

Gratiot County
Financial Statements
September 30, 2022



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

County Commissioners and Management
Gratiot County
Ithaca, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gratiot County, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gratiot County as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Gratiot County Road Commission, which represent 44 percent, 47 percent, and 75 percent, respectively, of the assets, net position, and revenues of the component units as of September 30, 2022, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Gratiot County Road Commission, is based solely on the report of the other auditors.

Basis for Opinions

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

Adoption of New Accounting Standards

As discussed in Note 1 to the financial statements, during the year ended September 30, 2022, Gratiot County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gratiot County's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the other supplementary information, 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 January 4, 2024, 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
January 4, 2024

Gratiot County
Management's Discussion and Analysis
September 30, 2022

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, 2022. This analysis should be read in conjunction with the *Independent Auditors' Report*, beginning on page 1-1 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 3-1) 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 3-3) 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, 2022

- **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 3-6 and 3-9 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 3-4, 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
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The County's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- **Governmental Funds** - Most of the County's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the County's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted), *Capital Projects Funds* (used to report major capital acquisitions and construction), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).
- **Proprietary Funds** - Services for which the County charges customers (whether outside the County structure or a County department) a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is the Soil Erosion Inspection Fund. *Internal Service funds* report activities that provide supplies or service to the County's other operations, such as the Fringe Benefit Fund. Internal Service funds are reported as governmental activities on the government-wide statements.
- **Fiduciary Funds** - The County acts as a trustee or fiduciary in certain instances. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The County's fiduciary activities are reported in a separate Statements of Fiduciary Net Position on page 3-14. 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 3-19 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, 2022**

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, 2022 and 2021.

	Governmental Activities		Business Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 20,955,662	\$ 17,323,905	\$ 8,392,649	\$ 7,908,487	\$ 29,348,311	\$ 25,232,392
Capital assets	7,460,898	7,411,459	-	-	7,460,898	7,411,459
Deferred outflows of resources	891,645	933,557	-	-	891,645	933,557
Total assets and deferred outflows of resources	29,308,205	25,668,921	8,392,649	7,908,487	37,700,854	33,577,408
Current liabilities	6,364,337	3,886,832	142,271	5,229	6,506,608	3,892,061
Long-term liabilities	5,874,403	7,414,868	-	-	5,874,403	7,414,868
Deferred inflows of resources	3,943,559	3,426,733	-	-	3,943,559	3,426,733
Total liabilities and deferred inflows of resources	16,182,299	14,728,433	142,271	5,229	16,324,570	14,733,662
Net Position						
Net investment in capital assets	7,383,904	7,200,192	-	-	7,383,904	7,200,192
Restricted	3,536,884	2,707,248	-	-	3,536,884	2,707,248
Unrestricted (deficit)	2,205,118	1,033,048	8,250,378	7,903,258	10,455,496	8,936,306
Total net position	\$ 13,125,906	\$ 10,940,488	\$ 8,250,378	\$ 7,903,258	\$ 21,376,284	\$ 18,843,746

Gratiot County
Management's Discussion and Analysis
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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, 2022 and 2021.

	Governmental Activities		Business Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Charges for Services	\$ 3,015,549	\$ 2,836,714	\$ 681,805	\$ 489,490	\$ 3,697,354	\$ 3,326,204
Grants & Contributions	5,735,920	5,293,050	-	-	5,735,920	5,293,050
General Revenues						
Property Taxes	13,621,556	13,241,875	-	-	13,621,556	13,241,875
Investment Earnings	48,695	11,515	(24,379)	19,126	24,316	30,641
Miscellaneous	16,050	37,624	38,174	61,807	54,224	99,431
Total revenues	22,437,770	21,420,778	695,600	570,423	23,133,370	21,991,201
Expenses						
General Government	8,427,209	8,960,954	-	-	8,427,209	8,960,954
Public Safety	6,585,119	5,465,640	-	-	6,585,119	5,465,640
Public Works	19,131	21,562	-	-	19,131	21,562
Health and Welfare	3,241,120	2,863,874	-	-	3,241,120	2,863,874
Community and economic development	513,695	543,906	-	-	513,695	543,906
Recreation & Cultural	1,412,072	1,221,234	-	-	1,412,072	1,221,234
Interest on long-term debt	127,799	153,300	-	-	127,799	153,300
Delinquent Tax	-	-	235,681	67,073	235,681	67,073
Tax fees and sales proceeds	-	-	-	-	-	-
Other	-	-	126,079	117,367	126,079	117,367
Total expenses	20,326,146	19,230,470	361,760	184,440	20,687,906	19,414,910
Excess revenue over expenses	2,111,624	2,190,308	333,840	385,983	2,445,464	2,576,291
Transfers	(13,280)	(4,310)	13,280	4,310	-	-
Change in net position	2,098,344	2,185,998	347,120	390,293	2,445,464	2,576,291
Net position - beginning	11,027,562	8,754,490	7,903,258	7,512,965	18,930,820	16,267,455
Net position - ending	\$ 13,125,906	\$ 10,940,488	\$ 8,250,378	\$ 7,903,258	\$ 21,376,284	\$ 18,843,746

**Gratiot County
Management's Discussion and Analysis
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Governmental Activities Statement of Net Position:

The County's Governmental Activities (GA) net position increased \$2,098,344 over the past fiscal year. This increase is proportionally spread out through all of the revenue sources (charges for services, taxes, and grants).

Revenues:

Property tax collection revenues for fiscal year 2022 are up to \$13.6 million (from \$13.2 million). The depreciation of the wind turbines are offsetting the increase in value of real property.

Federal and State grant and contribution revenues for fiscal year 2022 are up to \$5.7 million (from \$5.3 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 increased to \$3.0 million (from \$2.8 million). This was due to the increased activity after the pandemic dip.

The County levied six property tax millages for the 2022 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 \$1.1 million from 2021 to 2022. Approximately 50% of this increase was related to the rising costs of the public safety sector and the other 50% of this increase was related to projects funded by ARP funds.

Business-Type Activities:

Net position in business-type activities increased approximately \$350,000 from 2021 to 2022. 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, 2022**

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, 2022, the General Fund reported a fund balance of \$9,379,819. The General Fund's fund balance increased by \$35,077. Of the total fund balance, \$8,946,277 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 \$15,062,784. Actual collections came in at \$13,998,056, or \$1,071,041 lower than budgeted. Actual was less than budgeted amounts for the following significant reason:

- During our current fiscal year a significantly higher amount of tax revenue was deferred to the next fiscal year than expected. Many property tax payments were late.

The County's expenditure budget was \$14,431,103. Actual County expenditures for fiscal year 2022 were \$13,962,979, or \$468,124 lower than budgeted.

- There was a significant delay in multiple capital projects due to the supply chain.

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, 2022, this fund reported net position of \$8,097,449, an increase of \$361,294 from the prior year. Operating expenses in this fund remain minimal, and revenues are generated from interest generated, penalties, interest charged and sale of delinquent properties. The County maintains this balance to limit the need to borrow funds when reconciling and paying out the local units, and various County funds during property tax settlement.

**Gratiot County
Management's Discussion and Analysis
September 30, 2022**

Capital Assets

At the end of fiscal year 2022 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	
	2022	2021
Land	\$ 703,075	\$ 703,075
Construction in progress	305,621	74,925
Land improvements	1,180,380	1,152,589
Buildings and improvements	10,803,452	10,688,604
Equipment and furniture	1,378,779	1,329,525
Vehicles	1,157,972	1,058,671
Right of use assets - equipment	87,074	87,074
	15,616,353	15,094,463
Less: accumulated depreciation and amortization	(8,102,087)	(7,595,930)
Capital assets, net	\$ 7,514,266	\$ 7,498,533

The County's capital assets' valuation increased slightly for fiscal year 2022. The increase is due to minimal purchases being made.

Long-Term Debt

As of September 30, 2022, the County had \$5,871,182 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	\$3,284,545
Capital Lease Obligations	55,362
Compensated absences	713,760
Other post-employment benefits	1,015,873
Pension fund liability	801,642

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 10 to the financial statements (page 3-36).

**Gratiot County
Management's Discussion and Analysis
September 30, 2022**

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 2023 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.

Gratiot County
Statement of Net Position
September 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 16,126,190	\$ 5,304,340	\$ 21,430,530	\$ 5,169,371
Investments	4,664	860,508	865,172	962,867
Receivables				
Taxes	4,311,820	1,421,783	5,733,603	-
Customers	72,252	3,323	75,575	294,536
Special assessments	-	-	-	11,746,744
Accrued interest and other	84,443	350,135	434,578	-
Due from other units of government	283,115	153,642	436,757	1,827,750
Internal balances	(298,293)	298,293	-	-
Inventories	62,057	-	62,057	828,120
Prepaid items	256,046	625	256,671	51,564
Net OPEB asset	-	-	-	74,752
Net pension asset	-	-	-	53,416
Right to use assets, net of amortization	53,368	-	53,368	-
Capital assets not being depreciated	1,008,696	-	1,008,696	2,714,677
Capital assets net of depreciation	6,452,202	-	6,452,202	63,394,361
Total assets	<u>28,416,560</u>	<u>8,392,649</u>	<u>36,809,209</u>	<u>87,118,158</u>
Deferred Outflows of Resources				
Deferred amount relating to net pension liability	225,772	-	225,772	2,057,257
Deferred amount relating to total OPEB liability	665,873	-	665,873	25,883
Total deferred outflows of resources	<u>891,645</u>	<u>-</u>	<u>891,645</u>	<u>2,083,140</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Statement of Net Position
September 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 856,883	\$ 95,582	\$ 952,465	\$ 1,170,545
Accrued and other liabilities	256,347	994	257,341	213,620
Performance bond payable	-	-	-	3,100
Due to other units of government	38,342	45,695	84,037	190,183
Unearned revenue	5,212,765	-	5,212,765	-
Advances from other governmental unit	-	-	-	223,879
Noncurrent liabilities				
Debt due within one year	1,556,049	-	1,556,049	1,914,347
Debt due in more than one year	2,497,618	-	2,497,618	10,649,117
Net pension liability	855,058	-	855,058	4,642,673
Net OPEB liability	965,678	-	965,678	50,195
Total liabilities	<u>12,238,740</u>	<u>142,271</u>	<u>12,381,011</u>	<u>19,057,659</u>
Deferred Inflows of Resources				
Deferred amount relating to net pension liability	2,621,050	-	2,621,050	1,613,034
Deferred amount relating to net OPEB liability	<u>1,322,509</u>	<u>-</u>	<u>1,322,509</u>	<u>39,015</u>
Total deferred inflows of resources	<u>3,943,559</u>	<u>-</u>	<u>3,943,559</u>	<u>1,652,049</u>
Net Position				
Net investment in capital assets	7,383,904	-	7,383,904	54,040,195
Restricted for				
Special revenue funds	3,536,884	-	3,536,884	-
Central dispatch authority	-	-	-	808,773
Drainage districts	-	-	-	15,571,017
Unrestricted (deficit)	<u>2,205,118</u>	<u>8,250,378</u>	<u>10,455,496</u>	<u>(1,928,395)</u>
Total net position	<u>\$ 13,125,906</u>	<u>\$ 8,250,378</u>	<u>\$ 21,376,284</u>	<u>\$ 68,491,590</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Statement of Activities
For the Year Ended September 30, 2022

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	\$ 8,427,209	\$ 1,829,977	\$ 3,275,213	\$ -	\$ (3,322,019)	\$ -	\$ (3,322,019)	\$ -
Public safety	6,585,119	1,017,457	1,915,524	-	(3,652,138)	-	(3,652,138)	-
Public works	19,131	-	36,968	-	17,837	-	17,837	-
Health and welfare	3,241,120	132,386	482,133	301	(2,626,300)	-	(2,626,300)	-
Community and economic development	513,695	11,047	25,661	-	(476,987)	-	(476,987)	-
Recreation and culture	1,412,072	24,682	120	-	(1,387,270)	-	(1,387,270)	-
Interest on long-term debt	127,799	-	-	-	(127,799)	-	(127,799)	-
Total governmental activities	<u>20,326,146</u>	<u>3,015,549</u>	<u>5,735,619</u>	<u>301</u>	<u>(11,574,677)</u>	<u>-</u>	<u>(11,574,677)</u>	<u>-</u>
Business-type activities								
Delinquent tax revolving	235,681	621,868	-	-	-	386,187	386,187	-
Soil erosion inspection	40,544	27,555	-	-	-	(12,989)	(12,989)	-
Jail commissary	85,535	32,382	-	-	-	(53,153)	(53,153)	-
Total business-type activities	<u>361,760</u>	<u>681,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,045</u>	<u>320,045</u>	<u>-</u>
Total primary government	<u>\$ 20,687,906</u>	<u>\$ 3,697,354</u>	<u>\$ 5,735,619</u>	<u>\$ 301</u>	<u>(11,574,677)</u>	<u>320,045</u>	<u>(11,254,632)</u>	<u>-</u>
Component units								
Drainage Districts	\$ 2,368,862	\$ 2,630,022	\$ -	\$ 277,844	-	-	-	539,004
Central Dispatch Authority	1,167,725	1,277,462	15,018	-	-	-	-	124,755
Brownfield Redevelopment Authority	4,532	-	9,349	-	-	-	-	4,817
Road Commission	11,888,390	1,332,741	10,100,149	1,069,001	-	-	-	613,501
	<u>\$ 15,429,509</u>	<u>\$ 5,240,225</u>	<u>\$ 10,124,516</u>	<u>\$ 1,346,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,282,077</u>
General revenues								
Property taxes					13,621,556	-	13,621,556	4,345
Unrestricted investment earnings (loss)					48,695	(24,379)	24,316	27,794
Gain on sale of capital assets					153	-	153	10,010
Miscellaneous					15,897	38,174	54,071	-
Transfers					(13,280)	13,280	-	-
Total general revenues					<u>13,673,021</u>	<u>27,075</u>	<u>13,700,096</u>	<u>42,149</u>
Change in net position					2,098,344	347,120	2,445,464	1,324,226
Net position - beginning of year (restated)					<u>11,027,562</u>	<u>7,903,258</u>	<u>18,930,820</u>	<u>67,167,364</u>
Net position - end of year					<u>\$ 13,125,906</u>	<u>\$ 8,250,378</u>	<u>\$ 21,376,284</u>	<u>\$ 68,491,590</u>

See Accompanying Notes to the Financial Statements

**Gratiot County
Governmental Funds
Balance Sheet
September 30, 2022**

	General	COVID Recovery	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,013,601	\$ 5,227,535	\$ 3,843,099	\$ 16,084,235
Investments	4,664	-	-	4,664
Receivables				
Taxes	4,311,820	-	-	4,311,820
Customers	30,026	-	42,226	72,252
Due from other units of government	100,476	-	182,639	283,115
Prepaid items	125,985	22,224	58,110	206,319
	<u>\$ 11,586,572</u>	<u>\$ 5,249,759</u>	<u>\$ 4,126,074</u>	<u>\$ 20,962,405</u>
Liabilities				
Accounts payable	\$ 347,505	\$ 22,246	\$ 484,127	\$ 853,878
Accrued and other liabilities	211,012	-	35,767	246,779
Due to other funds	28,997	-	69,296	98,293
Due to other units of government	38,342	-	-	38,342
Unearned revenue	-	5,212,765	-	5,212,765
Advances from other funds	200,000	-	-	200,000
	<u>825,856</u>	<u>5,235,011</u>	<u>589,190</u>	<u>6,650,057</u>
Total liabilities				

See Accompanying Notes to the Financial Statements

**Gratiot County
Governmental Funds
Balance Sheet
September 30, 2022**

	<u>General</u>	<u>COVID Recovery</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Deferred Inflows of Resources				
Unavailable revenue	\$ 1,380,897	\$ -	\$ 148,517	\$ 1,529,414
Fund Balances				
Non-spendable				
Prepaid items	125,985	22,224	58,110	206,319
Restricted				
Special revenue funds	-	-	3,339,764	3,339,764
Committed	181,623	-	-	181,623
Assigned	125,934	-	-	125,934
Unassigned (deficit)	<u>8,946,277</u>	<u>(7,476)</u>	<u>(9,507)</u>	<u>8,929,294</u>
Total fund balances	<u>9,379,819</u>	<u>14,748</u>	<u>3,388,367</u>	<u>12,782,934</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,586,572</u>	<u>\$ 5,249,759</u>	<u>\$ 4,126,074</u>	<u>\$ 20,962,405</u>

Gratiot County
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2022

Total fund balances for governmental funds	\$ 12,782,934
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.	
Right to use assets, net of amortization	53,368
Capital assets not being depreciated	1,008,696
Capital assets net of depreciation	6,452,202
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	1,529,414
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(9,568)
Compensated absences	(713,760)
Deferred outflows of resources resulting from net pension liability	225,772
Deferred inflows of resources resulting from net pension liability	(2,621,050)
Deferred outflows of resources resulting from net OPEB liability	665,873
Deferred inflows of resources resulting from net OPEB liability	(1,322,509)
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	(3,284,545)
Leases	(55,362)
Net pension liability	(855,058)
Net OPEB liability	(965,678)
Internal service funds are included as part of governmental activities.	235,177
Net position of governmental activities	\$ 13,125,906

Gratiot County
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	<u>General</u>	<u>COVID Recovery</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 9,027,576	\$ -	\$ 4,080,236	\$ 13,107,812
Licenses and permits	86,033	-	301,798	387,831
Intergovernmental				
Federal/State	2,288,877	1,749,839	1,511,066	5,549,782
Local contributions	47,856	-	63,365	111,221
Charges for services	1,844,044	-	321,646	2,165,690
Fines and forfeitures	76,970	-	4,500	81,470
Interest income	23,516	13,315	11,864	48,695
Rental income	16,650	-	-	16,650
Other revenue	365,995	-	150,414	516,409
	<u>13,777,517</u>	<u>1,763,154</u>	<u>6,444,889</u>	<u>21,985,560</u>
Expenditures				
Current				
General government	6,871,413	35,329	1,331,759	8,238,501
Public safety	4,370,740	1,321,622	906,837	6,599,199
Public works	14,255	-	-	14,255
Health and Welfare	1,367,386	350,000	1,516,660	3,234,046
Community and economic development	420	-	517,590	518,010
Recreation and culture	-	-	1,302,740	1,302,740
Other functions	241,517	-	-	241,517
Capital outlay	197,503	42,888	384,134	624,525
Debt service				
Principal retirement	26,468	-	799,437	825,905
Interest and fiscal charges	18,054	-	120,639	138,693
	<u>13,107,756</u>	<u>1,749,839</u>	<u>6,879,796</u>	<u>21,737,391</u>
Excess (deficiency) of revenues over expenditures	<u>669,761</u>	<u>13,315</u>	<u>(434,907)</u>	<u>248,169</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, 2022

	<u>General</u>	<u>COVID Recovery</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)				
Transfers in	\$ 220,386	\$ -	\$ 1,171,738	\$ 1,392,124
Transfers out	(855,223)	-	(220,886)	(1,076,109)
Sale of capital assets	153	-	-	153
Total other financing sources (uses)	<u>(634,684)</u>	<u>-</u>	<u>950,852</u>	<u>316,168</u>
Net change in fund balance	35,077	13,315	515,945	564,337
Fund balance - beginning of year	<u>9,344,742</u>	<u>1,433</u>	<u>2,872,422</u>	<u>12,218,597</u>
Fund balance - end of year	<u>\$ 9,379,819</u>	<u>\$ 14,748</u>	<u>\$ 3,388,367</u>	<u>\$ 12,782,934</u>

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, 2022

Net change in fund balances - Total governmental funds	\$	564,337
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		(506,157)
Capital outlay		521,890
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Grants		(61,687)
Property taxes		513,744
Expenses are recorded when incurred in the statement of activities		
Accrued interest		6,449
Compensated absences		(62,004)
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		1,159,821
Net change in the deferred outflow of resources related to the net pension liability		124,341
Net change in the deferred inflow of resources related to the net pension liability		(1,615,151)
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		(387,702)
Net change in the deferred outflow of resources related to the net OPEB liability		(166,253)
Net change in the deferred inflow of resources related to the net OPEB liability		1,098,325
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		825,905
Amortization of premiums		4,445
Internal service funds are also included as governmental activities		78,041
Change in net position of governmental activities	\$	2,098,344

See Accompanying Notes to the Financial Statements

Gratiot County
Proprietary Funds
Statement of Net Position
September 30, 2022

	Business-type Activities			Internal Service Funds
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 5,148,140	\$ 156,200	\$ 5,304,340	\$ 41,955
Investments	860,508	-	860,508	-
Receivables				
Taxes	1,421,783	-	1,421,783	-
Customers	-	3,323	3,323	-
Accrued interest and other	350,135	-	350,135	84,443
Due from other units of government	151,573	2,069	153,642	-
Due from other funds	101,365	-	101,365	-
Inventories	-	-	-	62,057
Prepaid items	-	625	625	49,727
	8,033,504	162,217	8,195,721	238,182
Total current assets				
Noncurrent assets				
Advances to other funds	200,000	-	200,000	-
	8,233,504	162,217	8,395,721	238,182
Total assets				
Liabilities				
Current liabilities				
Accounts payable	90,195	5,387	95,582	3,005
Accrued and other liabilities	165	829	994	-
Due to other funds	-	3,072	3,072	-
Due to other units of government	45,695	-	45,695	-
	136,055	9,288	145,343	3,005
Total current liabilities				
Net Position				
Unrestricted	\$ 8,097,449	\$ 152,929	\$ 8,250,378	\$ 235,177

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, 2022

	Business-type Activities			Internal Service Funds
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
Operating revenue				
Customer fees	\$ 621,993	\$ 59,937	\$ 681,930	\$ -
Billings to other funds	-	-	-	3,488,412
Other revenue	-	38,049	38,049	66,566
Total operating revenue	621,993	97,986	719,979	3,554,978
Operating expenses				
Personnel services	5,186	35,475	40,661	3,078,703
Supplies	34,619	36,480	71,099	-
Contractual services	7,300	-	7,300	-
Utilities	-	400	400	-
Repairs and maintenance	-	6,630	6,630	-
Other expenses	188,576	47,094	235,670	69,031
Total operating expenses	235,681	126,079	361,760	3,147,734
Operating income (loss)	386,312	(28,093)	358,219	407,244
Nonoperating revenue				
Investment earnings (loss)	(25,018)	639	(24,379)	92
Income (loss) before transfers	361,294	(27,454)	333,840	407,336
Transfers in	-	13,280	13,280	529,713
Transfers out	-	-	-	(859,008)
Change in net position	361,294	(14,174)	347,120	78,041
Net position - beginning of year	7,736,155	167,103	7,903,258	157,136
Net position - end of year	\$ 8,097,449	\$ 152,929	\$ 8,250,378	\$ 235,177

See Accompanying Notes to the Financial Statements

Gratiot County
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2022

	<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	\$ 466,686	\$ 97,367	\$ 564,053	\$ 33,445
Receipts from interfund users	-	-	-	3,452,619
Receipts from other funds	-	796	796	-
Payments to other funds	(130,216)	-	(130,216)	-
Payments to suppliers	-	(88,060)	(88,060)	(3,164,715)
Payments to employees	-	(35,475)	(35,475)	-
Net cash provided (used) by operating activities	<u>336,470</u>	<u>(25,372)</u>	<u>311,098</u>	<u>321,349</u>
Cash flows from noncapital financing activities				
Transfer from other funds	-	13,280	13,280	529,713
Transfers to other funds	-	-	-	(859,008)
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>13,280</u>	<u>213,280</u>	<u>(329,295)</u>
Cash flows from investing activities				
Purchases of investments	(6,664)	-	(6,664)	-
Investment earnings (loss)	<u>(25,018)</u>	<u>639</u>	<u>(24,379)</u>	<u>92</u>
Net cash provided (used) by investing activities	<u>(31,682)</u>	<u>639</u>	<u>(31,043)</u>	<u>92</u>
Net change in cash and cash equivalents	504,788	(11,453)	493,335	(7,854)
Cash and cash equivalents - beginning of year	<u>4,643,352</u>	<u>167,653</u>	<u>4,811,005</u>	<u>49,809</u>
Cash and cash equivalents - end of year	<u>\$ 5,148,140</u>	<u>\$ 156,200</u>	<u>\$ 5,304,340</u>	<u>\$ 41,955</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 386,312	\$ (28,093)	\$ 358,219	\$ 407,244
Changes in assets and liabilities				
Receivables (net)	83,422	(619)	82,803	(18,591)
Due from other units of government	(138,953)	(2,069)	(141,022)	-
Due from other funds	(35,803)	796	(35,007)	-
Prepaid items	-	1,200	1,200	(16,432)
Accounts payable	90,045	2,875	92,920	(549)
Accrued and other liabilities	165	538	703	-
Due to other funds	(94,413)	-	(94,413)	(50,323)
Due to other units of government	45,695	-	45,695	-
 Net cash provided (used) by operating activities	 \$ 336,470	 \$ (25,372)	 \$ 311,098	 \$ 321,349

See Accompanying Notes to the Financial Statements

Gratiot County
Fiduciary Funds
Statement of Fiduciary Net Position
September 30, 2022

	<u>Other Employee Benefit Trust Fund</u>	<u>Custodial Funds</u>
Assets		
Cash and cash equivalents	\$ -	\$ 2,625,901
Investments	1,800,016	-
Receivables		
Fines	-	1,357
Due from other units of government	-	<u>28,532</u>
 Total assets	 <u>1,800,016</u>	 <u>2,655,790</u>
Liabilities		
Accounts payable	-	30,727
Accrued and other liabilities	-	9,541
Due to other units of government	-	2,514,285
Deferred revenue	-	<u>852</u>
 Total liabilities	 <u>-</u>	 <u>2,555,405</u>
Net Position		
Restricted for:		
Post-employment benefits other than pension	1,800,016	-
Individuals, organizations and other governments	-	<u>100,385</u>
 Total net position	 <u>\$ 1,800,016</u>	 <u>\$ 100,385</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

	Other Employee Benefit Trust Fund	Custodial Funds
Additions		
Contributions		
Employer	\$ 164,473	\$ -
State education tax collected for other governments	-	10,003,686
Real estate transfer tax collected for other governments	-	2,254,785
Fees and fines collected on behalf of other units of governments	-	419,117
Collections from or on behalf of inmates	-	234,914
Other taxes collected for other governments	-	9,253,023
Funds collected for wind farm planning	-	105,370
Interest	-	683
Investment earnings		
Net change in fair value of investments	(279,524)	-
Less investment expense	(3,639)	-
Net investment loss	(283,163)	-
 Total additions	 (118,690)	 22,271,578
Deductions		
Benefits	168,189	-
Payments of state education tax to other governments	-	10,003,686
Payments of real estate transfer tax to other governments	-	2,254,785
Fees and fines remitted to other units of government	-	188,897
Payments to or on behalf of inmates	-	234,914
Payments related to wind farm planning	-	87,429
Payments of other taxes to other governments	-	9,496,813
 Total deductions	 168,189	 22,266,524
 Change in net position	 (286,879)	 5,054
Net position - beginning of year	2,086,895	95,331
Net position - end of year	\$ 1,800,016	\$ 100,385

See Accompanying Notes to the Financial Statements

Gratiot County
Component Unit Funds
Combining Statement of Net Position
September 30, 2022

	Road Commission	Central Dispatch Authority	Drainage Districts	Brownfield Redevelopment Authority	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 415,710	\$ 549,066	\$ 4,204,595	\$ -	\$ 5,169,371
Investments	962,867	-	-	-	962,867
Receivables					
Customers	-	294,536	-	-	294,536
Special assessments, current	-	-	1,921,671	-	1,921,671
Due from other units of government	1,827,750	-	-	-	1,827,750
Inventories	828,120	-	-	-	828,120
Prepaid items	-	51,564	-	-	51,564
	<u>4,034,447</u>	<u>895,166</u>	<u>6,126,266</u>	<u>-</u>	<u>11,055,879</u>
Total current assets					
Noncurrent assets					
Special assessments receivable, deferred	-	-	9,825,073	-	9,825,073
Net pension asset	-	53,416	-	-	53,416
Net OPEB asset	74,752	-	-	-	74,752
Capital assets not being depreciated	653,673	-	2,061,004	-	2,714,677
Capital assets net of depreciation	<u>33,731,943</u>	<u>1,039,708</u>	<u>28,622,710</u>	<u>-</u>	<u>63,394,361</u>
	<u>34,460,368</u>	<u>1,093,124</u>	<u>40,508,787</u>	<u>-</u>	<u>76,062,279</u>
Total noncurrent assets					
	<u>38,494,815</u>	<u>1,988,290</u>	<u>46,635,053</u>	<u>-</u>	<u>87,118,158</u>
Total assets					
Deferred Outflows of Resources					
Deferred amount relating to net pension liability	1,979,818	77,439	-	-	2,057,257
Deferred amount relating to net OPEB liability	-	25,883	-	-	25,883
	<u>1,979,818</u>	<u>103,322</u>	<u>-</u>	<u>-</u>	<u>2,083,140</u>
Total deferred outflows of resources					

See Accompanying Notes to the Financial Statements

Gratiot County
Component Unit Funds
Combining Statement of Net Position
September 30, 2022

	Road Commission	Central Dispatch Authority	Drainage Districts	Brownfield Redevelopment Authority	Total
Liabilities					
Current liabilities					
Accounts payable	\$ 891,847	\$ 12,206	\$ 266,492	\$ -	\$ 1,170,545
Accrued and other liabilities	88,925	10,865	113,830	-	213,620
Performance bond payable	3,100	-	-	-	3,100
Due to other units of government	190,183	-	-	-	190,183
Current portion of noncurrent liabilities	<u>237,969</u>	<u>358,335</u>	<u>1,318,043</u>	<u>-</u>	<u>1,914,347</u>
Total current liabilities	<u>1,412,024</u>	<u>381,406</u>	<u>1,698,365</u>	<u>-</u>	<u>3,491,795</u>
Noncurrent liabilities					
Advances from State	223,879	-	-	-	223,879
Net pension liability	4,642,673	-	-	-	4,642,673
Long-term debt net of current portion	221,781	315,267	10,112,069	-	10,649,117
Net OPEB liability	<u>-</u>	<u>50,195</u>	<u>-</u>	<u>-</u>	<u>50,195</u>
Total noncurrent liabilities	<u>5,088,333</u>	<u>365,462</u>	<u>10,112,069</u>	<u>-</u>	<u>15,565,864</u>
Total liabilities	<u>6,500,357</u>	<u>746,868</u>	<u>11,810,434</u>	<u>-</u>	<u>19,057,659</u>
Deferred Inflows of Resources					
Deferred amount relating to net pension liability	1,517,055	95,979	-	-	1,613,034
Deferred amount relating to net OPEB liability	<u>-</u>	<u>39,015</u>	<u>-</u>	<u>-</u>	<u>39,015</u>
Total deferred inflows of resources	<u>1,517,055</u>	<u>134,994</u>	<u>-</u>	<u>-</u>	<u>1,652,049</u>
Net Position					
Net investment in capital assets	34,385,616	400,977	19,253,602	-	54,040,195
Restricted					
Central dispatch authority	-	808,773	-	-	808,773
Drainage districts	-	-	15,571,017	-	15,571,017
Unrestricted (deficit)	<u>(1,928,395)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,928,395)</u>
Total net position	<u>\$ 32,457,221</u>	<u>\$ 1,209,750</u>	<u>\$ 34,824,619</u>	<u>\$ -</u>	<u>\$ 68,491,590</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Component Units Funds
Statement of Activities
For the Year Ended September 30, 2022

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	\$ 2,368,862	\$ 2,630,022	\$ -	\$ 277,844	\$ 539,004
Central Dispatch Authority	1,167,725	1,277,462	15,018	-	124,755
Brownfield Redevelopment Authority	4,532	-	9,349	-	4,817
Road Commission	<u>11,888,390</u>	<u>1,332,741</u>	<u>10,100,149</u>	<u>1,069,001</u>	<u>613,501</u>
 Total primary government	 <u>\$ 15,429,509</u>	 <u>\$ 5,240,225</u>	 <u>\$ 10,124,516</u>	 <u>\$ 1,346,845</u>	 <u>1,282,077</u>
General revenues					
Property taxes					4,345
Unrestricted investment earnings					27,794
Gain on sale of capital assets					<u>10,010</u>
 Total general revenues					<u>42,149</u>
 Change in net position					1,324,226
 Net position - beginning of year					<u>67,167,364</u>
 Net position - end of year					<u>\$ 68,491,590</u>

See Accompanying Notes to the Financial Statements

Gratiot County
Notes to the Financial Statements
September 30, 2022

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 County and its component units, entities for which the County is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the County'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 County (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, 2022, 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, 2022

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, 2022, no amounts were contributed by the County for operational costs. 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, 2022, the GCAC had net position of \$1,903,985. A copy of the GCAC's audited financial statements can be obtained at City Hall.

Gratiot County
Notes to the Financial Statements
September 30, 2022

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, 2022, the County contributed \$291,576 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, 2022 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-State Health Network – Gratiot County, in conjunction with twenty-one (21) other Counties, has entered into an agreement to join and fund Mid-State Health Network. This organization’s Board is composed of

twenty-four (24) 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 4.2%). For the year ended September 30, 2022, the County passed through \$49,209 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, 2022, the County passed through \$507,679.

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, 2022, the County’s contribution to Mental Health Services was \$200,000.

Gratiot County
Notes to the Financial Statements
September 30, 2022

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 County 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 County.

Gratiot County
Notes to the Financial Statements
September 30, 2022

The County reports the following major governmental funds:

The General Fund is the County'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 County 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 County 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 County. 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, 2022

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 2022 taxable valuation of the County totaled \$1,681,648,172 on which ad valorem taxes consisted of 5.5206 mills for operating purposes. This resulted in \$9,219,727 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

The 2021 taxable valuation of the County totaled \$1,663,614,234. 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	\$ 1,072,451
Parks	0.3500	578,185
Road Patrol	0.4494	742,390
Agriculture and Economic Development	0.4500	743,381
Library	0.4994	824,987

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, 2022. 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 County 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, 2022

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

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

Vested paid time off earned as of September 30, 2022, including related payroll taxes, is recorded in the government-wide financial statements as a noncurrent liability.

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Notes to the Financial Statements
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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 County 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.

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

Gratiot County
Notes to the Financial Statements
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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 \$181,623 at September 30, 2022. 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. 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.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable

Gratiot County
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from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments.

Statement No. 99, *2022 Omnibus* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Upcoming Accounting and Reporting Changes

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.

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending September 30, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending September 30, 2025.

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 County is subject to the budgetary control requirements of the Uniform Budgeting and Accounting Act (P.A. 2 of 1968, 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.

Gratiot County
Notes to the Financial Statements
September 30, 2022

Excess of expenditures over appropriations

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Public safety	\$ 4,211,356	\$ 4,370,740	\$ 159,384
Other functions	189,532	241,517	51,985
Debt service	12,000	44,522	32,522
Transfers out	717,093	855,223	138,130

Fund Deficits

The County has accumulated net position deficits in the District Court Custody and Circuit Court Custody funds in the amount of \$11,448 and \$2,326, respectively, as of September 30, 2022.

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 County's investment policy authorize the County 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 County's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 16,126,190	\$ 4,664	\$ 16,130,854
Business-type activities	5,304,340	860,508	6,164,848
Total primary government	21,430,530	865,172	22,295,702
Fiduciary funds	2,625,901	1,800,016	4,425,917
Component units	5,169,371	962,867	6,132,238
Total	<u>\$ 29,225,802</u>	<u>\$ 3,628,055</u>	<u>\$ 32,853,857</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)	\$ 21,428,055	\$ 2,625,901	\$ 5,169,371	\$ 29,223,327
Investments	865,172	1,800,016	962,867	3,628,055
Petty cash and cash on hand	2,475	-	-	2,475
	<u>\$ 22,295,702</u>	<u>\$ 4,425,917</u>	<u>\$ 6,132,238</u>	<u>\$ 32,853,857</u>

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County does not have a policy for custodial credit risk. As of year-end, \$22,391,743 of the \$27,362,660 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

Gratiot County
Notes to the Financial Statements
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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.

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	\$ 1,828,039	54 days
MERS retiree health funding vehicle		
Total market portfolio	<u>1,800,016</u>	N/A
	<u>\$ 3,628,055</u>	

Credit risk

Credit risk is the risk that the County 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	\$ 1,828,039	AAA	S&P
MERS retiree health funding vehicle			
Total market portfolio	<u>1,800,016</u>	Unrated	N/A
	<u>\$ 3,628,055</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 County's total investments with the exception of U.S. Treasury securities and authorized investment pools.

Gratiot County
Notes to the Financial Statements
September 30, 2022

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 \$1,828,039. 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 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 \$1,800,016. 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	\$ 1,303,487
Other revenue	<u>225,927</u>
	<u><u>\$ 1,529,414</u></u>

Gratiot County
Notes to the Financial Statements
September 30, 2022

Note 6 - Capital Assets

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

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 703,075	\$ -	\$ -	\$ 703,075
Construction-in-progress	74,925	299,424	68,728	305,621
Total capital assets not being depreciated	778,000	299,424	68,728	1,008,696
Capital assets being depreciated				
Land improvements	1,152,589	27,791	-	1,180,380
Buildings and improvements	10,688,604	114,848	-	10,803,452
Equipment and furniture	1,329,525	49,254	-	1,378,779
Vehicles	1,058,671	99,301	-	1,157,972
Right of use assets - equipment	87,074	-	-	87,074
Total capital assets being depreciated	14,316,463	291,194	-	14,607,657
Less accumulated depreciation for				
Land improvements	316,481	39,005	-	355,486
Buildings and improvements	5,543,020	238,890	-	5,781,910
Equipment and furniture	1,033,449	78,074	-	1,111,523
Vehicles	702,980	116,482	-	819,462
Right of use assets - equipment	-	33,706	-	33,706
Total accumulated depreciation	7,595,930	506,157	-	8,102,087
Net capital assets being depreciated	6,720,533	(214,963)	-	6,505,570
Governmental activities capital assets, net	\$ 7,498,533	\$ 84,461	\$ 68,728	\$ 7,514,266
Right to use leased assets				
Right to use assets, net of amortization	\$ 87,074	\$ (33,706)	\$ -	\$ 53,368
Capital assets				
Capital assets not being depreciated	778,000	299,424	68,728	1,008,696
Capital assets, net of depreciation	6,633,459	(181,257)	-	6,452,202
Net capital assets	\$ 7,498,533	\$ 84,461	\$ 68,728	\$ 7,514,266

Depreciation and amortization of right of use assets expenses were charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 180,040
Public safety	193,355
Public works	4,995
Health and welfare	44,450
Recreation and culture	83,317
Total primary government	\$ 506,157

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	\$ 1,519,805	\$ 1,158,828	\$ 617,629	\$ 2,061,004
Capital assets being depreciated				
Drains	36,366,912	617,629	-	36,984,541
Vehicles	49,238	-	-	49,238
Total capital assets being depreciated	36,416,150	617,629	-	37,033,779
Less accumulated depreciation for				
Drains	7,353,667	1,008,164	-	8,361,831
Vehicles	45,383	3,855	-	49,238
Total accumulated depreciation	7,399,050	1,012,019	-	8,411,069
Net capital assets being depreciated	29,017,100	(394,390)	-	28,622,710
Component unit capital assets, net	\$ 30,536,905	\$ 764,438	\$ 617,629	\$ 30,683,714

Gratiot County
Notes to the Financial Statements
September 30, 2022

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - Central				
Dispatch Authority				
Capital assets being depreciated				
Equipment and furniture	\$ 1,630,228	\$ 19,385	\$ -	\$ 1,649,613
Less accumulated depreciation for				
Equipment and furniture	507,200	102,705	-	609,905
Net capital assets being depreciated	1,123,028	(83,320)	-	1,039,708
Component unit capital assets, net	<u>\$ 1,123,028</u>	<u>\$ (83,320)</u>	<u>\$ -</u>	<u>\$ 1,039,708</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	<u>653,673</u>	<u>-</u>	<u>-</u>	<u>653,673</u>
Capital assets being depreciated				
Land improvements	30,905	-	-	30,905
Buildings	2,389,743	7,708	-	2,397,451
Road equipment	11,357,791	1,147,724	53,985	12,451,530
Shop equipment	187,336	3,098	-	190,434
Office equipment	54,705	-	-	54,705
Engineer's equipment	16,473	-	-	16,473
Yard and storage	16,875	7,935	-	24,810
Infrastructure - bridges	24,172,520	83,891	-	24,256,411
Infrastructure - roads	30,698,386	1,224,174	538,628	31,383,932
Infrastructure - traffic signals	138,046	-	-	138,046
Total capital assets being depreciated	<u>69,062,780</u>	<u>2,474,530</u>	<u>592,613</u>	<u>70,944,697</u>
Less accumulated depreciation for				
Land improvements	30,905	-	-	30,905
Buildings	1,207,184	42,187	-	1,249,371
Road equipment	9,132,805	686,856	47,995	9,771,666
Shop equipment	165,438	4,560	-	169,998
Office equipment	45,990	1,729	-	47,719
Engineer's equipment	14,924	1,276	-	16,200
Yard and storage	1,688	1,240	-	2,928
Infrastructure - bridges	10,786,133	471,707	-	11,257,840
Infrastructure - roads	13,603,890	1,578,508	538,628	14,643,770
Infrastructure - traffic signals	13,457	8,900	-	22,357
Total accumulated depreciation	<u>35,002,414</u>	<u>2,796,963</u>	<u>586,623</u>	<u>37,212,754</u>
Net capital assets being depreciated	<u>34,060,366</u>	<u>(322,433)</u>	<u>5,990</u>	<u>33,731,943</u>
Component unit capital assets, net	<u>\$ 34,714,039</u>	<u>\$ (322,433)</u>	<u>\$ 5,990</u>	<u>\$ 34,385,616</u>

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

Component units	
Drainage Districts	\$ 1,012,019
Central Dispatch Authority	102,705
Road Commission	2,796,963
Total component units	<u>\$ 3,911,687</u>

Note 7 - Commitments

The County has active construction projects as of September 30, 2022. At year end, the County's commitments with contractors are as follows:

Project	Total Contract	Spent to Date	Remaining Construction Commitment
Drains	\$ 1,044,608	\$ 825,551	\$ 219,057
Invenergy/Heartland	259,156	23,568	235,588
Paving - Reed Park	270,635	263,700	6,935
Health Department HVAC	356,100	13,500	342,600
Court Audio Recording	245,034	22,224	222,810
Total	<u>\$ 2,175,533</u>	<u>\$ 1,148,543</u>	<u>\$ 1,026,990</u>

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Delinquent Tax Revolving Fund	General Fund	\$ 28,997
Delinquent Tax Revolving Fund	Nonmajor Enterprise Funds	3,072
Delinquent Tax Revolving Fund	Nonmajor Governmental Funds	69,296
		<u>\$ 101,365</u>

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

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

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Nonmajor Governmental Funds	\$ 312,230
General Fund	Internal Service Funds	529,713
General Fund	Nonmajor Enterprise Funds	13,280
Internal Service Funds	Nonmajor Governmental Funds	859,008
Nonmajor Governmental Funds	General Fund	220,386
Nonmajor Governmental Funds	Nonmajor Governmental Funds	500
		<u>\$ 1,935,117</u>

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

Gratiot County
Notes to the Financial Statements
September 30, 2022

Note 9 - Lease Liability

During the 2019 fiscal year, the County entered into a 5-year lease agreement as lessee for the use of copiers. An initial lease liability was recorded in the amount of \$151,266. As of September 30, 2022, the value of the lease liability was \$55,881, of which \$55,362 was recognized in governmental activities and \$519 in component unit activities. The County is required to make monthly principal and interest payments of \$3,181. The lease has an interest rate of 9.55%. The value of the right-to-use asset as of the end of the current fiscal year was \$87,074 and had accumulated amortization of \$33,706.

Annual requirements to amortize the lease liability and related interest are as follows:

Year Ending September 30,	Governmental Activities		Component Unit	
	Principal	Interest	Principal	Interest
2023	\$ 33,999	\$ 3,827	\$ 309	\$ 35
2024	21,363	686	210	6
	<u>\$ 55,362</u>	<u>\$ 4,513</u>	<u>\$ 519</u>	<u>\$ 41</u>

Gratiot County
Notes to the Financial Statements
September 30, 2022

Note 10 - Long-Term Debt

The County 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 County. 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	4.30 - 4.40%	\$25,000	\$ 125,000	\$ -	\$ 50,000	\$ 75,000	\$ 25,000
2017 General Obligation Bonds	6,730,000	9/1/26	3.00%	\$765,000 - \$840,000	3,945,000	-	745,000	3,200,000	765,000
Total bonds and notes payable					4,070,000	-	795,000	3,275,000	790,000
Deferred amounts									
For issuance premiums					13,990	-	4,445	9,545	3,759
Total					4,083,990	-	799,445	3,284,545	793,759
Leases					86,267	-	30,905	55,362	33,999
Compensated absences					651,756	790,295	728,291	713,760	728,291
Total governmental activities					<u>\$ 4,822,013</u>	<u>\$ 790,295</u>	<u>\$ 1,558,641</u>	<u>\$ 4,053,667</u>	<u>\$ 1,556,049</u>

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

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
Component units									
Bonds and notes payable									
General obligation bonds									
No. 007 Drain Bond	\$ 1,695,000	6/1/22	2.35 - 2.60%	\$170,000	\$ 170,000	\$ -	\$ 170,000	\$ -	\$ -
No. 133 Drain Bond	1,125,000	6/1/28	1.85 - 2.65%	\$75,000	525,000	-	75,000	450,000	75,000
No. 181 Drain Bond	4,700,000	5/1/33	2.65 - 4.25%	\$235,000	2,820,000	-	235,000	2,585,000	235,000
No. 383 Drain Bond	1,885,000	5/1/36	1.30 - 3.15%	\$90,000 - \$95,000	1,415,000	-	95,000	1,320,000	95,000
Total general obligation bonds					4,930,000	-	575,000	4,355,000	405,000
Notes from direct borrowings and direct placements									
Drain notes	Various	Various	Various	Various	7,459,199	879,118	1,263,205	7,075,112	913,043
Financed purchase	638,212	12/1/23	2.57%	\$315,057 - \$323,155	638,212	-	-	638,212	323,155
Total notes from direct borrowings and direct placements					8,097,411	879,118	1,263,205	7,713,324	1,236,198
Total bonds and notes payable					13,027,411	879,118	1,838,205	12,068,324	1,641,198
Leases					808	-	289	519	309
Compensated absences - Central Dispatch					31,017	47,281	43,427	34,871	34,871
Compensated absences - Road Commission					449,176	248,543	237,969	459,750	237,969
Total component units					<u>\$ 13,508,412</u>	<u>\$ 1,174,942</u>	<u>\$ 2,119,890</u>	<u>\$ 12,563,464</u>	<u>\$ 1,914,347</u>

Interest expense on long-term debt incurred during the year ended September 30, 2022, was \$488,526.

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	Rate Ranges	Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Drain notes									
006-1	\$ 229,025	6/15/23	1.77%	\$22,902	\$ -	\$ 229,025	\$ -	\$ 229,025	\$ 22,902
015-0	189,511	6/15/37	2.99%	\$8,770	140,324	-	10,600	129,724	8,770
020-0	199,571	6/15/24	2.49%	\$19,466 - \$20,448	59,865	-	20,156	39,709	19,951
031-0	98,582	6/1/30	3.50%	\$6,322	56,899	-	7,102	49,797	6,322
036-0	252,929	6/15/28	3.45%	\$14,893	104,253	-	18,410	85,843	14,893
040-0	358,180	6/15/23	2.20%	\$35,818	-	358,180	-	358,180	35,818
041-0	275,341	6/15/41	1.75%	\$13,767	275,341	-	40,012	235,329	13,767
049-0	538,218	6/1/25	2.19%	\$46,898	187,593	-	55,756	131,837	46,898
050-0	115,927	6/15/22	2.99%	\$11,593	11,593	-	11,593	-	-
059-0	69,687	6/15/29	3.04%	\$5,969 - \$6,969	54,749	-	11,339	43,410	6,969
065-0	299,786	6/15/37	3.29%	\$2,578 - \$14,989	227,418	-	14,990	212,428	14,989
079-0	379,396	6/15/37	3.60%	\$15,246	243,942	-	32,618	211,324	15,246
083-0	194,742	6/15/24	2.77%	\$32,457	97,371	-	38,303	59,068	32,457
086-0	528,700	6/15/39	3.94%	\$19,335 - \$26,435	468,730	-	52,896	415,834	26,435
090-0	513,926	6/15/37	3.29%	\$6,485 - \$25,696	366,233	-	27,966	338,267	25,696
096-17	261,353	6/15/23	2.38%	\$65,338	130,676	-	70,889	59,787	59,787
096-19	498,127	6/15/27	1.39%	\$83,021	498,127	-	141,902	356,225	83,021
100-0	356,307	6/15/24	2.77%	\$14,474 - \$59,384	133,243	-	59,385	73,858	59,384
101-0	286,087	6/1/35	3.24%	\$9,074 - \$9,075	127,044	-	17,819	109,225	9,075
101-1	246,290	6/15/38	3.50%	\$10,394	176,698	-	13,592	163,106	10,394
106-1	279,086	6/15/38	3.50%	\$8,970	152,489	-	11,746	140,743	8,970
143-0	266,205	6/15/28	2.15%	\$22,990 - \$24,201	168,193	-	25,392	142,801	24,201
151-0	226,800	6/1/35	3.24%	\$8,757	122,601	-	12,164	110,437	8,757
158-0	268,275	6/15/27	1.85%	\$44,710 - \$44,713	268,275	-	47,390	220,885	44,713
160-0	171,442	6/1/32	3.31%	\$11,429	125,724	-	14,845	110,879	11,429
165-0	293,405	6/15/29	2.89%	\$18,192 - \$22,207	161,136	-	20,451	140,685	18,717
189-0	105,510	6/15/43	3.38%	\$5,275	-	105,510	-	105,510	5,275
194-0	121,385	6/15/35	3.63%	\$4,629 - \$8,199	72,872	-	5,988	66,884	6,237
201-0	198,428	6/15/29	2.89%	\$8,489 - \$10,363	75,196	-	19,580	55,616	8,735
202-0	560,000	6/15/37	2.75%	\$24,635	394,155	-	62,456	331,699	24,635

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	Amount of Issue	Maturity Date	Rate Ranges	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	\$ 114,048	\$ -	\$ 11,301	\$ 102,747	\$ 6,709
218-0	389,877	6/15/36	1.70%	\$25,992	389,877	-	60,555	329,322	25,992
227-0	178,605	6/15/23	2.24%	\$12,097	24,193	-	18,247	5,946	5,946
237-0	24,554	6/15/23	2.63%	\$3,508	7,015	-	3,507	3,508	3,508
240-0	110,101	6/15/39	3.83%	\$470 - \$5,505	77,541	-	10,039	67,502	5,505
251-0	175,000	6/15/34	4.04%	\$7,033 - \$11,667	135,366	-	21,531	113,835	11,667
257-0	300,000	6/15/34	3.69%	8815-13616	143,734	-	14,606	129,128	9,354
259-0	340,439	6/15/39	3.85%	\$15,076	271,369	-	19,783	251,586	15,076
285-0	122,588	6/15/39	3.85%	\$5,728	103,097	-	9,495	93,602	5,728
297-0	94,727	6/15/36	3.49%	\$4,512	67,681	-	5,657	62,024	4,512
335-0	225,543	6/15/24	2.54%	\$22,554	67,663	-	22,554	45,109	22,554
370-0	148,068	6/15/29	2.72%	\$8,842 - \$10,669	77,849	-	12,511	65,338	9,182
371-0	200,419	6/15/38	3.10%	\$5,718 - \$10,021	115,949	-	24,924	91,025	10,021
424-0	101,234	6/15/43	2.50%	\$5,062	-	101,234	-	101,234	5,062
518-0	235,200	6/1/32	2.45%	\$11,006	121,063	-	15,716	105,347	11,006
528-0	90,020	6/15/39	3.94%	\$2,505 - \$4,501	61,018	-	8,222	52,796	4,501
530-0	113,745	6/15/23	2.73%	\$7,936 - \$11,374	19,310	-	11,374	7,936	7,936
544-0	200,250	6/15/29	3.09%	\$20,025	160,200	-	42,050	118,150	20,025
562-0	104,965	6/15/34	3.69%	\$4,460 - \$6,889	72,724	-	11,035	61,689	4,867
566-0	132,054	6/15/22	2.98%	\$13,205	13,206	-	13,206	-	-
580-0	260,000	6/1/35	3.49%	\$11,005	154,064	-	17,918	136,146	11,005
705-0	85,169	6/15/42	2.47%	\$4,258	-	85,169	-	85,169	4,258
093-0 Cronk	72,975	5/1/37	2.10%	\$7,298	43,783	-	9,103	34,680	7,298
541-0 County Line	270,000	6/1/27	2.49%	\$12,825 - \$12,828	205,200	-	12,825	192,375	12,825
Swan Creek Intercounty	140,330	6/1/29	2.50 - 3.10%	\$14,064	112,509	-	21,706	90,803	14,063
Total drain notes					<u>\$ 7,459,199</u>	<u>\$ 879,118</u>	<u>\$ 1,263,205</u>	<u>\$ 7,075,112</u>	<u>\$ 913,043</u>

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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
2023	\$ 790,000	\$ 98,725
2024	810,000	74,694
2025	835,000	50,050
2026	840,000	25,200
	<u>\$ 3,275,000</u>	<u>\$ 248,669</u>

Year Ending September 30,	Component Units			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2023	\$ 405,000	\$ 135,826	\$ 1,236,198	\$ 204,889
2024	405,000	125,843	1,101,694	193,738
2025	405,000	115,631	696,230	157,159
2026	405,000	104,729	660,098	138,159
2027	400,000	93,625	598,698	121,199
2028 - 2032	1,720,000	290,725	2,151,585	384,146
2033 - 2037	615,000	39,913	1,099,071	121,523
2038 - 2040	-	-	169,750	11,037
	<u>\$ 4,355,000</u>	<u>\$ 906,292</u>	<u>\$ 7,713,324</u>	<u>\$ 1,331,850</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 \$713,760 (governmental activities) and \$34,871 (component unit – Central Dispatch) at September 30, 2022.

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 \$459,750 for vacation and sick leave at September 30, 2022.

Note 11 - Fund Balances

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

Animal adoption coordinator	\$ 36,634
Child welfare	9,058
Circuit court counsel	55,648
Liquor law enforcement	22,977
Private donations	1,089
Soldiers & sailors	528
	<u>\$ 125,934</u>

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Fund balance in the governmental funds balance sheet and governmental activities net position in the statement of net position has been restricted for the following purposes:

	As Reported in the Governmental Funds Balance Sheet	As Reported in the Governmental Activities Statement of Net Position
Road patrol	\$ -	\$ 7,594
Parks and recreation	378,369	378,369
Geographic information system	119,459	119,459
Friend of the court	10,184	87,011
State criminal alien assistance	19,298	19,298
Economic and agriculture development	116,650	116,650
Building inspection	530,303	530,303
Register of deeds	142,059	142,059
K-9 unit sheriff	608	608
Correction officers training fund	43,166	43,166
Drug law enforcement	2,267	2,267
Law enforcement	1,359	1,359
Law library	17,415	42,415
Commission on aging	1,165,970	1,167,529
Commission on aging donations	306,004	306,004
Recovery court	-	79,849
D.A.R.E program	26	26
Salvage inspective fee	10,722	10,722
D.H.S. state monies	7,867	7,867
Veterans memorial	10,008	10,008
Animal control	8,343	8,343
Marine safety	3,959	3,959
Library	34,394	34,394
Indigent defense	220,228	225,955
Concealed pistol licensing	132,856	133,420
CDBG	58,178	58,178
Blight	72	72
	<u>\$ 3,339,764</u>	<u>\$ 3,536,884</u>

Note 12 - Net Investment in Capital Assets

The composition of net investment in capital assets as of September 30, 2022, was as follows:

	Governmental Activities	Component Units
Capital assets		
Right to use assets, net of amortization	\$ 53,368	\$ -
Capital assets not being depreciated	1,008,696	2,714,677
Capital assets, net of accumulated depreciation	<u>6,452,202</u>	<u>63,394,361</u>
Total capital assets	<u>7,514,266</u>	<u>66,109,038</u>
Related debt		
General obligation bonds	(75,000)	(11,430,112)
Installment purchase agreements	-	(638,212)
Leases	<u>(55,362)</u>	<u>(519)</u>
Total related debt	<u>(130,362)</u>	<u>(12,068,843)</u>
Net investment in capital assets	<u>\$ 7,383,904</u>	<u>\$ 54,040,195</u>

Note 13 - Risk Management

Primary Government and Component Units (Except Road Commission)

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

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

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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.

At September 30, 2022, the County had funds on deposit of \$73,220 with the Authority in the Member Retention Funds. The Authority's reported reserves at September 30, 2022, for reported claims related to the County were \$14,402.

Note 14 - Employee Retirement and Benefit Systems

Michigan Municipal Employees' Retirement System

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

Benefits provided are as follows:

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

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

Employees covered by benefit terms – At the December 31, 2021 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	110
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>22</u>
	<u>139</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions range from \$33,496 - \$34,321 per month based on annual payroll.

Net pension liability – The employer's net pension liability was measured as of December 31, 2021, 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, 2021 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 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%
	<u>100.00%</u>		<u>7.35%</u>		<u>4.85%</u>

Discount rate – The discount rate used to measure the total pension liability is 7.60%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will

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be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Total Pension Liability

Service cost	\$ 169,437
Interest on the total pension liability	2,579,081
Experience differences	(158,415)
Changes in actuarial assumptions	1,256,200
Benefit payments and refunds	<u>(2,064,919)</u>
Net change in total pension liability	1,781,384
Total pension liability - beginning	<u>34,883,023</u>
Total pension liability - ending (a)	<u><u>\$ 36,664,407</u></u>

Plan Fiduciary Net Position

Employer contributions	\$ 270,015
Employee contributions	23,339
Net investment income	4,808,205
Benefit payments and refunds	(2,064,919)
Pension plan administrative expense	<u>(52,247)</u>
Net change in plan fiduciary net position	2,984,393
Plan fiduciary net position - beginning	<u>32,878,372</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 35,862,765</u></u>

Net pension liability (a-b) \$ 801,642

Plan fiduciary net position as a percentage of total pension liability 97.81%
Covered payroll \$ 1,382,483
Net pension liability as a percentage of covered payroll 57.99%

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	\$ 40,702,670	\$ 36,664,407	\$ 33,261,374
Fiduciary net position	<u>35,862,765</u>	<u>35,862,765</u>	<u>35,862,765</u>
Net pension liability (asset)	<u><u>\$ 4,839,905</u></u>	<u><u>\$ 801,642</u></u>	<u><u>\$ (2,601,391)</u></u>
Reported in governmental activities		\$ 855,058	
Reported in component units			
Central dispatch authority		<u>(53,416)</u>	
Total net pension liability		<u><u>\$ 801,642</u></u>	

Pension expense and deferred outflows of resources related to pensions – For the year ended September 30, 2022, the employer recognized pension expense of \$742,300. 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	\$ -	\$ 2,717,029	\$ 2,717,029
Contributions subsequent to the measurement date*	<u>303,211</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 303,211</u></u>	<u><u>\$ 2,717,029</u></u>	<u><u>\$ 2,717,029</u></u>
Reported in governmental activities	\$ 225,772	\$ 2,621,050	
Reported in component units			
Central dispatch authority	<u>77,439</u>	<u>95,979</u>	
Total deferred outflows of resources	<u><u>\$ 303,211</u></u>	<u><u>\$ 2,717,029</u></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 2023.

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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,	
2023	\$ 368,137
2024	1,097,100
2025	776,042
2026	475,750
	\$ 2,717,029

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 15 - Employee Retirement System – Defined Contribution

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

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

The County made contributions of \$297,585 for the year ending September 30, 2022.

Note 16 - Other Post-Employment Benefits

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

Employees Association Members:	Hired prior to November 1, 2006 and age 60 with 10 years of service or age 55 with 25 years of service.
Other (per personnel policy):	Hired prior to October 1, 2005 and age 60 with 10 years of service or age 55 with 25 years of service.
Sheriff:	Hired prior to October 1, 2008, 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, 2022

Employees covered by benefit terms – At September 30, 2022, 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, 2022 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%	4.50%
Global fixed income	20.0%	2.00%
Private investments	20.0%	7.00%

Rate of return – For the year ended September 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 7.00%. 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 \$1,015,873 was measured as of September 30, 2022, and was determined by an actuarial valuation as of September 30, 2022. The components of the net OPEB liability as of September 30, 2022 were as follows:

Total OPEB liability	\$ 2,815,888
Plan fiduciary net position	<u>1,800,015</u>
Net OPEB liability	<u><u>\$ 1,015,873</u></u>

Actuarial assumptions and other inputs – The OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	2.00%
Investment rate of return	7.00%
Healthcare cost trend rates	Pre-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, 2022 valuation were based on the results of the most recent actuarial experience.

Gratiot County
Notes to the Financial Statements
September 30, 2022

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	\$ 23,818
Interest	195,796
Differences between expected and actual experience	(61,835)
Changes in assumptions	80,973
Benefit payments	<u>(125,856)</u>
Net change in total OPEB liability	112,896
Total OPEB liability - beginning	<u>2,702,992</u>
Total OPEB liability - ending (a)	<u><u>\$ 2,815,888</u></u>

Plan Fiduciary Net Position

Employer contributions	\$ 125,856
Net investment loss	(279,525)
Benefit payments	(125,856)
Administrative expense	<u>(3,638)</u>
Net change in plan fiduciary net position	(283,163)
Plan fiduciary net position - beginning	<u>2,083,178</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,800,015</u></u>
Net OPEB liability (a-b)	<u><u>\$ 1,015,873</u></u>
Reported in governmental activities	\$ 965,678
Reported in component units	
Central dispatch authority	<u>50,195</u>
Total OPEB liability	<u><u>\$ 1,015,873</u></u>

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	<u><u>\$ 1,271,366</u></u>	<u><u>\$ 1,015,873</u></u>	<u><u>\$ 794,784</u></u>

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	<u><u>\$ 859,685</u></u>	<u><u>\$ 1,015,873</u></u>	<u><u>\$ 1,199,917</u></u>

Gratiot County
Notes to the Financial Statements
September 30, 2022

OPEB Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended September 30, 2022, the County recognized OPEB expense of (\$430,247). At September 30, 2022, 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	\$ 356	\$ (381,143)	\$ (380,787)
Differences in assumptions	321,499	(980,381)	(658,882)
Net difference between projected and actual earnings on plan investments	369,901	-	369,901
Total	<u>\$ 691,756</u>	<u>\$ (1,361,524)</u>	<u>\$ (669,768)</u>
Reported in governmental activities	\$ 665,873	\$ (1,322,509)	
Reported in component units			
Central dispatch authority	25,883	(39,015)	
Total	<u>\$ 691,756</u>	<u>\$ (1,361,524)</u>	

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

Year Ending September 30,	
2023	\$ (630,421)
2024	(199,976)
2025	74,128
2026	86,501
	<u>\$ (669,768)</u>

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.

Note 17 - Road Commission Federal Grants

The Michigan Department of Transportation (MDOT) requires that road commissions report all federal and state grants pertaining to their county. During the fiscal year ending September 30, 2022, the federal grants received and expended by the Road Commission totaled \$953,895 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, 2022.

Note 18 - Contingent Liabilities

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

Gratiot County
Notes to the Financial Statements
September 30, 2022

Note 19 - Change in Accounting Principle

As indicated in Note 1, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement enhances the relevance and consistency of information of the County's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. The implementation recognized right of use assets of \$87,074, increasing the governmental activities net position at September 30, 2021 from \$10,940,488 to \$11,027,562.

Gratiot County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Taxes	\$ 9,629,285	\$ 9,629,285	\$ 9,027,576	\$ (601,709)
Licenses and permits	94,340	94,340	86,033	(8,307)
Intergovernmental	2,539,299	2,545,612	2,288,877	(256,735)
Local contributions	63,400	63,400	47,856	(15,544)
Charges for services	1,942,685	1,942,685	1,844,044	(98,641)
Fines and forfeitures	70,600	70,600	76,970	6,370
Interest income	12,700	12,700	23,516	10,816
Rental income	16,650	16,650	16,650	-
Other	418,600	418,600	365,995	(52,605)
Transfer in	275,225	275,225	220,386	(54,839)
Sale of capital assets	-	-	153	153
	<u>15,062,784</u>	<u>15,069,097</u>	<u>13,998,056</u>	<u>(1,071,041)</u>
Total revenues				

Gratiot County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Expenditures				
General government				
Board of commissioners	\$ 266,946	\$ 274,946	\$ 301,408	\$ 26,462
Circuit Court	193,774	193,774	185,572	(8,202)
District Court	1,353,934	1,313,934	1,315,877	1,943
Probate Court	480,897	497,897	503,865	5,968
Juvenile Court	395,544	345,544	344,773	(771)
County Administrator	430,765	460,765	449,985	(10,780)
Elections	74,375	74,375	49,177	(25,198)
Clerk	435,610	415,610	403,296	(12,314)
Equalization	234,147	234,147	235,711	1,564
Prosecuting Attorney	727,866	727,866	738,799	10,933
Register of Deeds	217,725	217,725	216,554	(1,171)
County survey and remonumentation	45,000	45,000	40,629	(4,371)
Treasurer	251,636	251,636	246,526	(5,110)
Cooperative Extension	213,804	218,804	219,086	282
Information management	312,617	312,617	322,554	9,937
Buildings and grounds	379,768	399,768	417,080	17,312
Gratiot community airport	26,000	-	-	-
Drain commissioner	509,767	721,767	690,589	(31,178)
Other	231,554	181,554	189,932	8,378
	<u>6,781,729</u>	<u>6,887,729</u>	<u>6,871,413</u>	<u>(16,316)</u>
Total general government				

Gratiot County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Public safety				
County Sheriff	\$ 2,011,856	\$ 2,096,856	\$ 2,120,212	\$ 23,356
Jail	1,502,867	1,602,867	1,734,655	131,788
Planning commission	4,975	4,975	3,071	(1,904)
Emergency services	64,772	64,772	73,459	8,687
Animal control	224,370	242,370	239,827	(2,543)
Secondary road patrol	199,516	199,516	199,516	-
	<u>4,008,356</u>	<u>4,211,356</u>	<u>4,370,740</u>	<u>159,384</u>
Total public safety				
Public works				
Solid waste planning	<u>50,000</u>	<u>50,000</u>	<u>14,255</u>	<u>(35,745)</u>
Health and welfare				
Mid-Michigan District Health Department	291,576	291,576	291,576	-
Gratiot Community Mental Health	200,000	200,000	200,000	-
Contagious disease	2,000	2,000	-	(2,000)
Substance abuse appropriation	50,780	50,780	49,209	(1,571)
Medical examiner	40,619	55,619	55,235	(384)
Veterans burials	3,600	3,600	1,350	(2,250)
Veterans counselor	150,808	157,121	157,889	768
Social and child welfare	<u>1,038,276</u>	<u>1,038,276</u>	<u>612,127</u>	<u>(426,149)</u>
	<u>1,777,659</u>	<u>1,798,972</u>	<u>1,367,386</u>	<u>(431,586)</u>
Total health and welfare				

Gratiot County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Community and economic development				
Zoning board	\$ 1,543	\$ 1,543	\$ 420	\$ (1,123)
Other functions				
Insurance and bonds	145,000	189,532	241,517	51,985
Capital outlay	562,878	562,878	197,503	(365,375)
Debt service				
Principal retirement	-	-	26,468	26,468
Interest and fiscal charges	12,000	12,000	18,054	6,054
Total debt service	12,000	12,000	44,522	32,522
Transfers out	717,093	717,093	855,223	138,130
Total expenditures	14,056,258	14,431,103	13,962,979	(468,124)
Excess of revenues over expenditures	1,006,526	637,994	35,077	(602,917)
Fund balance - beginning of year	9,344,742	9,344,742	9,344,742	-
Fund balance - end of year	\$ 10,351,268	\$ 9,982,736	\$ 9,379,819	\$ (602,917)

Gratiot County
Required Supplemental Information
Budgetary Comparison Schedule
COVID Recovery Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Federal grants	\$ 3,953,817	\$ 3,953,817	\$ 1,749,839	\$ (2,203,978)
Interest income	1,500	1,500	13,315	11,815
Total revenues	<u>3,955,317</u>	<u>3,955,317</u>	<u>1,763,154</u>	<u>(2,192,163)</u>
Expenditures				
Current				
General government	50,000	50,000	35,329	(14,671)
Public safety	1,366,019	1,366,019	1,321,622	(44,397)
Health and welfare	350,000	350,000	350,000	-
Capital outlay	50,000	50,000	42,888	(7,112)
Transfers out	15,000	15,000	-	(15,000)
Total expenditures	<u>1,831,019</u>	<u>1,831,019</u>	<u>1,749,839</u>	<u>(81,180)</u>
Excess of revenues over expenditures	2,124,298	2,124,298	13,315	(2,110,983)
Fund balance - beginning of year	<u>1,433</u>	<u>1,433</u>	<u>1,433</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,125,731</u>	<u>\$ 2,125,731</u>	<u>\$ 14,748</u>	<u>\$ (2,110,983)</u>

Gratiot County
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
September 30, 2022

Fiscal year ended September 30,	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ 169,437	\$ 186,921	\$ 193,908	\$ 198,498	\$ 231,942	\$ 252,353	\$ 274,806	\$ 284,299
Interest on the total pension liability	2,579,081	2,415,443	2,394,617	2,391,206	2,283,220	2,231,019	2,068,423	2,051,405
Experience differences	(158,415)	186,609	32,955	(747,823)	543,579	(282,272)	(516,802)	-
Changes in actuarial assumptions	1,256,200	1,377,148	1,129,565	-	-	-	1,548,598	-
Other changes	-	-	-	-	-	(1)	64,639	-
Benefit payments and refunds	(2,064,919)	(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	1,781,384	2,222,560	1,898,374	100,622	1,415,633	767,440	2,081,356	1,011,631
Total pension liability - beginning	34,883,023	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>\$ 36,664,407</u>	<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	\$ 270,015	\$ 246,117	\$ 232,042	\$ 197,232	\$ 7,057,805	\$ 1,599,809	\$ 2,314,271	\$ 1,091,184
Employee contributions	23,339	22,968	23,693	27,374	31,635	38,378	39,944	43,769
Pension plan net investment income (loss)	4,808,205	3,778,954	3,832,058	(1,193,044)	3,681,406	2,301,867	(287,639)	1,160,163
Benefit payments and refunds	(2,064,919)	(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	(52,247)	(61,078)	(65,977)	(60,138)	(57,800)	(45,367)	(42,728)	(42,666)
Net change in plan fiduciary net position	2,984,393	2,043,400	2,169,145	(2,769,835)	9,069,938	2,461,028	665,540	928,377
Plan fiduciary net position - beginning	32,878,372	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>\$ 35,862,765</u>	<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>\$ 801,642</u>	<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	\$ 855,058	\$ 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	(53,416)	(10,228)	(16,391)	7,247	(236,455)	437,889	546,956	491,031
Total net pension liability (asset)	<u>\$ 801,642</u>	<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)	97.81%	94.25%	94.41%	93.19%	102.52%	76.47%	69.89%	72.88%
Covered payroll	\$ 1,382,483	\$ 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	57.99%	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, 2022

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
9/30/2022	404,046	404,046	-	1,382,483	29.23%

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	3.00%
Investment rate of return	7.35%
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 Postemployment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios
September 30, 2022

Fiscal year ended September 30,	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 23,818	\$ 93,588	\$ 27,219	\$ 77,323	\$ 84,344	\$ 87,485
Interest	195,796	99,051	180,117	155,586	146,915	180,913
Changes of plan terms	-	483,942	-	-	-	-
Differences between expected and actual experience	(61,835)	(490,330)	2,489	(895,475)	(43,945)	(51,056)
Changes in assumptions	80,973	(1,951,303)	1,922,838	(833,785)	(149,240)	(229,711)
Benefit payments	(125,856)	(133,825)	(153,359)	(156,177)	(128,263)	(115,393)
Net change in total OPEB liability	112,896	(1,898,877)	1,979,304	(1,652,528)	(90,189)	(127,762)
Total OPEB liability - beginning	2,702,992	4,601,869	2,622,565	4,275,093	4,365,282	4,493,044
Total OPEB liability - ending	<u>\$ 2,815,888</u>	<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	\$ 125,856	\$ 133,825	\$ 903,359	\$ 1,406,177	\$ 128,263	\$ 115,393
Net investment income (loss)	(279,525)	43,423	47,574	(1,418)	-	-
Benefit payments and refunds	(125,856)	(133,825)	(153,359)	(156,177)	(128,263)	(115,393)
Administrative expense	(3,638)	(3,923)	(2,312)	(166)	-	-
Net change in plan fiduciary net position	(283,163)	39,500	795,262	1,248,416	-	-
Plan fiduciary net position - beginning	2,083,178	2,043,678	1,248,416	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ 1,800,015</u>	<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>\$ 1,015,873</u>	<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	\$ 965,678	\$ 577,976	\$ 2,475,453	\$ 1,325,748	\$ 4,142,565	\$ 4,229,958
Reported in component units						
Central dispatch authority	50,195	41,838	82,738	48,401	132,528	135,324
Total net OPEB liability	<u>\$ 1,015,873</u>	<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	\$ 1,950,043	\$ 2,064,151	\$ 3,433,776	\$ 4,042,885	\$ 2,232,385	\$ 2,919,206
Net OPEB liability as a percentage of covered payroll	52.09%	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 Postemployment Benefits
Schedule of Employer Contributions
September 30, 2022

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%
9/30/2022	122,124	125,856	(3,732)	1,950,043	6.45%

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	8 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	2.00%
Discount rate	7.00%
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 Postemployment 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%	
2022	-13.57%	

* 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, 2022

	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	\$ 4,730	\$ 644,529	\$ 119,459	\$ -	\$ 19,298	\$ 119,120
Receivables						
Customers	-	-	-	-	-	-
Due from other units of government	-	-	-	97,064	-	-
Prepaid items	12,902	-	-	14,035	-	-
Total assets	<u>\$ 17,632</u>	<u>\$ 644,529</u>	<u>\$ 119,459</u>	<u>\$ 111,099</u>	<u>\$ 19,298</u>	<u>\$ 119,120</u>
Liabilities						
Accounts payable	\$ -	\$ 260,586	\$ -	\$ 14,763	\$ -	\$ -
Accrued and other liabilities	7,479	3,180	-	9,325	-	-
Due to other funds	2,559	2,394	-	-	-	2,470
Total liabilities	<u>10,038</u>	<u>266,160</u>	<u>-</u>	<u>24,088</u>	<u>-</u>	<u>2,470</u>
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	62,792	-	-
Fund Balances						
Non-spendable						
Prepaid items	12,902	-	-	14,035	-	-
Restricted for						
Special revenue funds	-	378,369	119,459	10,184	19,298	116,650
Unassigned (deficit)	(5,308)	-	-	-	-	-
Total fund balances	<u>7,594</u>	<u>378,369</u>	<u>119,459</u>	<u>24,219</u>	<u>19,298</u>	<u>116,650</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,632</u>	<u>\$ 644,529</u>	<u>\$ 119,459</u>	<u>\$ 111,099</u>	<u>\$ 19,298</u>	<u>\$ 119,120</u>

Gratiot County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2022

	Special Revenue Funds					
	Building Inspection	Register of Deeds	K-9 Unit Sheriff	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement
Assets						
Cash and cash equivalents	\$ 532,648	\$ 145,100	\$ 608	\$ 43,215	\$ 2,267	\$ 1,359
Receivables						
Customers	-	330	-	135	-	-
Due from other units of government	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 532,648</u>	<u>\$ 145,430</u>	<u>\$ 608</u>	<u>\$ 43,350</u>	<u>\$ 2,267</u>	<u>\$ 1,359</u>
Liabilities						
Accounts payable	\$ 937	\$ 3,371	\$ -	\$ -	\$ -	\$ -
Accrued and other liabilities	1,408	-	-	184	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>2,345</u>	<u>3,371</u>	<u>-</u>	<u>184</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	-	-	-
Fund Balances						
Non-spendable						
Prepaid items	-	-	-	-	-	-
Restricted for						
Special revenue funds	530,303	142,059	608	43,166	2,267	1,359
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>530,303</u>	<u>142,059</u>	<u>608</u>	<u>43,166</u>	<u>2,267</u>	<u>1,359</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 532,648</u>	<u>\$ 145,430</u>	<u>\$ 608</u>	<u>\$ 43,350</u>	<u>\$ 2,267</u>	<u>\$ 1,359</u>

Gratiot County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2022

	Special Revenue Funds					
	Law Library	Commission on Aging	Commission on Aging Donations	Recovery Court	D.A.R.E Program	Salvage Inspection Fee
Assets						
Cash and cash equivalents	\$ 43,114	\$ 1,154,236	\$ 346,816	\$ 26,370	\$ 26	\$ 10,722
Receivables						
Customers	-	41,711	50	-	-	-
Due from other units of government	-	-	-	79,848	-	-
Prepaid items	25,000	1,409	-	4,200	-	-
Total assets	<u>\$ 68,114</u>	<u>\$ 1,197,356</u>	<u>\$ 346,866</u>	<u>\$ 110,418</u>	<u>\$ 26</u>	<u>\$ 10,722</u>
Liabilities						
Accounts payable	\$ 25,699	\$ 15,297	\$ 40,862	\$ 28,172	\$ -	\$ -
Accrued and other liabilities	-	10,926	-	2,397	-	-
Due to other funds	-	3,604	-	-	-	-
Total liabilities	<u>25,699</u>	<u>29,827</u>	<u>40,862</u>	<u>30,569</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue	-	150	-	79,848	-	-
Fund Balances						
Non-spendable						
Prepaid items	25,000	1,409	-	4,200	-	-
Restricted for						
Special revenue funds	17,415	1,165,970	306,004	-	26	10,722
Unassigned (deficit)	-	-	-	(4,199)	-	-
Total fund balances	<u>42,415</u>	<u>1,167,379</u>	<u>306,004</u>	<u>1</u>	<u>26</u>	<u>10,722</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 68,114</u>	<u>\$ 1,197,356</u>	<u>\$ 346,866</u>	<u>\$ 110,418</u>	<u>\$ 26</u>	<u>\$ 10,722</u>

Gratiot County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2022

	Special Revenue Funds					
	D.H.S. State Monies	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library
Assets						
Cash and cash equivalents	\$ 7,867	\$ 10,008	\$ 8,343	\$ 3,959	\$ -	\$ 92,663
Receivables						
Customers	-	-	-	-	-	-
Due from other units of government	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 7,867</u>	<u>\$ 10,008</u>	<u>\$ 8,343</u>	<u>\$ 3,959</u>	<u>\$ -</u>	<u>\$ 92,663</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued and other liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	58,269
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,269</u>
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	-	-	-
Fund Balances						
Non-spendable						
Prepaid items	-	-	-	-	-	-
Restricted for						
Special revenue funds	7,867	10,008	8,343	3,959	-	34,394
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>7,867</u>	<u>10,008</u>	<u>8,343</u>	<u>3,959</u>	<u>-</u>	<u>34,394</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,867</u>	<u>\$ 10,008</u>	<u>\$ 8,343</u>	<u>\$ 3,959</u>	<u>\$ -</u>	<u>\$ 92,663</u>

Gratiot County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2022

	Special Revenue Funds			
	Indigent Defense	Concealed Pistol Licensing	CDBG	Blight
Assets				
Cash and cash equivalents	\$ 313,024	\$ 134,855	\$ 58,178	\$ 335
Receivables				
Customers	-	-	-	-
Due from other units of government	5,727	-	-	-
Prepaid items	-	564	-	-
Total assets	<u>\$ 318,751</u>	<u>\$ 135,419</u>	<u>\$ 58,178</u>	<u>\$ 335</u>
Liabilities				
Accounts payable	\$ 92,125	\$ 1,999	\$ -	\$ 66
Accrued and other liabilities	671	-	-	197
Due to other funds	-	-	-	-
Total liabilities	<u>92,796</u>	<u>1,999</u>	<u>-</u>	<u>263</u>
Deferred Inflows of Resources				
Unavailable revenue	5,727	-	-	-
Fund Balances				
Non-spendable				
Prepaid items	-	564	-	-
Restricted for				
Special revenue funds	220,228	132,856	58,178	72
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>220,228</u>	<u>133,420</u>	<u>58,178</u>	<u>72</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 318,751</u>	<u>\$ 135,419</u>	<u>\$ 58,178</u>	<u>\$ 335</u>

Gratiot County
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2022

	Debt Service Funds		Total Nonmajor Governmental Funds
	2005 G.O. Bonds	Pension Obligation Bond	
Assets			
Cash and cash equivalents	\$ 250	\$ -	\$ 3,843,099
Receivables			
Customers	-	-	42,226
Due from other units of government	-	-	182,639
Prepaid items	-	-	58,110
Total assets	\$ 250	\$ -	\$ 4,126,074
Liabilities			
Accounts payable	\$ 250	\$ -	\$ 484,127
Accrued and other liabilities	-	-	35,767
Due to other funds	-	-	69,296
Total liabilities	250	-	589,190
Deferred Inflows of Resources			
Unavailable revenue	-	-	148,517
Fund Balances			
Non-spendable			
Prepaid items	-	-	58,110
Restricted for			
Special revenue funds	-	-	3,339,764
Unassigned (deficit)	-	-	(9,507)
Total fund balances	-	-	3,388,367
Total liabilities, deferred inflows of resources and fund balances	\$ 250	\$ -	\$ 4,126,074

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	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	\$ 761,369	\$ 594,896	\$ -	\$ -	\$ -	\$ 765,131
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	-	-	-	504,881	3,393	-
Local contributions	-	120	25,661	-	-	-
Charges for services	-	24,682	-	39,305	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings (loss)	489	2,114	305	-	43	1,392
Other revenue	-	-	-	50	-	-
Total revenues	<u>761,858</u>	<u>621,812</u>	<u>25,966</u>	<u>544,236</u>	<u>3,436</u>	<u>766,523</u>
Expenditures						
Current						
General government	-	-	9,871	701,529	-	-
Public safety	751,284	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	510,726
Recreation and culture	-	474,912	-	-	-	-
Capital outlay	54,616	327,458	-	-	-	-
Debt service						
Principal retirement	-	-	-	1,243	-	-
Interest and fiscal charges	-	-	-	278	-	-
Total expenditures	<u>805,900</u>	<u>802,370</u>	<u>9,871</u>	<u>703,050</u>	<u>-</u>	<u>510,726</u>
Excess (deficiency) of revenues over expenditures	<u>(44,042)</u>	<u>(180,558)</u>	<u>16,095</u>	<u>(158,814)</u>	<u>3,436</u>	<u>255,797</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	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	\$ -	\$ -	\$ 3,000	\$ 186,463	\$ -	\$ -
Transfers out	-	(500)	-	-	-	(220,386)
Total other financing sources (uses)	-	(500)	3,000	186,463	-	(220,386)
Net change in fund balances	(44,042)	(181,058)	19,095	27,649	3,436	35,411
Fund balances (deficit) - beginning of year	51,636	559,427	100,364	(3,430)	15,862	81,239
Fund balances - end of year	\$ 7,594	\$ 378,369	\$ 119,459	\$ 24,219	\$ 19,298	\$ 116,650

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	Special Revenue Funds					
	Building Inspection	Register of Deeds	K-9 Unit Sheriff	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	301,798	-	-	-	-	-
Intergovernmental						
Federal/state	-	-	-	-	-	-
Local contributions	-	-	-	-	-	-
Charges for services	-	45,715	13,107	4,522	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings (loss)	1,048	408	-	(18)	7	5
Other revenue	-	-	-	-	-	-
Total revenues	302,846	46,123	13,107	4,504	7	5
Expenditures						
Current						
General government	-	43,405	-	-	-	-
Public safety	120,111	-	12,499	9,606	-	-
Health and welfare	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal retirement	406	-	-	-	-	-
Interest and fiscal charges	91	-	-	-	-	-
Total expenditures	120,608	43,405	12,499	9,606	-	-
Excess (deficiency) of revenues over expenditures	182,238	2,718	608	(5,102)	7	5

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	Special Revenue Funds					
	Building Inspection	Register of Deeds	K-9 Unit Sheriff	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement
Other financing sources (uses)						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	182,238	2,718	608	(5,102)	7	5
Fund balances (deficit) - beginning of year	348,065	139,341	-	48,268	2,260	1,354
Fund balances - end of year	<u>\$ 530,303</u>	<u>\$ 142,059</u>	<u>\$ 608</u>	<u>\$ 43,166</u>	<u>\$ 2,267</u>	<u>\$ 1,359</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	Special Revenue Funds					
	Law Library	Commission on Aging	Commission on Aging Donations	Recovery Court	D.A.R.E Program	Salvage Inspection Fee
Revenues						
Taxes	\$ -	\$ 1,104,362	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	-	344,098	-	215,072	-	-
Local contributions	-	-	-	-	-	-
Charges for services	-	115,810	100	16,476	-	-
Fines and forfeitures	4,500	-	-	-	-	-
Investment earnings (loss)	111	3,372	861	-	-	29
Other revenue	-	-	138,336	-	-	-
Total revenues	<u>4,611</u>	<u>1,567,642</u>	<u>139,297</u>	<u>231,548</u>	<u>-</u>	<u>29</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	1,233,009	45,737	231,289	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Capital outlay	1,160	-	-	-	-	-
Debt service						
Principal retirement	-	2,788	-	-	-	-
Interest and fiscal charges	-	624	-	-	-	-
Total expenditures	<u>1,160</u>	<u>1,236,421</u>	<u>45,737</u>	<u>231,289</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>3,451</u>	<u>331,221</u>	<u>93,560</u>	<u>259</u>	<u>-</u>	<u>29</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	Special Revenue Funds					
	Law Library	Commission on Aging	Commission on Aging Donations	Recovery Court	D.A.R.E Program	Salvage Inspection Fee
Other financing sources (uses)						
Transfers in	\$ -	\$ -	\$ -	\$ 22,320	\$ -	\$ -
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	22,320	-	-
Net change in fund balances	3,451	331,221	93,560	22,579	-	29
Fund balances (deficit) - beginning of year	38,964	836,158	212,444	(22,578)	26	10,693
Fund balances - end of year	\$ 42,415	\$ 1,167,379	\$ 306,004	\$ 1	\$ 26	\$ 10,722

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	Special Revenue Funds					
	D.H.S. State Monies	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 854,478
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	-	-	-	3,484	3,715	-
Local contributions	-	-	-	-	-	-
Charges for services	-	-	7,461	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings (loss)	22	30	13	-	-	447
Other revenue	-	540	441	-	-	-
	<u>22</u>	<u>570</u>	<u>7,915</u>	<u>3,484</u>	<u>3,715</u>	<u>854,925</u>
Total revenues						
	<u>22</u>	<u>570</u>	<u>7,915</u>	<u>3,484</u>	<u>3,715</u>	<u>854,925</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	4,213	1,426	7,698	-
Health and welfare	-	6,625	-	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	827,828
Capital outlay	-	-	-	900	-	-
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
	<u>-</u>	<u>6,625</u>	<u>4,213</u>	<u>2,326</u>	<u>7,698</u>	<u>827,828</u>
Total expenditures						
	<u>-</u>	<u>6,625</u>	<u>4,213</u>	<u>2,326</u>	<u>7,698</u>	<u>827,828</u>
Excess (deficiency) of revenues over expenditures	<u>22</u>	<u>(6,055)</u>	<u>3,702</u>	<u>1,158</u>	<u>(3,983)</u>	<u>27,097</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	Special Revenue Funds					
	D.H.S. State Monies	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library
Other financing sources (uses)						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 308	\$ -
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	308	-
Net change in fund balances	22	(6,055)	3,702	1,158	(3,675)	27,097
Fund balances (deficit) - beginning of year	7,845	16,063	4,641	2,801	3,675	7,297
Fund balances - end of year	\$ 7,867	\$ 10,008	\$ 8,343	\$ 3,959	\$ -	\$ 34,394

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	Special Revenue Funds			
	Indigent Defense	Concealed Pistol Licensing	CDBG	Blight
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental				
Federal/state	436,423	-	-	-
Local contributions	-	-	-	-
Charges for services	33,256	21,212	-	-
Fines and forfeitures	-	-	-	-
Investment earnings (loss)	816	361	-	9
Other revenue	-	-	11,047	-
	<u>470,495</u>	<u>21,573</u>	<u>11,047</u>	<u>9</u>
Expenditures				
Current				
General government	576,954	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	30	6,834
Recreation and culture	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>576,954</u>	<u>-</u>	<u>30</u>	<u>6,834</u>
Excess (deficiency) of revenues over expenditures	<u>(106,459)</u>	<u>21,573</u>	<u>11,017</u>	<u>(6,825)</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	Special Revenue Funds			
	Indigent Defense	Concealed Pistol Licensing	CDBG	Blight
Other financing sources (uses)				
Transfers in	\$ 82,585	\$ -	\$ -	\$ -
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>82,585</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(23,874)	21,573	11,017	(6,825)
Fund balances (deficit) - beginning of year	<u>244,102</u>	<u>111,847</u>	<u>47,161</u>	<u>6,897</u>
Fund balances - end of year	<u>\$ 220,228</u>	<u>\$ 133,420</u>	<u>\$ 58,178</u>	<u>\$ 72</u>

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	Debt Service Funds		Total Nonmajor Governmental Funds
	2005 G.O. Bonds	Pension Obligation Bond	
Revenues			
Taxes	\$ -	\$ -	\$ 4,080,236
Licenses and permits	-	-	301,798
Intergovernmental			
Federal/state	-	-	1,511,066
Local contributions	37,584	-	63,365
Charges for services	-	-	321,646
Fines and forfeitures	-	-	4,500
Investment earnings (loss)	-	-	11,864
Other revenue	-	-	150,414
	-	-	150,414
Total revenues	37,584	-	6,444,889
Expenditures			
Current			
General government	-	-	1,331,759
Public safety	-	-	906,837
Health and welfare	-	-	1,516,660
Community and economic development	-	-	517,590
Recreation and culture	-	-	1,302,740
Capital outlay	-	-	384,134
Debt service			
Principal retirement	50,000	745,000	799,437
Interest and fiscal charges	5,638	114,008	120,639
	55,638	859,008	6,879,796
Total expenditures	55,638	859,008	6,879,796
Excess (deficiency) of revenues over expenditures	(18,054)	(859,008)	(434,907)

Gratiot County
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	Debt Service Funds		Total Nonmajor Governmental Funds
	2005 G.O. Bonds	Pension Obligation Bond	
Other financing sources (uses)			
Transfers in	\$ 18,054	\$ 859,008	\$ 1,171,738
Transfers out	-	-	(220,886)
Total other financing sources (uses)	18,054	859,008	950,852
Net change in fund balances	-	-	515,945
Fund balances (deficit) - beginning of year	-	-	2,872,422
Fund balances - end of year	\$ -	\$ -	\$ 3,388,367

Gratiot County
Nonmajor Enterprise Funds
Combining Statement of Net Position
September 30, 2022

	<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	\$ 55,287	\$ 98,424	\$ 2,489	\$ 156,200
Receivables				
Customers	-	1,150	2,173	3,323
Due from other units of government	2,069	-	-	2,069
Prepaid items	-	-	625	625
	<u>57,356</u>	<u>99,574</u>	<u>5,287</u>	<u>162,217</u>
Total assets				
Liabilities				
Current liabilities				
Accounts payable	-	100	5,287	5,387
Accrued and other liabilities	-	829	-	829
Due to other funds	3,072	-	-	3,072
	<u>3,072</u>	<u>929</u>	<u>5,287</u>	<u>9,288</u>
Total liabilities				
Net Position				
Unrestricted	<u>\$ 54,284</u>	<u>\$ 98,645</u>	<u>\$ -</u>	<u>\$ 152,929</u>

Gratiot County
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended September 30, 2022

	Principal Residence Denial Interest	Soil Erosion Inspection	Jail Commissary	Total
Operating revenue				
Customer fees	\$ -	\$ 27,555	\$ 32,382	\$ 59,937
Other revenue	-	-	38,049	38,049
	<u>-</u>	<u>27,555</u>	<u>70,431</u>	<u>97,986</u>
Total operating revenue	<u>-</u>	<u>27,555</u>	<u>70,431</u>	<u>97,986</u>
Operating expenses				
Personnel services	-	35,475	-	35,475
Supplies	-	228	36,252	36,480
Utilities	-	400	-	400
Repairs and maintenance	-	630	6,000	6,630
Other expenses	-	3,811	43,283	47,094
	<u>-</u>	<u>40,544</u>	<u>85,535</u>	<u>126,079</u>
Total operating expenses	<u>-</u>	<u>40,544</u>	<u>85,535</u>	<u>126,079</u>
Operating loss	-	(12,989)	(15,104)	(28,093)
Nonoperating revenue				
Interest income	<u>354</u>	<u>285</u>	<u>-</u>	<u>639</u>
Income (loss) before transfers	354	(12,704)	(15,104)	(27,454)
Transfers in	<u>-</u>	<u>-</u>	<u>13,280</u>	<u>13,280</u>
Change in net position	354	(12,704)	(1,824)	(14,174)
Net position - beginning of year	<u>53,930</u>	<u>111,349</u>	<u>1,824</u>	<u>167,103</u>
Net position - end of year	<u>\$ 54,284</u>	<u>\$ 98,645</u>	<u>\$ -</u>	<u>\$ 152,929</u>

Gratiot County
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2022

	Principal Residence Denial Interest	Soil Erosion Inspection	Jail Commissary	Total
Cash flows from operating activities				
Receipts from customers	\$ -	\$ 26,775	\$ 70,592	\$ 97,367
Receipts from other funds	796	-	-	796
Payments to suppliers	(2,069)	(4,608)	(81,383)	(88,060)
Payments to employees	-	(35,475)	-	(35,475)
Net cash used by operating activities	(1,273)	(13,308)	(10,791)	(25,372)
Cash flows from noncapital financing activities				
Transfer from other funds	-	-	13,280	13,280
Cash flows from investing activities				
Interest received	354	285	-	639
Net change in cash and cash equivalents	(919)	(13,023)	2,489	(11,453)
Cash and cash equivalents - beginning of year	56,206	111,447	-	167,653
Cash and cash equivalents - end of year	\$ 55,287	\$ 98,424	\$ 2,489	\$ 156,200
Reconciliation of operating loss to net cash used by operating activities				
Operating loss	\$ -	\$ (12,989)	\$ (15,104)	\$ (28,093)
Changes in assets and liabilities				
Receivables (net)	-	(780)	161	(619)
Due from other units of government	(2,069)	-	-	(2,069)
Due from other funds	796	-	-	796
Prepaid items	-	-	1,200	1,200
Accounts payable	-	(77)	2,952	2,875
Accrued and other liabilities	-	538	-	538
Net cash used by operating activities	\$ (1,273)	\$ (13,308)	\$ (10,791)	\$ (25,372)

Gratiot County
Internal Service Funds
Combining Statement of Net Position
September 30, 2022

	<u>Fringe Benefits</u>	<u>Tile Fund</u>	<u>Flexible Spending</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 18,047	\$ 23,908	\$ 41,955
Receivables				
Accrued interest and other	84,443	-	-	84,443
Inventories	-	62,057	-	62,057
Prepaid items	49,727	-	-	49,727
	<u>134,170</u>	<u>80,104</u>	<u>23,908</u>	<u>238,182</u>
Liabilities				
Current liabilities				
Accounts payable	3,005	-	-	3,005
Net Position				
Unrestricted	<u>\$ 131,165</u>	<u>\$ 80,104</u>	<u>\$ 23,908</u>	<u>\$ 235,177</u>

Gratiot County
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended September 30, 2022

	<u>Fringe Benefits</u>	<u>Tile Fund</u>	<u>Flexible Spending</u>	<u>Total</u>
Operating revenue				
Billings to other funds	\$ 3,488,412	\$ -	\$ -	\$ 3,488,412
Other revenue	<u>1,050</u>	<u>32,102</u>	<u>33,414</u>	<u>66,566</u>
Total operating revenue	<u>3,489,462</u>	<u>32,102</u>	<u>33,414</u>	<u>3,554,978</u>
Operating expenses				
Personnel services	3,078,703	-	-	3,078,703
Other expenses	<u>583</u>	<u>39,741</u>	<u>28,707</u>	<u>69,031</u>
Total operating expenses	<u>3,079,286</u>	<u>39,741</u>	<u>28,707</u>	<u>3,147,734</u>
Operating income (loss)	410,176	(7,639)	4,707	407,244
Nonoperating revenue				
Interest income	<u>-</u>	<u>58</u>	<u>34</u>	<u>92</u>
Income (loss) before transfers	410,176	(7,581)	4,741	407,336
Transfers in	529,713	-	-	529,713
Transfers out	<u>(859,008)</u>	<u>-</u>	<u>-</u>	<u>(859,008)</u>
Change in net position	80,881	(7,581)	4,741	78,041
Net position - beginning of year	<u>50,284</u>	<u>87,685</u>	<u>19,167</u>	<u>157,136</u>
Net position - end of year	<u>\$ 131,165</u>	<u>\$ 80,104</u>	<u>\$ 23,908</u>	<u>\$ 235,177</u>

Gratiot County
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2022

	Fringe Benefits	Tile Fund	Flexible Spending	Total
Cash flows from operating activities				
Receipts from employees	\$ -	\$ -	\$ 33,445	\$ 33,445
Receipts from interfund users	3,420,517	32,102	-	3,452,619
Payments to suppliers	<u>(3,096,267)</u>	<u>(39,741)</u>	<u>(28,707)</u>	<u>(3,164,715)</u>
Net cash provided (used) by operating activities	<u>324,250</u>	<u>(7,639)</u>	<u>4,738</u>	<u>321,349</u>
Cash flows from noncapital financing activities				
Transfer from other funds	529,713	-	-	529,713
Transfers to other funds	<u>(859,008)</u>	<u>-</u>	<u>-</u>	<u>(859,008)</u>
Net cash used by noncapital financing activities	<u>(329,295)</u>	<u>-</u>	<u>-</u>	<u>(329,295)</u>
Cash flows from investing activities				
Interest received	<u>-</u>	<u>58</u>	<u>34</u>	<u>92</u>
Net change in cash and cash equivalents	(5,045)	(7,581)	4,772	(7,854)
Cash and cash equivalents - beginning of year	<u>5,045</u>	<u>25,628</u>	<u>19,136</u>	<u>49,809</u>
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 18,047</u>	<u>\$ 23,908</u>	<u>\$ 41,955</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 410,176	\$ (7,639)	\$ 4,707	\$ 407,244
Changes in assets and liabilities				
Receivables (net)	(18,622)	-	31	(18,591)
Prepaid items	(16,432)	-	-	(16,432)
Accounts payable	(549)	-	-	(549)
Due to other funds	<u>(50,323)</u>	<u>-</u>	<u>-</u>	<u>(50,323)</u>
Net cash provided (used) by operating activities	<u>\$ 324,250</u>	<u>\$ (7,639)</u>	<u>\$ 4,738</u>	<u>\$ 321,349</u>

**Gratiot County
Component Unit Funds
Road Commission
Balance Sheet
September 30, 2022**

	<u>Road Commission</u>
Assets	
Cash and cash equivalents	\$ 415,710
Investments	962,867
Due from other units of government	1,827,750
Inventories	<u>828,120</u>
Total assets	<u><u>\$ 4,034,447</u></u>
Liabilities	
Accounts payable	\$ 891,847
Accrued and other liabilities	88,925
Performance bond payable	3,100
Advances from State	223,879
Due to other units of government	<u>190,183</u>
Total liabilities	<u>1,397,934</u>
Fund Balances	
Nonspendable	828,120
Restricted	
County Road Operations	<u>1,808,393</u>
Total fund balances	<u>2,636,513</u>
Total liabilities and fund balances	<u><u>\$ 4,034,447</u></u>

**Gratiot County
Component Unit Funds
Road Commission
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2022**

Total fund balances for component unit funds - road commission	\$ 2,636,513
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	33,731,943
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(459,750)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from net pension liability	1,979,818
Deferred inflows of resources resulting from net pension liability	(1,517,055)
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	(4,642,673)
Net OPEB asset	74,752
Net position of component unit funds - road commission	\$ 32,457,221

Gratiot County
Component Unit Funds
Road Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	Road Commission
Revenues	
Licenses and permits	\$ 79,648
Intergovernmental	
Federal\state	8,992,468
Local contributions	2,066,683
Charges for services	1,194,094
Interest and rents	13,562
Other revenue	58,999
	12,405,454
Total revenues	12,405,454
Expenditures	
Current	
Public works	11,691,882
Capital outlay	321,556
	12,013,438
Total expenditures	12,013,438
Excess of revenues over expenditures	392,016
Other financing sources	
Sale of capital assets	10,010
	402,026
Net change in fund balance	402,026
Fund balance - beginning of year	2,234,487
	2,234,487
Fund balance - end of year	\$ 2,636,513

**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, 2022**

Net change in fund balances - component unit funds - road commission \$ 402,026

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	(2,796,963)
Capital outlay	2,364,531
Donations of capital assets	109,999
Disposal of capital assets	(5,990)

Expenses are recorded when incurred in the statement of activities

Compensated absences	(10,574)
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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	1,302,109
Net change in the deferred inflow of resources related to the net pension liability	(1,051,779)
Net change in the deferred outflow of resources related to the net pension liability	401,437

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	<u>(77,723)</u>
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Change in net position of component unit funds - road commission \$ 637,073

**Gratiot County
Component Unit Funds
Drainage Districts
Combining Balance Sheet
September 30, 2022**

	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	\$ -	\$ 161,161	\$ 930,802	\$ 270,101	\$ -	\$ 2,772,674	\$ 57,552	\$ 12,305	\$ 4,204,595
Receivables									
Special assessments, current	-	57,002	170,162	83,565	-	1,610,942	-	-	1,921,671
Total current assets	-	218,163	1,100,964	353,666	-	4,383,616	57,552	12,305	6,126,266
Noncurrent assets									
Special assessments, deferred	-	285,009	1,701,620	1,086,343	-	6,752,101	-	-	9,825,073
Total assets	\$ -	\$ 503,172	\$ 2,802,584	\$ 1,440,009	\$ -	\$ 11,135,717	\$ 57,552	\$ 12,305	\$ 15,951,339
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,202	\$ 3,411	\$ 879	\$ 266,492
Deferred Inflows of Resources									
Unavailable revenue									
Special assessments	-	342,011	1,871,782	1,169,908	-	8,363,043	-	-	11,746,744
Fund Balances									
Restricted									
Debt service	-	161,161	930,802	270,101	-	-	-	-	1,362,064
Assigned - capital projects	-	-	-	-	-	2,510,472	54,141	11,426	2,576,039
Total fund balances	-	161,161	930,802	270,101	-	2,510,472	54,141	11,426	3,938,103
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 503,172	\$ 2,802,584	\$ 1,440,009	\$ -	\$ 11,135,717	\$ 57,552	\$ 12,305	\$ 15,951,339

**Gratiot County
Component Unit Funds
Drainage Districts
Reconciliation of the Combining Balance Sheet to the Statement of Net Position
September 30, 2022**

Total fund balances for component unit funds - drainage district	\$ 3,938,103
Total net position for component units in the statement of net position is different because:	
Capital assets used in component units are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	2,061,004
Capital assets net of depreciation	28,622,710
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	11,746,744
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(113,830)
Bonds and loans payable	<u>(11,430,112)</u>
Net position of component unit funds - drainage district	<u><u>\$ 34,824,619</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, 2022

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,919	\$ -	\$ -	\$ 276,919
Charges for services	164,923	69,261	289,074	128,830	-	2,166,574	-	-	2,818,662
Interest income	135	385	3,006	359	-	8,390	248	47	12,570
Other revenue	-	-	-	-	-	925	-	-	925
Total revenues	<u>165,058</u>	<u>69,646</u>	<u>292,080</u>	<u>129,189</u>	<u>-</u>	<u>2,452,808</u>	<u>248</u>	<u>47</u>	<u>3,109,076</u>
Expenditures									
Current									
Public works	-	-	-	-	-	346,688	36,943	22,035	405,666
Capital outlay	-	-	-	-	-	1,581,679	168,495	-	1,750,174
Debt service									
Principal retirement	170,000	75,000	235,000	95,000	1,263,205	-	-	-	1,838,205
Interest and fiscal charges	4,420	12,463	97,760	35,475	220,775	-	-	-	370,893
Total expenditures	<u>174,420</u>	<u>87,463</u>	<u>332,760</u>	<u>130,475</u>	<u>1,483,980</u>	<u>1,928,367</u>	<u>205,438</u>	<u>22,035</u>	<u>4,364,938</u>
Excess (deficiency) of revenues over expenditures	<u>(9,362)</u>	<u>(17,817)</u>	<u>(40,680)</u>	<u>(1,286)</u>	<u>(1,483,980)</u>	<u>524,441</u>	<u>(205,190)</u>	<u>(21,988)</u>	<u>(1,255,862)</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	1,483,980	109,414	210,656	-	1,804,050
Transfers out	(96,224)	-	-	-	-	(1,694,636)	(13,190)	-	(1,804,050)
Bond and note proceeds	-	-	-	-	-	879,118	-	-	879,118
Total other financing sources (uses)	<u>(96,224)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,483,980</u>	<u>(706,104)</u>	<u>197,466</u>	<u>-</u>	<u>879,118</u>
Net change in fund balances	(105,586)	(17,817)	(40,680)	(1,286)	-	(181,663)	(7,724)	(21,988)	(376,744)
Fund balances - beginning 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>
Fund balances - end of year	<u>\$ -</u>	<u>\$ 161,161</u>	<u>\$ 930,802</u>	<u>\$ 270,101</u>	<u>\$ -</u>	<u>\$ 2,510,472</u>	<u>\$ 54,141</u>	<u>\$ 11,426</u>	<u>\$ 3,938,103</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, 2022**

Net change in fund balances - component unit funds - drainage district \$ (376,744)

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	(1,012,019)
Capital outlay	1,158,828

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

Special assessments	(188,640)
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Expenses are recorded when incurred in the statement of activities

Accrued interest	11,062
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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	(879,118)
Repayments of long-term debt	<u>1,838,205</u>

Change in net position of component unit funds - drainage district \$ 551,574

Gratiot County
Component Unit Funds
Central Dispatch Authority
Balance Sheet
September 30, 2022

Assets

Cash and cash equivalents	\$ 549,066
Receivables	
Customers	294,536
Prepaid items	<u>51,564</u>
Total assets	<u><u>\$ 895,166</u></u>

Liabilities

Accounts payable	\$ 12,206
Accrued and other liabilities	<u>10,865</u>
Total liabilities	<u>23,071</u>

Deferred Inflows of Resources

Unavailable charges for services	<u>35</u>
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Fund Balances

Nonspendable items	
Prepaid items	51,564
Restricted	
Central Dispatch Authority	<u>820,496</u>
Total fund balance	<u>872,060</u>
Total liabilities, deferred inflow of resources and fund balances	<u><u>\$ 895,166</u></u>

**Gratiot County
Component Unit Funds
Central Dispatch Authority
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2022**

Total fund balances for component unit funds - central dispatch authority	\$ 872,060
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	1,039,708
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	35
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(34,871)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from net pension liability	77,439
Deferred inflows of resources resulting from net pension liability	(95,979)
Deferred outflows of resources resulting from net other post-employment benefits (OPEB) liability	25,883
Deferred inflows of resources resulting from net OPEB liability	(39,015)
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.	
Financed purchases	(638,731)
Net pension asset	53,416
Net OPEB liability	(50,195)
Net position of component unit funds - central dispatch authority	<u><u>\$ 1,209,750</u></u>

Gratiot County
Component Unit Funds
Central Dispatch Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

Revenues

Other state grants	\$ 12,169
Local contributions	2,849
Charges for services	1,277,809
Interest income	1,528
Other revenue	<u>672</u>
Total revenues	<u>1,295,027</u>

Expenditures

Current	
Public safety	1,034,804
Capital outlay	45,090
Debt service	
Principal retirement	289
Interest and fiscal charges	<u>65</u>

Total expenditures	<u>1,080,248</u>
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Net change in fund balance	214,779
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Fund balance - beginning of year	<u>657,281</u>
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Fund balance - end of year	<u><u>\$ 872,060</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, 2022

Net change in fund balances - component unit funds - central dispatch authority	\$ 214,779
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	(102,705)
Capital outlay	19,385
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Other revenue	(1,019)
Expenses are recorded when incurred in the statement of activities	
Compensated absences	(3,854)
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	43,188
Net change in the deferred outflow of resources related to the net pension liability	4,630
Net change in the deferred inflow of resources related to the net pension liability	(60,143)
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	(8,357)
Net change in the deferred outflow of resources related to the net OPEB liability	(3,584)
Net change in the deferred inflow of resources related to the net OPEB liability	23,674
Note proceeds are reported as financing sources in the component unit fund and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the component unit fund but reduces the liability in the statement of net position.	
Repayments of long-term debt	289
Change in net position of component unit funds - central dispatch authority	\$ 126,283

**Gratiot County
Component Unit Funds
Brownfield Redevelopment Authority
Balance Sheet
September 30, 2022**

Assets	<u><u>\$ -</u></u>
Liabilities	\$ -
Fund Balances	<u>-</u>
Total liabilities and fund balances	<u><u>\$ -</u></u>

Gratiot County
Component Unit Funds
Brownfield Redevelopment Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

Revenues

Taxes	\$	4,345
Local contributions		9,349
Interest income		134
		13,828
Total revenues		13,828

Expenditures

Current		
Community and economic development		4,532
		9,296
Net change in fund balance		9,296
Fund balance (deficit) - beginning of year		(9,296)
Fund balance - end of year	\$	-

**Gratiot County
Custodial Funds
Combining Statement of Fiduciary Net Position
September 30, 2022**

	General	Wind Farm Planning	Current Tax Collection	Heartland Escrow	District Court Custody	Circuit Court Custody	Inmate Trust	Probate Court	Library Penal Fines	Total Custodial Funds
Assets										
Cash and cash equivalents	\$ 295	\$ 95,865	\$ 2,416,754	\$ 10,000	\$ 12,217	\$ 669	\$ 9,350	\$ 5,008	\$ 75,743	\$ 2,625,901
Receivables										
Fines	-	-	-	-	-	-	-	-	1,357	1,357
Due from other units of government	-	-	7,354	-	17,104	1,375	-	2,699	-	28,532
Total assets	<u>295</u>	<u>95,865</u>	<u>2,424,108</u>	<u>10,000</u>	<u>29,321</u>	<u>2,044</u>	<u>9,350</u>	<u>7,707</u>	<u>77,100</u>	<u>2,655,790</u>
Liabilities										
Accounts payable	-	2,139	74	-	21,008	4,179	-	3,327	-	30,727
Accrued and other liabilities	-	-	-	-	-	191	9,350	-	-	9,541
Due to other units of government	295	-	2,423,182	-	19,761	-	-	4,119	66,928	2,514,285
Unearned revenue	-	-	852	-	-	-	-	-	-	852
Total liabilities	<u>295</u>	<u>2,139</u>	<u>2,424,108</u>	<u>-</u>	<u>40,769</u>	<u>4,370</u>	<u>9,350</u>	<u>7,446</u>	<u>66,928</u>	<u>2,555,405</u>
Net Position										
Restricted for:										
Individuals, organizations and other governments	<u>\$ -</u>	<u>\$ 93,726</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ (11,448)</u>	<u>\$ (2,326)</u>	<u>\$ -</u>	<u>\$ 261</u>	<u>\$ 10,172</u>	<u>\$ 100,385</u>

**Gratiot County
Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022**

	General	Wind Farm Planning	Current Tax Collection	Heartland Escrow	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	\$ -	\$ -	\$ 10,003,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,003,686
Real estate transfer tax collected for other governments	-	-	2,254,785	-	-	-	-	-	-	2,254,785
Fees and fines collected on behalf of other units of governments	-	-	-	-	92,395	43,727	-	39,205	243,790	419,117
Collections from or on behalf of inmates	-	-	-	-	-	-	234,914	-	-	234,914
Other taxes collected for other governments	-	-	9,253,023	-	-	-	-	-	-	9,253,023
Funds collected for wind farm planning	-	95,370	-	10,000	-	-	-	-	-	105,370
Interest	-	360	-	-	44	9	-	4	266	683
Total additions	-	95,730	21,511,494	10,000	92,439	43,736	234,914	39,209	244,056	22,271,578
Deductions										
Payments of state education tax to other governments	-	-	10,003,686	-	-	-	-	-	-	10,003,686
Payments of real estate transfer tax to other governments	-	-	2,254,785	-	-	-	-	-	-	2,254,785
Fees and fines remitted to other units of government	-	-	-	-	103,887	46,062	-	38,948	-	188,897
Payments to or on behalf of inmates	-	-	-	-	-	-	234,914	-	-	234,914
Payments related to wind farm planning	-	87,429	-	-	-	-	-	-	-	87,429
Payments of other taxes to other governments	-	-	9,253,023	-	-	-	-	-	243,790	9,496,813
Total deductions	-	87,429	21,511,494	-	103,887	46,062	234,914	38,948	243,790	22,266,524
Change in net position	-	8,301	-	10,000	(11,448)	(2,326)	-	261	266	5,054
Net position - beginning of year	-	85,425	-	-	-	-	-	-	9,906	95,331
Net position (deficit) - end of year	\$ -	\$ 93,726	\$ -	\$ 10,000	\$ (11,448)	\$ (2,326)	\$ -	\$ 261	\$ 10,172	\$ 100,385