

**Gratiot County**  
**Financial Statements**  
**September 30, 2023**



**YEO & YEO**

**BUSINESS SUCCESS  
PARTNERS**

## Table of Contents

<b>Section</b>		<b>Page</b>
1	<b>Independent Auditors' Report</b>	1 – 1
2	<b>Management's Discussion and Analysis</b>	2 – 1
3	<b>Basic Financial Statements</b>	
	Government-wide Financial Statements	
	Statement of Net Position	3 – 1
	Statement of Activities	3 – 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	3 – 4
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	3 – 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	3 – 7
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	3 – 9
	Proprietary Funds	
	Statement of Net Position	3 – 10
	Statement of Revenues, Expenses and Changes in Fund Net Position	3 – 11
	Statement of Cash Flows	3 – 12
	Fiduciary Funds	
	Statement of Fiduciary Net Position	3 – 14
	Statement of Changes in Fiduciary Net Position	3 – 15
	Component Unit Funds	
	Combining Statement of Net Position	3 – 16
	Statement of Activities	3 – 18
	Notes to the Financial Statements	3 – 19

<b>Section</b>	<b>Page</b>
<b>4</b>	<b>Required Supplementary Information</b>
	Budgetary Comparison Schedule – General Fund 4 – 1
	Budgetary Comparison Schedule – COVID Recovery Fund 4 – 5
	Budgetary Comparison Schedule – Opioid Settlement Fund 4 – 6
	Municipal Employees Retirement System of Michigan
	Schedule of Changes in Net Pension Liability and Related Ratios 4 – 7
	Schedule of Employer Contributions 4 – 8
	Other Postemployment Benefits
	Schedule of Changes in Net OPEB Liability and Related Ratios 4 – 9
	Schedule of Employer Contributions 4 – 10
	Schedule of Investment Returns 4 – 11
<b>5</b>	<b>Other Supplementary Information</b>
	Nonmajor Governmental Funds
	Combining Balance Sheet 5 – 1
	Combining Statement of Revenues, Expenditures and Changes in Fund Balances 5 – 7
	Nonmajor Enterprise Funds
	Combining Statement of Net Position 5 – 19
	Combining Statement of Revenues, Expenses and Changes in Fund Net Position 5 – 20
	Combining Statement of Cash Flows 5 – 21
	Internal Service Funds
	Combining Statement of Net Position 5 – 22
	Combining Statement of Revenues, Expenses and Changes in Fund Net Position 5 – 23
	Combining Statement of Cash Flows 5 – 24

**Section****Page****5 Other Supplementary Information (continued)**

## Component Unit Funds

## Road Commission

## Balance Sheet

5 – 25

## Reconciliation of the Balance Sheet to the Statement of Net Position

5 – 26

## Statement of Revenues, Expenditures and Changes in Fund Balances

5 – 27

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances to the Statement of Activities

5 – 28

## Drainage Districts

## Combining Balance Sheet

5 – 29

## Reconciliation of the Combining Balance Sheet to the Statement of Net Position

5 – 30

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

5 – 31

Reconciliation of the Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances to the Statement of Activities

5 – 32

## Central Dispatch Authority

## Balance Sheet

5 – 33

## Reconciliation of the Balance Sheet to the Statement of Net Position

5 – 34

## Statement of Revenues, Expenditures and Changes in Fund Balances

5 – 35

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances to the Statement of Activities

5 – 36

## Brownfield Redevelopment Authority

## Balance Sheet

5 – 37

## Statement of Revenues, Expenditures and Changes in Fund Balances

5 – 38

## Reconciliation of the Statement of Revenues, Expenditures and Changes in

## Custodial Funds

## Combining Statement of Fiduciary Net Position

5 – 39

## Combining Statement of Changes in Fiduciary Net Position

5 – 40



## 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, 2023, 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, 2023, 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 69 percent, respectively, of the assets, net position, and revenues of the component units as of September 30, 2023, 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.

## **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 March 22, 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  
March 22, 2024

**Gratiot County**  
**Management's Discussion and Analysis**  
**September 30, 2023**

---

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, 2023. 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, 2023**

---

- ***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**  
**September 30, 2023**

---

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, 2023**

**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, 2023 and 2022.

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total Primary Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 21,111,204	\$ 20,955,662	\$ 8,255,676	\$ 8,392,649	\$ 29,366,880	\$ 29,348,311
Capital assets	7,765,539	7,460,898	-	-	7,765,539	7,460,898
Deferred outflows of resources	3,334,896	891,645	-	-	3,334,896	891,645
<b>Total assets and deferred outflows of resources</b>	<b>32,211,639</b>	<b>29,308,205</b>	<b>8,255,676</b>	<b>8,392,649</b>	<b>40,467,315</b>	<b>37,700,854</b>
Current liabilities	4,183,260	6,364,337	133,694	142,271	4,316,954	6,506,608
Long-term liabilities	10,544,947	5,874,403	-	-	10,544,947	5,874,403
Deferred inflows of resources	470,333	3,943,559	-	-	470,333	3,943,559
<b>Total liabilities and deferred inflows of resources</b>	<b>15,198,540</b>	<b>16,182,299</b>	<b>133,694</b>	<b>142,271</b>	<b>15,332,234</b>	<b>16,324,570</b>
Net Position						
Net investment in capital assets	7,694,165	7,383,904	-	-	7,694,165	7,383,904
Restricted	3,814,785	3,536,884	-	-	3,814,785	3,536,884
Unrestricted (deficit)	5,504,149	2,205,118	8,121,982	8,250,378	13,626,131	10,455,496
<b>Total net position</b>	<b>\$ 17,013,099</b>	<b>\$ 13,125,906</b>	<b>\$ 8,121,982</b>	<b>\$ 8,250,378</b>	<b>\$ 25,135,081</b>	<b>\$ 21,376,284</b>

**Gratiot County  
Management's Discussion and Analysis  
September 30, 2023**

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, 2023 and 2022.

	Governmental Activities		Business Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Charges for Services	\$ 2,874,563	\$ 3,015,549	\$ 748,549	\$ 681,805	\$ 3,623,112	\$ 3,697,354
Grants & Contributions	7,305,270	5,735,920	-	-	7,305,270	5,735,920
General Revenues						
Property Taxes	13,963,766	13,621,556	-	-	13,963,766	13,621,556
Investment Earnings	559,211	48,695	210,589	(24,379)	769,800	24,316
Miscellaneous	284,700	16,050	64,027	38,174	348,727	54,224
<b>Total revenues</b>	<b>24,987,510</b>	<b>22,437,770</b>	<b>1,023,165</b>	<b>695,600</b>	<b>26,010,675</b>	<b>23,133,370</b>
<b>Expenses</b>						
General Government	9,441,463	8,427,210	-	-	9,441,463	8,427,210
Public Safety	6,095,937	6,585,119	-	-	6,095,937	6,585,119
Public Works	844,844	19,131	-	-	844,844	19,131
Health and Welfare	3,428,749	3,241,120	-	-	3,428,749	3,241,120
Community and economic development	540,218	513,695	-	-	540,218	513,695
Recreation & Cultural	1,447,010	1,412,072	-	-	1,447,010	1,412,072
Interest on long-term debt	101,095	127,799	-	-	101,095	127,799
Delinquent Tax	-	-	207,362	235,681	207,362	235,681
Tax fees and sales proceeds	-	-	-	-	-	-
Other	-	-	145,201	126,079	145,201	126,079
<b>Total expenses</b>	<b>21,899,315</b>	<b>20,326,146</b>	<b>352,563</b>	<b>361,760</b>	<b>22,251,878</b>	<b>20,687,906</b>
Excess revenue over expenses	3,088,195	2,111,624	670,602	333,840	3,758,797	2,445,464
Transfers	798,998	(13,280)	(798,998)	13,280	-	-
<b>Change in net position</b>	<b>3,887,193</b>	<b>2,098,344</b>	<b>(128,396)</b>	<b>347,120</b>	<b>3,758,797</b>	<b>2,445,464</b>
Net position - beginning	13,125,906	11,027,562	8,250,378	7,903,258	21,376,284	18,930,820
<b>Net position - ending</b>	<b>\$ 17,013,099</b>	<b>\$ 13,125,906.00</b>	<b>\$ 8,121,982</b>	<b>\$ 8,250,378</b>	<b>\$ 25,135,081</b>	<b>\$ 21,376,284</b>

**Gratiot County  
Management's Discussion and Analysis  
September 30, 2023**

---

**Governmental Activities Statement of Net Position:**

The County's Governmental Activities (GA) net position increased \$3,887,193 over the past fiscal year. This increase is primarily related to recognition of American Rescue Plan funds and interest income.

**Revenues:**

Property tax collection revenues for fiscal year 2023 are up to \$13.9 million (from \$13.6 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 2023 are up to \$7.3 million (from \$5.7 million). The County received and expended funds from the American Rescue Plan Act (ARPA) during the fiscal year. In addition, the State Indigent Defense program is expanding.

Charges for Services round off the last largest revenue source for the County's revenue sources and they decreased to \$2.8 million (from \$3.0 million). Services are leveling back out after a one year increase.

The County levied six property tax millages for the 2023 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 .4486 to finance the Sheriff's Office patrols, the parks millage at .3494 mills to finance the Parks and Recreation Department, the Economic Development and Agriculture millage at .5000 mills to finance economic development and agricultural promotion activities, and .4994 mills to finance libraries throughout the County.

**Expenses:**

General government expenses increased by \$1.5 million from 2022 to 2023. The rise in costs were related to projects funded by the American Rescue Plan.

**Business-Type Activities:**

Net position in business-type activities decreased approximately \$128,000 from 2022 to 2023. The Delinquent Tax Revolving Fund pledged its surplus to the General Fund.

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, 2023**

---

**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, 2023, the General Fund reported a fund balance of \$10,727,473. The General Fund's fund balance increased by \$1,347,654. Of the total fund balance, \$7,683,886 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 \$15,437,019. Actual collections came in at \$16,593,152, or \$1,156,133 lower than budgeted. Actual was less than budgeted amounts for the following significant reason:

- During our current fiscal year a significant amount of prior year deferred tax revenues were collected. In addition, the transfer of the nearly \$800,000 Delinquent Tax Surplus to the General Fund was recorded.

The County's expenditure budget was \$15,586,824. Actual County expenditures for fiscal year 2023 were \$15,245,498, or \$341,326 lower than budgeted.

**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, 2023, this fund reported net position of \$7,893,580, a decrease of \$203,869 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 and the Treasurer did agree to transfer the surplus of approximately \$800,000 to the General Fund.

**Gratiot County  
Management's Discussion and Analysis  
September 30, 2023**

---

**Capital Assets**

At the end of fiscal year 2023 the County had invested in a broad range of capital assets as summarized in the following table. The business-type activities do not have capital assets.

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Land	\$ 703,075	\$ 703,075
Construction in progress	-	305,621
Land improvements	1,493,580	1,180,380
Buildings and improvements	10,907,905	10,803,452
Equipment and furniture	1,977,485	1,378,779
Vehicles	1,248,693	1,157,972
Right of use assets - equipment	87,074	87,074
	16,417,812	15,616,353
Less: accumulated depreciation and amortization	(8,652,273)	(8,102,087)
	\$ 7,765,539	\$ 7,514,266

The County's capital assets' valuation increased slightly for fiscal year 2023. The increase is due to maintaining our current assets.

**Long-Term Debt**

As of September 30, 2023, the County had \$10,739,095 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	\$2,485,500
Lease Obligations	21,374
Compensated absences	718,096
Other post-employment benefits	440,090
Pension fund liability	7,074,029

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 3-34).

**Gratiot County  
Management's Discussion and Analysis  
September 30, 2023**

---

**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 2024 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, 2023**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 13,238,213	\$ 6,289,610	\$ 19,527,823	\$ 5,531,930
Investments	462	902,293	902,755	1,732,240
Receivables				
Taxes	5,403,698	1,534,942	6,938,640	-
Customers	850,716	-	850,716	276,539
Special assessments	-	-	-	11,653,762
Accrued interest and other	5,948	352,501	358,449	-
Due from other units of government	497,826	-	497,826	1,840,059
Internal balances	829,284	(829,284)	-	-
Inventories	62,057	-	62,057	769,443
Prepaid items	223,000	5,614	228,614	36,410
Net OPEB asset	-	-	-	41,537
Capital assets not being depreciated	703,075	-	703,075	3,571,669
Capital assets net of depreciation	7,062,464	-	7,062,464	62,476,750
Total assets	<u>28,876,743</u>	<u>8,255,676</u>	<u>37,132,419</u>	<u>87,930,339</u>
<b>Deferred Outflows of Resources</b>				
Deferred amount relating to net pension liability	3,138,362	-	3,138,362	3,283,763
Deferred amount relating to total OPEB liability	196,534	-	196,534	15,472
Total deferred outflows of resources	<u>3,334,896</u>	<u>-</u>	<u>3,334,896</u>	<u>3,299,235</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Statement of Net Position**  
**September 30, 2023**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 998,937	\$ 69,959	\$ 1,068,896	\$ 563,224
Accrued and other liabilities	270,277	614	270,891	213,258
Performance bond payable	-	-	-	401,100
Due to other units of government	62,410	63,121	125,531	84,721
Unearned revenue	2,851,636	-	2,851,636	-
Advances from other governmental unit	-	-	-	313,471
Noncurrent liabilities				
Debt due within one year	1,552,330	-	1,552,330	1,763,162
Debt due in more than one year	1,677,926	-	1,677,926	10,289,991
Net pension liability	6,912,302	-	6,912,302	7,149,834
Net OPEB liability	402,389	-	402,389	37,701
<b>Total liabilities</b>	<b>14,728,207</b>	<b>133,694</b>	<b>14,861,901</b>	<b>20,816,462</b>
<b>Deferred Inflows of Resources</b>				
Deferred amount relating to net pension liability	-	-	-	250,034
Deferred amount relating to net OPEB liability	470,333	-	470,333	20,113
<b>Total deferred inflows of resources</b>	<b>470,333</b>	<b>-</b>	<b>470,333</b>	<b>270,147</b>
<b>Net Position</b>				
Net investment in capital assets	7,694,165	-	7,694,165	54,507,540
Restricted for				
Special revenue funds	3,814,785	-	3,814,785	-
Central Dispatch Authority	-	-	-	695,141
Drainage districts	-	-	-	16,146,584
Brownfield Redevelopment Authority	-	-	-	23
Unrestricted (deficit)	5,504,149	8,121,982	13,626,131	(1,206,323)
<b>Total net position</b>	<b>\$ 17,013,099</b>	<b>\$ 8,121,982</b>	<b>\$ 25,135,081</b>	<b>\$ 70,142,965</b>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Statement of Activities**  
**For the Year Ended September 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities								
General government	\$ 9,441,463	\$ 1,786,174	\$ 4,304,920	\$ -	\$ (3,350,369)	\$ -	\$ (3,350,369)	\$ -
Public safety	6,095,937	899,108	2,549,140	-	(2,647,689)	-	(2,647,689)	-
Public works	844,844	-	62,256	-	(782,588)	-	(782,588)	-
Health and welfare	3,428,749	139,086	361,118	-	(2,928,545)	-	(2,928,545)	-
Community and economic development	540,218	8,000	25,708	-	(506,510)	-	(506,510)	-
Recreation and culture	1,447,010	42,195	2,128	-	(1,402,687)	-	(1,402,687)	-
Interest on long-term debt	101,095	-	-	-	(101,095)	-	(101,095)	-
Total governmental activities	<u>21,899,315</u>	<u>2,874,563</u>	<u>7,305,270</u>	<u>-</u>	<u>(11,719,482)</u>	<u>-</u>	<u>(11,719,482)</u>	<u>-</u>
Business-type activities								
Delinquent tax revolving	207,362	543,243	-	-	-	335,881	335,881	-
Soil erosion inspection	49,240	163,575	-	-	-	114,335	114,335	-
Jail commissary	95,961	41,731	-	-	-	(54,230)	(54,230)	-
Total business-type activities	<u>352,563</u>	<u>748,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>395,986</u>	<u>395,986</u>	<u>-</u>
Total primary government	<u>\$ 22,251,878</u>	<u>\$ 3,623,112</u>	<u>\$ 7,305,270</u>	<u>\$ -</u>	<u>(11,719,482)</u>	<u>395,986</u>	<u>(11,323,496)</u>	<u>-</u>
<b>Component units</b>								
Drainage Districts	\$ 3,287,476	\$ 2,513,569	\$ -	\$ 1,824,731	-	-	-	1,050,824
Central Dispatch Authority	1,175,957	1,261,139	12,831	-	-	-	-	98,013
Brownfield Redevelopment Authority	4,233	-	-	-	-	-	-	(4,233)
Road Commission	12,970,300	1,651,997	10,391,432	1,107,278	-	-	-	180,407
Total component units	<u>\$ 17,437,966</u>	<u>\$ 5,426,705</u>	<u>\$ 10,404,263</u>	<u>\$ 2,932,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,325,011</u>
General revenues								
Property taxes					13,963,766	-	13,963,766	4,293
Unrestricted investment earnings					559,211	210,589	769,800	226,361
Gain on sale of capital assets					-	-	-	95,710
Miscellaneous					284,700	64,027	348,727	-
Transfers					798,998	(798,998)	-	-
Total general revenues and transfers					<u>15,606,675</u>	<u>(524,382)</u>	<u>15,082,293</u>	<u>326,364</u>
Change in net position					3,887,193	(128,396)	3,758,797	1,651,375
Net position - beginning of year					13,125,906	8,250,378	21,376,284	68,491,590
Net position - end of year					<u>\$ 17,013,099</u>	<u>\$ 8,121,982</u>	<u>\$ 25,135,081</u>	<u>\$ 70,142,965</u>

See Accompanying Notes to the Financial Statements

**Gratiot County  
Governmental Funds  
Balance Sheet  
September 30, 2023**

	General	COVID Recovery	Opioid Settlement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 5,636,643	\$ 3,458,745	\$ 243,997	\$ 3,817,728	\$ 13,157,113
Investments	1	461	-	-	462
Receivables					
Taxes	5,403,698	-	-	-	5,403,698
Customers	58,036	-	739,324	53,356	850,716
Due from other units of government	299,092	-	-	198,734	497,826
Due from other funds	829,284	-	-	-	829,284
Prepaid items	156,094	-	-	18,986	175,080
	<u>12,382,848</u>	<u>3,459,206</u>	<u>983,321</u>	<u>4,088,804</u>	<u>20,914,179</u>
Total assets	<u>\$ 12,382,848</u>	<u>\$ 3,459,206</u>	<u>\$ 983,321</u>	<u>\$ 4,088,804</u>	<u>\$ 20,914,179</u>
<b>Liabilities</b>					
Accounts payable	\$ 308,106	\$ 450,605	\$ -	\$ 238,687	\$ 997,398
Accrued and other liabilities	232,043	-	-	35,332	267,375
Due to other units of government	62,410	-	-	-	62,410
Unearned revenue	-	2,851,636	-	-	2,851,636
	<u>602,559</u>	<u>3,302,241</u>	<u>-</u>	<u>274,019</u>	<u>4,178,819</u>
Total liabilities	<u>602,559</u>	<u>3,302,241</u>	<u>-</u>	<u>274,019</u>	<u>4,178,819</u>

See Accompanying Notes to the Financial Statements

**Gratiot County  
Governmental Funds  
Balance Sheet  
September 30, 2023**

	<u>General</u>	<u>COVID Recovery</u>	<u>Opioid Settlement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	\$ 1,052,816	\$ -	\$ 739,324	\$ 136,529	\$ 1,928,669
<b>Fund Balances</b>					
Non-spendable					
Prepaid items	156,094	-	-	18,986	175,080
Restricted					
Special revenue funds	-	-	-	3,659,270	3,659,270
Committed	190,552	-	-	-	190,552
Assigned	2,696,941	156,965	243,997	-	3,097,903
Unassigned	7,683,886	-	-	-	7,683,886
 Total fund balances	 <u>10,727,473</u>	 <u>156,965</u>	 <u>243,997</u>	 <u>3,678,256</u>	 <u>14,806,691</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 12,382,848</u>	 <u>\$ 3,459,206</u>	 <u>\$ 983,321</u>	 <u>\$ 4,088,804</u>	 <u>\$ 20,914,179</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2023**

---

<b>Total fund balances for governmental funds</b>	<b>\$ 14,806,691</b>
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	703,075
Capital assets net of depreciation	7,062,464
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	
	1,928,669
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(2,902)
Compensated absences	(718,096)
Deferred outflows of resources resulting from net pension liability	3,138,362
Deferred outflows of resources resulting from net OPEB liability	196,534
Deferred inflows of resources resulting from net OPEB liability	(470,333)
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	(2,490,786)
Leases	(21,374)
Net pension liability	(6,912,302)
Net OPEB liability	(402,389)
Internal service funds are included as part of governmental activities.	195,486
<b>Net position of governmental activities</b>	<b>\$ 17,013,099</b>

**Gratiot County**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	<u>General</u>	<u>COVID Recovery</u>	<u>Opioid Settlement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 10,185,033	\$ -	\$ -	\$ 4,125,234	\$ 14,310,267
Licenses and permits	79,306	-	-	126,346	205,652
Intergovernmental			-		
Federal/State	2,606,652	2,361,129	-	1,479,935	6,447,716
Local contributions	67,427	-	-	47,014	114,441
Charges for services	1,867,716	-	-	350,504	2,218,220
Fines and forfeitures	73,804	-	-	5,017	78,821
Interest income	259,853	142,218	5,449	151,691	559,211
Rental income	16,650	-	-	-	16,650
Other revenue	363,856	-	238,548	34,873	637,277
Total revenues	<u>15,520,297</u>	<u>2,503,347</u>	<u>243,997</u>	<u>6,320,614</u>	<u>24,588,255</u>
<b>Expenditures</b>					
Current					
General government	7,375,440	134,783	-	1,493,327	9,003,550
Public safety	4,517,356	479,938	-	889,109	5,886,403
Public works	26,196	802,726	-	-	828,922
Health and Welfare	1,453,704	242,608	-	1,659,599	3,355,911
Community and economic development	348	-	-	532,841	533,189
Recreation and culture	-	-	-	1,272,251	1,272,251
Other functions	205,607	-	-	-	205,607
Capital outlay	361,278	701,075	-	249,844	1,312,197
Debt service					
Principal retirement	29,107	-	-	794,881	823,988
Interest and fiscal charges	10,459	-	-	101,061	111,520
Total expenditures	<u>13,979,495</u>	<u>2,361,130</u>	<u>-</u>	<u>6,992,913</u>	<u>23,333,538</u>
Excess (deficiency) of revenues over expenditures	<u>1,540,802</u>	<u>142,217</u>	<u>243,997</u>	<u>(672,299)</u>	<u>1,254,717</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, 2023**

	<u>General</u>	<u>COVID Recovery</u>	<u>Opioid Settlement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other financing sources (uses)</b>					
Transfers in	\$ 1,072,855	\$ -	\$ -	\$ 1,236,545	\$ 2,309,400
Transfers out	<u>(1,266,003)</u>	<u>-</u>	<u>-</u>	<u>(274,357)</u>	<u>(1,540,360)</u>
Total other financing sources (uses)	<u>(193,148)</u>	<u>-</u>	<u>-</u>	<u>962,188</u>	<u>769,040</u>
Net change in fund balance	1,347,654	142,217	243,997	289,889	2,023,757
Fund balance - beginning of year	<u>9,379,819</u>	<u>14,748</u>	<u>-</u>	<u>3,388,367</u>	<u>12,782,934</u>
Fund balance - end of year	<u>\$ 10,727,473</u>	<u>\$ 156,965</u>	<u>\$ 243,997</u>	<u>\$ 3,678,256</u>	<u>\$ 14,806,691</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2023**

<b>Net change in fund balances - Total governmental funds</b>	\$ 2,023,757
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	(582,957)
Capital outlay	834,230
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Grants	745,756
Property taxes	(346,501)
Expenses are recorded when incurred in the statement of activities	
Accrued interest	6,666
Compensated absences	(4,336)
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	(6,057,244)
Net change in the deferred outflow of resources related to the net pension liability	2,912,590
Net change in the deferred inflow of resources related to the net pension liability	2,621,050
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	563,289
Net change in the deferred outflow of resources related to the net OPEB liability	(469,339)
Net change in the deferred inflow of resources related to the net OPEB liability	852,176
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	823,988
Amortization of premiums	3,759
Internal service funds are also included as governmental activities	(39,691)
<b>Change in net position of governmental activities</b>	<b>\$ 3,887,193</b>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Proprietary Funds**  
**Statement of Net Position**  
**September 30, 2023**

	Business-type Activities			Internal Service Funds
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 6,059,910	\$ 229,700	\$ 6,289,610	\$ 81,100
Investments	902,293	-	902,293	-
Receivables				
Taxes	1,534,942	-	1,534,942	-
Accrued interest and other	352,501	-	352,501	5,948
Inventories	-	-	-	62,057
Prepaid items	1,266	4,348	5,614	47,920
	<u>8,850,912</u>	<u>234,048</u>	<u>9,084,960</u>	<u>197,025</u>
Total current assets				
<b>Liabilities</b>				
Current liabilities				
Accounts payable	64,927	5,032	69,959	1,539
Accrued and other liabilities	-	614	614	-
Due to other funds	829,284	-	829,284	-
Due to other units of government	63,121	-	63,121	-
	<u>957,332</u>	<u>5,646</u>	<u>962,978</u>	<u>1,539</u>
Total current liabilities				
<b>Net Position</b>				
Unrestricted	<u>\$ 7,893,580</u>	<u>\$ 228,402</u>	<u>\$ 8,121,982</u>	<u>\$ 195,486</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2023**

	Business-type Activities			Internal Service Funds
	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
<b>Operating revenue</b>				
Customer fees	\$ 543,313	\$ 205,306	\$ 748,619	\$ -
Billings to other funds	-	-	-	3,908,149
Other revenue	-	63,957	63,957	113,078
Total operating revenue	<u>543,313</u>	<u>269,263</u>	<u>812,576</u>	<u>4,021,227</u>
<b>Operating expenses</b>				
Personnel services	4,866	41,114	45,980	4,002,147
Supplies	18,278	49,729	68,007	-
Contractual services	121,717	1,925	123,642	-
Utilities	-	455	455	-
Repairs and maintenance	18,314	4,973	23,287	-
Other expenses	44,187	47,005	91,192	90,078
Total operating expenses	<u>207,362</u>	<u>145,201</u>	<u>352,563</u>	<u>4,092,225</u>
Operating income (loss)	335,951	124,062	460,013	(70,998)
<b>Nonoperating revenue</b>				
Investment earnings	<u>204,894</u>	<u>5,695</u>	<u>210,589</u>	<u>1,349</u>
Income (loss) before transfers	540,845	129,757	670,602	(69,649)
Transfers in	54,284	-	54,284	891,458
Transfers out	<u>(798,998)</u>	<u>(54,284)</u>	<u>(853,282)</u>	<u>(861,500)</u>
Change in net position	(203,869)	75,473	(128,396)	(39,691)
Net position - beginning of year	<u>8,097,449</u>	<u>152,929</u>	<u>8,250,378</u>	<u>235,177</u>
Net position - end of year	<u>\$ 7,893,580</u>	<u>\$ 228,402</u>	<u>\$ 8,121,982</u>	<u>\$ 195,486</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2023**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Delinquent Tax Revolving</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Cash flows from operating activities</b>				
Receipts from customers and employees	\$ 362,726	\$ 274,655	\$ 637,381	\$ 32,693
Receipts from interfund users	-	-	-	4,067,029
Receipts from other funds	131,651	-	131,651	-
Payments to other funds	-	(3,072)	(3,072)	-
Payments to suppliers	-	(109,065)	(109,065)	(4,091,884)
Payments to employees	-	(41,114)	(41,114)	-
Net cash provided by operating activities	<u>494,377</u>	<u>121,404</u>	<u>615,781</u>	<u>7,838</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other funds	54,284	-	54,284	891,458
Transfers to other funds	-	(54,284)	(54,284)	(861,500)
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>254,284</u>	<u>(54,284)</u>	<u>200,000</u>	<u>29,958</u>
<b>Cash flows from investing activities</b>				
Purchases of investments	(41,785)	-	(41,785)	-
Investment earnings	<u>204,894</u>	<u>5,695</u>	<u>210,589</u>	<u>1,349</u>
Net cash provided by investing activities	<u>163,109</u>	<u>5,695</u>	<u>168,804</u>	<u>1,349</u>
Net change in cash and cash equivalents	911,770	72,815	984,585	39,145
Cash and cash equivalents - beginning of year	<u>5,148,140</u>	<u>156,885</u>	<u>5,305,025</u>	<u>41,955</u>
Cash and cash equivalents - end of year	<u>\$ 6,059,910</u>	<u>\$ 229,700</u>	<u>\$ 6,289,610</u>	<u>\$ 81,100</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2023**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Delinquent Tax Revolving</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income (loss)	\$ 335,951	\$ 124,062	\$ 460,013	\$ (70,998)
Changes in assets and liabilities				
Receivables (net)	(115,525)	3,323	(112,202)	78,495
Due from other units of government	151,573	2,069	153,642	-
Due from other funds	101,365	(3,072)	98,293	-
Prepaid items	(1,266)	(3,723)	(4,989)	1,807
Accounts payable	(25,268)	(1,040)	(26,308)	(1,466)
Accrued and other liabilities	(165)	(215)	(380)	-
Due to other funds	30,286	-	30,286	-
Due to other units of government	17,426	-	17,426	-
	<u>17,426</u>	<u>-</u>	<u>17,426</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 494,377</u>	<u>\$ 121,404</u>	<u>\$ 615,781</u>	<u>\$ 7,838</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**September 30, 2023**

	<u>Other Employee Benefit Trust Fund</u>	<u>Custodial Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 768,098
Investments	2,166,626	-
Receivables		
Due from other units of government	-	12,378
	<u>-</u>	<u>12,378</u>
Total assets	<u>2,166,626</u>	<u>780,476</u>
<b>Liabilities</b>		
Accounts payable	-	26,895
Accrued and other liabilities	-	11,083
Due to other units of government	-	620,324
Deferred revenue	-	462
	<u>-</u>	<u>658,764</u>
Total liabilities	<u>-</u>	<u>658,764</u>
<b>Net Position</b>		
Restricted for:		
Post-employment benefits other than pension	2,166,626	-
Individuals, organizations and other governments	-	121,712
	<u>-</u>	<u>121,712</u>
Total net position	<u>\$ 2,166,626</u>	<u>\$ 121,712</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, 2023**

	<u>Other Employee Benefit Trust Fund</u>	<u>Custodial Funds</u>
<b>Additions</b>		
Contributions		
Employer	\$ 279,338	\$ -
State education tax collected for other governments	-	6,130,380
Real estate transfer tax collected for other governments	-	822,666
Fees and fines collected on behalf of other units of governments	-	332,766
Collections from or on behalf of inmates	-	386,900
Other taxes collected for other governments	-	3,169,975
Funds collected for wind and solar farm planning	-	43,729
Interest	-	8,024
<b>Investment earnings</b>		
Net change in fair value of investments	220,666	-
Less investment expense	<u>(4,056)</u>	<u>-</u>
Net investment loss	216,610	-
 Total additions	 <u>495,948</u>	 <u>10,894,440</u>
<b>Deductions</b>		
Benefits	129,338	-
Payments of state education tax to other governments	-	6,130,380
Payments of real estate transfer tax to other governments	-	822,666
Fees and fines remitted to other units of government	-	318,992
Payments to or on behalf of inmates	-	386,900
Payments related to wind farm planning	-	44,200
Payments of other taxes to other governments	<u>-</u>	<u>3,169,975</u>
 Total deductions	 <u>129,338</u>	 <u>10,873,113</u>
 Change in net position	 366,610	 21,327
Net position - beginning of year	<u>1,800,016</u>	<u>100,385</u>
Net position - end of year	<u>\$ 2,166,626</u>	<u>\$ 121,712</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Component Unit Funds**  
**Combining Statement of Net Position**  
**September 30, 2023**

	Road Commission	Central Dispatch Authority	Drainage Districts	Brownfield Redevelopment Authority	Total
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 294,571	\$ 455,707	\$ 4,781,629	\$ 23	\$ 5,531,930
Investments	1,732,240	-	-	-	1,732,240
Receivables					
Customers	-	276,539	-	-	276,539
Special assessments, current	-	-	2,005,237	-	2,005,237
Due from other units of government	1,722,146	127	117,786	-	1,840,059
Inventories	769,443	-	-	-	769,443
Prepaid items	-	36,410	-	-	36,410
	<u>4,518,400</u>	<u>768,783</u>	<u>6,904,652</u>	<u>23</u>	<u>12,191,858</u>
Total current assets					
Noncurrent assets					
Special assessments receivable, deferred	-	-	9,648,525	-	9,648,525
Net OPEB asset	41,537	-	-	-	41,537
Capital assets not being depreciated	653,673	-	2,917,996	-	3,571,669
Capital assets net of depreciation	<u>33,358,240</u>	<u>1,151,188</u>	<u>27,967,322</u>	<u>-</u>	<u>62,476,750</u>
	<u>34,053,450</u>	<u>1,151,188</u>	<u>40,533,843</u>	<u>-</u>	<u>75,738,481</u>
Total noncurrent assets					
	<u>38,571,850</u>	<u>1,919,971</u>	<u>47,438,495</u>	<u>23</u>	<u>87,930,339</u>
Total assets					
<b>Deferred Outflows of Resources</b>					
Deferred amount relating to net pension liability	3,102,874	180,889	-	-	3,283,763
Deferred amount relating to net OPEB liability	-	15,472	-	-	15,472
	<u>3,102,874</u>	<u>196,361</u>	<u>-</u>	<u>-</u>	<u>3,299,235</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, 2023**

	Road Commission	Central Dispatch Authority	Drainage Districts	Brownfield Redevelopment Authority	Total
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 240,281	\$ 12,350	\$ 310,593	\$ -	\$ 563,224
Accrued and other liabilities	103,219	14,039	96,000	-	213,258
Performance bond payable	401,100	-	-	-	401,100
Due to other units of government	84,721	-	-	-	84,721
Current portion of noncurrent liabilities	<u>207,607</u>	<u>340,480</u>	<u>1,215,075</u>	<u>-</u>	<u>1,763,162</u>
Total current liabilities	<u>1,036,928</u>	<u>366,869</u>	<u>1,621,668</u>	<u>-</u>	<u>3,025,465</u>
Noncurrent liabilities					
Advances from State	313,471	-	-	-	313,471
Net pension liability	6,988,107	161,727	-	-	7,149,834
Long-term debt net of current portion	280,594	208,937	9,800,460	-	10,289,991
Net OPEB liability	<u>-</u>	<u>37,701</u>	<u>-</u>	<u>-</u>	<u>37,701</u>
Total noncurrent liabilities	<u>7,582,172</u>	<u>408,365</u>	<u>9,800,460</u>	<u>-</u>	<u>17,790,997</u>
Total liabilities	<u>8,619,100</u>	<u>775,234</u>	<u>11,422,128</u>	<u>-</u>	<u>20,816,462</u>
<b>Deferred Inflows of Resources</b>					
Deferred amount relating to net pension liability	250,034	-	-	-	250,034
Deferred amount relating to net OPEB liability	<u>-</u>	<u>20,113</u>	<u>-</u>	<u>-</u>	<u>20,113</u>
Total deferred inflows of resources	<u>250,034</u>	<u>20,113</u>	<u>-</u>	<u>-</u>	<u>270,147</u>
<b>Net Position</b>					
Net investment in capital assets	34,011,913	625,844	19,869,783	-	54,507,540
Restricted					
Central dispatch authority	-	695,141	-	-	695,141
Drainage districts	-	-	16,146,584	-	16,146,584
Brownfield redevelopment authority	-	-	-	23	23
Unrestricted (deficit)	<u>(1,206,323)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,206,323)</u>
Total net position	<u>\$ 32,805,590</u>	<u>\$ 1,320,985</u>	<u>\$ 36,016,367</u>	<u>\$ 23</u>	<u>\$ 70,142,965</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Component Units Funds**  
**Statement of Activities**  
**For the Year Ended September 30, 2023**

Functions/Programs	Program Revenues			Net (Expense)	
<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	Revenues and	
	<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	Changes in	
		<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>	
<b>Component units</b>					
Governmental activities					
Drainage Districts	\$ 3,287,476	\$ 2,513,569	\$ -	\$ 1,824,731	\$ 1,050,824
Central Dispatch Authority	1,175,957	1,261,139	12,831	-	98,013
Brownfield Redevelopment Authority	4,233	-	-	-	(4,233)
Road Commission	<u>12,970,300</u>	<u>1,651,997</u>	<u>10,391,432</u>	<u>1,107,278</u>	<u>180,407</u>
 Total	 <u>\$ 17,437,966</u>	 <u>\$ 5,426,705</u>	 <u>\$ 10,404,263</u>	 <u>\$ 2,932,009</u>	 <u>1,325,011</u>
 General revenues					
Property taxes					4,293
Unrestricted investment earnings					226,361
Gain on sale of capital assets					<u>95,710</u>
Total general revenues					<u>326,364</u>
Change in net position					1,651,375
Net position - beginning of year					<u>68,491,590</u>
Net position - end of year					<u>\$ 70,142,965</u>

See Accompanying Notes to the Financial Statements

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

---

**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, 2023, 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, 2023**

---

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, 2023, no amounts were contributed by the County for operational costs. The County does not have an equity interest. The bylaws and articles of incorporation changed during July 2023 whereby this will no longer be a joint venture but will be overseen in its entirety by the County. Beginning during the fiscal year ending September 30, 2024, the County will take over operations. 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, 2023, the GCAC had net position of \$1,774,592. A copy of the GCAC's audited financial statements can be obtained at City Hall.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

---

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, 2023, the County contributed \$292,671 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, 2023 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, 2023, the County passed through \$41,637 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, 2023, the County passed through \$518,778.

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, 2023, the County’s contribution to Mental Health Services was \$200,000.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

---

**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, 2023**

---

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 Opioid Settlement Fund is a special revenue fund that accounts for funding received through opioid settlements 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, 2023**

---

**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 1<sup>st</sup> and July 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

The 2023 taxable valuation of the County totaled \$1,714,456,282 on which ad valorem taxes consisted of 5.5206 mills for operating purposes. This resulted in \$9,390,405 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments.

The 2022 taxable valuation of the County totaled \$1,681,648,172. 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	\$ 1,080,536
Parks	0.3494	581,530
Road Patrol	0.4486	746,613
Agriculture and Economic Development	0.4500	750,008
Library	0.4994	836,864

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, 2023. 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, 2023**

---

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, 2023, including related payroll taxes, is recorded in the government-wide financial statements as a noncurrent liability.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

---

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**  
**September 30, 2023**

---

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 \$190,552 at September 30, 2023. 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. 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.

**Upcoming Accounting and Reporting Changes**

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.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

concentrations or constraints. This statement is effective for the year ending September 30, 2025.

The County is evaluating the impact that the above GASB statements 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.

**Excess of expenditures over appropriations**

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Public safety	\$ 4,469,329	\$ 4,517,356	\$ 48,027
Debt service	6,000	39,566	33,566
Transfers out	1,092,213	1,266,003	173,790

**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.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

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	\$ 13,238,213	\$ 462	\$ 13,238,675
Business-type activities	6,289,610	902,293	7,191,903
Total primary government	19,527,823	902,755	20,430,578
Fiduciary funds	768,098	2,166,626	2,934,724
Component units	5,531,930	1,732,240	7,264,170
Total	<u>\$ 25,827,851</u>	<u>\$ 4,801,621</u>	<u>\$ 30,629,472</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Bank deposits (checking, savings and certificates of deposit)	\$ 19,525,248	\$ 768,098	\$ 5,531,930	\$ 25,825,276
Investments	902,755	2,166,626	1,732,240	4,801,621
Petty cash and cash on hand	2,575	-	-	2,575
	<u>\$ 20,430,578</u>	<u>\$ 2,934,724</u>	<u>\$ 7,264,170</u>	<u>\$ 30,629,472</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, \$26,638,285 of the \$31,232,214 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. The County also has a repurchase agreement with the local bank. A repurchase agreement is an agreement in which the County transfers cash to the bank and the bank transfers securities to the County and promises to repay the cash plus interest in exchange for the same securities.

**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	\$ 2,634,995	54 days
MERS retiree health funding vehicle		
Total market portfolio	<u>2,166,626</u>	N/A
	<u>\$ 4,801,621</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.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

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	\$ 2,634,995	AAA	S&P
MERS retiree health funding vehicle			
Total market portfolio	2,166,626	Unrated	N/A
	<u>\$ 4,801,621</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.

**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 \$2,634,995. 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 \$2,166,626. 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	\$ 956,986
Other revenue	971,683
	<u>\$ 1,928,669</u>

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

**Note 6 - Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 703,075	\$ -	\$ -	\$ 703,075
Construction-in-progress	305,621	-	305,621	-
Total capital assets not being depreciated	<u>1,008,696</u>	<u>-</u>	<u>305,621</u>	<u>703,075</u>
Capital assets being depreciated				
Land improvements	1,180,380	313,200	-	1,493,580
Buildings and improvements	10,803,452	104,453	-	10,907,905
Equipment and furniture	1,378,779	631,477	32,771	1,977,485
Vehicles	1,157,972	90,721	-	1,248,693
Right of use assets - equipment	87,074	-	-	87,074
Total capital assets being depreciated	<u>14,607,657</u>	<u>1,139,851</u>	<u>32,771</u>	<u>15,714,737</u>
Less accumulated depreciation for				
Land improvements	355,486	52,281	-	407,767
Buildings and improvements	5,781,910	248,445	-	6,030,355
Equipment and furniture	1,111,523	117,675	32,771	1,196,427
Vehicles	819,462	130,850	-	950,312
Right of use assets - equipment	33,706	33,706	-	67,412
Total accumulated depreciation	<u>8,102,087</u>	<u>582,957</u>	<u>32,771</u>	<u>8,652,273</u>
Net capital assets being depreciated	<u>6,505,570</u>	<u>556,894</u>	<u>-</u>	<u>7,062,464</u>
Governmental activities capital assets, net	<u>\$ 7,514,266</u>	<u>\$ 556,894</u>	<u>\$ 305,621</u>	<u>\$ 7,765,539</u>

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

<b>Governmental activities</b>	
General government	\$ 220,123
Public safety	215,379
Public works	4,995
Health and welfare	43,580
Recreation and culture	98,880
Total primary government	<u>\$ 582,957</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit - Drainage Districts</b>				
Capital assets not being depreciated				
Construction-in-progress	\$ 2,061,004	\$ 1,240,649	\$ 383,657	\$ 2,917,996
Capital assets being depreciated				
Drains	36,984,541	383,657	-	37,368,198
Vehicles	49,238	-	20,329	28,909
Total capital assets being depreciated	<u>37,033,779</u>	<u>383,657</u>	<u>20,329</u>	<u>37,397,107</u>
Less accumulated depreciation for				
Drains	8,361,831	1,039,045	-	9,400,876
Vehicles	49,238	-	20,329	28,909
Total accumulated depreciation	<u>8,411,069</u>	<u>1,039,045</u>	<u>20,329</u>	<u>9,429,785</u>
Net capital assets being depreciated	<u>28,622,710</u>	<u>(655,388)</u>	<u>-</u>	<u>27,967,322</u>
Component unit capital assets, net	<u>\$ 30,683,714</u>	<u>\$ 585,261</u>	<u>\$ 383,657</u>	<u>\$ 30,885,318</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit - Central Dispatch Authority</b>				
Capital assets being depreciated				
Equipment and furniture	\$ 1,649,613	\$ -	\$ -	\$ 1,649,613
Right of use assets - equipment	-	211,465	-	211,465
Total capital assets being depreciated	<u>1,649,613</u>	<u>211,465</u>	<u>-</u>	<u>1,861,078</u>
Less accumulated depreciation for				
Equipment and furniture	609,905	91,526	-	701,431
Vehicles	-	8,459	-	8,459
Total accumulated depreciation	<u>609,905</u>	<u>99,985</u>	<u>-</u>	<u>709,890</u>
Net capital assets being depreciated	<u>1,039,708</u>	<u>111,480</u>	<u>-</u>	<u>1,151,188</u>
Component unit capital assets, net	<u>\$ 1,039,708</u>	<u>\$ 111,480</u>	<u>\$ -</u>	<u>\$ 1,151,188</u>

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit - Road Commission</b>				
Capital assets not being depreciated				
Land	\$ 116,903	\$ -	\$ -	\$ 116,903
Infrastructure - land/right-of-way	3,086	-	-	3,086
Infrastructure - land improvements	533,684	-	-	533,684
<b>Total capital assets not being depreciated</b>	<b>653,673</b>	<b>-</b>	<b>-</b>	<b>653,673</b>
Capital assets being depreciated				
Land improvements	30,905	-	-	30,905
Buildings	2,397,451	8,498	-	2,405,949
Road equipment	12,451,530	596,250	1,346,715	11,701,065
Shop equipment	190,434	4,767	-	195,201
Office equipment	54,705	14,599	-	69,304
Engineer's equipment	16,473	1,133	-	17,606
Yard and storage	24,810	24,738	-	49,548
Infrastructure - bridges	24,256,411	1,027,747	-	25,284,158
Infrastructure - roads	31,383,932	886,857	704,609	31,566,180
Infrastructure - traffic signals	138,046	-	-	138,046
<b>Total capital assets being depreciated</b>	<b>70,944,697</b>	<b>2,564,589</b>	<b>2,051,324</b>	<b>71,457,962</b>
Less accumulated depreciation for				
Land improvements	30,905	-	-	30,905
Buildings	1,249,371	42,247	-	1,291,618
Road equipment	9,771,666	794,627	1,337,357	9,228,936
Shop equipment	169,998	4,733	-	174,731
Office equipment	47,719	3,190	-	50,909
Engineer's equipment	16,200	1,088	-	17,288
Yard and storage	2,928	2,477	-	5,405
Infrastructure - bridges	11,257,840	473,385	-	11,731,225
Infrastructure - roads	14,643,770	1,598,288	704,609	15,537,449
Infrastructure - traffic signals	22,357	8,899	-	31,256
<b>Total accumulated depreciation</b>	<b>37,212,754</b>	<b>2,928,934</b>	<b>2,041,966</b>	<b>38,099,722</b>
<b>Net capital assets being depreciated</b>	<b>33,731,943</b>	<b>(364,345)</b>	<b>9,358</b>	<b>33,358,240</b>
<b>Component unit capital assets, net</b>	<b>\$ 34,385,616</b>	<b>\$ (364,345)</b>	<b>\$ 9,358</b>	<b>\$ 34,011,913</b>

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

<b>Component units</b>	
Drainage Districts	\$ 1,039,045
Central Dispatch Authority	99,985
Road Commission	2,928,934
<b>Total component units</b>	<b><u>\$ 4,067,964</u></b>

**Note 7 - Commitments**

The County has active construction projects as of September 30, 2023. At year end, the County's commitments with contractors are as follows:

Project	Total Contract	Spent to Date	Remaining Construction Commitment
Drains	\$ 1,269,083	\$ 1,107,435	\$ 149,724
Invenergy/Heartland	259,156	259,156	-
<b>Total</b>	<b><u>\$ 1,528,239</u></b>	<b><u>\$ 1,366,591</u></b>	<b><u>\$ 149,724</u></b>

**Note 8 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Delinquent Tax Revolving Fund	<b><u>\$ 829,284</u></b>

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.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Nonmajor Governmental Funds	\$ 374,545
General Fund	Internal Service Funds	891,458
Nonmajor Enterprise Funds	Delinquent Tax Revolving Fund	54,284
Delinquent Tax Revolving Fund	General Fund	798,998
Internal Service Funds	Nonmajor Governmental Funds	861,500
Nonmajor Governmental Funds	General Fund	273,857
Nonmajor Governmental Funds	Nonmajor Governmental Funds	500
		<u>\$ 3,255,142</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.

**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, 2023, the value of the lease liability was \$21,575, of which \$21,374 was recognized in governmental activities and \$201 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 of use asset as of the end of the current fiscal year was \$87,074 and had accumulated amortization of \$67,412.

During the 2023 fiscal year, the County entered into a 5-year lease agreement with the option of four renewal periods of five years each as lessee for the use of a cell tower space. An initial lease liability was recorded in the amount of \$211,465. As of September 30, 2023, the value of the lease liability was \$210,086, recognized in component unit activities. The County is required to make monthly principal and interest payments of \$705. The lease has an interest rate of 3.75%. The value of the right of use asset as of the end of the current fiscal year was \$211,465 and had accumulated amortization of \$8,459.

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
2024	\$ 21,374	\$ 683	\$ 1,350	\$ 7,868
2025	-	-	1,559	7,810
2026	-	-	2,000	7,744
2027	-	-	2,473	7,661
2028	-	-	2,980	7,560
2029-2047	-	-	199,925	88,406
	<u>\$ 21,374</u>	<u>\$ 683</u>	<u>\$ 210,287</u>	<u>\$ 127,049</u>

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

**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
<b>Governmental activities</b>									
Bonds and notes payable									
General obligation bonds									
County of Gratiot Capital Improvement Bonds									
2005 Construction	\$ 1,400,000	10/1/25	4.35 - 4.40%	\$25,000	\$ 75,000	\$ -	\$ 25,000	\$ 50,000	\$ 25,000
2017 General Obligation Bonds	6,730,000	9/1/26	3.00%	\$765,000 - \$840,000	3,200,000	-	765,000	2,435,000	785,000
Total bonds and notes payable					3,275,000	-	790,000	2,485,000	810,000
Deferred amounts									
For issuance premiums					9,545	-	3,759	5,786	2,860
Total					3,284,545	-	793,759	2,490,786	812,860
Leases					55,362	-	33,988	21,374	21,374
Compensated absences					713,760	752,513	748,177	718,096	718,096
Total governmental activities					<u>\$ 4,053,667</u>	<u>\$ 752,513</u>	<u>\$ 1,575,924</u>	<u>\$ 3,230,256</u>	<u>\$ 1,552,330</u>

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

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. Additionally, the county has financed purchases and lease obligations.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Component units</b>									
Bonds and notes payable									
General obligation bonds									
No. 133 Drain Bond	\$ 1,125,000	6/1/28	2.25 - 2.65%	\$75,000	\$ 450,000	\$ -	\$ 75,000	\$ 375,000	\$ 75,000
No. 181 Drain Bond	4,700,000	5/1/33	2.85 - 4.25%	\$235,000	2,585,000	-	235,000	2,350,000	235,000
No. 383 Drain Bond	1,885,000	5/1/36	1.80 - 3.15%	\$90,000 - \$95,000	1,320,000	-	95,000	1,225,000	95,000
Total general obligation bonds					4,355,000	-	405,000	3,950,000	405,000
Notes from direct borrowings and direct placements									
Drain notes	Various	Various	Various	Various	7,075,112	1,056,831	1,066,408	7,065,535	810,075
Financed purchase	638,212	12/1/23	2.57%	\$315,057 - \$323,155	638,212	-	323,155	315,057	315,057
Total notes from direct borrowings and direct placements					7,713,324	1,056,831	1,389,563	7,380,592	1,125,132
Total bonds and notes payable					12,068,324	1,056,831	1,794,563	11,330,592	1,530,132
Leases									
Compensated absences - Central Dispatch					519	211,465	1,697	210,287	1,350
Compensated absences - Road Commission					34,871	42,773	53,571	24,073	24,073
Total component units					459,750	236,058	207,607	488,201	207,607
Total component units					<u>\$ 12,563,464</u>	<u>\$ 1,547,127</u>	<u>\$ 2,057,438</u>	<u>\$ 12,053,153</u>	<u>\$ 1,763,162</u>

Interest expense on long-term debt incurred during the year ended September 30, 2023, was \$442,055.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

Long-term obligation activity for the drain bonds and notes in the previous schedule is detailed as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Drain notes									
006-1	\$ 229,025	6/15/23	1.77%	\$22,902	\$ 229,025	\$ -	\$ 25,902	\$ 203,123	\$ 22,569
015-0	189,511	6/15/37	2.99%	\$8,770	129,724	-	10,448	119,276	8,520
020-0	199,571	6/15/24	2.49%	\$19,466 - \$20,448	39,709	-	19,610	20,099	20,099
031-0	98,582	6/1/30	3.50%	\$6,322	49,797	-	6,225	43,572	6,225
031-4 Seasick	316,000	6/15/43	4.17%	\$15,800	-	316,000	-	316,000	15,800
036-0	252,929	6/15/28	3.45%	\$14,893	85,843	-	17,707	68,136	13,627
040-0	358,180	6/15/23	2.20%	\$35,818	358,180	-	51,218	306,962	34,107
041-0	275,341	6/15/41	1.75%	\$13,767	235,329	-	28,767	206,562	10,872
049-0	538,218	6/1/25	2.19%	\$46,898	131,837	-	43,946	87,891	43,946
059-0	69,687	6/15/29	3.04%	\$5,969 - \$6,969	43,410	-	6,969	36,441	6,969
065-0	299,786	6/15/37	3.29%	\$2,578 - \$14,989	212,428	-	14,989	197,439	14,989
079-0	379,396	6/15/37	3.60%	\$15,246	211,324	-	17,088	194,236	13,874
083-0	194,742	6/15/24	2.77%	\$32,457	59,068	-	32,457	26,611	26,611
086-0	528,700	6/15/39	3.94%	\$19,335 - \$26,435	415,834	-	26,435	389,399	26,435
090-0	513,926	6/15/37	3.29%	\$6,485 - \$25,696	338,267	-	52,196	286,071	25,696
096-17	261,353	6/15/23	2.38%	\$65,338	59,787	-	59,787	-	-
096-19	498,127	6/15/27	1.39%	\$83,021	356,225	-	83,021	273,204	83,021
100-0	356,307	6/15/24	2.77%	\$14,474 - \$59,384	73,858	-	59,384	14,474	14,474
101-0	286,087	6/1/35	3.24%	\$9,074 - \$9,075	109,225	-	17,402	91,823	7,652
101-1	246,290	6/15/38	3.50%	\$10,394	163,106	-	13,394	149,712	9,981
106-1	279,086	6/15/38	3.50%	\$8,970	140,743	-	11,297	129,446	8,630
143-0	266,205	6/15/28	2.15%	\$22,990 - \$24,201	142,801	-	29,201	113,600	24,200
151-0	226,800	6/1/35	3.24%	\$8,757	110,437	-	11,995	98,442	8,203
158-0	268,275	6/15/27	1.85%	\$44,710 - \$44,713	220,885	-	44,713	176,172	44,713
160-0	171,442	6/1/32	3.31%	\$11,429	110,879	-	11,429	99,450	11,429
165-0	293,405	6/15/29	2.89%	\$18,192 - \$22,207	140,685	-	20,222	120,463	18,675
189-0	105,510	6/15/43	3.38%	\$5,275	105,510	-	6,276	99,234	5,223
194-0	121,385	6/15/35	3.63%	\$4,629 - \$8,199	66,884	-	6,204	60,680	6,462
201-0	198,428	6/15/29	2.89%	\$8,489 - \$10,363	55,616	-	19,122	36,494	6,889
202-0	560,000	6/15/37	2.75%	\$24,635	331,699	-	25,313	306,386	21,885

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Drain notes (continued)									
209-0	\$ 170,391	6/15/38	3.50%	\$6,709	\$ 102,747	\$ -	\$ 8,022	\$ 94,725	\$ 6,315
218-0	389,877	6/15/36	1.70%	\$25,992	329,322	-	27,823	301,499	23,192
227-0	178,605	6/15/23	2.24%	\$12,097	5,946	-	5,946	-	-
237-0	24,554	6/15/23	2.63%	\$3,508	3,508	-	3,508	-	-
240-0	110,101	6/15/39	3.83%	\$470 - \$5,505	67,502	-	5,505	61,997	5,505
251-0	175,000	6/15/34	4.04%	\$7,033 - \$11,667	113,835	-	11,667	102,168	11,667
257-0	300,000	6/15/34	3.69%	8815-13616	129,128	-	14,248	114,880	8,656
259-0	340,439	6/15/39	3.85%	\$15,076	251,586	-	19,299	232,287	14,518
285-0	122,588	6/15/39	3.85%	\$5,728	93,602	-	7,306	86,296	5,394
297-0	94,727	6/15/36	3.49%	\$4,512	62,024	-	5,530	56,494	4,346
335-0	225,543	6/15/24	2.54%	\$22,554	45,109	-	22,554	22,555	22,555
370-0	148,068	6/15/29	2.72%	\$8,842 - \$10,669	65,338	-	12,099	53,239	8,289
371-0	200,419	6/15/38	3.10%	\$5,718 - \$10,021	91,025	-	10,021	81,004	10,021
381-0	460,940	6/15/43	4.17%	\$23,047	-	460,940	-	460,940	23,047
424-0	101,234	6/15/43	2.50%	\$5,062	101,234	-	11,562	89,672	4,720
518-0	235,200	6/1/32	2.45%	\$11,006	105,347	-	15,535	89,812	9,979
522-0	99,024	6/15/43	4.17%	\$4,951	-	99,024	-	99,024	4,951
528-0	90,020	6/15/39	3.94%	\$2,505 - \$4,501	52,796	-	4,501	48,295	4,501
530-0	113,745	6/15/23	2.73%	\$7,936 - \$11,374	7,936	-	7,936	-	-
544-0	200,250	6/15/29	3.09%	\$20,025	118,150	-	20,025	98,125	20,025
562-0	104,965	6/15/34	3.69%	\$4,460 - \$6,889	61,689	-	13,979	47,710	3,595
580-0	260,000	6/1/35	3.49%	\$11,005	136,146	-	16,973	119,173	9,931
705-0	85,169	6/15/42	2.47%	\$4,258	85,169	-	5,258	79,911	4,206
093-0 Cronk	72,975	5/1/37	2.10%	\$7,298	34,680	-	6,932	27,748	6,937
541-0 County Line	270,000	6/1/27	2.49%	\$12,825 - \$12,828	192,375	-	12,825	179,550	12,825
Swan Creek Intercounty	140,330	6/1/29	2.50 - 3.10%	\$14,064	90,803	-	14,064	76,739	14,064
031-4 Easlick	180,867	6/15/43	4.17%	\$9,043	-	180,867	10,573	170,294	9,060
Total drain notes					\$ 7,075,112	\$ 1,056,831	\$ 1,066,408	\$ 7,065,535	\$ 810,075

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending September 30,	Governmental Activities	
	Bonds	
	Principal	Interest
2024	\$ 810,000	\$ 74,694
2025	835,000	50,050
2026	840,000	25,500
	<u>\$ 2,485,000</u>	<u>\$ 150,244</u>

Year Ending September 30,	Component Units			
	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 405,000	\$ 125,843	\$ 1,125,132	\$ 229,164
2025	405,000	115,631	1,026,985	191,869
2026	405,000	104,729	685,743	171,513
2027	405,000	93,625	325,939	153,324
2028	400,000	81,985	545,241	135,298
2029 - 2033	1,645,000	230,698	2,091,471	455,212
2034 - 2038	285,000	17,955	1,205,711	177,438
2039 - 2043	-	-	374,370	36,035
	<u>\$ 3,950,000</u>	<u>\$ 770,466</u>	<u>\$ 7,380,592</u>	<u>\$ 1,549,853</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 \$718,096 (governmental activities) and \$24,073 (component unit – Central Dispatch) at September 30, 2023.

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 \$488,201 for vacation and sick leave at September 30, 2023.

**Note 11 - Fund Balances**

Fund balance for the General Fund has been assigned for the following purposes:

Animal adoption coordinator	\$ 45,515
Circuit court counsel	60,152
Juvenile child care	43,642
Liquor law enforcement	29,285
Private donations	1,089
Social welfare	1,385
Building renovations	1,500,000
OPEB obligations	1,015,873
	<u>\$ 2,696,941</u>

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

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	\$ -	\$ 12,902
Parks and recreation	470,833	476,071
Geographic information system	116,651	116,651
Friend of the court	66,660	106,980
State criminal alien assistance	19,943	19,943
Economic and agriculture development	129,819	129,819
Building inspection	551,302	551,302
Register of deeds	159,259	159,259
K-9 unit sheriff	147	147
Correction officers training fund	39,454	39,454
Drug law enforcement	2,870	2,870
Law enforcement	1,404	1,404
Law library	22,475	22,475
Commission on aging	1,373,754	1,396,057
Commission on aging donations	340,470	340,470
Recovery court	1,346	72,436
D.A.R.E program	26	26
Salvage inspective fee	10,024	10,024
D.H.S. state monies	8,121	8,121
Veterans memorial	11,073	11,073
Animal control	6,500	6,500
Marine safety	979	4,641
Michigan justice training	4,474	4,474
Library	75,960	75,960
Indigent defense	44,810	44,810
Concealed pistol licensing	142,736	142,736
CDBG	58,178	58,178
Blight	2	2
	<u>\$ 3,659,270</u>	<u>\$ 3,814,785</u>

**Note 12 - Net Investment in Capital Assets**

The composition of net investment in capital assets as of September 30, 2023, was as follows:

	Governmental Activities	Component Units
Capital assets		
Capital assets not being depreciated	\$ 703,075	\$ 3,571,669
Capital assets, net of accumulated depreciation	<u>7,062,464</u>	<u>62,476,750</u>
Total capital assets	<u>7,765,539</u>	<u>66,048,419</u>
Related debt		
General obligation bonds	(50,000)	(11,015,535)
Installment purchase agreements	-	(315,057)
Leases	<u>(21,374)</u>	<u>(210,287)</u>
Total related debt	<u>(71,374)</u>	<u>(11,540,879)</u>
Net investment in capital assets	<u>\$ 7,694,165</u>	<u>\$ 54,507,540</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.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

---

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, 2023, the County had funds on deposit of \$102,384 with the Authority in the Member Retention Funds. The Authority's reported reserves at September 30, 2023, for reported claims related to the County were \$13,841.

**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

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

	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, 2022 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	112
Inactive employees entitled to but not yet receiving benefits	6
Active employees	18
	136

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 \$53,195 - \$54,365 per month based on annual payroll.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2022, 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, 2022 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 7.00%, 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 Pub-2010 Juvenile Mortality Tables for ages 0-17, PubG-2010 Employee Mortality Tables for ages 18-49 and PubG-2010 Health Retiree Tables for ages 50-120.

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

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

Asset class	Target Allocation	Target Allocation Gross Rate Of Return	Long-term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.00%	4.50%	0.90%	2.50%	0.40%
Private investments	20.00%	9.50%	1.90%	2.50%	1.40%
	100.00%		7.00%		4.50%

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

Discount rate – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

**Total Pension Liability**

Service cost	\$ 157,660
Interest on the total pension liability	2,582,376
Experience differences	(17,463)
Benefit payments and refunds	<u>(2,248,546)</u>
Net change in total pension liability	474,027
Total pension liability - beginning	<u>36,664,407</u>
Total pension liability - ending (a)	<u><u>\$ 37,138,434</u></u>

**Plan Fiduciary Net Position**

Employer contributions	\$ 443,256
Employee contributions	21,069
Net investment loss	(3,949,593)
Benefit payments and refunds	(2,248,546)
Pension plan administrative expense	<u>(64,546)</u>
Net change in plan fiduciary net position	(5,798,360)
Plan fiduciary net position - beginning	<u>35,862,765</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 30,064,405</u></u>

Net pension liability (a-b) \$ 7,074,029

Plan fiduciary net position as a percentage of total pension liability	80.95%
Covered payroll	\$ 1,191,137
Net pension liability as a percentage of covered payroll	593.89%

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 7.25%, as well as what the employer’s net pension liability or asset would be using a discount rate that is 1% point lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 41,197,213	\$ 37,138,434	\$ 33,719,395
Fiduciary net position	<u>30,064,405</u>	<u>30,064,405</u>	<u>30,064,405</u>
Net pension liability (asset)	<u><u>\$ 11,132,808</u></u>	<u><u>\$ 7,074,029</u></u>	<u><u>\$ 3,654,990</u></u>

Reported in governmental activities	\$ 6,912,302
Reported in component units	
Central dispatch authority	161,727
Total net pension liability	<u><u>\$ 7,074,029</u></u>

Pension expense and deferred outflows of resources related to pensions – For the year ended September 30, 2023, the employer recognized pension expense of \$1,161,405. 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	\$ 2,837,209	\$ -	\$ 2,837,209
Contributions subsequent to the measurement date*	482,042	-	-
Total	<u><u>\$ 3,319,251</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,837,209</u></u>
Reported in governmental activities	\$ 3,138,362	\$ -	
Reported in component units			
Central dispatch authority	180,889	-	
Total deferred outflows of resources	<u><u>\$ 3,319,251</u></u>	<u><u>\$ -</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 2024.

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

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

Year Ending September 30,	
2024	\$ 199,425
2025	520,483
2026	820,775
2027	1,296,526
	\$ 2,837,209

**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 \$308,081 for the year ending September 30, 2023.

**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

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

becoming eligible for Medicare coverage at that time. The plan also provides all retirees with \$5,000 of life insurance benefits.

Employees covered by benefit terms – The Plan is closed to new entrants. At September 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	68
Active employees	<u>24</u>
	<u><u>92</u></u>

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, 2023 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 assets	20.0%	7.00%

Rate of return – For the year ended September 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 11.27%. 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 \$440,090 was measured as of September 30, 2023, and was determined by an actuarial valuation as of September 30, 2023. The components of the net OPEB liability as of September 30, 2023 were as follows:

Total OPEB liability	\$ 2,606,716
Plan fiduciary net position	<u>2,166,626</u>
Net OPEB liability	<u><u>\$ 440,090</u></u>

Actuarial assumptions and other inputs – The OPEB liability in the September 30, 2023 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	3.50%
Investment rate of return	7.00%
Healthcare cost trend rates	Pre-Medicare: 7.25% graded down to 4.5% by 0.25% per year Post-Medicare: 5.5% graded down to 4.5% by 0.25% per year

Mortality rates were based on Public Safety, Public General and Healthy Retiree 2010 Mortality Tables, as appropriate, with adjustments for mortality improvements based on MP-2019.

The actuarial assumptions used in the September 30, 2023 valuation were based on the results of the most recent actuarial experience.

Discount rate – The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

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	\$ 25,118
Interest	194,343
Differences between expected and actual experience	294
Changes in assumptions	(299,589)
Benefit payments	<u>(129,338)</u>
Net change in total OPEB liability	(209,172)
Total OPEB liability - beginning	<u>2,815,888</u>
Total OPEB liability - ending (a)	<u><u>\$ 2,606,716</u></u>

**Plan Fiduciary Net Position**

Employer contributions	\$ 279,338
Net investment loss	220,667
Benefit payments	(129,338)
Administrative expense	<u>(4,056)</u>
Net change in plan fiduciary net position	366,611
Plan fiduciary net position - beginning	<u>1,800,015</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,166,626</u></u>

Net OPEB liability (a-b)	<u><u>\$ 440,090</u></u>
Reported in governmental activities	\$ 402,389
Reported in component units	
Central dispatch authority	37,701
Total OPEB liability	<u><u>\$ 440,090</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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current discount rate:

	1% decrease	Current discount rate	1% increase
Net OPEB liability	<u>\$ 660,522</u>	<u>\$ 440,090</u>	<u>\$ 249,455</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>\$ 367,113</u>	<u>\$ 440,090</u>	<u>\$ 524,610</u>

OPEB Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended September 30, 2023, the County recognized OPEB expense of (\$687,773). At September 30, 2023, 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	\$ 164	\$ (71,688)	\$ (71,524)
Differences in assumptions	12,641	(418,758)	(406,117)
Net difference between projected and actual earnings on plan investments	199,201	-	199,201
Total	<u>\$ 212,006</u>	<u>\$ (490,446)</u>	<u>\$ (278,440)</u>
Reported in governmental activities	\$ 196,534	\$ (470,333)	
Reported in component units			
Central dispatch authority	15,472	(20,113)	
Total	<u>\$ 212,006</u>	<u>\$ (490,446)</u>	

**Gratiot County**  
**Notes to the Financial Statements**  
**September 30, 2023**

---

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

Year Ending September 30,		
2024	\$	(349,736)
2025		20,617
2026		68,589
2027		(17,910)
	\$	(278,440)

**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, 2023, the federal grants received and expended by the Road Commission totaled \$963,391 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, 2023.

**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**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
<b>Revenues</b>				
Taxes	\$ 9,725,523	\$ 9,725,523	\$ 10,185,033	\$ 459,510
Licenses and permits	97,320	97,320	79,306	(18,014)
Intergovernmental	2,631,448	2,638,253	2,606,652	(31,601)
Local contributions	68,000	77,000	67,427	(9,573)
Charges for services	1,995,714	1,995,714	1,867,716	(127,998)
Fines and forfeitures	67,400	67,400	73,804	6,404
Interest income	20,700	80,700	259,853	179,153
Rental income	16,650	16,650	16,650	-
Other	379,100	460,530	363,856	(96,674)
Transfer in	277,929	277,929	1,072,855	794,926
	<u>15,279,784</u>	<u>15,437,019</u>	<u>16,593,152</u>	<u>1,156,133</u>
Total revenues				

**Gratiot County**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
<b>Expenditures</b>				
General government				
Board of commissioners	\$ 258,451	\$ 340,451	\$ 377,616	\$ 37,165
Circuit Court	211,556	211,556	196,630	(14,926)
District Court	1,553,764	1,553,764	1,502,271	(51,493)
Probate Court	505,837	530,837	538,897	8,060
Juvenile Court	442,978	382,978	366,203	(16,775)
County Administrator	480,014	445,014	449,331	4,317
Elections	36,375	44,875	42,599	(2,276)
Clerk	444,495	414,495	398,094	(16,401)
Equalization	258,859	258,859	236,693	(22,166)
Prosecuting Attorney	777,160	777,160	763,884	(13,276)
Register of Deeds	235,355	235,355	235,911	556
County survey and remonumentation	45,000	50,510	50,557	47
Treasurer	258,815	258,815	253,603	(5,212)
Cooperative Extension	258,221	258,221	254,043	(4,178)
Information management	405,641	405,641	384,393	(21,248)
Buildings and grounds	413,725	453,725	452,098	(1,627)
Drain commissioner	740,510	675,510	670,434	(5,076)
Other	229,975	194,975	202,183	7,208
	<u>7,556,731</u>	<u>7,492,741</u>	<u>7,375,440</u>	<u>(117,301)</u>
Total general government				

**Gratiot County**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Public safety				
County Sheriff	\$ 2,148,642	\$ 2,149,642	\$ 2,206,901	\$ 57,259
Jail	1,740,567	1,765,567	1,795,671	30,104
Planning commission	4,975	4,975	4,488	(487)
Emergency services	70,714	70,714	56,883	(13,831)
Animal control	226,804	271,804	272,654	850
Secondary road patrol	206,627	206,627	180,759	(25,868)
	<u>4,398,329</u>	<u>4,469,329</u>	<u>4,517,356</u>	<u>48,027</u>
Total public safety				
Public works				
Solid waste planning	<u>50,000</u>	<u>50,000</u>	<u>26,196</u>	<u>(23,804)</u>
Health and welfare				
Mid-Michigan District Health Department	291,576	291,576	292,671	1,095
Gratiot Community Mental Health	200,000	200,000	200,000	-
Contagious disease	2,000	2,000	9	(1,991)
Substance abuse appropriation	42,938	42,938	41,637	(1,301)
Medical examiner	42,901	97,901	88,157	(9,744)
Veterans burials	3,600	3,600	726	(2,874)
Veterans counselor	145,489	163,557	157,065	(6,492)
Social and child welfare	1,020,683	1,020,683	673,439	(347,244)
	<u>1,749,187</u>	<u>1,822,255</u>	<u>1,453,704</u>	<u>(368,551)</u>
Total health and welfare				

**Gratiot County**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Community and economic development				
Zoning board	\$ 1,543	\$ 1,543	\$ 348	\$ (1,195)
Other functions				
Insurance and bonds	195,000	234,735	205,607	(29,128)
Capital outlay	292,500	418,008	361,278	(56,730)
Debt service				
Principal retirement	-	-	29,107	29,107
Interest and fiscal charges	6,000	6,000	10,459	4,459
Total debt service	6,000	6,000	39,566	33,566
Transfers out	792,213	1,092,213	1,266,003	173,790
Total expenditures	15,041,503	15,586,824	15,245,498	(341,326)
Excess of revenues over expenditures	238,281	(149,805)	1,347,654	1,497,459
Fund balance - beginning of year	9,379,819	9,379,819	9,379,819	-
Fund balance - end of year	\$ 9,618,100	\$ 9,230,014	\$ 10,727,473	\$ 1,497,459

**Gratiot County**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**COVID Recovery Fund**  
**For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
<b>Revenues</b>				
Federal grants	\$ 5,000,000	\$ 5,000,000	\$ 2,361,129	\$ (2,638,871)
Interest income	5,000	5,000	142,218	137,218
Total revenues	<u>5,005,000</u>	<u>5,005,000</u>	<u>2,503,347</u>	<u>(2,501,653)</u>
<b>Expenditures</b>				
Current				
General government	2,565,000	2,565,000	134,783	(2,430,217)
Public safety	495,000	495,000	479,938	(15,062)
Public works	805,000	805,000	802,726	(2,274)
Health and welfare	245,000	245,000	242,608	(2,392)
Capital outlay	<u>890,000</u>	<u>890,000</u>	<u>701,075</u>	<u>(188,925)</u>
Total expenditures	<u>5,000,000</u>	<u>5,000,000</u>	<u>2,361,130</u>	<u>(2,638,870)</u>
Excess of revenues over expenditures	5,000	5,000	142,217	137,217
Fund balance - beginning of year	<u>14,748</u>	<u>14,748</u>	<u>14,748</u>	<u>-</u>
Fund balance - end of year	<u>\$ 19,748</u>	<u>\$ 19,748</u>	<u>\$ 156,965</u>	<u>\$ 137,217</u>

**Gratiot County**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Opioid Settlement Fund**  
**For the Year Ended September 30, 2023**

---

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				Final
				Budget
<b>Revenues</b>				
Interest income	\$ -	\$ -	\$ 5,449	\$ 5,449
Other revenue	<u>25,000</u>	<u>25,000</u>	<u>238,548</u>	<u>213,548</u>
Total revenues	25,000	25,000	243,997	218,997
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 243,997</u>	<u>\$ 218,997</u>

**Gratiot County**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**September 30, 2023**

Fiscal year ended September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>									
Service cost	\$ 157,660	\$ 169,437	\$ 186,921	\$ 193,908	\$ 198,498	\$ 231,942	\$ 252,353	\$ 274,806	\$ 284,299
Interest on the total pension liability	2,582,376	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	(17,463)	(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	(2,248,546)	(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	474,027	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	36,664,407	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>\$ 37,138,434</u>	<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>
<b>Plan Fiduciary Net Position</b>									
Employer contributions	\$ 443,256	\$ 270,015	\$ 246,117	\$ 232,042	\$ 197,232	\$ 7,057,805	\$ 1,599,809	\$ 2,314,271	\$ 1,091,184
Employee contributions	21,069	23,339	22,968	23,693	27,374	31,635	38,378	39,944	43,769
Pension plan net investment income (loss)	(3,949,593)	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	(2,248,546)	(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	(64,546)	(52,247)	(61,078)	(65,977)	(60,138)	(57,800)	(45,367)	(42,728)	(42,666)
Net change in plan fiduciary net position	(5,798,360)	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	35,862,765	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>\$ 30,064,405</u>	<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>\$ 7,074,029</u>	<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	\$ 6,912,302	\$ 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	161,727	(53,416)	(10,228)	(16,391)	7,247	(236,455)	437,889	546,956	491,031
Total net pension liability (asset)	<u>\$ 7,074,029</u>	<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)	80.95%	97.81%	94.25%	94.41%	93.19%	102.52%	76.47%	69.89%	72.88%
Covered payroll	\$ 1,191,137	\$ 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	593.89%	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, 2023**

Fiscal Year End	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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	-	1,417,001	28.51%
9/30/2023	643,156	643,156	-	1,202,656	53.48%

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	Entry age normal
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	7.00%
Retirement age	60
Mortality	106% of Pub-2010 Juvenile Mortality Tables for Ages 0-17 106% of PubG-2010 Employee Mortality Tables for Ages 18-49 106% of PubG-2010 Healthy Retiree Tables for Ages 50-120

**Gratiot County**  
**Required Supplementary Information**  
**Other Postemployment Benefits**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**September 30, 2023**

Fiscal year ended September 30,	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>							
Service cost	\$ 25,118	\$ 23,818	\$ 93,588	\$ 27,219	\$ 77,323	\$ 84,344	\$ 87,485
Interest	194,343	195,796	99,051	180,117	155,586	146,915	180,913
Changes of plan terms	-	-	483,942	-	-	-	-
Differences between expected and actual experience	294	(61,835)	(490,330)	2,489	(895,475)	(43,945)	(51,056)
Changes in assumptions	(299,589)	80,973	(1,951,303)	1,922,838	(833,785)	(149,240)	(229,711)
Benefit payments	(129,338)	(125,856)	(133,825)	(153,359)	(156,177)	(128,263)	(115,393)
<b>Net change in total OPEB liability</b>	<b>(209,172)</b>	<b>112,896</b>	<b>(1,898,877)</b>	<b>1,979,304</b>	<b>(1,652,528)</b>	<b>(90,189)</b>	<b>(127,762)</b>
Total OPEB liability - beginning	2,815,888	2,702,992	4,601,869	2,622,565	4,275,093	4,365,282	4,493,044
Total OPEB liability - ending	<u>\$ 2,606,716</u>	<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>
<b>Plan Fiduciary Net Position</b>							
Employer contributions	\$ 279,338	\$ 125,856	\$ 133,825	\$ 903,359	\$ 1,406,177	\$ 128,263	\$ 115,393
Net investment income (loss)	220,667	(279,525)	43,423	47,574	(1,418)	-	-
Benefit payments and refunds	(129,338)	(125,856)	(133,825)	(153,359)	(156,177)	(128,263)	(115,393)
Administrative expense	(4,056)	(3,638)	(3,923)	(2,312)	(166)	-	-
<b>Net change in plan fiduciary net position</b>	<b>366,611</b>	<b>(283,163)</b>	<b>39,500</b>	<b>795,262</b>	<b>1,248,416</b>	<b>-</b>	<b>-</b>
Plan fiduciary net position - beginning	1,800,015	2,083,178	2,043,678	1,248,416	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ 2,166,626</u>	<u>\$ 1,800,015</u>	<u>\$ 2,083,178</u>	<u>\$ 2,043,678</u>	<u>\$ 1,248,416</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net OPEB liability (a-b)</b>	<b>\$ 440,090</b>	<b>\$ 1,015,873</b>	<b>\$ 619,814</b>	<b>\$ 2,558,191</b>	<b>\$ 1,374,149</b>	<b>\$ 4,275,093</b>	<b>\$ 4,365,282</b>
Reported in governmental activities	\$ 402,389	\$ 965,678	\$ 577,976	\$ 2,475,453	\$ 1,325,748	\$ 4,142,565	\$ 4,229,958
Reported in component units							
Central dispatch authority	37,701	50,195	41,838	82,738	48,401	132,528	135,324
Total net OPEB liability	<u>\$ 440,090</u>	<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>
Plan fiduciary net position as a percentage of total OPEB liability	83.12%	63.92%	77.07%	44.41%	47.60%	-	-
Covered payroll	\$ 1,562,160	\$ 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	28.17%	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, 2023**

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%
9/30/2023	197,002	129,338	67,664	1,562,160	8.28%

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	7 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.50%
Discount rate	7.00%
Retirement age	55-59
Health inflation rate	Pre-Medicare: 7.25% graded down to 4.5% by 0.25% per year Post-Medicare: 5.5% graded down to 4.5% by 0.25% per year
Mortality	Public Safety and Public General 2010 Employee and Healthy Retiree, Headcount weighted 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%	
2023	11.27%	

\* 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. 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**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2023**

	Special Revenue Funds					
	Road Patrol	Parks and Recreation	Geographic Information System	Friend of the Court	State Criminal Alien Assistance	Economic and Agriculture Development
<b>Assets</b>						
Cash and cash equivalents	\$ 7,984	\$ 488,514	\$ 146,151	\$ -	\$ 19,943	\$ 129,819
Receivables						
Customers	-	-	-	-	-	-
Due from other units of government	-	-	-	117,734	-	-
Prepaid items	12,902	5,238	-	-	-	-
Total assets	<u>\$ 20,886</u>	<u>\$ 493,752</u>	<u>\$ 146,151</u>	<u>\$ 117,734</u>	<u>\$ 19,943</u>	<u>\$ 129,819</u>
<b>Liabilities</b>						
Accounts payable	\$ 805	\$ 13,524	\$ 29,500	\$ 571	\$ -	\$ -
Accrued and other liabilities	7,179	4,157	-	10,183	-	-
Total liabilities	<u>7,984</u>	<u>17,681</u>	<u>29,500</u>	<u>10,754</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	40,320	-	-
<b>Fund Balances</b>						
Non-spendable						
Prepaid items	12,902	5,238	-	-	-	-
Restricted for						
Special revenue funds	-	470,833	116,651	66,660	19,943	129,819
Total fund balances	<u>12,902</u>	<u>476,071</u>	<u>116,651</u>	<u>66,660</u>	<u>19,943</u>	<u>129,819</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,886</u>	<u>\$ 493,752</u>	<u>\$ 146,151</u>	<u>\$ 117,734</u>	<u>\$ 19,943</u>	<u>\$ 129,819</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2023**

	Special Revenue Funds					
	Building Inspection	Register of Deeds	K-9 Unit Sheriff	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement
<b>Assets</b>						
Cash and cash equivalents	\$ 553,126	\$ 162,078	\$ 147	\$ 39,454	\$ 2,870	\$ 1,404
Receivables						
Customers	195	435	-	-	-	-
Due from other units of government	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 553,321</u>	<u>\$ 162,513</u>	<u>\$ 147</u>	<u>\$ 39,454</u>	<u>\$ 2,870</u>	<u>\$ 1,404</u>
<b>Liabilities</b>						
Accounts payable	\$ 216	\$ 3,254	\$ -	\$ -	\$ -	\$ -
Accrued and other liabilities	1,803	-	-	-	-	-
Total liabilities	<u>2,019</u>	<u>3,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	-	-	-
<b>Fund Balances</b>						
Non-spendable						
Prepaid items	-	-	-	-	-	-
Restricted for						
Special revenue funds	<u>551,302</u>	<u>159,259</u>	<u>147</u>	<u>39,454</u>	<u>2,870</u>	<u>1,404</u>
Total fund balances	<u>551,302</u>	<u>159,259</u>	<u>147</u>	<u>39,454</u>	<u>2,870</u>	<u>1,404</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 553,321</u>	<u>\$ 162,513</u>	<u>\$ 147</u>	<u>\$ 39,454</u>	<u>\$ 2,870</u>	<u>\$ 1,404</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2023**

	Special Revenue Funds					
	Law Library	Commission on Aging	Commission on Aging Donations	Recovery Court	D.A.R.E Program	Salvage Inspection Fee
<b>Assets</b>						
Cash and cash equivalents	\$ 22,478	\$ 1,384,245	\$ 381,882	\$ 28,823	\$ 26	\$ 10,024
Receivables						
Customers	-	52,496	-	-	-	-
Due from other units of government	-	-	-	71,940	-	-
Prepaid items	-	846	-	-	-	-
Total assets	<u>\$ 22,478</u>	<u>\$ 1,437,587</u>	<u>\$ 381,882</u>	<u>\$ 100,763</u>	<u>\$ 26</u>	<u>\$ 10,024</u>
<b>Liabilities</b>						
Accounts payable	\$ 3	\$ 33,199	\$ 41,412	\$ 26,159	\$ -	\$ -
Accrued and other liabilities	-	8,331	-	2,168	-	-
Total liabilities	<u>3</u>	<u>41,530</u>	<u>41,412</u>	<u>28,327</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	21,457	-	71,090	-	-
<b>Fund Balances</b>						
Non-spendable						
Prepaid items	-	846	-	-	-	-
Restricted for						
Special revenue funds	<u>22,475</u>	<u>1,373,754</u>	<u>340,470</u>	<u>1,346</u>	<u>26</u>	<u>10,024</u>
Total fund balances	<u>22,475</u>	<u>1,374,600</u>	<u>340,470</u>	<u>1,346</u>	<u>26</u>	<u>10,024</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,478</u>	<u>\$ 1,437,587</u>	<u>\$ 381,882</u>	<u>\$ 100,763</u>	<u>\$ 26</u>	<u>\$ 10,024</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2023**

	Special Revenue Funds					
	D.H.S. State Monies	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library
<b>Assets</b>						
Cash and cash equivalents	\$ 8,121	\$ 11,073	\$ 7,090	\$ 1,062	\$ -	\$ 75,960
Receivables						
Customers	-	-	-	-	-	-
Due from other units of government	-	-	-	3,662	5,319	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 8,121</u>	<u>\$ 11,073</u>	<u>\$ 7,090</u>	<u>\$ 4,724</u>	<u>\$ 5,319</u>	<u>\$ 75,960</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 590	\$ 83	\$ 845	\$ -
Accrued and other liabilities	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>590</u>	<u>83</u>	<u>845</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	3,662	-	-
<b>Fund Balances</b>						
Non-spendable						
Prepaid items	-	-	-	-	-	-
Restricted for						
Special revenue funds	<u>8,121</u>	<u>11,073</u>	<u>6,500</u>	<u>979</u>	<u>4,474</u>	<u>75,960</u>
Total fund balances	<u>8,121</u>	<u>11,073</u>	<u>6,500</u>	<u>979</u>	<u>4,474</u>	<u>75,960</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,121</u>	<u>\$ 11,073</u>	<u>\$ 7,090</u>	<u>\$ 4,724</u>	<u>\$ 5,319</u>	<u>\$ 75,960</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2023**

	Special Revenue Funds			
	Indigent Defense	Concealed Pistol Licensing	CDBG	Blight
<b>Assets</b>				
Cash and cash equivalents	\$ 130,224	\$ 146,909	\$ 58,178	\$ 143
Receivables				
Customers	-	230	-	-
Due from other units of government	79	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 130,303</u>	<u>\$ 147,139</u>	<u>\$ 58,178</u>	<u>\$ 143</u>
<b>Liabilities</b>				
Accounts payable	\$ 84,123	\$ 4,403	\$ -	\$ -
Accrued and other liabilities	1,370	-	-	141
Total liabilities	<u>85,493</u>	<u>4,403</u>	<u>-</u>	<u>141</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	-
<b>Fund Balances</b>				
Non-spendable				
Prepaid items	-	-	-	-
Restricted for				
Special revenue funds	<u>44,810</u>	<u>142,736</u>	<u>58,178</u>	<u>2</u>
Total fund balances	<u>44,810</u>	<u>142,736</u>	<u>58,178</u>	<u>2</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 130,303</u>	<u>\$ 147,139</u>	<u>\$ 58,178</u>	<u>\$ 143</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2023**

	Debt Service Funds		Total Nonmajor Governmental Funds
	2005 G.O. Bonds	Pension Obligation Bond	
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 3,817,728
Receivables			
Customers	-	-	53,356
Due from other units of government	-	-	198,734
Prepaid items	-	-	18,986
Total assets	\$ -	\$ -	\$ 4,088,804
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 238,687
Accrued and other liabilities	-	-	35,332
Total liabilities	-	-	274,019
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	-	-	136,529
<b>Fund Balances</b>			
Non-spendable			
Prepaid items	-	-	18,986
Restricted for			
Special revenue funds	-	-	3,659,270
Total fund balances	-	-	3,678,256
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ -	\$ 4,088,804

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Special Revenue Funds					
	Road Patrol	Parks and Recreation	Geographic Information System	Friend of the Court	State Criminal Alien Assistance	Economic and Agriculture Development
<b>Revenues</b>						
Taxes	\$ 766,749	\$ 600,926	\$ -	\$ -	\$ -	\$ 775,692
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	-	-	-	544,829	-	-
Local contributions	-	2,128	25,708	-	-	-
Charges for services	-	42,195	-	38,951	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings (loss)	6,753	19,736	4,484	-	645	15,190
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<u>773,502</u>	<u>664,985</u>	<u>30,192</u>	<u>583,780</u>	<u>645</u>	<u>790,882</u>
<b>Expenditures</b>						
Current						
General government	-	-	36,000	759,274	-	-
Public safety	735,194	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	522,370
Recreation and culture	-	437,593	-	-	-	-
Capital outlay	33,000	129,190	-	56,139	-	-
Debt service						
Principal retirement	-	-	-	1,368	-	-
Interest and fiscal charges	-	-	-	154	-	-
<b>Total expenditures</b>	<u>768,194</u>	<u>566,783</u>	<u>36,000</u>	<u>816,935</u>	<u>-</u>	<u>522,370</u>
Excess (deficiency) of revenues over expenditures	<u>5,308</u>	<u>98,202</u>	<u>(5,808)</u>	<u>(233,155)</u>	<u>645</u>	<u>268,512</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Special Revenue Funds					
	Road Patrol	Parks and Recreation	Geographic Information System	Friend of the Court	State Criminal Alien Assistance	Economic and Agriculture Development
<b>Other financing sources (uses)</b>						
Transfers in	\$ -	\$ -	\$ 3,000	\$ 275,596	\$ -	\$ -
Transfers out	-	(500)	-	-	-	(255,343)
Total other financing sources (uses)	-	(500)	3,000	275,596	-	(255,343)
Net change in fund balances	5,308	97,702	(2,808)	42,441	645	13,169
Fund balances - beginning of year	7,594	378,369	119,459	24,219	19,298	116,650
Fund balances - end of year	<u>\$ 12,902</u>	<u>\$ 476,071</u>	<u>\$ 116,651</u>	<u>\$ 66,660</u>	<u>\$ 19,943</u>	<u>\$ 129,819</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Special Revenue Funds					
	Building Inspection	Register of Deeds	K-9 Unit Sheriff	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	126,346	-	-	-	-	-
Intergovernmental						
Federal/state	-	-	-	-	-	-
Local contributions	-	-	-	-	-	-
Charges for services	-	32,345	349	5,994	-	-
Fines and forfeitures	-	-	-	-	517	-
Investment earnings (loss)	17,614	5,328	-	(301)	86	45
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<u>143,960</u>	<u>37,673</u>	<u>349</u>	<u>5,693</u>	<u>603</u>	<u>45</u>
<b>Expenditures</b>						
Current						
General government	-	20,473	-	-	-	-
Public safety	122,465	-	810	9,405	-	-
Health and welfare	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal retirement	446	-	-	-	-	-
Interest and fiscal charges	50	-	-	-	-	-
<b>Total expenditures</b>	<u>122,961</u>	<u>20,473</u>	<u>810</u>	<u>9,405</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>20,999</u>	<u>17,200</u>	<u>(461)</u>	<u>(3,712)</u>	<u>603</u>	<u>45</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Special Revenue Funds					
	Building Inspection	Register of Deeds	K-9 Unit Sheriff	Correction Officers Training Fund	Drug law Enforcement	Law Enforcement
<b>Other financing sources (uses)</b>						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	20,999	17,200	(461)	(3,712)	603	45
Fund balances - beginning 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>
Fund balances - end of year	<u>\$ 551,302</u>	<u>\$ 159,259</u>	<u>\$ 147</u>	<u>\$ 39,454</u>	<u>\$ 2,870</u>	<u>\$ 1,404</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Special Revenue Funds					
	Law Library	Commission on Aging	Commission on Aging Donations	Recovery Court	D.A.R.E Program	Salvage Inspection Fee
<b>Revenues</b>						
Taxes	\$ -	\$ 1,116,517	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	-	327,525	-	236,257	-	-
Local contributions	-	-	-	-	-	-
Charges for services	-	121,694	100	17,292	-	-
Fines and forfeitures	4,500	-	-	-	-	-
Investment earnings (loss)	677	48,535	10,369	-	-	363
Other revenue	-	-	33,593	-	-	-
	<u>5,177</u>	<u>1,614,271</u>	<u>44,062</u>	<u>253,549</u>	<u>-</u>	<u>363</u>
<b>Total revenues</b>						
<b>Expenditures</b>						
Current						
General government	-	-	-	-	-	1,061
Public safety	-	-	-	-	-	-
Health and welfare	-	1,397,240	9,596	252,204	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Capital outlay	25,117	6,398	-	-	-	-
Debt service						
Principal retirement	-	3,067	-	-	-	-
Interest and fiscal charges	-	345	-	-	-	-
	<u>25,117</u>	<u>1,407,050</u>	<u>9,596</u>	<u>252,204</u>	<u>-</u>	<u>1,061</u>
<b>Total expenditures</b>						
Excess (deficiency) of revenues over expenditures	<u>(19,940)</u>	<u>207,221</u>	<u>34,466</u>	<u>1,345</u>	<u>-</u>	<u>(698)</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Special Revenue Funds					
	Law Library	Commission on Aging	Commission on Aging Donations	Recovery Court	D.A.R.E Program	Salvage Inspection Fee
<b>Other financing sources (uses)</b>						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(19,940)	207,221	34,466	1,345	-	(698)
Fund balances - beginning of year	<u>42,415</u>	<u>1,167,379</u>	<u>306,004</u>	<u>1</u>	<u>26</u>	<u>10,722</u>
Fund balances - end of year	<u>\$ 22,475</u>	<u>\$ 1,374,600</u>	<u>\$ 340,470</u>	<u>\$ 1,346</u>	<u>\$ 26</u>	<u>\$ 10,024</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Special Revenue Funds					
	D.H.S. State Monies	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 865,350
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal/state	-	-	-	1,350	11,690	-
Local contributions	-	-	-	-	-	-
Charges for services	-	-	6,947	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings (loss)	254	364	196	-	(10)	10,874
Other revenue	-	1,260	20	-	-	-
	<u>254</u>	<u>1,624</u>	<u>7,163</u>	<u>1,350</u>	<u>11,680</u>	<u>876,224</u>
<b>Expenditures</b>						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	9,006	4,330	7,335	-
Health and welfare	-	559	-	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	834,658
Capital outlay	-	-	-	-	-	-
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
	<u>-</u>	<u>559</u>	<u>9,006</u>	<u>4,330</u>	<u>7,335</u>	<u>834,658</u>
Excess (deficiency) of revenues over expenditures	<u>254</u>	<u>1,065</u>	<u>(1,843)</u>	<u>(2,980)</u>	<u>4,345</u>	<u>41,566</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Special Revenue Funds					
	D.H.S. State Monies	Veterans Memorial	Animal Control	Marine Safety	Michigan Justice Training	Library
<b>Other financing sources (uses)</b>						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 129	\$ -
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	129	-
Net change in fund balances	254	1,065	(1,843)	(2,980)	4,474	41,566
Fund balances - beginning of year	7,867	10,008	8,343	3,959	-	34,394
Fund balances - end of year	<u>\$ 8,121</u>	<u>\$ 11,073</u>	<u>\$ 6,500</u>	<u>\$ 979</u>	<u>\$ 4,474</u>	<u>\$ 75,960</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Special Revenue Funds			
	Indigent Defense	Concealed Pistol Licensing	CDBG	Blight
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental				
Federal/state	358,284	-	-	-
Local contributions	-	-	-	-
Charges for services	53,105	23,532	-	8,000
Fines and forfeitures	-	-	-	-
Investment earnings (loss)	5,658	4,862	-	(31)
Other revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>417,047</u>	<u>28,394</u>	<u>-</u>	<u>7,969</u>
<b>Expenditures</b>				
Current				
General government	676,519	-	-	-
Public safety	-	564	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	10,471
Recreation and culture	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>676,519</u>	<u>564</u>	<u>-</u>	<u>10,471</u>
Excess (deficiency) of revenues over expenditures	<u>(259,472)</u>	<u>27,830</u>	<u>-</u>	<u>(2,502)</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Special Revenue Funds			
	Indigent Defense	Concealed Pistol Licensing	CDBG	Blight
<b>Other financing sources (uses)</b>				
Transfers in	\$ 84,054	\$ -	\$ -	\$ 2,432
Transfers out	<u>-</u>	<u>(18,514)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>84,054</u>	<u>(18,514)</u>	<u>-</u>	<u>2,432</u>
Net change in fund balances	(175,418)	9,316	-	(70)
Fund balances - beginning of year	<u>220,228</u>	<u>133,420</u>	<u>58,178</u>	<u>72</u>
Fund balances - end of year	<u>\$ 44,810</u>	<u>\$ 142,736</u>	<u>\$ 58,178</u>	<u>\$ 2</u>

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Debt Service Funds		Total Nonmajor Governmental Funds
	2005 G.O. Bonds	Pension Obligation Bond	
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 4,125,234
Licenses and permits	-	-	126,346
Intergovernmental			
Federal/state	-	-	1,479,935
Local contributions	19,178	-	47,014
Charges for services	-	-	350,504
Fines and forfeitures	-	-	5,017
Investment earnings (loss)	-	-	151,691
Other revenue	-	-	34,873
	-	-	34,873
Total revenues	19,178	-	6,320,614
<b>Expenditures</b>			
Current			
General government	-	-	1,493,327
Public safety	-	-	889,109
Health and welfare	-	-	1,659,599
Community and economic development	-	-	532,841
Recreation and culture	-	-	1,272,251
Capital outlay	-	-	249,844
Debt service			
Principal retirement	25,000	765,000	794,881
Interest and fiscal charges	4,012	96,500	101,061
	29,012	861,500	6,992,913
Total expenditures	29,012	861,500	6,992,913
Excess (deficiency) of revenues over expenditures	(9,834)	(861,500)	(672,299)

**Gratiot County**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

---

	Debt Service Funds		Total Nonmajor Governmental Funds
	2005 G.O. Bonds	Pension Obligation Bond	
<b>Other financing sources (uses)</b>			
Transfers in	\$ 9,834	\$ 861,500	\$ 1,236,545
Transfers out	-	-	(274,357)
	<u>9,834</u>	<u>861,500</u>	<u>962,188</u>
Total other financing sources (uses)			
Net change in fund balances	-	-	289,889
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>3,388,367</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,678,256</u>

**Gratiot County**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Net Position**  
**September 30, 2023**

	Principal Residence <u>Denial Interest</u>	Soil Erosion <u>Inspection</u>	Jail <u>Commissary</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ 219,307	\$ 10,393	\$ 229,700
Prepaid items	-	-	4,348	4,348
	<u>-</u>	<u>219,307</u>	<u>14,741</u>	<u>234,048</u>
Total assets	<u>-</u>	<u>219,307</u>	<u>14,741</u>	<u>234,048</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	-	196	4,836	5,032
Accrued and other liabilities	-	614	-	614
	<u>-</u>	<u>810</u>	<u>4,836</u>	<u>5,646</u>
Total liabilities	<u>-</u>	<u>810</u>	<u>4,836</u>	<u>5,646</u>
<b>Net Position</b>				
Unrestricted	<u>\$ -</u>	<u>\$ 218,497</u>	<u>\$ 9,905</u>	<u>\$ 228,402</u>

**Gratiot County**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2023**

	Principal Residence Denial Interest	Soil Erosion Inspection	Jail Commissary	Total
<b>Operating revenue</b>				
Customer fees	\$ -	\$ 163,575	\$ 41,731	\$ 205,306
Other revenue	-	-	63,957	63,957
Total operating revenue	-	163,575	105,688	269,263
<b>Operating expenses</b>				
Personnel services	-	41,114	-	41,114
Supplies	-	765	48,964	49,729
Contractual services	-	1,925	-	1,925
Utilities	-	455	-	455
Repairs and maintenance	-	410	4,563	4,973
Other expenses	-	4,571	42,434	47,005
Total operating expenses	-	49,240	95,961	145,201
Operating income	-	114,335	9,727	124,062
<b>Nonoperating revenue</b>				
Interest income	-	5,517	178	5,695
Income before transfers	-	119,852	9,905	129,757
Transfers out	(54,284)	-	-	(54,284)
Change in net position	(54,284)	119,852	9,905	75,473
Net position - beginning of year	54,284	98,645	-	152,929
Net position - end of year	\$ -	\$ 218,497	\$ 9,905	\$ 228,402

**Gratiot County**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended September 30, 2023**

	Principal Residence Denial Interest	Soil Erosion Inspection	Jail Commissary	Total
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 2,069	\$ 164,725	\$ 107,861	\$ 274,655
Payments to other funds	(3,072)	-	-	(3,072)
Payments to suppliers	-	(8,245)	(100,820)	(109,065)
Payments to employees	-	(41,114)	-	(41,114)
Net cash provided (used) by operating activities	(1,003)	115,366	7,041	121,404
<b>Cash flows from noncapital financing activities</b>				
Transfers to other funds	(54,284)	-	-	(54,284)
<b>Cash flows from investing activities</b>				
Interest received	-	5,517	178	5,695
Net change in cash and cash equivalents	(55,287)	120,883	7,219	72,815
Cash and cash equivalents - beginning of year	55,287	98,424	3,174	156,885
Cash and cash equivalents - end of year	\$ -	\$ 219,307	\$ 10,393	\$ 229,700
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>				
Operating income	\$ -	\$ 114,335	\$ 9,727	\$ 124,062
Changes in assets and liabilities				
Receivables (net)	-	1,150	2,173	3,323
Due from other units of government	2,069	-	-	2,069
Due from other funds	(3,072)	-	-	(3,072)
Prepaid items	-	-	(3,723)	(3,723)
Accounts payable	-	96	(1,136)	(1,040)
Accrued and other liabilities	-	(215)	-	(215)
Net cash provided (used) by operating activities	\$ (1,003)	\$ 115,366	\$ 7,041	\$ 121,404

**Gratiot County**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2023**

	<u>Fringe Benefits</u>	<u>Tile Fund</u>	<u>Flexible Spending</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 5,155	\$ 53,250	\$ 22,695	\$ 81,100
Receivables				
Accrued interest and other	5,948	-	-	5,948
Inventories	-	62,057	-	62,057
Prepaid items	47,920	-	-	47,920
	<u>59,023</u>	<u>115,307</u>	<u>22,695</u>	<u>197,025</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	-	1,539	-	1,539
<b>Net Position</b>				
Unrestricted	<u>\$ 59,023</u>	<u>\$ 113,768</u>	<u>\$ 22,695</u>	<u>\$ 195,486</u>

**Gratiot County**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended September 30, 2023**

	<u>Fringe Benefits</u>	<u>Tile Fund</u>	<u>Flexible Spending</u>	<u>Total</u>
<b>Operating revenue</b>				
Billings to other funds	\$ 3,908,149	\$ -	\$ -	\$ 3,908,149
Other revenue	<u>-</u>	<u>80,385</u>	<u>32,693</u>	<u>113,078</u>
Total operating revenue	<u>3,908,149</u>	<u>80,385</u>	<u>32,693</u>	<u>4,021,227</u>
<b>Operating expenses</b>				
Personnel services	4,002,147	-	-	4,002,147
Other expenses	<u>8,102</u>	<u>47,989</u>	<u>33,987</u>	<u>90,078</u>
Total operating expenses	<u>4,010,249</u>	<u>47,989</u>	<u>33,987</u>	<u>4,092,225</u>
Operating income (loss)	(102,100)	32,396	(1,294)	(70,998)
<b>Nonoperating revenue</b>				
Interest income	<u>-</u>	<u>1,268</u>	<u>81</u>	<u>1,349</u>
Income (loss) before transfers	(102,100)	33,664	(1,213)	(69,649)
Transfers in	891,458	-	-	891,458
Transfers out	<u>(861,500)</u>	<u>-</u>	<u>-</u>	<u>(861,500)</u>
Change in net position	(72,142)	33,664	(1,213)	(39,691)
Net position - beginning of year	<u>131,165</u>	<u>80,104</u>	<u>23,908</u>	<u>235,177</u>
Net position - end of year	<u>\$ 59,023</u>	<u>\$ 113,768</u>	<u>\$ 22,695</u>	<u>\$ 195,486</u>

**Gratiot County**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended September 30, 2023**

	Fringe Benefits	Tile Fund	Flexible Spending	Total
<b>Cash flows from operating activities</b>				
Receipts from employees	\$ -	\$ -	\$ 32,693	\$ 32,693
Receipts from interfund users	3,986,644	80,385	-	4,067,029
Payments to suppliers	<u>(4,011,447)</u>	<u>(46,450)</u>	<u>(33,987)</u>	<u>(4,091,884)</u>
Net cash provided (used) by operating activities	<u>(24,803)</u>	<u>33,935</u>	<u>(1,294)</u>	<u>7,838</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other funds	891,458	-	-	891,458
Transfers to other funds	<u>(861,500)</u>	<u>-</u>	<u>-</u>	<u>(861,500)</u>
Net cash provided by noncapital financing activities	<u>29,958</u>	<u>-</u>	<u>-</u>	<u>29,958</u>
<b>Cash flows from investing activities</b>				
Interest received	<u>-</u>	<u>1,268</u>	<u>81</u>	<u>1,349</u>
Net change in cash and cash equivalents	5,155	35,203	(1,213)	39,145
Cash and cash equivalents - beginning of year	<u>-</u>	<u>18,047</u>	<u>23,908</u>	<u>41,955</u>
Cash and cash equivalents - end of year	<u>\$ 5,155</u>	<u>\$ 53,250</u>	<u>\$ 22,695</u>	<u>\$ 81,100</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (102,100)	\$ 32,396	\$ (1,294)	\$ (70,998)
Changes in assets and liabilities				
Receivables (net)	78,495	-	-	78,495
Prepaid items	1,807	-	-	1,807
Accounts payable	<u>(3,005)</u>	<u>1,539</u>	<u>-</u>	<u>(1,466)</u>
Net cash provided (used) by operating activities	<u>\$ (24,803)</u>	<u>\$ 33,935</u>	<u>\$ (1,294)</u>	<u>\$ 7,838</u>

**Gratiot County  
Component Unit Funds  
Road Commission  
Balance Sheet  
September 30, 2023**

---

	<u>Road Commission</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 294,571
Investments	1,732,240
Due from other units of government	1,722,146
Inventories	<u>769,443</u>
Total assets	<u><u>\$ 4,518,400</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 240,281
Accrued and other liabilities	103,219
Performance bond payable	401,100
Advances from State	313,471
Due to other units of government	<u>84,721</u>
Total liabilities	<u>1,142,792</u>
<b>Fund Balances</b>	
Nonspendable	769,443
Restricted	
County Road Operations	<u>2,606,165</u>
Total fund balances	<u>3,375,608</u>
Total liabilities and fund balances	<u><u>\$ 4,518,400</u></u>

**Gratiot County  
Component Unit Funds  
Road Commission  
Reconciliation of the Balance Sheet to the Statement of Net Position  
September 30, 2023**

---

<b>Total fund balances for component unit funds - road commission</b>	<b>\$ 3,375,608</b>
Total net position for component units in the statement of net position is different because:	
Capital assets used in component units are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	653,673
Capital assets net of depreciation	33,358,240
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(488,201)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from net pension liability	3,102,874
Deferred inflows of resources resulting from net pension liability	(250,034)
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	(6,988,107)
Net OPEB asset	41,537
<b>Net position of component unit funds - road commission</b>	<b>\$ 32,805,590</b>

**Gratiot County**  
**Component Unit Funds**  
**Road Commission**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

	Road Commission
<b>Revenues</b>	
Licenses and permits	\$ 97,061
Intergovernmental	
Federal\state	9,453,776
Local contributions	2,044,934
Charges for services	1,341,327
Interest and rents	72,252
Other revenue	213,609
Total revenues	13,222,959
<b>Expenditures</b>	
Current	
Public works	12,579,574
Excess of revenues over expenditures	643,385
<b>Other financing sources</b>	
Sale of capital assets	95,710
Net change in fund balance	739,095
Fund balance - beginning of year	2,636,513
Fund balance - end of year	\$ 3,375,608

**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, 2023**

---

**Net change in fund balances - component unit funds - road commission** \$ 739,095

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	(2,928,934)
Capital outlay	2,564,589
Disposal of capital assets	(9,358)

Expenses are recorded when incurred in the statement of activities

Compensated absences	(28,451)
----------------------	----------

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	(2,345,434)
Net change in the deferred inflow of resources related to the net pension liability	1,267,021
Net change in the deferred outflow of resources related to the net pension liability	1,123,056

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>(33,215)</u>
------------------------------	-----------------

**Change in net position of component unit funds - road commission** **\$ 348,369**

**Gratiot County  
Component Unit Funds  
Drainage Districts  
Combining Balance Sheet  
September 30, 2023**

				Capital Projects			Total
	Drain Debt #133	Drain Debt #181	Drain Debt #383	Regular Drain	Revolving Drain	Revolving Drain Maintenance	
<b>Assets</b>							
Cash and cash equivalents	\$ 144,957	\$ 915,230	\$ 269,303	\$ 3,414,983	\$ 33,862	\$ 3,294	\$ 4,781,629
Receivables							
Special assessments, current	56,948	166,596	83,415	1,698,278	-	-	2,005,237
Due from other units of government	-	-	-	117,786	-	-	117,786
Total current assets	201,905	1,081,826	352,718	5,231,047	33,862	3,294	6,904,652
Noncurrent assets							
Special assessments, deferred	227,795	1,499,356	1,000,978	6,920,396	-	-	9,648,525
Total assets	\$ 429,700	\$ 2,581,182	\$ 1,353,696	\$ 12,151,443	\$ 33,862	\$ 3,294	\$ 16,553,177
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 307,871	\$ 1,841	\$ 881	\$ 310,593
<b>Deferred Inflows of Resources</b>							
Unavailable revenue							
Special assessments	284,743	1,665,952	1,084,393	8,618,674	-	-	11,653,762
<b>Fund Balances</b>							
Restricted							
Debt service	144,957	915,230	269,303	-	-	-	1,329,490
Assigned - capital projects	-	-	-	3,224,898	32,021	2,413	3,259,332
Total fund balances	144,957	915,230	269,303	3,224,898	32,021	2,413	4,588,822
Total liabilities, deferred inflows of resources and fund balances	\$ 429,700	\$ 2,581,182	\$ 1,353,696	\$ 12,151,443	\$ 33,862	\$ 3,294	\$ 16,553,177

**Gratiot County  
Component Unit Funds  
Drainage Districts  
Reconciliation of the Combining Balance Sheet to the Statement of Net Position  
September 30, 2023**

---

<b>Total fund balances for component unit funds - drainage district</b>	\$ 4,588,822
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	2,917,996
Capital assets net of depreciation	27,967,322
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	11,653,762
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(96,000)
Bonds and loans payable	<u>(11,015,535)</u>
<b>Net position of component unit funds - drainage district</b>	<u><u>\$ 36,016,367</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, 2023**

	Drain Debt #133	Drain Debt #181	Drain Debt #383	Drain Debt	Capital Projects			Total
					Regular Drain	Revolving Drain	Revolving Drain Maintenance	
<b>Revenues</b>								
Intergovernmental - local	\$ -	\$ -	\$ -	\$ -	\$ 820,097	\$ -	\$ -	\$ 820,097
Charges for services	67,776	292,853	127,062	-	2,104,008	-	14,852	2,606,551
Interest income	1,782	17,872	905	-	118,627	1,528	210	140,924
Other revenue	-	-	-	-	1,004,634	-	-	1,004,634
<b>Total revenues</b>	<u>69,558</u>	<u>310,725</u>	<u>127,967</u>	<u>-</u>	<u>4,047,366</u>	<u>1,528</u>	<u>15,062</u>	<u>4,572,206</u>
<b>Expenditures</b>								
Current								
Public works	-	-	-	-	461,138	65,206	56,980	583,324
Capital outlay	-	-	-	-	2,505,072	75,186	-	2,580,258
Debt service								
Principal retirement	75,000	235,000	95,000	1,066,408	-	-	-	1,471,408
Interest and fiscal charges	10,762	91,297	33,765	207,504	-	-	-	343,328
<b>Total expenditures</b>	<u>85,762</u>	<u>326,297</u>	<u>128,765</u>	<u>1,273,912</u>	<u>2,966,210</u>	<u>140,392</u>	<u>56,980</u>	<u>4,978,318</u>
Excess (deficiency) of revenues over expenditures	<u>(16,204)</u>	<u>(15,572)</u>	<u>(798)</u>	<u>(1,273,912)</u>	<u>1,081,156</u>	<u>(138,864)</u>	<u>(41,918)</u>	<u>(406,112)</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	1,273,912	-	117,899	32,905	1,424,716
Transfers out	-	-	-	-	(1,423,561)	(1,155)	-	(1,424,716)
Bond and note proceeds	-	-	-	-	1,056,831	-	-	1,056,831
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,273,912</u>	<u>(366,730)</u>	<u>116,744</u>	<u>32,905</u>	<u>1,056,831</u>
Net change in fund balances	(16,204)	(15,572)	(798)	-	714,426	(22,120)	(9,013)	650,719
Fund balances - beginning of year	161,161	930,802	270,101	-	2,510,472	54,141	11,426	3,938,103
Fund balances - end of year	<u>\$ 144,957</u>	<u>\$ 915,230</u>	<u>\$ 269,303</u>	<u>\$ -</u>	<u>\$ 3,224,898</u>	<u>\$ 32,021</u>	<u>\$ 2,413</u>	<u>\$ 4,588,822</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, 2023**

---

<b>Net change in fund balances - component unit funds - drainage district</b>	<b>\$ 650,719</b>
 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	(1,039,045)
Capital outlay	1,240,649
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	(92,982)
 Expenses are recorded when incurred in the statement of activities	
Accrued interest	17,830
 Bond proceeds are reported as financing sources in the component unit funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the component unit funds but reduces the liability in the statement of net position	
Debt issued	(1,056,831)
Repayments of long-term debt	<u>1,471,408</u>
 <b>Change in net position of component unit funds - drainage district</b>	 <b><u><u>\$ 1,191,748</u></u></b>

**Gratiot County  
Component Unit Funds  
Central Dispatch Authority  
Balance Sheet  
September 30, 2023**

---

**Assets**

Cash and cash equivalents	\$ 455,707
Receivables	
Customers	276,539
Due from other units of government	127
Prepaid items	36,410
Total assets	\$ 768,783

**Liabilities**

Accounts payable	\$ 12,350
Accrued and other liabilities	14,039
Total liabilities	26,389

**Deferred Inflows of Resources**

Unavailable charges for services	7,623
----------------------------------	-------

**Fund Balances**

Nonspendable items	
Prepaid items	36,410
Restricted	
Central Dispatch Authority	698,361
Total fund balance	734,771
Total liabilities, deferred inflow of resources and fund balances	\$ 768,783

**Gratiot County  
Component Unit Funds  
Central Dispatch Authority  
Reconciliation of the Balance Sheet to the Statement of Net Position  
September 30, 2023**

---

<b>Total fund balances for component unit funds - central dispatch authority</b>	<b>\$ 734,771</b>
Total net position for component units in the statement of net position is different because:	
Capital assets used in component units are not financial resources and therefore are not reported in the funds.	
Capital assets net of depreciation	1,151,188
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	
	7,623
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(24,073)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from net pension liability	180,889
Deferred outflows of resources resulting from net other post-employment benefits (OPEB) liability	15,472
Deferred inflows of resources resulting from net OPEB liability	(20,113)
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	(525,344)
Net pension asset	(161,727)
Net OPEB liability	(37,701)
<b>Net position of component unit funds - central dispatch authority</b>	<b><u>\$ 1,320,985</u></b>

**Gratiot County**  
**Component Unit Funds**  
**Central Dispatch Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

---

**Revenues**

Other state grants	\$ 12,831
Charges for services	1,248,889
Interest income	13,222
Other revenue	<u>4,662</u>
Total revenues	<u>1,279,604</u>

**Expenditures**

Current	
Public safety	1,073,148
Capital outlay	221,530
Debt service	
Principal retirement	324,852
Interest and fiscal charges	<u>8,828</u>

Total expenditures	<u>1,628,358</u>
--------------------	------------------

Net change in fund balance	(137,289)
----------------------------	-----------

Fund balance - beginning of year	<u>872,060</u>
----------------------------------	----------------

Fund balance - end of year	<u><u>\$ 734,771</u></u>
----------------------------	--------------------------

**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, 2023**

<b>Net change in fund balances - component unit funds - central dispatch authority</b>	<b>\$ (137,289)</b>
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	(99,985)
Capital outlay	211,465
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Other revenue	7,588
Expenses are recorded when incurred in the statement of activities	
Compensated absences	10,798
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	(215,143)
Net change in the deferred outflow of resources related to the net pension liability	103,450
Net change in the deferred inflow of resources related to the net pension liability	95,979
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	12,494
Net change in the deferred outflow of resources related to the net OPEB liability	(10,411)
Net change in the deferred inflow of resources related to the net OPEB liability	18,902
Note proceeds are reported as financing sources in the component unit fund and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the component unit fund but reduces the liability in the statement of net position.	
Debt issued	(211,465)
Repayments of long-term debt	324,852
<b>Change in net position of component unit funds - central dispatch authority</b>	<b>\$ 111,235</b>

**Gratiot County**  
**Component Unit Funds**  
**Brownfield Redevelopment Authority**  
**Balance Sheet**  
**September 30, 2023**

---

**Assets**

Cash and cash equivalents

\$ 23

**Fund Balances**

Unassigned

\$ 23

**Gratiot County**  
**Component Unit Funds**  
**Brownfield Redevelopment Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended September 30, 2023**

---

**Revenues**

Taxes	\$	4,293
Investment loss		(37)
		4,256
Total revenues		4,256

**Expenditures**

Current		
Community and economic development		4,233
		4,233
Net change in fund balance		23
Fund balance - beginning of year		-
Fund balance - end of year	\$	23

**Gratiot County  
Custodial Funds  
Combining Statement of Fiduciary Net Position  
September 30, 2023**

	General	Wind Farm Planning	Current Tax Collection	Heartland Escrow	Polar Solaris Escrow	District Court Custody	Circuit Court Custody	Inmate Trust	Probate Court	Library Penal Fines	Total Custodial Funds
<b>Assets</b>											
Cash and cash equivalents	\$ 3,993	\$ 96,270	\$ 548,612	\$ 10,000	\$ 120	\$ 18,746	\$ 4,008	\$ 10,853	\$ 959	\$ 74,537	\$ 768,098
Due from other units of government	75	-	7,584	-	-	588	1,379	-	2,048	704	12,378
Total assets	4,068	96,270	556,196	10,000	120	19,334	5,387	10,853	3,007	75,241	780,476
<b>Liabilities</b>											
Accounts payable	-	-	-	-	120	19,334	4,695	-	2,746	-	26,895
Accrued and other liabilities	-	-	-	-	-	-	230	10,853	-	-	11,083
Due to other units of government	4,068	-	556,196	-	-	-	-	-	-	60,060	620,324
Unearned revenue	-	-	-	-	-	-	462	-	-	-	462
Total liabilities	4,068	-	556,196	-	120	19,334	5,387	10,853	2,746	60,060	658,764
<b>Net Position</b>											
Restricted for:											
Individuals, organizations and other governments	\$ -	\$ 96,270	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 261	\$ 15,181	\$ 121,712

**Gratiot County**  
**Custodial Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended September 30, 2023**

	General	Wind Farm Planning	Current Tax Collection	Heartland Escrow	Polaris Solar Escrow	District Court Custody	Circuit Court Custody	Inmate Trust	Probate Court	Library Fund (Penal Fines)	Total Custodial Funds
<b>Additions</b>											
State education tax collected for other governments	\$ -	\$ -	\$ 6,130,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,130,380
Real estate transfer tax collected for other governments	-	-	822,666	-	-	-	-	-	-	-	822,666
Fees and fines collected on behalf of other units of governments	-	-	-	-	-	242,544	53,263	-	36,959	-	332,766
Collections from or on behalf of inmates	-	-	-	-	-	-	-	386,900	-	-	386,900
Other taxes collected for other governments	-	-	3,169,975	-	-	-	-	-	-	-	3,169,975
Funds collected for wind and solar farm planning	-	-	-	-	43,729	-	-	-	-	-	43,729
Interest	-	3,015	-	-	-	-	-	-	-	5,009	8,024
<b>Total additions</b>	<b>-</b>	<b>3,015</b>	<b>10,123,021</b>	<b>-</b>	<b>43,729</b>	<b>242,544</b>	<b>53,263</b>	<b>386,900</b>	<b>36,959</b>	<b>5,009</b>	<b>10,894,440</b>
<b>Deductions</b>											
Payments of state education tax to other governments	-	-	6,130,380	-	-	-	-	-	-	-	6,130,380
Payments of real estate transfer tax to other governments	-	-	822,666	-	-	-	-	-	-	-	822,666
Fees and fines remitted to other units of government	-	-	-	-	-	231,096	50,937	-	36,959	-	318,992
Payments to or on behalf of inmates	-	-	-	-	-	-	-	386,900	-	-	386,900
Payments related to wind and solar farm planning	-	471	-	-	43,729	-	-	-	-	-	44,200
Payments of other taxes to other governments	-	-	3,169,975	-	-	-	-	-	-	-	3,169,975
<b>Total deductions</b>	<b>-</b>	<b>471</b>	<b>10,123,021</b>	<b>-</b>	<b>43,729</b>	<b>231,096</b>	<b>50,937</b>	<b>386,900</b>	<b>36,959</b>	<b>-</b>	<b>10,873,113</b>
Change in net position	-	2,544	-	-	-	11,448	2,326	-	-	5,009	21,327
Net position (deficit) - beginning of year	-	93,726	-	10,000	-	(11,448)	(2,326)	-	261	10,172	100,385
Net position - end of year	\$ -	\$ 96,270	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 261	\$ 15,181	\$ 121,712