

Gratiot County
Financial Statements
September 30, 2021



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Gratiot County
List of Elected and Appointed Officials
September 30, 2021

Board of Commissioners

George Bailey	Commissioner
Jan Bunting	Commissioner
John Lemmermann	Commissioner
Chuck Murphy	Commissioner
Sam Smith	Commissioner

Administration and Other Elected Officials

Tracey Cordes	Administrator
Terri Ball	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, 2021, 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 44 percent and 47 percent of the total assets and total net position of the discretely presented component units at September 30, 2021, respectively, and total revenues constituting 76 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, 2021, 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.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended September 30, 2021, the County adopted GASB Statement No. 84 *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

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 22, 2022 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 22, 2022

**Gratiot County
Management's Discussion and Analysis
September 30, 2021**

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, 2021. 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, 2021

- ***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, the Covid Recovery 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, 2021

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 custodial 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, 2021**

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, 2021 and 2020.

	Governmental Activities		Business Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 17,323,905	\$ 11,870,190	\$ 7,908,487	\$ 7,693,055	\$ 25,232,392	\$ 19,563,245
Capital assets	7,411,459	7,466,183	-	-	7,411,459	7,466,183
Deferred outflows of resources	933,557	1,590,424	-	-	933,557	1,590,424
Total assets and deferred outflows of resources	25,668,921	20,926,797	7,908,487	7,693,055	33,577,408	28,619,852
Current liabilities	3,886,832	1,060,045	5,229	180,090	3,892,061	1,240,135
Long-term liabilities	7,414,868	9,938,693	-	-	7,414,868	9,938,693
Deferred inflows of resources	3,426,733	1,173,569	-	-	3,426,733	1,173,569
Total liabilities and deferred inflows of resources	14,728,433	12,172,307	5,229	180,090	14,733,662	12,352,397
Net Position						
Net investment in capital assets	7,200,192	7,172,538	-	-	7,200,192	7,172,538
Restricted	2,707,248	1,845,563	-	-	2,707,248	1,845,563
Unrestricted (deficit)	1,033,048	(263,611)	7,903,258	7,512,965	8,936,306	7,249,354
Total net position	\$ 10,940,488	\$ 8,754,490	\$ 7,903,258	\$ 7,512,965	\$ 18,843,746	\$ 16,267,455

**Gratiot County
Management's Discussion and Analysis
September 30, 2021**

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, 2021 and 2020.

	Governmental Activities		Business Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Charges for Services	\$ 2,836,714	\$ 3,095,589	\$ 489,490	\$ 479,974	\$ 3,326,204	\$ 3,575,563
Grants & Contributions	5,293,050	4,223,629	-	-	5,293,050	4,223,629
General Revenues						
Property Taxes	13,241,875	12,058,011	-	-	13,241,875	12,058,011
Investment Earnings	11,515	41,528	19,126	63,934	30,641	105,462
Miscellaneous	37,624	20,383	61,807	38,375	99,431	58,758
Total revenues	21,420,778	19,439,140	570,423	582,283	21,991,201	20,021,423
Expenses						
General Government	8,960,954	8,147,412	-	-	8,960,954	8,147,412
Public Safety	5,465,640	5,727,775	-	-	5,465,640	5,727,775
Public Works	21,562	39,747	-	-	21,562	39,747
Health and Welfare	2,863,874	3,135,845	-	-	2,863,874	3,135,845
Community and economic development	543,906	408,407	-	-	543,906	408,407
Recreation & Cultural	1,221,235	1,162,331	-	-	1,221,235	1,162,331
Interest on long-term debt	153,300	175,214	-	-	153,300	175,214
Delinquent Tax	-	-	67,073	44,564	67,073	44,564
Tax fees and sales proceeds	-	-	-	-	-	-
Other	-	-	117,367	108,435	117,367	108,435
Total expenses	19,230,470	18,796,731	184,440	152,999	19,414,910	18,949,730
Excess revenue over expenses	2,190,308	642,409	385,983	429,284	2,576,291	1,071,693
Transfers	(4,310)	-	4,310	-	-	-
Change in net position	2,185,998	642,409	390,293	429,284	2,576,291	1,071,693
Net position - beginning	8,754,490	8,112,081	7,512,965	7,083,681	16,267,455	15,195,762
Net position - ending	\$ 10,940,488	\$ 8,754,490	\$ 7,903,258	\$ 7,512,965	\$ 18,843,746	\$ 16,267,455

**Gratiot County
Management's Discussion and Analysis
September 30, 2021**

Governmental Activities Statement of Net Position:

The County's Governmental Activities (GA) net position increased \$2,185,998 over the past fiscal year. This increase is due to an increase in tax collections related to wind farms and additional grant funds to cover covid related expenses.

Revenues:

Property tax collection revenues for fiscal year 2021 are up to \$13.2 million (from \$12.1 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 2021 are up to \$5.3 million (from \$4.2 million). The County received and expended funds from the American Rescue Plan Act (ARPA) during the fiscal year.

Charges for Services round off the last largest revenue source for the County's revenue sources and they fell to \$2.8 million (from \$3.1 million). This was due to a fall off in activity related to the pandemic and a decrease in title searches for future wind farms.

The County levied six property tax millages for the 2021 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 Sheriff's Office patrols, the parks millage at .3500 mills to finance the Parks and Recreation 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 \$0.4 million from 2020 to 2021. These expenditures were funded by ARPA grant funds.

Business-Type Activities:

Net position in business-type activities increased approximately \$400,000 from 2020 to 2021. 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, 2021**

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, 2021, the General Fund reported a fund balance of \$9,344,742. The General Fund's fund balance increased by \$2,630,810. This increase is due to additional wind farms being added to the tax roll. Of the total fund balance, \$8,893,188 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 \$13,903,500. Actual collections came in at \$15,338,919, or \$1,435,419 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 \$14,043,227. Actual County expenditures for fiscal year 2021 were \$12,708,109, or \$1,335,118 lower than budgeted.

- A \$300,000 expenditure (deposit) into our OPEB fund was canceled by the Board of Commissioners. The deposit will be used to fund-as-you go within the following fiscal year instead.
- ARPA funds were used in place of general fund expenditures where they were allowed.

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, 2021, this fund reported net position of \$7,736,155, an increase of \$359,867 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
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Capital Assets

At the end of fiscal year 2021 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.

	Governmental Activities	
	2021	2020
Land	\$ 703,075	\$ 703,075
Construction in progress	74,925	6,197
Land improvements	1,152,589	1,152,589
Buildings and improvements	10,688,604	10,567,324
Equipment and furniture	1,329,525	1,246,579
Vehicles	1,058,671	1,028,938
	15,007,389	14,704,702
Less: accumulated depreciation	(7,595,930)	(7,238,519)
Capital assets, net	\$ 7,411,459	\$ 7,466,183

The County's capital assets' valuation decreased slightly for fiscal year 2021. The decrease is due to minimal purchases being made.

Long-Term Debt

As of September 30, 2021, the County had \$7,446,478 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	\$4,083,990
Capital Lease Obligations	86,267
Compensated absences	651,756
Other post-employment benefits	619,814
Pension fund liability	2,004,651

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. A more detailed discussion of the County's long-term debt obligations is presented in footnote 11 to the financial statements (page 4-36).

**Gratiot County
Management's Discussion and Analysis
September 30, 2021**

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 2022 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) and Pension liability. The County will continue monitoring its OPEB and Pension liabilities. Decisions could be made during the fiscal year to use reserves to help offset these.
- 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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 14,947,109	\$ 4,811,005	\$ 19,758,114	\$ 5,630,365
Investments	4,628	853,844	858,472	350,227
Receivables				
Taxes	1,722,623	1,458,044	3,180,667	-
Customers	141,010	2,704	143,714	253,020
Special assessments	-	-	-	11,935,384
Accrued interest and other	65,821	397,296	463,117	-
Due from other units of government	548,046	12,620	560,666	1,538,720
Internal balances	(371,149)	371,149	-	-
Inventories	62,057	-	62,057	771,362
Prepaid items	203,760	1,825	205,585	80,894
Net OPEB asset	-	-	-	152,475
Net pension asset	-	-	-	10,228
Capital assets not being depreciated	778,000	-	778,000	2,173,478
Capital assets net of depreciation	6,633,459	-	6,633,459	64,200,494
Total assets	<u>24,735,364</u>	<u>7,908,487</u>	<u>32,643,851</u>	<u>87,096,647</u>
Deferred Outflows of Resources				
Deferred amount relating to net pension liability	101,431	-	101,431	1,651,190
Deferred amount relating to total OPEB liability	832,126	-	832,126	29,467
Total deferred outflows of resources	<u>933,557</u>	<u>-</u>	<u>933,557</u>	<u>1,680,657</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Statement of Net Position
September 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Checks written against future deposits	\$ -	\$ -	\$ -	\$ 23,695
Accounts payable	573,441	2,662	576,103	972,960
Accrued and other liabilities	194,545	2,567	197,112	220,458
Performance bond payable	-	-	-	2,500
Due to other units of government	110,059	-	110,059	52,223
Unearned revenue	3,008,787	-	3,008,787	2,662
Advances from other governmental unit	-	-	-	276,609
Noncurrent liabilities				
Debt due within one year	1,381,707	-	1,381,707	1,961,937
Debt due in more than one year	3,440,306	-	3,440,306	11,546,475
Net pension liability	2,014,879	-	2,014,879	5,944,782
Net OPEB liability	577,976	-	577,976	41,838
Total liabilities	11,301,700	5,229	11,306,929	21,046,139
Deferred Inflows of Resources				
Deferred amount relating to net pension liability	1,005,899	-	1,005,899	501,112
Deferred amount relating to net OPEB liability	2,420,834	-	2,420,834	62,689
Total deferred inflows of resources	3,426,733	-	3,426,733	563,801
Net Position				
Net investment in capital assets	7,200,192	-	7,200,192	53,345,753
Restricted for				
Special revenue funds	2,707,248	-	2,707,248	-
Central dispatch authority	-	-	-	599,459
Drainage districts	-	-	-	16,125,339
Unrestricted (deficit)	1,033,048	7,903,258	8,936,306	(2,903,187)
Total net position	\$ 10,940,488	\$ 7,903,258	\$ 18,843,746	\$ 67,167,364

See Accompanying Notes to the Financial Statements

Gratiot County
Statement of Activities
For the Year Ended September 30, 2021

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	
Primary government								
Governmental activities								
General government	\$ 8,960,954	\$ 1,866,322	\$ 3,706,688	\$ -	\$ (3,387,944)	\$ -	\$ (3,387,944)	\$ -
Public safety	5,465,640	759,564	1,147,631	3,645	(3,554,800)	-	(3,554,800)	-
Public works	21,562	-	62,690	-	41,128	-	41,128	-
Health and welfare	2,863,874	130,876	343,543	-	(2,389,455)	-	(2,389,455)	-
Community and economic development	543,906	59,443	28,035	-	(456,428)	-	(456,428)	-
Recreation and culture	1,221,235	20,509	818	-	(1,199,908)	-	(1,199,908)	-
Interest on long-term debt	153,300	-	-	-	(153,300)	-	(153,300)	-
Total governmental activities	<u>19,230,470</u>	<u>2,836,714</u>	<u>5,289,405</u>	<u>3,645</u>	<u>(11,100,706)</u>	<u>-</u>	<u>(11,100,706)</u>	<u>-</u>
Business-type activities								
Delinquent tax revolving	67,073	410,241	-	-	-	343,168	343,168	-
Principle residence denial interest	1,012	-	-	-	-	(1,012)	(1,012)	-
Soil erosion inspection	35,084	45,369	-	-	-	10,285	10,285	-
Jail commissary	81,271	33,880	-	-	-	(47,391)	(47,391)	-
Total business-type activities	<u>184,440</u>	<u>489,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,050</u>	<u>305,050</u>	<u>-</u>
Total primary government	<u>\$ 19,414,910</u>	<u>\$ 3,326,204</u>	<u>\$ 5,289,405</u>	<u>\$ 3,645</u>	<u>(11,100,706)</u>	<u>305,050</u>	<u>(10,795,656)</u>	<u>-</u>
Component units								
Drainage Districts	\$ 2,377,425	\$ 2,729,743	\$ -	\$ 395,857	-	-	-	748,175
Central Dispatch Authority	1,093,112	1,211,678	10,807	-	-	-	-	129,373
Brownfield Redevelopment Authority	3,571	-	-	-	-	-	-	(3,571)
Road Commission	11,590,283	2,751,668	9,328,226	1,445,575	-	-	-	1,935,186
Total component units	<u>\$ 15,064,391</u>	<u>\$ 6,693,089</u>	<u>\$ 9,339,033</u>	<u>\$ 1,841,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,809,163</u>
General revenues								
Property taxes					13,241,875	-	13,241,875	(38,982)
Unrestricted investment earnings					11,515	19,126	30,641	5,355
Gain on sale of capital assets					13,984	-	13,984	46,274
Miscellaneous					23,640	61,807	85,447	-
Transfers					(4,310)	4,310	-	-
Total general revenues					<u>13,286,704</u>	<u>85,243</u>	<u>13,371,947</u>	<u>12,647</u>
Change in net position					2,185,998	390,293	2,576,291	2,821,810
Net position - beginning of year					8,754,490	7,512,965	16,267,455	64,345,554
Net position - end of year					<u>\$ 10,940,488</u>	<u>\$ 7,903,258</u>	<u>\$ 18,843,746</u>	<u>\$ 67,167,364</u>

See Accompanying Notes to the Financial Statements

**Gratiot County
Governmental Funds
Balance Sheet
September 30, 2021**

	General	COVID Recovery	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 8,899,346	\$ 2,961,513	\$ 3,036,441	\$ 14,897,300
Investments	4,628	-	-	4,628
Receivables				
Taxes	1,722,623	-	-	1,722,623
Customers	91,553	-	49,426	140,979
Due from other units of government	235,883	68,937	243,226	548,046
Due from other funds	144,736	-	-	144,736
Prepaid items	166,220	-	4,245	170,465
	<u>11,264,989</u>	<u>3,030,450</u>	<u>3,333,338</u>	<u>17,628,777</u>
Total assets	<u>\$ 11,264,989</u>	<u>\$ 3,030,450</u>	<u>\$ 3,333,338</u>	<u>\$ 17,628,777</u>
Liabilities				
Accounts payable	\$ 355,063	\$ 20,230	\$ 194,594	\$ 569,887
Accrued and other liabilities	151,682	-	26,846	178,528
Due to other funds	7,104	-	58,458	65,562
Due to other units of government	110,059	-	-	110,059
Unearned revenue	-	3,008,787	-	3,008,787
Advances from other funds	400,000	-	-	400,000
	<u>1,023,908</u>	<u>3,029,017</u>	<u>279,898</u>	<u>4,332,823</u>
Total liabilities	<u>1,023,908</u>	<u>3,029,017</u>	<u>279,898</u>	<u>4,332,823</u>

See Accompanying Notes to the Financial Statements

**Gratiot County
Governmental Funds
Balance Sheet
September 30, 2021**

	General	COVID Recovery	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources				
Unavailable revenue	\$ 896,339	\$ -	\$ 181,018	\$ 1,077,357
Fund Balances				
Non-spendable				
Prepaid items	166,220	-	4,245	170,465
Restricted				
Special revenue funds	-	-	2,894,466	2,894,466
Committed	181,121	-	-	181,121
Assigned	104,213	1,433	-	105,646
Unassigned (deficit)	<u>8,893,188</u>	<u>-</u>	<u>(26,289)</u>	<u>8,866,899</u>
 Total fund balances	 <u>9,344,742</u>	 <u>1,433</u>	 <u>2,872,422</u>	 <u>12,218,597</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 11,264,989</u>	 <u>\$ 3,030,450</u>	 <u>\$ 3,333,338</u>	 <u>\$ 17,628,777</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2021

Total fund balances for governmental funds	\$ 12,218,597
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	778,000
Capital assets net of depreciation	6,633,459
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	
	1,077,357
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(16,017)
Compensated absences	(651,756)
Deferred outflows of resources resulting from net pension liability	101,431
Deferred inflows of resources resulting from net pension liability	(1,005,899)
Deferred outflows of resources resulting from net OPEB liability	832,126
Deferred inflows of resources resulting from net OPEB liability	(2,420,834)
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	(4,083,990)
Capital lease	(86,267)
Net pension liability	(2,014,879)
Net OPEB liability	(577,976)
Internal service funds are included as part of governmental activities.	157,136
Net position of governmental activities	\$ 10,940,488

Gratiot County
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	<u>General</u>	<u>COVID Recovery</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 10,130,206	\$ -	\$ 3,807,925	\$ 13,938,131
Licenses and permits	85,163	-	124,106	209,269
Intergovernmental				
Federal/State	2,486,680	945,030	1,573,342	5,005,052
Local contributions	77,210	-	73,075	150,285
Charges for services	1,764,588	-	337,041	2,101,629
Fines and forfeitures	69,098	-	4,500	73,598
Interest income	6,033	1,433	4,049	11,515
Rental income	24,975	-	-	24,975
Other revenue	414,164	-	90,783	504,947
Total revenues	<u>15,058,117</u>	<u>946,463</u>	<u>6,014,821</u>	<u>22,019,401</u>
Expenditures				
Current				
General government	6,503,288	-	1,357,159	7,860,447
Public safety	3,422,945	906,872	864,672	5,194,489
Public works	16,781	-	-	16,781
Health and Welfare	1,344,992	-	1,439,901	2,784,893
Community and economic development	266	-	550,643	550,909
Recreation and culture	-	-	1,095,246	1,095,246
Other functions	164,252	-	-	164,252
Capital outlay	478,297	11,801	117,776	607,874
Debt service				
Principal retirement	24,064	-	719,035	743,099
Interest and fiscal charges	26,663	-	137,963	164,626
Total expenditures	<u>11,981,548</u>	<u>918,673</u>	<u>6,282,395</u>	<u>19,182,616</u>
Excess (deficiency) of revenues over expenditures	<u>3,076,569</u>	<u>27,790</u>	<u>(267,574)</u>	<u>2,836,785</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, 2021

	<u>General</u>	<u>COVID Recovery</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)				
Transfers in	\$ 266,818	\$ -	\$ 1,094,603	\$ 1,361,421
Transfers out	(726,561)	(26,357)	(222,569)	(975,487)
Sale of fixed assets	13,984	-	-	13,984
Total other financing sources (uses)	<u>(445,759)</u>	<u>(26,357)</u>	<u>872,034</u>	<u>399,918</u>
Net change in fund balance	2,630,810	1,433	604,460	3,236,703
Fund balance - beginning of year	<u>6,713,932</u>	<u>-</u>	<u>2,267,962</u>	<u>8,981,894</u>
Fund balance - end of year	<u>\$ 9,344,742</u>	<u>\$ 1,433</u>	<u>\$ 2,872,422</u>	<u>\$ 12,218,597</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, 2021

Net change in fund balances - Total governmental funds	\$ 3,236,703
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	(467,743)
Capital outlay	413,019
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Grants	83,649
Property taxes	(696,256)
Expenses are recorded when incurred in the statement of activities	
Accrued interest	6,322
Compensated absences	51,242
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	(172,997)
Net change in the deferred outflow of resources related to the net pension liability	(101,559)
Net change in the deferred inflow of resources related to the net pension liability	(1,005,899)
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	1,897,477
Net change in the deferred outflow of resources related to the net OPEB liability	(555,308)
Net change in the deferred inflow of resources related to the net OPEB liability	(1,247,265)
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	743,099
Amortization of premiums	5,004
Internal service funds are also included as governmental activities	(3,490)
Change in net position of governmental activities	\$ 2,185,998

See Accompanying Notes to the Financial Statements

Gratiot County
Proprietary Funds
Statement of Net Position
September 30, 2021

	Business-type Activities			Internal Service Funds
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 4,643,352	\$ 167,653	\$ 4,811,005	\$ 49,809
Investments	853,844	-	853,844	-
Receivables				
Taxes	1,458,044	-	1,458,044	-
Customers	-	2,704	2,704	31
Accrued interest and other	397,296	-	397,296	65,821
Due from other units of government	12,620	-	12,620	-
Due from other funds	65,562	-	65,562	-
Advances to other funds, current	200,000	-	200,000	-
Inventories	-	-	-	62,057
Prepaid items	-	1,825	1,825	33,295
	7,630,718	172,182	7,802,900	211,013
Total current assets				
Noncurrent assets				
Advances to other funds	200,000	-	200,000	-
	7,830,718	172,182	8,002,900	211,013
Total assets				
Liabilities				
Current liabilities				
Accounts payable	150	2,512	2,662	3,554
Accrued and other liabilities	-	2,567	2,567	-
Due to other funds	94,413	-	94,413	50,323
	94,563	5,079	99,642	53,877
Total current liabilities				
Net Position				
Unrestricted	\$ 7,736,155	\$ 167,103	\$ 7,903,258	\$ 157,136

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, 2021

	Business-type Activities			
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenue				
Customer fees	\$ 358,757	\$ 79,249	\$ 438,006	\$ -
Billings to other funds	-	-	-	3,106,597
Other revenue	51,498	61,793	113,291	77,881
Total operating revenue	<u>410,255</u>	<u>141,042</u>	<u>551,297</u>	<u>3,184,478</u>
Operating expenses				
Personnel services	-	30,209	30,209	2,742,211
Supplies	18,731	29,908	48,639	-
Utilities	-	435	435	-
Repairs and maintenance	-	3,003	3,003	-
Other expenses	48,342	53,812	102,154	55,587
Total operating expenses	<u>67,073</u>	<u>117,367</u>	<u>184,440</u>	<u>2,797,798</u>
Operating income	343,182	23,675	366,857	386,680
Nonoperating revenue				
Interest income	16,685	2,441	19,126	74
Income before transfers	359,867	26,116	385,983	386,754
Transfers in	-	4,310	4,310	421,453
Transfers out	-	-	-	(811,697)
Change in net position	359,867	30,426	390,293	(3,490)
Net position - beginning of year	<u>7,376,288</u>	<u>136,677</u>	<u>7,512,965</u>	<u>160,626</u>
Net position - end of year	<u>\$ 7,736,155</u>	<u>\$ 167,103</u>	<u>\$ 7,903,258</u>	<u>\$ 157,136</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2021

	<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>
Cash flows from operating activities				
Receipts from customers and employees	\$ 322,094	\$ 141,069	\$ 463,163	\$ 28,035
Receipts from interfund users	-	-	-	3,098,030
Receipts from other funds	-	2,276	2,276	-
Payments (to) from other funds	(65,562)	(13,671)	(79,233)	-
Payments to suppliers	-	(89,541)	(89,541)	(2,731,510)
Payments to employees	-	(30,209)	(30,209)	-
Net cash provided by operating activities	<u>256,532</u>	<u>9,924</u>	<u>266,456</u>	<u>394,555</u>
Cash flows from noncapital financing activities				
Transfer from other funds	-	4,310	4,310	421,453
Transfers to other funds	-	-	-	(811,697)
Receipts on advances to other funds	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>200,000</u>	<u>4,310</u>	<u>204,310</u>	<u>(390,244)</u>
Cash flows from investing activities				
Purchases of investments	(478)	-	(478)	-
Interest received	<u>16,685</u>	<u>2,441</u>	<u>19,126</u>	<u>74</u>
Net cash provided by investing activities	<u>16,207</u>	<u>2,441</u>	<u>18,648</u>	<u>74</u>
Net change in cash and cash equivalents	472,739	16,675	489,414	4,385
Cash and cash equivalents - beginning of year	<u>4,170,613</u>	<u>150,978</u>	<u>4,321,591</u>	<u>45,424</u>
Cash and cash equivalents - end of year	<u>\$ 4,643,352</u>	<u>\$ 167,653</u>	<u>\$ 4,811,005</u>	<u>\$ 49,809</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds			
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 343,182	\$ 23,675	\$ 366,857	\$ 386,680
Changes in assets and liabilities				
Receivables (net)	167,455	27	167,482	(58,413)
Due from other units of government	(12,589)	-	(12,589)	-
Due from other funds	(65,562)	-	(65,562)	-
Inventories	-	-	-	(14,242)
Prepaid items	-	(1,200)	(1,200)	85,763
Accounts payable	(874)	(232)	(1,106)	(5,233)
Accrued and other liabilities	-	(951)	(951)	-
Due to other funds	-	(11,395)	(11,395)	-
Due to other units of government	(175,080)	-	(175,080)	-
	<u>\$ 256,532</u>	<u>\$ 9,924</u>	<u>\$ 266,456</u>	<u>\$ 394,555</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Fiduciary Funds
Statement of Fiduciary Net Position
September 30, 2021

	Other Employee Benefit Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	\$ 3,717	\$ 3,862,584
Investments	2,083,178	-
Due from other units of government	-	323
Total assets	2,086,895	3,862,907
Liabilities		
Accounts payable	-	17,364
Accrued and other liabilities	-	3,023
Due to other units of government	-	3,747,189
Total liabilities	-	3,767,576
Net Position		
Restricted for:		
Post-employment benefits other than pension	2,086,895	-
Individuals, organizations and other governments	-	95,331
Total net position	\$ 2,086,895	\$ 95,331

See Accompanying Notes to the Financial Statements

Gratiot County
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

	<u>Other Employee Benefit Trust Fund</u>	<u>Custodial Funds</u>
Additions		
Contributions		
Employer	\$ 143,980	\$ -
State education tax collected for other governments	-	8,187,138
Real estate transfer tax collected for other governments	-	1,184,329
Fees and fines collected on behalf of other units of governments	-	340,053
Collections from or on behalf of inmates	-	206,886
Other taxes collected for other governments	-	10,316,710
Interest	-	272
Investment earnings		
Net change in fair value of investments	43,219	-
Less investment expense	<u>(3,720)</u>	<u>-</u>
Net investment gain	<u>39,499</u>	<u>-</u>
 Total additions	 <u>183,479</u>	 <u>20,235,388</u>
Deductions		
Benefits	143,979	-
Payments of state education tax to other governments	-	8,187,138
Payments of real estate transfer tax to other governments	-	1,184,329
Fees and fines remitted to other units of government	-	340,053
Payments to or on behalf of inmates	-	216,472
Payments related to wind farm planning	-	2,951
Payments of other taxes to other government	<u>-</u>	<u>10,316,710</u>
 Total deductions	 <u>143,979</u>	 <u>20,247,653</u>
 Change in net position	 39,500	 (12,265)
Net position - beginning of year (restated)	<u>2,047,395</u>	<u>107,596</u>
Net position - end of year	<u>\$ 2,086,895</u>	<u>\$ 95,331</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Component Unit Funds
Combining Statement of Net Position
September 30, 2021

	Road Commission	Central Dispatch Authority	Drainage Districts	Brownfield Redevelopment Authority	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 909,572	\$ 318,708	\$ 4,387,686	\$ 14,399	\$ 5,630,365
Investments	350,227	-	-	-	350,227
Receivables					
Customers	-	253,020	-	-	253,020
Special assessments, current	-	-	1,721,064	-	1,721,064
Due from other units of government	1,481,580	23,974	33,166	-	1,538,720
Inventories	771,362	-	-	-	771,362
Prepaid items	-	80,894	-	-	80,894
Total current assets	3,512,741	676,596	6,141,916	14,399	10,345,652
Noncurrent assets					
Special assessments receivable, deferred	-	-	10,214,320	-	10,214,320
Net pension asset	-	10,228	-	-	10,228
Net OPEB asset	152,475	-	-	-	152,475
Capital assets not being depreciated	653,673	-	1,519,805	-	2,173,478
Capital assets net of depreciation	34,060,366	1,123,028	29,017,100	-	64,200,494
Total noncurrent assets	34,866,514	1,133,256	40,751,225	-	76,750,995
Total assets	38,379,255	1,809,852	46,893,141	14,399	87,096,647
Deferred Outflows of Resources					
Deferred amount relating to net pension liability	1,578,381	72,809	-	-	1,651,190
Deferred amount relating to net OPEB liability	-	29,467	-	-	29,467
Total deferred outflows of resources	1,578,381	102,276	-	-	1,680,657

See Accompanying Notes to the Financial Statements

Gratiot County
Component Unit Funds
Combining Statement of Net Position
September 30, 2021

	Road Commission	Central Dispatch Authority	Drainage Districts	Brownfield Redevelopment Authority	Total
Liabilities					
Current liabilities					
Checks written against future deposits	\$ -	\$ -	\$ -	\$ 23,695	\$ 23,695
Accounts payable	859,344	10,273	103,343	-	972,960
Accrued and other liabilities	87,578	7,988	124,892	-	220,458
Performance bond payable	2,500	-	-	-	2,500
Due to other units of government	52,223	-	-	-	52,223
Deferred revenue	-	-	2,662	-	2,662
Current portion of noncurrent liabilities	<u>155,576</u>	<u>354,453</u>	<u>1,451,908</u>	<u>-</u>	<u>1,961,937</u>
Total current liabilities	<u>1,157,221</u>	<u>372,714</u>	<u>1,682,805</u>	<u>23,695</u>	<u>3,236,435</u>
Noncurrent liabilities					
Advances from State	276,609	-	-	-	276,609
Net pension liability	5,944,782	-	-	-	5,944,782
Long-term debt net of current portion	293,600	315,584	10,937,291	-	11,546,475
Net OPEB liability	<u>-</u>	<u>41,838</u>	<u>-</u>	<u>-</u>	<u>41,838</u>
Total noncurrent liabilities	<u>6,514,991</u>	<u>357,422</u>	<u>10,937,291</u>	<u>-</u>	<u>17,809,704</u>
Total liabilities	<u>7,672,212</u>	<u>730,136</u>	<u>12,620,096</u>	<u>23,695</u>	<u>21,046,139</u>
Deferred Inflows of Resources					
Deferred amount relating to net pension liability	465,276	35,836	-	-	501,112
Deferred amount relating to net OPEB liability	<u>-</u>	<u>62,689</u>	<u>-</u>	<u>-</u>	<u>62,689</u>
Total deferred inflows of resources	<u>465,276</u>	<u>98,525</u>	<u>-</u>	<u>-</u>	<u>563,801</u>
Net Position					
Net investment in capital assets	34,714,039	484,008	18,147,706	-	53,345,753
Restricted					
Central dispatch authority	-	599,459	-	-	599,459
Drainage districts	-	-	16,125,339	-	16,125,339
Unrestricted (deficit)	<u>(2,893,891)</u>	<u>-</u>	<u>-</u>	<u>(9,296)</u>	<u>(2,903,187)</u>
Total net position	<u>\$ 31,820,148</u>	<u>\$ 1,083,467</u>	<u>\$ 34,273,045</u>	<u>\$ (9,296)</u>	<u>\$ 67,167,364</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Component Units Funds
Statement of Activities
For the Year Ended September 30, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Component units					
Governmental activities					
Drainage Districts	\$ 2,377,425	\$ 2,729,743	\$ -	\$ 395,857	\$ 748,175
Central Dispatch Authority	1,093,112	1,211,678	10,807	-	129,373
Brownfield Redevelopment Authority	3,571	-	-	-	(3,571)
Road Commission	<u>11,590,283</u>	<u>2,751,668</u>	<u>9,328,226</u>	<u>1,445,575</u>	<u>1,935,186</u>
 Total primary government	 <u>\$ 15,064,391</u>	 <u>\$ 6,693,089</u>	 <u>\$ 9,339,033</u>	 <u>\$ 1,841,432</u>	 <u>2,809,163</u>
General revenues					
Property taxes					(38,982)
Unrestricted investment earnings					5,355
Gain on sale of capital assets					<u>46,274</u>
Total general revenues					<u>12,647</u>
Change in net position					2,821,810
Net position - beginning of year					<u>64,345,554</u>
Net position - end of year					<u>\$ 67,167,364</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Notes to the Financial Statements
September 30, 2021

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, 2021, 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.

Gratiot County
Notes to the Financial Statements
September 30, 2021

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 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, 2021, the County contributed \$13,000 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, 2021, the GCAC had net position of \$2,061,401. A copy of the GCAC's audited financial statements can be obtained at City Hall.

Gratiot County
Notes to the Financial Statements
September 30, 2021

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 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, 2021, the County contributed \$287,263 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, 2021 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, 2021, the County passed through \$73,851 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, 2021, the County passed through \$475,970.

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, 2021, the County's contribution to Mental Health Services was \$200,000.

Gratiot County
Notes to the Financial Statements
September 30, 2021

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, 2021

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 COVID Recovery Fund is a special revenue fund that accounts for funding received for pandemic relief and the related expenses.

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.

Custodial Funds 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.

Gratiot County
Notes to the Financial Statements
September 30, 2021

Assets, liabilities, and net position or fund balance

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value 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 1st and July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2021 taxable valuation of the government totaled \$1,663,614,234 on which ad valorem taxes consisted of 5.5306 mills for operating purposes. This resulted in \$9,136,314 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

The 2020 taxable valuation of the government totaled \$1,479,339,421. 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	\$ 952,459
Parks	0.3500	513,495
Road Patrol	0.4494	659,327
Agriculture and Economic Development	0.4500	660,208
Library	0.4994	732,684

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, 2021. 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.

Gratiot County
Notes to the Financial Statements
September 30, 2021

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.

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.

Gratiot County
Notes to the Financial Statements
September 30, 2021

Vested paid time off earned as of September 30, 2021, 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 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 Balance – 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.

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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.

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 \$181,121 at September 30, 2021. 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. 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 criteria generally is on (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 meets specific criteria.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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Upcoming Accounting and Reporting Changes

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. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor’s IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. 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			
Other functions	\$ 140,758	\$ 164,252	\$ 23,494
Debt service	18,000	50,727	32,727
Transfers out	709,721	726,561	16,840

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Fund Deficits

The County has accumulated fund balance deficits in the Recovery Court, Friend of the Court, and Brownfield Redevelopment funds in the amount of \$22,578, \$3,430, and \$9,296, respectively, as of September 30, 2021.

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.

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	\$ 14,947,109	\$ 4,628	\$ 14,951,737
Business-type activities	4,811,005	853,844	5,664,849
Total primary government	19,758,114	858,472	20,616,586
Fiduciary funds	3,866,301	2,083,178	5,949,479
Component units	5,630,365	350,227	5,980,592
Total	<u>\$ 29,254,780</u>	<u>\$ 3,291,877</u>	<u>\$ 32,546,657</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)	\$ 19,756,114	\$ 3,866,301	\$ 5,630,365	\$ 29,252,780
Investments	858,472	2,083,178	350,227	3,291,877
Petty cash and cash on hand	2,000	-	-	2,000
	<u>\$ 20,616,586</u>	<u>\$ 5,949,479</u>	<u>\$ 5,980,592</u>	<u>\$ 32,546,657</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, \$23,373,309 of the \$28,335,252 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.

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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.

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)
Michigan CLASS government investment pool	\$ 1,208,699	54 days
MERS retiree health funding vehicle		
Total market portfolio	<u>2,083,178</u>	N/A
	<u><u>\$ 3,291,877</u></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
Michigan CLASS government investment pool	\$ 1,208,699	AAA	S&P
MERS retiree health funding vehicle			
Total market portfolio	<u>2,083,178</u>	Unrated	N/A
	<u><u>\$ 3,291,877</u></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 - Investments in Entities that Calculate Net Asset Value Per Share

The County holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the net asset value of the County's investment in Michigan CLASS was \$1,208,699. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market

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funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies. It has a rating of AAA from Standard and Poor's with a weighted average maturity of 54 days.

At year end, the net asset value of the County's investment in the MERS Retiree Health Funding Vehicle Total Market Portfolio Fund ("the Fund") was \$2,083,178. The Fund is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity and commodities and is carried at net asset value. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers. There is no redemption period and no unfunded commitments.

Note 5 - Deferred Inflows of Resources

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

Governmental Funds

Earned but unavailable revenue	
Property taxes	\$ 789,743
Other revenue	287,614
	<u>\$ 1,077,357</u>

Note 6 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 703,075	\$ -	\$ -	\$ 703,075
Construction-in-progress	6,197	68,728	-	74,925
Total capital assets not being depreciated	<u>709,272</u>	<u>68,728</u>	<u>-</u>	<u>778,000</u>
Capital assets being depreciated				
Land improvements	1,152,589	-	-	1,152,589
Buildings and improvements	10,567,324	121,280	-	10,688,604
Equipment and furniture	1,246,579	110,895	27,949	1,329,525
Vehicles	1,028,938	112,116	82,383	1,058,671
Total capital assets being depreciated	<u>13,995,430</u>	<u>344,291</u>	<u>110,332</u>	<u>14,229,389</u>
Less accumulated depreciation for				
Land improvements	273,575	42,906	-	316,481
Buildings and improvements	5,307,049	235,971	-	5,543,020
Equipment and furniture	990,166	71,232	27,949	1,033,449
Vehicles	667,729	117,634	82,383	702,980
Total accumulated depreciation	<u>7,238,519</u>	<u>467,743</u>	<u>110,332</u>	<u>7,595,930</u>
Net capital assets being depreciated	<u>6,756,911</u>	<u>(123,452)</u>	<u>-</u>	<u>6,633,459</u>
Governmental activities capital assets, net	<u>\$ 7,466,183</u>	<u>\$ (54,724)</u>	<u>\$ -</u>	<u>\$ 7,411,459</u>

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

Governmental activities	
General government	\$ 161,686
Public safety	178,917
Public works	4,995
Health and welfare	41,345
Recreation and culture	80,800
Total primary government	<u>\$ 467,743</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - Drainage Districts				
Capital assets not being depreciated				
Construction-in-progress	\$ 2,186,196	\$ 2,297,740	\$ 2,964,131	\$ 1,519,805
Capital assets being depreciated				
Drains	33,402,780	2,964,132	-	36,366,912
Vehicles	49,238	-	-	49,238
Total capital assets being depreciated	33,452,018	2,964,132	-	36,416,150
Less accumulated depreciation for				
Drains	6,518,598	835,069	-	7,353,667
Vehicles	39,602	5,781	-	45,383
Total accumulated depreciation	6,558,200	840,850	-	7,399,050
Net capital assets being depreciated	26,893,818	2,123,282	-	29,017,100
Component unit capital assets, net	<u>\$ 29,080,014</u>	<u>\$ 4,421,022</u>	<u>\$ 2,964,131</u>	<u>\$ 30,536,905</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - Central Dispatch Authority				
Capital assets being depreciated				
Equipment and furniture	\$ 992,016	\$ 638,212	\$ -	\$ 1,630,228
Less accumulated depreciation for				
Equipment and furniture	410,335	96,865	-	507,200
Net capital assets being depreciated	581,681	541,347	-	1,123,028
Component unit capital assets, net	<u>\$ 581,681</u>	<u>\$ 541,347</u>	<u>\$ -</u>	<u>\$ 1,123,028</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - Road Commission				
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
Total capital assets not being depreciated	653,673	-	-	653,673
Capital assets being depreciated				
Land improvements	30,905	-	-	30,905
Buildings	2,389,743	-	-	2,389,743
Road equipment	10,309,428	1,269,176	220,813	11,357,791
Shop equipment	175,333	12,003	-	187,336
Office equipment	53,925	780	-	54,705
Engineer's equipment	16,473	-	-	16,473
Yard and storage	16,875	-	-	16,875
Infrastructure - bridges	23,856,189	316,331	-	24,172,520
Infrastructure - roads	28,884,760	2,469,024	655,398	30,698,386
Infrastructure - traffic signals	138,046	-	-	138,046
Total capital assets being depreciated	65,871,677	4,067,314	876,211	69,062,780
Less accumulated depreciation for				
Land improvements	30,905	-	-	30,905
Buildings	1,165,120	42,064	-	1,207,184
Road equipment	8,712,772	640,583	220,550	9,132,805
Shop equipment	160,132	5,306	-	165,438
Office equipment	44,260	1,730	-	45,990
Engineer's equipment	13,648	1,276	-	14,924
Yard and storage	844	844	-	1,688
Infrastructure - bridges	10,320,753	465,380	-	10,786,133
Infrastructure - roads	12,787,556	1,471,732	655,398	13,603,890
Infrastructure - traffic signals	4,558	8,899	-	13,457
Total accumulated depreciation	33,240,548	2,637,814	875,948	35,002,414
Net capital assets being depreciated	32,631,129	1,429,500	263	34,060,366
Component unit capital assets, net	<u>\$ 33,284,802</u>	<u>\$ 1,429,500</u>	<u>\$ 263</u>	<u>\$ 34,714,039</u>

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Component Unit - Total	Beginning Balance	Increases	Decreases	Ending Balance
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	<u>2,186,196</u>	<u>2,297,740</u>	<u>2,964,131</u>	<u>1,519,805</u>
Total capital assets not being depreciated	<u>2,839,869</u>	<u>2,297,740</u>	<u>2,964,131</u>	<u>2,173,478</u>
Capital assets being depreciated				
Land improvements	30,905	-	-	30,905
Buildings and improvements	2,389,743	-	-	2,389,743
Road equipment	10,309,428	1,269,176	220,813	11,357,791
Shop equipment	175,333	12,003	-	187,336
Office equipment	53,925	780	-	54,705
Engineer's equipment	16,473	-	-	16,473
Yard and storage	16,875	-	-	16,875
Infrastructure - bridges	23,856,189	316,331	-	24,172,520
Infrastructure - roads	28,884,760	2,469,024	655,398	30,698,386
Infrastructure - traffic signals	138,046	-	-	138,046
Equipment and furniture	992,016	638,212	-	1,630,228
Drains	33,402,780	2,964,132	-	36,366,912
Vehicles	49,238	-	-	49,238
Total capital assets being depreciated	<u>100,315,711</u>	<u>7,669,658</u>	<u>876,211</u>	<u>107,109,158</u>
Less accumulated depreciation for				
Land improvements	30,905	-	-	30,905
Buildings and improvements	1,165,120	42,064	-	1,207,184
Road equipment	8,712,772	640,583	220,550	9,132,805
Shop equipment	160,132	5,306	-	165,438
Office equipment	44,260	1,730	-	45,990
Engineer's equipment	13,648	1,276	-	14,924
Yard and storage	844	844	-	1,688
Infrastructure - bridges	10,320,753	465,380	-	10,786,133
Infrastructure - roads	12,787,556	1,471,732	655,398	13,603,890
Infrastructure - traffic signals	4,558	8,899	-	13,457
Equipment and furniture	410,335	96,865	-	507,200
Drains	6,518,598	835,069	-	7,353,667
Vehicles	39,602	5,781	-	45,383
Total accumulated depreciation	<u>40,209,083</u>	<u>3,575,529</u>	<u>875,948</u>	<u>42,908,664</u>
Net capital assets being depreciated	<u>60,106,628</u>	<u>4,094,129</u>	<u>263</u>	<u>64,200,494</u>
Component unit capital assets, net	<u>\$ 62,946,497</u>	<u>\$ 6,391,869</u>	<u>\$ 2,964,394</u>	<u>\$ 66,373,972</u>

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

Component units	Amount
Drainage Districts	\$ 840,850
Central Dispatch Authority	96,865
Road Commission	<u>2,637,814</u>
Total component units	<u>\$ 3,575,529</u>

Note 7 - Commitments

The County has active construction projects as of September 30, 2021. At year end, the County's commitments with contractors are as follows:

Project	Total Contract	Spent to Date	Remaining Construction Commitment
Drains	\$ 2,197,397	\$ 1,995,046	\$ 202,351
Roof	79,680	68,728	10,952
Total	<u>\$ 2,277,077</u>	<u>\$ 2,063,774</u>	<u>\$ 213,303</u>

Note 8 - 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
Delinquent Tax Revolving Fund	General Fund	7,104
Delinquent Tax Revolving Fund	Nonmajor Governmental Funds	<u>58,458</u>
		<u>\$ 210,298</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.

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Advances at year end are as follows:

Receivable Fund	Payable Fund	Amount
Delinquent Tax Revolving Fund	General Fund	<u>\$ 400,000</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,	
2022	\$ 200,000
2023	200,000
	<u>\$ 400,000</u>

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
COVID Recovery Fund	General Fund	\$ 26,357
General Fund	Nonmajor Governmental Funds	300,798
General Fund	Internal Service Funds	421,453
General Fund	Enterprise Funds	4,310
Internal Service Funds	Nonmajor Governmental Funds	793,305
Internal Service Funds	General Fund	18,392
Nonmajor Governmental Funds	General Fund	222,069
Nonmajor Governmental Funds	Nonmajor Governmental Funds	500
		<u>\$ 1,787,184</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.

Note 9 - Leases

Copier lease

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

Year ending September 30,	
2022	\$ 38,169
2023	38,169
2024	<u>22,266</u>
Total minimum lease payments	98,604
Less amount representing interest	<u>(11,529)</u>
Present value of minimum lease payments	<u>\$ 87,075</u>
Reported in governmental activities	\$ 86,267
Reported in component units	
Central dispatch authority	<u>808</u>
Total	<u>\$ 87,075</u>

The assets acquired through capital lease are as follows:

Equipment and furniture	\$ 11,806
Less accumulated depreciation	<u>(5,706)</u>
Total	<u>\$ 6,100</u>

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

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Equipment lease

The Central Dispatch Authority has a capital lease for radio equipment.
The future minimum lease payments are as follows:

<u>Year ending September 30,</u>	
2022	\$ 323,155
2023	<u>323,155</u>
Total minimum lease payments	646,310
Less amount representing interest	<u>(8,098)</u>
Present value of minimum lease payments	<u><u>\$ 638,212</u></u>

The assets acquired through capital lease are as follows:

Equipment and furniture	\$ 638,212
Less accumulated depreciation	<u>(35,456)</u>
Total	<u><u>\$ 602,756</u></u>

Gratiot County
Notes to the Financial Statements
September 30, 2021

Note 10 - Long-Term Debt

The government issues bonds to provide for the acquisition and construction of major capital projects. Additionally, the 2017 general obligation bond was obtained to pay down a portion of the unfunded pension liability. 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
Governmental activities									
Bonds and notes payable									
General obligation bonds									
County of Gratiot Capital Improvement Bonds									
2005 Construction	\$ 1,400,000	10/1/25	4.25 - 4.40%	\$25,000 - \$50,000	\$ 175,000	\$ -	\$ 50,000	\$ 125,000	\$ 50,000
2017 General Obligation Bonds	6,730,000	9/1/26	2.35 - 3.00%	\$745,000 - \$840,000	4,610,000	-	665,000	3,945,000	745,000
Total bonds and notes payable					4,785,000	-	715,000	4,070,000	795,000
Deferred amounts									
For issuance premiums									
					18,994	-	5,004	13,990	-
Total					4,803,994	-	720,004	4,083,990	795,000
Capital lease - copiers					114,366	-	28,099	86,267	30,913
Compensated absences					702,998	504,552	555,794	651,756	555,794
Total governmental activities					<u>\$ 5,621,358</u>	<u>\$ 504,552</u>	<u>\$ 1,303,897</u>	<u>\$ 4,822,013</u>	<u>\$ 1,381,707</u>

Gratiot County
Notes to the Financial Statements
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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:

Component units	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable									
General obligation bonds									
No. 007 Drain Bond	\$ 1,695,000	6/1/22	2.35 - 2.60%	\$170,000	\$ 340,000	\$ -	\$ 170,000	\$ 170,000	\$ 170,000
No. 133 Drain Bond	1,125,000	6/1/28	1.85 - 2.65%	\$75,000	600,000	-	75,000	525,000	75,000
No. 181 Drain Bond	4,700,000	5/1/33	2.65 - 4.25%	\$235,000	3,055,000	-	235,000	2,820,000	235,000
No. 383 Drain Bond	1,885,000	5/1/36	1.30 - 3.15%	\$90,000 - \$95,000	1,510,000	-	95,000	1,415,000	95,000
Total general obligation bonds					5,505,000	-	575,000	4,930,000	575,000
Notes from direct borrowings and direct placements									
Drain notes	Various	Various	Various	Various	6,990,761	1,431,620	963,182	7,459,199	876,908
Note payable	125,640	1/15/2021	N/A	N/A	39,449	-	39,449	-	-
Total notes from direct borrowings and direct placements					7,030,210	1,431,620	1,002,631	7,459,199	876,908
Total bonds and notes payable					12,535,210	1,431,620	1,577,631	12,389,199	1,451,908
Capital lease - copier					1,071	-	263	808	281
Capital lease - equipment					-	638,212	-	638,212	323,155
Compensated absences - Central Dispatch					34,032	32,834	35,849	31,017	31,017
Compensated absences - Road Commission					415,267	189,485	155,576	449,176	155,576
Total component units					\$ 12,985,580	\$ 2,292,151	\$ 1,769,319	\$ 13,508,412	\$ 1,961,937

Interest expense on long-term debt incurred during the year ended September 30, 2021, was \$519,572.

Gratiot County
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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%	\$8,770	\$ 151,007	\$ -	\$ 10,683	\$ 140,324	\$ 8,770
020-0	199,571	6/15/24	2.49%	\$19,466 - \$20,448	80,176	-	20,311	59,865	19,466
031-0	98,582	6/1/30	3.50%	\$6,322	63,221	-	6,322	56,899	6,322
036-0	252,929	6/15/28	3.45%	\$14,893	122,575	-	18,322	104,253	14,893
041-0	275,341	6/15/41	1.75%	\$13,767	-	275,341	-	275,341	13,767
049-0	538,218	6/1/25	2.19%	\$46,898	234,492	-	46,899	187,593	46,898
050-0	115,927	6/15/22	2.99%	\$11,593	23,185	-	11,592	11,593	11,593
059-0	69,687	6/15/29	3.04%	\$5,969 - \$6,969	62,718	-	7,969	54,749	6,969
065-0	299,786	6/15/37	3.29%	\$2,578 - \$14,989	242,407	-	14,989	227,418	14,989
079-0	379,396	6/15/37	3.60%	\$15,246	274,063	-	30,121	243,942	15,246
083-0	194,742	6/15/24	2.77%	\$32,457	129,828	-	32,457	97,371	32,457
086-0	528,700	6/15/39	3.94%	\$19,335 - \$26,435	495,165	-	26,435	468,730	26,435
090-0	513,926	6/15/37	3.29%	\$6,485 - \$25,696	392,929	-	26,696	366,233	25,696
096-17	261,353	6/15/23	2.38%	\$65,338	196,015	-	65,339	130,676	65,338
096-19	498,127	6/15/27	1.39%	\$83,021	-	498,127	-	498,127	83,021
100-0	356,307	6/15/24	2.77%	\$14,474 - \$59,384	192,627	-	59,384	133,243	59,384
101-0	286,087	6/1/35	3.24%	\$9,074 - \$9,075	145,225	-	18,181	127,044	9,075
101-1	246,290	6/15/38	3.50%	\$10,394	190,269	-	13,571	176,698	10,394
106-1	279,086	6/15/38	3.50%	\$8,970	163,576	-	11,087	152,489	8,970
111-0	215,768	6/15/21	1.74%	\$38,778	38,778	-	38,778	-	-
116-0	348,620	6/21/21	3.49%	\$40,579	40,579	-	40,579	-	-
143-0	266,205	6/15/28	2.15%	\$22,990 - \$24,201	192,393	-	24,200	168,193	24,201
151-0	226,800	6/1/35	3.24%	\$8,757	143,679	-	21,078	122,601	8,757
158-0	268,275	6/15/27	1.85%	\$44,710 - \$44,713	-	268,275	-	268,275	44,713
160-0	171,442	6/1/32	3.31%	\$11,429	137,154	-	11,430	125,724	11,429
165-0	293,405	6/15/29	2.89%	\$18,192 - \$22,207	181,036	-	19,900	161,136	18,192
194-0	121,385	6/15/35	3.63%	\$4,629 - \$8,199	80,571	-	7,699	72,872	6,019
201-0	198,428	6/15/29	2.89%	\$8,489 - \$10,363	94,544	-	19,348	75,196	8,489

Gratiot County
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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%	\$6,709	\$ 121,815	\$ -	\$ 7,767	\$ 114,048	\$ 6,709
218-0	389,877	6/15/36	1.70%	\$25,992	-	389,877	-	389,877	25,992
227-0	178,605	6/15/23	2.24%	\$12,097	43,040	-	18,847	24,193	12,097
237-0	24,554	6/15/23	2.63%	\$3,508	10,522	-	3,507	7,015	3,508
240-0	110,101	6/15/39	3.83%	\$470 - \$5,505	83,046	-	5,505	77,541	5,505
251-0	175,000	6/15/34	4.04%	\$7,033 - \$11,667	147,033	-	11,667	135,366	11,667
257-0	300,000	6/15/34	3.69%	8815-13616	173,418	-	29,684	143,734	8,815
259-0	340,439	6/15/39	3.85%	\$15,076	290,667	-	19,298	271,369	15,076
285-0	122,588	6/15/39	3.85%	\$5,728	110,409	-	7,312	103,097	5,728
297-0	94,727	6/15/36	3.49%	\$4,512	74,114	-	6,433	67,681	4,512
335-0	225,543	6/15/24	2.54%	\$22,554	90,217	-	22,554	67,663	22,554
370-0	148,068	6/15/29	2.72%	\$8,842 - \$10,669	88,012	-	10,163	77,849	8,842
371-0	200,419	6/15/38	3.10%	\$5,718 - \$10,021	150,970	-	35,021	115,949	10,021
518-0	235,200	6/1/32	2.45%	\$11,006	140,687	-	19,624	121,063	11,006
528-0	90,020	6/15/39	3.94%	\$2,505 - \$4,501	85,519	-	24,501	61,018	4,501
530-0	113,745	6/15/23	2.73%	\$7,936 - \$11,374	30,685	-	11,375	19,310	11,374
544-0	200,250	6/15/29	3.09%	\$20,025	180,225	-	20,025	160,200	20,025
562-0	104,965	6/15/34	3.69%	\$4,460 - \$6,889	77,025	-	4,301	72,724	4,460
566-0	132,054	6/15/22	2.98%	\$13,205	26,411	-	13,205	13,206	13,206
580-0	260,000	6/1/35	3.49%	\$11,005	173,640	-	19,576	154,064	11,005
093-0 Cronk	72,975	5/1/37	2.10%	\$7,298	51,081	-	7,298	43,783	7,298
541-0 County Line	270,000	6/1/27	2.49%	\$12,825 - \$12,828	218,025	-	12,825	205,200	12,825
Swan Creek Intercounty	140,330	6/1/29	2.50 - 3.10%	\$14,064	126,573	-	14,064	112,509	14,064
Total drain notes					\$ 6,990,761	\$ 1,431,620	\$ 963,182	\$ 7,459,199	\$ 876,908

Gratiot County
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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
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>\$ 4,070,000</u>	<u>\$ 366,502</u>

Year Ending September 30,	Component Unit			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ 575,000	\$ 149,918	\$ 876,908	\$ 220,974
2023	405,000	135,826	850,877	191,565
2024	405,000	125,843	719,281	169,070
2025	405,000	115,631	631,177	149,811
2026	400,000	104,729	586,165	132,245
2027 - 2031	1,795,000	350,075	2,120,933	441,768
2032 - 2036	945,000	74,188	1,354,210	168,740
2037 - 2040	-	-	319,648	18,459
	<u>\$ 4,930,000</u>	<u>\$ 1,056,210</u>	<u>\$ 7,459,199</u>	<u>\$ 1,492,632</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 \$651,756 (governmental activities) and \$31,017 (component unit – Central Dispatch) at September 30, 2021.

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 \$208,602 and \$240,574 for vacation and sick, respectively, at September 30, 2021.

Note 11 - Fund Balances

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

Animal adoption coordinator	\$ 29,575
Circuit court counsel	54,408
Liquor law enforcement	13,557
Private donations	1,089
Secondary road patrol	2,178
Social welfare	2,675
Soldiers & sailors	731
	<u>\$ 104,213</u>

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Fund balance for nonmajor governmental funds has been restricted for the following purposes:

Road patrol	\$ 51,636
Parks and recreation	559,427
Geographic information system	100,364
State criminal alien assistance	15,862
Economic and agriculture development	81,239
Building inspection	348,065
Register of deeds	139,341
Correction officers training fund	48,268
Drug law enforcement	2,260
Law enforcement	1,354
Law library	38,964
Commission on aging	835,869
Commission on aging donations	212,444
D.A.R.E program	26
Salvage inspective fee	10,693
D.H.S. state monies	7,845
Veterans memorial	16,063
Animal control	4,641
Marine safety	2,801
Library	7,297
Indigent defense	244,102
Concealed pistol licensing	111,847
CDBG	47,161
Blight	6,897
	<u>\$ 2,894,466</u>

Note 12 - 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.

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At September 30, 2021, the County had funds on deposit of \$125,205 with the Authority in the Member Retention Funds. The Authority's reported reserves at September 30, 2021, for reported claims related to the County were \$95,168.

Note 13 - 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
	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, 2020 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	109
Inactive employees entitled to but not yet receiving benefits	8
Active employees	27
	<u>144</u>

Gratiot County
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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 are \$19,360 per month based on annual payroll.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2020, 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, 2020 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 the 2014 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

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%	7.75%	4.65%	2.50%	3.15%
Global fixed income	20.00%	3.75%	0.75%	2.50%	0.25%
Private investments	20.00%	9.75%	1.95%	2.50%	1.45%
	100.00%		7.35%		4.85%

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.

Gratiot County
Notes to the Financial Statements
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Changes in Net Pension Liability

Total Pension Liability	
Service cost	\$ 186,921
Interest on the total pension liability	2,415,443
Experience differences	186,609
Changes in actuarial assumptions	1,377,148
Benefit payments and refunds	(1,943,561)
Net change in total pension liability	<u>2,222,560</u>
Total pension liability - beginning	32,660,463
Total pension liability - ending (a)	<u>\$ 34,883,023</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 246,117
Employee contributions	22,968
Pension plan net investment income	3,778,954
Benefit payments and refunds	(1,943,561)
Pension plan administrative expense	(61,078)
Net change in plan fiduciary net position	<u>2,043,400</u>
Plan fiduciary net position - beginning	30,834,972
Plan fiduciary net position - ending (b)	<u>\$ 32,878,372</u>
Net pension liability (a-b)	<u>\$ 2,004,651</u>
Plan fiduciary net position as a percentage of total pension liability	94.25%
Covered payroll	\$ 1,572,429
Net pension liability as a percentage of covered payroll	127.49%

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	\$ 38,720,322	\$ 34,883,023	\$ 31,645,386
Fiduciary net position	32,878,372	32,878,372	32,878,372
Net pension liability (asset)	<u>\$ 5,841,950</u>	<u>\$ 2,004,651</u>	<u>\$ (1,232,986)</u>
Reported in governmental activities		\$ 2,014,879	
Reported in component units			
Central dispatch authority		(10,228)	
Total net pension liability		<u>\$ 2,004,651</u>	

Pension expense and deferred outflows of resources related to pensions – For the year ended September 30, 2021, the employer recognized pension expense of \$1,558,392. The employer reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Amount to Amortize
Net difference between projected and actual earnings on plan investments Contributions subsequent to the measurement date*	\$ -	\$ 1,041,735	\$ 1,041,735
Total	<u>174,240</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 174,240</u>	<u>\$ 1,041,735</u>	<u>\$ 1,041,735</u>
Reported in governmental activities	\$ 101,431	\$ 1,005,899	
Reported in component units			
Central dispatch authority	72,809	35,836	
Total deferred outflows of resources	<u>\$ 174,240</u>	<u>\$ 1,041,735</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.

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

Year Ending September 30,	
2022	\$ 227,709
2023	(107,614)
2024	621,349
2025	300,291
	\$ 1,041,735

Road Commission Michigan Municipal Employees' Retirement System

The Road Commission has a separate retirement plan. Details applicable to the Road Commission pension plan are available in their separately issued financial statements. The actuarially determined contribution requirements have been met, where applicable.

Note 14 - 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 \$288,248 for the year ending September 30, 2021.

Note 15 - 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, 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.

Gratiot County
Notes to the Financial Statements
September 30, 2021

Employees covered by benefit terms – At September 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	59
Active employees	<u>36</u>
	<u><u>95</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, 2021 are summarized below along with the adopted asset allocation policy:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.0%	4.95%
Global fixed income	20.0%	2.40%
Private investments	20.0%	7.00%

Rate of return – For the year ended September 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 2.61%. 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 \$619,814 was measured as of September 30, 2021, and was determined by an actuarial valuation as of September 30, 2021. The components of the net OPEB liability as of September 30, 2021 were as follows:

Total OPEB liability	\$ 2,702,992
Plan fiduciary net position	<u>2,083,178</u>
Net OPEB liability	<u><u>\$ 619,814</u></u>

Actuarial assumptions and other inputs – The OPEB liability in the September 30, 2021 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	7.35%
Healthcare cost trend rates	Pre-Medicare: 7.5% graded down to 4.5% by 0.25% per year Post-Medicare: 5.75% graded down to 4.5% by 0.25% per year
Retirees' share of benefit-related costs	Premium costs in excess of employer covered amount

Mortality rates were based on the MP-2021 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, 2021 valuation were based on the results of the most recent actuarial experience.

Gratiot County
Notes to the Financial Statements
September 30, 2021

Discount rate – The discount rate used to measure the total OPEB liability was 7.35%. 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	\$ 93,588
Interest	99,051
Changes of benefit terms	483,942
Differences between expected and actual experience	(490,330)
Changes in assumptions	(1,951,303)
Benefit payments	<u>(133,825)</u>
Net change in total OPEB liability	(1,898,877)
Total OPEB liability - beginning	<u>4,601,869</u>
Total OPEB liability - ending (a)	<u><u>\$ 2,702,992</u></u>

Plan Fiduciary Net Position

Employer contributions	\$ 133,825
Net investment income	43,423
Benefit payments	(133,825)
Administrative expense	<u>(3,923)</u>
Net change in plan fiduciary net position	39,500
Plan fiduciary net position - beginning	<u>2,043,678</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,083,178</u></u>

Net OPEB liability (a-b)	<u><u>\$ 619,814</u></u>
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Reported in governmental activities	\$ 577,976
Reported in component units	
Central dispatch authority	<u>41,838</u>
Total OPEB liability	<u><u>\$ 619,814</u></u>

Gratiot County
Notes to the Financial Statements
September 30, 2021

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 (6.35 percent) or 1-percentage-point higher (8.35 percent) than the current discount rate:

	1% decrease	Current discount rate	1% increase
Net OPEB liability	\$ 865,602	\$ 619,814	\$ 407,029

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	\$ 483,156	\$ 619,814	\$ 780,304

OPEB Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended September 30, 2021, the County recognized OPEB expense of \$36,876. At September 30, 2021, 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	\$ 1,067	\$ (694,970)	\$ (693,903)
Differences in assumptions	824,074	(1,788,553)	(964,479)
Net difference between projected and actual earnings on plan investments	36,452	-	36,452
Total	\$ 861,593	\$ (2,483,523)	\$ (1,621,930)
Reported in governmental activities	\$ 832,126	\$ (2,420,834)	
Reported in component units			
Central dispatch authority	29,467	(62,689)	
Total	\$ 861,593	\$ (2,483,523)	

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

Year Ending September 30,	
2022	\$ (595,095)
2023	(724,997)
2024	(289,465)
2025	(12,373)
	\$ (1,621,930)

Component Unit – Road Commission

The Road Commission has a separate OPEB plan. Details applicable to the Road Commission OPEB plan are available in their separately issued financial statements. The actuarially determined contribution requirements have been met, where applicable.

Gratiot County
Notes to the Financial Statements
September 30, 2021

Note 16 - 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 \$1,181,859 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, 2021.

Note 17 - 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 18 - Change in Accounting Principle

As indicated in Note 1, Governmental Accounting Standards Board Statement 84 has been adopted. The standard requires this change be applied retroactively. The impact of this change is to increase beginning net position in the statement of changes of fiduciary net position as of October 1, 2020 by \$107,596, restating it from \$0 to \$107,596.

Gratiot County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Taxes	\$ 8,678,034	\$ 8,678,034	\$ 10,130,206	\$ 1,452,172
Licenses and permits	89,933	89,933	85,163	(4,770)
Intergovernmental	2,322,971	2,362,971	2,486,680	123,709
Local contributions	103,400	103,400	77,210	(26,190)
Charges for services	1,912,625	1,912,625	1,764,588	(148,037)
Fines and forfeitures	68,600	68,600	69,098	498
Interest income	45,900	45,900	6,033	(39,867)
Rental income	16,650	16,650	24,975	8,325
Other	333,300	383,300	414,164	30,864
Transfer in	242,087	242,087	266,818	24,731
Sale of fixed assets	-	-	13,984	13,984
	<u>13,813,500</u>	<u>13,903,500</u>	<u>15,338,919</u>	<u>1,435,419</u>
Total revenues				

Gratiot County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Expenditures				
General government				
Board of commissioners	\$ 230,410	\$ 265,410	\$ 279,849	\$ 14,439
Circuit Court	208,715	215,715	186,353	(29,362)
District Court	1,429,704	1,429,704	1,326,646	(103,058)
Probate Court	469,990	469,990	486,462	16,472
Juvenile Court	405,179	405,179	348,159	(57,020)
County Administrator	437,230	437,230	419,936	(17,294)
Elections	31,605	50,605	47,344	(3,261)
Clerk	418,376	418,376	394,047	(24,329)
Equalization	244,855	244,855	214,055	(30,800)
Prosecuting Attorney	710,184	710,184	697,640	(12,544)
Register of Deeds	200,643	200,643	196,890	(3,753)
County survey and remonumentation	43,818	43,818	43,535	(283)
Treasurer	239,663	239,663	227,796	(11,867)
Cooperative Extension	220,880	220,880	196,097	(24,783)
Information management	279,801	284,801	280,162	(4,639)
Buildings and grounds	332,678	362,678	338,874	(23,804)
Gratiot community airport	26,000	26,000	13,000	(13,000)
Drain commissioner	470,185	631,762	627,629	(4,133)
Other	159,600	180,600	178,814	(1,786)
	<u>6,559,516</u>	<u>6,838,093</u>	<u>6,503,288</u>	<u>(334,805)</u>
Total general government				

Gratiot County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Public safety				
County Sheriff	\$ 1,940,338	\$ 1,940,338	\$ 1,642,569	\$ (297,769)
Jail	1,541,765	1,466,765	1,307,735	(159,030)
Planning commission	4,975	4,975	1,591	(3,384)
Emergency services	64,303	64,303	54,595	(9,708)
Animal control	224,064	231,064	222,566	(8,498)
Secondary road patrol	199,102	199,102	193,889	(5,213)
	<u>3,974,547</u>	<u>3,906,547</u>	<u>3,422,945</u>	<u>(483,602)</u>
Total public safety				
Public works				
Solid waste planning	<u>50,000</u>	<u>50,000</u>	<u>16,781</u>	<u>(33,219)</u>
Health and welfare				
Mid-Michigan District Health Department	286,295	286,295	287,263	968
Gratiot Community Mental Health	200,000	200,000	200,000	-
Contagious disease	2,000	2,000	-	(2,000)
Substance abuse appropriation	50,780	100,780	73,851	(26,929)
Medical examiner	54,750	54,750	43,913	(10,837)
Veterans burials	3,600	3,600	2,850	(750)
Veterans counselor	135,088	135,089	113,044	(22,045)
Social and child welfare	1,059,535	1,059,535	624,071	(435,464)
	<u>1,792,048</u>	<u>1,842,049</u>	<u>1,344,992</u>	<u>(497,057)</u>
Total health and welfare				

Gratiot County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Community and economic development				
Zoning board	\$ 1,543	\$ 1,543	\$ 266	\$ (1,277)
Other functions				
Insurance and bonds	100,758	140,758	164,252	23,494
Capital outlay	536,516	536,516	478,297	(58,219)
Debt service				
Principal retirement	-	-	24,064	24,064
Interest and fiscal charges	18,000	18,000	26,663	8,663
Total debt service	18,000	18,000	50,727	32,727
Transfers out	709,721	709,721	726,561	16,840
Total expenditures	13,742,649	14,043,227	12,708,109	(1,335,118)
Excess (deficiency) of revenues over expenditures	70,851	(139,727)	2,630,810	2,770,537
Fund balance - beginning of year	6,713,932	6,713,932	6,713,932	-
Fund balance - end of year	\$ 6,784,783	\$ 6,574,205	\$ 9,344,742	\$ 2,770,537

Gratiot County
Required Supplemental Information
Budgetary Comparison Schedule
COVID Recovery Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Federal grants	\$ -	\$ 4,000,000	\$ 945,030	\$ (3,054,970)
Interest income	-	-	1,433	1,433
Total revenues	-	4,000,000	946,463	(3,053,537)
Expenditures				
Current				
Public safety	-	1,057,700	906,872	(150,828)
Capital outlay	-	12,000	11,801	(199)
Transfers out	-	27,000	26,357	(643)
Total expenditures	-	1,096,700	945,030	(151,670)
Excess of revenues over expenditures	-	2,903,300	1,433	(2,901,867)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ 2,903,300	\$ 1,433	\$ (2,901,867)

Gratiot County
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
September 30, 2021

Fiscal year ended September 30,	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 186,921	\$ 193,908	\$ 198,498	\$ 231,942	\$ 252,353	\$ 274,806	\$ 284,299
Interest on the total pension liability	2,415,443	2,394,617	2,391,206	2,283,220	2,231,019	2,068,423	2,051,405
Experience differences	186,609	32,955	(747,823)	543,579	(282,272)	(516,802)	-
Changes in actuarial assumptions	1,377,148	1,129,565	-	-	-	1,548,598	-
Other changes	-	-	-	-	(1)	64,639	-
Benefit payments and refunds	(1,943,561)	(1,852,671)	(1,741,259)	(1,643,108)	(1,433,659)	(1,358,308)	(1,324,073)
Net change in total pension liability	2,222,560	1,898,374	100,622	1,415,633	767,440	2,081,356	1,011,631
Total pension liability - beginning	32,660,463	30,762,089	30,661,467	29,245,834	28,478,394	26,397,038	25,385,407
Total pension liability - ending (a)	<u>\$ 34,883,023</u>	<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>
Plan Fiduciary Net Position							
Employer contributions	\$ 246,117	\$ 232,042	\$ 197,232	\$ 7,057,805	\$ 1,599,809	\$ 2,314,271	\$ 1,091,184
Employee contributions	22,968	23,693	27,374	31,635	38,378	39,944	43,769
Pension plan net investment income (loss)	3,778,954	3,832,058	(1,193,044)	3,681,406	2,301,867	(287,639)	1,160,163
Benefit payments and refunds	(1,943,561)	(1,852,671)	(1,741,259)	(1,643,108)	(1,433,659)	(1,358,308)	(1,324,073)
Pension plan administrative expense	(61,078)	(65,977)	(60,138)	(57,800)	(45,367)	(42,728)	(42,666)
Net change in plan fiduciary net position	2,043,400	2,169,145	(2,769,835)	9,069,938	2,461,028	665,540	928,377
Plan fiduciary net position - beginning	30,834,972	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>\$ 32,878,372</u>	<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>\$ 2,004,651</u>	<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	\$ 2,014,879	\$ 1,841,882	\$ 2,089,015	\$ (537,740)	\$ 6,442,221	\$ 8,026,742	\$ 6,666,851
Reported in component units							
Central dispatch authority	(10,228)	(16,391)	7,247	(236,455)	437,889	546,956	491,031
Total net pension liability (asset)	<u>\$ 2,004,651</u>	<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)	94.25%	94.41%	93.19%	102.52%	76.47%	69.89%	72.88%
Covered payroll	\$ 1,572,429	\$ 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	127.49%	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, 2021

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
9/30/2021	232,320	232,320	-	1,642,259	14.15%

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
Other Post-Employment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios
September 30, 2021

Fiscal year ended September 30,	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 93,588	\$ 27,219	\$ 77,323	\$ 84,344	\$ 87,485
Interest	99,051	180,117	155,586	146,915	180,913
Changes of plan terms	483,942	-	-	-	-
Differences between expected and actual experience	(490,330)	2,489	(895,475)	(43,945)	(51,056)
Changes in assumptions	(1,951,303)	1,922,838	(833,785)	(149,240)	(229,711)
Benefit payments	(133,825)	(153,359)	(156,177)	(128,263)	(115,393)
 Net change in total OPEB liability	 (1,898,877)	 1,979,304	 (1,652,528)	 (90,189)	 (127,762)
Total OPEB liability - beginning	4,601,869	2,622,565	4,275,093	4,365,282	4,493,044
Total OPEB liability - ending	<u>\$ 2,702,992</u>	<u>\$ 4,601,869</u>	<u>\$ 2,622,565</u>	<u>\$ 4,275,093</u>	<u>\$ 4,365,282</u>
 Plan Fiduciary Net Position					
Employer contributions	\$ 133,825	\$ 903,359	\$ 1,406,177	\$ 128,263	\$ 115,393
Net investment income (loss)	43,423	47,574	(1,418)	-	-
Benefit payments and refunds	(133,825)	(153,359)	(156,177)	(128,263)	(115,393)
Administrative expense	(3,923)	(2,312)	(166)	-	-
 Net change in plan fiduciary net position	 39,500	 795,262	 1,248,416	 -	 -
Plan fiduciary net position - beginning	2,043,678	1,248,416	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ 2,083,178</u>	<u>\$ 2,043,678</u>	<u>\$ 1,248,416</u>	<u>\$ -</u>	<u>\$ -</u>
 Net OPEB liability (a-b)	 <u>\$ 619,814</u>	 <u>\$ 2,558,191</u>	 <u>\$ 1,374,149</u>	 <u>\$ 4,275,093</u>	 <u>\$ 4,365,282</u>
Reported in governmental activities	\$ 577,976	\$ 2,475,453	\$ 1,325,748	\$ 4,142,565	\$ 4,229,958
Reported in component units					
Central dispatch authority	41,838	82,738	48,401	132,528	135,324
Total net OPEB liability	<u>\$ 619,814</u>	<u>\$ 2,558,191</u>	<u>\$ 1,374,149</u>	<u>\$ 4,275,093</u>	<u>\$ 4,365,282</u>
 Covered payroll	 \$ 2,064,151	 \$ 3,433,776	 \$ 4,042,885	 \$ 2,232,385	 \$ 2,919,206
Net OPEB liability as a percentage of covered payroll	30.03%	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, 2021

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%
9/30/2021	382,476	133,825	248,651	2,064,151	6.48%

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	Entry Age Normal (level percentage of compensation)
Amortization method	Level dollar, closed
Remaining amortization period	9 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	2.00%
Discount rate	7.35%
Retirement age	55-60
Health inflation rate	Pre-Medicare: 7.5% graded down to 4.5% by 0.25% per year
Mortality	Post-Medicare: 5.75% graded down to 4.5% by 0.25% per year General public employer 2010 mortality table with improvement scale MP-2019

*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

Fiscal Year Ended September 30,	Annual Return % *	
2017	N/A	**
2018	N/A	**
2019	-0.11%	
2020	2.93%	
2021	2.61%	

* 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
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2021

	Special Revenue Funds					
	Road Patrol	Parks and Recreation	Geographic Information System	Friend of the Court	State Criminal Alien Assistance	Economic and Agriculture Development
Assets						
Cash and cash equivalents	\$ 66,743	\$ 586,796	\$ 100,364	\$ -	\$ 15,862	\$ 81,817
Receivables						
Customers	-	-	-	-	-	-
Due from other units of government	-	-	-	95,616	-	-
Prepaid items	-	-	-	281	-	-
Total assets	<u>\$ 66,743</u>	<u>\$ 586,796</u>	<u>\$ 100,364</u>	<u>\$ 95,897</u>	<u>\$ 15,862</u>	<u>\$ 81,817</u>
Liabilities						
Accounts payable	\$ 8,813	\$ 24,085	\$ -	\$ 625	\$ -	\$ -
Accrued and other liabilities	5,717	2,835	-	6,743	-	-
Due to other funds	577	449	-	-	-	578
Total liabilities	<u>15,107</u>	<u>27,369</u>	<u>-</u>	<u>7,368</u>	<u>-</u>	<u>578</u>
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	91,959	-	-
Fund Balances						
Non-spendable						
Prepaid items	-	-	-	281	-	-
Restricted for						
Special revenue funds	51,636	559,427	100,364	-	15,862	81,239
Unassigned (deficit)	-	-	-	(3,711)	-	-
Total fund balances	<u>51,636</u>	<u>559,427</u>	<u>100,364</u>	<u>(3,430)</u>	<u>15,862</u>	<u>81,239</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 66,743</u>	<u>\$ 586,796</u>	<u>\$ 100,364</u>	<u>\$ 95,897</u>	<u>\$ 15,862</u>	<u>\$ 81,817</u>

Gratiot County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2021

	Special Revenue Funds					
	Building Inspection	Register of Deeds	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement	Law Library
Assets						
Cash and cash equivalents	\$ 347,985	\$ 142,535	\$ 49,949	\$ 2,260	\$ 1,354	\$ 40,362
Receivables						
Customers	1,661	640	95	-	-	-
Due from other units of government	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 349,646</u>	<u>\$ 143,175</u>	<u>\$ 50,044</u>	<u>\$ 2,260</u>	<u>\$ 1,354</u>	<u>\$ 40,362</u>
Liabilities						
Accounts payable	\$ 103	\$ 3,834	\$ 1,683	\$ -	\$ -	\$ 1,398
Accrued and other liabilities	1,478	-	93	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>1,581</u>	<u>3,834</u>	<u>1,776</u>	<u>-</u>	<u>-</u>	<u>1,398</u>
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	-	-	-
Fund Balances						
Non-spendable						
Prepaid items	-	-	-	-	-	-
Restricted for						
Special revenue funds	348,065	139,341	48,268	2,260	1,354	38,964
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>348,065</u>	<u>139,341</u>	<u>48,268</u>	<u>2,260</u>	<u>1,354</u>	<u>38,964</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 349,646</u>	<u>\$ 143,175</u>	<u>\$ 50,044</u>	<u>\$ 2,260</u>	<u>\$ 1,354</u>	<u>\$ 40,362</u>

Gratiot County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2021

	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
Assets						
Cash and cash equivalents	\$ 855,690	\$ 212,189	\$ 2,609	\$ 26	\$ 10,693	\$ 7,845
Receivables						
Customers	45,880	255	-	-	-	-
Due from other units of government	-	-	82,512	-	-	-
Prepaid items	289	-	-	-	-	-
Total assets	<u>\$ 901,859</u>	<u>\$ 212,444</u>	<u>\$ 85,121</u>	<u>\$ 26</u>	<u>\$ 10,693</u>	<u>\$ 7,845</u>
Liabilities						
Accounts payable	\$ 57,767	\$ -	\$ 25,746	\$ -	\$ -	\$ -
Accrued and other liabilities	7,100	-	2,105	-	-	-
Due to other funds	834	-	-	-	-	-
Total liabilities	<u>65,701</u>	<u>-</u>	<u>27,851</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue	-	-	79,848	-	-	-
Fund Balances						
Non-spendable						
Prepaid items	289	-	-	-	-	-
Restricted for						
Special revenue funds	835,869	212,444	-	26	10,693	7,845
Unassigned (deficit)	-	-	(22,578)	-	-	-
Total fund balances	<u>836,158</u>	<u>212,444</u>	<u>(22,578)</u>	<u>26</u>	<u>10,693</u>	<u>7,845</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 901,859</u>	<u>\$ 212,444</u>	<u>\$ 85,121</u>	<u>\$ 26</u>	<u>\$ 10,693</u>	<u>\$ 7,845</u>

Gratiot County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2021

	Special Revenue Funds					
	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library	Indigent Defense
Assets						
Cash and cash equivalents	\$ 16,063	\$ 4,553	\$ 2,801	\$ -	\$ 7,986	\$ 314,581
Receivables						
Customers	-	88	-	-	-	-
Due from other units of government	-	-	3,484	-	55,331	6,283
Prepaid items	-	-	-	3,675	-	-
Total assets	<u>\$ 16,063</u>	<u>\$ 4,641</u>	<u>\$ 6,285</u>	<u>\$ 3,675</u>	<u>\$ 63,317</u>	<u>\$ 320,864</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,260
Accrued and other liabilities	-	-	-	-	-	775
Due to other funds	-	-	-	-	56,020	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,020</u>	<u>71,035</u>
Deferred Inflows of Resources						
Unavailable revenue	-	-	3,484	-	-	5,727
Fund Balances						
Non-spendable						
Prepaid items	-	-	-	3,675	-	-
Restricted for						
Special revenue funds	16,063	4,641	2,801	-	7,297	244,102
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>16,063</u>	<u>4,641</u>	<u>2,801</u>	<u>3,675</u>	<u>7,297</u>	<u>244,102</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,063</u>	<u>\$ 4,641</u>	<u>\$ 6,285</u>	<u>\$ 3,675</u>	<u>\$ 63,317</u>	<u>\$ 320,864</u>

Gratiot County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2021

	Special Revenue Funds		
	Concealed Pistol Licensing	CDBG	Blight
Assets			
Cash and cash equivalents	\$ 111,040	\$ 47,161	\$ 6,927
Receivables			
Customers	807	-	-
Due from other units of government	-	-	-
Prepaid items	-	-	-
Total assets	<u>\$ 111,847</u>	<u>\$ 47,161</u>	<u>\$ 6,927</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 30
Accrued and other liabilities	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>30</u>
Deferred Inflows of Resources			
Unavailable revenue	-	-	-
Fund Balances			
Non-spendable			
Prepaid items	-	-	-
Restricted for			
Special revenue funds	111,847	47,161	6,897
Unassigned (deficit)	-	-	-
Total fund balances	<u>111,847</u>	<u>47,161</u>	<u>6,897</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 111,847</u>	<u>\$ 47,161</u>	<u>\$ 6,927</u>

Gratiot County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2021

	Debt Service Funds			Total Nonmajor Governmental Funds
	2005 G.O. Bonds	Building Authority Jail	Pension Obligation Bond	
Assets				
Cash and cash equivalents	\$ 250	\$ -	\$ -	\$ 3,036,441
Receivables				
Customers	-	-	-	49,426
Due from other units of government	-	-	-	243,226
Prepaid items	-	-	-	4,245
Total assets	\$ 250	\$ -	\$ -	\$ 3,333,338
Liabilities				
Accounts payable	\$ 250	\$ -	\$ -	\$ 194,594
Accrued and other liabilities	-	-	-	26,846
Due to other funds	-	-	-	58,458
Total liabilities	250	-	-	279,898
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	181,018
Fund Balances				
Non-spendable				
Prepaid items	-	-	-	4,245
Restricted for				
Special revenue funds	-	-	-	2,894,466
Unassigned (deficit)	-	-	-	(26,289)
Total fund balances	-	-	-	2,872,422
Total liabilities, deferred inflows of resources and fund balances	\$ 250	\$ -	\$ -	\$ 3,333,338

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	Special Revenue Funds					
	Road Patrol	Parks and Recreation	Geographic Information System	Friend of the Court	State Criminal Alien Assistance	Economic and Agriculture Development
Revenues						
Taxes	\$ 719,740	\$ 566,947	\$ -	\$ -	\$ -	\$ 720,736
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	-	-	-	471,909	-	-
Local contributions	-	818	28,035	-	-	-
Charges for services	-	20,509	-	45,097	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest income	304	650	140	-	16	403
Other revenue	-	-	-	-	-	-
Total revenues	<u>720,044</u>	<u>588,924</u>	<u>28,175</u>	<u>517,006</u>	<u>16</u>	<u>721,139</u>
Expenditures						
Current						
General government	-	-	85,854	632,989	-	-
Public safety	659,334	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	481,110
Recreation and culture	-	336,668	-	-	-	-
Capital outlay	-	112,745	-	-	-	-
Debt service						
Principal retirement	-	-	-	1,131	-	-
Interest and fiscal charges	-	-	-	391	-	-
Total expenditures	<u>659,334</u>	<u>449,413</u>	<u>85,854</u>	<u>634,511</u>	<u>-</u>	<u>481,110</u>
Excess (deficiency) of revenues over expenditures	<u>60,710</u>	<u>139,511</u>	<u>(57,679)</u>	<u>(117,505)</u>	<u>16</u>	<u>240,029</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	Special Revenue Funds					
	Road Patrol	Parks and Recreation	Geographic Information System	Friend of the Court	State Criminal Alien Assistance	Economic and Agriculture Development
Other financing sources (uses)						
Transfers in	\$ -	\$ -	\$ 500	\$ 192,102	\$ -	\$ -
Transfers out	-	(500)	-	-	-	(196,868)
Total other financing sources (uses)	-	(500)	500	192,102	-	(196,868)
Net change in fund balances	60,710	139,011	(57,179)	74,597	16	43,161
Fund balances (deficit) - beginning of year	(9,074)	420,416	157,543	(78,027)	15,846	38,078
Fund balances (deficit) - end of year	<u>\$ 51,636</u>	<u>\$ 559,427</u>	<u>\$ 100,364</u>	<u>\$ (3,430)</u>	<u>\$ 15,862</u>	<u>\$ 81,239</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	Special Revenue Funds					
	Building Inspection	Register of Deeds	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement	Law Library
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	124,106	-	-	-	-	-
Intergovernmental						
Federal/state	-	-	-	-	-	-
Local contributions	-	-	-	-	-	-
Charges for services	-	46,274	4,317	-	-	-
Fines and forfeitures	-	-	-	-	-	4,500
Interest income	388	167	76	2	1	39
Other revenue	-	-	-	-	-	-
Total revenues	<u>124,494</u>	<u>46,441</u>	<u>4,393</u>	<u>2</u>	<u>1</u>	<u>4,539</u>
Expenditures						
Current						
General government	-	87,943	-	-	-	-
Public safety	154,264	-	31,505	-	-	-
Health and welfare	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	3,274
Debt service						
Principal retirement	369	-	-	-	-	-
Interest and fiscal charges	128	-	-	-	-	-
Total expenditures	<u>154,761</u>	<u>87,943</u>	<u>31,505</u>	<u>-</u>	<u>-</u>	<u>3,274</u>
Excess (deficiency) of revenues over expenditures	<u>(30,267)</u>	<u>(41,502)</u>	<u>(27,112)</u>	<u>2</u>	<u>1</u>	<u>1,265</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	Special Revenue Funds					
	Building Inspection	Register of Deeds	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement	Law Library
Other financing sources (uses)						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(30,267)	(41,502)	(27,112)	2	1	1,265
Fund balances (deficit) - beginning 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>
Fund balances (deficit) - end of year	<u>\$ 348,065</u>	<u>\$ 139,341</u>	<u>\$ 48,268</u>	<u>\$ 2,260</u>	<u>\$ 1,354</u>	<u>\$ 38,964</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	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
Revenues						
Taxes	\$ 1,037,585	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	299,582	-	158,152	-	-	-
Local contributions	4,871	-	-	-	-	-
Charges for services	108,678	-	22,198	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest income	959	203	-	-	11	8
Other revenue	-	39,090	-	-	-	-
Total revenues	1,451,675	39,293	180,350	-	11	8
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	1,175,605	75	263,876	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Capital outlay	1,757	-	-	-	-	-
Debt service						
Principal retirement	2,535	-	-	-	-	-
Interest and fiscal charges	877	-	-	-	-	-
Total expenditures	1,180,774	75	263,876	-	-	-
Excess (deficiency) of revenues over expenditures	270,901	39,218	(83,526)	-	11	8

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	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
Other financing sources (uses)						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	270,901	39,218	(83,526)	-	11	8
Fund balances (deficit) - beginning of year	565,257	173,226	60,948	26	10,682	7,837
Fund balances (deficit) - end of year	\$ 836,158	\$ 212,444	\$ (22,578)	\$ 26	\$ 10,693	\$ 7,845

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	Special Revenue Funds					
	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library	Indigent Defense
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 762,917	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	-	-	-	1,611	-	642,088
Local contributions	-	-	-	-	-	-
Charges for services	-	8,364	-	-	-	46,006
Fines and forfeitures	-	-	-	-	-	-
Interest income	17	4	-	-	279	252
Other revenue	-	250	-	-	-	-
	<u>17</u>	<u>8,618</u>	<u>-</u>	<u>1,611</u>	<u>763,196</u>	<u>688,346</u>
Total revenues						
	<u>17</u>	<u>8,618</u>	<u>-</u>	<u>1,611</u>	<u>763,196</u>	<u>688,346</u>
Expenditures						
Current						
General government	-	-	-	-	-	550,373
Public safety	-	7,793	2,674	6,498	-	-
Health and welfare	345	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	758,578	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
	<u>345</u>	<u>7,793</u>	<u>2,674</u>	<u>6,498</u>	<u>758,578</u>	<u>550,373</u>
Total expenditures						
	<u>345</u>	<u>7,793</u>	<u>2,674</u>	<u>6,498</u>	<u>758,578</u>	<u>550,373</u>
Excess (deficiency) of revenues over expenditures	<u>(328)</u>	<u>825</u>	<u>(2,674)</u>	<u>(4,887)</u>	<u>4,618</u>	<u>137,973</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	Special Revenue Funds					
	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library	Indigent Defense
Other financing sources (uses)						
Transfers in	\$ -	\$ -	\$ -	\$ 4,549	\$ -	\$ 85,236
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	4,549	-	85,236
Net change in fund balances	(328)	825	(2,674)	(338)	4,618	223,209
Fund balances (deficit) - beginning of year	16,391	3,816	5,475	4,013	2,679	20,893
Fund balances (deficit) - end of year	\$ 16,063	\$ 4,641	\$ 2,801	\$ 3,675	\$ 7,297	\$ 244,102

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	Special Revenue Funds		
	Concealed Pistol Licensing	CDBG	Blight
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental			
Federal/state	-	-	-
Local contributions	-	-	-
Charges for services	27,598	-	8,000
Fines and forfeitures	-	-	-
Interest income	126	-	3
Other revenue	-	51,443	-
	<u>27,724</u>	<u>51,443</u>	<u>8,003</u>
Total revenues			
	<u>27,724</u>	<u>51,443</u>	<u>8,003</u>
Expenditures			
Current			
General government	-	-	-
Public safety	2,604	-	-
Health and welfare	-	-	-
Community and economic development	-	68,427	1,106
Recreation and culture	-	-	-
Capital outlay	-	-	-
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<u>2,604</u>	<u>68,427</u>	<u>1,106</u>
Total expenditures			
	<u>2,604</u>	<u>68,427</u>	<u>1,106</u>
Excess (deficiency) of revenues over expenditures	<u>25,120</u>	<u>(16,984)</u>	<u>6,897</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	Special Revenue Funds		
	Concealed Pistol Licensing	CDBG	Blight
Other financing sources (uses)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	(19,708)	-	-
Total other financing sources (uses)	(19,708)	-	-
Net change in fund balances	5,412	(16,984)	6,897
Fund balances (deficit) - beginning of year	106,435	64,145	-
Fund balances (deficit) - end of year	\$ 111,847	\$ 47,161	\$ 6,897

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	Debt Service Funds			Total Nonmajor Governmental Funds
	2005 G.O. Bonds	Building Authority - Jail	Pension Obligation Bond	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 3,807,925
Licenses and permits	-	-	-	124,106
Intergovernmental				
Federal/state	-	-	-	1,573,342
Local contributions	39,351	-	-	73,075
Charges for services	-	-	-	337,041
Fines and forfeitures	-	-	-	4,500
Interest income	-	1	-	4,049
Other revenue	-	-	-	90,783
	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,783</u>
Total revenues	<u>39,351</u>	<u>1</u>	<u>-</u>	<u>6,014,821</u>
Expenditures				
Current				
General government	-	-	-	1,357,159
Public safety	-	-	-	864,672
Health and welfare	-	-	-	1,439,901
Community and economic development	-	-	-	550,643
Recreation and culture	-	-	-	1,095,246
Capital outlay	-	-	-	117,776
Debt service				
Principal retirement	50,000	-	665,000	719,035
Interest and fiscal charges	8,262	-	128,305	137,963
	<u>58,262</u>	<u>-</u>	<u>793,305</u>	<u>6,282,395</u>
Total expenditures	<u>58,262</u>	<u>-</u>	<u>793,305</u>	<u>6,282,395</u>
Excess (deficiency) of revenues over expenditures	<u>(18,911)</u>	<u>1</u>	<u>(793,305)</u>	<u>(267,574)</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	Debt Service Funds			Total Nonmajor Governmental Funds
	2005 G.O. Bonds	Building Authority - Jail	Pension Obligation Bond	
Other financing sources (uses)				
Transfers in	\$ 18,911	\$ -	\$ 793,305	\$ 1,094,603
Transfers out	-	(5,493)	-	(222,569)
Total other financing sources (uses)	18,911	(5,493)	793,305	872,034
Net change in fund balances	-	(5,492)	-	604,460
Fund balances (deficit) - beginning of year	-	5,492	-	2,267,962
Fund balances (deficit) - end of year	\$ -	\$ -	\$ -	\$ 2,872,422

Gratiot County
Nonmajor Enterprise Funds
Combining Statement of Net Position
September 30, 2021

	<u>Principal Residence Denial Interest</u>	<u>Soil Erosion Inspection</u>	<u>Jail Commissary</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 56,206	\$ 111,447	\$ -	\$ 167,653
Receivables				
Customers	-	370	2,334	2,704
Prepaid items	-	-	1,825	1,825
	<u>56,206</u>	<u>111,817</u>	<u>4,159</u>	<u>172,182</u>
Liabilities				
Current liabilities				
Accounts payable	-	177	2,335	2,512
Accrued and other liabilities	2,276	291	-	2,567
	<u>2,276</u>	<u>468</u>	<u>2,335</u>	<u>5,079</u>
Net Position				
Unrestricted	<u>\$ 53,930</u>	<u>\$ 111,349</u>	<u>\$ 1,824</u>	<u>\$ 167,103</u>

Gratiot County
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended September 30, 2021

	Principal Residence Denial Interest	Soil Erosion Inspection	Jail Commissary	Total
Operating revenue				
Customer fees	\$ -	\$ 45,369	\$ 33,880	\$ 79,249
Other revenue	-	4,000	57,793	61,793
Total operating revenue	-	49,369	91,673	141,042
Operating expenses				
Personnel services	1,012	29,197	-	30,209
Supplies	-	740	29,168	29,908
Utilities	-	435	-	435
Repairs and maintenance	-	30	2,973	3,003
Other expenses	-	4,682	49,130	53,812
Total operating expenses	1,012	35,084	81,271	117,367
Operating income (loss)	(1,012)	14,285	10,402	23,675
Nonoperating revenue				
Interest income	2,327	114	-	2,441
Income before transfers	1,315	14,399	10,402	26,116
Transfers in	-	-	4,310	4,310
Change in net position	1,315	14,399	14,712	30,426
Net position - beginning of year (deficit)	52,615	96,950	(12,888)	136,677
Net position - end of year	\$ 53,930	\$ 111,349	\$ 1,824	\$ 167,103

Gratiot County
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2021

	Principal Residence Denial Interest	Soil Erosion Inspection	Jail Commissary	Total
Cash flows from operating activities				
Receipts from customers	\$ -	\$ 48,999	\$ 92,070	\$ 141,069
Receipts from other funds	2,276	-	-	2,276
Payments to other funds	-	-	(13,671)	(13,671)
Payments to suppliers	-	(6,832)	(82,709)	(89,541)
Payments to employees	(1,012)	(29,197)	-	(30,209)
Net cash provided (used) by operating activities	1,264	12,970	(4,310)	9,924
Cash flows from noncapital financing activities				
Transfer from other funds	-	-	4,310	4,310
Cash flows from investing activities				
Interest received	2,327	114	-	2,441
Net change in cash and cash equivalents	3,591	13,084	-	16,675
Cash and cash equivalents - beginning of year	52,615	98,363	-	150,978
Cash and cash equivalents - end of year	<u>\$ 56,206</u>	<u>\$ 111,447</u>	<u>\$ -</u>	<u>\$ 167,653</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (1,012)	\$ 14,285	\$ 10,402	\$ 23,675
Changes in assets and liabilities				
Receivables (net)	-	(370)	397	27
Prepaid items	-	-	(1,200)	(1,200)
Accounts payable	-	6	(238)	(232)
Accrued and other liabilities	-	(951)	-	(951)
Due to other funds	2,276	-	(13,671)	(11,395)
Net cash provided (used) by operating activities	<u>\$ 1,264</u>	<u>\$ 12,970</u>	<u>\$ (4,310)</u>	<u>\$ 9,924</u>

Gratiot County
Internal Service Funds
Combining Statement of Net Position
September 30, 2021

	<u>Fringe Benefits</u>	<u>Tile Fund</u>	<u>Flexible Spending</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 5,045	\$ 25,628	\$ 19,136	\$ 49,809
Receivables				
Customers	-	-	31	31
Accrued interest and other	65,821	-	-	65,821
Inventories	-	62,057	-	62,057
Prepaid items	<u>33,295</u>	<u>-</u>	<u>-</u>	<u>33,295</u>
 Total assets	 <u>104,161</u>	 <u>87,685</u>	 <u>19,167</u>	 <u>211,013</u>
Liabilities				
Current liabilities				
Accounts payable	3,554	-	-	3,554
Due to other funds	<u>50,323</u>	<u>-</u>	<u>-</u>	<u>50,323</u>
 Total liabilities	 <u>53,877</u>	 <u>-</u>	 <u>-</u>	 <u>53,877</u>
Net Position				
Unrestricted	<u>\$ 50,284</u>	<u>\$ 87,685</u>	<u>\$ 19,167</u>	<u>\$ 157,136</u>

Gratiot County
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended September 30, 2021

	<u>Fringe Benefits</u>	<u>Tile Fund</u>	<u>Flexible Spending</u>	<u>Total</u>
Operating revenue				
Billings to other funds	\$ 3,106,597	\$ -	\$ -	\$ 3,106,597
Other revenue	<u>-</u>	<u>49,815</u>	<u>28,066</u>	<u>77,881</u>
Total operating revenue	<u>3,106,597</u>	<u>49,815</u>	<u>28,066</u>	<u>3,184,478</u>
Operating expenses				
Personnel services	2,742,211	-	-	2,742,211
Other expenses	<u>67</u>	<u>29,007</u>	<u>26,513</u>	<u>55,587</u>
Total operating expenses	<u>2,742,278</u>	<u>29,007</u>	<u>26,513</u>	<u>2,797,798</u>
Operating income	364,319	20,808	1,553	386,680
Nonoperating revenue				
Interest income	<u>35</u>	<u>18</u>	<u>21</u>	<u>74</u>
Income before transfers	364,354	20,826	1,574	386,754
Transfers in	421,453	-	-	421,453
Transfers out	<u>(811,697)</u>	<u>-</u>	<u>-</u>	<u>(811,697)</u>
Change in net position	(25,890)	20,826	1,574	(3,490)
Net position - beginning of year	<u>76,174</u>	<u>66,859</u>	<u>17,593</u>	<u>160,626</u>
Net position - end of year	<u>\$ 50,284</u>	<u>\$ 87,685</u>	<u>\$ 19,167</u>	<u>\$ 157,136</u>

Gratiot County
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2021

	Fringe Benefits	Tile Fund	Flexible Spending	Total
Cash flows from operating activities				
Receipts from employees	\$ -	\$ -	\$ 28,035	\$ 28,035
Receipts from interfund users	3,048,215	49,815	-	3,098,030
Payments to suppliers	<u>(2,652,961)</u>	<u>(52,036)</u>	<u>(26,513)</u>	<u>(2,731,510)</u>
Net cash provided (used) by operating activities	<u>395,254</u>	<u>(2,221)</u>	<u>1,522</u>	<u>394,555</u>
Cash flows from noncapital financing activities				
Transfer from other funds	421,453	-	-	421,453
Transfers to other funds	<u>(811,697)</u>	<u>-</u>	<u>-</u>	<u>(811,697)</u>
Net cash used by noncapital financing activities	<u>(390,244)</u>	<u>-</u>	<u>-</u>	<u>(390,244)</u>
Cash flows from investing activities				
Interest received	<u>35</u>	<u>18</u>	<u>21</u>	<u>74</u>
Net change in cash and cash equivalents	5,045	(2,203)	1,543	4,385
Cash and cash equivalents - beginning of year	<u>-</u>	<u>27,831</u>	<u>17,593</u>	<u>45,424</u>
Cash and cash equivalents - end of year	<u>\$ 5,045</u>	<u>\$ 25,628</u>	<u>\$ 19,136</u>	<u>\$ 49,809</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income	\$ 364,319	\$ 20,808	\$ 1,553	\$ 386,680
Changes in assets and liabilities				
Receivables (net)	(58,382)	-	(31)	(58,413)
Inventories	-	(14,242)	-	(14,242)
Prepaid items	85,763	-	-	85,763
Accounts payable	<u>3,554</u>	<u>(8,787)</u>	<u>-</u>	<u>(5,233)</u>
Net cash provided (used) by operating activities	<u>\$ 395,254</u>	<u>\$ (2,221)</u>	<u>\$ 1,522</u>	<u>\$ 394,555</u>

**Gratiot County
Component Unit Funds
Road Commission
Balance Sheet
September 30, 2021**

	<u>Road Commission</u>
Assets	
Cash and cash equivalents	\$ 909,572
Investments	350,227
Due from other units of government	1,481,580
Inventories	<u>771,362</u>
Total assets	<u><u>\$ 3,512,741</u></u>
Liabilities	
Accounts payable	\$ 859,344
Accrued and other liabilities	87,578
Performance bond payable	2,500
Advances from State	276,609
Due to other units of government	<u>52,223</u>
Total liabilities	<u>1,278,254</u>
Fund Balances	
Nonspendable	771,362
Restricted	
County Road Operations	<u>1,463,125</u>
Total fund balances	<u>2,234,487</u>
Total liabilities and fund balances	<u><u>\$ 3,512,741</u></u>

**Gratiot County
Component Unit Funds
Road Commission
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2021**

Total fund balances for component unit funds - road commission	\$ 2,234,487
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	34,060,366
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(449,176)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from net pension liability	1,578,381
Deferred inflows of resources resulting from net pension liability	(465,276)
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	(5,944,782)
Net OPEB asset	152,475
Net position of component unit funds - road commission	\$ 31,820,148

Gratiot County
Component Unit Funds
Road Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	Road Commission
Revenues	
Licenses and permits	\$ 80,757
Intergovernmental	
Federal\state	9,172,793
Local contributions	1,599,718
Charges for services	2,062,988
Interest and rents	1,290
Other revenue	607,923
Total revenues	13,525,469
Expenditures	
Current	
Public works	13,096,363
Capital outlay (net)	598,822
Total expenditures	13,695,185
Deficiency of revenues over expenditures	(169,716)
Other financing sources	
Sale of capital assets	46,537
Net change in fund balance	(123,179)
Fund balance - beginning of year	2,357,666
Fund balance - end of year	\$ 2,234,487

**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, 2021**

Net change in fund balances - component unit funds - road commission \$ (123,179)

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	(2,637,814)
Capital outlay	4,067,314
Disposal of capital assets	(263)

Expenses are recorded when incurred in the statement of activities

Compensated absences	(33,909)
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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	1,096,024
Net change in the deferred inflow of resources related to the net pension liability	(394,569)
Net change in the deferred outflow of resources related to the net pension liability	(48,095)

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	55,950
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Change in net position of component unit funds - road commission \$ 1,981,459

**Gratiot County
Component Unit Funds
Drainage Districts
Combining Balance Sheet
September 30, 2021**

	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	
Assets									
Cash and cash equivalents	\$ 105,586	\$ 178,978	\$ 971,482	\$ 271,387	\$ -	\$ 2,760,206	\$ 66,279	\$ 33,768	\$ 4,387,686
Receivables									
Special assessments, current	160,166	57,002	172,864	83,615	-	1,247,417	-	-	1,721,064
Due from other units of government	-	-	-	-	-	33,166	-	-	33,166
Total current assets	<u>265,752</u>	<u>235,980</u>	<u>1,144,346</u>	<u>355,002</u>	<u>-</u>	<u>4,040,789</u>	<u>66,279</u>	<u>33,768</u>	<u>6,141,916</u>
Noncurrent assets									
Special assessments, deferred	-	342,011	1,901,494	1,170,608	-	6,800,207	-	-	10,214,320
Total assets	<u>\$ 265,752</u>	<u>\$ 577,991</u>	<u>\$ 3,045,840</u>	<u>\$ 1,525,610</u>	<u>\$ -</u>	<u>\$ 10,840,996</u>	<u>\$ 66,279</u>	<u>\$ 33,768</u>	<u>\$ 16,356,236</u>
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,575	\$ 4,414	\$ 354	\$ 103,343
Deferred Inflows of Resources									
Unavailable revenue									
Special assessments	160,166	399,013	2,074,358	1,254,223	-	8,050,286	-	-	11,938,046
Fund Balances									
Restricted									
Debt service	105,586	178,978	971,482	271,387	-	-	-	-	1,527,433
Assigned - capital projects	-	-	-	-	-	2,692,135	61,865	33,414	2,787,414
Total fund balances	<u>105,586</u>	<u>178,978</u>	<u>971,482</u>	<u>271,387</u>	<u>-</u>	<u>2,692,135</u>	<u>61,865</u>	<u>33,414</u>	<u>4,314,847</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 265,752</u>	<u>\$ 577,991</u>	<u>\$ 3,045,840</u>	<u>\$ 1,525,610</u>	<u>\$ -</u>	<u>\$ 10,840,996</u>	<u>\$ 66,279</u>	<u>\$ 33,768</u>	<u>\$ 16,356,236</u>

**Gratiot County
Component Unit Funds
Drainage Districts
Reconciliation of the Combining Balance Sheet to the Statement of Net Position
September 30, 2021**

Total fund balances for component unit funds - drainage district	\$ 4,314,847
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	1,519,805
Capital assets net of depreciation	29,017,100
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	11,935,384
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(124,892)
Bonds and loans payable	<u>(12,389,199)</u>
Net position of component unit funds - drainage district	<u><u>\$ 34,273,045</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, 2021

	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	
Revenues									
Intergovernmental - local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367,478	\$ -	\$ -	\$ 367,478
Charges for services	171,485	71,452	281,666	134,447	-	2,557,845	-	-	3,216,895
Interest income	115	134	687	281	-	3,534	111	40	4,902
Other revenue	-	-	-	-	-	28,379	-	-	28,379
Total revenues	<u>171,600</u>	<u>71,586</u>	<u>282,353</u>	<u>134,728</u>	<u>-</u>	<u>2,957,236</u>	<u>111</u>	<u>40</u>	<u>3,617,654</u>
Expenditures									
Current									
Public works	-	-	3,905	-	-	328,828	46,760	47,748	427,241
Capital outlay	-	-	-	-	-	2,685,465	342,644	-	3,028,109
Debt service									
Principal retirement	170,000	75,000	235,000	95,000	963,182	-	-	-	1,538,182
Interest and fiscal charges	8,415	13,850	104,105	37,185	220,122	-	-	-	383,677
Total expenditures	<u>178,415</u>	<u>88,850</u>	<u>343,010</u>	<u>132,185</u>	<u>1,183,304</u>	<u>3,014,293</u>	<u>389,404</u>	<u>47,748</u>	<u>5,377,209</u>
Excess (deficiency) of revenues over expenditures	<u>(6,815)</u>	<u>(17,264)</u>	<u>(60,657)</u>	<u>2,543</u>	<u>(1,183,304)</u>	<u>(57,057)</u>	<u>(389,293)</u>	<u>(47,708)</u>	<u>(1,759,555)</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	1,183,304	1,758	310,242	25,625	1,520,929
Transfers out	-	-	-	-	-	(1,519,171)	(1,758)	-	(1,520,929)
Bond and note proceeds	-	-	-	-	-	1,431,620	-	-	1,431,620
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,183,304</u>	<u>(85,793)</u>	<u>308,484</u>	<u>25,625</u>	<u>1,431,620</u>
Net change in fund balances	(6,815)	(17,264)	(60,657)	2,543	-	(142,850)	(80,809)	(22,083)	(327,935)
Fund balances - beginning 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>
Fund balances - end of year	<u>\$ 105,586</u>	<u>\$ 178,978</u>	<u>\$ 971,482</u>	<u>\$ 271,387</u>	<u>\$ -</u>	<u>\$ 2,692,135</u>	<u>\$ 61,865</u>	<u>\$ 33,414</u>	<u>\$ 4,314,847</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, 2021**

Net change in fund balances - component unit funds - drainage district \$ (327,935)

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	(840,850)
Capital outlay	2,297,741

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

Special assessments	(487,152)
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Expenses are recorded when incurred in the statement of activities

Accrued interest	4,712
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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	(1,431,620)
Repayments of long-term debt	<u>1,538,182</u>

Change in net position of component unit funds - drainage district \$ 753,078

Gratiot County
Component Unit Funds
Central Dispatch Authority
Balance Sheet
September 30, 2021

Assets

Cash and cash equivalents	\$ 318,708
Receivables	
Customers	253,020
Due from other units of government	23,974
Prepaid items	<u>80,894</u>
 Total assets	 <u><u>\$ 676,596</u></u>

Liabilities

Accounts payable	\$ 10,273
Accrued and other liabilities	<u>7,988</u>
 Total liabilities	 <u>18,261</u>

Deferred Inflows of Resources

Unavailable charges for services	<u>1,054</u>
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Fund Balances

Nonspendable items	
Prepaid items	80,894
Restricted	
Central Dispatch Authority	<u>576,387</u>
 Total fund balance	 <u>657,281</u>
 Total liabilities and fund balances	 <u><u>\$ 676,596</u></u>

**Gratiot County
Component Unit Funds
Central Dispatch Authority
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2021**

Total fund balances for component unit funds - central dispatch authority	\$ 657,281
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	1,123,028
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	
	1,054
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(31,017)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from net pension liability	72,809
Deferred inflows of resources resulting from net pension liability	(35,836)
Deferred outflows of resources resulting from net other post-employment benefits (OPEB) liability	29,467
Deferred inflows of resources resulting from net OPEB liability	(62,689)
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.	
Capital lease payable	(639,020)
Net pension asset	10,228
Net OPEB liability	(41,838)
Net position of component unit funds - central dispatch authority	<u>\$ 1,083,467</u>

Gratiot County
Component Unit Funds
Central Dispatch Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

Revenues

Other state grants	\$ 10,807
Charges for services	1,210,136
Interest income	319
Other revenue	<u>488</u>
Total revenues	<u>1,221,750</u>

Expenditures

Current	
Public safety	936,381
Capital outlay	652,256
Debt service	
Principal retirement	39,712
Interest and fiscal charges	<u>6,485</u>

Total expenditures	<u>1,634,834</u>
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Deficiency of revenues over expenditures	(413,084)
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Other financing sources

Capital lease proceeds	<u>638,212</u>
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Net change in fund balance	225,128
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Fund balance - beginning of year	<u>432,153</u>
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Fund balance - end of year	<u><u>\$ 657,281</u></u>
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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, 2021

Net change in fund balances - component unit funds - central dispatch authority	\$	225,128
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		(96,865)
Capital outlay		638,212
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Other revenue		1,054
Expenses are recorded when incurred in the statement of activities		
Accrued interest		1,220
Compensated absences		3,015
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		(6,163)
Net change in the deferred outflow of resources related to the net pension liability		(3,618)
Net change in the deferred inflow of resources related to the net pension liability		(35,836)
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		40,900
Net change in the deferred outflow of resources related to the net OPEB liability		(11,970)
Net change in the deferred inflow of resources related to the net OPEB liability		(26,885)
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.		
Debt issued		(638,212)
Repayments of long-term debt		39,712
Change in net position of component unit funds - central dispatch authority	\$	129,692

Gratiot County
Component Unit Funds
Brownfield Redevelopment Authority
Balance Sheet
September 30, 2021

Assets

Cash and cash equivalents \$ 14,399

Liabilities

Checks written against future deposits \$ 23,695

Fund Balances

Unassigned (deficit) (9,296)

Total liabilities and fund balances \$ 14,399

Gratiot County
Component Unit Funds
Brownfield Redevelopment Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

Revenues

Taxes	\$	2,838
Interest income		134
		2,972
Total revenues		2,972

Expenditures

Current		
Community and economic development		3,571
		3,571
Net change in fund balance		(599)
Deficit fund balance - beginning of year		(8,697)
Deficit fund balance - end of year	\$	(9,296)

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, 2021

Net change in fund balances - component unit funds - brownfield redevelopment authority	\$ (599)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Property taxes	(41,820)
Change in net position of component unit funds - brownfield redevelopment authority	\$ (42,419)

Gratiot County
Custodial Funds
Combining Statement of Fiduciary Net Position
September 30, 2021

	General	Wind Farm Planning	Current Tax Collection	District Court Custody	Circuit Court Custody	Inmate Trust	Probate Court	Library Penal Fines	Total Custodial Funds
Assets									
Cash and cash equivalents	\$ 36,334	\$ 85,608	\$ 3,588,017	\$ 77,179	\$ -	\$ 2,884	\$ 2,313	\$ 70,249	\$ 3,862,584
Due from other units of government	-	-	-	-	323	-	-	-	323
Total assets	<u>36,334</u>	<u>85,608</u>	<u>3,588,017</u>	<u>77,179</u>	<u>323</u>	<u>2,884</u>	<u>2,313</u>	<u>70,249</u>	<u>3,862,907</u>
Liabilities									
Accounts payable	-	183	-	-	184	-	-	16,997	17,364
Accrued and other liabilities	-	-	-	-	139	2,884	-	-	3,023
Due to other units of government	<u>36,334</u>	<u>-</u>	<u>3,588,017</u>	<u>77,179</u>	<u>-</u>	<u>-</u>	<u>2,313</u>	<u>43,346</u>	<u>3,747,189</u>
Total liabilities	<u>36,334</u>	<u>183</u>	<u>3,588,017</u>	<u>77,179</u>	<u>323</u>	<u>2,884</u>	<u>2,313</u>	<u>60,343</u>	<u>3,767,576</u>
Net Position									
Restricted for:									
Individuals, organizations and other governments	<u>\$ -</u>	<u>\$ 85,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,906</u>	<u>\$ 95,331</u>

**Gratiot County
Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021**

	General	Wind Farm Planning	Current Tax Collection	District Court Custody	Circuit Court Custody	Inmate Trust	Probate Court	Library Fund (Penal Fines)	Total Custodial Funds
Additions									
State education tax collected for other governments	\$ -	\$ -	\$ 8,187,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,187,138
Real estate transfer tax collected for other governments	-	-	1,184,329	-	-	-	-	-	1,184,329
Fees and fines collected on behalf of other units of governments	-	-	-	233,791	61,887	-	44,375	-	340,053
Collections from or on behalf of inmates	-	-	-	-	-	206,886	-	-	206,886
Other taxes collected for other governments	-	-	10,316,710	-	-	-	-	-	10,316,710
Interest	-	94	-	-	-	-	-	178	272
Total additions	-	94	19,688,177	233,791	61,887	206,886	44,375	178	20,235,388
Deductions									
Payments of state education tax to other governments	-	-	8,187,138	-	-	-	-	-	8,187,138
Payments of real estate transfer tax to other governments	-	-	1,184,329	-	-	-	-	-	1,184,329
Fees and fines remitted to other units of government	-	-	-	233,791	61,887	-	44,375	-	340,053
Payments to or on behalf of inmates	-	-	-	-	-	216,472	-	-	216,472
Payments related to wind farm planning	-	2,951	-	-	-	-	-	-	2,951
Payments of other taxes to other government	-	-	10,316,710	-	-	-	-	-	10,316,710
Total deductions	-	2,951	19,688,177	233,791	61,887	216,472	44,375	-	20,247,653
Change in net position	-	(2,857)	-	-	-	(9,586)	-	178	(12,265)
Net position - beginning of year (restated)	-	88,282	-	-	-	9,586	-	9,728	107,596
Net position - end of year	\$ -	\$ 85,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,906	\$ 95,331