1,316	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	79,840	-
Prepaid expenditures	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 422,265</u>	<u>\$ 80,715</u>	<u>\$ 1,084,875</u>	<u>\$ 109,768</u>
LIABILITIES				
Accounts payable	\$ -	\$ 691	\$ 228,076	\$ 3,301
Accrued liabilities	23,723	-	777	23,031
Advances and deposits	8,500	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	50	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>32,223</u>	<u>691</u>	<u>228,903</u>	<u>26,332</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - charges for services	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE				
Nonspendable - prepaid expenditures	-	-	-	-
Restricted	-	80,024	855,972	-
Committed	390,042	-	-	83,436
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>390,042</u>	<u>80,024</u>	<u>855,972</u>	<u>83,436</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 422,265</u>	<u>\$ 80,715</u>	<u>\$ 1,084,875</u>	<u>\$ 109,768</u>

Community Development Block Grant	Home	Streetscape Maintenance	Beautification Commission	Ambulance	Opioid Settlement	Total
\$ 150	\$ -	\$ 15,785	\$ 10,098	\$ -	\$ 10,996	\$ 1,528,970
-	-	-	-	-	648,953	774,795
86,555	3,753	-	-	-	-	90,308
-	-	-	-	-	-	79,840
-	-	-	-	181,717	-	181,717
<u>\$ 86,705</u>	<u>\$ 3,753</u>	<u>\$ 15,785</u>	<u>\$ 10,098</u>	<u>\$ 181,717</u>	<u>\$ 659,949</u>	<u>\$ 2,655,630</u>
\$ 122	\$ -	\$ 1,350	\$ 35	\$ -	\$ -	\$ 233,575
9,714	782	-	-	-	-	58,027
-	-	-	-	-	-	8,500
76,869	2,971	-	-	-	-	79,840
-	-	-	-	-	-	50
<u>86,705</u>	<u>3,753</u>	<u>1,350</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>379,992</u>
-	-	-	-	-	595,814	595,814
-	-	-	-	181,717	-	181,717
-	-	14,435	-	-	64,135	1,014,566
-	-	-	10,063	-	-	483,541
-	-	14,435	10,063	181,717	64,135	1,679,824
<u>\$ 86,705</u>	<u>\$ 3,753</u>	<u>\$ 15,785</u>	<u>\$ 10,098</u>	<u>\$ 181,717</u>	<u>\$ 659,949</u>	<u>\$ 2,655,630</u>

CITY OF PORT HURON, MICHIGAN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the year ended June 30, 2025

	Rental Certification	Law Enforcement	Rubbish and Garbage Collection	Cemetery Operating
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	5,601	-	-
Charges for services	483,179	-	3,046,258	140,022
Fines and forfeits	-	13,708	-	-
Other	-	5,563	-	-
Total revenues	483,179	24,872	3,046,258	140,022
EXPENDITURES				
Current -				
Public safety	-	16,166	-	-
Public works	-	-	3,019,838	592,338
Health and welfare	-	-	-	-
Community and economic development	583,380	-	-	-
Capital outlay	-	-	-	54,670
Total expenditures	583,380	16,166	3,019,838	647,008
Revenues over (under) expenditures	(100,201)	8,706	26,420	(506,986)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	575,000
Net change in fund balances	(100,201)	8,706	26,420	68,014
Fund balances at beginning of year	490,243	71,318	829,552	15,422
Fund balances at end of year	<u>\$ 390,042</u>	<u>\$ 80,024</u>	<u>\$ 855,972</u>	<u>\$ 83,436</u>

Community Development Block Grant	Home	Streetscape Maintenance	Beautification Commission	Ambulance	Opioid Settlement	Total
\$ -	\$ -	\$ -	\$ -	\$ 363,434	\$ -	\$ 363,434
870,737	94,745	-	-	-	-	971,083
13,892	4,000	34,956	880	-	-	3,723,187
-	-	-	-	-	-	13,708
-	-	-	-	-	66,680	72,243
<u>884,629</u>	<u>98,745</u>	<u>34,956</u>	<u>880</u>	<u>363,434</u>	<u>66,680</u>	<u>5,143,655</u>
-	-	-	-	-	-	16,166
-	-	38,111	4,649	-	-	3,654,936
-	-	-	-	181,717	156,000	337,717
884,629	98,745	-	-	-	-	1,566,754
-	-	-	-	-	-	54,670
<u>884,629</u>	<u>98,745</u>	<u>38,111</u>	<u>4,649</u>	<u>181,717</u>	<u>156,000</u>	<u>5,630,243</u>
-	-	(3,155)	(3,769)	181,717	(89,320)	(486,588)
-	-	17,500	3,300	-	-	595,800
-	-	14,345	(469)	181,717	(89,320)	109,212
-	-	90	10,532	-	153,455	1,570,612
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,435</u>	<u>\$ 10,063</u>	<u>\$ 181,717</u>	<u>\$ 64,135</u>	<u>\$ 1,679,824</u>

CITY OF PORT HURON, MICHIGAN
RENTAL CERTIFICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ 481,000	\$ 481,000	\$ 483,179	\$ 2,179
EXPENDITURES				
Current - community and economic development	<u>609,128</u>	<u>609,128</u>	<u>583,380</u>	<u>25,748</u>
Net change in fund balance	(128,128)	(128,128)	(100,201)	27,927
Fund balance at beginning of year	<u>490,243</u>	<u>490,243</u>	<u>490,243</u>	<u>-</u>
Fund balance at end of year	<u>\$ 362,115</u>	<u>\$ 362,115</u>	<u>\$ 390,042</u>	<u>\$ 27,927</u>

CITY OF PORT HURON, MICHIGAN
LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 5,601	\$ 5,601
Fines and forfeitures	35,000	35,000	13,708	(21,292)
Other	-	-	5,563	5,563
Total revenues	35,000	35,000	24,872	(10,128)
EXPENDITURES				
Current - public safety	35,000	35,000	16,166	18,834
Net change in fund balance	-	-	8,706	8,706
Fund balance at beginning of year	71,318	71,318	71,318	1,583
Fund balance at end of year	<u>\$ 71,318</u>	<u>\$ 71,318</u>	<u>\$ 80,024</u>	<u>\$ 10,289</u>

CITY OF PORT HURON, MICHIGAN
RUBBISH AND GARBAGE COLLECTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 3,019,201	\$ 3,019,201	\$ 3,046,258	\$ 27,057
EXPENDITURES				
Current - public works	3,019,201	3,019,201	3,019,838	(637)
Net change in fund balance	-	-	26,420	26,420
Fund balance at beginning of year	829,552	829,552	829,552	-
Fund balance at end of year	<u>\$ 829,552</u>	<u>\$ 829,552</u>	<u>\$ 855,972</u>	<u>\$ 26,420</u>

CITY OF PORT HURON, MICHIGAN
CEMETERY OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 133,000	\$ 133,000	\$ 140,022	\$ 7,022
EXPENDITURES				
Current - public works	659,785	659,785	592,338	67,447
Capital outlay	30,000	30,000	54,670	(24,670)
Total expenditures	689,785	689,785	647,008	42,777
Revenues under expenditures	(556,785)	(556,785)	(506,986)	49,799
OTHER FINANCING SOURCES				
Transfers in	575,000	575,000	575,000	-
Net change in fund balance	18,215	18,215	68,014	49,799
Fund balance at beginning of year	15,422	15,422	15,422	-
Fund balance at end of year	\$ 33,637	\$ 33,637	\$ 83,436	\$ 49,799

CITY OF PORT HURON, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,384,945	\$ 1,384,945	\$ 870,737	\$ (514,208)
Charges for services	-	-	13,892	13,892
Total revenues	1,384,945	1,384,945	884,629	(500,316)
EXPENDITURES				
Current - community and economic development	1,384,945	1,384,945	884,629	500,316
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PORT HURON, MICHIGAN
HOME FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,416,412	\$ 1,416,412	\$ 94,745	\$ (1,321,667)
Charges for services	-	-	4,000	4,000
Total revenues	1,416,412	1,416,412	98,745	(1,317,667)
EXPENDITURES				
Current - community and economic development	1,416,412	1,416,412	98,745	1,317,667
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

CITY OF PORT HURON, MICHIGAN
STREETSCAPE MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 44,000	\$ 44,000	\$ 34,956	\$ (9,044)
EXPENDITURES				
Current - public works	<u>78,544</u>	<u>78,544</u>	<u>38,111</u>	<u>40,433</u>
Revenues under expenditures	(34,544)	(34,544)	(3,155)	31,389
OTHER FINANCING SOURCES				
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>17,500</u>	<u>(17,500)</u>
Net change in fund balance	456	456	14,345	13,889
Fund balance at beginning of year	<u>90</u>	<u>90</u>	<u>90</u>	<u>-</u>
Fund balance at end of year	<u>\$ 546</u>	<u>\$ 546</u>	<u>\$ 14,435</u>	<u>\$ 13,889</u>

CITY OF PORT HURON, MICHIGAN
BEAUTIFICATION COMMISSION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 4,000	\$ 4,000	\$ 880	\$ (3,120)
EXPENDITURES				
Current - public works	5,650	5,650	4,649	1,001
Revenues under expenditures	(1,650)	(1,650)	(3,769)	(2,119)
OTHER FINANCING SOURCES				
Transfers in	-	3,300	3,300	-
Net change in fund balance	(1,650)	1,650	(469)	(2,119)
Fund balance at beginning of year	10,532	10,532	10,532	-
Fund balance at end of year	<u>\$ 8,882</u>	<u>\$ 12,182</u>	<u>\$ 10,063</u>	<u>\$ (2,119)</u>

CITY OF PORT HURON, MICHIGAN
AMBULANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 350,000	\$ 365,000	\$ 363,434	\$ (1,566)
EXPENDITURES				
Health and welfare	<u>350,000</u>	<u>365,000</u>	<u>181,717</u>	<u>183,283</u>
Net change in fund balance	-	-	181,717	181,717
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 181,717</u></u>	<u><u>\$ 181,717</u></u>

CITY OF PORT HURON, MICHIGAN
OPIOID SETTLEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Other	\$ 100,000	\$ 156,000	\$ 66,680	\$ (89,320)
EXPENDITURES				
Health and welfare	100,000	156,000	156,000	-
Net change in fund balance	-	-	(89,320)	(89,320)
Fund balance at beginning of year	153,455	153,455	153,455	-
Fund balance at end of year	<u>\$ 153,455</u>	<u>\$ 153,455</u>	<u>\$ 64,135</u>	<u>\$ (89,320)</u>

CITY OF PORT HURON, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
FUND DESCRIPTIONS

These funds report operations that provide services to citizens financed primarily by a user charge or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The combined nonmajor enterprise funds comprise the following individual funds:

Parking Fund

The operation of the City's metered parking lots are accounted for in this fund.

Land Purchase Fund

This fund accounts for the acquisition and sale of land and the rental property held by the City for the purpose of attracting commercial, residential, and industrial development in the Port Huron area.

Marina Fund

This fund accounts for the operation of the City's marina and other activities associated with pleasure boating. The City has entered into a contract with an independent proprietor to operate the River Street Marina and the other City marina operations.

McMorran Fund

This fund accounts for the operation of the McMorran Arena and the McMorran Theater.

CITY OF PORT HURON, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2025

	Parking	Land Purchase	Marina	McMorran	Total
ASSETS					
Current assets -					
Cash and cash equivalents	\$ 86,784	\$ 296,764	\$ 401,863	\$ 165,667	\$ 951,078
Accounts and interest receivable	-	-	7,533	45,373	52,906
Inventories	-	-	-	54,155	54,155
Prepaid expenses	-	-	-	27,000	27,000
Total current assets	86,784	296,764	409,396	292,195	1,085,139
Non-current assets -					
Property, plant, and equipment	2,238,349	3,805,977	2,230,186	9,083,896	17,358,408
Less - accumulated depreciation	(786,199)	(749,855)	(1,443,250)	(3,945,620)	(6,924,924)
Property, plant, and equipment, net	1,452,150	3,056,122	786,936	5,138,276	10,433,484
Beneficial interest in assets held at the Community Foundation	-	-	-	476,822	476,822
Total non-current assets	1,452,150	3,056,122	786,936	5,615,098	10,910,306
Total assets	1,538,934	3,352,886	1,196,332	5,907,293	11,995,445
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension plan	-	-	-	148,921	148,921
Related to OPEB plan	-	-	-	70,369	70,369
Total deferred outflows of resources	-	-	-	219,290	219,290
LIABILITIES					
Current liabilities -					
Accounts payable	-	25,294	49,762	87,389	162,445
Accrued expenses	-	-	12,412	45,706	58,118
Unearned revenue	-	-	-	43,875	43,875
Total current liabilities	-	25,294	62,174	176,970	264,438
Long-term liabilities (net of current portion) -					
Net pension liability	-	-	-	664,763	664,763
Net OPEB liability	-	-	-	351,358	351,358
Total long-term liabilities	-	-	-	1,016,121	1,016,121
Total liabilities	-	25,294	62,174	1,193,091	1,280,559
DEFERRED INFLOWS OF RESOURCES					
Related to pension plan	-	-	-	4,255	4,255
Related to OPEB plan	-	-	-	8,922	8,922
Total deferred inflows of resources	-	-	-	13,177	13,177
NET POSITION					
Net investment in capital assets	1,452,150	3,056,122	784,750	5,138,276	10,431,298
Restricted - assets held at the Community Foundation	-	-	-	476,822	476,822
Unrestricted	86,784	271,470	349,408	(694,783)	12,879
Total net position	<u>\$ 1,538,934</u>	<u>\$ 3,327,592</u>	<u>\$ 1,134,158</u>	<u>\$ 4,920,315</u>	<u>\$ 10,920,999</u>

CITY OF PORT HURON, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION
For the year ended June 30, 2025

	Parking	Land Purchase	Marina	McMorran	Total
OPERATING REVENUES					
Charges for services	\$ 32,751	\$ -	\$ 80,510	\$ 1,864,543	\$ 1,977,804
Rent income	-	-	298,933	-	298,933
Other	-	-	-	6,000	6,000
Total operating revenues	32,751	-	379,443	1,870,543	2,282,737
OPERATING EXPENSES					
Personnel services	31,635	-	208,235	1,319,421	1,559,291
Supplies	12,476	-	83,740	380,229	476,445
Contractual services	1,540	113,781	38,645	542,083	696,049
Other services	61,803	1,979	119,835	506,335	689,952
Depreciation	78,323	68,162	14,672	346,193	507,350
Total operating expenses	185,777	183,922	465,127	3,094,261	3,929,087
Operating income (loss)	(153,026)	(183,922)	(85,684)	(1,223,718)	(1,646,350)
NON-OPERATING REVENUES					
Intergovernmental	-	205,500	-	-	205,500
Gain on sale of assets	-	28,505	-	220	28,725
Investment income	-	793	-	43,691	44,484
Total non-operating revenues	-	234,798	-	43,911	278,709
Net income (loss) before transfers and capital contributions	(153,026)	50,876	(85,684)	(1,179,807)	(1,367,641)
Capital contributions grants	-	-	-	42,462	42,462
Net income (loss) before transfers	(153,026)	50,876	(85,684)	(1,137,345)	(1,325,179)
TRANSFERS					
Transfers in	-	-	-	965,000	965,000
Change in net position	(153,026)	50,876	(85,684)	(172,345)	(360,179)
Net position at beginning of year	1,691,960	3,276,716	1,219,842	5,160,157	11,348,675
Prior period adjustment	-	-	-	(67,497)	(67,497)
Net position at beginning of year, as restated	1,691,960	3,276,716	1,219,842	5,092,660	11,281,178
Net position end of year	\$ 1,538,934	\$ 3,327,592	\$ 1,134,158	\$ 4,920,315	\$ 10,920,999

CITY OF PORT HURON, MICHIGAN
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

	Parking	Land Purchase	Marina	McMorran	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 32,751	\$ -	\$ 395,325	\$ 1,857,352	\$ 2,285,428
Cash payments to suppliers	(76,001)	-	(206,400)	(1,133,791)	(1,416,192)
Cash payments to employees	(18,605)	-	(142,030)	(834,750)	(995,385)
Cash payments for interfund services	(13,030)	(102,679)	(83,471)	(671,584)	(870,764)
Net cash flows used in operating activities	(74,885)	(102,679)	(36,576)	(782,773)	(996,913)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to/from other funds	-	-	-	965,000	965,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contribution	-	-	-	42,462	42,462
Intergovernmental	-	205,500	-	-	205,500
Proceeds from sale of assets	-	28,505	-	220	28,725
Acquisition and construction of capital assets	-	(11,874)	-	(255,452)	(267,326)
Net cash flows provided by (used in) capital and related financing activities	-	222,131	-	(212,770)	9,361
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	-	793	-	-	793
Increase (decrease) in cash equivalents for the year	(74,885)	120,245	(36,576)	(30,543)	(21,759)
Cash and cash equivalents at beginning of year	161,669	176,519	438,439	196,210	972,837
Cash and cash equivalents at end of year	<u>\$ 86,784</u>	<u>\$ 296,764</u>	<u>\$ 401,863</u>	<u>\$ 165,667</u>	<u>\$ 951,078</u>
RECONCILIATION OF OPERATING LOSS TO OPERATING ACTIVITIES					
Operating loss	\$ (153,026)	\$ (183,922)	\$ (85,684)	\$ (1,223,718)	\$ (1,646,350)
Adjustments to reconcile operating loss to net cash used in operating activities -					
Depreciation	78,323	68,162	14,672	346,193	507,350
Change in assets and liabilities:					
Receivables	-	-	16,152	(4,902)	11,250
Prepaid and other asset	-	-	-	(3,175)	(3,175)
Inventories	-	-	-	1,186	1,186
Accounts payable/accrued expenses	(182)	13,081	18,284	20,387	51,570
Unearned revenue	-	-	-	(8,289)	(8,289)
Net OPEB liability	-	-	-	153,680	153,680
Net pension liability	-	-	-	(44,832)	(44,832)
Deferred outflows/inflows related to the pension/ OPEB plans	-	-	-	(19,293)	(19,293)
Net cash flows used in operating activities	<u>\$ (74,885)</u>	<u>\$ (102,679)</u>	<u>\$ (36,576)</u>	<u>\$ (782,763)</u>	<u>\$ (996,903)</u>

CITY OF PORT HURON, MICHIGAN

INTERNAL SERVICE FUNDS

FUND DESCRIPTIONS

These funds are used to record the financing of goods or services provided by the City to other departments and funds or to other governmental units on a cost-reimbursement basis. The internal service funds comprise the following individual funds:

Central Stores Fund

This fund was established to account for the supply room and copier activities.

Motor Vehicle Fund

The rental charges of city-owned equipment (principally cars and trucks) to other city departments are accounted for in this fund.

Data Processing Fund

The data processing charges to other city departments and outside municipalities for which the City provides data processing services are accounted for in this fund.

Energy Performance Services Fund

The city has entered into a guaranteed energy savings performance contract to update various city facilities. This fund was established to account for the allocation of the project costs to other city departments.

Insurance and Fringe Benefit Fund

This fund is the clearing account for the City's property, liability, and other insurances and the other payroll-related fringe benefits. Moneys are accumulated in this fund as a result of insurance and payroll allocations based on an activity/fund basis.

CITY OF PORT HURON, MICHIGAN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2025

	Central Stores	Motor Vehicle	Data Processing
ASSETS			
Current assets -			
Cash and cash equivalents	\$ 12,471	\$ -	\$ 542,022
Accounts and interest receivable	-	-	3,566
Due from other funds	-	-	33,111
Inventories	7,643	299,021	29,816
Prepaid expenses and deposits	4,287	298	28,537
Total current assets	24,401	299,319	637,052
Non-current assets -			
Property, plant, and equipment	46,142	15,226,887	1,286,193
Less - accumulated depreciation	(38,372)	(9,990,843)	(990,028)
Total non-current assets	7,770	5,236,044	296,165
Total assets	32,171	5,535,363	933,217
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension plan	-	227,027	168,194
Related to OPEB plan	-	122,200	115,569
Total deferred outflows of resources	-	349,227	283,763
LIABILITIES			
Current liabilities -			
Accounts payable	3,826	89,797	55,803
Accrued expenses	220	32,199	23,845
Accrued interest	-	-	-
Due to other funds	-	33,111	-
Current portion of bonds and contracts payable	-	-	-
Total current liabilities	4,046	155,107	79,648
Long-term liabilities (net of current portion) -			
Net pension liability	-	1,013,414	750,793
Net OPEB liability	-	610,152	577,044
Compensated absences	-	-	-
Bonds and contracts payable	-	-	-
Claims and judgments payable	-	-	-
Total long-term liabilities	-	1,623,566	1,327,837
Total liabilities	4,046	1,778,673	1,407,485
DEFERRED INFLOWS OF RESOURCES			
Related to pension plan	-	6,487	4,806
Related to OPEB plan	-	15,493	14,652
Total deferred inflows of resources	-	21,980	19,458
NET POSITION			
Net investment in capital assets	7,770	5,231,216	296,165
Unrestricted	20,355	(1,147,279)	(506,128)
Total net position	\$ 28,125	\$ 4,083,937	\$ (209,963)

Energy Performance	Insurance and Fringe Benefits	Total
\$ 77,363	\$ 933,388	\$ 1,565,244
-	268,753	272,319
-	-	33,111
-	-	336,480
-	4,548,292	4,581,414
<u>77,363</u>	<u>5,750,433</u>	<u>6,788,568</u>
4,007,802	-	20,567,024
<u>(2,795,790)</u>	<u>-</u>	<u>(13,815,033)</u>
1,212,012	-	6,751,991
<u>1,289,375</u>	<u>5,750,433</u>	<u>13,540,559</u>
-	-	395,221
<u>-</u>	<u>-</u>	<u>237,769</u>
<u>-</u>	<u>-</u>	<u>632,990</u>
-	64,937	214,363
-	1,763,210	1,819,474
9,760	418,142	427,902
-	-	33,111
<u>388,222</u>	<u>1,420,000</u>	<u>1,808,222</u>
<u>397,982</u>	<u>3,666,289</u>	<u>4,303,072</u>
-	-	1,764,207
-	-	1,187,196
-	3,566,622	3,566,622
-	44,510,000	44,510,000
-	169,237	169,237
<u>-</u>	<u>48,245,859</u>	<u>51,197,262</u>
<u>397,982</u>	<u>51,912,148</u>	<u>55,500,334</u>
-	-	11,293
<u>-</u>	<u>-</u>	<u>30,145</u>
<u>-</u>	<u>-</u>	<u>41,438</u>
823,790	-	6,358,941
<u>67,603</u>	<u>(46,161,715)</u>	<u>(47,727,164)</u>
<u>\$ 891,393</u>	<u>\$ (46,161,715)</u>	<u>\$ (41,368,223)</u>

CITY OF PORT HURON, MICHIGAN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION
For the year ended June 30, 2025

	Central Stores	Motor Vehicle	Data Processing
OPERATING REVENUES			
Charges for services	\$ 127,601	\$ 2,807,549	\$ 1,222,263
Other	-	22,563	-
Total operating revenues	127,601	2,830,112	1,222,263
OPERATING EXPENSES			
Personnel services	5,171	1,084,330	800,170
Contractual services	3,106	48,256	213,545
Supplies	8,668	319,679	116,485
Other services	100,691	767,122	244,507
Depreciation	3,695	872,400	135,448
Total operating expenses	121,331	3,091,787	1,510,155
Operating income (loss)	6,270	(261,675)	(287,892)
NON-OPERATING REVENUE (EXPENSE)			
Gain on sale of assets	-	32,434	-
Investment loss	-	-	-
Interest expense	-	-	-
Total non-operating revenues (expenses)	-	32,434	-
Net income (loss) before capital contributions	6,270	(229,241)	(287,892)
Capital contributions	-	3,320	98,492
Change in net position	6,270	(225,921)	(189,400)
Net position at beginning of year	21,855	4,475,768	166,475
Prior period adjustment	-	(165,910)	(187,038)
Net position (deficit) at beginning of year, restated	21,855	4,309,858	(20,563)
Net position (deficit) end of year	\$ 28,125	\$ 4,083,937	\$ (209,963)

Energy Performance Services	Insurance and Fringe Benefits	Total
\$ 330,000	\$ 14,822,784	\$ 19,310,197
-	265,549	288,112
330,000	15,088,333	19,598,309
-	13,307,109	15,196,780
-	77,160	342,067
-	7,989	452,821
-	(110,609)	1,001,711
200,390	-	1,211,933
200,390	13,281,649	18,205,312
129,610	1,806,684	1,392,997
-	-	32,434
-	(126,369)	(126,369)
(12,371)	(1,269,380)	(1,281,751)
(12,371)	(1,395,749)	(1,375,686)
117,239	410,935	17,311
-	-	101,812
117,239	410,935	119,123
774,154	(46,572,650)	(41,134,398)
-	-	(352,948)
774,154	(46,572,650)	(41,487,346)
\$ 891,393	\$ (46,161,715)	\$ (41,368,223)

CITY OF PORT HURON, MICHIGAN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

	Central Stores	Motor Vehicle	Data Processing
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from interfund services	\$ 127,601	\$ 2,836,839	\$ 1,222,061
Cash payments to suppliers	(112,384)	(1,098,806)	(536,888)
Cash payments to employees	(5,133)	(795,329)	(539,626)
Net cash provided by operating activities	10,084	942,704	145,547
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due from/to other funds	-	(172,179)	(33,111)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Bond payments	-	-	-
Capital contribution	-	3,320	98,492
Gain on disposal of assets	-	32,434	-
Acquisition and construction of capital assets	-	(838,197)	(136,220)
Net cash used for capital and related financing activities	-	(802,443)	(37,728)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment loss	-	-	-
Net increase (decrease) in cash and cash equivalents for the year	10,084	(31,918)	74,708
Cash and cash equivalents at beginning of year	2,387	31,918	467,314
Cash and cash equivalents at end of year	\$ 12,471	\$ -	\$ 542,022
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 6,270	\$ (261,675)	\$ (287,892)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -			
Depreciation	3,695	872,400	135,448
Change in assets and liabilities:			
Receivables	-	6,727	(202)
Prepaid and other asset	5	(298)	(2,501)
Inventories	(96)	2,391	(5,703)
Accounts payable/accrued expenses	210	37,489	49,858
Net OPEB liability	-	266,874	252,393
Net pension liability	-	95,396	77,060
Deferred outflows/inflows related to the pension/OPEB plans	-	(76,600)	(72,914)
Net cash provided by operating activities	\$ 10,084	\$ 942,704	\$ 145,547

Energy Performance Services	Insurance and Fringe Benefits	Total
\$ 330,000	\$ 14,947,047	\$ 19,463,548
-	(996,180)	(2,744,258)
-	(12,580,344)	(13,920,432)
330,000	1,370,523	2,798,858
-	-	(205,290)
(411,400)	(2,671,857)	(3,083,257)
-	-	101,812
-	-	32,434
-	-	(974,417)
(411,400)	(2,671,857)	(3,923,428)
-	(126,369)	(126,369)
(81,400)	(1,427,703)	(1,456,229)
158,763	2,361,091	3,021,473
<u>\$ 77,363</u>	<u>\$ 933,388</u>	<u>\$ 1,565,244</u>
\$ 129,610	\$ 1,806,684	\$ 1,392,997
200,390	-	1,211,933
-	(141,286)	(134,761)
-	25,230	22,436
-	-	(3,408)
-	(320,105)	(232,548)
-	-	519,267
-	-	172,456
-	-	(149,514)
<u>\$ 330,000</u>	<u>\$ 1,370,523</u>	<u>\$ 2,798,858</u>

CITY OF PORT HURON, MICHIGAN
DOWNTOWN DEVELOPMENT
STATEMENT OF NET POSITION/GOVERNMENTAL FUND BALANCE SHEET
June 30, 2025

	<u>Downtown Development</u>	<u>GASB No. 34 Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 1,631,126	\$ -	\$ 1,631,126
Receivables	268,741	-	268,741
Prepaid expenses	29,917	-	29,917
Capital assets -			
Assets not subject to depreciation	-	312,684	312,684
Assets subject to depreciation, net	-	697,012	697,012
	<u>\$ 1,929,784</u>	<u>1,009,696</u>	<u>2,939,480</u>
LIABILITIES			
Accounts payable	\$ 31,249	-	31,249
Accrued liabilities	7,927	-	7,927
Unearned revenue	386,302	-	386,302
Lease payable -			
Due within one year	-	26,719	26,719
Due in more than one year	-	255,305	255,305
	<u>425,478</u>	<u>282,024</u>	<u>707,502</u>
FUND BALANCES			
Nonspendable	29,917	(29,917)	-
Assigned	1,322,705	(1,322,705)	-
Unassigned	151,684	(151,684)	-
	<u>1,504,306</u>	<u>(1,504,306)</u>	<u>-</u>
	<u>\$ 1,929,784</u>		
NET POSITION			
Net investment in capital assets		727,672	727,672
Unrestricted		1,504,306	1,504,306
		<u>\$ 2,231,978</u>	<u>\$ 2,231,978</u>

CITY OF PORT HURON, MICHIGAN
DOWNTOWN DEVELOPMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES/STATEMENT OF ACTIVITIES
For the year ended June 30, 2025

	<u>Downtown Development</u>	<u>GASB No. 34 Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property taxes	\$ 1,028,151	\$ -	\$ 1,028,151
Intergovernmental	26,045	-	26,045
Charges for services	242,913	-	242,913
Interest and rent	3,309	-	3,309
Other	<u>36,598</u>	<u>-</u>	<u>36,598</u>
Total revenues	1,337,016	-	1,337,016
EXPENDITURES			
Current -			
Community and economic development	<u>1,060,178</u>	<u>32,629</u>	<u>1,092,807</u>
Net change in fund balance/net position	276,838	(32,629)	244,209
Fund balances/net position at beginning of year	<u>1,227,468</u>	<u>760,301</u>	<u>1,987,769</u>
Fund balances/net position at end of year	<u><u>\$ 1,504,306</u></u>	<u><u>\$ 727,672</u></u>	<u><u>\$ 2,231,978</u></u>

STATISTICAL SECTION

This part of the City of Port Huron's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity - These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

- Taxable, Assessed and Equalized and Estimated Actual Valuation of Property
- Direct and Overlapping Property Tax Rates
- Tax Information
- Principal Property Taxpayers
- Property Tax Levies and Collections

Debt Capacity - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type
- Direct and Overlapping Bonded Debt
- Computation of Legal Debt Margin
- Legal Debt Margin
- Revenue Bond Coverage

Water and Wastewater Information – These schedules offer information about the City's water and wastewater systems and help the reader understand the rate structure and history and the major system users.

- Water and Wastewater – Current Rates in Effect
- Water and Wastewater – History of Residential Utility Rates
- Principal Water and Wastewater Customers
- Water Usage by Customer Type

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

- Demographic and Economic Statistics
- Principal Employers

Operation Information - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

- Full-time Equivalent Government Employees
- Operating Indicators
- Capital Asset Statistics

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year and the records of the City of Port Huron.

CITY OF PORT HURON, MICHIGAN
NET POSITION BY COMPONENT
Last Ten Fiscal Years

	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Governmental Activities:										
Net investment in capital assets	\$ 49,313,974	\$ 49,124,163	\$ 50,618,671	\$ 51,509,742	\$ 51,574,627	\$ 51,325,631	\$ 55,284,068	\$ 61,134,054	\$ 64,897,015	\$ 65,285,539
Restricted	9,963,492	10,736,753	11,725,849	13,815,807	14,969,093	19,505,245	19,899,751	22,990,787	25,810,330	28,175,515
Unrestricted	<u>(34,586,200)</u>	<u>(37,693,862)</u>	<u>(78,610,549)</u>	<u>(77,600,229)</u>	<u>(93,471,160)</u>	<u>(91,605,148)</u>	<u>(63,867,764)</u>	<u>(64,537,177)</u>	<u>(58,668,476)</u>	<u>(61,066,778)</u>
	<u>24,691,266</u>	<u>22,167,054</u>	<u>(16,266,029)</u>	<u>(12,274,680)</u>	<u>(26,927,440)</u>	<u>(20,774,272)</u>	<u>11,316,055</u>	<u>19,587,664</u>	<u>32,038,869</u>	<u>32,394,276</u>
Business Type Activities:										
Net investment in capital assets	81,339,430	83,762,539	88,630,753	93,520,480	101,956,484	105,938,738	109,971,708	114,029,273	116,833,274	115,282,723
Restricted						475,925	376,450	801,789	822,113	6,075,277
Unrestricted	<u>1,786,858</u>	<u>870,702</u>	<u>(14,475,130)</u>	<u>(15,778,665)</u>	<u>(8,616,555)</u>	<u>(8,393,786)</u>	<u>2,989,409</u>	<u>5,200,835</u>	<u>4,581,952</u>	<u>7,950,526</u>
Total net position	<u>83,126,288</u>	<u>84,633,241</u>	<u>74,155,623</u>	<u>77,741,815</u>	<u>93,339,929</u>	<u>98,020,877</u>	<u>113,337,567</u>	<u>120,031,897</u>	<u>122,237,339</u>	<u>129,308,526</u>
Total Primary Government:										
Net investment in capital assets	130,653,404	132,886,702	139,249,424	145,030,222	153,531,111	157,264,369	165,255,776	175,163,327	181,730,289	180,568,262
Restricted	9,963,492	10,736,753	11,725,849	13,815,807	14,969,093	19,981,170	20,276,201	23,792,576	26,632,443	34,250,792
Unrestricted (deficit)	<u>(32,799,342)</u>	<u>(36,823,160)</u>	<u>(93,085,679)</u>	<u>(93,378,894)</u>	<u>(102,087,715)</u>	<u>(99,998,934)</u>	<u>(60,878,355)</u>	<u>(59,336,342)</u>	<u>(54,086,524)</u>	<u>(53,116,252)</u>
TOTAL NET POSITION	<u>\$ 107,817,554</u>	<u>\$ 106,800,295</u>	<u>\$ 57,889,594</u>	<u>\$ 65,467,135</u>	<u>\$ 66,412,489</u>	<u>\$ 77,246,605</u>	<u>\$ 124,653,622</u>	<u>\$ 139,619,561</u>	<u>\$ 154,276,208</u>	<u>\$ 161,702,802</u>

June 30, 2024 was restated for corrections and implementation of GASB Statement No. 101.

CITY OF PORT HURON, MICHIGAN
CHANGES IN NET POSITION
Last Ten Fiscal Years

	Year Ended June 30, 2016	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2021	Year Ended June 30, 2022	Year Ended June 30, 2023	Year Ended June 30, 2024	Year Ended June 30, 2025
Expenses:										
Governmental activities -										
General government	\$ 3,754,388	\$ 3,707,038	\$ 3,653,823	\$ 3,471,212	\$ 6,995,204	\$ 3,692,577	\$ 504,204	\$ 5,594,373	\$ 3,857,170	\$ 5,706,928
Public safety	15,574,118	16,694,564	16,001,002	14,755,885	19,272,776	16,262,581	(672,800)	21,490,898	19,973,694	25,205,738
Public works	9,849,087	9,403,801	9,533,767	9,340,327	15,400,485	9,582,011	6,547,096	8,408,224	11,760,535	12,514,682
Health and welfare	1,056	749	684	1,077	1,234	2,241	531,163	3,817	105,600	337,717
Community and economic development	3,156,293	3,452,377	2,423,498	2,266,590	2,752,492	2,764,076	1,242,795	2,929,474	3,288,129	2,489,885
Recreation, parks and culture	2,952,371	2,820,060	2,891,793	2,929,717	6,060,125	2,833,894	2,200,278	4,693,719	5,940,181	5,682,348
Interest on long-term debt	-	-	-	-	439,138	1,361,982	1,372,089	1,444,054	1,538,886	1,670,187
Total Governmental Activities Expenses	<u>35,287,313</u>	<u>36,078,589</u>	<u>34,504,567</u>	<u>32,764,808</u>	<u>50,921,454</u>	<u>36,499,362</u>	<u>11,724,825</u>	<u>44,564,559</u>	<u>46,464,195</u>	<u>53,607,485</u>
Business Type Activities:										
Water	7,067,753	7,228,070	7,481,214	6,608,839	3,041,608	6,961,655	4,336,672	6,643,984	7,102,709	7,980,913
Wastewater	13,726,582	13,721,641	14,181,754	13,260,458	7,652,068	14,036,349	10,182,016	13,923,716	14,913,581	15,324,586
Land purchase	739,554	695,283	309,476	741,821	285,621	145,107	1,067,887	3,080,356	342,657	183,922
Parking	144,040	159,446	194,716	159,232	183,197	175,346	191,324	200,852	161,368	185,777
McMorran	-	-	2,351,263	1,727,876	791,951	1,136,928	1,304,712	448,800	2,437,454	3,068,121
Marina	221,577	159,867	247,049	226,209	284,785	415,394	376,705	767,931	375,023	465,127
Total Business-Type Activities Expenses	<u>21,899,506</u>	<u>21,964,307</u>	<u>24,765,472</u>	<u>22,724,435</u>	<u>12,239,230</u>	<u>22,870,779</u>	<u>17,459,316</u>	<u>25,065,639</u>	<u>25,332,792</u>	<u>27,208,446</u>
Total Primary Governmental Expenses	<u>57,186,819</u>	<u>58,042,896</u>	<u>59,270,039</u>	<u>55,489,243</u>	<u>63,160,684</u>	<u>59,370,141</u>	<u>29,184,141</u>	<u>69,630,198</u>	<u>71,796,987</u>	<u>80,815,931</u>
Program Revenues:										
Governmental activities -										
Charges for services:										
General government	2,371,660	2,373,220	2,420,181	2,485,134	2,487,675	2,544,379	2,508,371	3,015,707	3,080,213	3,877,086
Public safety	508,885	485,674	488,603	468,910	454,276	424,384	573,641	644,865	606,154	1,709,315
Public works	564,406	622,012	603,402	595,784	635,708	700,941	716,467	711,060	3,342,825	3,897,914
Community and economic development	612,023	681,189	863,623	910,438	708,127	970,747	1,071,823	1,266,183	1,173,350	573,745
Recreation, parks and culture	436,671	507,047	548,231	539,643	556,414	482,745	564,148	550,528	585,055	699,430
Operating grants and contributions:										
General government	-	-	-	-	391,297	18,662	10,120	155,800	2,490	445,841
Public safety	71,399	98,665	118,732	101,492	74,591	1,824,307	183,424	766,984	765,708	126,168
Public works	3,113,541	3,059,711	4,263,067	4,452,267	4,269,950	4,658,023	4,708,003	5,298,034	4,852,630	5,342,122
Health and welfare	-	-	-	-	-	-	528,272	521,143	-	12,544
Community and economic development	1,286,164	2,018,641	1,133,173	1,028,025	1,029,107	1,689,695	1,357,759	1,625,247	1,710,139	1,091,032
Recreation, parks and culture	38,916	8,380	27,000	26,966	28,000	28,700	31,359	175,252	246,388	289,362
Capital grants and contributions:										
General government	-	-	-	-	-	-	40,199	2,359	55,731	1,081,021
Public safety	60,380	21,252	56,922	19,040	63,913	28,113	120,208	1,199,106	666,698	42,936
Public works	753,135	1,158,355	1,663,970	747,718	878,003	934,874	3,175,511	1,014,010	2,386,614	1,441,084
Community and economic development	-	-	-	-	-	-	5,425	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	124,306
Recreation, parks and culture	656,052	199,005	168,901	575,065	273,951	166,706	1,934,032	4,080,652	471,651	2,028,365
Total Governmental Activities Program Revenues	<u>10,473,232</u>	<u>11,233,151</u>	<u>12,355,805</u>	<u>11,950,482</u>	<u>11,851,012</u>	<u>14,472,276</u>	<u>17,528,762</u>	<u>21,026,930</u>	<u>19,945,646</u>	<u>22,782,271</u>

Business-type activities -

Charges for services:

Water	\$ 7,689,530	\$ 8,121,677	\$ 8,298,959	\$ 8,178,968	\$ 7,973,304	\$ 8,033,369	\$ 8,464,906	\$ 9,083,951	\$ 8,570,261	\$ 9,168,960
Wastewater	12,872,347	13,610,180	14,365,509	15,507,210	16,943,854	16,877,605	17,517,561	18,050,471	21,042,437	18,539,081
Land purchase	233,598	136,337	54	-	-	-	-	9,900	-	-
Parking	45,258	36,538	38,157	37,166	34,961	37,577	36,106	38,053	32,269	32,751
McMorran			1,118,478	1,127,790	870,201	144,139	955,079	2,058,563	1,768,516	1,870,543
Marina	22,961	71,077	68,830	64,726	70,579	94,259	75,987	106,696	175,223	379,443

Operating grants and contributions:

Water	-	-	-	-	-	-	-	-	-	-
Wastewater	-	-	-	-	-	-	9,246	-	-	-
Land purchase	994,322	1,354,172	771,753	400,133	618,968	471,160	461,502	240,507	537,350	205,500
Parking	-	-	-	-	-	-	-	-	-	-
Senior citizens	-	-	-	-	-	-	-	-	-	-
Marina	7,828	-	-	-	-	-	-	88,869	-	-

Capital grants and contributions:

Water	-	-	-	-	-	-	143,513	34,955	2,788	234,172
Wastewater	-	-	5,239	-	398,046	550,116	215,543	53,736	1,287	2,444,250
Land purchase	-	-	-	-	-	-	677,264	-	-	-
Parking	581,183	58,511	-	188,633	-	322,000	-	-	-	-
McMorran	-	-	52,912	22,887	598,508	82,580	2,757,222	1,565,686	192,329	42,462
Total Business-type Activities Prog. Rev.	<u>22,447,027</u>	<u>23,388,492</u>	<u>24,719,891</u>	<u>25,527,513</u>	<u>27,508,421</u>	<u>26,612,805</u>	<u>31,313,929</u>	<u>31,331,387</u>	<u>32,322,460</u>	<u>32,917,162</u>
Total Primary Government Prog. Rev.	<u>32,920,259</u>	<u>34,621,643</u>	<u>37,075,696</u>	<u>37,477,995</u>	<u>39,359,433</u>	<u>41,085,081</u>	<u>48,842,691</u>	<u>52,358,317</u>	<u>52,268,106</u>	<u>55,699,433</u>

Net (expense)/revenue:

Governmental activities	(24,814,081)	(24,845,438)	(22,148,762)	(20,814,326)	(39,070,442)	(22,027,086)	5,803,937	(23,537,629)	(26,518,549)	(30,825,214)
Business-type activities	<u>547,521</u>	<u>1,424,185</u>	<u>(45,581)</u>	<u>2,803,078</u>	<u>15,269,191</u>	<u>3,742,026</u>	<u>13,854,613</u>	<u>6,265,748</u>	<u>6,989,668</u>	<u>5,708,716</u>
Total Primary Government Net Expense	<u>(24,266,560)</u>	<u>(23,421,253)</u>	<u>(22,194,343)</u>	<u>(18,011,248)</u>	<u>(23,801,251)</u>	<u>(18,285,060)</u>	<u>19,658,550</u>	<u>(17,271,881)</u>	<u>(19,528,881)</u>	<u>(25,116,498)</u>

General revenues and other changes in net position:

Governmental activities -

Property taxes	9,552,236	9,262,088	9,685,014	12,143,052	12,384,773	12,724,367	13,065,524	13,858,833	13,029,038	13,874,698
Income tax	6,366,498	6,669,875	6,489,338	6,615,692	6,575,928	7,387,448	9,156,399	10,015,449	9,585,727	10,402,746
Unrestricted state-shared revenues	3,915,367	4,616,341	4,717,779	4,795,078	4,772,912	5,455,193	5,660,387	5,840,375	5,919,663	4,394,539
Unrestricted investment income	792,532	738,955	813,973	1,542,420	610,895	2,648,846	(611,578)	1,868,744	2,125,706	2,369,330
Gain (loss) on sale of capital assets	60,477	542,952	57,687	31,553	55	25,417	114,712	128,088	76,167	-
Unrestricted cable fees and other income	376,647	371,015	356,299	343,880	341,359	358,983	350,946	1,087,749	775,856	1,104,308
Transfers		120,000	33,046	(666,000)	(268,240)	(420,000)	(1,450,000)	(990,000)	(905,000)	(965,000)
Total Governmental Activities	<u>21,063,757</u>	<u>22,321,226</u>	<u>22,153,136</u>	<u>24,805,675</u>	<u>24,417,682</u>	<u>28,180,254</u>	<u>26,286,390</u>	<u>31,809,238</u>	<u>30,607,157</u>	<u>31,180,621</u>

Business-type activities:

Unrestricted investment income	13,254	19,690	22,839	117,114	57,083	46,426	12,077	147,830	430,852	368,746
Gain (loss) on sale of capital assets	2,138	183,078	(129,256)	-	3,600	-	-	(709,248)	46,112	28,725
Proceeds from legal settlement	-	-	-	-	-	472,496	-	-	-	-
Transfers		(120,000)	(33,046)	666,000	268,240	420,000	1,450,000	990,000	905,000	965,000
Total Business-type Activities	<u>15,392</u>	<u>82,768</u>	<u>(139,463)</u>	<u>783,114</u>	<u>328,923</u>	<u>938,922</u>	<u>1,462,077</u>	<u>428,582</u>	<u>1,381,964</u>	<u>1,362,471</u>
Total Primary Government	<u>21,079,149</u>	<u>22,403,994</u>	<u>22,013,673</u>	<u>25,588,789</u>	<u>24,746,605</u>	<u>29,119,176</u>	<u>27,748,467</u>	<u>32,237,820</u>	<u>31,989,121</u>	<u>32,543,092</u>

Change in net position:

Governmental activities	(3,750,324)	(2,524,212)	4,374	3,991,349	(14,652,760)	6,153,168	32,090,327	8,271,609	4,088,608	355,407
Business-type activities	<u>562,913</u>	<u>1,506,953</u>	<u>(185,044)</u>	<u>3,586,192</u>	<u>15,598,114</u>	<u>4,680,948</u>	<u>15,316,690</u>	<u>6,694,330</u>	<u>8,371,632</u>	<u>7,071,187</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (3,187,411)</u>	<u>\$ (1,017,259)</u>	<u>\$ (180,670)</u>	<u>\$ 7,577,541</u>	<u>\$ 945,354</u>	<u>\$ 10,834,116</u>	<u>\$ 47,407,017</u>	<u>\$ 14,965,939</u>	<u>\$ 12,460,240</u>	<u>\$ 7,426,594</u>

CITY OF PORT HURON, MICHIGAN
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
General Fund:											
Nonspendable:											
Inventories	\$ -	\$ 7,996	\$ 6,741	\$ 8,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	28,904	64,953	26,199	32,689	21,331	49,758	39,016	22,846	48,493	52,174	54,655
Nonexpendable/endowment	-	-	-	-	-	-	-	-	148,312	158,744	178,997
Restricted:	-	-	-	-	-	-	-	-	-	-	14,251
Committed:	-	-	-	-	-	-	-	-	-	-	2,300,000
Assigned:											
Unspent bond proceeds	-	-	-	-	-	-	-	-	7,709,077	534,815	-
Unassigned	4,462,630	4,617,524	4,681,423	4,687,612	4,728,907	4,736,415	5,415,571	5,911,084	6,165,419	6,170,330	6,922,151
Total General Fund	<u>4,491,534</u>	<u>4,690,473</u>	<u>4,714,363</u>	<u>4,728,918</u>	<u>4,750,238</u>	<u>4,786,173</u>	<u>5,454,587</u>	<u>5,933,930</u>	<u>14,071,301</u>	<u>6,916,063</u>	<u>9,470,054</u>
All Other Governmental Funds:											
Nonspendable:											
Inventories	334,701	237,762	260,512	272,473	270,116	267,848	247,219	264,768	291,110	384,073	331,574
Prepaid items	-	-	-	-	-	-	-	-	-	-	181,717
Perpetual Care	2,805,174	2,848,094	2,917,104	2,983,138	3,038,873	3,114,778	3,234,288	3,354,003	3,471,536	3,595,805	3,677,469
Restricted:											
Streets	1,900,650	556,957	912,539	1,438,458	2,950,825	4,266,570	6,475,933	8,345,335	11,556,896	11,028,890	12,975,170
Law enforcement	407,830	404,428	332,294	362,354	243,496	47,696	28,442	34,065	31,895	71,318	80,024
Opioid settlement	-	-	-	-	-	-	-	-	101,801	153,455	64,135
Rubbish and garbage collection	265,198	423,026	560,831	580,934	500,693	463,878	438,809	434,955	548,776	829,552	855,972
Loan revolving	1,100,000	570,663	495,726	493,387	493,387	493,387	490,467	-	-	-	-
Streetscape maintenance	65,831	59,126	44,358	32,108	22,859	34,166	35,313	33,776	6,231	90	14,435
Cemetery perpetual care	4,483,208	4,863,436	5,213,389	5,562,997	6,279,019	6,264,471	8,538,467	7,432,849	8,173,887	8,893,288	9,801,771
Section 108	-	-	1,509,106	1,392,465	16,539	16,299	16,307	-	-	-	-
Committed:											
Subsequent year's expenditures	1,482,941	1,613,077	1,030,057	295,471	723,108	78,988	104,397	1,747,216	-	-	-
Municipal streets	-	97,267	681,457	1,404,140	975,627	1,696,273	1,672,340	-	-	516,197	-
Nonmajor governmental funds	94,334	54,482	112,394	149,420	145,714	42,886	158,013	336,683	542,876	-	483,541
Total All Other Governmental Funds	<u>12,939,867</u>	<u>11,728,318</u>	<u>14,069,767</u>	<u>14,967,345</u>	<u>15,660,256</u>	<u>16,787,240</u>	<u>21,439,995</u>	<u>21,983,650</u>	<u>24,725,008</u>	<u>25,472,668</u>	<u>28,465,808</u>
TOTAL GOVERNMENTAL FUNDS	<u>\$ 17,431,401</u>	<u>\$ 16,418,791</u>	<u>\$ 18,784,130</u>	<u>\$ 19,696,263</u>	<u>\$ 20,410,494</u>	<u>\$ 21,573,413</u>	<u>\$ 26,894,582</u>	<u>\$ 27,917,580</u>	<u>\$ 38,796,309</u>	<u>\$ 32,388,731</u>	<u>\$ 37,935,862</u>

CITY OF PORT HURON, MICHIGAN
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	Year Ended June 30, 2016	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2019
Revenues:				
Taxes:				
Property taxes:				
General fund	\$ 6,515,877	\$ 6,318,557	\$ 6,702,351	\$ 9,112,669
Municipal street fund:				
Streets millage	1,116,808	1,082,435	1,096,397	1,114,751
BWATC millage	346,353	336,382	341,724	345,331
Rubbish and garbage collection fund	1,573,198	1,524,714	1,544,542	1,570,301
Ambulance fund	-	-	-	-
Total	9,552,236	9,262,088	9,685,014	12,143,052
Income taxes	6,366,498	6,669,875	6,489,338	6,615,692
Total Taxes	15,918,734	15,931,963	16,174,352	18,758,744
Licenses and permits	731,592	746,917	843,222	863,134
Grants	2,580,387	4,658,392	2,954,557	1,345,847
State shared revenues	7,009,850	7,656,181	8,957,521	9,232,070
Charges for services	1,868,496	2,003,928	2,128,276	2,144,353
Fines and forfeits	153,718	155,059	135,649	134,220
Investment income	733,036	678,928	743,249	1,448,799
Rents	407,208	399,772	373,993	376,810
Other income	1,070	126,117	250	-
Administrative charges	2,148,828	2,195,648	2,276,890	2,324,364
Total Revenues	31,552,919	34,552,905	34,587,959	36,628,341
Expenditures:				
Current:				
General government	3,096,888	3,277,553	3,438,237	3,695,507
Public safety	12,792,670	14,077,352	14,474,260	15,406,842
Public works	6,916,435	6,725,184	6,831,167	6,973,546
Senior citizens	1,056	749	684	1,077
Recreation, parks and culture	2,459,874	2,418,171	2,645,096	3,015,628
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
General support services	1,130,956	1,192,059	1,330,802	1,325,737
Capital outlay	6,189,033	4,683,488	4,864,507	3,284,331
Debt Service:				
Principal	-	-	112,000	1,387,000
Interest expense	4	10,281	24,603	164,727
Total Expenditures	32,586,916	32,384,837	33,721,356	35,254,395
Revenues over (under) expenditures	(1,033,997)	2,168,068	866,603	1,373,946
Other financing sources (uses):				
Transfers in	2,825,678	2,379,010	2,121,506	1,258,616
Transfers out	(2,825,678)	(2,714,010)	(2,088,460)	(1,924,616)
New debt issued	-	-	-	-
Lease Proceeds	407,208	399,772	373,993	376,810
Sale of property	21,387	532,271	12,484	6,285
	428,595	597,043	419,523	(282,905)
NET CHANGE IN FUND BALANCES	\$ (605,402)	\$ 2,765,111	\$ 1,286,126	\$ 1,091,041
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.00%	0.04%	0.47%	4.85%

<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2024</u>	<u>Year Ended June 30, 2025</u>
\$ 9,272,991	\$ 9,533,023	\$ 9,787,582	\$ 10,148,079	\$ 10,933,895	\$ 11,643,444
1,145,022	1,181,819	1,197,582	1,251,759	1,344,806	1,422,402
353,857	360,380	374,644	383,312	411,806	445,418
1,612,903	1,649,145	1,705,716	2,075,683	-	-
-	-	-	-	338,531	363,434
12,384,773	12,724,367	13,065,524	13,858,833	13,029,038	13,874,698
6,575,928	7,387,448	9,156,399	10,015,449	9,585,727	10,402,746
18,960,701	20,111,815	22,221,923	23,874,282	22,614,765	24,277,444
679,581	794,735	818,759	1,070,155	979,852	1,025,597
2,498,794	3,955,750	4,254,330	8,300,007	5,717,814	7,203,450
9,298,794	9,753,786	10,361,743	11,643,150	10,759,363	11,088,194
2,176,888	2,321,303	2,474,229	2,571,373	5,329,448	6,385,595
141,252	105,841	246,526	340,131	254,279	267,346
511,358	2,568,315	(696,198)	1,731,594	-	2,369,330
383,201	392,762	370,409	341,260	324,237	313,454
391,297	-	-	-	2,138,512	111,669
2,327,947	2,402,198	2,406,721	2,754,995	2,887,241	2,860,975
37,369,813	42,406,505	42,458,442	52,626,947	51,005,511	55,903,054
3,918,209	4,110,725	4,175,359	5,106,817	5,119,886	5,733,718
16,493,369	16,588,385	17,069,424	19,593,666	19,436,664	21,721,821
7,220,233	7,919,107	8,286,754	7,363,138	15,372,900	9,017,594
1,234	2,241	2,891	3,971	3,799	-
2,808,951	2,842,759	4,062,619	2,631,145	5,088,105	4,746,713
-	-	-	-	-	337,717
-	-	-	-	-	2,489,885
1,440,519	1,238,113	1,352,065	4,252,106	3,366,580	125,586
4,056,194	3,965,006	5,037,332	11,651,320	7,552,842	5,924,927
-	-	-	-	170,000	175,000
-	-	-	-	400,513	394,113
35,938,709	36,666,336	39,986,444	50,602,163	56,511,289	50,667,074
1,431,104	5,740,169	2,471,998	2,024,784	(5,505,778)	5,235,980
660,241	617,488	627,262	1,406,042	1,921,600	1,535,800
(928,481)	(1,037,488)	(2,077,262)	(2,396,042)	(2,826,600)	(2,500,800)
-	-	-	9,754,909	-	-
383,201	392,762	370,409	341,260	324,237	1,276,151
55	1,000	1,000	89,036	3,200	-
115,016	(26,238)	(1,078,591)	9,195,205	(577,563)	311,151
\$ 1,546,120	\$ 5,713,931	\$ 1,393,407	\$ 11,219,989	\$ (6,083,341)	\$ 5,547,131
0.00%	0.00%	0.00%	0.00%	0.00%	1.35%

CITY OF PORT HURON, MICHIGAN

TAXABLE, ASSESSED AND EQUALIZED AND ESTIMATED ACTUAL VALUATION OF PROPERTY

Last Ten Fiscal Years and Succeeding Year

TAXABLE VALUATION OF PROPERTY

AD VALOREM ASSESSMENT ROLL

	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Real Property</u>	<u>Personal Property</u>	<u>Total Ad Valorem</u>
2015-2016	\$ 347,200,964	\$ 122,010,710	\$ 34,292,803	\$ 503,504,477	\$ 86,071,300	\$ 589,575,777
2016-2017	348,810,571	133,497,254	33,026,765	515,334,590	59,788,400	575,122,990
2017-2018	353,847,084	136,807,963	32,933,667	523,588,714	58,240,500	581,829,214
2018-2019	363,163,579	139,783,362	33,750,815	536,697,756	57,180,600	593,878,356
2019-2020	377,721,702	146,422,033	34,815,393	558,959,128	52,509,000	611,468,128
2020-2021	393,275,567	150,501,095	36,903,150	580,679,812	51,080,600	631,760,412
2021-2022	407,660,072	150,586,393	38,250,243	596,496,708	54,365,900	650,862,608
2022-2023	435,756,788	153,408,125	38,925,075	628,089,988	49,810,500	677,900,488
2023-2024	474,428,952	179,138,040	44,453,197	698,020,189	50,607,500	748,627,689
2024-2025	522,238,714	168,885,297	44,639,485	735,763,496	53,415,500	789,178,996
2025-2026	554,389,883	176,324,249	42,631,844	773,345,976	62,137,300	835,483,276

ASSESSED AND EQUALIZED VALUATION OF PROPERTY

AD VALOREM ASSESSMENT ROLL

	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Real Property</u>	<u>Personal Property</u>	<u>Total Ad Valorem</u>
2015-2016	\$ 366,183,200	\$ 128,355,700	\$ 34,609,500	\$ 529,148,400	\$ 86,071,300	\$ 615,219,700
2016-2017	387,122,500	146,059,300	33,334,700	566,516,500	59,788,400	626,304,900
2017-2018	406,846,100	149,716,400	34,737,000	591,299,500	58,240,500	649,540,000
2018-2019	419,556,100	157,264,800	34,918,800	611,739,700	57,180,600	668,920,300
2019-2020	457,051,000	176,953,800	40,117,200	674,122,000	52,509,000	726,631,000
2020-2021	501,120,600	187,095,900	42,889,300	731,105,800	51,080,600	782,186,400
2021-2022	546,903,900	186,795,200	45,116,200	778,815,300	54,365,900	833,181,200
2022-2023	605,751,200	186,184,000	46,027,200	837,962,400	49,810,500	887,772,900
2023-2024	703,340,200	229,060,600	59,153,400	991,554,200	50,607,500	1,042,161,700
2024-2025	794,809,300	212,626,900	59,350,800	1,066,787,000	53,415,500	1,120,202,500
2025-2026	843,763,300	219,906,100	59,944,100	1,123,613,500	62,137,300	1,185,750,800

A decision of the Michigan Supreme Court of November 30, 1944, (Cheeseman vs. Dell, 310 Michigan 108) defined the term "assessed valuation" as used in the property tax limitation amendment to the State Constitution to mean "the local assessments, as approved or changed and corrected through the statutory process of County equalization." Based upon this decision, all real and personal property taxes for the fiscal years 1945-1946, through 1953-1954, were levied upon County equalized valuations. Since 1954-1955, pursuant to a Supreme Court decision of November 29, 1954, (Pittsfield School District vs Washtenaw County, 341 Michigan 388) the State equalized valuations have been used.

The assessed and equalized valuation of taxable property is determined as of December 31st of each year and is the basis upon which taxes are levied during the succeeding fiscal year. The passage of Proposal A in May, 1994 altered how tax values are determined. Beginning in the 1995-1996 fiscal year, property taxes are based on taxable value instead of state equalized value. Proposal A also capped taxable value of each parcel of property, adjusted for additions and losses, at the previous year's rate of inflation or 5% whichever is less, until the property is sold or transferred. When ownership of a parcel of property is transferred, the taxable value becomes 50% of true cash value, or the state equalized valuation.

INDUSTRIAL FACILITIES AND OTHER SPECIAL ACTS ASSESSMENT ROLL

<u>Industrial Real Property</u>	<u>Industrial Personal Property</u>	<u>Other Real Property</u>	<u>Total IFT and Other</u>	<u>Total Taxable Valuation</u>	<u>Taxable Value as a Percent Actual</u>
\$ 3,458,500	\$ 21,814,900	\$ 1,218,484	\$ 26,491,884	\$ 616,067,661	47.91%
2,712,800	14,128,400	2,127,099	18,968,299	594,091,289	45.99%
2,732,336	10,857,700	5,512,421	19,102,457	600,931,671	44.89%
3,096,610	6,388,400	7,109,068	16,594,078	610,472,434	44.48%
3,052,606	5,082,200	6,991,270	15,126,076	626,594,204	42.13%
3,766,932	2,094,200	7,958,129	13,819,261	645,579,673	40.41%
3,498,694	1,444,400	9,357,396	14,300,490	665,163,098	39.10%
3,614,147	1,208,200	12,821,246	17,643,593	695,544,081	38.29%
3,425,549	0	17,409,996	20,835,545	769,463,234	36.06%
3,217,576	0	19,998,604	23,216,180	812,395,176	35.39%
3,317,319	0	15,959,005	19,276,324	854,759,600	35.34%

INDUSTRIAL FACILITIES AND OTHER SPECIAL ACTS ASSESSMENT ROLL

<u>Industrial Real Property</u>	<u>Industrial Personal Property</u>	<u>Other Real Property</u>	<u>Total IFT and Other</u>	<u>Total Equalized Valuation</u>	<u>Estimated Actual Value</u>
\$ 3,721,000	\$ 21,814,900	\$ 2,175,600	\$ 27,711,500	\$ 642,931,200	\$ 1,285,862,400
2,970,200	14,128,400	2,536,300	19,634,900	645,939,800	1,291,879,600
3,103,700	10,857,700	5,770,800	19,732,200	669,272,200	1,338,544,400
3,421,700	6,388,400	7,540,000	17,350,100	686,270,400	1,372,540,800
3,722,100	5,082,200	8,129,200	16,933,500	743,564,500	1,487,129,000
4,121,100	2,094,200	10,399,900	16,615,200	798,801,600	1,597,603,200
3,858,900	1,444,400	12,039,200	17,342,500	850,523,700	1,701,047,400
3,924,200	1,208,200	15,252,800	20,385,200	908,158,100	1,816,316,200
3,858,800	0	20,992,500	24,851,300	1,067,013,000	2,134,026,000
3,629,800	0	24,037,800	27,667,600	1,147,870,100	2,295,740,200
4,756,500	0	18,752,500	23,519,000	1,209,269,800	2,418,539,600

The Industrial and Commercial Facilities Tax Acts permit certain property to be taxed at one-half the tax rate for a period up to twelve years. The City Council has adopted a policy that such abatements will be twelve years for real property and six years for personal property. The ad valorem taxable valuation of \$789,178,996 and the abated taxable valuation of \$23,216,180 as of December 31, 2023 were used as the basis for determining the fiscal 2024-2025 operating taxes.

During August, 2014 Michigan voters approved Proposal 1, thereby instituting personal property tax reform. This reform exempts two categories of personal property from taxation. The first category exempts small taxpayers whose true cash value totals less than \$80,000. The small taxpayer exemption went into effect during 2014. The second category of property is Eligible Manufacturing Personal Property (EMPP). Taxation of EMPP will be phased out through 2022.

The total direct and overlapping tax rate applied to the tax base shown on this page is presented on the following page. Since each tax rate presented in the chart on the following page applies equally throughout the City, the weighted average tax rate is essentially equivalent to the direct and overlapping tax rate.

CITY OF PORT HURON, MICHIGAN

DIRECT AND OVERLAPPING PROPERTY TAX RATES PROPERTY TAX RATES PER \$1,000 TAXABLE VALUATION Last Ten Fiscal Years

Year	CITY					BWATC
	Operating	Public Safety/ Parks & Rec.	Streets	Rubbish and Garbage Collection	Total	Bus Operating
2015-2016	\$ 11.2696		\$ 2.0000	\$ 2.8173	\$ 16.0869	\$.6214
2016-2017	11.2696		2.0000	2.8173	16.0869	.6214
2017-2018	11.2504		1.9966	2.8125	16.0595	.6203
2018-2019	11.2504	4.0000	1.9966	2.8125	20.0595	.6203
2019-2020	11.2278	3.9920	1.9926	2.8068	20.0192	.6173
2020-2021	11.2132	3.9868	1.9900	2.8031	19.9931	.6173
2021-2022	11.2132	3.9868	1.9900	2.8031	19.9931	.6173
2022-2023	11.1391	3.9604	1.9768	2.7845	19.8608	.6068
2023-2024	11.1391	3.9604	1.9768		17.0763	.6068
2024-2025	10.9731	3.9013	1.9473		16.8217	.6068

Year	COUNTY					COLLEGE
	St. Clair County	Intermediate School	Special Education	Vocational Education	Total	Operating and Debt
2015-2016	\$ 7.9522	\$.1938	\$ 2.3113	\$.9245	\$ 11.3818	\$ 1.8891
2016-2017	8.2329	.1938	2.3113	.9245	11.6625	1.8891
2017-2018	8.2329	.1938	2.3113	.9245	11.6625	1.8891
2018-2019	8.2329	.1938	2.3113	.9245	11.6625	1.8891
2019-2020	8.2329	.1938	2.3113	.9245	11.6625	1.8891
2020-2021	8.2329	.1938	2.3113	.9245	11.6625	1.8891
2021-2022	8.2156	.1931	2.3038	.9215	11.6340	1.8830
2022-2023	9.2171	.1930	2.3026	.9210	12.6337	1.8820
2023-2024	9.1173	.1930	2.3026	.9210	12.5339	1.8820
2024-2025	9.2173	.1928	2.3020	.9208	12.6329	1.8820

Year	SCHOOL			STATE	GRAND TOTAL	
	Operating	Debt/Sink	Total	School Operating	Homestead	Non- Homestead
2015-2016	\$ 18.0000*	\$ 2.5000	\$ 20.5000	\$ 6.0000	\$ 38.4792	\$ 56.4792
2016-2017	18.0000*	4.2400	22.2400	6.0000	40.4999	58.4999
2017-2018	18.0000*	4.2400	22.2400	6.0000	40.4714	58.4714
2018-2019	18.0000*	4.2400	22.2400	6.0000	44.4714	62.4714
2019-2020	18.0000*	4.2400	22.2400	6.0000	44.4281	62.4281
2020-2021	18.0000*	4.2400	22.2400	6.0000	44.4020	62.4020
2021-2022	18.0000*	3.2000	21.2000	6.0000	43.3274	61.3274
2022-2023	18.0000*	3.2000	21.2000	6.0000	44.1833	62.1833
2023-2024	18.0000*	3.0500	21.0500	6.0000	41.1490	59.1490
2024-2025	18.0000*	3.6200	21.6200	6.0000	41.5634	59.5634

Without local voter approval, the City of Port Huron's millage levies are limited to the amounts currently levied (10.9731 mills for operating, 2.9266 mills for public safety, .9755 mill for parks & recreation, 1.9477 mills for streets).

An additional levy of 1.9874 mills applies to properties within the Downtown Development Authority.

*Non personal residence property only

CITY OF PORT HURON, MICHIGAN

TAX INFORMATION

TAXES DUE: July 1st

PAYABLE: City, School and County operating taxes are due and payable July 1st at the office of the City Treasurer. (Other County taxes are due and payable December 1st)

PENALTIES FOR DELINQUENCY: An addition of one percent (1%) is made on the first day of August, and on the first day of each month thereafter in the succeeding months, until the delinquent tax roll is returned to the County Treasurer (City Charter). Another addition of one percent (1%) is made on the fifteenth day of September and each month or fraction thereof thereafter (State law). Commencing March 1st, taxes on real property are collected through the Treasurer of St. Clair County, who adds and retains a collection fee of 4%, and in addition adds interest at the rate of 1% per month or fraction thereof to the date of payment.

LIEN ON PROPERTY: Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed. The General Tax Law provides for disposition at public sale of real estate delinquent for taxes as follows:

<u>Date of Sale</u>	<u>Delinquent Tax Properties to be Sold</u>
May, 2028	Year 2025
May, 2029	Year 2026

STATE LAND SALE: The State Land Office Board Act No. 155, Public Acts of 1937, as amended, created a State agency to dispose of certain land held by the State of Michigan. (The functions of this agency were taken over by the State Department of Natural Resources in 1949.) Unsold taxes offered at the annual County May tax sale are deemed to be “bid in” by the State, which assumes jurisdiction over them. The taxpayer has twelve months from the date of the County May tax sale in which to redeem his property by paying all unpaid taxes and assessments in full, together with all interest, penalties and collection fees at the office of the County Treasurer. “Redemption interest” at the rate of 1% per month from the date of the County May tax sale is charged on those taxes and assessments paid during this redemption period. Taxes “bid in” by the State, which remain unpaid at the expiration of the redemption period, are deeded to the State of Michigan, and outstanding taxes, special assessments, etc. are immediately canceled. Administration of this property is then transferred from the Auditor General to the Department of Natural Resources.

On the first Tuesday in February, following acquisition by the State, these properties are offered at public auction at the statutory State Land Sale (minimum bid - 25% of the assessed valuation for the year preceding vesting of title in the State.) Properties offered but not sold at the State Land Sale may be appraised and again offered for sale by the Department of Natural Resources as they see fit. The proceeds from sales, together with any income from properties while under the jurisdiction of the Department of Natural Resources, are remitted to the taxing subdivisions on the basis of their equities in the properties.

CITY OF PORT HURON, MICHIGAN
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2025

Taxpayer	2025 Ad Valorem Taxable Valuation	2025 Industrial Facilities Taxable Value	2025 Total Taxable Valuation	Percent of Total Taxable Valuation	Ad Valorem Rank	2016 Total Taxable Valuation	Percent of Total Taxable Valuation	2016 Rank
DTE Energy	\$ 30,197,414	\$	\$ 30,197,414	3.53%	1	\$ 10,678,591	1.80%	3
Lake Huron Medical Center	15,585,354		15,585,354	1.82%	2	14,410,200	2.43%	1
SEMCO Energy Gas Company	14,418,144		14,418,144	1.69%	3	6,831,045	1.15%	6
Sperry's/City Flats	6,879,500		6,879,500	0.80%	4			
Landmark/Monroe/Wrigley	6,575,989		6,575,989	0.77%	5			
HVG Port Huron Assoc LLC (formerly Arbors)	5,537,018		5,537,018	0.65%	6			
Winkle Industrial	5,383,398		5,383,398	0.63%	7			
Eissman	3,098,985	1,839,516	4,938,501	0.58%	8			
Blue Water View/Stevens	4,136,454		4,136,454	0.48%	9			
Rahf IV Northport Inc.	4,041,412		4,041,412	0.47%	10	2,864,134	0.48%	15
Acheson Ventures, LLC & Affiliated Properties	3,992,739		3,992,739	0.47%	11	13,497,241	2.27%	2
Asset Link	3,863,073		3,863,073	0.47%	12			
Orthopedic Associates Campus	3,805,634		3,805,634	0.45%	13	3,218,587	0.54%	13
Michigan Metal Coatings	2,954,518	734,381	3,688,899	0.43%	14	2,426,700	0.41%	18
Port Huron Apartments	3,270,455		3,270,455	0.38%	15			
Stone Street LLC	3,225,888		3,225,888	0.38%	16			
JB Real Estate	3,176,870		3,176,870	0.37%	17	3,320,856	0.56%	12
Parkview Property Management, Inc.	3,102,567		3,102,567	0.36%	18	3,584,355	0.60%	11
ALD Thermal	2,272,554	321,024	2,593,578	0.30%	19	8,795,800	1.48%	4
Earl Smith	2,497,453		2,497,453	0.29%	20	2,283,061	0.38%	20
SMW						8,069,400	1.36%	5
Domtar						6,232,180	1.05%	7
Royal Oak Boring						6,071,700	1.02%	8
Mueller Brass, Co. & Affiliated Properties						4,481,959	0.75%	9
H.P. Pelzer						4,329,700	0.73%	10
Shawmut Mills								
Britt Manufacturing						2,875,100	0.48%	14
JCIM						2,686,700	0.45%	16
Dunn Paper						2,448,035	0.41%	17
Advia Credit Union						2,341,772	0.39%	19
TOTAL	<u>\$ 128,015,419</u>	<u>\$ 2,894,921</u>	<u>\$ 130,910,340</u>	<u>15.32%</u>		<u>\$ 111,447,116</u>	<u>18.74%</u>	

CITY OF PORT HURON, MICHIGAN

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected by March 1 of the Fiscal Year		Collected Within the Fiscal Year of the Levy	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2016-2017	\$ 8,696,644	\$ 8,196,863	94.25%	\$ 8,681,964	99.83%
2017-2018	8,811,650	8,319,252	94.41%	8,796,899	99.83%
2018-2019	11,175,686	10,568,584	94.57%	11,165,207	99.91%
2019-2020	11,437,781	10,863,449	94.98%	11,427,224	99.91%
2020-2021	11,718,432	10,973,165	93.64%	11,704,592	99.88%
2021-2022	12,118,772	11,557,603	95.37%	12,107,872	99.91%
2022-2023	12,560,069	12,021,260	95.71%	12,545,283	99.88%
2023-2024	11,587,012	10,910,855	94.16%	11,580,715	99.95%
2024-2025	12,349,281	11,723,752	94.93%	12,342,947	99.95%
2025-2026	13,194,215				

Amounts include Operating, Public Safety, Parks and Recreation, Streets, and Rubbish and Garbage Collection (exclusive of taxes captured by component units).

The total tax levy for the upcoming fiscal year is an estimated amount. The upcoming levy is subject to change due to Michigan Tax Tribunal, State Tax Commission and/or Board of Review adjustments. This estimated tax levy is presented to facilitate continuing disclosure requirements.

Collections In Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 13,120	\$ 8,695,084	99.98%
3,495	8,800,394	99.87%
3,548	11,168,755	99.94%
3,957	11,431,181	99.94%
6,072	11,710,664	99.93%
514	12,108,386	99.91%
6,083	12,551,366	99.93%
20	11,580,735	99.95%

CITY OF PORT HURON, MICHIGAN
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Outstanding Debt:										
Business-type Activities:										
Water Supply System Revenue Bonds	\$ 6,402,825	\$ 6,265,912	\$ 6,123,999	\$ 5,982,086	\$ 5,830,173	\$ 5,673,260	\$ 5,746,191	\$ 5,497,062	\$ 4,705,000	\$ 4,505,000
Water Supply System Revenue Bonds (Limited Tax General Obligation)	4,406,019	3,527,458	2,623,897	1,675,336	671,775	457,850	233,925	-	-	-
Sewage Disposal System Revenue Bonds	-	-	-	-	-	-	-	-	-	7,500,000
Wastewater General Obligation Limited Tax Bonds	26,181,713	23,978,634	21,580,555	19,127,476	16,618,617	27,096,994	25,182,991	20,620,000	19,350,000	18,010,000
State Revolving Fund Wastewater General Obligation Limited Tax Bonds	30,020,142	26,733,217	23,208,217	19,608,217	15,935,025	12,482,270	9,741,808	7,404,032	6,092,251	4,834,719
Drinking Water Revolving Fund Water Supply System General Obligation Limited Tax Bonds	17,226,399	15,718,554	13,973,554	12,178,554	10,343,554	8,458,554	6,536,199	5,096,223	3,949,657	2,905,376
Water Meter Refunding Bonds (Limited Tax General Obligation)	4,039,352	3,806,236	3,455,020	3,085,655	2,697,380	2,289,402	1,860,902	1,411,028	938,895	443,587
Premiums	-	-	-	-	-	-	-	1,726,690	2,065,419	2,052,542
Total Business-type Activities Debt	<u>88,276,450</u>	<u>80,030,011</u>	<u>70,965,242</u>	<u>61,657,324</u>	<u>52,096,524</u>	<u>56,458,330</u>	<u>49,302,016</u>	<u>41,755,035</u>	<u>37,101,222</u>	<u>40,251,224</u>
Governmental Activities:										
Pension Bonds										
(Limited Tax General Obligation)	-	-	-	-	52,710,000	51,390,000	50,055,000	48,700,000	47,325,000	45,930,000
Fire Station #1 Bond (Limited Tax General Obligation)	-	-	-	-	-	-	-	9,680,000	9,510,000	9,335,000
Energy Services Refunding Bonds (Limited Tax General Obligation)	3,155,038	2,921,358	2,671,144	2,403,630	2,118,016	1,813,474	1,489,138	1,144,112	777,464	388,222
Leases	-	-	-	-	-	-	-	-	-	950,530
Subscriptions	-	-	-	-	-	-	-	-	-	325,621
HUD Section 108	-	1,499,000	1,387,000	-	-	-	-	-	-	-
Premiums	-	-	-	-	-	-	-	73,790	69,794	65,867
Total Outstanding Debt	<u>\$ 91,431,488</u>	<u>\$ 84,450,369</u>	<u>\$ 75,023,386</u>	<u>\$ 64,060,954</u>	<u>\$ 106,924,540</u>	<u>\$ 109,661,804</u>	<u>\$ 100,846,154</u>	<u>\$ 101,352,937</u>	<u>\$ 94,783,480</u>	<u>\$ 97,246,464</u>
Total Taxable Valuation	\$ 616,067,661	\$ 594,091,289	\$ 600,931,671	\$ 610,472,434	\$ 626,594,204	\$ 645,579,673	\$ 665,163,098	\$ 695,544,081	\$ 769,463,234	\$ 812,395,176
Ratio of Outstanding Debt to Taxable Value	14.84%	14.22%	12.48%	10.49%	17.06%	16.99%	15.16%	14.57%	12.32%	11.97%
Population	30,184	30,184	30,184	30,184	30,184	28,983	28,983	28,983	28,983	28,983
Per Capita Direct Outstanding Debt	\$ 3,029	\$ 2,798	\$ 2,486	\$ 2,122	\$ 3,542	\$ 3,784	\$ 3,479	\$ 3,497	\$ 3,270	\$ 3,355

Note: Personal income by individual year for residents is not available.
2023 is the first year of reporting premiums separately from the bond payable amounts.

CITY OF PORT HURON, MICHIGAN

DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2025

DIRECT BONDED DEBT:

Pension Bonds		
(Limited Tax General Obligation)	\$	45,930,000
Fire Station#1 Bonds		
(Limited Tax General Obligation)		9,335,000
Energy Services Refunding Bonds		
(Limited Tax General Obligation)		388,222
Premiums		<u>65,867</u>
 Total Direct Bonded Debt		 <u>55,719,089</u>

OVERLAPPING BONDED DEBT:

10.94% of St. Clair County Community College debt	\$	154,801	
10.04% of St. Clair County debt		2,459,919	
34.32% of Port Huron Area School District debt		<u>34,124,376</u>	
Overlapping Bonded Debt			<u>36,739,096</u>

DIRECT AND OVERLAPPING BONDED DEBT

\$ 92,458,185

	Per Capita Bonded Debt	Ratio of Bonded Debt to State Equalized Value
Direct Bonded Debt	\$ 1,922.47	4.61%
Direct and Overlapping Bonded Debt	\$ 3,190.08	7.65%

The percentage of overlapping bonded debt applicable to each governmental unit is estimated using the taxable valuation of assessed property. Applicable percentages were estimated by determining the portion of each governmental unit's taxable property located within the boundaries of the City of Port Huron and dividing it by that governmental unit's total taxable value.

CITY OF PORT HURON, MICHIGAN

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2025

STATE EQUALIZED VALUATION AT DECEMBER 31, 2024

\$1,185,750,800

	Legal Margin			Legal Debt Margin Totals
	Actual Net Debt	Percentage of State Equalized Valuation	Amount	
General obligation debt	\$ 83,281,064			
Portion issued under order	<u>(12,825,916)</u>			
Balance	<u>\$ 70,455,148</u>	10%	<u>\$ 118,575,080</u>	<u>\$ 48,119,932</u>
Emergency bonds	None	3/8 of 1%	<u>\$ 4,446,566</u>	<u>\$ 4,446,566</u>
Special assessment bonds	None	12%	<u>\$ 142,290,096</u>	<u>\$142,290,096</u>

The statutory debt limit of net bonded indebtedness incurred for all public purposes shall not at any one time exceed 10% of the State equalized valuation of property in the City (\$1,185,750,800), except that this limit may be exceeded by 3/8ths of 1% in case of fire, flood or other calamity. This limitation does not include bonds issued in anticipation of the payment of special assessments, nor bonds issued pursuant to court order.

The Michigan State Bond Act provides that the total debt in special assessment bonds, which would require that the City pledge its faith and credit, shall not exceed 12% of the state equalized valuation of property of the City, nor shall such bonds be issued in any calendar year in excess of 3% unless voted.

As described in the schedule of Assessed and Equalized Valuation of Taxable Property the State taxable valuation at December 31, 2024 of \$835,483,276 will be used as a basis for determining the fiscal 2025-2026 operating taxes.

CITY OF PORT HURON, MICHIGAN

LEGAL DEBT MARGIN

Last Ten Fiscal Years

	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
Direct Bonded Debt:										
Water Supply System Revenue Bonds	\$ 6,402,825	\$ 6,265,912	\$ 6,123,999	\$ 5,982,086	\$ 5,830,173	\$ 5,673,260	\$ 5,746,191	\$ 5,497,062	\$ 5,235,614	\$ 4,505,000
Water Supply System Revenue Bonds (Limited Tax General Obligation)	4,406,019	3,527,458	2,623,897	1,675,336	671,775	457,850	233,925	-	-	-
Sewage Disposal System Revenue Bonds	-	-	-	-	-	-	-	-	-	7,500,000
Wastewater General Obligation Limited Tax Bonds	26,181,713	23,978,634	21,580,555	19,127,476	16,618,617	27,096,994	25,182,991	20,620,000	19,350	18,010,000
State Revolving Fund Wastewater General Obligation Limited Tax Bonds	30,020,142	26,733,217	23,208,217	19,608,217	15,935,025	12,482,270	9,741,808	7,404,032	6,092,251	4,834,719
Drinking Water Revolving Fund Water Supply System General Obligation Limited Tax Bonds	17,226,399	15,718,554	13,973,554	12,178,554	10,343,554	8,458,554	6,536,199	5,096,223	3,949,657	2,905,376
Water Meter Refunding Bonds (Limited Tax General Obligation)	4,039,352	3,806,236	3,455,020	3,085,655	2,697,380	2,289,402	1,860,902	1,411,028	938,895	443,587
Pension Bonds (Limited Tax General Obligations)					52,710,000	51,390,000	50,055,000	48,700,000	47,325,000	45,930,000
Fire Station #1 Bond (Limited Tax General Obligation)								9,680,000	9,510,000	9,335,000
Energy Performance Services Bonds (Limited Tax General Obligation)	3,155,038	2,921,358	2,671,144	2,403,630	2,118,016	1,813,474	1,489,138	1,144,112	777,464	388,222
HUD Section 108 Loan		1,499,000	1,387,000							
Premiums	-	-	-	-	-	-	-	73,790	2,135,213	2,118,409
Total Direct Bonded Debt	<u>91,431,488</u>	<u>84,450,369</u>	<u>75,023,386</u>	<u>64,060,954</u>	<u>106,924,540</u>	<u>109,661,804</u>	<u>100,846,154</u>	<u>99,626,247</u>	<u>75,983,444</u>	<u>95,970,313</u>
Less self-supporting revenue bonds:										
Water Supply System Revenue Bonds and Premium	6,402,825	6,265,912	6,123,999	5,982,086	5,830,173	5,673,260	5,746,191	5,497,062	5,235,614	4,976,952
Water Supply System Revenue Bonds (Limited Tax General Obligation)	4,406,019	3,527,458	2,623,897	1,675,336	671,775	457,850	233,925	-	-	-
Sewage Disposal System Revenue Bonds and Premium	-	-	-	-	-	-	-	-	-	7,712,297
Less portion issued under an order:										
Wastewater General Obligation Limited Tax Bonds	26,181,713	23,978,634	21,580,555	19,127,476	16,618,617	14,561,178	12,647,175	10,452,175	9,104,268	7,991,197
State Revolving Fund Wastewater General Obligation Limited Tax Bonds	30,020,142	26,733,217	23,208,217	19,608,217	15,935,025	12,482,270	9,741,808	7,404,032	6,092,251	4,834,719
Total Excluded	<u>67,010,699</u>	<u>60,505,221</u>	<u>53,536,668</u>	<u>46,393,115</u>	<u>39,055,590</u>	<u>33,174,558</u>	<u>28,369,099</u>	<u>23,353,269</u>	<u>20,432,133</u>	<u>25,515,165</u>
Net debt applicable to limit	24,420,789	23,945,148	21,486,718	17,667,839	67,868,950	76,487,246	72,477,055	76,272,978	55,551,311	70,455,148
Debt limit	<u>62,630,490</u>	<u>64,954,000</u>	<u>66,892,030</u>	<u>72,663,100</u>	<u>78,218,640</u>	<u>83,318,120</u>	<u>88,777,290</u>	<u>104,216,170</u>	<u>112,020,250</u>	<u>118,575,080</u>
Legal debt margin	<u>\$ 38,209,701</u>	<u>\$ 41,008,852</u>	<u>\$ 45,405,312</u>	<u>\$ 54,995,261</u>	<u>\$ 10,349,690</u>	<u>\$ 6,830,874</u>	<u>\$ 16,300,235</u>	<u>\$ 27,943,192</u>	<u>\$ 56,468,939</u>	<u>\$ 48,119,932</u>
Total net debt applicable to the limit as a percentage of debt limit	38.99%	36.87%	32.12%	24.31%	86.77%	91.80%	81.64%	73.19%	49.59%	59.42%

CITY OF PORT HURON, MICHIGAN

REVENUE BOND COVERAGE

Last Ten Fiscal Years

WATER SUPPLY SYSTEM

Fiscal Year	Gross Revenue	Expenses and Operating Transfers	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2015-2016	\$ 7,693,281	\$ 3,568,715	\$ 4,124,566	\$ 950,474	\$ 524,613	\$ 1,475,087	2.80
2016-2017	8,128,963	3,913,817	4,215,146	1,015,474	479,317	1,494,791	2.82
2017-2018	8,308,738	4,248,309	4,060,429	1,045,474	438,407	1,483,881	2.74
2018-2019	8,241,601	3,456,184	4,785,417	1,090,474	395,609	1,486,083	3.22
2019-2020	7,990,762	*(53,883)	*8,044,645	1,155,474	364,024	1,519,498	5.29
2020-2021	8,033,375	3,929,483	4,103,892	370,838	340,717	711,555	5.77
2021-2022	8,464,906	**1,467,929	**6,996,977	388,925	226,852	615,777	11.36
2022-2023	8,876,671	**3,918,166	**4,958,505	430,000	146,104	576,104	8.61
2023-2024	8,520,205	4,452,907	4,067,298	200,000	176,450	376,450	10.86
2024-2025	9,151,109	5,363,835	3,787,274	200,000	166,450	366,450	10.33

WASTEWATER PLANT

Fiscal Year	Gross Revenue	Expenses and Operating Transfers	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2024-2025	18,531,826	9,040,335	9,491,491		208,682	208,682	95.48

Gross revenues includes operating and nonoperating revenues.

*The pension bonding decreased Expenses and Operating Transfers by approximately \$4,160,000, thereby increasing Net Revenue Available For Debt Service by the same amount.

**The adoption of Medicare Advantage for OPEB purposes decreased Expenses and Operating Transfers by approximately \$2,695,000, thereby increasing Net Revenue Available for Debt Service by the same amount.

CITY OF PORT HURON, MICHIGAN

WATER AND WASTEWATER – CURRENT RATES IN EFFECT

June 30, 2025

Commodity Charge, per 1,000 cubic feet of water used (effective July 1, 2025)

<u>Water</u>	<u>Wastewater</u>
<u>\$ 20.36</u>	<u>\$ 30.53</u>

Monthly Fixed Charge, based on the size of the water meter:

<u>Meter Size</u>	<u>Water</u>	<u>Wastewater</u>
5/8"	\$ 13.24	\$ 54.99
3/4"	19.87	82.49
1"	33.11	137.49
1-1/2"	66.21	274.99
2"	105.95	439.98
3"	231.75	962.44
4"	397.29	1,649.90
6"	827.70	3,437.29
8"	1,191.89	4,949.69
10"	1,920.27	7,974.50
12"	2,847.31	11,824.26
16"	3,972.98	16,498.97
20"	5,959.47	24,748.45
24"	8,939.20	37,122.68

Each customer pays a Monthly Fixed Charge based upon the size of the meter and a Commodity Charge based on the quantity of water used. The monthly rate charged for water and wastewater for consumers within the limits of the City is equal to the sum of the Monthly Fixed Charge and the Commodity Charge multiplied by the monthly usage. The rates above reflect charges to City customers. Users outside of the City generally pay 150% of City rates. Prior to December 1, 2014, City of Port Huron customers were billed on a quarterly, rather than monthly basis.

CITY OF PORT HURON, MICHIGAN

WATER AND WASTEWATER - HISTORY OF RESIDENTIAL UTILITY RATES

June 30, 2025

RATE HISTORY

<u>Effective Date</u>	<u>Water</u>		<u>Wastewater</u>	
	<u>Commodity</u>	<u>Monthly Fixed Charge</u>	<u>Commodity</u>	<u>Monthly Fixed Charge</u>
July 1, 2025	\$ 20.36	\$ 13.24	\$ 53.60	\$ 54.99
July 1, 2024	18.73	13.24	49.31	54.99
July 1, 2023	18.04	12.76	47.50	52.98
July 1, 2022	17.18	12.15	46.12	51.44
July 1, 2021	16.60	11.74	44.56	49.70
July 1, 2020	15.81	11.18	42.44	48.49
July 1, 2019	15.81	11.18	39.30	46.18
July 1, 2018	15.50	11.18	39.30	41.60
July 1, 2017	15.20	11.18	39.30	37.14
July 1, 2016	14.90	11.18	39.30	33.01
July 1, 2015	14.62	10.98	37.66	32.01
December 1, 2014	14.34	10.78	36.16	31.01
July 1, 2014	14.34	8.50	36.16	21.50
July 1, 2013	14.00	8.33	34.80	20.50
July 1, 2012	13.64	8.00	32.40	19.00
July 1, 2011	12.86	7.47	30.60	17.73
July 1, 2010	12.12	7.00	28.72	16.67
July 1, 2009	11.48	6.59	27.24	15.60
July 1, 2008	11.48	6.59	27.24	15.60
October 1, 2007	11.48	6.59	27.24	15.60
July 1, 2007	10.60	6.08	27.24	15.60
July 1, 2006	10.00	5.73	24.32	13.93

COMPARABLE MONTHLY BILLING

<u>Effective Date</u>	<u>Monthly Billing</u>	<u>Percent Change</u>
July 1, 2025	\$ 117.46	3.46%
July 1, 2024	113.61	3.79%
July 1, 2023	109.46	3.45%
July 1, 2022	105.81	3.50%
July 1, 2021	102.23	3.77%
July 1, 2020	98.52	4.67%
July 1, 2019	94.12	5.36%
July 1, 2018	89.33	5.50%
July 1, 2017	84.67	5.39%
July 1, 2016	80.34	3.19%
July 1, 2015	77.86	3.18%
December 1, 2014	75.46	18.52%
July 1, 2014	63.67	3.75%
July 1, 2013	61.37	6.37%
July 1, 2012	57.69	6.50%
July 1, 2011	54.17	6.44%
July 1, 2010	50.89	6.03%
July 1, 2009	48.00	0.00%
July 1, 2008	48.00	0.00%
October 1, 2007	48.00	2.33%
July 1, 2007	46.91	10.25%
July 1, 2006	42.55	6.47%

Comparable Monthly Billing assumes 667 metered cubic feet of usage and a 5/8" water meter.

The average monthly residential usage for the twelve months ended March 31, 2025 was 455 metered cubic feet of usage.

One metered cubic foot of water is equal to 7.48 gallons.

CITY OF PORT HURON, MICHIGAN
PRINCIPAL WATER AND WASTEWATER CUSTOMERS
June 30, 2025

<u>Customer</u>	<u>Volume of Water Used</u>	<u>Percent of Total</u>
Fort Gratiot Township	54,783,800	22.8%
Port Huron Township	47,875,472	19.9%
Kimball Township	33,904,500	14.1%
Mueller Brass	6,475,600	2.7%
City of Port Huron	3,037,897	1.3%
Lake Huron Medical Center	2,347,390	0.8%
Mclaren Port Huron Hospital	1,991,810	0.7%
HP Pelzer	1,912,223	1.0%
Port Huron Housing Commission	1,706,990	0.8%
Port Huron Multimodal Hub LLC	1,244,500	0.5%
Estimate for all others	85,227,906	35.4%
Totals	<u>240,508,088</u>	<u>100.0%</u>

WATER AND WASTEWATER REVENUE

	<u>Water Revenue</u>	<u>Percent of Total</u>	<u>Sewer Revenue</u>	<u>Percent of Total</u>
Fort Gratiot Township	\$ 1,595,833	18.0%	\$ 916,158	5.0%
Port Huron Township	1,514,662	17.1%	1,016,285	5.5%
Kimball Township	921,828	10.4%	472,670	2.6%
Mueller Brass	152,194	1.7%	459,844	2.5%
City of Port Huron	103,772	1.2%	440,026	2.4%
Lake Huron Medical Center	58,410	0.7%	136,975	0.7%
Mclaren Port Huron Hospital	79,088	0.9%	245,935	1.3%
HP Pelzer	45,121	0.5%	120,830	0.7%
Port Huron Housing Commission	102,988	1.2%	367,466	2.0%
Port Huron Multimodal Hub LLC	56,240	0.6%	170,467	0.9%
Estimate for all others	4,241,547	47.8%	14,092,264	76.4%
Totals	<u>\$ 8,871,682</u>	<u>100.0%</u>	<u>\$ 18,438,920</u>	<u>100.0%</u>

Total Active Accounts	11,874
Total Water Only Accounts	230
Total Sewer Accounts	11,644

Volume of water used is shown in metered cubic feet.

CITY OF PORT HURON, MICHIGAN

WATER USAGE BY CUSTOMER TYPE

<u>Customer Type</u>	<u>Volume of Water Used</u>	<u>Percent of Total</u>
Residential	56,047,071	23.5%
Multi-Units	10,847,727	4.6%
Commercial	12,731,361	5.3%
Industrial	12,887,207	5.4%
Institutional	6,864,316	2.9%
Governmental	3,549,623	1.5%
Wholesale	135,171,114	56.8%
Total	238,098,419	100.0%

The Wholesale water usage pertains to the various townships that surround the City of Port Huron. Volume of water used is shown in metered cubic feet.

CITY OF PORT HURON, MICHIGAN

DEMOGRAPHIC AND ECONOMIC STATISTICS

<u>Area:</u>	8.00 square miles (5,120 acres)					
<u>Form of Government:</u>	Council-Manager (Since April 7, 1941)					
<u>Present Charter:</u>	Adopted November 2, 2010 - effective January 1, 2011 (Previous Charter adopted April 7, 1969, effective April 18, 1969)					
<u>Fiscal Year Begins:</u>	July 1					
<u>City Employees:</u>	260 regular budgeted, 254 regular filled, 40 part-time filled, 219 seasonal positions					
<u>Fire Protection:</u>	3 stations, 34 fire fighting personnel, 2-way radio equipment					
<u>Police Protection:</u>	1 station, 58 police officers, 2-way radio equipment					
<u>Streets:</u>	130.01 miles improved 2.01 miles unimproved					
<u>Population:</u>	Source:	1850	(Village)	1,584	1940	31,759
	Official U.S. Census	1860	(City)	4,371	1950	35,725
		1870		5,973	1960	36,084
		1880		8,883	1970	35,794
		1890		13,543	1980	33,934
		1900		19,158	1990	33,694
		1910		18,863	2000	32,338
		1920		25,944	2010	30,184
		1930		31,361	2020	28,983

<u>Unemployment:</u>		
Source: State of Michigan	June 30, 2016	8.7%
	2017	5.3%
	2018	6.2%
	2019	6.6%
	2020	23.6%
	2021	6.0%
	2022	5.1%
	2023	4.3%
	2024	5.9%
	2025	6.6%

Statistical Information From the U.S. Census Bureau:

	2010	2020
Total population	30,184	28,983
In-labor force	15,289	17,570
Median household income	\$32,896	\$38,808
Per capita income	\$17,974	\$22,647
Housing units	13,871	*
Occupied housing units	12,177	87.8%
Owner-occupied housing units	6,594	47.5%
Renter-occupied housing units	5,583	40.2%
Vacant housing units	1,694	12.2%

Note: Personal income by individual year for residents is not available. Median household income and per capita income information was obtained from the American Community Survey.

*2020 U.S. Census Bureau housing information is not available

CITY OF PORT HURON, MICHIGAN
PRINCIPAL EMPLOYERS
June 30, 2025

<u>Firm Name</u>	<u>Product/Service</u>	<u>2025 Approximate Number of Employees</u>	<u>2025 Rank</u>	<u>2016 Approximate Number of Employees</u>	<u>2016 Rank</u>
McLaren Port Huron (formerly Port Huron Hospital)	Health care services	1,300	1	747	1
Lake Huron Medical Center (formerly St. Joseph Mercy Port Huron)	Health care services	650	2	680	2
*Port Huron Area School District	Public education	618	3	629	3
U.S. Farathane Corp.	Automotive supplier	610	4	312	6
*St. Clair County	Public government	406	5	375	4
St. Clair County Community College	Public education	348	6		
HP Pelzer	Automotive supplier	325	7	245	9
Mueller Brass	Copper and brass tubing	264	8	278	7
City of Port Huron	Public government	254	9		
*Aludyne (formerly Chassis/SMW Automotive)	Automotive supplier	120	10	373	5
IAC (formerly Lear Corporation)	Freight and Cargo	-		242	10
Domtar Industries Inc.	Lightweight, publ., pkg., spec. papers	-		254	8

*Multiple locations, an estimate of employees within the City of Port Huron is included above.

Source: City of Port Huron Finance Department obtained information from the Michigan Economic Development Corporation and through direct inquiries of employers in 2025. The information pertaining to 2016 was obtained through direct inquiries of employers.

Note: In-City labor force is not available. As a result, the percentage of the labor force is not presented.

CITY OF PORT HURON, MICHIGAN
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
General government:				
City manager	1.00	1.00	1.00	1.30
City clerk/elections	3.00	3.00	3.00	3.00
Finance/purchasing	6.00	6.00	6.05	6.00
Income tax	3.00	3.00	3.00	3.00
Assessing	2.00	3.00	3.00	3.00
City treasurer/water office	6.00	6.00	8.00	6.00
Information technology	4.00	4.00	4.00	4.00
Human Resources	2.50	2.50	3.00	3.00
Marina				
Public safety:				
Police	56.50	58.50	58.00	64.00
Fire	35.50	35.50	37.00	36.40
Public works:				
DPW administration	1.80	1.20	1.20	1.20
MOC grounds	3.00	3.00	3.00	3.00
Engineering	4.00	4.00	4.00	4.00
Code Enforcement	3.00	2.00	2.10	1.40
Streets	15.485	16.425	16.025	15.15
Refuse collection/disposal	0.125	0.125	0.125	0.125
Motor vehicle pool	6.10	6.10	6.05	6.625
Water filtration plant	9.75	9.95	9.55	10.80
Utilities - water distribution	5.875	5.875	5.750	5.80
Water meter	2.50	2.50	2.00	1.50
Water reclamation facility	20.20	23.00	20.10	22.05
Utilities - sewer collection	9.165	8.825	8.00	8.75
Community and economic development	8.00	8.00	7.90	8.60
Recreation, parks and culture:				
Recreation	4.65	4.50	4.55	5.00
Cemetery	2.65	2.80	2.85	2.85
Parking				
Parks and forestry	9.20	9.50	8.90	9.75
McMorran	4.00	4.70	5.35	6.70
Downtown Development Authority			0.50	1.00
	<u>229.00</u>	<u>235.00</u>	<u>234.00</u>	<u>244.00</u>

The number of employees are based on the filled positions as of each June 30.

The number of employees budgeted may vary.

Source: City of Port Huron Human Resources Department

<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
1.50	1.00	1.40	1.40	1.40	1.15
3.00	3.00	3.00	3.00	3.00	3.00
6.00	6.00	4.00	5.00	5.00	4.00
2.00	3.00	3.00	2.00	3.00	3.00
3.00	3.00	3.00	3.00	2.00	3.00
6.00	6.00	6.00	6.00	6.00	6.00
3.00	4.00	4.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00	3.00	3.05
				1.05	1.00
64.00	63.00	65.00	61.00	65.00	63.00
37.00	38.00	40.00	40.00	42.00	40.00
1.20	1.20	1.20	1.20	1.20	1.20
4.00	3.00	3.00	3.00	3.00	3.00
3.00	4.00	4.00	4.00	4.00	3.00
1.50	3.50	3.50	3.25	4.35	3.75
14.65	16.15	15.15	15.15	15.14	15.14
0.125	0.125	0.125	0.125	0.125	0.125
5.125	5.625	6.625	6.625	7.625	6.625
10.80	10.80	11.80	10.80	9.95	11.45
5.80	5.80	5.80	4.55	5.70	5.70
1.50	1.50	1.50	1.00	2.00	2.00
21.05	22.05	21.05	21.05	23.51	23.01
8.75	8.75	8.75	8.50	8.70	8.70
9.50	8.50	10.50	10.75	9.65	12.25
4.10	5.50	5.40	5.35	4.70	4.40
2.90	2.68	2.68	2.68	2.48	2.48
9.80	9.76	10.06	11.06	9.26	9.96
6.70	6.06	7.46	9.51	9.16	9.01
1.00	1.00	1.00	1.00	1.00	1.00
<u>240.00</u>	<u>246.00</u>	<u>252.00</u>	<u>248.00</u>	<u>257.00</u>	<u>254.00</u>

CITY OF PORT HURON, MICHIGAN

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Election data:				
Registered voters - November	21,025	21,479	21,206	21,323
Voters (at the polls or absentee) - November		11,026		9,474
Percent voting		51.3%		44.4%
Police:				
Physical arrests*	1,905	2,069	1,708	1,574
Traffic violations*	4,482	5,367	4,370	5,021
Police reports*	6,246	5,399	4,872	5,264
Calls for service*	32,385	30,647	28,482	30,289
Fire:				
Fire runs*	121	118	125	111
Emergency medical runs*	1,804	1,805	2,513	2,489
Other*	910	951	1,032	948
Public works:				
Miles of streets resurfaced	1.37	0	0.52	0.15
Miles of streets reconstructed	1.39	1.32	0.96	0.98
Water:				
Accounts:				
City - regular	12,349	12,049	12,049	12,049
Port Huron Township	3,350	3,350	3,350	3,350
Fort Gratiot - regular	135	135	135	135
Fort Gratiot - Water District No. F	4,858	4,858	4,858	4,858
Kimball Township	1,993	1,993	1,993	1,993
Clyde Township	743	743	743	743
Average daily pumpage (gallons per day)	5,200,000	5,400,000	5,400,000	5,500,000
Sewer:				
Equivalent connected population (based on flows)	55,556	55,556	55,556	55,556
Average daily sewer treatment (gallons per day)	9,530,000	9,400,000	9,400,000	10,203,333
Building construction:				
Residential:				
New construction permits	3	6	6	5
Estimated value	\$ 320,000	\$ 455,000	\$ 342,900	\$ 6,572,625
Alterations/additions/demo permits	514	526	475	575
Estimated value	\$ 3,004,653	\$ 3,415,293	\$ 3,562,333	\$ 4,869,304
Commercial:				
New construction permits	7	4	59	8
Estimated value	\$ 8,976,400	\$ 7,671,698	\$ 5,787,264	\$ 3,288,000
Alterations/additions/demo permits	82	82	4	91
Estimated value	\$ 6,853,182	\$ 9,506,303	\$ 33,085,758	\$ 27,916,719

*All information as of December 31st

Source: City of Port Huron

<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
21,676	23,265	23,132	23,613	19,326	20,132
	12,088		9,801		13,386
	52.0%		42.0%		66.5%
1,803	1,204	1,308	1,698	1,682	1,189
5,376	4,002	4,028	5,212	4,401	3,518
5,262	5,313	5,302	5,709	5,394	4,819
30,218	22,744	29,678	29,443	27,493	23,986
113	90	107	104	97	92
2,483	2,657	2,999	3,029	1,918	1,844
1,061	879	1,067	889	1,025	932
0	2.73	0.32	3.89	4.05	5.52
0.84	0	0.17	0.41	1.19	-
12,049	12,049	12,049	12,049	12,049	12,049
3,350	3,350	3,350	3,350	3,350	3,350
135	135	135	135	135	135
4,858	4,858	4,858	4,858	4,858	4,858
1,993	1,993	1,993	1,993	1,993	1,993
743	743	743	743	743	743
5,100,000	5,291,000	5,331,000	5,619,000	4,806,000	10,984,000
55,556	55,556	55,556	55,556	55,556	55,556
10,118,333	8,825,000	9,280,000	7,681,700	8,693,000	8,237,500
4	3	4	9	8	8
\$ 670,000	\$ 275,000	\$ 308,687	\$ 1,760,000	\$ 1,904,350	\$ 2,025,000
477	736	845	1,369	940	1,945
\$ 3,416,791	\$ 17,304,521	\$ 9,696,822	\$ 6,798,408	\$ 10,431,208	\$ 20,467,926
0	3	2	1	1	0
\$ -	\$ 1,647,000	\$ 905,000	\$ 10,820,000	\$ 1,122,000	\$ -
52	70	79	201	264	255
\$ 4,864,521	\$ 10,851,638	\$ 2,270,298	\$ 29,522,151	\$ 8,538,689	\$ 12,638,518

CITY OF PORT HURON, MICHIGAN

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Police:				
Stations	1	1	1	1
Fire:				
Stations	3	3	3	3
Fire fighting apparatus	5	5	5	5
Rescue boat	1	1	1	1
Heavy rescue truck	1	1	1	1
Hazmat trailer	1	1	1	1
Special response trailer	1	1	1	1
Marina:				
Seasonal boat wells	66	66	66	66
Transcient boat wells	65	65	65	65
Public works:				
Streets (miles):				
Major streets	43.000	43.000	43.000	42.840
Local streets	90.750	90.750	90.750	90.480
Trunkline	10.076	10.076	10.076	10.076
Streetlights	3,096	3,096	3,096	3,096
Parks and recreation:				
Parks/playgrounds (City owned)	20	20	20	20
Tennis courts (City and school owned)	32	32	32	32
Public beaches	2	2	2	2
Public swimming pools	2	2	2	2
Splash Pad	1	1	1	1
Boat ramps	2	2	2	2
ADA Accessible Kayak/Canoe Launch	1	1	1	1
Public scenic turnouts	5	5	5	5
Public waterfront parkways	2	2	2	2
Combined acreage	195.25	195.25	195.25	195.25
Parks/playgrounds (school owned)	10	10	10	10
Acreage	94	94	94	94
Community center	1	1	1	1
Parking:				
Metered lots	3	3	3	3
Spaces - metered lots	223	223	223	223
Unmetered lots	10	10	10	10
Spaces - unmetered lots	727	704	704	704
Seasonal attended lot - spaces	460	533	533	533
Permit only spaces in metered/unmetered lots	118	118	118	118
Seasonal unattended lots - spaces	72			
ADA market spaced in City lots	54	54	54	54
Street meters - spaces	209	203	203	203
Street meters - government zone	487	487	487	487
Water:				
Watermains (miles)	171.0	169.4	169.5	169.5
Average capacity (gallons per day)	20,000,000	20,000,000	20,000,000	20,000,000
Maximum daily capacity (gallons per day)	30,000,000	30,000,000	30,000,000	30,000,000
Fire hydrants (City maintained)	1,452	1,471	1,471	1,476
Fire hydrants (private)	127	127	127	130
Sewer:				
Miles of sanitary, storm and a combination				
of sanitary and storm sewers	244.0	245.0	245.0	245.0
Average treatment capacity (gallons per day)	20,000,000	20,000,000	20,000,000	20,000,000
Maximum treatment capacity (gallons per day)	33,000,000	33,000,000	33,000,000	33,000,000

Source: City of Port Huron

June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
1	1	1	1	1	1
3	3	3	3	3	3
6	6	6	6	6	6
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
66	66	66	66	66	70
65	65	65	65	65	60
42.740	42.750	42.750	42.670	42.510	42.510
90.450	90.020	90.190	90.190	89.500	89.500
10.076	10.076	10.076	10.076	10.076	10.076
3,096	3,096	3,096	3,096	3,096	3,043
20	20	20	20	20	20
35	35	35	35	35	35
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	4	4	4
2	2	2	2	2	2
1	1	1	1	1	1
5	5	5	5	5	5
2	2	2	2	2	2
195.25	195.25	195.25	195.25	195.25	195.25
10	10	10	10	10	10
94	94	94	94	94	94
1	1	1	1	1	1
3	3	3			
223	223	223			
10	10	10	13	13	13
704	704	704	927	927	927
533	533	533	533	533	533
118	118	72	72	72	72
54	54	54	54	54	54
202	202	129			
487	487	487			
169.4	169.4	168.8	168.8	168.2	168.2
20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
1,469	1,469	1,475	1,475	1,475	1,475
128	128	130	130	130	130
245.0	245.0	245.0	245.0	245.0	245.0
20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000
			130	130	130