

**Gratiot County**  
**Financial Statements**  
**September 30, 2020**



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**Gratiot County**  
**List of Elected and Appointed Officials**  
**September 30, 2020**

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Board of Commissioners

George Bailey	Commissioner
Jan Bunting	Commissioner
Chuck Murphy	Commissioner
Tim Lambrecht	Commissioner
Sam Smith	Commissioner

Administration and Other Elected Officials

Tracey Cordes	Administrator
Michelle Thomas	Treasurer
Angie Thompson	Clerk
Mary Merchant	Register of Deeds
Bernie Barnes	Drain Commissioner
Keith Kushion	Prosecuting Attorney
Michael Morris	Sheriff



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## Independent Auditors' Report

County Commissioners and Management  
Gratiot County  
Ithaca, Michigan

### Report on the Financial Statements

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 Gratiot County, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gratiot County Road Commission, a component unit, which statements reflect total assets and net position constituting 43 percent and 46 percent of the total assets and total net position of the discretely presented component units at September 30, 2020, respectively, and total revenues constituting 72 percent of the total revenues of the discretely presented component units for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gratiot County Road Commission, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gratiot County, as of September 30, 2020, 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.

## **Required Supplementary Information**

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

## **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gratiot County's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, 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 other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021 on our consideration of Gratiot County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gratiot County's internal control over financial reporting or on compliance. That report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gratiot County's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Alma, Michigan  
March 29, 2021

**Gratiot County  
Management's Discussion and Analysis  
September 30, 2020**

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The following is a discussion and analysis of Gratiot County's ("the County") financial performance and position, providing an overview of the activities for the fiscal year ending September 30, 2020. This analysis should be read in conjunction with the *Independent Auditors' Report*, beginning on page 2-1 of this report, and with the County's financial statements, which follow this section. Certain limited financial information is presented with respect to the Gratiot County Road Commission in Management's Discussion and Analysis. The reader should refer to the Gratiot County Road Commission's separately issued financial statements for more detailed information.

**Overview of the Financial Statements**

The annual financial report of the County consists of the following components: *Independent Auditors' Report*, *Management's Discussion and Analysis*, the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), *Required Supplementary Information* such as budget to actual comparisons for the General Fund and information related to the Municipal Employees' Retirement System of Michigan and Other Postemployment Benefits, and *Other Supplementary Information* including combining financial statements for all non-major governmental funds and proprietary funds.

**Government-wide Financial Statements (Reporting the County as a Whole)**

The set of government-wide financial statements are made up of the Statement of Net Position and the Statement of Activities, which report information about the County as a whole, and about its activities. Their purpose is to determine whether the County, in its entirety, is better or worse off as a result of this fiscal year's activities. These statements, which include all non-fiduciary assets, deferred outflows of resources and liabilities and deferred inflows of resources, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Position (page 4-1) presents all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, recording the net of these as "net position". Over time, increases or decreases in net position measure whether the County's financial position is increasing or declining.

The Statement of Activities (page 4-3) presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in this statement for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- **Governmental Activities** - Most of the County's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the County's general government departments, law enforcement, the courts, the Board of Commissioner operations, and other countywide elected official operations are reported under these activities. This also includes the special revenue funds such as the Commission on Aging and Friend of the Court Funds.
- **Business-type Activities** - These activities operate like private businesses. The County charges fees to recover the cost of the services provided. The Gratiot County Jail Commissary Fund and the Delinquent Tax Revolving Fund are examples of these activities.

**Gratiot County**  
**Management's Discussion and Analysis**  
**September 30, 2020**

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- **Discretely Presented Component Units** - Discretely presented component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Five organizations are included as component units: Road Commission, Central Dispatch Authority, Board of Public Works (no financial activity for the fiscal year), Drainage Districts and Brownfield Redevelopment Authority.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different bases of accounting between the fund statements (described below) and the government-wide statements, pages 4-6 and 4-9 present reconciliations between the two statement types. The following summarizes examples of the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however depreciation expense is reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.
- Long-term liabilities, such as reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the County's general capital assets such as buildings, land, vehicles, computer equipment etc. These values are not included in the fund financial statements.

**Fund Financial Statements (Reporting the County's Major Funds)**

The fund financial statements, which begin on page 4-4, provide information on the County's significant (major) funds, and aggregated non-major funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the County uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as the Commission on Aging Fund; other funds are required by bond or grant agreements, such as the Friend of the Court Fund. Funds are also utilized to track specific operations; these include the internal service funds (e.g., Fringe Benefit Fund) as well as enterprise funds such as the Jail Commissary and Delinquent Tax Revolving Funds.

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for Gratiot County include the General Fund and the Delinquent Tax Revolving Fund. All other funds are classified as non-major funds and are reported in aggregate by the applicable fund type. The County includes detailed information on its non-major funds in other supplementary sections of this report.

**Gratiot County**  
**Management's Discussion and Analysis**  
**September 30, 2020**

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The County's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- **Governmental Funds** - Most of the County's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the County's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted), *Capital Projects Funds* (used to report major capital acquisitions and construction), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).
- **Proprietary Funds** - Services for which the County charges customers (whether outside the County structure or a County department) a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is the Soil Erosion Inspection Fund. *Internal Service funds* report activities that provide supplies or service to the County's other operations, such as the Fringe Benefit Fund. Internal Service funds are reported as governmental activities on the government-wide statements.
- **Fiduciary Funds** - The County acts as a trustee or fiduciary in certain instances. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The County's fiduciary activities are reported in a separate Statements of Fiduciary Net Position on page 4-14. These funds, which include trust and agency funds and the OPEB Trust Fund, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

**Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 4-19 of this report.

**Required Supplementary Information**

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedule for the General Fund, information related to the Municipal Employees' Retirement System of Michigan and Other Post-employment Benefits.

**Other Supplementary Information**

Other Supplementary Information includes combining financial statements for non-major governmental, enterprise, internal service, and component unit funds. These funds are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

**Gratiot County  
Management's Discussion and Analysis  
September 30, 2020**

**Financial Analysis of the County as a Whole**

The following condensed financial information is derived from the government-wide Statement of Net Position and reflects the County's financial position for the years ended September 30, 2020 and 2019.

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 11,870,190	\$ 11,407,405	\$ 7,693,055	\$ 7,095,866	\$ 19,563,245	\$ 18,503,271
Capital assets	7,466,183	7,256,377	-	-	7,466,183	7,256,377
Deferred outflows of resources	1,590,424	1,910,416	-	-	1,590,424	1,910,416
<b>Total assets and deferred outflows of resources</b>	<b>20,926,797</b>	<b>20,574,198</b>	<b>7,693,055</b>	<b>7,095,866</b>	<b>28,619,852</b>	<b>27,670,064</b>
Current liabilities	1,060,045	973,536	180,090	12,185	1,240,135	985,721
Long-term liabilities	9,938,693	9,884,896	-	-	9,938,693	9,884,896
Deferred inflows of resources	1,173,569	1,603,685	-	-	1,173,569	1,603,685
<b>Total liabilities and deferred inflows of resources</b>	<b>12,172,307</b>	<b>12,462,117</b>	<b>180,090</b>	<b>12,185</b>	<b>12,352,397</b>	<b>12,474,302</b>
Net Position						
Net investment in capital assets	7,172,538	6,686,362	-	-	7,172,538	6,686,362
Restricted	1,845,563	1,542,426	-	-	1,845,563	1,542,426
Unrestricted (deficit)	(263,611)	(116,707)	7,512,965	7,083,681	7,249,354	6,966,974
<b>Total net position</b>	<b>\$ 8,754,490</b>	<b>\$ 8,112,081</b>	<b>\$ 7,512,965</b>	<b>\$ 7,083,681</b>	<b>\$ 16,267,455</b>	<b>\$ 15,195,762</b>

**Gratiot County  
Management's Discussion and Analysis  
September 30, 2020**

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net position changed during the years ending September 30, 2020 and 2019.

	Governmental Activities		Business Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Charges for Services	\$ 3,095,589	\$ 3,624,512	\$ 479,974	\$ 566,800	\$ 3,575,563	\$ 4,191,312
Grants & Contributions	4,223,629	4,370,075	-	-	4,223,629	4,370,075
General Revenues						
Property Taxes	12,058,011	11,406,327	-	-	12,058,011	11,406,327
Investment Earnings	41,528	82,675	63,934	93,588	105,462	176,263
Miscellaneous	20,383	17,922	38,375	55,606	58,758	73,528
<b>Total revenues</b>	<b>19,439,140</b>	<b>19,501,511</b>	<b>582,283</b>	<b>715,994</b>	<b>20,021,423</b>	<b>20,217,505</b>
<b>Expenses</b>						
General Government	8,147,412	7,970,954	-	-	8,147,412	7,970,954
Public Safety	5,727,775	4,471,404	-	-	5,727,775	4,471,404
Public Works	39,747	19,887	-	-	39,747	19,887
Health and Welfare	3,135,846	3,294,744	-	-	3,135,846	3,294,744
Community and economic development	408,407	465,536	-	-	408,407	465,536
Recreation & Cultural	1,162,331	1,203,531	-	-	1,162,331	1,203,531
Interest on long-term debt	175,214	193,232	-	-	175,214	193,232
Delinquent Tax	-	-	44,564	82,584	44,564	82,584
Tax fees and sales proceeds	-	-	-	-	-	-
Other	-	-	108,435	140,540	108,435	140,540
<b>Total expenses</b>	<b>18,796,731</b>	<b>17,619,288</b>	<b>152,999</b>	<b>223,124</b>	<b>18,949,730</b>	<b>17,842,412</b>
Excess revenue over expenses	642,409	1,882,223	429,284	492,870	1,071,693	2,375,093
Transfers	-	500,000	-	(500,000)	-	-
<b>Change in net position</b>	<b>642,409</b>	<b>2,382,223</b>	<b>429,284</b>	<b>(7,130)</b>	<b>1,071,693</b>	<b>2,375,093</b>
Net position - beginning (restated)	8,112,081	5,729,858	7,083,681	7,090,811	15,195,762	12,820,669
<b>Net position - ending</b>	<b>\$ 8,754,490</b>	<b>\$ 8,112,081</b>	<b>\$ 7,512,965</b>	<b>\$ 7,083,681</b>	<b>\$ 16,267,455</b>	<b>\$ 15,195,762</b>

**Gratiot County  
Management's Discussion and Analysis  
September 30, 2020**

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**Governmental Activities Statement of Net Position:**

The County's Governmental Activities (GA) net position increased \$642,409 over the past fiscal year. This increase is due to an increase in tax collections related to wind turbines.

**Revenues:**

Property tax collection revenues for fiscal year 2020 are up to \$12.1 million (from \$11.4 million). As stated above, this is due to additional wind farms being added to the tax roll.

Federal and State grant and contribution revenues for fiscal year 2020 are down to \$4.3 million (from \$4.4 million). The County did not apply for a State grant in the Specialty Courts program that it had received in the past. The program was funded through an alternative source.

Charges for Services round off the last largest revenue source for the County's revenue sources and they fell to \$3.1 million (from \$3.6 million). This was due to a fall off in activity related to the pandemic and stay at home order.

The County levied six property tax millages for the 2020 fiscal year, one being for general government operations at 5.5306 mills which is not assigned to any particular activity, the senior citizens millage at .6492 mills to finance the Commission on Aging, the road patrol millage at .4494 to finance the Road Patrol, the parks millage at .3493 mills to finance the Parks Department, the Economic Development and Agriculture millage at .4500 mills to finance economic development and agricultural promotion activities, and .4994 mills to finance libraries throughout the County.

**Expenses:**

General government expenses increased by \$1.2 million from 2019 to 2020. This increase is caused by the County's Other Post Employee Benefit (OPEB) trust fund liability increasing. The OPEB liability is calculated by an actuary service. One of the factors is the expected rate of return for funds that are in the trust fund. Currently Gratiot County is investing in very conservative accounts. The actuary accounted for this, making a change from our previous actuary report, which led to an increase in reported expenses for the year.

**Business-Type Activities:**

Net position in business-type activities increased \$429,000 from 2019 to 2020. The Delinquent Tax Revolving Fund, considered a major fund, continues to collect interest and penalties assessed on delinquent taxes, which accounts for this increase. The costs associated with operating this fund remain minimal.

All of the net position in the business type activities is reported as unrestricted. However, it is important to note that although reported as unrestricted, many of these assets are anticipated to be assigned or committed through Board of Commissioners action to be spent on General Fund activities and self-funding of delinquent tax payments in future years.

**Gratiot County  
Management's Discussion and Analysis  
September 30, 2020**

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**Financial Analysis of the County's Funds**

**General Fund:**

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement or Board policy, all County revenues and expenditures are recorded in the General Fund. As of September 30, 2020, the General Fund reported a fund balance of \$6,713,932. The General Fund's fund balance increased by \$302,414. This increase is due to additional wind farms being added to the tax roll. Of the total fund balance, \$6,155,981 is unassigned. The County maintains separate internal funds to account for the following activities: solid waste planning, public improvement, budget stabilization, secondary road patrol, social welfare, child welfare, juvenile child care, soldiers & sailors, and animal adoption coordinator. These internal funds are rolled up and included in General Fund presented in these financial statements because these funds receive a significant portion of funding from the General Fund and would not be able to operate independently without that funding.

**General Fund Budgetary Highlights:**

Gratiot County's budget is a dynamic document. Although adopted in September (prior to the start of the fiscal year), the budget requires frequent amendments during the course of the fiscal year to reflect changing operational demands.

The County's revenue collections were budgeted at \$13,946,761. Actual collections came in at \$14,169,299, or \$222,538 higher than budgeted. Actual was more than budgeted amounts for the following significant reason:

- During our current fiscal year the County collected additional tax revenue from wind farms that were added to the tax roll.

The County's expenditure budget was \$14,746,018. Actual County expenditures for fiscal year 2019 were \$13,866,885, or \$879,133 lower than budgeted.

- The District Court cluster, which includes the Regional Specialty Courts, came under budget by \$299,184. The Court cluster reinvented how they interacted and provided services for each other instead of contracting services out.
- Social and Child welfare costs came in \$341,483 under budget during the fiscal year. Detention center expenditures were well below budgeted amounts for the year.

**Delinquent Tax Revolving Fund:**

The Delinquent Tax Revolving Fund accounts for money advanced by the County to other local taxing units and various County funds to pay for their delinquent real property taxes. As of September 30, 2020, this fund reported net position of \$7,376,288, an increase of \$425,316 from the prior year. Operating expenses in this fund remain minimal, and revenues are generated from interest generated, penalties, interest charged and sale of delinquent properties. The County maintains this balance to limit the need to borrow funds when reconciling and paying out the local units, and various County funds during property tax settlement.

**Gratiot County  
Management's Discussion and Analysis  
September 30, 2020**

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**Capital Assets**

At the end of fiscal year 2020 the County had invested in a broad range of capital assets as summarized in the following table. The business-type activities do not have capital assets.

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Land	\$ 703,075	\$ 703,075
Construction in progress	6,197	67,124
Land improvements	1,152,589	967,589
Buildings and improvements	10,567,324	10,293,155
Equipment and furniture	1,246,579	1,184,242
Vehicles	1,028,938	890,517
	14,704,702	14,105,702
Less: accumulated depreciation	(7,238,519)	(6,849,325)
Capital assets, net	\$ 7,466,183	\$ 7,256,377

The County's capital assets' valuation increased slightly for fiscal year 2020. The increase is due to the following assets being added:

- A new building was purchased to service the County's permits, soil erosion and blight programs.
- Parks and Recreation conducted a major asphalt project at one of the County's parks.
- Several vehicles utilized by the County were replaced as the old vehicles had reach their end of life.

**Long-Term Debt**

As of September 30, 2020, the County had \$9,940,544 in long-term obligations outstanding for the primary government summarized in the following table (OPEB and pension amounts also include liability from the Central Dispatch Authority). The County continues to make scheduled payments on the general obligation bonds.

General obligation bonds	\$4,803,994
Capital Lease Obligations	114,316
Compensated absences	702,998
Other post-employment benefits	2,558,191
Pension fund liability	1,825,491

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The current debt limitation for the County is significantly higher than the County's outstanding general obligation debt.

The County maintains an "AA" bond rating with Standard & Poor's for its general obligation debt.

**Gratiot County  
Management's Discussion and Analysis  
September 30, 2020**

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A more detailed discussion of the County's long-term debt obligations is presented in footnote 11 to the financial statements (page 4-37).

**Economic Factors and Next Fiscal Year's Budget**

The County considered the following factors and honored certain philosophies in preparing the County's budget for the 2021 fiscal year.

- Sustainability. The current Board of Commissioners are largely comprised of individuals who favor a small government and minimal tax burdens on the citizens of Gratiot County. However, the Board also recognizes that costs of existing goods and services are ever rising, and that the workforce will likely seek wage increases. The Commissioners strike a realistic philosophical balance in their view by insisting that cost increases, such as wages and benefits, be demonstrably sustainable over time. Costs, therefore, are read side-by-side with realistically anticipated revenue in the short and long term.
- Continued management of unfunded other post-employment benefits (OPEB) liability. After establishing an OPEB trust fund in fiscal year 2019, the Board has again budgeted a lump sum transfer from the General Fund to the OPEB fund to continue funding this liability. The Board has been successful for two consecutive years in putting significant resources towards this liability. The Board intends to follow this plan in 2021.
- Approach to tax revenue. The County is ever-optimistic about increases in tax revenue resulting from the wind turbines—through increases in the number of turbines, but also by virtue of success in our challenge to the tax tables used to determine tax rates. The County is currently participating in a lawsuit with multiple other municipalities regarding turbine depreciation schedule. The change in assumptions would have a negative impact on the tax roll going forward and potentially going back.
- Debt Management. During this time period where additional tax revenues are available resulting from wind turbines, the County is working to pay down debt and liabilities incurred to promote a healthy balance sheet.
- Other revenue. Gratiot County assumes continued state and federal grant awards that currently fund certain services. In addition, county citizens have consistently shown great support for the services that are sustained by millages, including the Sheriff's road patrol, parks and recreation, aging services, MSU extension, economic development and libraries.

**Contacting the County**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Gratiot County Administrator at (989) 875-5282 or the Gratiot County Financial Administrator at (989) 875-5261.

**Gratiot County**  
**Statement of Net Position**  
**September 30, 2020**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 8,092,298	\$ 4,321,591	\$ 12,413,889	\$ 5,907,984
Investments	4,625	853,366	857,991	449,899
Receivables				
Taxes	3,051,427	1,586,625	4,638,052	-
Customers	272,358	2,731	275,089	235,176
Special assessments	-	-	-	12,422,536
Accrued interest and other	7,439	436,170	443,609	-
Due from other units of government	494,777	31	494,808	1,147,622
Internal balances	(491,916)	491,916	-	-
Inventories	47,815	-	47,815	637,685
Prepaid items	391,367	625	391,992	34,063
Net OPEB asset	-	-	-	96,525
Net pension asset	-	-	-	16,391
Capital assets not being depreciated	709,272	-	709,272	2,839,869
Capital assets net of depreciation	6,756,911	-	6,756,911	60,106,628
Total assets	<u>19,336,373</u>	<u>7,693,055</u>	<u>27,029,428</u>	<u>83,894,378</u>
<b>Deferred Outflows of Resources</b>				
Deferred amount relating to net pension liability	202,990	-	202,990	1,702,903
Deferred amount relating to total OPEB liability	1,387,434	-	1,387,434	41,437
Total deferred outflows of resources	<u>1,590,424</u>	<u>-</u>	<u>1,590,424</u>	<u>1,744,340</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Statement of Net Position**  
**September 30, 2020**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 528,590	\$ 3,768	\$ 532,358	\$ 494,901
Accrued and other liabilities	430,128	1,242	431,370	238,267
Performance bond payable	-	-	-	900
Due to other units of government	101,327	175,080	276,407	77,867
Advances from other governmental unit	-	-	-	241,967
Noncurrent liabilities				
Debt due within one year	1,291,482	-	1,291,482	1,580,273
Debt due in more than one year	4,329,876	-	4,329,876	11,405,307
Net pension liability	1,841,882	-	1,841,882	7,040,806
Net OPEB liability	<u>2,475,453</u>	<u>-</u>	<u>2,475,453</u>	<u>82,738</u>
 Total liabilities	 <u>10,998,738</u>	 <u>180,090</u>	 <u>11,178,828</u>	 <u>21,186,653</u>
<b>Deferred Inflows of Resources</b>				
Deferred amount relating to net pension liability	-	-	-	70,707
Deferred amount relating to net OPEB liability	<u>1,173,569</u>	<u>-</u>	<u>1,173,569</u>	<u>35,804</u>
 Total deferred inflows of resources	 <u>1,173,569</u>	 <u>-</u>	 <u>1,173,569</u>	 <u>106,511</u>
<b>Net Position</b>				
Net investment in capital assets	7,172,538	-	7,172,538	50,410,216
Restricted for				
Special revenue funds	1,845,563	-	1,845,563	-
Central dispatch authority	-	-	-	412,614
Drainage districts	-	-	-	16,935,714
Brownfield redevelopment authority	-	-	-	33,123
Unrestricted (deficit)	<u>(263,611)</u>	<u>7,512,965</u>	<u>7,249,354</u>	<u>(3,446,113)</u>
 Total net position	 <u>\$ 8,754,490</u>	 <u>\$ 7,512,965</u>	 <u>\$ 16,267,455</u>	 <u>\$ 64,345,554</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Statement of Activities**  
**For the Year Ended September 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
<b>Governmental activities</b>								
General government	\$ 8,147,412	\$ 1,948,718	\$ 3,576,205	\$ -	\$ (2,622,489)	\$ -	\$ (2,622,489)	\$ -
Public safety	5,727,775	958,934	185,530	2,970	(4,580,341)	-	(4,580,341)	-
Public works	39,747	-	-	-	(39,747)	-	(39,747)	-
Health and welfare	3,135,846	155,138	430,850	-	(2,549,858)	-	(2,549,858)	-
Community and economic development	408,407	26,979	28,020	-	(353,408)	-	(353,408)	-
Recreation and culture	1,162,331	5,820	54	-	(1,156,457)	-	(1,156,457)	-
Interest on long-term debt	175,214	-	-	-	(175,214)	-	(175,214)	-
Total governmental activities	18,796,731	3,095,589	4,220,659	2,970	(11,477,513)	-	(11,477,513)	-
<b>Business-type activities</b>								
Delinquent tax revolving	44,564	408,063	-	-	-	363,499	363,499	-
Soil erosion inspection	27,002	42,567	-	-	-	15,565	15,565	-
Jail commissary	81,433	29,344	-	-	-	(52,089)	(52,089)	-
Total business-type activities	152,999	479,974	-	-	-	326,975	326,975	-
Total primary government	\$ 18,949,730	\$ 3,575,563	\$ 4,220,659	\$ 2,970	(11,477,513)	326,975	(11,150,538)	-
<b>Component units</b>								
Drainage Districts	\$ 3,267,776	\$ 1,431,553	\$ -	\$ 2,351,965	-	-	-	515,742
Central Dispatch Authority	1,418,317	1,206,292	10,978	11,000	-	-	-	(190,047)
Brownfield Redevelopment Authority	16,853	-	-	-	-	-	-	(16,853)
Road Commission	10,739,226	1,827,116	7,182,009	3,720,436	-	-	-	1,990,335
	\$ 15,442,172	\$ 4,464,961	\$ 7,192,987	\$ 6,083,401	-	-	-	2,299,177
<b>General revenues</b>								
Property taxes					12,058,011	-	12,058,011	14,286
Unrestricted investment earnings					41,528	63,934	105,462	15,729
Miscellaneous					20,383	38,375	58,758	-
Total general revenues					12,119,922	102,309	12,222,231	30,015
Change in net position					642,409	429,284	1,071,693	2,329,192
Net position - beginning of year					8,112,081	7,083,681	15,195,762	62,016,362
Net position - end of year					\$ 8,754,490	\$ 7,512,965	\$ 16,267,455	\$ 64,345,554

See Accompanying Notes to the Financial Statements

**Gratiot County  
Governmental Funds  
Balance Sheet  
September 30, 2020**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 5,584,549	\$ 2,462,325	\$ 8,046,874
Investments	4,625	-	4,625
Receivables			
Taxes	2,855,601	195,826	3,051,427
Customers	170,341	102,017	272,358
Due from other units of government	255,447	239,330	494,777
Due from other funds	220,275	-	220,275
Prepaid items	<u>271,848</u>	<u>461</u>	<u>272,309</u>
 Total assets	 <u>\$ 9,362,686</u>	 <u>\$ 2,999,959</u>	 <u>\$ 12,362,645</u>
<b>Liabilities</b>			
Accounts payable	\$ 273,442	\$ 246,361	\$ 519,803
Accrued and other liabilities	330,823	76,966	407,789
Due to other funds	-	61,868	61,868
Due to other units of government	28,839	72,488	101,327
Advances from other funds	<u>600,000</u>	<u>-</u>	<u>600,000</u>
 Total liabilities	 <u>1,233,104</u>	 <u>457,683</u>	 <u>1,690,787</u>

See Accompanying Notes to the Financial Statements

**Gratiot County  
Governmental Funds  
Balance Sheet  
September 30, 2020**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 1,415,650	\$ 274,314	\$ 1,689,964
<b>Fund Balances</b>			
Non-spendable			
Prepaid items	271,848	461	272,309
Restricted			
Debt service	-	5,492	5,492
Special revenue funds	-	2,349,571	2,349,571
Committed	170,732	-	170,732
Assigned	115,371	-	115,371
Unassigned (deficit)	<u>6,155,981</u>	<u>(87,562)</u>	<u>6,068,419</u>
Total fund balances	<u>6,713,932</u>	<u>2,267,962</u>	<u>8,981,894</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,362,686</u>	<u>\$ 2,999,959</u>	<u>\$ 12,362,645</u>

**Gratiot County**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2020**

<b>Total fund balances for governmental funds</b>	<b>\$ 8,981,894</b>
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	709,272
Capital assets net of depreciation	6,756,911
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	
	1,689,964
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(22,339)
Compensated absences	(702,998)
Deferred outflows of resources resulting from net pension liability	202,990
Deferred outflows of resources resulting from net OPEB liability	1,387,434
Deferred inflows of resources resulting from net OPEB liability	(1,173,569)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Bonds payable	(4,803,994)
Capital lease	(114,366)
Net pension liability	(1,841,882)
Net OPEB liability	(2,475,453)
Internal service funds are included as part of governmental activities.	160,626
<b>Net position of governmental activities</b>	<b>\$ 8,754,490</b>

**Gratiot County**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 8,655,392	\$ 3,236,972	\$ 11,892,364
Licenses and permits	85,018	291,827	376,845
Intergovernmental			
Federal/State	2,699,697	1,453,343	4,153,040
Local contributions	82,649	68,792	151,441
Charges for services	1,818,687	299,484	2,118,171
Fines and forfeitures	77,089	4,500	81,589
Interest income	32,181	9,347	41,528
Rental income	16,650	-	16,650
Other revenue	504,125	90,664	594,789
	<u>13,971,488</u>	<u>5,454,929</u>	<u>19,426,417</u>
<b>Expenditures</b>			
Current			
General government	6,180,836	1,300,014	7,480,850
Public safety	4,155,367	767,045	4,922,412
Public works	34,150	-	34,150
Health and Welfare	1,473,768	1,424,494	2,898,262
Community and economic development	870	400,470	401,340
Recreation and culture	-	1,053,265	1,053,265
Other functions	182,289	-	182,289
Capital outlay	519,868	351,534	871,402
Debt service			
Principal retirement	21,881	898,668	920,549
Interest and fiscal charges	31,815	160,001	191,816
	<u>12,600,844</u>	<u>6,355,491</u>	<u>18,956,335</u>
Excess (deficiency) of revenues over expenditures	<u>1,370,644</u>	<u>(900,562)</u>	<u>470,082</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

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	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other financing sources (uses)</b>			
Transfers in	\$ 197,811	\$ 1,156,172	\$ 1,353,983
Transfers out	<u>(1,266,041)</u>	<u>(198,311)</u>	<u>(1,464,352)</u>
Total other financing sources (uses)	<u>(1,068,230)</u>	<u>957,861</u>	<u>(110,369)</u>
Net change in fund balance	302,414	57,299	359,713
Fund balance - beginning of year	<u>6,411,518</u>	<u>2,210,663</u>	<u>8,622,181</u>
Fund balance - end of year	<u>\$ 6,713,932</u>	<u>\$ 2,267,962</u>	<u>\$ 8,981,894</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2020**

<b>Net change in fund balances - Total governmental funds</b>	<b>\$ 359,713</b>
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(413,406)
Capital outlay	623,212
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Grants	(152,924)
Property taxes	165,647
Expenses are recorded when incurred in the statement of activities	
Accrued interest	6,831
Compensated absences	(81,545)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	247,133
Net change in the deferred outflow of resources related to the net pension liability	(1,706,325)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	(1,149,705)
Net change in the deferred outflow of resources related to the net OPEB liability	1,386,333
Net change in the deferred inflow of resources related to the net OPEB liability	430,116
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position	
Repayments of long-term debt	920,549
Amortization of premiums	9,771
Internal service funds are also included as governmental activities	(2,991)
<b>Change in net position of governmental activities</b>	<b>\$ 642,409</b>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Proprietary Funds**  
**Statement of Net Position**  
**September 30, 2020**

	Business-type Activities			Internal Service Funds
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 4,170,613	\$ 150,978	\$ 4,321,591	\$ 45,424
Investments	853,366	-	853,366	-
Receivables				
Taxes	1,586,625	-	1,586,625	-
Customers	-	2,731	2,731	-
Accrued interest and other	436,170	-	436,170	7,439
Due from other units of government	31	-	31	-
Advances to other funds, current	200,000	-	200,000	-
Inventories	-	-	-	47,815
Prepaid items	-	625	625	119,058
	<u>7,246,805</u>	<u>154,334</u>	<u>7,401,139</u>	<u>219,736</u>
Total current assets				
Noncurrent assets				
Advances to other funds	400,000	-	400,000	-
	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>-</u>
Total assets				
	<u>7,646,805</u>	<u>154,334</u>	<u>7,801,139</u>	<u>219,736</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	1,024	2,744	3,768	8,787
Accrued and other liabilities	-	1,242	1,242	-
Due to other funds	94,413	13,671	108,084	50,323
Due to other units of government	175,080	-	175,080	-
	<u>270,517</u>	<u>17,657</u>	<u>288,174</u>	<u>59,110</u>
Total current liabilities				
	<u>270,517</u>	<u>17,657</u>	<u>288,174</u>	<u>59,110</u>
<b>Net Position</b>				
Unrestricted	\$ 7,376,288	\$ 136,677	\$ 7,512,965	\$ 160,626
	<u>\$ 7,376,288</u>	<u>\$ 136,677</u>	<u>\$ 7,512,965</u>	<u>\$ 160,626</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2020**

	Business-type Activities			Internal Service Funds
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
<b>Operating revenue</b>				
Customer fees	\$ 408,063	\$ 71,911	\$ 479,974	\$ -
Billings to other funds	-	-	-	3,317,329
Other revenue	-	38,375	38,375	77,964
Total operating revenue	<u>408,063</u>	<u>110,286</u>	<u>518,349</u>	<u>3,395,293</u>
<b>Operating expenses</b>				
Personnel services	-	20,107	20,107	3,457,361
Supplies	18,340	33,386	51,726	-
Utilities	-	432	432	-
Repairs and maintenance	-	8,813	8,813	-
Other expenses	26,224	45,697	71,921	51,765
Total operating expenses	<u>44,564</u>	<u>108,435</u>	<u>152,999</u>	<u>3,509,126</u>
Operating income (loss)	363,499	1,851	365,350	(113,833)
<b>Nonoperating revenue</b>				
Interest income	61,817	2,117	63,934	473
Income (loss) before transfers	425,316	3,968	429,284	(113,360)
Transfers in	-	-	-	906,119
Transfers out	-	-	-	(795,750)
Change in net position	425,316	3,968	429,284	(2,991)
Net position - beginning of year	<u>6,950,972</u>	<u>132,709</u>	<u>7,083,681</u>	<u>163,617</u>
Net position - end of year	<u>\$ 7,376,288</u>	<u>\$ 136,677</u>	<u>\$ 7,512,965</u>	<u>\$ 160,626</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2020**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Delinquent Tax Revolving</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Cash flows from operating activities</b>				
Receipts from customers and employees	\$ 472,872	\$ 108,854	\$ 581,726	\$ 28,746
Receipts from interfund users	-	-	-	3,365,038
Payments (to) from other funds	(6,105)	13,671	7,566	-
Payments to suppliers	-	(87,315)	(87,315)	(3,493,676)
Payments to employees	-	(20,107)	(20,107)	-
Net cash provided (used) by operating activities	<u>466,767</u>	<u>15,103</u>	<u>481,870</u>	<u>(99,892)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other funds	-	-	-	906,119
Transfers to other funds	-	-	-	(795,750)
Receipts on advances to other funds	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>110,369</u>
<b>Cash flows from investing activities</b>				
Purchases of investments	(9,511)	-	(9,511)	-
Interest received	<u>61,817</u>	<u>2,117</u>	<u>63,934</u>	<u>473</u>
Net cash provided by investing activities	<u>52,306</u>	<u>2,117</u>	<u>54,423</u>	<u>473</u>
Net change in cash and cash equivalents	719,073	17,220	736,293	10,950
Cash and cash equivalents - beginning of year	<u>3,451,540</u>	<u>133,758</u>	<u>3,585,298</u>	<u>34,474</u>
Cash and cash equivalents - end of year	<u>\$ 4,170,613</u>	<u>\$ 150,978</u>	<u>\$ 4,321,591</u>	<u>\$ 45,424</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2020**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Delinquent Tax Revolving</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 363,499	\$ 1,851	\$ 365,350	\$ (113,833)
Changes in assets and liabilities				
Receivables (net)	(70,218)	(1,432)	(71,650)	(1,509)
Due from other units of government	12,699	-	12,699	-
Inventories	-	-	-	(3,748)
Prepaid items	-	-	-	25,688
Accounts payable	(8,188)	349	(7,839)	(6,490)
Accrued and other liabilities	-	664	664	-
Due to other funds	(6,105)	13,671	7,566	-
Due to other units of government	<u>175,080</u>	<u>-</u>	<u>175,080</u>	<u>-</u>
 Net cash provided (used) by operating activities	 <u>\$ 466,767</u>	 <u>\$ 15,103</u>	 <u>\$ 481,870</u>	 <u>\$ (99,892)</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**September 30, 2020**

	Other Employee Benefit Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 3,717	\$ 2,269,251
Investments	2,043,678	-
Receivables		
Fines	-	19,096
Total assets	2,047,395	\$ 2,288,347
<b>Liabilities</b>		
Accrued and other liabilities	-	\$ 401,784
Due to other units of government	-	1,886,563
Total liabilities	-	\$ 2,288,347
<b>Net Position</b>		
Held in trust for other employee benefits	\$ 2,047,395	

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended September 30, 2020**

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	<u>Other Employee Benefit Trust Fund</u>
<b>Additions</b>	
Contributions	
Employer	\$ 907,076
<b>Investment earnings</b>	
Net change in fair value	47,574
Less investment expense	<u>(2,312)</u>
Net investment gain	<u>45,262</u>
Total additions	952,338
<b>Deductions</b>	
Benefits	<u>153,359</u>
Change in net position	798,979
Net position - beginning of year	<u>1,248,416</u>
Net position - end of year	<u><u>\$ 2,047,395</u></u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Component Unit Funds**  
**Combining Statement of Net Position**  
**September 30, 2020**

	Road Commission	Central Dispatch Authority	Drainage Districts	Brownfield Redevelopment Authority	Total
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 820,069	\$ 171,058	\$ 4,902,594	\$ 14,263	\$ 5,907,984
Investments	449,899	-	-	-	449,899
Receivables					
Customers	-	235,176	-	-	235,176
Special assessments, current	-	-	1,862,082	-	1,862,082
Due from other units of government	1,081,738	23,397	-	42,487	1,147,622
Inventories	637,685	-	-	-	637,685
Prepaid items	-	34,063	-	-	34,063
	<u>2,989,391</u>	<u>463,694</u>	<u>6,764,676</u>	<u>56,750</u>	<u>10,274,511</u>
Total current assets					
Noncurrent assets					
Special assessments receivable, deferred	-	-	10,560,454	-	10,560,454
Net pension asset	-	16,391	-	-	16,391
Net OPEB asset	96,525	-	-	-	96,525
Capital assets not being depreciated	653,673	-	2,186,196	-	2,839,869
Capital assets net of depreciation	<u>32,631,129</u>	<u>581,681</u>	<u>26,893,818</u>	<u>-</u>	<u>60,106,628</u>
	<u>33,381,327</u>	<u>598,072</u>	<u>39,640,468</u>	<u>-</u>	<u>73,619,867</u>
Total noncurrent assets					
	<u>36,370,718</u>	<u>1,061,766</u>	<u>46,405,144</u>	<u>56,750</u>	<u>83,894,378</u>
Total assets					
<b>Deferred Outflows of Resources</b>					
Deferred amount relating to net pension liability	1,626,476	76,427	-	-	1,702,903
Deferred amount relating to net OPEB liability	-	41,437	-	-	41,437
	<u>1,626,476</u>	<u>117,864</u>	<u>-</u>	<u>-</u>	<u>1,744,340</u>
Total deferred outflows of resources					

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Component Unit Funds**  
**Combining Statement of Net Position**  
**September 30, 2020**

	Road Commission	Central Dispatch Authority	Drainage Districts	Brownfield Redevelopment Authority	Total
<b>Liabilities</b>					
Current liabilities					
Checks written against future deposits	\$ -	\$ -	\$ -	\$ 23,627	\$ 23,627
Accounts payable	229,466	5,623	259,812	-	494,901
Accrued and other liabilities	81,525	27,138	129,604	-	238,267
Performance bond payable	900	-	-	-	900
Due to other units of government	77,867	-	-	-	77,867
Current portion of noncurrent liabilities	<u>134,215</u>	<u>73,736</u>	<u>1,372,322</u>	<u>-</u>	<u>1,580,273</u>
Total current liabilities	<u>523,973</u>	<u>106,497</u>	<u>1,761,738</u>	<u>23,627</u>	<u>2,415,835</u>
Noncurrent liabilities					
Advances from State	241,967	-	-	-	241,967
Net pension liability	7,040,806	-	-	-	7,040,806
Long-term debt net of current portion	281,052	816	11,123,439	-	11,405,307
Net OPEB liability	<u>-</u>	<u>82,738</u>	<u>-</u>	<u>-</u>	<u>82,738</u>
Total noncurrent liabilities	<u>7,563,825</u>	<u>83,554</u>	<u>11,123,439</u>	<u>-</u>	<u>18,770,818</u>
Total liabilities	<u>8,087,798</u>	<u>190,051</u>	<u>12,885,177</u>	<u>23,627</u>	<u>21,186,653</u>
<b>Deferred Inflows of Resources</b>					
Deferred amount relating to net pension liability	70,707	-	-	-	70,707
Deferred amount relating to net OPEB liability	<u>-</u>	<u>35,804</u>	<u>-</u>	<u>-</u>	<u>35,804</u>
Total deferred inflows of resources	<u>70,707</u>	<u>35,804</u>	<u>-</u>	<u>-</u>	<u>106,511</u>
<b>Net Position</b>					
Net investment in capital assets	33,284,802	541,161	16,584,253	-	50,410,216
Restricted					
Central dispatch authority	-	412,614	-	-	412,614
Drainage districts	-	-	16,935,714	-	16,935,714
Brownfield redevelopment authority	-	-	-	33,123	33,123
Unrestricted (deficit)	<u>(3,446,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,446,113)</u>
Total net position	<u>\$ 29,838,689</u>	<u>\$ 953,775</u>	<u>\$ 33,519,967</u>	<u>\$ 33,123</u>	<u>\$ 64,345,554</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Component Units Funds**  
**Statement of Activities**  
**For the Year Ended September 30, 2020**

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Component units</b>					
Governmental activities					
Drainage Districts	\$ 3,267,776	\$ 1,431,553	\$ -	\$ 2,351,965	\$ 515,742
Central Dispatch Authority	1,418,317	1,206,292	10,978	11,000	(190,047)
Brownfield Redevelopment Authority	16,853	-	-	-	(16,853)
Road Commission	<u>10,739,226</u>	<u>1,827,116</u>	<u>7,182,009</u>	<u>3,720,436</u>	<u>1,990,335</u>
 Total primary government	 <u>\$ 15,442,172</u>	 <u>\$ 4,464,961</u>	 <u>\$ 7,192,987</u>	 <u>\$ 6,083,401</u>	 <u>2,299,177</u>
General revenues					
Property taxes					14,286
Unrestricted investment earnings					<u>15,729</u>
Total general revenues					<u>30,015</u>
Change in net position					2,329,192
Net position - beginning of year					<u>62,016,362</u>
Net position - end of year					<u>\$ 64,345,554</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2020**

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**Note 1 - Summary of Significant Accounting Policies**

**Reporting entity**

The County of Gratiot, Michigan, was incorporated in 1855, and covers an area of approximately 580 square miles with the County seat located in the City of Ithaca. The County operates under an elected Board of Commissioners and provides services to its more than 40,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

**Blended Component Units** – A three (3) member Board appointed by the Gratiot County Board of Commissioners governs the Gratiot County Building Authority. Its sole purpose is to finance and construct the County's public buildings. It is reported in the Debt Service fund category. A separate report is not prepared for the Building Authority.

**Discretely Presented Component Units** – These component units are reported in a separate column to emphasize that, while legally separate, Gratiot County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Gratiot County is such that exclusion of these entities would render the financial statements misleading or incomplete.

The Gratiot County Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, Federal financial assistance, and contributions from other local government units within the County. The

Gratiot County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by an elected three (3) member board of county road commissioners. The Road Commission is a separate legal entity from the County and they maintain a separate financial and accounting system. This component unit is audited individually and complete financial statements may be obtained from the Road Commission's administrative office.

**Gratiot County Central Dispatch Authority** – The County is a member of the Gratiot County Central Dispatch Authority. The Michigan State Police, the Villages of Ashley, Perrinton, and Breckenridge; and the Cities of Alma, St. Louis, and Ithaca are also members. The Authority is governed by a ten (10) member board. One (1) board member is appointed by each of the participating governmental units and three (3) board members are set by statute. The three (3) statutory representatives are appointed by the Sheriff, the Fire Chief, and the Michigan State Police. The Authority has responsibility for preparing the annual budget (which is approved by the County) and to carry out all activities of the Authority.

The Authority's intent is to support and operate central dispatch services primarily with funds generated from operations (i.e., telephone surcharge fees). Any required local contributions would be calculated based on a prorated scale, which takes into account the impact and use of the system for each participating unit. In November 2002, voters in Gratiot County approved a 911 surcharge to fully finance Central Dispatch Operations. For the year ended September 30, 2020, the County was not required to make a contribution to the Authority.

The financial activities of the Gratiot County Central Dispatch Authority are reported in the County's audited financial statements as a discretely presented component unit due to the County being responsible for the receipt and disbursement of the Authority's funds.

The Gratiot County Board of Public Works (BPW) is a five (5) member Board comprised of the Drain Commissioner, a County Commissioner, a Road Commissioner, and two (2) members selected by the County

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2020**

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Board of Commissioners (one (1) from City government and one (1) at large). The Board is under the general control of the County Board of Commissioners. The Board can acquire, improve, operate, and maintain water and sewage disposal systems for local units of government. Projects are initiated when the local unit requests the assistance of the BPW in organizing a project. Usually projects are financed by the sale of bonds upon final approval by the County Board of Commissioners as recommended by the BPW. The County must sell the bonds and pledge its full faith and security for payment of principal and interest. Special assessments are levied by the local units of government on benefited properties and are forwarded to the County for payment of principal and interest. There is currently no financial activity for the BPW.

The Drainage Districts in the County come under the jurisdiction of the Gratiot County Drain Commissioner. This includes planning, developing, and maintaining surface water drainage systems. A complete file of finance, construction, and maintenance is maintained for each of the drains. The Drain Commissioner has authority to spend up to \$2,500 per mile on drain maintenance and may borrow up to \$300,000 from any source to provide for maintenance of a drain without Board of Commissioner approval and without going through the Municipal Finance Division, State of Michigan. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are financially accountable to the County because bond issuances greater than \$300,000 require County authorization and are backed by the full faith and credit of the County.

The financial activities of the Drainage Districts are reported in the County's audited financial statements as a discretely presented component unit due to the County backing the bonds issued for the Drainage Districts.

The Gratiot County Brownfield Redevelopment Authority is responsible for identifying improvement projects within the brownfield zones and monitoring projects through the completion phase. The Brownfield

Redevelopment Authority operations are financed primarily from tax revenue. The Brownfield Redevelopment Authority is governed by a ten (10) member board whose members are appointed by the Gratiot County Board of Commissioners. The Brownfield Redevelopment Authority is a separate legal entity from the County.

Joint Ventures – The County participates in the following activities, which are considered to be joint ventures in relation to the County due to the formation of an organization by contractual agreement between two (2) or more participants that maintain joint control, financial interest, and financial responsibility.

Gratiot Community Airport Commission – The County is a member of the Gratiot Community Airport Commission, which is a joint venture between Gratiot County and the City of Alma. Each unit appoints three (3) of the six (6) members to the Commission. The Commission has responsibility for preparing the annual budget (which is approved by the County and the City) and to carry out all activities of the Commission. Each unit is responsible to fund 50% of the required local contribution to cover operational costs. The land and other property acquired during the term of the agreement are held by the County and City as tenants in common in such proportions as their contributions in the year of acquisition. For the year ended September 30, 2020, the County contributed \$26,000 to cover its share of operational cost. The County does not have an equity interest.

The financial activities of the Gratiot Community Airport Commission (GCAC) are reported in the City of Alma's audited financial statements as a joint venture, due to the City being responsible for the receipt and disbursement of the Commission's funds. As of June 30, 2020, the GCAC had net position of \$1,955,347. A copy of the GCAC's audited financial statements can be obtained at City Hall.

Mid-Michigan District Health Department – The County is a member of the Mid-Michigan District Health Department, which is a joint venture between Gratiot, Clinton, and Montcalm counties. Each unit appoints two (2) of the six (6) members to the governing Board. The Department

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2020**

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has responsibility for preparing the annual budget (which is approved by each County) and to carry out all activities of the Department.

Each unit is responsible to fund a percentage of the overall budget pursuant to a formula included in the interlocal agreement to cover operational costs. For the year ended September 30, 2020, the County contributed \$320,770 to cover its share of operational costs. The County does not have an equity interest.

The financial activities of the Mid-Michigan District Health Department are accounted for and reported separately from the participating units. Separate audited financial statements for their year ended September 30, 2020 are available at the Department's administrative offices. A copy of the Department's audited financial statements can be obtained at their administrative offices.

Jointly Governed Organizations – The County participates in the following activities which are considered to be jointly governed organizations in the relation to the County due to there being no ongoing financial interest or responsibility.

Central Area Partnership Consortium – Gratiot County, in conjunction with three (3) other Counties, has entered into an agreement that created the Central Area Partnership Consortium. This organization's Board is composed of eight (8) members, of which two (2) are appointed by Gratiot County. The organization receives all of its funding from State and Federal grants and, as a result, the County has no financial responsibility other than potential liability related to inappropriate use of the funds.

Mid-South Substance Abuse Commission – Gratiot County, in conjunction with five (5) other Counties, has entered into an agreement that created the Mid-South Substance Abuse Commission. This organization's Board is composed of fifteen (15) members, of which one (1) is appointed by Gratiot County. The County's financial responsibility is to pass through 50% of the Convention and Tourism revenues received to the Commission. Also, if the Commission were

to need additional operating funds, the County would be responsible to contribute a portion based on the percentage of Board membership (currently 7%). For the year ended September 30, 2020, the County passed through \$25,594 and was not required to make any additional appropriation.

Related Organizations – Greater Gratiot Development, Inc. – The purpose of the organization is to conduct an aggressive program for the economic growth and development of the Gratiot County area by assistance and encouragement for the maintenance and expansion of existing business and industry, the acquisition of new business and branch plants, the conduct of such other activities which will broaden the economic base to increase employment and business opportunities, and generally contribute to the advancement and growth of the area for the purpose of benefiting the community. Activities to create jobs and enhance the local tax base are its highest priority. A substantive part of these activities is offering help to new and existing small businesses in obtaining financing and making low interest loans to industrial oriented firms. An agricultural and economic development millage is in effect. A portion of these tax receipts are passed through to Greater Gratiot Development, Inc. For the year ended September 30, 2020, the County passed through \$395,813.

Gratiot County Community Mental Health Services – The Gratiot County Community Mental Health Services (Board) operates under the provisions of PA 258 of 1974, as amended. This organization is an Authority in accordance with the Act and is a completely separate unit of government. Their audit can be obtained at their administrative offices. The Board provides funding for services in the area of mental illness, developmental disabilities, and other related mental health needs for the residents of the County of Gratiot. For the year ended September 30, 2020, the County's contribution to Mental Health Services was \$200,000.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2020**

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**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

**Measurement focus, basis of accounting, and financial statement presentation**

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2020**

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The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

The Delinquent Tax Revolving Fund accounts for money advanced by the County to other local taxing Units and various County funds to pay for their delinquent real property taxes. Revenues are generated by the collection of delinquent real property taxes, penalties, and interest.

Additionally, the government reports the following:

The nonmajor special revenue funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

The nonmajor debt service funds account for the accumulation of resources for, and payment of governmental activities principal, interest and related costs.

The nonmajor capital projects funds account for capital outlay for certain projects for the County.

Internal Service Funds account for various internal activities that are provided to other departments or funds of the County on a cost reimbursement basis.

The nonmajor enterprise funds account for the operations of the Principal Residence Denial Interest Fund, Soil Erosion Inspection Fund, and Jail Commissary Fund.

The Other Employee Benefits Trust Fund accounts for the activities for the other postemployment benefit plan and accumulates resources for benefit payments to qualified employees.

The Trust and Agency Fund, Wind Farm Planning Fund, and Library (Penal Fines) Fund account for other deposits collected on behalf of other units and individuals.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax revolving and the internal service funds are charges to customers for sales and services. Operating expenses for the delinquent tax revolving and the internal service funds include personnel services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Assets, liabilities, and net position or equity**

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2020**

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a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificates of deposit are stated at cost which approximates fair value. Restricted cash includes unspent bond proceeds.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> and July 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

The 2020 taxable valuation of the government totaled \$1,479,339,421 on which ad valorem taxes consisted of 5.5306 mills for operating purposes. This resulted in \$8,114,098 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

The 2019 taxable valuation of the government totaled \$1,339,200,069. Property taxes were levied for the following purposes, with tax revenues presented exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

	Mills	Revenue
Commission on Aging	0.6492	\$ 861,286
Parks	0.3493	463,412
Road Patrol	0.4494	596,213
Agriculture and Economic Development	0.4500	597,009
Library	0.4994	662,548

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2020. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving Fund. This activity is accounted for in the Delinquent Tax Revolving (Enterprise) Fund.

The County has evaluated tax abatements related to GASB Statement No. 77 and determined such tax abatements are not material to these financial statements.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories in the Road Commission (Component Unit) Fund are priced at cost as determined on the average cost method. Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the County follows the consumption method, and they therefore are capitalized as prepaid items in both entity-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2020**

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Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Land improvements	5 to 40 years
Buildings and improvements	5 to 50 years
Equipment and furniture	5 to 20 years
Vehicles	2 to 7 years
Drains	40 years

Capital assets – Road Commission – Component Unit – Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Gratiot County Road Commission as assets with an initial individual cost of more than \$1,500 and an estimated useful life of at least five years. Such assets are recorded at historical cost or the estimated historical cost at the date of purchase or construction. Donated capital assets are recorded at estimated fair market value at the date of donation. All Road Commission equipment is capitalized if there is a Schedule C rate for it, regardless of the cost.

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 to 50 years
Road equipment	5 to 8 years
Shop equipment	10 years
Engineering equipment	5 to 10 years
Office equipment	5 to 10 years
Infrastructure - roads	8 to 30 years
Infrastructure - bridges	12 to 50 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. The County reports deferred outflows of resources as a result of pension and OPEB investment earnings. This

amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. The County also reports deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce net pension and OPEB liabilities in the following year.

Compensated absences – In accordance with the County personnel policies and/or contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused paid time off under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested paid time off earned as of September 30, 2020, including related payroll taxes, is recorded in the government-wide financial statements as a noncurrent liability.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

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withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Plan and additions to/deductions from Plan fiduciary net position have been determined on the same basis as they are reported by for the 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 post-employment benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are recorded at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The County reports deferred inflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and is included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities are deferred and amortized over the expected

remaining service lives of the employees and retirees in the plan.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the County's highest level of decision-making, its Board of Commissioners. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Commissioners.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Commissioners, the finance committee, or the County Administrator. The Board of Commissioners has granted the finance committee and County Administrator the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County's policy is to consider restricted funds spent first.

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When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the County's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

**Stabilization**

The County established an internal budget stabilization fund whose transactions have been included with the General Fund in the accompanying financial statements. The County Board of Commissioners has the authority to establish this fund, approve additional contributions to the fund and to determine when the funds may be spent. The internal budget stabilization fund had a fund balance of \$170,732 at September 30, 2020. This amount is included in the General Fund committed fund balance.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Adoption of New Accounting Standards**

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of

Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides postponement of effective dates for certain GASB Statements. This statement was effective upon issuance in May of 2020.

**Upcoming Accounting and Reporting Changes**

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that

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meets specific criteria. Statement No. 84 is effective for the fiscal year ending September 30, 2021.

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending September 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending September 30, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related

note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending September 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending September 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

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As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending September 30, 2023.

The County is evaluating the impact that the above GASBs will have on its financial reporting.

**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary information**

The government is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to May 1, the County departments, in conjunction with the Administrator's office, submit to the Budget and Finance Committee a proposed operating budget for the fiscal year commencing the following October 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to September 30.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Treasurer and Administrator are authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Board of Commissioners.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

**Excess of expenditures over appropriations**

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Public safety	\$ 4,087,771	\$ 4,155,367	\$ 67,596
Other functions	105,613	182,289	76,676
Capital outlay	515,940	519,868	3,928
Debt service	21,238	53,696	32,458

**Fund Deficits**

The County has unassigned fund balance deficits in the Road Patrol, Friend of the Court, and Brownfield Redevelopment funds in the amount of \$9,074, \$78,488, and \$8,697, respectively, as of September 30, 2020. The County also has an unrestricted net position deficit of \$12,888 in the Jail Commissary fund as of September 30, 2020.

**Note 3 - Deposits and Investments**

The County maintains a cash management pool that is available for use by all funds. The County's pooled cash consists of a common checking account. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements.

The County's pooled cash is utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds, Trust and Agency Funds, and Component Unit Funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption in the applicable balance sheet/statement of net position.

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State statutes and the government's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of 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.

At year end the government's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 8,092,298	\$ 4,625	\$ 8,096,923
Business-type activities	4,321,591	853,366	5,174,957
Total primary government	12,413,889	857,991	13,271,880
Fiduciary funds	2,272,968	2,043,678	4,316,646
Component units	5,907,984	449,899	6,357,883
Total	<u>\$ 20,594,841</u>	<u>\$ 3,351,568</u>	<u>\$ 23,946,409</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Bank deposits (checking, savings and certificates of deposit)	\$ 12,411,889	\$ 2,272,968	\$ 5,907,984	\$ 20,592,841
Investments	857,991	2,043,678	449,899	3,351,568
Petty cash and cash on hand	2,000	-	-	2,000
	<u>\$ 13,271,880</u>	<u>\$ 4,316,646</u>	<u>\$ 6,357,883</u>	<u>\$ 23,946,409</u>

**Custodial credit risk – deposits**

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year-end, \$15,845,922 of the \$20,804,318 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. The County also has a repurchase agreement with the local bank. A repurchase agreement is an agreement in which the County transfers cash to the bank and the bank transfers securities to the County and promises to repay the cash plus interest in exchange for the same securities. As of year end, the County had a book balance of \$2,517,964 invested in repurchase agreements with a bank balance of \$2,517,964. The value of the underlying securities was \$2,644,344.

**Custodial credit risk – investments**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a policy for custodial credit risk.

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**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 County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operating funds primarily in shorter-term securities, liquid asset funds, money market, mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's cash requirements. As of year-end, the following securities were subject to interest rate risk:

Investment	Fair Value	Weighted Average Maturity (Years)
Money market mutual fund	\$ 1,307,890	N/A
MERS		
Short Term Income Fund	1,224,163	N/A
Capital Preservation Portfolio	412,745	N/A
Diversified Bond Portfolio	406,770	N/A
	<u>\$ 3,351,568</u>	

**Credit risk**

Credit risk is the risk that the government will not be able to recover the value of its securities. The County follows state law, which limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices for general County funds.

As of year-end, the following are credit quality ratings of the County's securities subject to credit risk:

Investment	Fair Value	Rating	Rating Organization
Money market mutual fund	\$ 1,307,890	AAA	S&P
MERS			
Short Term Income Fund	1,224,163	N/A	N/A
Capital Preservation Portfolio	412,745	N/A	N/A
Diversified Bond Portfolio	406,770	N/A	N/A
	<u>\$ 3,351,568</u>		

**Concentration of credit risk**

The County does not allow for an investment in any one issuer that is in excess of 60 percent of the government's total investments with the exception of U.S. Treasury securities and authorized investment pools.

**Note 4 - Fair Value**

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of September 30, 2020:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money market mutual fund	\$ 1,307,890	\$ -	\$ 1,307,890	\$ -

The money market mutual fund is part of a local government investment pool (Michigan CLASS). The \$1,307,890 is valued using a pricing

**Gratiot County**  
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model utilizing observable fair value measures of fund/pool investments and other observable inputs to determine the fair value of the securities making up the investments/pool.

The interest in pooled investments of \$2,043,678 is measured at net asset value (NAV) and is invested in MERS Retiree Health Fund Vehicle's Short Term Income Fund, Capital Preservation Portfolio, and Diversified Bond Portfolio.

**Note 5 - Receivables**

The only receivables not expected to be collected within one year are as follows:

<b>Component unit</b>			
Special assessments	\$ 160,916	Drain Debt #007	
Special assessments	399,387	Drain Debt #133	
Special assessments	2,088,390	Drain Debt #181	
Special assessments	1,257,223	Drain Debt #383	
Special assessments	6,654,538	Regular Drain	
	<u>\$ 10,560,454</u>		

**Note 6 - Deferred Inflows of Resources**

At year end the various components of deferred inflows of resources are as follows:

**Primary government**

Earned but unavailable revenue	
Property taxes	\$ 1,485,999
Other revenue	203,965
	<u>\$ 1,689,964</u>

**Component unit**

Earned but unavailable revenue	
Special assessments	\$ 12,422,536
Property taxes	41,820
	<u>\$ 12,464,356</u>

**Note 7 - Capital Assets**

Capital assets activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 703,075	\$ -	\$ -	\$ 703,075
Construction-in-progress	67,124	6,197	67,124	6,197
Total capital assets not being depreciated	<u>770,199</u>	<u>6,197</u>	<u>67,124</u>	<u>709,272</u>
Capital assets being depreciated				
Land improvements	967,589	185,000	-	1,152,589
Buildings and improvements	10,293,155	274,169	-	10,567,324
Equipment and furniture	1,184,242	62,337	-	1,246,579
Vehicles	890,517	162,633	24,212	1,028,938
Total capital assets being depreciated	<u>13,335,503</u>	<u>684,139</u>	<u>24,212</u>	<u>13,995,430</u>
Less accumulated depreciation for				
Land improvements	237,607	35,968	-	273,575
Buildings and improvements	5,075,470	231,579	-	5,307,049
Equipment and furniture	926,593	63,573	-	990,166
Vehicles	609,655	82,286	24,212	667,729
Total accumulated depreciation	<u>6,849,325</u>	<u>413,406</u>	<u>24,212</u>	<u>7,238,519</u>
Net capital assets being depreciated	<u>6,486,178</u>	<u>270,733</u>	<u>-</u>	<u>6,756,911</u>
Governmental activities capital assets, net	<u>\$ 7,256,377</u>	<u>\$ 276,930</u>	<u>\$ 67,124</u>	<u>\$ 7,466,183</u>

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

**Governmental activities**

General government	\$ 157,214
Public safety	141,658
Public works	4,995
Health and welfare	39,635
Recreation and culture	69,904
Total primary government	<u>\$ 413,406</u>

Capital assets activity of the component units for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit - Drainage Districts</b>				
Capital assets not being depreciated				
Construction-in-progress	\$ 2,701,567	\$ 480,141	\$ 995,512	\$ 2,186,196
Capital assets being depreciated				
Drains	32,407,268	995,512	-	33,402,780
Vehicles	49,238	-	-	49,238
Total capital assets being depreciated	<u>32,456,506</u>	<u>995,512</u>	<u>-</u>	<u>33,452,018</u>
Less accumulated depreciation for				
Drains	5,708,416	810,182	-	6,518,598
Vehicles	33,820	5,782	-	39,602
Total accumulated depreciation	<u>5,742,236</u>	<u>815,964</u>	<u>-</u>	<u>6,558,200</u>
Net capital assets being depreciated	<u>26,714,270</u>	<u>179,548</u>	<u>-</u>	<u>26,893,818</u>
Component unit capital assets, net	<u>\$ 29,415,837</u>	<u>\$ 659,689</u>	<u>\$ 995,512</u>	<u>\$ 29,080,014</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit - Central Dispatch Authority</b>				
Capital assets being depreciated				
Equipment and furniture	\$ 992,016	\$ -	\$ -	\$ 992,016
Less accumulated depreciation for				
Equipment and furniture	348,925	61,410	-	410,335
Net capital assets being depreciated	<u>643,091</u>	<u>(61,410)</u>	<u>-</u>	<u>581,681</u>
Component unit capital assets, net	<u>\$ 643,091</u>	<u>\$ (61,410)</u>	<u>\$ -</u>	<u>\$ 581,681</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit - Road Commission</b>				
Capital assets not being depreciated				
Land	\$ 116,903	\$ -	\$ -	\$ 116,903
Infrastructure - land/right-of-way	3,086	-	-	3,086
Infrastructure - land improvements	533,684	-	-	533,684
<b>Total capital assets not being depreciated</b>	<b>653,673</b>	<b>-</b>	<b>-</b>	<b>653,673</b>
Capital assets being depreciated				
Land improvements	30,905	-	-	30,905
Buildings	2,389,743	-	-	2,389,743
Road equipment	9,815,460	493,968	-	10,309,428
Shop equipment	162,021	13,312	-	175,333
Office equipment	47,564	6,361	-	53,925
Engineer's equipment	14,372	2,101	-	16,473
Yard and storage	-	16,875	-	16,875
Infrastructure - bridges	23,180,167	676,022	-	23,856,189
Infrastructure - roads	26,849,867	2,635,384	600,491	28,884,760
Infrastructure - traffic signals	4,558	133,488	-	138,046
<b>Total capital assets being depreciated</b>	<b>62,494,657</b>	<b>3,977,511</b>	<b>600,491</b>	<b>65,871,677</b>
Less accumulated depreciation for				
Land improvements	22,608	8,297	-	30,905
Buildings	1,123,055	42,065	-	1,165,120
Road equipment	8,106,006	606,766	-	8,712,772
Shop equipment	155,667	4,465	-	160,132
Office equipment	42,608	1,652	-	44,260
Engineer's equipment	12,001	1,647	-	13,648
Yard and storage	-	844	-	844
Infrastructure - bridges	9,867,705	453,048	-	10,320,753
Infrastructure - roads	12,035,219	1,352,828	600,491	12,787,556
Infrastructure - traffic signals	4,558	-	-	4,558
<b>Total accumulated depreciation</b>	<b>31,369,427</b>	<b>2,471,612</b>	<b>600,491</b>	<b>33,240,548</b>
<b>Net capital assets being depreciated</b>	<b>31,125,230</b>	<b>1,505,899</b>	<b>-</b>	<b>32,631,129</b>
<b>Component unit capital assets, net</b>	<b>\$ 31,778,903</b>	<b>\$ 1,505,899</b>	<b>\$ -</b>	<b>\$ 33,284,802</b>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit - Total</b>				
Capital assets not being depreciated				
Land	\$ 116,903	\$ -	\$ -	\$ 116,903
Infrastructure - land/right-of-way	3,086	-	-	3,086
Infrastructure - land improvements	533,684	-	-	533,684
Construction in progress	2,701,567	480,141	995,512	2,186,196
<b>Total capital assets not being depreciated</b>	<b>3,355,240</b>	<b>480,141</b>	<b>995,512</b>	<b>2,839,869</b>
Capital assets being depreciated				
Land improvements	30,905	-	-	30,905
Buildings and improvements	2,389,743	-	-	2,389,743
Road equipment	9,815,460	493,968	-	10,309,428
Shop equipment	162,021	13,312	-	175,333
Office equipment	47,564	6,361	-	53,925
Engineer's equipment	14,372	2,101	-	16,473
Yard and storage	-	16,875	-	16,875
Infrastructure - bridges	23,180,167	676,022	-	23,856,189
Infrastructure - roads	26,849,867	2,635,384	600,491	28,884,760
Infrastructure - traffic signals	4,558	133,488	-	138,046
Equipment and furniture	992,016	-	-	992,016
Drains	32,407,268	995,512	-	33,402,780
Vehicles	49,238	-	-	49,238
<b>Total capital assets being depreciated</b>	<b>95,943,179</b>	<b>4,973,023</b>	<b>600,491</b>	<b>100,315,711</b>
Less accumulated depreciation for				
Land improvements	22,608	8,297	-	30,905
Buildings and improvements	1,123,055	42,065	-	1,165,120
Road equipment	8,106,006	606,766	-	8,712,772
Shop equipment	155,667	4,465	-	160,132
Office equipment	42,608	1,652	-	44,260
Engineer's equipment	12,001	1,647	-	13,648
Yard and storage	-	844	-	844
Infrastructure - bridges	9,867,705	453,048	-	10,320,753
Infrastructure - roads	12,035,219	1,352,828	600,491	12,787,556
Infrastructure - traffic signals	4,558	-	-	4,558
Equipment and furniture	348,925	61,410	-	410,335
Drains	5,708,416	810,182	-	6,518,598
Vehicles	33,820	5,782	-	39,602
<b>Total accumulated depreciation</b>	<b>37,460,588</b>	<b>3,348,986</b>	<b>600,491</b>	<b>40,209,083</b>
<b>Net capital assets being depreciated</b>	<b>58,482,591</b>	<b>1,624,037</b>	<b>-</b>	<b>60,106,628</b>
<b>Component unit capital assets, net</b>	<b>\$ 61,837,831</b>	<b>\$ 2,104,178</b>	<b>\$ 995,512</b>	<b>\$ 62,946,497</b>

**Gratiot County**  
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Depreciation expense was charged to programs of the component units as follows:

<b>Component units</b>	
Drainage Districts	\$ 815,964
Central Dispatch Authority	61,410
Road Commission	2,471,612
Total component units	<u>\$ 3,348,986</u>

**Note 8 - Commitments**

The County has active construction projects as of September 30, 2020. The projects included various drains. At year end, the County's commitments with contractors are as follows:

Project	Total Contract	Spent to Date	Remaining Construction Commitment
Drains	\$ 1,642,811	\$ 1,562,950	\$ 79,861

**Note 9 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Internal Service Funds	\$ 50,323
General Fund	Delinquent Tax Revolving Fund	94,413
General Fund	Nonmajor Governmental Funds	61,868
General Fund	Nonmajor Enterprise Funds	13,671
		<u>\$ 220,275</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Advances at year end are as follows:

Receivable Fund	Payable Fund	Amount
Delinquent Tax Revolving Fund	General Fund	<u>\$ 600,000</u>

The advance from the Delinquent Tax Revolving Fund to the General Fund was made for the purpose of paying down existing debt. Payments are made annually, with an interest rate of 3.00%. Future principal payments on this advance are as follows:

Year Ending September 30,	
2021	\$ 200,000
2022	200,000
2023	200,000
	<u>\$ 600,000</u>

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Nonmajor Governmental Funds	\$ 359,922
General Fund	Internal Service Funds	906,119
Internal Service Funds	Nonmajor Governmental Funds	795,750
Nonmajor Governmental Funds	General Fund	197,811
Nonmajor Governmental Funds	Nonmajor Governmental Funds	500
		<u>\$ 2,260,102</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. Funds other than the general fund also make transfers during the year to reimburse other funds for the cost of activities.

**Gratiot County**  
**Notes to the Financial Statements**  
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**Note 10 - Leases**

**Capital lease**

The County has a capital lease for copier machines. The future minimum lease payments are as follows:

<u>Year ending September 30,</u>	
2021	\$ 38,169
2022	38,169
2023	38,169
2024	<u>22,266</u>
Total minimum lease payments	136,773
Less amount representing interest	<u>(21,336)</u>
Present value of minimum lease payments	<u><u>\$ 115,437</u></u>
Reported in governmental activities	\$ 114,366
Reported in component units	
Central dispatch authority	<u>1,071</u>
Total	<u><u>\$ 115,437</u></u>
Asset	
Equipment and furniture	\$ 11,806
Less accumulated depreciation	<u>(3,345)</u>
Total	<u><u>\$ 8,461</u></u>

\$139,460 of copier machines under this lease were individually under the County's capitalization threshold and were not included in capital assets.

**Gratiot County**  
**Notes to the Financial Statements**  
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**Note 11 - Long-Term Debt**

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>									
Bonds and notes payable									
General obligation bonds									
Gratiot County Building Authority Bonds									
2011 Building Authority Refunding (unsecured)	\$ 1,395,000	5/1/20	N/A	N/A	\$ 190,000	\$ -	\$ 190,000	\$ -	\$ -
County of Gratiot Capital Improvement Bonds									
2005 Construction (unsecured)	1,400,000	10/1/25	4.25 - 4.40%	\$25,000 - \$50,000	225,000	-	50,000	175,000	50,000
2017 General Obligation Bonds (unsecured)	6,730,000	9/1/26	2.15 - 3.00%	\$665,000 - \$840,000	5,265,000	-	655,000	4,610,000	665,000
Total bonds and notes payable					5,680,000	-	895,000	4,785,000	715,000
Deferred amounts									
For issuance premiums					28,765	-	9,771	18,994	-
Total					5,708,765	-	904,771	4,803,994	715,000
Capital lease - copiers					139,915	-	25,549	114,366	28,107
Compensated absences					621,453	629,920	548,375	702,998	548,375
Total governmental activities					<u>\$ 6,470,133</u>	<u>\$ 629,920</u>	<u>\$ 1,478,695</u>	<u>\$ 5,621,358</u>	<u>\$ 1,291,482</u>

**Gratiot County**  
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The County has irrevocably pledged its full faith and credit as collateral for the following drain notes. These projects are administered by the Gratiot County Drain Commission for local municipalities and local drainage districts. The drain notes were issued to finance the various construction projects in the noted Component Unit Capital Project Funds for the purpose of paying costs in connection with various drainage district projects and are payable out of assessments to be made against the benefited properties.

The Central Dispatch Authority has a note payable for a 911 system upgrade.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Component units</b>									
Bonds and notes payable									
General obligation bonds									
No. 007 Drain Bond (unsecured)	\$ 1,695,000	6/1/22	2.25 - 2.60%	\$170,000	\$ 510,000	\$ -	\$ 170,000	\$ 340,000	\$ 170,000
No. 133 Drain Bond (unsecured)	1,125,000	6/1/28	1.65 - 2.65%	\$75,000	675,000	-	75,000	600,000	75,000
No. 181 Drain Bond (unsecured)	4,700,000	5/1/33	2.65 - 4.25%	\$235,000	3,290,000	-	235,000	3,055,000	235,000
No. 383 Drain Bond (unsecured)	1,885,000	5/1/36	1.30 - 3.15%	\$90,000 - \$95,000	1,600,000	-	90,000	1,510,000	95,000
Total general obligation bonds					<u>6,075,000</u>	<u>-</u>	<u>570,000</u>	<u>5,505,000</u>	<u>575,000</u>
Notes from direct borrowings and direct placements									
Drain notes (unsecured)	Various	Various	Various	Various	8,026,636	140,284	1,176,159	6,990,761	797,322
Note payable	125,640	1/15/2021	4.36%	\$39,449	77,250	-	37,801	39,449	39,449
Total notes from direct borrowings and direct placements					<u>8,103,886</u>	<u>140,284</u>	<u>1,213,960</u>	<u>7,030,210</u>	<u>836,771</u>
Total bonds and notes payable					14,178,886	140,284	1,783,960	12,535,210	1,411,771
Capital lease - copier					1,310	-	239	1,071	255
Compensated absences - Central Dispatch					23,154	41,238	30,360	34,032	34,032
Compensated absences - Road Commission					370,651	178,831	134,215	415,267	134,215
Total component units					<u>\$ 14,574,001</u>	<u>\$ 360,353</u>	<u>\$ 1,948,774</u>	<u>\$ 12,985,580</u>	<u>\$ 1,580,273</u>

Interest expense on long-term debt incurred during the year ended September 30, 2020, was \$604,301.

**Gratiot County**  
**Notes to the Financial Statements**  
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Long-term obligation activity for the drain bonds and notes in the previous schedule is detailed as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Drain notes									
015-0	\$ 189,511	6/15/37	2.99%	\$8,977	\$ 161,584	\$ -	\$ 10,577	\$ 151,007	\$ 8,883
018-0	70,000	6/1/20	4.80%	\$7,000	7,000	-	7,000	-	-
020-0	199,571	6/15/24	2.49%	\$18,842 - \$20,789	99,018	-	18,842	80,176	19,311
031-0	98,582	6/1/30	3.50%	\$6,572	72,293	-	9,072	63,221	6,322
036-0	252,929	6/15/28	3.45%	\$15,722	141,497	-	18,922	122,575	15,322
049-0	538,218	6/1/25	2.19%	\$47,669	286,010	-	51,518	234,492	46,898
050-0	115,927	6/15/22	2.99%	\$11,593	34,778	-	11,593	23,185	11,593
059-0	69,687	6/15/29	3.04%	\$6,969	69,687	-	6,969	62,718	6,969
065-0	299,786	6/15/37	3.29%	\$14,989	257,396	-	14,989	242,407	14,989
079-0	379,396	6/15/37	3.60%	\$17,150	308,713	-	34,650	274,063	16,121
083-0	194,742	6/15/24	2.77%	\$32,457	162,285	-	32,457	129,828	32,457
086-0	528,700	6/15/39	3.94%	\$26,435	528,700	-	33,535	495,165	26,435
090-0	513,926	6/15/37	3.29%	\$25,696	420,575	-	27,646	392,929	25,696
096-1	691,430	6/15/20	1.79%	\$162,632	162,632	-	162,632	-	-
096-17	261,353	6/15/23	2.38%	\$65,338	261,353	-	65,338	196,015	65,338
100-0	356,307	6/15/24	2.77%	\$50,402	252,011	-	59,384	192,627	59,384
101-0	286,087	6/1/35	3.24%	\$10,201	163,216	-	17,991	145,225	9,682
101-1	246,290	6/15/38	3.50%	\$10,754	204,323	-	14,054	190,269	10,570
106-1	279,086	6/15/38	3.50%	\$9,432	179,208	-	15,632	163,576	9,088
111-0	215,768	6/15/21	1.74%	\$43,154	83,382	-	44,604	38,778	38,778
116-0	348,620	6/21/21	3.49%	\$39,211 - \$40,579	79,790	-	39,211	40,579	40,579
143-0	266,205	6/15/28	2.15%	\$24,201	216,594	-	24,201	192,393	24,201
151-0	226,800	6/1/35	3.24%	\$9,784	156,543	-	12,864	143,679	9,579
160-0	171,442	6/1/32	3.31%	\$11,429	148,583	-	11,429	137,154	11,429
165-0	293,405	6/15/29	2.89%	\$17,657 - \$22,818	201,393	-	20,357	181,036	17,900
193-0	100,470	6/15/19	2.66%	\$12,559	12,559	-	12,559	-	-
194-0	121,385	6/15/35	3.63%	\$5,172 - \$8,288	94,650	-	14,079	80,571	5,740
201-0	198,428	6/15/29	2.89%	\$10,018 - \$12,946	114,262	-	19,718	94,544	9,348
202-0	560,000	6/15/37	2.75%	\$25,260	454,675	-	25,260	429,415	25,260

**Gratiot County**  
**Notes to the Financial Statements**  
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	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Drain notes (continued)									
209-0	\$ 170,391	6/15/38	3.50%	\$7,737	\$ 147,002	\$ -	\$ 25,187	\$ 121,815	\$ 6,768
227-0	178,605	6/15/23	2.24%	\$15,463	61,853	-	18,813	43,040	14,347
237-0	24,554	6/15/23	2.63%	\$3,508	14,030	-	3,508	10,522	3,508
240-0	110,101	6/15/39	3.83%	\$5,505	110,101	-	27,055	83,046	5,505
251-0	175,000	6/15/34	4.04%	\$11,667	175,000	-	27,967	147,033	11,667
257-0	300,000	6/15/34	3.69%	\$9,665 - \$16,052	189,133	-	15,715	173,418	9,684
259-0	340,439	6/15/39	3.85%	\$17,022	340,439	-	49,772	290,667	15,298
285-0	122,588	6/15/39	3.85%	\$6,129	122,588	-	12,179	110,409	5,811
297-0	94,727	6/15/36	3.49%	\$4,632	78,746	-	4,632	74,114	4,632
335-0	225,543	6/15/24	2.54%	\$22,554	112,771	-	22,554	90,217	22,554
370-0	148,068	6/15/29	2.72%	\$8,685-\$11,059	98,298	-	10,286	88,012	8,763
371-0	200,419	6/15/38	3.10%	\$10,021	161,991	-	11,021	150,970	10,021
518-0	235,200	6/1/32	2.45%	\$11,724	152,411	-	11,724	140,687	11,724
528-0	90,020	6/15/39	3.94%	\$4,501	90,020	-	4,501	85,519	4,501
530-0	113,745	6/15/23	2.73%	\$10,515	42,059	-	11,374	30,685	11,374
544-0	200,250	6/15/29	3.09%	\$20,025	200,250	-	20,025	180,225	20,025
562-0	104,965	6/15/34	3.69%	\$4,149 - \$6,889	81,173	-	4,148	77,025	4,301
566-0	132,054	6/15/22	2.98%	\$13,205	39,616	-	13,205	26,411	13,205
580-0	260,000	6/1/35	3.49%	\$11,576	185,216	-	11,576	173,640	11,576
093-0 Cronk	72,975	5/1/37	2.10%	\$7,298	58,379	-	7,298	51,081	7,298
541-0 County Line	270,000	6/1/27	2.49%	\$12,825	230,850	-	12,825	218,025	12,825
Swan Creek Intercounty	140,330	6/1/29	2.50 - 3.10%	\$13,712 - \$14,110	-	140,284	13,711	126,573	14,063
Total drain notes					\$ 8,026,636	\$ 140,284	\$ 1,176,159	\$ 6,990,761	\$ 797,322

**Gratiot County**  
**Notes to the Financial Statements**  
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Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending September 30,	Governmental Activities	
	Bonds	
	Principal	Interest
2021	\$ 715,000	\$ 134,254
2022	795,000	117,833
2023	790,000	98,725
2024	810,000	74,694
2025	835,000	50,050
2026	840,000	25,200
	<u>\$ 4,785,000</u>	<u>\$ 500,756</u>

Year Ending September 30,	Component Unit			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 575,000	\$ 163,357	\$ 836,771	\$ 221,920
2022	575,000	149,918	720,199	197,118
2023	405,000	135,826	694,258	176,021
2024	405,000	125,843	560,588	155,792
2025	405,000	115,631	472,237	138,919
2026 - 2030	1,865,000	408,328	1,968,188	486,843
2031 - 2035	1,180,000	117,672	1,340,623	207,252
2036 - 2039	95,000	2,992	437,346	31,435
	<u>\$ 5,505,000</u>	<u>\$ 1,219,567</u>	<u>\$ 7,030,210</u>	<u>\$ 1,615,300</u>

**Compensated Absences - Primary Government**

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused paid time off under formulas and conditions specified in their respective personnel policies and/or contracts.

The dollar amount of these vested rights, including related payroll taxes, amounted to \$702,998 (governmental activities) and \$34,032 (component unit – Central Dispatch) at September 30, 2020.

For governmental activities, compensated absences are liquidated by various governmental funds and other postemployment benefits are liquidated by the fringe benefits internal service fund.

**Compensated Absences - Road Commission**

In accordance with County Road Commission personnel policies and/or contracts negotiated with various employee groups of the County Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$200,263 and \$215,004 for vacation and sick, respectively, at September 30, 2020.

**Note 12 - Fund Balances**

Fund balance for the general fund has been assigned for the following purposes:

Animal adoption coordinator	\$ 25,031
Circuit court counsel	51,564
Juvenile child care	22,277
Liquor law enforcement	10,829
Private donations	1,089
Social welfare	4,075
Soldiers & sailors	506
	<u>\$ 115,371</u>

**Gratiot County**  
**Notes to the Financial Statements**  
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Fund balance for nonmajor governmental funds has been restricted for the following purposes:

Parks and recreation	\$ 420,416
Geographic information system	157,543
State criminal alien assistance	15,846
Economic and agriculture development	38,078
Building inspection	378,332
Register of deeds	180,843
Correction officers training fund	75,380
Drug law enforcement	2,258
Law enforcement	1,353
Law library	37,699
Commission on aging	565,257
Commission on aging donations	173,226
Recovery court	60,948
D.A.R.E program	26
Salvage inspective fee	10,682
D.H.S. state monies	7,837
Veterans memorial	16,391
Animal control	3,816
Marine safety	5,475
Michigan justice training	4,013
Library	2,679
Indigent defense	20,893
Concealed pistol licensing	106,435
CDBG	64,145
	<u>\$ 2,349,571</u>

**Note 13 - Risk Management**

**Primary Government and Component Units (Except Road Commission)**

The County participates in a pool, the Michigan Counties' Workers' Compensation Fund, with other municipalities for worker's compensation losses. The pool is organized under Public Act 317 of 1969, as amended. The County has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

The County is a voluntary member of the Michigan Municipal Risk Management Authority (Authority) which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately. The Authority administers a risk management fund providing Gratiot County with loss protection for general and auto liability, and physical damage and property damage.

The administration of the Authority is directed by a nine (9) member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered with the authority to impose sanctions or terminate membership. The County, by resolution of the County Board of Commissioners, has designated a representative to the Authority to be responsible for the execution of all loss control measures, to ensure the payment of all annual and supplementary or other payment requirements, to ensure the filing of all required reports, and to act as liaison between the County and the Authority.

The Authority provides risk management, underwriting, reinsurance, and claim services with member contributions allocated to meet these obligations. The Authority administers a risk management fund providing Gratiot County with loss protection for general and auto liability, and property damage.

The Authority has established a Retained Risk Program to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that losses are incurred in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. The Authority may authorize dividends to individual members in the event that the members and individual fund balance is determined to be sufficient to do so.

**Gratiot County**  
**Notes to the Financial Statements**  
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At September 30, 2020, the County had funds on deposit of \$151,173 with the Authority in the Member Retention Funds. The Authority's reported reserves at September 30, 2020, for reported claims related to the County were \$52,763.

**Component Unit – Road Commission**

The Road Commission is exposed to various risks of loss related to property, torts, errors, omissions, employee injuries, and medical benefits provided to employees. The Road Commission has purchased commercial insurance for medical benefit claims and participates in the Michigan County Road Commission Self-Insurance Pool for claims relating to general liability, excess liability, auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents) and workers' compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in the past three years.

County Road Commissions in the State of Michigan established and created a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (Pool) pursuant to the provisions of Public Act 138 of 1982, as amended.

The Pool is to provide for joint and cooperative action relative to members financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities with the State. The Road Commission became a charter member in 1982.

The Michigan County Road Commission Self-Insurance Pool program operates as a common risk-sharing management program for road commissions in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. If for any reason the Pool's resources available to pay losses are depleted, the payment of all unpaid losses of the member is the sole obligation of the member.

**Note 14 - Employee Retirement and Benefit Systems**

**Michigan Municipal Employees' Retirement System**

Plan description – The government participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917. All full-time and regular part-time County employees are covered by the retirement system with the exception of the Mental Health and Road Commission employees. The Road Commission employees are covered under a separate retirement plan. Effective September 30, 2000, the MERS became a closed pension system. New hires are not allowed to participate in the MERS defined benefit pension plan.

Benefits provided are as follows:

	Division 01 General Closed Division	Division 02 Sheriff Union Closed Division
Benefit multiplier	2.25% multiplier (80% max)	2.25% multiplier (80% max)
Normal retirement age	60	60
Vesting	10 years	10 years
Early retirement (unreduced)	55/25	50/25
Early retirement (reduced)	50/25, 55/15	55/15
Final average compensation	5 years	5 years
COLA for future retirees	2.50% (non-compound)	2.50% (non-compound)
Employee contributions	2.60%	0.00%
Act 88	No	No

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	Division 10 EMS Closed Division	Division 11 Employees Association Closed Division
	2.00% to Social Security Age (no max);	
Benefit multiplier	1.70% after SS age (no max)	2.25% multiplier (80% max)
Normal retirement age	60	60
Vesting	8 years	10 years
Early retirement (unreduced)	N/A	55/25
Early retirement (reduced)	50/25, 55/15	50/25, 55/15
Final average compensation	5 years	5 years
COLA for future retirees	2.50% (non-compound)	2.50% (non-compound)
Employee contributions	0.00%	2.60%
Act 88	No	No

Employees covered by benefit terms – At the December 31, 2019 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	9
Active employees	<u>29</u>
	<u><u>145</u></u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions range from \$20,893 to \$42,678 per month based on annual payroll.

Net pension liability – The employer's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following

actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases 3.00% 3) Investment rate of return of 7.35%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

Mortality rates used were based on a 50% male and 50% female blend of the following tables: the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables. The mortality table used to project the mortality experience of disabled plan members is a 50% male and 50% female blend of the RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study. There were no significant changes in assumptions in the latest actuarial valuation.

**Gratiot County**  
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The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target	Target Allocation	Long-term	Inflation	Long-term
	Allocation	Gross Rate Of Return	Expected Gross Rate of Return	Assumption	Expected Real Rate of Return
Global equity	60.00%	8.65%	5.19%	2.50%	3.70%
Global fixed income	20.00%	3.76%	0.75%	2.50%	0.30%
Private investments	20.00%	9.06%	1.81%	2.50%	1.25%
	<u>100.00%</u>		<u>7.75%</u>		<u>5.25%</u>

Discount rate – The discount rate used to measure the total pension liability is 7.60%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

<b>Total Pension Liability</b>	
Service cost	\$ 193,908
Interest on the total pension liability	2,394,617
Experience differences	32,955
Changes in actuarial assumptions	1,129,565
Benefit payments and refunds	<u>(1,852,671)</u>
Net change in total pension liability	1,898,374
Total pension liability - beginning	30,762,089
Total pension liability - ending (a)	<u>\$ 32,660,463</u>
 <b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 232,042
Employee contributions	23,693
Pension plan net investment income	3,832,058
Benefit payments and refunds	<u>(1,852,671)</u>
Pension plan administrative expense	(65,977)
Net change in plan fiduciary net position	2,169,145
Plan fiduciary net position - beginning	<u>28,665,827</u>
Plan fiduciary net position - ending (b)	<u>\$ 30,834,972</u>
 Net pension liability (a-b)	 <u>\$ 1,825,491</u>
 Plan fiduciary net position as a percentage of total pension liability	 94.41%
Covered payroll	\$ 1,651,753
Net pension liability as a percentage of covered payroll	110.52%

**Gratiot County**  
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Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability or asset of the employer, calculated using the discount rate of 7.60%, as well as what the employer’s net pension liability or asset would be using a discount rate that is 1% point lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 36,139,339	\$ 32,660,463	\$ 29,700,399
Fiduciary net position	30,834,972	30,834,972	30,834,972
Net pension liability (asset)	<u>\$ 5,304,367</u>	<u>\$ 1,825,491</u>	<u>\$ (1,134,573)</u>
Reported in governmental activities		\$ 1,841,882	
Reported in component units			
Central dispatch authority		(16,391)	
Total net pension liability		<u>\$ 1,825,491</u>	

Pension expense and deferred outflows of resources related to pensions – For the year ended September 30, 2020, the employer recognized pension expense of \$1,871,515. The employer reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Total Amount to Amortize
Net difference between projected and actual earnings on plan investments	\$ 91,380	\$ 91,380
Contributions subsequent to the measurement date*	188,037	-
Total	<u>\$ 279,417</u>	<u>\$ 91,380</u>
Reported in governmental activities	\$ 202,990	
Reported in component units		
Central dispatch authority	76,427	
Total deferred outflows of resources	<u>\$ 279,417</u>	

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2021.

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	
2021	\$ (68,043)
2022	72,580
2023	407,903
2024	(321,060)
	<u>\$ 91,380</u>

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**Road Commission Michigan Municipal Employees' Retirement System**

Plan Description – The Road Commission participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS is a nonprofit organization that was granted independence from the State of Michigan pursuant to Public Act 220 of 1996, effective August 15, 1996. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS Web site at <http://www.mersofmich.com> or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits – The Road Commission's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. Benefit terms, within the guidelines established by MERS, are established and amended by the Board of County Road Commissioners, usually after negotiation of terms with applicable unions. Any changes to the plan, including cost of living adjustments, would have to be approved by the Board in this manner also.

Benefits provided are as follows:

	Division 01 General Open Division	Division 10 Salaried Open Division
Benefit multiplier	2.50% multiplier (80% max)	2.50% multiplier (80% max)
Normal retirement age	60	60
Vesting	10 years	10 years
Early retirement (unreduced)	55/25	55/25
Early retirement (reduced)	50/25, 55/15	50/25, 55/15
Final average compensation	5 years	5 years
COLA for future retirees	2.50% (non-compound)	2.50% (non-compound)
Employee contributions	3.00%	3.00%
Act 88	Yes	Yes

Employees covered by benefit terms – At the December 31, 2019 measurement date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>32</u>
	<u><u>87</u></u>

Contributions – Const. 1963, art 9, § 24 requires that financial benefits arising on account of employee service rendered in each year be funded during that year. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ending September 30, 2020, the active employee contribution rate was 3% of annual pay and the Road Commission's contribution rate of annual payroll was 43.34% for salaried employees and 36.71% for union employees.

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Net pension liability – The net pension liability reported as of September 30, 2020 was determined using a measure of the total pension liability and the pension net position as of December 31, 2019. The December 31, 2019, total pension liability was determined by an actuarial valuation performed as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.50%; 2) Salary increases 3.00% in the long-term; 3) Investment rate of return of 7.35%, net of investment and administrative expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with the price inflation of 3%-4%.

Mortality rates were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target Allocation	Target Allocation Gross Rate Of Return	Long-term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	8.65%	5.19%	2.50%	3.70%
Global fixed income	20.00%	3.76%	0.75%	2.50%	0.30%
Private investments	20.00%	9.06%	1.81%	2.50%	1.25%
	<u>100.00%</u>		<u>7.75%</u>		<u>5.25%</u>

Discount rate – The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Gratiot County**  
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**Changes in Net Pension Liability**

<b>Total Pension Liability</b>	
Service cost	\$ 238,529
Interest on the total pension liability	1,465,143
Experience differences	68,637
Changes in actuarial assumptions	631,012
Benefit payments and refunds	(1,229,887)
Net change in total pension liability	1,173,434
Total pension liability - beginning	18,809,947
Total pension liability - ending (a)	<u>\$ 19,983,381</u>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 1,675,457
Employee contributions	56,383
Pension plan net investment income	1,503,567
Benefit payments and refunds	(1,229,887)
Pension plan administrative expense	(25,853)
Net change in plan fiduciary net position	1,979,667
Plan fiduciary net position - beginning	10,962,908
Plan fiduciary net position - ending (b)	<u>\$ 12,942,575</u>
Net pension liability (a-b)	<u>\$ 7,040,806</u>
Plan fiduciary net position as a percentage of total pension liability	64.77%
Covered payroll	\$ 1,839,869
Net pension liability as a percentage of covered payroll	382.68%

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (7.00 %) or 1% higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 22,271,589	\$ 19,983,381	\$ 18,059,246
Fiduciary net position	12,942,575	12,942,575	12,942,575
Net pension liability	<u>\$ 9,329,014</u>	<u>\$ 7,040,806</u>	<u>\$ 5,116,671</u>

Pension expense and deferred inflows and outflows of resources related to pensions – For the year ended September 30, 2020, the Road Commission recognized pension expense of \$(245,810). The Road Commission reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Amount to Amortize
Differences in experience	\$ 293,829	\$ -	\$ 293,829
Differences in assumptions	473,259	70,707	402,552
Excess investment returns	58,637	-	58,637
Contributions subsequent to the measurement date*	800,751	-	-
Total	<u>\$ 1,626,476</u>	<u>\$ 70,707</u>	<u>\$ 755,018</u>
Reported in component units	\$ 1,702,903	\$ 70,707	
Less: central dispatch authority	(76,427)	-	
Total road commission deferred outflows of resources	<u>\$ 1,626,476</u>	<u>\$ 70,707</u>	

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2021.

**Gratiot County**  
**Notes to the Financial Statements**  
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Amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	
2021	\$ 207,263
2022	341,707
2023	327,546
2024	<u>(121,498)</u>
	<u>\$ 755,018</u>

**Note 15 - Employee Retirement System – Defined Contribution**

Plan description – The County has also established a 401 Money Purchase Plan for all new hires effective October 1, 2000, which meets the criteria of GASB Statement 27 as a Defined Contribution Plan. The Plan is administered Michigan Municipal Employees’ Retirement System (MERS).

Funding policy – If covered employees do not contribute to the plan, the County will contribute 3% of their annual salary. The County will contribute 6% if the participant chooses to contribute 9% subject to limitations of sections 415 (c) and (e) of the Internal Revenue Code.

The County made contributions of \$283,685 for the year ending September 30, 2020.

**Note 16 - Other Post-Employment Benefits**

Plan description – The County’s defined benefit OPEB plan (the “plan”) provides OPEB for County employees (excluding the road commission) as follows:

Employees Association Members:	Hired prior to November 1, 2006 and age 60 with 10 years of service or age 55 with 25 years of service.
Other (per personnel policy):	Hired prior to October 1, 2005 and age 60 with 10 years of service or age 55 with 25 years of service.
Sheriff:	Hired prior to October 1, 2008, and age 55 with 10 years of service.
Dispatch:	Hired prior to August 8, 2005 and age 60 with 10 years of service or age 55 with 25 years of service.
TPOAM:	Hired prior to October 1, 2006 and age 60 with 10 years of service or age 55 with 25 years of service.

The Plan is a single employer defined benefit OPEB plan administered by the County. The Plan was established under the authority of the County Commission and under agreements with unions representing various classes of employees.

Benefits provided – The Plan provides healthcare and life insurance benefits for retirees. The County will pay \$500 per year toward the cost of health insurance premiums and an additional \$200 per year for each year of credited service over ten (10) years, up to a maximum of \$2,500 for all employees. Upon reaching the age of 65, the County provided benefits are reduced to \$55.60 per month, plus ½ of the increase in premium cost over this amount. This reduction is due to the retirees becoming eligible for Medicare coverage at that time. The plan also provides all retirees with \$5,000 of life insurance benefits.

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Employees covered by benefit terms – At September 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	62
Active employees	<u>43</u>
	<u><u>105</u></u>

The Plan is closed to new entrants.

Investment policy – The Plans policy in regards to the allocation of invested assets is established and may be amended by the Employees Retirement System Board by a majority vote of its members. It is the policy of the Retirement System Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plans investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimate of arithmetic real rates of return for each major class included in the target asset allocation as of September 30, 2020 are summarized below along with the adopted asset allocation policy:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Short-term income	60.0%	-1.50%
Capital preservation portfolio	20.0%	1.00%
Diversified bond portfolio	20.0%	0.50%

Rate of return – For the year ended September 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.93%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net OPEB liability – The County’s net OPEB liability of \$2,558,191 was measured as of September 30, 2020, and was determined by an actuarial valuation as of September 30, 2019. The components of the net OPEB liability as of September 30, 2020 were as follows:

Total OPEB liability	\$ 4,601,869
Plan fiduciary net position	<u>2,043,678</u>
Net OPEB liability	<u><u>\$ 2,558,191</u></u>

Actuarial assumptions and other inputs – The OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	2.00%
Investment rate of return	7.00%
Healthcare cost trend rates	Pre-65 - 8.5% in 2019 graded down 0.25% per year to 4.5%
	Medicare eligible - 7.0% in 2019 graded down 0.25% per year to 4.5%
Retirees' share of benefit-related costs	Premium costs in excess of employer covered amount

Mortality rates were based on the MP-2018 General Public Employer 2010 Mortality Tables, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of the most recent actuarial experience.

**Gratiot County**  
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Discount rate – The discount rate used to measure the total OPEB liability was 2.14%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

**Total OPEB Liability**

Service cost	\$ 27,219
Interest	180,117
Differences between expected and actual experience	2,489
Changes in assumptions	1,922,838
Benefit payments	<u>(153,359)</u>
Net change in total OPEB liability	1,979,304
Total OPEB liability - beginning	2,622,565
Total OPEB liability - ending (a)	<u><u>\$ 4,601,869</u></u>

**Plan Fiduciary Net Position**

Employer contributions	\$ 903,359
Net investment income	47,574
Benefit payments	(153,359)
Administrative expense	<u>(2,312)</u>
Net change in plan fiduciary net position	795,262
Plan fiduciary net position - beginning	1,248,416
Plan fiduciary net position - ending (b)	<u><u>\$ 2,043,678</u></u>

Net OPEB liability (a-b)	<u><u>\$ 2,558,191</u></u>
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Reported in governmental activities	\$ 2,475,453
Reported in component units	
Central dispatch authority	<u>82,738</u>
Total OPEB liability	<u><u>\$ 2,558,191</u></u>

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Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the County, as well as what the County’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.14 percent) or 1-percentage-point higher (3.14 percent) than the current discount rate:

	1% decrease	Current discount rate	1% increase
Net OPEB liability	\$ 3,217,706	\$ 2,558,191	\$ 2,013,995

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the County, as well as what the County’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% decrease	Healthcare cost trend rate	1% increase
Net OPEB liability	\$ 2,165,932	\$ 2,558,191	\$ 3,059,787

OPEB Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended September 30, 2020, the County recognized OPEB expense of \$216,702. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Amount to Amortize
Differences in experience	\$ 1,778	\$ (556,426)	\$ (554,648)
Differences in assumptions	1,373,456	(652,947)	720,509
Net difference between projected and actual earnings on plan investments	53,637	-	53,637
Total	<u>\$ 1,428,871</u>	<u>\$ (1,209,373)</u>	<u>\$ 219,498</u>
Reported in governmental activities	\$ 1,387,434	\$ (1,173,569)	
Reported in component units			
Central dispatch authority	41,437	(35,804)	
Total	<u>\$ 1,428,871</u>	<u>\$ (1,209,373)</u>	

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

Year Ending September 30,	
2021	\$ 120,612
2022	130,352
2023	450
2024	(20,469)
2025	(11,447)
	<u>\$ 219,498</u>

**Component Unit – Road Commission**

Plan description – Gratiot County Road Commission Retiree Medical Plan is a single-employer Plan administered by the Road Commission and can be amended at its discretion. Gratiot County Road Commission provides post-employment health care benefits, in accordance with the labor contract and personnel policy, to all employees who retire from the Road Commission. The Road Commission has terminated all future benefits as all employees hired

**Gratiot County**  
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after August 1, 2018 will only be offered post-employment health benefits through a MERS Health Care Savings Program (HCSP).

Benefits Provided – Effective August 1, 2018, all current employees hired prior to August 1, 2018, had a one-time option to obtain post-employment health benefits solely through a MERS Health Care Savings Program (HCSP) instead of receiving retirement health care benefits listed previously. All current employees chose to convert to the HCSP instead of continuing with the post-employment health insurance coverage. The following information is for the remaining retired employees still receiving the post-employment health insurance benefit.

Effective August 1, 2015, the Road Commission agrees to pay the first \$600 total per month of the hospitalization coverage premium for any member of the bargaining unit or salaried employee and their spouse as of the date of retirement and are eligible for full retirement benefits under the current MERS qualifications. In the event the person retiring is single, the Road Commission agrees to pay the single premium, up to \$600 per month, for the single coverage until said retired employee attains the age of 65 years or Medicare eligible. This benefit will end upon death of the retiree or the month they become Medicare eligible, whichever comes first.

For eligible employees who retired between March 1, 2006 and July 31, 2015, the Employer agrees to pay the first \$500 total per month of the hospitalization coverage premium for any Union member of the bargaining unit and their spouse as of the date of retirement, and \$400 total per month for any salaried employee and their spouse. In the event the person retiring is single the Employer agrees to pay the single premium, up to \$500 per month for Union employees and up to \$400 per month for salaried employees, for the single coverage until said retired employee attains the age of 65 years or Medicare eligible. This benefit will end on the first day of the month following the retiree's 65th birthday, or the first day of the month following their Medicare eligibility.

Any employee that retires on or after August 1, 2015, may choose to opt out of the Road Commission's retiree health care group(s) to purchase their insurance elsewhere. A Section 105 Account will be set up in the retiree's name and an amount of \$500 will be placed in the account monthly. This money can be used tax free for IRS (Section 213) medically approved charges. For eligible employees who retired between February 3, 2009 and July 31, 2015 and chose to opt out, the Road Commission agreed to pay \$400 per month for union employees and \$300 per month for salaried employees to a Section 105 account. This benefit will end upon death of the retiree, or the month they are Medicare eligible, whichever comes first. The retiree will have 90 days from that date to file their final claim, at which time any balance in the account will revert back to the Road Commission.

Employees covered by benefit terms – At September 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits 6

The Plan is closed to new entrants.

Contributions - The Road Commission had no obligation to make contributions in advance of when the insurance premiums were due for payment (in other words, this was financed on a "pay-as-you go" basis). During the year, the Road Commission contributed \$30,000 for the benefit that was paid from the Road Commission's Operating Fund.

Net OPEB asset – The Road Commission's net OPEB asset was measured as of September 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined using the alternative measurement method.

Actuarial assumptions and other inputs – No assumptions were used in determining the Net OPEB asset as the benefit paid is a predetermined amount until the employee reaches age 65 with approximately 65% of the benefit to be paid in the next two years and officially ending in fiscal year 2026.

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**Changes in the Net OPEB Asset**

**Total OPEB Liability**

Benefit payments	\$ (31,800)
Total OPEB liability - beginning	88,700
Total OPEB liability - ending (a)	<u>\$ 56,900</u>

**Plan Fiduciary Net Position**

Net investment income	\$ 10,425
Administrative expense	<u>(263)</u>
Net change in plan fiduciary net position	10,162
Plan fiduciary net position - beginning	<u>143,263</u>
Plan fiduciary net position - ending (b)	<u>\$ 153,425</u>
 Net OPEB asset (a-b)	 <u>\$ (96,525)</u>

No sensitivity relating to a discount rate is disclosed as a discount rate was not utilized for the remaining Total OPEB liability.

No sensitivity relating to the healthcare cost trend rates is disclosed due to costs being based on predetermined, capped contributions.

**Note 17 - Road Commission Federal Grants**

The Michigan Department of Transportation (MDOT) requires that road commissions report all federal and state grants pertaining to their county. During the fiscal year ending September 30, 2020, the federal grants received and expended by the Road Commission totaled \$2,055,724 for contracted projects. The Road Commission expended federal money for negotiated projects totaling \$0. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit.

Negotiated projects are defined as projects performed by Road Commission employees or private contractors paid for and

administrated by the Road Commission which are subject to single audit requirements, if the amount expended is \$750,000 or more. A single audit was not performed during the fiscal year ending September 30, 2020.

**Note 18 - Contingent Liabilities**

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

**Note 19 - Effect of COVID-19 Pandemic**

As a result of the global coronavirus pandemic of 2020, many organizations' financial picture has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the global picture continues to change daily. While management is hopeful that the impact is temporary in nature, it is not possible to estimate the effect this may have on the County. Accordingly, no adjustments to the financial statements have been made related to this uncertainty.

**Gratiot County**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2020**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Taxes	\$ 8,019,056	\$ 8,019,056	\$ 8,655,392	\$ 636,336
Licenses and permits	91,225	91,225	85,018	(6,207)
Intergovernmental	2,569,123	2,645,403	2,699,697	54,294
Local contributions	103,400	103,400	82,649	(20,751)
Charges for services	2,352,228	2,352,228	1,818,687	(533,541)
Fines and forfeitures	80,850	80,850	77,089	(3,761)
Interest income	63,075	63,075	32,181	(30,894)
Rental income	16,650	16,650	16,650	-
Other	345,150	345,150	504,125	158,975
Transfer in	229,724	229,724	197,811	(31,913)
 Total revenues	 <u>13,870,481</u>	 <u>13,946,761</u>	 <u>14,169,299</u>	 <u>222,538</u>

**Gratiot County**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2020**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Expenditures</b>				
General government				
Board of commissioners	\$ 213,208	\$ 213,208	\$ 157,666	\$ (55,542)
Circuit Court	218,518	218,518	187,841	(30,677)
District Court	1,596,968	1,596,968	1,297,784	(299,184)
Probate Court	474,616	474,616	480,543	5,927
Juvenile Court	418,501	418,501	382,272	(36,229)
County Administrator	494,102	519,102	500,625	(18,477)
Elections	73,403	73,403	67,962	(5,441)
Clerk	381,378	382,498	362,754	(19,744)
Equalization	235,767	235,767	223,613	(12,154)
Prosecuting Attorney	732,019	732,019	716,680	(15,339)
Register of Deeds	179,105	180,225	177,486	(2,739)
County survey and remonumentation	40,000	45,000	44,544	(456)
Treasurer	212,855	213,975	210,959	(3,016)
Cooperative Extension	195,531	200,531	196,239	(4,292)
Information management	258,215	258,215	250,607	(7,608)
Buildings and grounds	244,223	274,223	267,189	(7,034)
Gratiot community airport	26,000	26,000	26,000	-
Drain commissioner	429,982	455,102	462,716	7,614
Other	172,600	172,600	167,356	(5,244)
 Total general government	 6,596,991	 6,690,471	 6,180,836	 (509,635)

**Gratiot County**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2020**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Public safety				
County Sheriff	\$ 1,859,303	\$ 1,939,759	\$ 1,906,860	\$ (32,899)
Jail	1,623,659	1,637,659	1,670,485	32,826
Planning commission	4,975	4,975	944	(4,031)
Emergency services	52,775	52,775	128,385	75,610
Animal control	223,526	223,526	221,728	(1,798)
Secondary road patrol	229,077	229,077	226,965	(2,112)
	<u>3,993,315</u>	<u>4,087,771</u>	<u>4,155,367</u>	<u>67,596</u>
Total public safety				
Public works				
Solid waste planning	<u>50,000</u>	<u>50,000</u>	<u>34,150</u>	<u>(15,850)</u>
Health and welfare				
Mid-Michigan District Health Department	302,395	348,395	348,770	375
Gratiot Community Mental Health	200,000	200,000	200,000	-
Contagious disease	2,000	2,000	594	(1,406)
Substance abuse appropriation	49,456	49,456	25,594	(23,862)
Medical examiner	64,205	64,205	39,103	(25,102)
Veterans burials	3,600	3,600	1,800	(1,800)
Veterans counselor	105,897	144,247	128,204	(16,043)
Social and child welfare	1,071,186	1,071,186	729,703	(341,483)
	<u>1,798,739</u>	<u>1,883,089</u>	<u>1,473,768</u>	<u>(409,321)</u>
Total health and welfare				

**Gratiot County**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2020**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Community and economic development				
Zoning board	\$ 1,543	\$ 1,543	\$ 870	\$ (673)
Other functions				
Insurance and bonds	105,613	105,613	182,289	76,676
Capital outlay	373,500	515,940	519,868	3,928
Debt service				
Principal retirement	-	-	21,881	21,881
Interest and fiscal charges	-	21,238	31,815	10,577
Total debt service	-	21,238	53,696	32,458
Transfers out	1,411,591	1,390,353	1,266,041	(124,312)
Total expenditures	14,331,292	14,746,018	13,866,885	(879,133)
Excess (deficiency) of revenues over expenditures	(460,811)	(799,257)	302,414	1,101,671
Fund balance - beginning of year	6,411,518	6,411,518	6,411,518	-
Fund balance - end of year	\$ 5,950,707	\$ 5,612,261	\$ 6,713,932	\$ 1,101,671

**Gratiot County**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**September 30, 2020**

Fiscal year ended September 30,	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service cost	\$ 193,908	\$ 198,498	\$ 231,942	\$ 252,353	\$ 274,806	\$ 284,299
Interest on the total pension liability	2,394,617	2,391,206	2,283,220	2,231,019	2,068,423	2,051,405
Experience differences	32,955	(747,823)	543,579	(282,272)	(516,802)	-
Changes in actuarial assumptions	1,129,565	-	-	-	1,548,598	-
Other changes	-	-	-	(1)	64,639	-
Benefit payments and refunds	(1,852,671)	(1,741,259)	(1,643,108)	(1,433,659)	(1,358,308)	(1,324,073)
Net change in total pension liability	1,898,374	100,622	1,415,633	767,440	2,081,356	1,011,631
Total pension liability - beginning	30,762,089	30,661,467	29,245,834	28,478,394	26,397,038	25,385,407
Total pension liability - ending (a)	<u>\$ 32,660,463</u>	<u>\$ 30,762,089</u>	<u>\$ 30,661,467</u>	<u>\$ 29,245,834</u>	<u>\$ 28,478,394</u>	<u>\$ 26,397,038</u>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ 232,042	\$ 197,232	\$ 7,057,805	\$ 1,599,809	\$ 2,314,271	\$ 1,091,184
Employee contributions	23,693	27,374	31,635	38,378	39,944	43,769
Pension plan net investment income (loss)	3,832,058	(1,193,044)	3,681,406	2,301,867	(287,639)	1,160,163
Benefit payments and refunds	(1,852,671)	(1,741,259)	(1,643,108)	(1,433,659)	(1,358,308)	(1,324,073)
Pension plan administrative expense	(65,977)	(60,138)	(57,800)	(45,367)	(42,728)	(42,666)
Net change in plan fiduciary net position	2,169,145	(2,769,835)	9,069,938	2,461,028	665,540	928,377
Plan fiduciary net position - beginning	28,665,827	31,435,662	22,365,724	19,904,696	19,239,156	18,310,779
Plan fiduciary net position - ending (b)	<u>\$ 30,834,972</u>	<u>\$ 28,665,827</u>	<u>\$ 31,435,662</u>	<u>\$ 22,365,724</u>	<u>\$ 19,904,696</u>	<u>\$ 19,239,156</u>
Net pension liability (asset) (a-b)	<u>\$ 1,825,491</u>	<u>\$ 2,096,262</u>	<u>\$ (774,195)</u>	<u>\$ 6,880,110</u>	<u>\$ 8,573,698</u>	<u>\$ 7,157,882</u>
Reported in governmental activities	\$ 1,841,882	\$ 2,089,015	\$ (537,740)	\$ 6,442,221	\$ 8,026,742	\$ 6,666,851
Reported in component units						
Central dispatch authority	(16,391)	7,247	(236,455)	437,889	546,956	491,031
Total net pension liability (asset)	<u>\$ 1,825,491</u>	<u>\$ 2,096,262</u>	<u>\$ (774,195)</u>	<u>\$ 6,880,110</u>	<u>\$ 8,573,698</u>	<u>\$ 7,157,882</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	94.41%	93.19%	102.52%	76.47%	69.89%	72.88%
Covered payroll	\$ 1,651,753	\$ 1,716,989	\$ 1,984,943	\$ 2,171,090	\$ 2,413,194	\$ 2,498,100
Net pension liability (asset) as a percentage of covered payroll	110.52%	122.09%	(39.00%)	316.90%	355.28%	286.53%

\*GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015 and does not require retroactive implementation.  
Data will be added as information is available until 10 years of such data is available.

**Gratiot County**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Employer Contributions**  
**September 30, 2020**

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
9/30/2011	\$ 741,231	\$ 741,231	\$ -	\$ 2,758,544	26.87%
9/30/2012	769,139	769,139	-	2,679,989	28.70%
9/30/2013	838,476	838,476	-	2,532,911	33.10%
9/30/2014	975,045	975,045	-	2,498,016	39.03%
9/30/2015	1,091,184	2,091,184	(1,000,000)	2,498,100	83.71%
9/30/2016	1,527,978	1,527,978	-	2,428,791	62.91%
9/30/2017	806,312	7,435,659	(6,629,347)	2,158,323	344.51%
9/30/2018	211,911	211,911	-	2,017,617	10.50%
9/30/2019	196,636	196,636	-	1,710,297	11.50%
9/30/2020	272,501	272,501	-	1,632,170	16.70%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 9 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Individual entry-age
Amortization method	Level percentage of payroll, open
Remaining amortization period	0
Asset valuation method	5-year smoothed value of assets
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	60
Mortality	RP-2014 Healthy Annuitant Mortality Tables - 50% male and 50% female blend RP-2014 Employee Mortality Tables - 50% male and 50% female blend RP-2014 Juvenile Mortality Tables - 50% male and 50% female blend

**Gratiot County**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan - Road Commission**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**September 30, 2020**

Fiscal year ended September 30,	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service cost	\$ 238,529	\$ 222,531	\$ 214,611	\$ 209,344	\$ 196,411	\$ 191,844
Interest on the total pension liability	1,465,143	1,393,530	1,380,711	1,334,382	1,277,619	1,248,018
Experience differences	68,637	484,703	(282,827)	147,755	10,242	-
Changes in actuarial assumptions	631,012	-	-	-	807,628	-
Benefit payments and refunds	(1,229,887)	(1,197,322)	(1,115,140)	(1,114,841)	(1,094,940)	(1,071,751)
Net change in total pension liability	1,173,434	903,442	197,355	576,640	1,196,960	368,111
Total pension liability - beginning	18,809,947	17,906,505	17,709,150	17,132,510	15,935,550	15,567,439
Total pension liability - ending (a)	<u>\$ 19,983,381</u>	<u>\$ 18,809,947</u>	<u>\$ 17,906,505</u>	<u>\$ 17,709,150</u>	<u>\$ 17,132,510</u>	<u>\$ 15,935,550</u>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ 1,675,457	\$ 1,072,972	\$ 1,020,448	\$ 827,571	\$ 706,399	\$ 631,582
Employee contributions	56,383	53,995	51,699	49,564	47,130	46,869
Pension plan net investment income (loss)	1,503,567	(453,627)	1,350,353	1,061,936	(141,234)	606,978
Benefit payments and refunds	(1,229,887)	(1,197,322)	(1,115,140)	(1,114,841)	(1,094,940)	(1,071,751)
Pension plan administrative expense	(25,853)	(22,333)	(21,346)	(20,979)	(21,385)	(22,235)
Net change in plan fiduciary net position	1,979,667	(546,315)	1,286,014	803,251	(504,030)	191,443
Plan fiduciary net position - beginning	10,962,908	11,509,223	10,223,209	9,419,958	9,923,988	9,732,545
Plan fiduciary net position - ending (b)	<u>\$ 12,942,575</u>	<u>\$ 10,962,908</u>	<u>\$ 11,509,223</u>	<u>\$ 10,223,209</u>	<u>\$ 9,419,958</u>	<u>\$ 9,923,988</u>
Net pension liability (a-b)	<u>\$ 7,040,806</u>	<u>\$ 7,847,039</u>	<u>\$ 6,397,282</u>	<u>\$ 7,485,941</u>	<u>\$ 7,712,552</u>	<u>\$ 6,011,562</u>
Reported in component units	\$ 7,024,415	\$ 7,854,286	\$ 6,397,282	\$ 7,923,830	\$ 8,259,508	\$ 6,502,593
Less: central dispatch authority	16,391	(7,247)	-	(437,889)	(546,956)	(491,031)
Total net pension liability	<u>\$ 7,040,806</u>	<u>\$ 7,847,039</u>	<u>\$ 6,397,282</u>	<u>\$ 7,485,941</u>	<u>\$ 7,712,552</u>	<u>\$ 6,011,562</u>
Plan fiduciary net position as a percentage of total pension liability	64.77%	58.28%	64.27%	57.73%	54.98%	62.28%
Covered payroll	\$ 1,839,869	\$ 1,734,889	\$ 1,669,296	\$ 1,631,452	\$ 1,557,005	\$ 1,520,870
Net pension liability as a percentage of covered payroll	382.68%	452.31%	383.23%	458.85%	495.35%	395.27%

\*GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015 and does not require retroactive implementation.  
Data will be added as information is available until 10 years of such data is available.

**Gratiot County**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan - Road Commission**  
**Schedule of Employer Contributions**  
**September 30, 2020**

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
9/30/2011	\$ 276,564	\$ 276,564	\$ -	\$ 1,517,085	18.23%
9/30/2012	325,265	325,265	-	1,437,485	22.63%
9/30/2013	353,327	353,327	-	1,484,344	23.80%
9/30/2014	422,246	422,246	-	1,514,216	27.89%
9/30/2015	483,552	631,582	(148,030)	1,520,870	41.53%
9/30/2016	510,031	706,399	(196,368)	1,557,005	45.37%
9/30/2017	548,863	827,571	(278,708)	1,631,452	50.73%
9/30/2018	646,655	1,037,855	(391,200)	1,669,296	62.17%
9/30/2019	655,672	1,304,031	(648,359)	1,734,889	75.17%
9/30/2020	721,353	1,456,073	(734,720)	1,839,869	79.14%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 9 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age
Amortization method	Level-percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend

**Gratiot County**  
**Required Supplementary Information**  
**Other Post-Employment Benefits**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**September 30, 2020**

Fiscal year ended September 30,	2020	2019	2018	2017
<b>Total OPEB Liability</b>				
Service cost	\$ 27,219	\$ 77,323	\$ 84,344	\$ 87,485
Interest	180,117	155,586	146,915	180,913
Differences between expected and actual experience	2,489	(895,475)	(43,945)	(51,056)
Changes in assumptions	1,922,838	(833,785)	(149,240)	(229,711)
Benefit payments	(153,359)	(156,177)	(128,263)	(115,393)
Net change in total OPEB liability	1,979,304	(1,652,528)	(90,189)	(127,762)
Total OPEB liability - beginning	2,622,565	4,275,093	4,365,282	4,493,044
Total OPEB liability - ending	<u>\$ 4,601,869</u>	<u>\$ 2,622,565</u>	<u>\$ 4,275,093</u>	<u>\$ 4,365,282</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 903,359	\$ 1,406,177	\$ 128,263	\$ 115,393
Net investment income (loss)	47,574	(1,418)	-	-
Benefit payments and refunds	(153,359)	(156,177)	(128,263)	(115,393)
Administrative expense	(2,312)	(166)	-	-
Net change in plan fiduciary net position	795,262	1,248,416	-	-
Plan fiduciary net position - beginning	1,248,416	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ 2,043,678</u>	<u>\$ 1,248,416</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (a-b)	<u>\$ 2,558,191</u>	<u>\$ 1,374,149</u>	<u>\$ 4,275,093</u>	<u>\$ 4,365,282</u>
Reported in governmental activities	\$ 2,475,453	\$ 1,325,748	\$ 4,142,565	\$ 4,229,958
Reported in component units				
Central dispatch authority	82,738	48,401	132,528	135,324
Total net OPEB liability	<u>\$ 2,558,191</u>	<u>\$ 1,374,149</u>	<u>\$ 4,275,093</u>	<u>\$ 4,365,282</u>
Covered payroll	\$ 3,433,776	\$ 4,042,885	\$ 2,232,385	\$ 2,919,206
Net OPEB liability as a percentage of covered payroll	74.50%	33.99%	191.50%	149.54%

\*GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2017 and does not require retroactive implementation.  
Data will be added as information is available until 10 years of such data is available.

**Gratiot County**  
**Required Supplementary Information**  
**Other Post-Employment Benefits**  
**Schedule of Employer Contributions**  
**September 30, 2020**

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
9/30/2017	\$ 651,410	\$ 115,393	\$ 536,017	\$ 2,919,206	3.95%
9/30/2018	677,401	128,263	549,138	2,232,385	5.75%
9/30/2019	526,194	1,406,177	(879,983)	4,042,885	34.78%
9/30/2020	212,377	903,359	(690,982)	3,433,776	26.31%

Notes: The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Individual entry-age
Amortization method	Level dollar, closed
Remaining amortization period	10 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	2.00%
Discount rate	2.14%
Retirement age	55-60
Health inflation rate	Pre-65 - 8.5% in 2019 graded down 0.25% per year to 4.5%
Mortality	General public employer 2010 mortality table with improvement scale MP-2018

\*GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**Gratiot County**  
**Required Supplementary Information**  
**Other Post-Employment Benefits**  
**Schedule of Investment Returns**

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Fiscal Year Ended September 30,	Annual Return % *	
2017	N/A	**
2018	N/A	**
2019	-0.11%	
2020	2.93%	

\* Annual money-weighted rate of return, net of investment expenses

\*\*An OPEB trust fund had not been established in these years, therefore there was no annual return.

GASB Statement No. 74 was implemented for the fiscal year ended September 30, 2017 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

**Gratiot County**  
**Required Supplementary Information**  
**Other Post-Employment Benefits**  
**Schedule of Changes in Net OPEB Liability and Related Ratios - Road Commission**  
**September 30, 2020**

Fiscal year ended September 30,	2020	2019	2018
<b>Total OPEB Liability</b>			
Benefit payments	\$ (31,800)	\$ (51,500)	\$ (49,500)
Special item - benefits foregone for Health Care Savings Plan	-	-	(1,359,053)
Net change in Total OPEB liability	(31,800)	(51,500)	(1,408,553)
Total OPEB liability - beginning	88,700	140,200	1,548,753
Total OPEB liability - ending	<u>\$ 56,900</u>	<u>\$ 88,700</u>	<u>\$ 140,200</u>
<b>Plan Fiduciary Net Position</b>			
Employer contributions	\$ -	\$ -	\$ 189,700
Net investment income	10,425	3,339	-
Benefit payments and refunds	-	-	(49,500)
Administrative expense	(263)	(276)	-
Net change in plan fiduciary net position	10,162	3,063	140,200
Plan fiduciary net position - beginning	143,263	140,200	-
Plan fiduciary net position - ending (b)	<u>\$ 153,425</u>	<u>\$ 143,263</u>	<u>\$ 140,200</u>
Net OPEB asset (a-b)	<u>\$ (96,525)</u>	<u>\$ (54,563)</u>	<u>\$ -</u>
Reported in component units			
Central dispatch authority	\$ (13,787)	\$ (6,162)	\$ 132,528
Net OPEB asset	<u>(82,738)</u>	<u>(48,401)</u>	<u>(132,528)</u>
	<u>\$ (96,525)</u>	<u>\$ (54,563)</u>	<u>\$ -</u>
Plan fiduciary net position as a percentage of total OPEB liability	269.64%	161.51%	100.00%
Covered payroll	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered payroll	0%	0%	0%

\*GASB Statement No. 75 was implemented for the fiscal year ended September 30, 2018 and does not require retroactive implementation.  
Data will be added as information is available until 10 years of such data is available.

**Gratiot County**  
**Required Supplementary Information**  
**Other Post-Employment Benefits**  
**Schedule of Employer Contributions - Road Commission**  
**September 30, 2020**

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
9/30/2018	\$ 49,500	\$ 49,500	\$ -	\$ -	0%
9/30/2019	-	-	-	-	0%
9/30/2020	-	-	-	-	0%

**Actuarial valuation information relative to the determination of contributions:**

Alternative Measurement Method used as of September 30, 2020

**Methods and assumptions used to determine contribution rates:**

None / Plan Closed

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

Data will be added as information is available until 10 years of such data is available.

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2020**

	Special Revenue Funds					
	Road Patrol	Parks and Recreation	Geographic Information System	Friend of the Court	State Criminal Alien Assistance	Economic and Agriculture Development
<b>Assets</b>						
Cash and cash equivalents	\$ 463	\$ 436,076	\$ 157,543	\$ 3,899	\$ 15,846	\$ 36,195
Receivables						
Taxes	45,370	35,362	-	-	-	45,532
Customers	1,853	1,437	-	-	-	1,883
Due from other units of government	-	-	-	82,112	-	-
Prepaid items	-	-	-	461	-	-
Total assets	<u>\$ 47,686</u>	<u>\$ 472,875</u>	<u>\$ 157,543</u>	<u>\$ 86,472</u>	<u>\$ 15,846</u>	<u>\$ 83,610</u>
<b>Liabilities</b>						
Accounts payable	\$ 2,670	\$ 7,590	\$ -	\$ 4,286	\$ -	\$ -
Accrued and other liabilities	8,720	9,507	-	19,857	-	-
Due to other funds	-	-	-	61,868	-	-
Due to other units of government	-	-	-	-	-	-
Total liabilities	<u>11,390</u>	<u>17,097</u>	<u>-</u>	<u>86,011</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	<u>45,370</u>	<u>35,362</u>	<u>-</u>	<u>78,488</u>	<u>-</u>	<u>45,532</u>
<b>Fund Balances</b>						
Non-spendable						
Prepaid items	-	-	-	461	-	-
Restricted for						
Debt service	-	-	-	-	-	-
Special revenue funds	-	420,416	157,543	-	15,846	38,078
Unassigned (deficit)	<u>(9,074)</u>	<u>-</u>	<u>-</u>	<u>(78,488)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>(9,074)</u>	<u>420,416</u>	<u>157,543</u>	<u>(78,027)</u>	<u>15,846</u>	<u>38,078</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 47,686</u>	<u>\$ 472,875</u>	<u>\$ 157,543</u>	<u>\$ 86,472</u>	<u>\$ 15,846</u>	<u>\$ 83,610</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2020**

	Special Revenue Funds					
	Building Inspection	Register of Deeds	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement	Law Library
<b>Assets</b>						
Cash and cash equivalents	\$ 382,493	\$ 197,212	\$ 75,246	\$ 2,258	\$ 1,353	\$ 37,699
Receivables						
Taxes	-	-	-	-	-	-
Customers	-	545	134	-	-	-
Due from other units of government	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 382,493</u>	<u>\$ 197,757</u>	<u>\$ 75,380</u>	<u>\$ 2,258</u>	<u>\$ 1,353</u>	<u>\$ 37,699</u>
<b>Liabilities</b>						
Accounts payable	\$ 243	\$ 16,914	\$ -	\$ -	\$ -	\$ -
Accrued and other liabilities	3,918	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other units of government	-	-	-	-	-	-
Total liabilities	<u>4,161</u>	<u>16,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	-	-	-
<b>Fund Balances</b>						
Non-spendable						
Prepaid items	-	-	-	-	-	-
Restricted for						
Debt service	-	-	-	-	-	-
Special revenue funds	378,332	180,843	75,380	2,258	1,353	37,699
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>378,332</u>	<u>180,843</u>	<u>75,380</u>	<u>2,258</u>	<u>1,353</u>	<u>37,699</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 382,493</u>	<u>\$ 197,757</u>	<u>\$ 75,380</u>	<u>\$ 2,258</u>	<u>\$ 1,353</u>	<u>\$ 37,699</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2020**

	Special Revenue Funds					
	Commission on Aging	Commission on Aging Donations	Recovery Court	D.A.R.E Program	Salvage Inspection Fee	D.H.S. State Monies
<b>Assets</b>						
Cash and cash equivalents	\$ 615,033	\$ 173,226	\$ 9,087	\$ 26	\$ 10,682	\$ 7,837
Receivables						
Taxes	65,545	-	-	-	-	-
Customers	96,139	-	-	-	-	-
Due from other units of government	-	-	79,887	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 776,717</u>	<u>\$ 173,226</u>	<u>\$ 88,974</u>	<u>\$ 26</u>	<u>\$ 10,682</u>	<u>\$ 7,837</u>
<b>Liabilities</b>						
Accounts payable	\$ 121,605	\$ -	\$ 21,214	\$ -	\$ -	\$ -
Accrued and other liabilities	24,310	-	6,812	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other units of government	-	-	-	-	-	-
Total liabilities	<u>145,915</u>	<u>-</u>	<u>28,026</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	<u>65,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Non-spendable						
Prepaid items	-	-	-	-	-	-
Restricted for						
Debt service	-	-	-	-	-	-
Special revenue funds	565,257	173,226	60,948	26	10,682	7,837
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>565,257</u>	<u>173,226</u>	<u>60,948</u>	<u>26</u>	<u>10,682</u>	<u>7,837</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 776,717</u>	<u>\$ 173,226</u>	<u>\$ 88,974</u>	<u>\$ 26</u>	<u>\$ 10,682</u>	<u>\$ 7,837</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2020**

	Special Revenue Funds					
	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library	Indigent Defense
<b>Assets</b>						
Cash and cash equivalents	\$ 16,391	\$ 4,215	\$ 4,254	\$ 2,446	\$ 624	\$ 96,175
Receivables						
Taxes	-	-	-	-	4,017	-
Customers	-	-	-	-	-	-
Due from other units of government	-	-	1,221	1,567	74,543	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 16,391</u>	<u>\$ 4,215</u>	<u>\$ 5,475</u>	<u>\$ 4,013</u>	<u>\$ 79,184</u>	<u>\$ 96,175</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 399	\$ -	\$ -	\$ -	\$ 71,440
Accrued and other liabilities	-	-	-	-	-	3,842
Due to other funds	-	-	-	-	-	-
Due to other units of government	-	-	-	-	72,488	-
Total liabilities	<u>-</u>	<u>399</u>	<u>-</u>	<u>-</u>	<u>72,488</u>	<u>75,282</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	-	4,017	-
<b>Fund Balances</b>						
Non-spendable						
Prepaid items	-	-	-	-	-	-
Restricted for						
Debt service	-	-	-	-	-	-
Special revenue funds	16,391	3,816	5,475	4,013	2,679	20,893
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>16,391</u>	<u>3,816</u>	<u>5,475</u>	<u>4,013</u>	<u>2,679</u>	<u>20,893</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,391</u>	<u>\$ 4,215</u>	<u>\$ 5,475</u>	<u>\$ 4,013</u>	<u>\$ 79,184</u>	<u>\$ 96,175</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2020**

	Special Revenue Funds		Debt Service Funds			Total Nonmajor Governmental Funds
	Concealed Pistol Licensing	CDBG	2005 G.O. Bonds	Building Authority Jail	Pension Obligation Bond	
<b>Assets</b>						
Cash and cash equivalents	\$ 106,409	\$ 64,145	\$ -	\$ 5,492	\$ -	\$ 2,462,325
Receivables						
Taxes	-	-	-	-	-	195,826
Customers	26	-	-	-	-	102,017
Due from other units of government	-	-	-	-	-	239,330
Prepaid items	-	-	-	-	-	461
Total assets	<u>\$ 106,435</u>	<u>\$ 64,145</u>	<u>\$ -</u>	<u>\$ 5,492</u>	<u>\$ -</u>	<u>\$ 2,999,959</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,361
Accrued and other liabilities	-	-	-	-	-	76,966
Due to other funds	-	-	-	-	-	61,868
Due to other units of government	-	-	-	-	-	72,488
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>457,683</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	-	-	274,314
<b>Fund Balances</b>						
Non-spendable						
Prepaid items	-	-	-	-	-	461
Restricted for						
Debt service	-	-	-	5,492	-	5,492
Special revenue funds	106,435	64,145	-	-	-	2,349,571
Unassigned (deficit)	-	-	-	-	-	(87,562)
Total fund balances	<u>106,435</u>	<u>64,145</u>	<u>-</u>	<u>5,492</u>	<u>-</u>	<u>2,267,962</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 106,435</u>	<u>\$ 64,145</u>	<u>\$ -</u>	<u>\$ 5,492</u>	<u>\$ -</u>	<u>\$ 2,999,959</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds					
	Road Patrol	Parks and Recreation	Geographic Information System	Friend of the Court	State Criminal Alien Assistance	Economic and Agriculture Development
<b>Revenues</b>						
Taxes	\$ 583,793	\$ 466,292	\$ -	\$ -	\$ -	\$ 601,133
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	2,600	-	-	449,558	4,238	-
Local contributions	-	54	28,020	-	-	-
Charges for services	-	5,820	-	49,937	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest income	312	1,826	610	-	48	371
Other revenue	-	-	4,000	338	-	-
<b>Total revenues</b>	<u>586,705</u>	<u>473,992</u>	<u>32,630</u>	<u>499,833</u>	<u>4,286</u>	<u>601,504</u>
<b>Expenditures</b>						
Current						
General government	-	-	40,500	635,441	-	-
Public safety	595,779	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	400,470
Recreation and culture	-	318,580	-	-	-	-
Capital outlay	-	205,160	-	8,265	-	-
Debt service						
Principal retirement	-	-	-	1,028	-	-
Interest and fiscal charges	-	-	-	495	-	-
<b>Total expenditures</b>	<u>595,779</u>	<u>523,740</u>	<u>40,500</u>	<u>645,229</u>	<u>-</u>	<u>400,470</u>
Excess (deficiency) of revenues over expenditures	<u>(9,074)</u>	<u>(49,748)</u>	<u>(7,870)</u>	<u>(145,396)</u>	<u>4,286</u>	<u>201,034</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds					
	Road Patrol	Parks and Recreation	Geographic Information System	Friend of the Court	State Criminal Alien Assistance	Economic and Agriculture Development
<b>Other financing sources (uses)</b>						
Transfers in	\$ -	\$ -	\$ 500	\$ 59,752	\$ -	\$ -
Transfers out	-	(500)	-	-	-	(197,811)
Total other financing sources (uses)	-	(500)	500	59,752	-	(197,811)
Net change in fund balance	(9,074)	(50,248)	(7,370)	(85,644)	4,286	3,223
Fund balance - beginning of year	-	470,664	164,913	7,617	11,560	34,855
Fund balance (deficit) - end of year	<u>\$ (9,074)</u>	<u>\$ 420,416</u>	<u>\$ 157,543</u>	<u>\$ (78,027)</u>	<u>\$ 15,846</u>	<u>\$ 38,078</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds					
	Building Inspection	Register of Deeds	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement	Law Library
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	291,827	-	-	-	-	-
Intergovernmental						
Federal/state	-	-	-	-	-	-
Local contributions	-	-	-	-	-	-
Charges for services	-	35,215	5,643	-	-	-
Fines and forfeitures	-	-	-	-	-	4,500
Interest income	968	711	290	17	5	130
Other revenue	-	-	-	-	-	-
Total revenues	<u>292,795</u>	<u>35,926</u>	<u>5,933</u>	<u>17</u>	<u>5</u>	<u>4,630</u>
<b>Expenditures</b>						
Current						
General government	-	44,903	-	-	-	-
Public safety	155,932	-	5,266	-	-	-
Health and welfare	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Capital outlay	33,089	-	-	-	-	4,341
Debt service						
Principal retirement	335	-	-	-	-	-
Interest and fiscal charges	162	-	-	-	-	-
Total expenditures	<u>189,518</u>	<u>44,903</u>	<u>5,266</u>	<u>-</u>	<u>-</u>	<u>4,341</u>
Excess (deficiency) of revenues over expenditures	<u>103,277</u>	<u>(8,977)</u>	<u>667</u>	<u>17</u>	<u>5</u>	<u>289</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds					
	Building Inspection	Register of Deeds	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement	Law Library
<b>Other financing sources (uses)</b>						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	103,277	(8,977)	667	17	5	289
Fund balance - beginning of year	<u>275,055</u>	<u>189,820</u>	<u>74,713</u>	<u>2,241</u>	<u>1,348</u>	<u>37,410</u>
Fund balance (deficit) - end of year	<u>\$ 378,332</u>	<u>\$ 180,843</u>	<u>\$ 75,380</u>	<u>\$ 2,258</u>	<u>\$ 1,353</u>	<u>\$ 37,699</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds					
	Commission on Aging	Commission on Aging Donations	Recovery Court	D.A.R.E Program	Salvage Inspection Fee	D.H.S. State Monies
<b>Revenues</b>						
Taxes	\$ 867,154	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	368,983	-	253,454	-	-	4,170
Local contributions	-	-	250	-	-	-
Charges for services	110,854	6,547	37,737	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest income	1,831	587	-	-	37	16
Other revenue	-	57,447	-	-	-	-
Total revenues	<u>1,348,822</u>	<u>64,581</u>	<u>291,441</u>	<u>-</u>	<u>37</u>	<u>4,186</u>
<b>Expenditures</b>						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	1,152,485	4,323	267,686	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Capital outlay	100,223	-	-	-	-	-
Debt service						
Principal retirement	2,305	-	-	-	-	-
Interest and fiscal charges	1,107	-	-	-	-	-
Total expenditures	<u>1,256,120</u>	<u>4,323</u>	<u>267,686</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>92,702</u>	<u>60,258</u>	<u>23,755</u>	<u>-</u>	<u>37</u>	<u>4,186</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds					
	Commission on Aging	Commission on Aging Donations	Recovery Court	D.A.R.E Program	Salvage Inspection Fee	D.H.S. State Monies
<b>Other financing sources (uses)</b>						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	92,702	60,258	23,755	-	37	4,186
Fund balance - beginning of year	<u>472,555</u>	<u>112,968</u>	<u>37,193</u>	<u>26</u>	<u>10,645</u>	<u>3,651</u>
Fund balance (deficit) - end of year	<u>\$ 565,257</u>	<u>\$ 173,226</u>	<u>\$ 60,948</u>	<u>\$ 26</u>	<u>\$ 10,682</u>	<u>\$ 7,837</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds					
	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library	Indigent Defense
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 718,600	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	-	-	1,221	3,578	-	365,541
Local contributions	-	-	-	-	-	-
Charges for services	-	6,462	-	-	-	12,398
Fines and forfeitures	-	-	-	-	-	-
Interest income	53	12	-	11	779	357
Other revenue	1,760	140	-	-	-	-
	<u>1,813</u>	<u>6,614</u>	<u>1,221</u>	<u>3,589</u>	<u>719,379</u>	<u>378,296</u>
Total revenues						
<b>Expenditures</b>						
Current						
General government	-	-	-	-	-	579,170
Public safety	-	6,003	765	3,300	-	-
Health and welfare	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	734,685	-
Capital outlay	-	-	456	-	-	-
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
	<u>-</u>	<u>6,003</u>	<u>1,221</u>	<u>3,300</u>	<u>734,685</u>	<u>579,170</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>1,813</u>	<u>611</u>	<u>-</u>	<u>289</u>	<u>(15,306)</u>	<u>(200,874)</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds					
	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library	Indigent Defense
<b>Other financing sources (uses)</b>						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,401
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	83,401
Net change in fund balance	1,813	611	-	289	(15,306)	(117,473)
Fund balance - beginning of year	14,578	3,205	5,475	3,724	17,985	138,366
Fund balance (deficit) - end of year	<u>\$ 16,391</u>	<u>\$ 3,816</u>	<u>\$ 5,475</u>	<u>\$ 4,013</u>	<u>\$ 2,679</u>	<u>\$ 20,893</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds		Debt Service Funds			Total Nonmajor Governmental Funds
	Concealed Pistol Licensing	CDBG	2005 G.O. Bonds	Building Authority - Jail	Pension Obligation Bond	
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,236,972
Licenses and permits	-	-	-	-	-	291,827
Intergovernmental						
Federal/state	-	-	-	-	-	1,453,343
Local contributions	-	-	40,468	-	-	68,792
Charges for services	28,871	-	-	-	-	299,484
Fines and forfeitures	-	-	-	-	-	4,500
Interest income	343	-	-	33	-	9,347
Other revenue	-	26,979	-	-	-	90,664
Total revenues	29,214	26,979	40,468	33	-	5,454,929
<b>Expenditures</b>						
Current						
General government	-	-	-	-	-	1,300,014
Public safety	-	-	-	-	-	767,045
Health and welfare	-	-	-	-	-	1,424,494
Community and economic development	-	-	-	-	-	400,470
Recreation and culture	-	-	-	-	-	1,053,265
Capital outlay	-	-	-	-	-	351,534
Debt service						
Principal retirement	-	-	50,000	190,000	655,000	898,668
Interest and fiscal charges	-	-	9,637	7,850	140,750	160,001
Total expenditures	-	-	59,637	197,850	795,750	6,355,491
Excess (deficiency) of revenues over expenditures	29,214	26,979	(19,169)	(197,817)	(795,750)	(900,562)

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Special Revenue Funds		Debt Service Funds			Total Nonmajor Governmental Funds
	Concealed Pistol Licensing	CDBG	2005 G.O. Bonds	Building Authority - Jail	Pension Obligation Bond	
<b>Other financing sources (uses)</b>						
Transfers in	\$ -	\$ -	\$ 19,169	\$ 197,600	\$ 795,750	\$ 1,156,172
Transfers out	-	-	-	-	-	(198,311)
Total other financing sources (uses)	-	-	19,169	197,600	795,750	957,861
Net change in fund balance	29,214	26,979	-	(217)	-	57,299
Fund balance - beginning of year	77,221	37,166	-	5,709	-	2,210,663
Fund balance (deficit) - end of year	<u>\$ 106,435</u>	<u>\$ 64,145</u>	<u>\$ -</u>	<u>\$ 5,492</u>	<u>\$ -</u>	<u>\$ 2,267,962</u>

**Gratiot County**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Net Position**  
**September 30, 2020**

	<u>Principal Residence Denial Interest</u>	<u>Soil Erosion Inspection</u>	<u>Jail Commissary</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 52,615	\$ 98,363	\$ -	\$ 150,978
Receivables				
Customers	-	-	2,731	2,731
Prepaid items	-	-	625	625
	<u>52,615</u>	<u>98,363</u>	<u>3,356</u>	<u>154,334</u>
Total assets				
<b>Liabilities</b>				
Current liabilities				
Accounts payable	-	171	2,573	2,744
Accrued and other liabilities	-	1,242	-	1,242
Due to other funds	-	-	13,671	13,671
	<u>-</u>	<u>1,413</u>	<u>16,244</u>	<u>17,657</u>
Total liabilities				
<b>Net Position</b>				
Unrestricted (deficit)	<u>\$ 52,615</u>	<u>\$ 96,950</u>	<u>\$ (12,888)</u>	<u>\$ 136,677</u>

**Gratiot County**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2020**

	Principal Residence Denial Interest	Soil Erosion Inspection	Jail Commissary	Total
<b>Operating revenue</b>				
Customer fees	\$ -	\$ 42,567	\$ 29,344	\$ 71,911
Other revenue	-	-	38,375	38,375
	<u>-</u>	<u>42,567</u>	<u>67,719</u>	<u>110,286</u>
Total operating revenue	-	42,567	67,719	110,286
<b>Operating expenses</b>				
Personnel services	-	20,107	-	20,107
Supplies	-	427	32,959	33,386
Utilities	-	432	-	432
Repairs and maintenance	-	649	8,164	8,813
Other expenses	-	5,387	40,310	45,697
	<u>-</u>	<u>27,002</u>	<u>81,433</u>	<u>108,435</u>
Total operating expenses	-	27,002	81,433	108,435
Operating income (loss)	-	15,565	(13,714)	1,851
<b>Nonoperating revenue</b>				
Interest income	<u>1,767</u>	<u>337</u>	<u>13</u>	<u>2,117</u>
Change in net position	1,767	15,902	(13,701)	3,968
Net position - beginning of year	<u>50,848</u>	<u>81,048</u>	<u>813</u>	<u>132,709</u>
Net position - end of year (deficit)	<u>\$ 52,615</u>	<u>\$ 96,950</u>	<u>\$ (12,888)</u>	<u>\$ 136,677</u>

**Gratiot County**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended September 30, 2020**

	Principal Residence Denial Interest	Soil Erosion Inspection	Jail Commissary	Total
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ -	\$ 42,567	\$ 66,287	\$ 108,854
Payments to other funds	-	-	13,671	13,671
Payments to suppliers	-	(6,224)	(81,091)	(87,315)
Payments to employees	-	(20,107)	-	(20,107)
Net cash provided (used) by operating activities	-	16,236	(1,133)	15,103
<b>Cash flows from investing activities</b>				
Interest received	1,767	337	13	2,117
Net change in cash and cash equivalents	1,767	16,573	(1,120)	17,220
Cash and cash equivalents - beginning of year	50,848	81,790	1,120	133,758
Cash and cash equivalents - end of year	\$ 52,615	\$ 98,363	\$ -	\$ 150,978
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ -	\$ 15,565	\$ (13,714)	\$ 1,851
Changes in assets and liabilities				
Receivables (net)	-	-	(1,432)	(1,432)
Accounts payable	-	7	342	349
Accrued and other liabilities	-	664	-	664
Due to other funds	-	-	13,671	13,671
Net cash provided (used) by operating activities	\$ -	\$ 16,236	\$ (1,133)	\$ 15,103

**Gratiot County**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2020**

	<u>Fringe Benefits</u>	<u>Tile Fund</u>	<u>Flexible Spending</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ 27,831	\$ 17,593	\$ 45,424
Receivables				
Accrued interest and other	7,439	-	-	7,439
Inventories	-	47,815	-	47,815
Prepaid items	119,058	-	-	119,058
	<u>126,497</u>	<u>75,646</u>	<u>17,593</u>	<u>219,736</u>
Total assets				
<b>Liabilities</b>				
Current liabilities				
Accounts payable	-	8,787	-	8,787
Due to other funds	50,323	-	-	50,323
	<u>50,323</u>	<u>8,787</u>	<u>-</u>	<u>59,110</u>
Total liabilities				
<b>Net Position</b>				
Unrestricted	<u>\$ 76,174</u>	<u>\$ 66,859</u>	<u>\$ 17,593</u>	<u>\$ 160,626</u>

**Gratiot County**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2020**

	<u>Fringe Benefits</u>	<u>Tile Fund</u>	<u>Flexible Spending</u>	<u>Total</u>
<b>Operating revenue</b>				
Billings to other funds	\$ 3,317,329	\$ -	\$ -	\$ 3,317,329
Other revenue	<u>7,257</u>	<u>41,961</u>	<u>28,746</u>	<u>77,964</u>
Total operating revenue	<u>3,324,586</u>	<u>41,961</u>	<u>28,746</u>	<u>3,395,293</u>
<b>Operating expenses</b>				
Personnel services	3,457,361	-	-	3,457,361
Other expenses	<u>-</u>	<u>30,539</u>	<u>21,226</u>	<u>51,765</u>
Total operating expenses	<u>3,457,361</u>	<u>30,539</u>	<u>21,226</u>	<u>3,509,126</u>
Operating income (loss)	(132,775)	11,422	7,520	(113,833)
<b>Nonoperating revenue</b>				
Interest income	<u>375</u>	<u>54</u>	<u>44</u>	<u>473</u>
Income (loss) before transfers	(132,400)	11,476	7,564	(113,360)
Transfers in	906,119	-	-	906,119
Transfers out	<u>(795,750)</u>	<u>-</u>	<u>-</u>	<u>(795,750)</u>
Change in net position	(22,031)	11,476	7,564	(2,991)
Net position - beginning of year	<u>98,205</u>	<u>55,383</u>	<u>10,029</u>	<u>163,617</u>
Net position - end of year	<u>\$ 76,174</u>	<u>\$ 66,859</u>	<u>\$ 17,593</u>	<u>\$ 160,626</u>

**Gratiot County**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended September 30, 2020**

	Fringe Benefits	Tile Fund	Flexible Spending	Total
<b>Cash flows from operating activities</b>				
Receipts from employees	\$ -	\$ -	\$ 28,746	\$ 28,746
Receipts from interfund users	3,323,077	41,961	-	3,365,038
Payments to suppliers	<u>(3,433,946)</u>	<u>(38,504)</u>	<u>(21,226)</u>	<u>(3,493,676)</u>
Net cash provided (used) by operating activities	<u>(110,869)</u>	<u>3,457</u>	<u>7,520</u>	<u>(99,892)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other funds	906,119	-	-	906,119
Transfers to other funds	<u>(795,750)</u>	<u>-</u>	<u>-</u>	<u>(795,750)</u>
Net cash provided by noncapital financing activities	<u>110,369</u>	<u>-</u>	<u>-</u>	<u>110,369</u>
<b>Cash flows from investing activities</b>				
Interest received	<u>375</u>	<u>54</u>	<u>44</u>	<u>473</u>
Net change in cash and cash equivalents	(125)	3,511	7,564	10,950
Cash and cash equivalents - beginning of year	<u>125</u>	<u>24,320</u>	<u>10,029</u>	<u>34,474</u>
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 27,831</u>	<u>\$ 17,593</u>	<u>\$ 45,424</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (132,775)	\$ 11,422	\$ 7,520	\$ (113,833)
Changes in assets and liabilities				
Receivables (net)	(1,509)	-	-	(1,509)
Inventories	-	(3,748)	-	(3,748)
Prepaid items	25,688	-	-	25,688
Accounts payable	<u>(2,273)</u>	<u>(4,217)</u>	<u>-</u>	<u>(6,490)</u>
Net cash provided (used) by operating activities	<u>\$ (110,869)</u>	<u>\$ 3,457</u>	<u>\$ 7,520</u>	<u>\$ (99,892)</u>

**Gratiot County  
Component Unit Funds  
Road Commission  
Balance Sheet  
September 30, 2020**

	Road Commission
<b>Assets</b>	
Cash and cash equivalents	\$ 820,069
Investments	449,899
Due from other units of government	1,081,738
Inventories	637,685
Total assets	\$ 2,989,391
<b>Liabilities</b>	
Accounts payable	\$ 229,466
Accrued and other liabilities	81,525
Performance bond payable	900
Advances from State	241,967
Due to other units of government	77,867
Total liabilities	631,725
<b>Fund Balances</b>	
Nonspendable	637,685
Restricted	
County Road Operations	1,719,981
Total fund balances	2,357,666
Total liabilities and fund balances	\$ 2,989,391

**Gratiot County  
Component Unit Funds  
Road Commission  
Reconciliation of the Balance Sheet to the Statement of Net Position  
September 30, 2020**

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<b>Total fund balances for component unit funds - road commission</b>	<b>\$ 2,357,666</b>
Total net position for component units in the statement of net position is different because:	
Capital assets used in component units are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	653,673
Capital assets net of depreciation	32,631,129
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(415,267)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from net pension liability	1,626,476
Deferred inflows of resources resulting from net pension liability	(70,707)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Net pension liability	(7,040,806)
Net OPEB asset	96,525
<b>Net position of component unit funds - road commission</b>	<b>\$ 29,838,689</b>

**Gratiot County**  
**Component Unit Funds**  
**Road Commission**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Road Commission
<b>Revenues</b>	
Licenses and permits	\$ 90,538
Intergovernmental	
Federal\state	9,319,659
Local contributions	1,570,758
Charges for services	1,614,165
Interest and rents	12,028
Other revenue	122,413
Total revenues	12,729,561
<b>Expenditures</b>	
Current	
Public works	12,612,470
Capital outlay (net)	(124,189)
Total expenditures	12,488,281
Excess of revenues over expenditures	241,280
Fund balance - beginning of year	2,116,386
Fund balance - end of year	\$ 2,357,666

**Gratiot County  
Component Unit Funds  
Road Commission  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities  
For the Year Ended September 30, 2020**

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**Net change in fund balances - component unit funds - road commission** \$ 241,280

Total change in net position reported for component unit funds in the statement of activities is different because:

Component unit funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(2,471,612)
Capital outlay	3,977,511

Expenses are recorded when incurred in the statement of activities

Compensated absences	(44,616)
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The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability	806,233
Net change in the deferred inflow of resources related to the net pension liability	70,706
Net change in the deferred outflow of resources related to the net pension liability	(631,129)

The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in net OPEB asset	41,962
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**Change in net position of component unit funds - road commission** **\$ 1,990,335**

**Gratiot County  
Component Unit Funds  
Drainage Districts  
Combining Balance Sheet  
September 30, 2020**

	Debt Service					Capital Projects			Total
	Drain Debt #007	Drain Debt #133	Drain Debt #181	Drain Debt #383	Drain Debt	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
<b>Assets</b>									
Cash and cash equivalents	\$ 112,401	\$ 196,242	\$ 1,032,139	\$ 268,844	\$ -	\$ 3,094,360	\$ 142,831	\$ 55,777	\$ 4,902,594
Receivables									
Special assessments, current	<u>160,917</u>	<u>57,055</u>	<u>174,033</u>	<u>83,815</u>	<u>-</u>	<u>1,386,262</u>	<u>-</u>	<u>-</u>	<u>1,862,082</u>
Total current assets	273,318	253,297	1,206,172	352,659	-	4,480,622	142,831	55,777	6,764,676
Noncurrent assets									
Special assessments, deferred	<u>160,916</u>	<u>399,387</u>	<u>2,088,390</u>	<u>1,257,223</u>	<u>-</u>	<u>6,654,538</u>	<u>-</u>	<u>-</u>	<u>10,560,454</u>
Total assets	<u>\$ 434,234</u>	<u>\$ 652,684</u>	<u>\$ 3,294,562</u>	<u>\$ 1,609,882</u>	<u>\$ -</u>	<u>\$ 11,135,160</u>	<u>\$ 142,831</u>	<u>\$ 55,777</u>	<u>\$ 17,325,130</u>
<b>Liabilities</b>									
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,375</u>	<u>\$ 157</u>	<u>\$ 280</u>	<u>\$ 259,812</u>
<b>Deferred Inflows of Resources</b>									
Unavailable revenue									
Special assessments	<u>321,833</u>	<u>456,442</u>	<u>2,262,423</u>	<u>1,341,038</u>	<u>-</u>	<u>8,040,800</u>	<u>-</u>	<u>-</u>	<u>12,422,536</u>
<b>Fund Balances</b>									
Restricted									
Debt service	112,401	196,242	1,032,139	268,844	-	-	-	-	1,609,626
Assigned - capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,834,985</u>	<u>142,674</u>	<u>55,497</u>	<u>3,033,156</u>
Total fund balances	<u>112,401</u>	<u>196,242</u>	<u>1,032,139</u>	<u>268,844</u>	<u>-</u>	<u>2,834,985</u>	<u>142,674</u>	<u>55,497</u>	<u>4,642,782</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 434,234</u>	<u>\$ 652,684</u>	<u>\$ 3,294,562</u>	<u>\$ 1,609,882</u>	<u>\$ -</u>	<u>\$ 11,135,160</u>	<u>\$ 142,831</u>	<u>\$ 55,777</u>	<u>\$ 17,325,130</u>

**Gratiot County**  
**Component Unit Funds**  
**Drainage Districts**  
**Reconciliation of the Combining Balance Sheet to the Statement of Net Position**  
**September 30, 2020**

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<b>Total fund balances for component unit funds - drainage district</b>	\$ 4,642,782
Total net position for component units in the statement of net position is different because:	
Capital assets used in component units are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	2,186,196
Capital assets net of depreciation	26,893,818
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	12,422,536
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(129,604)
Bonds and loans payable	<u>(12,495,761)</u>
<b>Net position of component unit funds - drainage district</b>	<u><u>\$ 33,519,967</u></u>

**Gratiot County**  
**Component Unit Funds**  
**Drainage Districts**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

	Debt Service					Capital Projects			Total
	Drain Debt #007	Drain Debt #133	Drain Debt #181	Drain Debt #383	Drain Debt	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
<b>Revenues</b>									
Intergovernmental - local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,115,088	\$ -	\$ -	\$ 2,115,088
Charges for services	175,166	72,832	297,483	141,522	-	2,206,495	-	-	2,893,498
Interest income	457	-	-	966	-	12,725	560	184	14,892
Other revenue	-	-	-	-	-	236,877	-	-	236,877
<b>Total revenues</b>	<u>175,623</u>	<u>72,832</u>	<u>297,483</u>	<u>142,488</u>	<u>-</u>	<u>4,571,185</u>	<u>560</u>	<u>184</u>	<u>5,260,355</u>
<b>Expenditures</b>									
Current									
Public works	-	-	-	-	-	221,182	38,191	19,602	278,975
Capital outlay	-	-	-	-	-	1,889,071	331,662	-	2,220,733
Debt service									
Principal retirement	170,000	75,000	235,000	90,000	1,176,159	-	-	-	1,746,159
Interest and fiscal charges	12,240	15,088	110,332	38,355	270,592	-	-	-	446,607
<b>Total expenditures</b>	<u>182,240</u>	<u>90,088</u>	<u>345,332</u>	<u>128,355</u>	<u>1,446,751</u>	<u>2,110,253</u>	<u>369,853</u>	<u>19,602</u>	<u>4,692,474</u>
Excess (deficiency) of revenues over expenditures	<u>(6,617)</u>	<u>(17,256)</u>	<u>(47,849)</u>	<u>14,133</u>	<u>(1,446,751)</u>	<u>2,460,932</u>	<u>(369,293)</u>	<u>(19,418)</u>	<u>567,881</u>
<b>Other financing sources (uses)</b>									
Transfers in	-	-	-	-	1,446,751	38,159	438,152	25,137	1,948,199
Transfers out	-	-	-	-	-	(1,907,647)	(40,402)	(150)	(1,948,199)
Bond and note proceeds	-	-	-	-	-	140,284	-	-	140,284
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,446,751</u>	<u>(1,729,204)</u>	<u>397,750</u>	<u>24,987</u>	<u>140,284</u>
<b>Net change in fund balance</b>	<u>(6,617)</u>	<u>(17,256)</u>	<u>(47,849)</u>	<u>14,133</u>	<u>-</u>	<u>731,728</u>	<u>28,457</u>	<u>5,569</u>	<u>708,165</u>
Fund balance - beginning of year	119,018	213,498	1,079,988	254,711	-	2,103,257	114,217	49,928	3,934,617
Fund balance - end of year	<u>\$ 112,401</u>	<u>\$ 196,242</u>	<u>\$ 1,032,139</u>	<u>\$ 268,844</u>	<u>\$ -</u>	<u>\$ 2,834,985</u>	<u>\$ 142,674</u>	<u>\$ 55,497</u>	<u>\$ 4,642,782</u>

**Gratiot County  
Component Unit Funds  
Drainage Districts  
Reconciliation of the Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities  
For the Year Ended September 30, 2020**

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**Net change in fund balances - component unit funds - drainage district** \$ 708,165

Total change in net position reported for component units in the statement of activities is different because:

Component unit funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(815,964)
Capital outlay	480,141

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Special assessments	(1,461,945)
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Expenses are recorded when incurred in the statement of activities

Accrued interest	14,362
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Bond proceeds are reported as financing sources in the component unit funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the component unit funds but reduces the liability in the statement of net position

Debt issued	(140,284)
Repayments of long-term debt	1,746,159

**Change in net position of component unit funds - drainage district** \$ 530,634

**Gratiot County**  
**Component Unit Funds**  
**Central Dispatch Authority**  
**Balance Sheet**  
**September 30, 2020**

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**Assets**

Cash and cash equivalents	\$ 171,058
Receivables	
Customers	235,176
Due from other units of government	23,397
Prepaid items	<u>34,063</u>
 Total assets	 <u><u>\$ 463,694</u></u>

**Liabilities**

Accounts payable	\$ 5,623
Accrued and other liabilities	<u>25,918</u>
 Total liabilities	 <u>31,541</u>

**Fund Balances**

Nonspendable items	
Prepaid items	34,063
Restricted	
Central Dispatch Authority	<u>398,090</u>
 Total fund balances	 <u>432,153</u>
 Total liabilities and fund balances	 <u><u>\$ 463,694</u></u>

**Gratiot County**  
**Component Unit Funds**  
**Central Dispatch Authority**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**September 30, 2020**

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<b>Total fund balances for component unit funds - central dispatch authority</b>	\$ 432,153
Total net position for component units in the statement of net position is different because:	
Capital assets used in component units are not financial resources and therefore are not reported in the funds.	
Capital assets net of depreciation	581,681
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(1,220)
Compensated absences	(34,032)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from net pension liability	76,427
Deferred outflows of resources resulting from net other post-employment benefits (OPEB) liability	41,437
Deferred inflows of resources resulting from net OPEB liability	(35,804)
Long-term liabilities applicable to component unit activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Note payable	(40,520)
Net pension asset	16,391
Net OPEB liability	(82,738)
<b>Net position of component unit funds - central dispatch authority</b>	<u><u>\$ 953,775</u></u>

**Gratiot County**  
**Component Unit Funds**  
**Central Dispatch Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

<b>Revenues</b>	
Federal grants	\$ 11,000
Other state grants	10,978
Charges for services	1,205,938
Interest income	811
Other revenue	354
	1,229,081
Total revenues	1,229,081
<b>Expenditures</b>	
Current	
Public safety	1,095,526
Capital outlay	121,985
Debt service	
Principal retirement	38,040
Interest and fiscal charges	10,020
	1,265,571
Total expenditures	1,265,571
Net change in fund balance	(36,490)
Fund balance - beginning of year	468,643
Fund balance - end of year	\$ 432,153

**Gratiot County**  
**Component Unit Funds**  
**Central Dispatch Authority**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended September 30, 2020**

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**Net change in fund balances - component unit funds - central dispatch authority** \$ (36,490)

Total change in net position reported for component units in the statement of activities is different because:

Component unit funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense (61,410)

Expenses are recorded when incurred in the statement of activities

Accrued interest 1,161

Compensated absences (10,878)

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the component unit fund equals actual pension contributions.

Net change in net pension liability 23,638

Net change in the deferred outflow of resources related to the net pension liability (163,210)

The statement of net position reports the net other post-employment benefits liability (OPEB) and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in net OPEB liability (34,337)

Net change in the deferred outflow of resources related to the net OPEB liability 41,404

Net change in the deferred inflow of resources related to the net OPEB liability 12,846

Note proceeds are reported as financing sources in the component unit fund and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the component unit fund but reduces the liability in the statement of net position.

Repayments of long-term debt 38,040

**Change in net position of component unit funds - central dispatch authority** \$ (189,236)

**Gratiot County**  
**Component Unit Funds**  
**Brownfield Redevelopment Authority**  
**Balance Sheet**  
**September 30, 2020**

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**Assets**

Cash and cash equivalents	\$ 14,263
Due from other units of government	<u>42,487</u>

Total assets	<u><u>\$ 56,750</u></u>
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**Liabilities**

Checks written against future deposits	\$ 23,627
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**Deferred Inflow of Resources**

Property taxes	41,820
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**Fund Balances**

Unrestricted (deficit)	<u>(8,697)</u>
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Total liabilities, deferred inflow of resources, and fund balances	<u><u>\$ 56,750</u></u>
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**Gratiot County  
Component Unit Funds  
Brownfield Redevelopment Authority  
Reconciliation of the Balance Sheet to the Statement of Net Position  
September 30, 2020**

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**Total fund balances for component unit funds - brownfield redevelopment authority** \$ (8,697)

Total net position for component units in the statement of net position is different because:

Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds. 41,820

**Net position of component unit funds - brownfield redevelopment authority** \$ 33,123

**Gratiot County**  
**Component Unit Funds**  
**Brownfield Redevelopment Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2020**

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**Revenues**

Taxes	\$	3,258
Interest income		26
		3,284
Total revenues		3,284

**Expenditures**

Current		
Community and economic development		16,853
		16,853
Net change in fund balance		(13,569)
Fund balance - beginning of year		4,872
		4,872
Fund balance - end of year (deficit)	\$	(8,697)

**Gratiot County**  
**Component Unit Funds**  
**Brownfield Redevelopment Authority**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended September 30, 2020**

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<b>Net change in fund balances - component unit funds - brownfield redevelopment authority</b>	\$ (13,569)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Property taxes	<u>11,028</u>
<b>Change in net position of component unit funds - brownfield redevelopment authority</b>	<u><u>\$ (2,541)</u></u>