



AGENDA
OTSEGO COUNTY BOARD OF ROAD COMMISSIONERS
THURSDAY, MAY 11, 2023, AT 9:00 A.M.

ITEM 1 – CALL TO ORDER/PLEDGE OF ALLEGIANCE

ITEM 2 - ROLL CALL

ITEM 3 – AGENDA CHANGES/APPROVAL OF AGENDA

ITEM 4 – CONSENT CALENDAR

- A. Minutes: The Board approves the Regular Meeting Minutes dated April 13, 2023.
- B. The Board approves Payroll: #7 (\$133,385.34) and Payroll #8 (\$75,048.96).
- C. The Board approves accounts Payable: C/4-2 (\$75,709.08) and C/5-1 (\$458,700.52), contingent upon approval of New Business item 8. C; and the Accounts Payable Check Register dated 04/01/2023 to 04/30/2023.

ITEM 5 – GUEST SPEAKERS

- A. Audit Presentation – Peter Haefner, Vredeveld Haefner LLC
- B. Dana Wingo, Otsego County Board Liaison

ITEM 6 – PUBLIC COMMENT

ITEM 7 – OLD BUSINESS/UNFINISHED BUSINESS

- A. NONE

ITEM 8 – NEW BUSINESS

- A. FY 2022 OCRC Audit Report Acceptance
- B. 2022 Year-End Act 51 Report
- C. Equipment Lease Purchases
- D. Resolution R23-3 – Township Cost Share Agreements
- E. OCRC General Policy – P23-1 Gravel Road Stabilization
- F. Boiler Purchase – OCRC Garage
- G. Equipment Disposal – #550

ITEM 9 – STAFF REPORTS

- A. Managing Director, Engineer of Record, Finance Manager, Facility Supervisor, County Road Foreman, State Road Foreman

ITEM 10 – COMMUNICATIONS

- A. Springgay and Marlette Road (Huron Engineering)
- B. Finance Reports
- C. Upcoming OCRC Board Meeting Dates: June 8, 2023, July 13, 2023

ITEM 11– PUBLIC COMMENT

ITEM 12– COMMISSIONER COMMENT

ITEM 13– ADJOURNMENT



Otsego County Road Commission Agenda Item Report

FROM: Rebecca Hilmert, Finance Director
MEETING DATE: May 11, 2023
AGENDA ITEM: 4. A, B, C
SUBJECT: Consent Calendar

DESCRIPTION

The purpose of the Consent Calendar is to expedite business by grouping non-controversial items together without discussion. Any member of the Commission, staff, or the public may ask that any item on the Consent Calendar be removed and placed elsewhere on the agenda for full discussion. Such requests will be automatically respected.

If an item is not removed from the Consent Calendar, all items listed are approved by a single Commission action approving the Consent Calendar. The Finance Director recommends the following items be approved:

- A. Minutes: The Board approves the Regular Meeting Minutes dated April 13, 2023.
- B. The Board approves Payroll: #7 (\$133,385.34), and Payroll #8 (\$75,048.96).
- C. The Board approves accounts Payable: C/4-2 (\$75,709.08) and C/5-1 (\$458,700.52), contingent upon approval of New Business item 8.C; and the Accounts Payable Check Register dated 04/01/2023 to 04/30/2023.

BUDGET ACTION REQUIRED

N/A

LEGAL REVIEW

N/A

SAMPLE MOTION:

Motion to **approve/deny** the May 11, 2023, consent calendar as presented.

DRAFT
MINUTES for the
REGULAR MEETINGS OF THE
OTSEGO COUNTY ROAD COMMISSION
HELD ON TUESDAY, APRIL 13, 2023, AT 9:00 A.M.

ITEM 1 – CALL TO ORDER/PLEDGE OF ALLEGIANCE

- Meeting called to order by Chairman Huff, at 9:00 a.m. and Pledge of Allegiance.

ITEM 2 - ROLL CALL

- Upon roll call, the following Commissioners responded:
Dipzinski, Present
Wagar, Present
Gordon, Present
Heinz, Present
Huff, Present

The following staff members were present: Kirk Harrier, Managing Director; Rebecca Hilmert, Finance Manager/Secretary to the Board; David Fox, Equipment/Facilities Supervisor; Steve Mench, County Foreman.

ITEM 3 – AGENDA CHANGES/APPROVAL OF AGENDA

- Motion by Dipzinski to approve the agenda as presented, seconded by Gordon. Five ayes, no nays. Motion carried.

ITEM 4 – CONSENT CALENDAR

- A. Minutes: The Board approves the Regular Meeting Minutes dated March 9, 2023.
- B. The Board approves Payroll: #5 (\$93,984.72) and Payroll #6 (79,294.20).
- C. The Board approves Accounts Payable: C/3-2 (\$105,773.93) and C/4-1 (\$695,115.41); and the Accounts Payable Check Register dated March 1, 2023, to March 31, 2023.
- Motion by Heinz to approve the April 13, 2023, Consent Calendar, seconded by Wagar. Five ayes, no nays. Motion carried.

ITEM 5 – GUEST SPEAKERS

- A. Dana Wingo, Otsego County Board, addressed the board regarding Springgay Road and if under warranty.

ITEM 6 – PUBLIC COMMENT

- Bonny Miller, Chester Township Supervisor, requested a ballpark estimate for Beckett Road.

ITEM 7 – OLD BUSINESS/UNFINISHED BUSINESS

- NONE

ITEM 8 – NEW BUSINESS

- A. Letter of Understanding (AFSCME Council 25, Local 1534)
 - a. Motion by Gordon approve Letter of Understanding #2023-3 between the Otsego County Road Commission and the AFSCME Council 25, Local 1534 as presented amending the 4-day 10-hour work schedule, seconded by Dipzinski. Discussion. Five ayes, no nays. Motion carried.
- B. Equipment Disposal
 - a. Motion by Wagar to approve the disposal of the following equipment: #521, #569, #588, #547 and #714, seconded by Dipzinski. Discussion. Five ayes, no nays. Motion carried.

ITEM 9 – STAFF REPORTS

- A. Managing Director reported on ongoing contract negotiations with Labor Union. He and the Engineer are reviewing bid specs for Old State Road, Sparr Road, Beckett Road, Whitehouse Trail Culvert guardrail, and doing some operations planning. He attended Cyber Training provided by MCRCSIP, and the CRA Highway Conference.
- B. Finance Manager reported on notable expenses for the month, and the increase in the contract price for new trucks. Also advised the board of a large liability for vacation/sick/comp time payouts for retirees. The Audit is in process and will be finalized on the May 11, 2023, board meeting.
- C. Facility Supervisor reported on new trucks being received and delivered to Truck and Trailer for equipment. Beginning the slow changeover from winter maintenance to summer maintenance.
- D. County Foreman reported on fixing potholes and washouts.

ITEM 10 – COMMUNICATIONS

- A. Finance Report, MTF Comparison
- B. Upcoming OCRC Board Meeting Dates: May 11, 2023, and June 8, 2023
- C. Upcoming Finance and Human Resources seminar: May 9-11, 2023, in Traverse City.

ITEM 11– PUBLIC COMMENT

- Dana Wingo, Otsego County Board of Commissioners, took note of how many truck driver/employees the road commission has. Also requested that the Manager give a brief update to the County Board sometime this spring.

ITEM 12– COMMISSIONER COMMENT

- Chairman Huff discussed the importance, and gave support, of remaining a five-member road commission board with County Commissioner Mason.

ITEM 13– ADJOURNMENT

- **Motion by Dipzinski to adjourn meeting at 11:09 a.m., seconded by Gordon. Five ayes, no nays. Motion carried.**

Troy Huff, Chairman

Rebecca Hilmert, Board Secretary

Payroll Gross for P/R of 4/6/2023

PR #7

4/5/2023

3/18/2023 to 3/31/2023

Emp Nbr and Name	Regular Hours	Total Hours	Gross Amt
264 Huff III,Russell	758.48	779.48	\$20,063.62
271 Slivinski,Steven	80.00	97.00	\$2,733.72
272 Borowiak,Joseph	80.00	121.00	\$3,620.41
277 Fox,David	80.00	87.00	\$3,262.74
280 Kwapis,Earl	80.00	112.00	\$4,303.25
283 Sewell,Dennis	80.00	102.50	\$2,949.54
284 Kwapis Jr.,Stanley	80.00	107.50	\$3,213.32
287 Myers,Joseph	80.00	80.00	\$1,918.40
293 Samkowiak,Timothy	80.00	116.50	\$3,465.11
294 Mench,Steven	80.00	100.00	\$3,792.24
295 Boughner,Alan	80.00	114.00	\$3,303.25
296 Johnson,Timothy	80.00	103.00	\$3,704.17
299 Hinton,Justin	80.00	120.50	\$3,603.00
303 Coughlin Jr.,Thomas	80.00	101.50	\$2,805.66
307 Stiles,William	80.00	111.50	\$3,285.26
308 Wcisel,David	80.00	112.50	\$3,297.25
311 Wiley,James	80.00	117.00	\$3,489.16
314 Kucharek,Joseph	80.00	106.50	\$3,516.31
316 Jones,Tianne	80.00	80.00	\$2,053.60
317 Mitchell Jr.,Dennis	80.00	89.00	\$3,600.04
318 Huff,Troy	0.00	0.00	\$1,244.54
319 Prusakiewicz,Luke	80.00	107.00	\$3,117.40
320 Ozzello,Anthony	159.52	174.02	\$4,442.78
321 Tracey,Benjamin	71.50	104.00	\$3,349.22
323 Falkenhagen,Robert	80.00	125.00	\$3,788.84
324 Dipzinski,Michael	0.00	0.00	\$807.86
326 Heinz,Kathy	0.00	0.00	\$1,123.58
327 Garlock,Cody	80.00	108.00	\$3,159.38
328 Harrier,Kirk	80.00	80.00	\$3,863.20
329 Gordon,Lukas	0.00	0.00	\$1,344.32
330 Wagar,Thomas	0.00	0.00	\$810.48
331 Boettner,Cary	68.17	95.67	\$2,766.34
332 Huff,Cody	67.34	95.34	\$3,215.82
333 Kwapis V,Stanley	80.00	110.00	\$3,261.28
335 Pettis,Charles	76.00	80.00	\$1,729.60
336 Hilmert,Rebecca	80.00	80.00	\$2,308.00
337 Johnson,Zachary	59.38	87.38	\$2,743.92
903 BANK,HORIZON	0.00	0.00	\$8,328.73
Total of Employee checks:	3,260.39	4,004.89	\$133,385.34

Gross Pay by Fund:

	Total
201	133,385.34
Total	133,385.34

Approved: April 13, 2023

Troy Huff, Chairman

Payroll Gross for P/R of 4/20/2023

PR #8

4/18/2023

4/1/2023 to 4/14/2023

Emp Nbr and Name	Regular Hours	Total Hours	Gross Amt
271	Slivinski, Steven	237.38	\$5,692.37
272	Borowiak, Joseph	80.00	\$2,992.53
277	Fox, David	80.00	\$2,776.80
280	Kwapis, Earl	80.00	\$1,920.40
283	Sewell, Dennis	80.00	\$1,918.40
284	Kwapis Jr., Stanley	80.00	\$1,954.37
287	Myers, Joseph	80.00	\$1,936.39
293	Samkowiak, Timothy	80.00	\$1,918.40
294	Mench, Steven	80.00	\$3,303.72
295	Boughner, Alan	80.00	\$2,116.24
296	Johnson, Timothy	80.00	\$2,689.75
299	Hinton, Justin	80.00	\$2,100.25
303	Coughlin Jr., Thomas	80.00	\$1,918.40
307	Stiles, William	80.00	\$1,918.40
308	Wcisel, David	80.00	\$1,918.40
311	Wiley, James	80.00	\$3,113.68
314	Kucharek, Joseph	80.00	\$2,105.60
316	Jones, Tianne	80.00	\$2,053.60
317	Mitchell Jr., Dennis	80.00	\$1,918.40
319	Prusakiewicz, Luke	80.00	\$1,918.40
321	Tracey, Benjamin	80.00	\$2,105.60
323	Falkenhagen, Robert	80.00	\$1,918.40
327	Garlock, Cody	80.00	\$1,918.40
328	Harrier, Kirk	80.00	\$3,863.20
331	Boettner, Cary	80.00	\$2,025.60
332	Huff, Cody	80.00	\$2,025.60
333	Kwapis V, Stanley	80.00	\$1,918.40
335	Pettis, Charles	80.00	\$1,729.60
336	Hilmert, Rebecca	80.00	\$2,308.01
337	Johnson, Zachary	80.00	\$1,912.16
903	BANK, HORIZON	0.00	\$5,139.49
Total of Employee checks:	2,557.38	2,637.88	\$75,048.96

Gross Pay by Fund:

	Total
201	75,048.96
Total	75,048.96

Approved: May 11, 2023

Troy Huff, Chairman

C/4-2
Accounts Payable Prepay Report

CheckNbr	InvoiceNbr	InvoiceDate	Description	Amount	To Pay
Merchants Fleet					
-1	1026596i10	4/7/2023	Foreman Truck	\$1,004.25	\$1,004.25
-1	1045516i1	4/7/2023	TWA 233036	\$1,076.35	\$1,076.35
-1	1045715i1	4/7/2023	TWA 233036	\$849.75	\$849.75
-1	1045882i1	4/7/2023	TWA 233036	\$793.10	\$793.10
-1	1046214i1	4/7/2023	TWA 233036	\$226.60	\$226.60
				<u>\$3,950.05</u>	<u>\$3,950.05</u>
AT&T Mobility					
618973	287318351177X0	4/6/2023	Foreman Phones	\$146.64	\$146.64
				<u>\$146.64</u>	<u>\$146.64</u>
Blue Care Network of MI					
618974	230970020174	4/7/2023	Health Insurance	\$43,851.91	\$43,851.91
				<u>\$43,851.91</u>	<u>\$43,851.91</u>
Burnham & Flower					
618975	BFG-561726	4/12/2023	HRA Premium	\$217.50	\$217.50
				<u>\$217.50</u>	<u>\$217.50</u>
City of Gaylord					
618976	MCCO-000669-00	4/15/2023	Sewer	\$63.97	\$63.97
				<u>\$63.97</u>	<u>\$63.97</u>
Delta Dental					
618977	RIS0004859590	5/1/2023	Dental Insurance	\$3,044.84	\$3,044.84
				<u>\$3,044.84</u>	<u>\$3,044.84</u>
Great Lakes Energy					
618978	100269003	4/14/2023	Krys&McCoy TL	\$41.78	\$41.78
				<u>\$41.78</u>	<u>\$41.78</u>
Kirk Harrier					
618979	04142023	4/14/2023	Office Chair	\$474.35	\$474.35
				<u>\$474.35</u>	<u>\$474.35</u>
Humana Insurance Co.					
618980	692915168	4/14/2023	Retiree Health	\$12,023.15	\$12,023.15
				<u>\$12,023.15</u>	<u>\$12,023.15</u>
Mutual of Omaha					
618981	001522453526	4/18/2023	ST/LT/D/L	\$2,524.95	\$2,524.95
				<u>\$2,524.95</u>	<u>\$2,524.95</u>
Otsego County Road Commission					
618982	4/11/23-4/17/23	4/17/2023	HRA Reimbursement	\$218.91	\$218.91
618982	4/18/23-4/24/23	4/23/2023	HRA Reimbursement	\$4,751.03	\$4,751.03
				<u>\$4,969.94</u>	<u>\$4,969.94</u>
Watkins Ross					
618983	90918	4/12/2023	OPEB Audit	\$4,400.00	\$4,400.00
				<u>\$4,400.00</u>	<u>\$4,400.00</u>
Grand Total:				\$75,709.08	\$75,709.08

Approved May 11, 2023

Troy Huff, Chairman

Accounts Payable Check Register

Low And High Check Date: 04/01/2023 - 04/30/2023
 Show Vendor Codes? (Y/N): N - Do Not Show Vendor Codes
 Show Discount And Pay Amounts? (Y/N): N - Do Not Show Discount And Pay Amounts
 Show Payment Totals By Fund? (Y/N): Y - Show Payment Totals By Fund

Check Nbr	Check Date	Vendor Name	Net Amount
Electronic Funds Transfer Payments			
EFTP	04/25/2023	Merchants Fleet	1,004.25
EFTP	04/25/2023	Merchants Fleet	1,076.35
EFTP	04/25/2023	Merchants Fleet	849.75
EFTP	04/25/2023	Merchants Fleet	793.10
EFTP	04/25/2023	Merchants Fleet	226.60
EFTP	04/13/2023	MERS of Michigan	69,999.84
Electronic Funds Transfer Payments Totals:		6 Payments Listed	73,949.89
Regular Checks Payments			
618914	04/13/2023	AIRGAS USA, LLC	64.44
618915	04/13/2023	Alma Tire Service, Inc.	214.86
618916	04/13/2023	Alta Equipment Company	377.86
618917	04/13/2023	Applied Industrial Technologies	256.31
618918	04/13/2023	Arcadia Chemical	1,750.00
618919	04/13/2023	AutoZone, Inc.	97.35
618920	04/13/2023	Baum Hydraulics Corporation	73.24
618921	04/13/2023	BBC Distributing	154.75
618922	04/13/2023	Charter Communications	379.94
618923	04/13/2023	Cintas Corporation #729	43.61
618924	04/13/2023	The Cisco Companies	160.14
618925	04/13/2023	Consumers Energy	2,232.53
618926	04/13/2023	County Road Association	590.00
618927	04/13/2023	D&B Heat Transfer Products, Inc.	10,689.48
618928	04/13/2023	Dornbos Sign, Inc.	303.80
618929	04/13/2023	ELMIRA OCCUPATIONAL HEALTH & MEDICINE	90.00
618930	04/13/2023	Federal Fluid Power, Inc.	237.51
618931	04/13/2023	First National Bank of Omaha	3,024.14
618932	04/13/2023	Gaylord Machine & Fabrication, LLC	2,477.92
618933	04/13/2023	GFL Environmental	325.47
618934	04/13/2023	GFL Environmental	3,007.82
618935	04/13/2023	Gill-Roys Hardware	84.05
618936	04/13/2023	Rebecca Hilmert	218.77
618937	04/13/2023	Hutson, Inc.	119.38
618938	04/13/2023	Johnson Oil Company	43,135.61
618939	04/13/2023	K & K Systems, Inc.	53.50
618940	04/13/2023	KS Statebank	28,859.38
618941	04/13/2023	Matco Tools	242.95
618942	04/13/2023	MCRCSIP	187,766.00
618943	04/13/2023	Meekhof Tire Sales & Service	136.00
618944	04/13/2023	Michigan CAT	2,746.73
618945	04/13/2023	Mid-State Bolt & Screw Co.	188.52
618946 *	04/13/2023	Michigan Kenworth, LLC	968.25
618947 *	04/13/2023	Michigan Kenworth, LLC	544.82
* Totals For Multi Part Check Nbr: 618947:			1,513.07

Check Nbr	Check Date	Vendor Name	Net Amount
618948	04/13/2023	NEW CENTURY SIGNS	183.30
618949	04/13/2023	Northern Energy, Inc.	2,944.88
618950	04/13/2023	Otsego County Road Commission	1,391.68
618951	04/13/2023	OMS Compliance Services	176.00
618952	04/13/2023	ONAWAY CUSTOM EMBROIDERY, INC	175.00
618953	04/13/2023	O'Reilly Auto Parts	58.88
618954	04/13/2023	QUALITY PLUMBING AND MECHANICAL INC.	375.00
618955	04/13/2023	RHOMAR INDUSTRIES, INC.	1,414.29
618956 *	04/13/2023	SCIENTIFIC BRAKE & EQUIP.	832.04
618957 *	04/13/2023	SCIENTIFIC BRAKE & EQUIP.	723.58
618958 *	04/13/2023	SCIENTIFIC BRAKE & EQUIP.	410.83
* Totals For Multi Part Check Nbr: 618958:			1,966.45
618959	04/13/2023	Shine Cleaning Service Inc.	11,479.15
618960	04/13/2023	Staples	128.52
618961	04/13/2023	Steven Mench	150.00
618962 *	04/13/2023	Stoops Freightliner Western Star	303,476.79
618963 *	04/13/2023	Stoops Freightliner Western Star	1,581.51
* Totals For Multi Part Check Nbr: 618963:			305,058.30
618964 *	04/13/2023	TED FESTERLING LLC	4,106.88
618965 *	04/13/2023	TED FESTERLING LLC	264.59
* Totals For Multi Part Check Nbr: 618965:			4,371.47
618966	04/13/2023	TRUCK & TRAILER SPECIALTIES	311.16
618967	04/13/2023	VALLEY TRUCK PARTS, INC.	1,143.34
618968	04/13/2023	VESCO OIL CORPORATION	101.25
618969	04/13/2023	WEX Bank	712.64
618970 *	04/13/2023	WILBER AUTOMOTIVE	1,192.53
618971 *	04/13/2023	WILBER AUTOMOTIVE	16.59
618972 *	04/13/2023	WILBER AUTOMOTIVE	150.01
* Totals For Multi Part Check Nbr: 618972:			1,359.13
618973	04/25/2023	AT&T Mobility	146.64
618974	04/25/2023	Blue Care Network of MI	43,851.91
618975	04/25/2023	Burnham & Flower	217.50
618976	04/25/2023	City of Gaylord	63.97
618977	04/25/2023	Delta Dental	3,044.84
618978	04/25/2023	Great Lakes Energy	41.78
618979	04/25/2023	Kirk Harrier	474.35
618980	04/25/2023	Humana Insurance Co.	12,023.15
618981	04/25/2023	Mutual of Omaha	2,524.95
618982	04/25/2023	Otsego County Road Commission	4,969.94
618983	04/25/2023	Watkins Ross	4,400.00
Regular Checks Payments Totals:		70 Payments Listed	696,874.60
All Payments Grand Totals:		76 Payments Listed	770,824.49

Payment Totals By Fund:

Fund	Net Amount
201	770,824.49

Check Nbr Check Date Vendor Name Net Amount

Fund	Net Amount
Grand Totals	770,824.49



Otsego County Road Commission Agenda Item Report

FROM: Rebecca Hilmert, Finance Manager
MEETING DATE: May 11, 2023
AGENDA ITEM: 8. A
SUBJECT: FY 2022 Audit Report Acceptance

DESCRIPTION

Peter Haefner, CPA, Vredevelde Haefner LLC, presented the FY 2022 Audit Report to the Board at the May 11, 2023, meeting. The Audit Report does not become official until the Board accepts the document. This Board action satisfies the requirement.

BUDGET ACTION REQUIRED

N/A

LEGAL REVIEW

N/A

SAMPLE MOTION

Motion to **accept/not accept** the FY 2022 Otsego County Road Commission Audit as prepared by Vredevelde Haefner LLC and presented to the OCRC Board on May 11, 2023.

OTSEGO COUNTY ROAD COMMISSION

(A Component Unit of Otsego County)

Otsego County, Michigan

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



Vredeveld Haefner LLC
CPAs and Consultants

OTSEGO COUNTY ROAD COMMISSION
(A Component Unit of Otsego County)

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Vredeveld Haefner LLC

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INDEPENDENT AUDITORS' REPORT

May 4, 2023

Otsego County Road Commission
Board of Commissioners
Gaylord, Michigan

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the general fund and the aggregate remaining fund information of the Otsego County Road Commission (the Commission), a component unit of Otsego County, Michigan, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and the aggregate remaining fund information, of the Otsego County Road Commission, as of December 31, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission 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 the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 the Commission'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 the Commission'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 on pages 3 through 7 and required supplementary information on pages 33 through 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Otsego County Road Commission's basic financial statements. The general fund schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and were derived from and relate 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. In our opinion, the general fund schedules are 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 May 4, 2023, on our consideration of the Otsego County Road Commission'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Otsego County Road Commission's internal control over financial reporting and compliance.

Oradovold Haefner LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Otsego County Road Commission (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- Year end net position of governmental activities was \$46.9 million which is an increase of \$3.7 million over the 2021 balance.
- Year end General fund fund balance was \$13.1 million which is an increase of \$2.3 million over the 2021 balance.
- Municipal and other local sources funded projects of \$1.3 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements. The Commission's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

To simplify financial reporting and improve readability, the government-wide financial statements and the fund statements have been combined to report the statement of net position and governmental funds balance sheet on a single page and the statement of activities and governmental funds revenues, expenditures and changes in fund balance on a single page. This report also contains other supplementary information in addition to the basic financial statements themselves.

Note that Otsego County's government-wide financial statements are not presented herein because the Commission is a component unit of the County. The County presents their financial statements in a separately issued comprehensive annual financial report.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with an overview of the Commission's finances, in a manner similar to a private-sector business. The government-wide financial statements include only the Commission itself (known as a *special purpose government*). The Commission has no legally separate component units for which the Commission is financially accountable.

The *statement of net position* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

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

Both of the government-wide financial statements display functions of the Commission that are principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the Commission include providing construction, repair, maintenance, and snow removal of roads within Otsego County. The Commission does not have any business-type activities.

In this report, financial information for the Commission is reported separately from the financial information presented for Otsego County which reports the Commission as a component unit.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission utilizes and presents a general fund and an OPEB trust fund. The Commission does not utilize proprietary funds.

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

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

Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the general fund which is considered to be major fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Commission's own programs. The fiduciary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information includes this management discussion and analysis, the general fund budgetary comparison schedule and benefit plan schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$46,932,079 at the close of the most recent fiscal year.

The most significant portion of the Commission's net position reflects investment in capital assets (e.g., land, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Commission's capital assets consist of road infrastructure and capital assets used to construct and maintain this infrastructure; consequently, these assets are *not* available for future spending. Although the Commission investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Assets		
Current assets	\$ 15,231,503	\$ 13,460,675
Noncurrent assets		
Capital assets	38,185,812	37,167,916
Total assets	<u>53,417,315</u>	<u>50,628,591</u>
Deferred outflows	<u>1,810,251</u>	<u>381,184</u>
Liabilities		
Current liabilities	1,066,547	1,682,007
Long-term liabilities	5,572,995	3,938,364
Total liabilities	<u>6,639,542</u>	<u>5,620,371</u>
Deferred inflows	<u>1,655,945</u>	<u>2,202,714</u>
Net position		
Net capital assets	37,913,602	36,863,939
Restricted	9,018,477	6,322,751
Total net position	<u>\$46,932,079</u>	<u>\$ 43,186,690</u>

Net position of the Commission increased by \$3,745,389. The increase in net position is primarily the result of the timing difference between when infrastructure is purchased and when depreciation is recorded on the infrastructure.

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Revenue		
Program revenue		
Charges for services	\$ 2,714,507	\$ 3,791,556
Operating grants and contributions	7,242,790	6,373,218
Capital grants and contributions	3,292,371	3,012,736
General revenue		
Interest	116,180	46,618
Gain on sale of capital assets	-	9,000
Other	34,179	-
Total revenue	<u>13,400,027</u>	<u>13,233,128</u>
Expenses		
Public works	9,643,424	7,903,867
Debt service	11,214	42,981
Total expenses	<u>9,654,638</u>	<u>7,946,848</u>
Increase (decrease) in net position	3,745,389	5,286,280
Net position, beginning of year	43,186,690	37,900,410
Net position, end of year	<u>\$46,932,079</u>	<u>\$43,186,690</u>

Governmental Activities

During the year the Commission reported approximately 25% of its total expenses for depreciation of capital assets. The remaining 75% of total expenses was for public works activities.

Financial Analysis of the Government's Funds (General Fund)

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

Governmental funds. The focus of the Commission's *general fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Commission's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Commission's general fund reported ending fund balance of \$13,065,981, an increase of \$2,301,309 in comparison with the prior year. This increase is primarily the result of the State of Michigan gas tax increases (Act 51 distributions), County property tax receipts and project completions.

The General fund is the chief operating fund of the Commission. At the end of the current fiscal year, the general fund largest component of fund balance included unassigned fund balance of \$2,988,259. As a measure of the General fund's liquidity, it is important to note that the general fund operates primarily on operating and capital grant funding.

General Fund Budgetary Highlights

- Revenues:
 - Act 51 funding (gas and weight tax) exceeded estimates
 - County millage was less than expectations
 - Local participation in projects was higher than budget
- Expenditures:
 - Primary road expenditures were approximately \$1,000,000 under budget
 - Local road expenditures were approximately \$200,000 under budget
 - Trunkline expenditures were approximately \$300,000 under budget
 - Equipment expenditures were approximately \$600,000 under budget

Capital Asset and Debt Administration

Capital Assets. The Commission's investment in capital assets for its governmental activities as of December 31, 2022 amounted to \$3.41 million (net of accumulated depreciation).

Significant capital asset additions during the year include the following:

- \$1.76 million of primary road construction and heavy maintenance
- \$1.29 million of local road construction and heavy maintenance
- \$.35 million of building improvements and road equipment

The Commission's capital assets (net of depreciation) are summarized as follows:

	Governmental Activities
Land, right-of-way and construction in progress	\$13,523,841
Property and equipment, net	2,720,632
Infrastructure, net	<u>21,941,339</u>
Total	<u>\$38,185,812</u>

Additional information on the Commission's capital assets can be found in Note 4 of this report.

Debt. At the end of the current fiscal year, the Commission had outstanding long-term debt as follows:

	Governmental Activities
Compensated absences	\$303,176
Notes	<u>272,210</u>
Total	<u>\$575,386</u>

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Commission's budget for the 2023 fiscal year:

- Stable MTF revenue
- Continued township contributions for local projects
- Continued countywide millage revenue
- Accumulated fund balance included in investment and depository accounts

Requests for Information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Otsego County Road Commission, Managing Director, 669 W. McCoy Road, P.O. Box 537, Gaylord, MI 49735.

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BASIC FINANCIAL STATEMENTS

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2022

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and investments	\$ 10,950,684	\$ -	\$ 10,950,684
Receivables			
State trunkline maintenance	357,668	-	357,668
Due from local units of government	1,630,488	-	1,630,488
Motor vehicle highway funds	1,271,400	-	1,271,400
Other	14,895	-	14,895
Inventories			
Equipment, material, and parts	310,458	-	310,458
Road materials	534,830	-	534,830
Prepaid insurance	161,080	-	161,080
Capital assets			
Land and improvements, right-of-way and construction in progress	-	13,523,841	13,523,841
Property and equipment, net	-	2,720,632	2,720,632
Infrastructure, net	-	21,941,339	21,941,339
Total assets	\$ 15,231,503	38,185,812	53,417,315
Deferred outflows of resources			
Deferred outflow related to pension plan	-	1,375,203	1,375,203
Deferred outflow related to OPEB	-	435,048	435,048
Total deferred outflows of resources	-	1,810,251	1,810,251
Liabilities			
Accounts payable	\$ 297,931	-	297,931
Accrued liabilities	124,955	-	124,955
Advances			
State trunkline equipment purchase	380,004	-	380,004
State trunkline maintenance	127,109	-	127,109
Current portion of long-term debt	-	136,548	136,548
Noncurrent liabilities			
Net pension liability	-	4,395,775	4,395,775
Net OPEB liability	-	738,382	738,382
Compensated absences	-	303,176	303,176
Long-term debt due in more than one year	-	135,662	135,662
Total liabilities	929,999	5,709,543	6,639,542
Deferred inflows of resources			
Taxes levied for subsequent period	1,235,523	-	1,235,523
Deferred inflow related to pension plan	-	295,614	295,614
Deferred inflow related to OPEB	-	124,808	124,808
Total deferred inflows of resources	1,235,523	420,422	1,655,945
Fund balance			
Non-spendable			
Inventory	845,288	(845,288)	-
Prepaid	161,080	(161,080)	-
Restricted			
Local roads	1,233,776	(1,233,776)	-
Road construction and improvement	4,141,165	(4,141,165)	-
Assigned for subsequent year budget	3,696,413	(3,696,413)	-
Unassigned	2,988,259	(2,988,259)	-
Total fund balance	13,065,981	(13,065,981)	-
Total liabilities, deferred inflows and fund balance	\$ 15,231,503		
Net position			
Net investment in capital assets		37,913,602	37,913,602
Restricted for road system		9,018,477	9,018,477
Total net position		\$ 46,932,079	\$ 46,932,079

The accompanying notes are an integral part of these financial statements.

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET POSITION OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION**

DECEMBER 31, 2022

Fund balances - total governmental funds	\$ 13,065,981
Amounts reported for <i>governmental activities</i> in the statement of net position are different because	
Long-term assets and deferred outflows in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - capital assets (net)	38,185,812
Add - deferred outflows related to net pension liability	1,375,203
Add - deferred outflows related to OPEB	435,048
Certain liabilities, such as bonds, installment purchase agreements, compensated absences, and claims payable, are not payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	(303,176)
Deduct - Installment purchases	(272,210)
Deduct - net pension liability	(4,395,775)
Deduct - Other post-employment benefit liability	(738,382)
Deduct - deferred inflows related to net pension liability	(295,614)
Deduct - deferred inflows related to OPEB	(124,808)
Net position of governmental activities	<u>\$ 46,932,079</u>

The accompanying notes are an integral part of these financial statements.

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/expenses			
Public works	\$ 7,996,760	\$ 1,646,664	\$ 9,643,424
Capital outlay	3,058,977	(3,058,977)	-
Debt service			
Principal	31,767	(31,767)	-
Interest	11,214	-	11,214
Total expenditures/expenses	<u>11,098,718</u>	<u>(1,444,080)</u>	<u>9,654,638</u>
Program revenues			
Charges for services			
State trunkline maintenance	1,936,377	-	1,936,377
State trunkline nonmaintenance	713,301	-	713,301
Other charges	64,829	-	64,829
Operating grants and contributions			
State transportation funds	7,242,790	-	7,242,790
Capital grants and contributions			
Federal and state sources	835,119	-	835,119
Local units of government	915,164	-	915,164
Other local sources	349,731	-	349,731
County millage	1,192,357	-	1,192,357
Net program revenue	<u>13,249,668</u>		<u>13,249,668</u>
General revenue			
Salvage sales	4,096	-	4,096
Interest	116,180	-	116,180
Other	30,083	-	30,083
Total general revenue	<u>150,359</u>		<u>150,359</u>
Total revenues	<u>13,400,027</u>	<u>-</u>	<u>13,400,027</u>
Change in fund balance/net position	2,301,309	1,444,080	3,745,389
Fund balances/net position, beginning of year	<u>10,764,672</u>	<u>32,422,018</u>	<u>43,186,690</u>
Fund balances/net position, end of year	<u>\$ 13,065,981</u>	<u>\$ 33,866,098</u>	<u>\$ 46,932,079</u>

The accompanying notes are an integral part of these financial statements.

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2022

Net changes in fund balances - general fund	\$ 2,301,309
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>	
Add - capital outlay	3,410,039
Deduct - depreciation expense	(2,392,043)
<p>Long-term debt provides current financial resources to governmental funds in the period issued, but issuance increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.</p>	
Add - principal payments on long-term debt	31,767
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>	
Add - increase in compensated absences	(78,207)
Add - decrease in net OPEB liability	49,470
Deduct - increase in deferred outflows related to net OPEB liability	435,048
Add - decrease in deferred inflows related to net OPEB liability	51,362
Add - decrease in net pension liability	(1,629,466)
Deduct- increase in deferred outflows related to net pension liability	994,019
Deduct - decrease in deferred inflows related to net pension liability	<u>572,091</u>
Change in net position of governmental activities	\$ <u>3,745,389</u>

The accompanying notes are an integral part of these financial statements.

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2022

	Other Post-employment Benefit <u>Trust Fund</u>
Assets	
Investments	
Mutual funds	\$ 2,567,234
Total assets	<u>2,567,234</u>
Liabilities	
Accounts payable	-
Total liabilities	<u>-</u>
Net position	
Net position restricted for OPEB	\$ <u>2,567,234</u>

The accompanying notes are an integral part of these financial statements.

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2022

	Other Post-employment Benefit Trust Fund
Additions	
Contributions	
Employer contributions	\$ 420,871
Investment earnings	
Interest	<u>(346,410)</u>
Total additions	<u>74,461</u>
Deductions	
Benefit payments	220,867
Administrative expense	<u>12,748</u>
Total deductions	<u>233,615</u>
Changes in net position	(159,154)
Net position, beginning of year	<u>2,726,388</u>
Net position, end of year	<u>\$ 2,567,234</u>

The accompanying notes are an integral part of these financial statements.

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Otsego County Road Commission (the Commission) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

The Otsego County Road Commission is a discretely presented component unit of Otsego County, Michigan. The Commission was established pursuant to (MCL 224.1), and is governed by a five member Board of County Road Commissioners appointed by the Otsego County Board of Commissioners.

The criteria established under generally accepted accounting principles for determining the reporting entity includes a significant operational or financial relationship with another entity. Based on the above criteria, these financial statements present all funds of the Otsego County Road Commission. The Commission has no component units.

The Commission general fund is used to control the expenditures of Michigan Transportation Fund monies and other grants and charges, which are earmarked by law for street and highway purposes. The Board of County Road Commissioners has responsibility for the administration of the Commission.

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 governmental activities of the special purpose government (the Commission). *Governmental activities* are reported in total. The Commission has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants 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. Internally dedicated resources are reported as general revenues rather than as program revenues.

A combined financial statement is provided for the governmental funds balance sheet and the statement of net position as well as the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities. The General fund is considered to be a major fund for financial reporting purposes. Fiduciary fund financial statements are presented separately from governmental activities as these assets are held in trust for retiree other post-employment benefits and not available for Commission operations.

The Commission reports the following major governmental fund:

The *General Fund* is the government's only operating fund. It accounts for all current financial resources of the government.

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Additionally, the Commission reports the following fund type:

The *Other Post-retirement Benefit Fund (a fiduciary fund)* is used to account for the accumulation and disbursement of assets held in trust for retiree other post-employment benefits.

Measurement Focus and Basis of Accounting

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The general fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for charges for services, interest and grant revenues which use one year. County millage is a property tax levied and collected by Otsego County which is recognized as revenue when received by the Commission. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include compensated absences, claims, unfunded benefit plan balances and deferred items and principal and interest on long-term debt which are recognized when due.

The general fund is accounted for on a spending or "flow of current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available, spendable resources".

The general fund operating statement presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, it is said to present a summary of sources and uses of "available, spendable resources" during a period.

Budgets and Budgetary Accounting

The Commission's procedures for establishing budgetary data are as follows:

- The Managing Director submits a proposed budget for the upcoming year to the Commission.
- The budget is reviewed by the Commission and a public hearing is held. Prior to the beginning of the year, the budget is adopted by the Commissioners.
- The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts shown in the financial statements consist of those amounts contained in the original and amended budget. The budget was amended.
- The Commission adopts a budget for the general fund, by means of an appropriations act, on a activity basis in summary form.
- Periodic internal reporting is on a detail basis in accordance with the state-prescribed uniform chart of accounts. The budget is prepared on the modified accrued basis of accounting.
- All amendments to the budget require the approval of the Commissioners. The legal level of budgetary control for the Commission is at the activity level.

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Cash and Investments

Cash and investments consist of the balance of cashing, check, savings, certificates of deposit, investment and mutual fund accounts. The Commission has several depository accounts in its name with remaining depository and investment accounts managed by and held in the name of Otsego County. Michigan law and Commission policy authorizes the Commission to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.
- h. The OPEB trust funds can also invest in corporate debt and equity securities.

The Otsego County investment policy allows for the above investments with restrictions on maturity and maximum portfolio percentages.

Receivables

Receivables consist primarily of the balance of gas and weight tax and trunkline maintenance fees due from the State of Michigan, balances due from the county for shared property taxes and balances due from local units of government for services provided. These balances are reported net of estimated uncollectible balances (estimated uncollectible balances were zero at year-end).

Inventory

Inventory, consisting of various operating parts, supplies, and road material is stated at the lower of cost or market, using the FIFO (first-in, first-out) method.

Capital Assets

Capital assets, which include land, property, equipment, and infrastructure are reported in the governmental activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist.

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Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction) on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on capital assets is computed using the Michigan Department of Transportation depreciation schedules for equipment and the straight-line method for infrastructure over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	30-50
Equipment	3-10
Infrastructure	8-50

Compensated Absences

Under the Commission's personnel policy and contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation and sick leave under formulas and conditions specified in the policy and contracts. Accumulated leave of the General fund is recorded on the statement of net position and not on the General fund balance sheet because it is not expected to be liquidated with expendable available financial resources.

Advances

Advances consist of monies provided by the Michigan Department of Transportation (MDOT) to provide cash flow to finance equipment and services provided by the Commission on MDOT trunkline designated roads. The cost of equipment and services provided on trunk line roads is billed to the MDOT periodically.

Long-Term Obligations

In the government-wide financial statements the long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, premiums and discounts, are deferred and amortized over the life of the long-term debt using the effective interest method.

In the fund financial statements, governmental fund types recognize premiums, discounts and issuance costs during the year of issuance. The face amount of debt issued and any premiums received are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs are reported as public works expenditures/expenses regardless of fund or activity.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Commission has items that qualify for reporting in this category related to the benefit plans that are discussed in note 7 and 8.

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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Governmental funds report deferred inflows for unavailable county property taxes levied for the following year; in addition, governmental activities report deferred inflows related to certain employee benefit plans discussed in note 7 and 8. The County property tax amounts are deferred and recognized as an inflow of resources in the period for which they are levied.

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset's form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.
4. Assigned - the related assets can only be spent for a specific purpose but do not meet the criteria to be classified as committed.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

The Commission has not delegated the authority to assign fund balance. Only the Commission can assign or commit fund balance.

Net Position and Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position/fund balance and unrestricted – net position/fund balance, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to use restricted resources first, then unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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 the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

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2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

State law provides that the Commission shall not incur expenditures in excess of the amount appropriated for the general fund. In the body of the financial statements, the Commission's actual expenditures and budgeted expenditures for the general fund have been shown on a activity basis.

During the year the Commission incurred expenditures in the general fund which were in excess of the amounts appropriated as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund			
Local road - construction and heavy maintenance	\$950,000	\$1,294,251	\$(344,251)
Capital outlay, net of depreciation	(360,000)	(307,627)	(52,373)

3. CASH AND INVESTMENTS

The cash and investment balances reported on the financial statements are either held in the Commission's name or Otsego County's name. Investments and certificates of deposit (excluding OPEB trust investments held in the Commission's OPEB trust's name) are held in Otsego County's name and may be allocated to both County and Commission funds. Balance held at year end are as follows:

	<u>Cash and Investments</u>
Governmental funds	
Held in the name of the Commission	
Petty Cash	\$ 500
Deposits	83,176
Held in the name of Otsego County	
Deposits	3,051,134
Certificate of deposit	301,749
Investments	7,514,125
Fiduciary fund	
Held in the name of the Commission/OPEB trust	
investments	<u>2,567,234</u>
Total	<u>\$13,517,918</u>

Deposits

The deposits are in financial institutions located in Michigan in varying amounts. State law and Commission policy limits the Commission's investing options to financial institutions located in Michigan. They are recorded in Commission records at fair value. Interest is recorded when earned.

Deposit risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. State law does not require, and the Commission does not have, a policy for deposit custodial credit risk. As of year-end, none of the Commission's bank balance of \$187,798 was exposed to custodial credit risk because the balance was uninsured and uncollateralized. As of year-end the Commission's exposure to custodial credit risk on deposits and its share of CD's of \$3,352,883 held in Otsego County's name can be determined for Otsego County as a whole, but cannot be separately identified for the Commission.

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Investments

The Commission chooses to disclose its investments by specifically identifying each. Investments held in Otsego County's name are allocated to County and Commission funds at original purchase cost with any unrealized gain or lost being allocated to County internal service funds. Investments held in the County's name may be moved between County and Commission funds to maintain liquidity. At year end the estimated unrealized loss associated with the Commission's share of investments of \$780,000 is not reflected in the Commission's cash and investment account balance as it is reported in County internal service funds. As of year-end, the Commission's share of investments held in the name of Otsego County were as follows:

	<u>Maturity</u>	<u>Book Value</u>	<u>Rating</u>	<u>Source</u>
Held in Otsego County's name				
FNMA CMO	9/25/40	\$ 54,394	Unrated	
FNMA CMO	9/25/51	465,558	Unrated	
FNMA CMO	9/25/44	2,833,776	Unrated	
FHLMC CMO	1/15/48	55,554	Unrated	
FHLMC CMO	2/25/51	236,735	Unrated	
GNMA CMO	1/16/45	86,839	N/A	
GNMA CMO	6/20/47	16,800	N/A	
GNMA CMO	3/20/51	1,981,601	N/A	
GNMA CMO	3/20/51	17,931	N/A	
GNMA CMO	2/20/52	1,764,937	N/A	
Held in Commission/OPEB trust's name				
Destinations Large Cap Equity	N/A	1,241,748	N/A	
Destinations Core Fixed Income	N/A	434,198	1 star	Morning Star
Destinations Small Mid Cap Equity	N/A	226,390	N/A	
Destinations International Equity	N/A	198,376	N/A	
Destinations Multi Strategy Alt	N/A	157,060	4 star	Morning Star
Destinations Global Fixed Income	N/A	104,978	5 star	Morning Star
Destinations Equity Income Fund	N/A	104,951	N/A	
Destinations Low Duration Fixed Income	N/A	86,511	5 star	Morning Star
Constellation trust Money Market	N/A	13,022	Unrated	
Total		\$10,081,359		

Investment risk

Interest Rate Risk. State law, Otsego County and the Commission's policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. Otsego County's investment policy does have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Otsego County's investment policy limits the maximum US Agency investment duration to 7 years which is exceeded by the above investments held in Otsego County's name. The maturity date for each applicable investment is identified above for investments held at year-end. There is no stated maturity date for the Commission's investment in Destination and Constellation funds identified above.

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Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in Note 1, the summary of significant accounting policies. Otsego County's investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and Otsego County does have, a policy for investment custodial credit risk. Of the above investments held in the name of Otsego County custodial credit risk exposure cannot be determined for the Commission as the securities are not held in the Commission name. Of the above investments held in the name of the Commission custodial credit risk exposure cannot be determined because the investments do not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. Otsego County's does have specific limits in excess of state law on concentration of credit risk. Compliance with the County policy can only be determined for the County as a whole. The Commission's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

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

The Commission has the following recurring fair value measurements as of year-end.

- The Commission's Constellation equity mutual funds are valued using quoted market prices (Level 1 inputs).
- All investments excluding Constellation equity mutual funds are valued using a pricing model utilizing observable fair value measures of fund investments and other observable inputs to determining the fair value of the securities making up the of investment fund (Level 2 inputs).
- The Commission does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

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4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2022</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 125,501	\$ -	\$ -	\$ 125,501
Land Improvements - Infrastructure	13,398,340	-	-	13,398,340
Total capital assets, not being depreciated	13,523,841	-	-	13,523,841
Capital assets, being depreciated				
Buildings	3,936,130	264,060	-	4,200,190
Road equipment	8,984,899	83,782	-	9,068,681
Shop equipment	94,266	3,220	-	97,486
Office equipment	46,844	-	-	46,844
Engineers' equipment	8,583	-	-	8,583
Yard and storage equipment	1,800	-	-	1,800
Traffic Signals	49,557	-	-	49,557
Infrastructure				
Bridges	1,446,834	-	-	1,446,834
Roads	35,235,127	3,058,977	717,413	37,576,691
Total capital assets, being depreciated	49,804,040	3,410,039	717,413	52,496,666
Less accumulated depreciation for:				
Buildings	2,240,032	91,642	-	2,331,674
Road Equipment	7,655,933	565,246	-	8,221,179
Shop equipment	94,266	127	-	94,393
Office equipment	43,650	1,673	-	45,323
Engineers' equipment	8,583	-	-	8,583
Yard and storage equipment	1,800	-	-	1,800
Traffic Signals	46,676	320	-	46,996
Infrastructure				
Bridges	416,774	39,532	-	456,306
Roads	15,652,352	1,693,502	717,413	16,628,441
Total accumulated depreciation	26,160,066	2,392,042	717,413	27,834,695
Net capital assets, being depreciated	23,643,974	1,017,997	-	24,661,971
Governmental Activities capital assets, net	\$37,167,815	\$1,017,997	\$ -	\$38,185,812

Depreciation expense was charged to the public works function during the year.

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5. LONG-TERM DEBT

The following is a summary of long-term debt activity and balances of the Commission for the year:

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2022</u>	<u>Due Within One Year</u>
Governmental Activities					
Installment purchase secured by equipment, payable in annual installments of \$28,859, including interest at 3.3%, balance due 2025	\$182,049	\$ -	\$22,815	\$159,234	\$ 23,572
Installment purchase secured by equipment, payable in annual installments of \$14,122, including interest at 4.2%, balance due 2023	121,928	-	8,952	112,976	112,976
Compensated absences	224,969	78,207	-	303,176	-
Total Governmental Activities	<u>\$528,946</u>	<u>\$78,207</u>	<u>\$31,767</u>	<u>\$575,386</u>	<u>\$136,548</u>

Installment purchases are privately placed with future minimum debt service requirements are as follows:

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>
2023	\$136,548	\$10,077
2024	24,355	4,504
2025	111,307	3,693
Total	<u>\$272,210</u>	<u>\$18,274</u>

6. RISK MANAGEMENT

The Commission is exposed to lawsuits, claims, torts, destruction of assets and errors and omissions. In response to this exposure, the Commission participates in the Michigan County Road Commission Self Insurance Pool (MCRCSIP). Participation in the MCRCSIP requires payment of premiums to the pool. The pool purchases commercial reinsurance on behalf of its members. Due to the Commission's participation in this pool, the liability of the Commission relative to claims covered by the pool is limited to from \$1,000 to \$2,000 per occurrence. The maximum limit for pool liability for each claim is \$10,500,000.

The Commission is part of a group fund for worker's compensation coverage through the County Road Association Self-Insurance Fund (CRASIF). Through the membership of this group fund, the Commission's liability is covered up to \$1,000,000 per employee.

Settled claims for the Commission have not exceeded coverage during the past three years. There have been no significant reductions in insurance coverage during the past year.

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7. RETIREMENT PLANS

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits provided

Benefits provided include plans with multipliers ranging from 2 to 2.50% of final average compensation time number of year of service. Vesting period of 10 years. Normal retirement age is 60. Final average compensation is calculated based on a 3 years average. This plan is open to new entrants.

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2021):

Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled but not yet receiving benefits	10
Active plan members	33
Total	91

Contributions

The Commission is required to contribute at an actuarially determined rate of 0 to 45.24% of covered payroll. Participating employees are required to contribute 7% of covered payroll. The contribution requirements of the Commission are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

Net Pension Liability

The Library's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability at December 31, 2022 was determined by an annual actuarial valuation as of December 31, 2021 (which included roll forward procedures to December 31, 2022).

The total pension liability in the December 31, 2021 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: base wage inflation of 3.00% in the long-term (plus merit and longevity from 0 to 6.7% based on age)

Investment rate of return: 7.00%, net of investment expense, including inflation

Mortality rates used for non-disabled plan member were based on a weighted blend of MP-2019 mortality tables of a 50% Male and 50% Female blend. Mortality rates used for disabled plan member were based on a blend of MP-2019 disabled retiree mortality tables of a 50% Male and 50% Female blend of disabled retirees

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The actuarial assumptions used in the valuation were based on the results of the 2018 actuarial experience study, first used in December 31, 2020 valuations.

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 of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Expected Money Weighted Rate of Return*</u>
Global Equity	60.0%	4.50%	2.70%
Global Fixed Income	20.0%	2.00%	0.40%
Private investments	20.0%	7.00%	1.40%
Inflation			2.50%
Administrative fee			0.25%
Discount rate			<u>7.25%</u>

Discount rate. The discount rate used to measure the total pension liability is 7.25% (7.60% in the prior year). 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 plan's 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.

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Changes in the Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension	Fiduciary Net	
Liability	Position	Liability	
	(a)	(b)	(a)-(b)
Balance at January 1, 2022	\$14,265,082	\$11,498,773	\$2,766,309
Changes for the year:			
Service cost	200,152	-	200,152
Interest	1,011,374	-	1,011,374
Change in benefits	(11,654)	-	(11,654)
Differences between expected and actual experience	(443,420)	-	(443,420)
Change in assumptions	512,119	-	512,119
Contributions : employer	-	717,585	(717,585)
Contributions: employee	-	154,684	(154,684)
Net investment income	-	(1,186,967)	1,186,967
Benefit payments, including refunds	(830,351)	(830,351)	-
Administrative expense	-	(21,304)	21,304
Other changes	24,893	-	24,893
Net changes	463,113	(1,166,353)	1,629,466
Balance at December 31, 2022	\$14,728,195	\$10,332,420	\$4,395,775

Sensitivity of the Net Pension Liability to changes in the discount rate.

The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.25%) or higher (8.25%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$16,372,984	\$14,728,195	\$13,339,441
Fiduciary net position	10,332,420	10,332,420	10,332,420
Net pension liability	\$ 6,040,564	\$ 4,395,775	\$ 3,007,021

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended December 31, 2022 the employer recognized pension expense of \$780,939. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$295,614
Differences in assumptions	341,412	-
Excess(deficit) investment returns	1,033,791	-
Contributions subsequent to the Measurement date*	-	-
Total	\$1,375,203	\$295,614

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* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2023.

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

2023	\$	220,676
2024		186,931
2025		267,707
2026		404,275
Thereafter		-
Total		\$1,079,589

8. OTHER POST-EMPLOYMENT BENEFITS

Plan Description and Benefits Provided

The Commission administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides of health insurance premiums for retirees until age 65 (Medicare eligible). The plan was closed to employees hired after December 31, 2008. Benefit provisions are established through negotiations between the Commission and bargaining units and employee groups. The Commission makes 100% of the premium payment to the plan. The Retiree Health Plan does not issue a publicly available financial report but a legal trust has not been established for the plan.

Membership of the Retiree Health plan consisted of the following at the date of the latest actuarial valuation (December 31, 2022):

Inactive employees or beneficiaries currently receiving benefits	29
Active plan members	14
Total	43

Contributions

The contribution requirements of Plan members and the Commission are established and may be amended by the Commission. The actuarially determined contributions are based on the actuarial valuation of the plan. The actual contributions to the plan include benefit costs and a contribution to the trust which is made at the discretion of Commission.

Net OPEB Liability

The employer's net OPEB liability was measured as of December 31, 2022 using the fair market value of plan assets.

The total OPEB liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: included in investment rate of return

Salary Increases: 3.0% (for purpose of allocating liability)

Investment rate of return: 7.45% (including inflation)

20-year Aa Municipal bond rate: 4.31% (S&P Municipal Bond 20-Year High Grade Rate Index)

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Mortality: Public General 2010 Employee and Healthy Retiree, Headcount weighted

Improvement Scale: MP-2021

The long-term expected rate of return on OPEB plan investments was determined using a building-block 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 of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Rate of Return</u>
Global equity	64%	9.0%
Global fixed income	26%	4.7%
Real assets	5%	6.4%
Diversifying strategies	5%	3.0%
Cash	0%	2.4%

Rate of return. For the year ended December 31, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total OPEB liability is 7.45%. The projections of cash flows used to determine the discount rate assumed the Road Commission will contribute up to \$800,000 to the trust in 2023 and then will use plan asset to pay benefits. The retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by the projected assets, the long-term expected rate was used to discount the projected benefits. For the year that benefit payments were not projected to be covered by the projected assets, projected benefits were discounted at a discount rate reflecting a 20 year AA/Aa tax exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. The discount rate utilized for the 2021 valuation was 7.00%.

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan	
		Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at January 1, 2022	\$3,514,240	\$2,726,388	\$787,852
Changes for the year:			
Service cost	28,150	-	28,150
Interest	240,238	-	240,238
Experience (Gains)/Losses	(167,156)	-	(167,156)
Change in plan terms	-	-	-
Change in assumptions	(88,989)	-	(88,989)
Contributions to OPEB trust	-	200,004	(200,004)
Contributions/benefit paid from general operating funds	-	220,867	(220,867)
Contributions: employee	-	-	-
Net investment Income	-	(346,410)	346,410
Benefit payments, including refunds	(220,867)	(220,867)	-
Administrative expense	-	(12,748)	12,748
Other changes	-	-	-
Net changes	(208,624)	(159,154)	(49,470)
Balance at December 31, 2022	\$3,305,616	\$2,567,234	\$738,382

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

The following presents the net OPEB liability of the employer, calculated using the discount rate of 7.45%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower (6.45%) or higher (8.45%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$942,521	\$738,382	\$555,809

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate, as well as what the employer's net OPEB liability would be using a rate that is 1 percentage point lower or higher than the current rate.

	Current		
	1% Decrease	Healthcare Rate	1% Increase
Total OPEB liability	\$569,123	\$738,382	\$925,997

For the year ended December 31, 2022 the employer recognized OPEB expense of \$(115,109).

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended December 31, 2022 the employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ -	\$ -
Differences in assumptions	-	-
(Excess) deficit investment returns	435,048	(124,808)
Total	\$435,048	\$(124,808)

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

2023	\$ 47,819
2024	63,197
2025	90,462
2026	108,762
2027	-
Thereafter	-
Total	\$310,240

HEALTH CARE SAVINGS PLAN

The Commission contributes from 3 to 5% of covered payroll for full time employees hired after December 31, 2008 to a health care savings plan administered by MERS of Michigan. For the current year contributions by the Commission were \$37,603. The trust established by MERS of Michigan holds the plan assets and the related assets and liability are not included in the Commission's financial statements.

9. SINGLE AUDIT

Governmental and certain other entities, which expend \$750,000 or more of direct federal dollars, are subject to a single audit in accordance with the Uniform Guidance. The Commission expended \$811,917 of federal/state dollars, \$477,532 which were administered by the Michigan Department of Transportation (MDOT). The monies administered by the Michigan Department of Transportation will be included in the State of Michigan's single audit. Because direct federal dollars were less than \$750,000, a single audit was not required and all disclosures regarding a single audit have been omitted from this report.

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REQUIRED SUPPLEMENTARY INFORMATION

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
Revenues				
State transportation fund	\$ 7,140,000	\$ 7,140,000	\$ 7,242,790	\$ 102,790
Federal and other state sources	759,319	759,319	835,119	75,800
County millage	1,361,263	1,361,263	1,192,357	(168,906)
State trunkline maintenance	1,900,000	1,900,000	1,936,377	36,377
State trunkline nonmaintenance	800,000	800,000	713,301	(86,699)
Local units of government	700,000	700,000	915,164	215,164
Other local sources	250,000	250,000	349,731	99,731
Salvage sales	4,500	4,500	4,096	(404)
Interest	65,000	65,000	116,180	51,180
Charges for services	73,000	73,000	64,829	(8,171)
Other revenues	30,000	30,000	30,083	83
Total revenues	13,083,082	13,083,082	13,400,027	316,945
Expenditures				
Primary road				
Construction and heavy maintenance	2,297,094	2,297,094	1,764,726	532,368
Maintenance	2,390,000	3,590,000	3,037,047	552,953
Total primary road	4,687,094	5,887,094	4,801,773	1,085,321
Local road				
Construction and heavy maintenance	950,000	950,000	1,294,251	(344,251)
Maintenance	3,102,988	2,602,988	2,076,711	526,277
Total local road	4,052,988	3,552,988	3,370,962	182,026
State trunkline				
State trunkline maintenance	1,900,000	1,900,000	1,807,018	92,982
State trunkline non-maintenance	900,000	900,000	713,300	186,700
Total state trunkline	2,800,000	2,800,000	2,520,318	279,682
Other				
Equipment expenditures, net	550,000	550,000	(44,383)	594,383
Administrative/engineering expenditures, net	470,000	770,000	714,694	55,306
Capital outlay, net of depreciation	440,000	(360,000)	(307,627)	(52,373)
Debt service				
Principal	150,000	150,000	31,767	118,233
Interest	15,000	15,000	11,214	3,786
Total other	1,625,000	1,125,000	405,665	719,335
Total expenditures	13,165,082	13,365,082	11,098,718	2,266,364
Revenues over (under) expenditures	(82,000)	(282,000)	2,301,309	2,583,309
Other financing sources				
Sales of capital assets	30,000	-	-	-
Net changes in fund balance	(82,000)	(282,000)	2,301,309	2,583,309
Fund balance, beginning of year	10,764,672	10,764,672	10,764,672	-
Fund balance, end of year	\$ 10,682,672	\$ 10,482,672	\$ 13,065,981	\$ 2,583,309

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN EMPLOYERS NET PENSION
LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability								
Service cost	\$ 137,844	\$ 125,690	\$ 171,132	\$ 185,530	\$ 181,390	\$ 190,564	\$ 205,702	\$ 200,152
Interest	835,847	853,243	891,675	953,214	997,328	957,184	1,008,462	1,011,374
Changes in benefit terms	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-
Change in benefits	-	(5,403)	(10,166)	(4,710)	-	(19,628)	(13,367)	(11,654)
Difference between expected and actual experience	-	18,096	518,676	255,051	(187,144)	16,447	94,043	(443,420)
Change in assumptions	-	588,192	-	-	-	382,467	278,276	512,119
Benefit payments including employee refunds	(738,956)	(792,294)	(794,192)	(810,376)	(863,330)	(883,983)	(847,422)	(830,351)
Other changes	8,813	(5,518)	(7,172)	1,268	(19,581)	30,806	(50,705)	24,893
Other	-	-	-	-	-	-	-	-
Net change in total pension liability	243,648	782,006	769,953	579,977	108,663	673,857	674,989	463,113
Total pension liability, beginning of year	10,431,989	10,675,637	11,457,643	12,227,596	12,807,573	12,916,236	13,590,093	14,265,082
Total pension liability, ending of year	\$ 10,675,637	\$ 11,457,643	\$ 12,227,596	\$ 12,807,573	\$ 12,916,236	\$ 13,590,093	\$ 14,265,082	\$ 14,728,195
Plan Fiduciary Net Position								
Contributions-employer	\$ 498,792	\$ 508,482	\$ 667,663	\$ 1,065,147	\$ 1,135,488	\$ 1,152,526	\$ 676,103	\$ 717,585
Contributions-employee	77,134	39,017	121,913	68,858	87,733	205,038	121,826	154,684
Net investment income	(91,306)	662,026	838,774	(299,600)	1,016,274	1,161,479	1,425,633	(1,186,967)
Benefit payments including employee refunds	(738,956)	(792,294)	(794,192)	(810,376)	(863,330)	(883,983)	(847,422)	(830,351)
Administrative expense	(13,449)	(13,077)	(13,256)	(14,274)	(17,601)	(17,891)	(16,377)	(21,304)
Net change in plan fiduciary net position	(267,785)	404,154	820,902	9,755	1,358,564	1,617,169	1,359,763	(1,166,353)
Plan fiduciary net position, beginning of year	6,196,251	5,928,466	6,332,620	7,153,522	7,163,277	8,521,841	10,139,010	11,498,773
Plan fiduciary net position, ending of year	\$ 5,928,466	\$ 6,332,620	\$ 7,153,522	\$ 7,163,277	\$ 8,521,841	\$ 10,139,010	\$ 11,498,773	\$ 10,332,420
Employer net pension liability	\$ 4,747,171	\$ 5,125,023	\$ 5,074,074	\$ 5,644,296	\$ 4,394,395	\$ 3,451,083	\$ 2,766,309	\$ 4,395,775
Plan fiduciary net position as a percentage of the total pension liability	56%	55%	59%	56%	66%	75%	81%	70%
Covered employee payroll	\$ 1,409,673	\$ 1,256,307	\$ 1,576,491	\$ 1,668,776	\$ 1,609,345	\$ 1,705,930	\$ 1,782,025	\$ 1,766,136
Employer's net pension liability as a percentage of covered employee payroll	337%	408%	322%	338%	273%	202%	155%	249%

Notes to schedule:

Above dates are based on a December 31, measurement date.
This schedule is being accumulated prospectively until ten years of data is presented.

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contributions	\$ 376,152	\$ 366,192	\$ 437,460	\$ 470,448	\$ 521,628	\$ 552,744	\$ 582,180	\$ 589,000
Contributions in relation to the actuarially determined contribution	<u>498,792</u>	<u>508,482</u>	<u>667,663</u>	<u>1,065,147</u>	<u>1,135,488</u>	<u>1,152,526</u>	<u>676,103</u>	<u>717,585</u>
Contribution excess (deficiency)	\$ <u>122,640</u>	\$ <u>142,290</u>	\$ <u>230,203</u>	\$ <u>594,699</u>	\$ <u>613,860</u>	\$ <u>599,782</u>	\$ <u>93,923</u>	\$ <u>128,585</u>
Covered employee payroll	\$ 1,399,784	\$ 1,256,307	\$ 1,576,491	\$ 1,576,491	\$ 4,952,025	\$ 4,831,208	\$ 4,831,208	\$ 1,766,136
Contributions as a percentage of covered employee payroll	36%	40%	42%	68%	23%	24%	14%	41%
Actuarial cost method	Entry Age							
Amortization method	Level percentage of payroll, open							
Remaining amortization period	17 years							
Asset valuation method	5 year smoothed							
Inflation	2.50%							
Salary increases	3.00% (3.75% for 2015 through 2019)							
Investment rate of return	7.00% (7.35% for 2020 through 2021, 7.75% for 2015 through 2019)							
Retirement age	Varies depending on plan adoption							
Mortality	50% female/ 50% male RP-2019 mortality table							

Note to schedule:

This schedule is being accumulated prospectively until ten years of data is presented.

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

DEFINED BENEFIT OPEB PLAN
SCHEDULE OF CHANGES IN EMPLOYERS NET OPEB
LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 84,409	\$ 87,279	\$ 73,071	\$ 64,745	\$ 28,150
Interest	208,495	208,114	250,107	173,392	240,238
Experience (Gains/Losses)	-	(141,420)	(1,440,437)	(69,503)	(167,156)
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	-	-	-	-
Changes in assumptions	-	(402,224)	239,912	(969,366)	(88,989)
Benefit payments including employee refunds	(344,330)	(269,649)	(256,951)	(201,375)	(220,867)
Other	-	-	-	-	-
Net change in total OPEB liability	<u>(51,426)</u>	<u>(517,900)</u>	<u>(1,134,298)</u>	<u>(1,002,107)</u>	<u>(208,624)</u>
Total OPEB liability, beginning of year	<u>6,219,971</u>	<u>6,168,545</u>	<u>5,650,645</u>	<u>4,516,347</u>	<u>3,514,240</u>
Total OPEB liability, end of year	<u>\$ 6,168,545</u>	<u>\$ 5,650,645</u>	<u>\$ 4,516,347</u>	<u>\$ 3,514,240</u>	<u>\$ 3,305,616</u>
Plan Fiduciary Net Position					
Contributions-employer	\$ 520,000	\$ 500,000	\$ 800,008	\$ 333,340	\$ 200,004
Contributions/benefit payments made from general operating funds	344,330	269,649	256,951	201,375	220,867
Net investment income	(29,215)	128,666	242,288	253,378	(346,410)
Benefit payments including employee refunds	(344,330)	(269,649)	(256,951)	(201,375)	(220,867)
Administrative expense	(575)	(1,159)	(7,826)	(12,517)	(12,748)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>490,210</u>	<u>627,507</u>	<u>1,034,470</u>	<u>574,201</u>	<u>(159,154)</u>
Plan fiduciary net position, beginning of year	<u>-</u>	<u>490,210</u>	<u>1,117,717</u>	<u>2,152,187</u>	<u>2,726,388</u>
Plan fiduciary net position, end of year	<u>\$ 490,210</u>	<u>\$ 1,117,717</u>	<u>\$ 2,152,187</u>	<u>\$ 2,726,388</u>	<u>\$ 2,567,234</u>
Employer net OPEB liability	<u>\$ 5,678,335</u>	<u>\$ 4,532,928</u>	<u>\$ 2,364,160</u>	<u>\$ 787,852</u>	<u>\$ 738,382</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.95%	19.78%	47.65%	77.58%	77.66%
Covered employee payroll	Not available	\$ 840,951	\$ 833,246	\$ 842,000	\$ 894,000
Employer's net OPEB liability as a percentage of covered employee payroll	Not available	539%	284%	94%	83%

Notes to schedule:

Above information is based on measurement date of December 31

No assets of the OPEB plan are being accumulated in a qualified trust to pay the related benefits.

The schedule is being accumulated prospectively until 10 years of information is presented.

**OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)**

**DEFINED BENEFIT OPEB PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

FOR THE YEAR ENDED DECEMBER 31, 2022

Fiscal Year end	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
12/31/2018	\$ 1,250,738	\$ 864,330	\$ 386,408	N/A	N/A
12/31/2019	1,344,332	769,649	574,683	840,963	92%
12/31/2020	1,338,975	1,056,959	282,016	833,235	127%
12/31/2021	917,072	534,715	382,357	841,938	64%
12/31/2022	465,875	420,871	45,004	894,000	47%

Notes to schedule

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Remaining amortization period	2 years
Asset valuation method	Market value
Inflation	N/A
Healthcare cost trend rates	Pre-65: 7.25% graded down to 4.5% by 0.25% per year Post-65: 5.5% graded down to 4.5% by 0.25% per year
Discount rate	7.45% (7% 2021)
Salary increases	3.00%
Investment rate of return	N/A
Retirement age	Varies depending on plan adoption
Mortality	Public General 2010 Employee and Healthy Retiree, Headcount weighted, MP-2021 improvement

Notes to schedule:

The schedule is being accumulated prospectively until 10 years of information is presented.

Schedule of Investment Returns

Annual money-weighted rate net of investment expense	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	17.38%	15.96%	10.93%	-12.26%

State of Michigan PA 202 information

Actuarially recommended contributions	\$ 334,543
Minimum required contribution under PA 202	-
Actual contribution	465,875
Contribution for employees hired after June 30, 2018	n/a

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**GENERAL FUND
SCHEDULES**

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Primary Road</u>	<u>Local Road</u>	<u>County Road</u>	<u>Total</u>
Revenues				
Michigan Transportation Fund				
Engineering	\$ 6,248	\$ 3,752	\$ -	\$ 10,000
Allocation	3,837,262	2,304,227	-	6,141,489
Urban road	462,813	210,392	-	673,205
Snow removal	-	418,096	-	418,096
	<u>4,306,323</u>	<u>2,936,467</u>	<u>-</u>	<u>7,242,790</u>
Total Michigan Transportation Fund				
Federal and other state sources				
Surface transportation program	477,532	-	-	477,532
Forest road	-	85,107	-	85,107
Transportation economic development	249,278	-	-	249,278
Other	23,202	-	-	23,202
	<u>750,012</u>	<u>85,107</u>	<u>-</u>	<u>835,119</u>
Total federal and other state sources				
State trunkline maintenance	-	-	1,936,377	1,936,377
State trunkline nonmaintenance	-	-	713,301	713,301
Local units of government	-	915,164	-	915,164
Other local sources	201,735	111,276	36,720	349,731
County millage	-	-	1,192,357	1,192,357
Salvage sales	-	-	4,096	4,096
Interest	16,261	11,967	87,952	116,180
Charges	-	-	64,829	64,829
Other revenues	-	-	30,083	30,083
	<u>5,274,331</u>	<u>4,059,981</u>	<u>4,065,715</u>	<u>13,400,027</u>
Total Revenues				
Total revenues and other financing sources	<u>\$ 5,274,331</u>	<u>\$ 4,059,981</u>	<u>\$ 4,065,715</u>	<u>\$ 13,400,027</u>

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Primary Road</u>	<u>Local Road</u>	<u>County Road</u>	<u>Total</u>
Expenditures				
Primary road				
Construction and heavy maintenance	\$ 1,764,726	\$ -	\$ -	\$ 1,764,726
Maintenance	3,037,047	-	-	3,037,047
Local road				
Construction and heavy maintenance	-	1,294,251	-	1,294,251
Maintenance	-	2,076,711	-	2,076,711
State trunkline maintenance	-	-	1,807,018	1,807,018
State trunkline nonmaintenance	-	-	713,300	713,300
Other				
Equipment expenditures, net	(16,601)	(15,421)	(12,361)	(44,383)
Administrative expenditures, net	280,068	196,614	238,012	714,694
Capital outlay net of depreciation	-	-	(307,627)	(307,627)
Debt service				
Principal	-	-	31,767	31,767
Interest	-	-	11,214	11,214
Total expenditures	<u>\$ 5,065,240</u>	<u>\$ 3,552,155</u>	<u>\$ 2,481,323</u>	<u>\$ 11,098,718</u>

OTSEGO COUNTY ROAD COMMISSION
(a Component Unit of Otsego County)

SCHEDULE OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Primary Road</u>	<u>Local Road</u>	<u>County Road</u>	<u>Total</u>
Fund balances, beginning of year	\$ 1,509,995	\$ 1,103,263	\$ 8,151,414	\$ 10,764,672
Revenues	5,274,331	4,059,981	4,065,715	13,400,027
Expenditures	<u>5,065,240</u>	<u>3,552,155</u>	<u>2,481,323</u>	<u>11,098,718</u>
Revenues over (under) expenditures	<u>209,091</u>	<u>507,826</u>	<u>1,584,392</u>	<u>2,301,309</u>
Fund balances, end of year	<u>\$ 1,719,086</u>	<u>\$ 1,611,089</u>	<u>\$ 9,735,806</u>	<u>\$ 13,065,981</u>

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INTERNAL CONTROL AND COMPLIANCE



Vredeveld Haefner LLC

CPAs and Consultants
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Grand Rapids, MI 49534
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

May 4, 2023

Otsego County Road Commission
Board of Commissioners
Gaylord, Michigan

We have audited, in accordance with the 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, the financial statements of the governmental activities, the general fund and the aggregate remaining funds of the Otsego County Road Commission (the Commission), a component unit of Otsego County, Michigan, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated May 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters that we reported to management of the Commission, in a separate letter dated May 4, 2023.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Uredewald Haefner LLC



Vredeveld Haefner LLC

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May 4, 2023

Members of the Board
Otsego County Road Commission
Gaylord, Michigan

We have audited the financial statements of the governmental activities, the general fund and the aggregate remaining fund information, of the Otsego County Road Commission (the Commission) for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 17, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Results

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the useful lives of capital assets, the allowance for uncollectible accounts receivable, and the valuation of the pension and other postemployment benefit plan obligations.

Management's estimate of the useful lives and uncollectible accounts is based on previous history and expectations and the estimate of pension and other post-employment benefit plan obligations is based on actuarial valuations of the Plans. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 4, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We also noted the following items during the performance of our audit:

Credit Card Transactions

Invoices or other documentation supporting each credit card transactions are not always initialed by managers responsible for approval of these purchases. We recommend that the Commission modify its policies and procedures to ensure that management responsible for credit card purchase document payment approval by initialing supporting invoices or other documentation for each credit card purchase.

Journal Entries

Journal entries are not reviewed and approved by someone other than the preparer. We recommend that the Commission modify its policies and procedures to ensure that each journal entry is reviewed and approved by a knowledgeable individual independent of the journal entry preparation.

Bank Reconciliations

Reconciliations of bank balances to general ledger balances are not reviewed and approved by someone other than the preparer. We recommend that the reconciliations of bank balances to general ledger balances be reviewed and approved by a knowledgeable individual independent of the reconciliation process.

Cash Receipting and Receivables

Daily cash receipts and receivables are being tracked in an Excel workbook before being posted to the general ledger monthly. We also noted that receipts created from this workbook could be deleted or duplicated. We suggest that the Commission review controls over the cash receipting and receivable processes and considered whether posting these transactions directly to your Pro Fund Accounting software would improve controls over these processes.

Investment Held by Otsego County

Otsego County is performing the investment management and banking function for most of the Commission's investment and depository balances. Investments and select depository balances reported within the Commission's financial statements are held by the County in the County's name. The notes to the Commission's financial statements further describe the methodology used by the County to record investment balance, unrealized gains and losses and noncompliance with County investment policy.

Other Matters

We applied certain limited procedures to items, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the general fund schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of the Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Ordedeld Haefner LLC



Otsego County Road Commission Agenda Item Report

FROM: Rebecca Hilmert, Finance Manager
MEETING DATE: May 11, 2023
AGENDA ITEM: 8. B
SUBJECT: 2022 Year-End Act 51 Report

DESCRIPTION

Recipients of Michigan Transportation Funds (MTF) are required to report their annual revenue and expenditures to the Michigan Department of Transportation (MDOT). MDOT reviews the financial reports submitted by all local road agencies in Michigan and determines compliance with reporting requirements. The attached year-end Act 51 report accurately reflects the revenues and expenditures of all road work and funds by systems for the Otsego County Road Commission, and conforms with the requirements of Act 51, Public Acts of 1951, as amended.

BUDGET ACTION REQUIRED

N/A

LEGAL REVIEW

N/A

SAMPLE MOTION

Motion to **approve/deny** the Otsego County Road Commission 2022 year-end Act 51 report as submitted.

2022
FISCAL YEAR
ANNUAL FINANCIAL REPORT
BOARD OF COUNTY ROAD COMMISSIONERS
Otsego County
Michigan
Year Ended 2022

The financial report accurately reflects the Revenues and Expenditures of all road work and funds by systems, and conforms with the requirements of Act 51, Public Acts of 1951, as amended

ATTEST

Chief Financial Officer

Chairman

Date

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

BALANCE SHEET**Assets****General Operating Fund**

1. Cash	\$3,134,809.95
2. Investments	7,815,874.06
3. Accounts Receivable :	
a. Michigan Transportation Fund	1,271,400.12
b. State Trunkline Maintenance	273,102.05
c. State Transportation Department - Other	84,565.57
d. Due on County Road Agreement	0.00
e. Due on Special Assesment	1,158,739.31
f. Sundry Accounts Receivable	409,860.19

Inventories/Pre-Paid Insurance/Other

	0.00
4. Deferred Expense State Aid	534,830.74
5. Road Materials	310,457.67
6. Equipment Materials and Parts	161,079.65
7. Prepaid Insurance	0.00
8. Deferred Expense - Federal Aid	1,235,523.16
9. Other	

10. TOTAL ASSETS**\$16,390,242.47**

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

Liabilities and Fund Balances

Liabilities

11. Accounts Payable	\$297,931.32
12. Notes Payable (Short Term)	0.00
13. Accrued Liability	119,005.04
14. Advances	507,113.00
15. Deferred Revenue - Special Assessment District	1,158,739.31
16. Deferred Revenue - EDF Forest Rd.(E)	0.00
17. Deferred Revenue	1,235,523.16
18. Other	5,950.38

Fund Balances

19. Primary Road Fund	1,517,353.96
20. Local Road Fund	1,499,811.26
21. County Road Commission Fund	10,048,815.04
22. Total Fund Balances	13,065,980.26

23. TOTAL LIABILITIES AND FUND BALANCES

\$16,390,242.47

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

CAPITAL ASSETS ACCOUNT GROUP

<u>Assets</u>	(A)	(B)	
24. Land		\$125,501.18	
25. Land Improvements	\$0.00		
25 a.Less: Accumulated Depreciation	0.00	0.00	
26. Depletable Assets	0.00		
26 a.Less: Accumulated Depreciation	0.00	0.00	
27. Buildings	4,200,190.42		
27 a.Less: Accumulated Depreciation	(2,331,674.69)	1,868,515.73	
28. Equipment - Road	9,068,681.82		
28 a.Less: Accumulated Depreciation	(8,221,179.51)	847,502.31	
29. Equipment - Shop	97,486.33		
29 a.Less: Accumulated Depreciation	(94,393.35)	3,092.98	
30. Equipment - Engineers	8,583.15		
30 a.Less: Accumulated Depreciation	(8,583.15)	0.00	
31. Equipment - Yard and Storage	1,799.69		
31 a.Less: Accumulated Depreciation	(1,799.69)	0.00	
32. Equipment and Furniture - Office	46,844.63		
32 a.Less: Accumulated Depreciation	(45,323.47)	1,521.16	
33. Infrastructure	52,471,423.04		
33 a.Less: Accumulated Depreciation	(17,131,742.61)	35,339,680.43	
34. Vehicles	0.00		
34 a.Less: Accumulated Depreciation	0.00	0.00	
35. Construction Work in Progress		0.00	
	36. Total Assets		\$38,185,813.79
<u>Equities</u>			
37. Plant and Equipment Equity			
	37 a.Primary	0.00	
	37 b.Local	0.00	
	37 c.Co. Road Comm.	2,846,133.36	
	37 d.Infrastructure	35,339,680.43	
	38. Total Equities		\$38,185,813.79
<u>Long Term Debt</u>			
39. Bonds Payable (Act 51)		0.00	
40. Notes Payable (Act 143)		0.00	
41. Vested Vacation and Sick Leave Payable		222,403.12	
42. Installment/Lease Purchase Payable		272,209.14	
43. Other		0.00	
	44. Total Liabilities		\$494,612.26
<u>Fiduciary Fund</u>			
45. Deferred Compensation (Pension) Plan			\$0.00

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

STATEMENT OF REVENUES

	Primary Road Fund (P)	Local Road Fund (L)	Co. Road Comm. Fund (C)	Total (T)
Taxes				
46. County Wide Millage	\$0.00	\$0.00	\$1,192,357.05	\$1,192,357.05
47. Other	0.00	0.00	0.00	0.00
48. Total Taxes	0.00	0.00	1,192,357.05	1,192,357.05
Licenses and Permits				
49. Specify	0.00	0.00	64,829.25	64,829.25
Federal Sources				
50. Surface Tran. Program (STP)	477,531.96	0.00	0.00	477,531.96
51. C Funds - Federal	0.00	0.00	0.00	0.00
52. D Funds - Federal	0.00	0.00	0.00	0.00
53. Bridge	0.00	0.00	0.00	0.00
54. High Priority	0.00	0.00	0.00	0.00
55. Other	0.00	0.00	0.00	0.00
56. Total Federal Sources	477,531.96	0.00	0.00	477,531.96
STATE SOURCES				
Michigan Transportation Fund				
57. Engineering	6,248.10	3,751.90		10,000.00
58. Snow Removal	0.00	418,096.13		418,096.13
59. Urban Road	462,813.22	210,391.75		673,204.97
60. Allocation	3,837,261.76	2,304,226.74		6,141,488.50
61. Total MTF	4,306,323.08	2,936,466.52		7,242,789.60
Other				
62. Local Bridge	0.00	0.00		0.00
63. Other	0.00	0.00	0.00	0.00
64. Total Other	0.00	0.00	0.00	0.00
Economic Development Fund				
65. Target Industries (A)	0.00	0.00		0.00
66. Urban Congestion (C)	0.00	0.00		0.00
67. Rural Primary (D)	249,277.69	0.00		249,277.69
68. Forest Road (E)	0.00	85,106.57		85,106.57
69. Urban Area (F)	23,201.65	0.00		23,201.65
70. Other	0.00	0.00		0.00
71. Total EDF	272,479.34	85,106.57		357,585.91
72. Total State Sources	\$4,578,802.42	\$3,021,573.09	\$0.00	\$7,600,375.51

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

STATEMENT OF REVENUES

	Primary Road Fund (P)	Local Road Fund (L)	Co. Road Comm. Fund (C)	Total (T)
Contributions From Local Units				
73. City and Village	\$0.00	\$0.00	\$0.00	\$0.00
74. Township Contr.	0.00	915,164.01	0.00	915,164.01
75. Other	0.00	0.00	349,731.41	349,731.41
76. Total Contributions	0.00	915,164.01	349,731.41	1,264,895.42
Charges for Service				
77. Trunkline Maintenance	0.00		1,807,021.08	1,807,021.08
78. Trunkline Non-maintenance	0.00		713,300.66	713,300.66
79. Salvage Sales	0.00	0.00	4,096.17	4,096.17
80. Other	0.00	0.00	1,660.38	1,660.38
81. Total Charges	0.00	0.00	2,526,078.29	2,526,078.29
Interest and Rents				
82. Interest Earned	16,265.84	11,967.01	87,951.72	116,184.57
83. Property Rentals	0.00	0.00	28,423.36	28,423.36
84. Total Interest/Rents	16,265.84	11,967.01	116,375.08	144,607.93
Other				
85. Special Assessments	0.00	0.00	0.00	0.00
86. Land and Bldg. Sales	0.00	0.00	0.00	0.00
87. Sundry Refunds	0.00	0.00	0.00	0.00
88. Gain (Loss) Equip. Disp.	0.00	0.00	0.00	0.00
89. Contributions from Private Sources	0.00	0.00	0.00	0.00
90. Other	0.00	0.00	0.00	0.00
91. Total Other	0.00	0.00	0.00	0.00
Other Financing Sources				
92. County Appropriation	0.00	0.00	0.00	0.00
93. Bond Proceeds	0.00	0.00	0.00	0.00
94. Note Proceeds	0.00	0.00	0.00	0.00
95. Inst. Purch./Leases	0.00	0.00	0.00	0.00
96. Total Other Fin. Sources	0.00	0.00	0.00	0.00
97. TOTAL REVENUE AND OTHER FINANCING SOURCES	\$5,072,600.22	\$3,948,704.11	\$4,249,371.08	\$13,270,675.41

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

STATEMENT OF EXPENDITURES

	Primary Road Fund (P)	Local Road Fund (L)	Co. Road Comm. Fund (C)	Total (T)
Construction/Capacity Improvement				
98. Roads	\$0.00	\$0.00		\$0.00
99. Structures	0.00	0.00		0.00
100. Roadside Parks	0.00	0.00		0.00
101. Special Assessments	0.00	0.00		0.00
102. Other	0.00	0.00		0.00
103. Total Construction/Cap. Imp.	0.00	0.00		0.00
Preservation - Structural Improvements				
104. Roads	1,227,895.79	1,294,250.83		2,522,146.62
105. Structures	12,858.94	0.00		12,858.94
106. Safety Projects	0.00	0.00		0.00
107. Roadside Parks	0.00	0.00		0.00
108. Special Assessments	0.00	0.00		0.00
109. Other	523,970.96	0.00		523,970.96
110. Total Preservation - Struct. Imp.	1,764,725.69	1,294,250.83		3,058,976.52
Maintenance				
111. Roads	1,456,699.41	1,544,575.08		3,001,274.49
112. Structures	0.00	0.00		0.00
113. Roadside Parks	1,915.23	550.09		2,465.32
114. Winter Maintenance	1,517,590.80	468,675.26		1,986,266.06
115. Traffic Control	60,844.89	62,910.93		123,755.82
116. Total Maintenance	3,037,050.33	2,076,711.36		5,113,761.69
117. Total Construction, Preservation And Maintenance	4,801,776.02	3,370,962.19		8,172,738.21
Other				
118. Trunkline Maintenance	0.00		1,807,021.08	1,807,021.08
119. Trunkline Non-maintenance	0.00		821,956.66	821,956.66
120. Administrative Expense	280,067.52	196,614.13		476,681.65
121. Equipment - Net	(16,601.10)	(15,421.17)	(12,362.65)	(44,384.92)
122. Capital Outlay - Net	0.00	0.00	(307,626.43)	(307,626.43)
123. Debt Principal Payment	0.00	0.00	31,767.42	31,767.42
124. Interest Expense	0.00	0.00	11,213.76	11,213.76
125. Drain Assessment	0.00	0.00	0.00	0.00
126. Other	0.00	0.00	0.00	0.00
127. Total Other	263,466.42	181,192.96	2,351,969.84	2,796,629.22
128. Total Expenditures	\$5,065,242.44	\$3,552,155.15	\$2,351,969.84	\$10,969,367.43

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

STATEMENT OF CHANGES IN FUND BALANCES

	Primary Road Fund (P)	Local Road Fund (L)	Co. Road Comm. Fund (C)	Total (T)
129. Total Revenues And Other Financing Sources	\$5,072,600.22	\$3,948,704.11	\$4,249,371.08	\$13,270,675.41
130. Total Expenditures	5,065,242.44	3,552,155.15	2,351,969.84	10,969,367.43
131. Excess of Revenues Over (Under) Expenditures	<u>7,357.78</u>	<u>396,548.96</u>	<u>1,897,401.24</u>	<u>2,301,307.98</u>
132. Optional Transfers				
132 a. Primary to Local (50%)	0.00	0.00		0.00
132 b. Local to Primary (15%)	0.00	0.00		0.00
133. Emergency Transfers (Local to Primary)	0.00	0.00		0.00
134. Total Optional Transfers	0.00	0.00		0.00
135. Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>7,357.78</u>	<u>396,548.96</u>	<u>1,897,401.24</u>	<u>2,301,307.98</u>
136. Beginning Fund	1,509,996.18	1,103,262.30	8,151,413.80	10,764,672.28
137. Adjustment	0.00	0.00	0.00	0.00
138. Beginning Fund Balance Restated	1,509,996.18	1,103,262.30	8,151,413.80	10,764,672.28
139. Interfund Transfer(County to Primary and/or Local)	0.00	0.00	0.00	0.00
140. Ending Fund Balance	<u>\$1,517,353.96</u>	<u>\$1,499,811.26</u>	<u>\$10,048,815.04</u>	<u>\$13,065,980.26</u>

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

EQUIPMENT EXPENSE

Direct Equipment Expense

141. Labor and Fringe Benefits	\$511,740.61	
142. Depreciation	565,245.83	
143. Other	414,266.53	
144. Total Direct		<u>1,491,252.97</u>

145. Indirect Equipment Expense		<u>575,205.57</u>
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Operating Equipment Expense

146. Labor and Fringe Benefits	0.00	
147. Operating Expenses	447,866.92	
148. Total Operating		<u>\$447,866.92</u>

149. TOTAL EQUIPMENT EXPENSE \$2,514,325.46

Equipment Rental Credits:

	<u>Primary</u>	<u>Local</u>	<u>County</u>	<u>Total</u>
150. Construction/Capacity Improvement	0.00	0.00		0.00
151. Preservation - Structural Improvement	33,042.43	28,308.11		61,350.54
152. Maintenance	923,981.16	860,694.51		1,784,675.67
153. Inventory Operations	0.00	0.00	16,265.74	16,265.74
154. MDOT	0.00		644,168.55	644,168.55
155. Other Reimbursable Charges	0.00	0.00	6,045.16	6,045.16
156. All Other Charges	0.00	0.00	46,204.72	46,204.72
157. Total Equipment Rental Credits	<u>957,023.59</u>	<u>889,002.62</u>	<u>712,684.17</u>	<u>2,558,710.38</u>

(A)	(B)	(C)	(D)
			<u>(44,384.92)</u>

158. (Gain) or Loss on Usage of Equipment

PRORATION OF EQUIPMENT USAGE GAIN OR LOSS

(Net Equipment Expense)

159. Equipment Rental Credits	<u>\$957,023.59</u>	<u>\$889,002.62</u>	<u>\$712,684.17</u>	<u>\$2,558,710.38</u>
	(A)	(B)	(C)	(D)
160. Percent of Total	37.40 %	34.74 %	27.85 %	100.00 %
161. Prorated Total Equipment Expense	<u>940,422.49</u>	<u>873,581.45</u>	<u>700,321.52</u>	<u>2,514,325.46</u>
162. Prorated Gain/Loss On Usage (Net Equipment Expense)	<u>(16,601.10)</u>	<u>(15,421.17)</u>	<u>(12,362.65)</u>	<u>(44,384.92)</u>

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

DISTRIBUTIVE EXPENSE - FRINGE BENEFITS

	Total Labor Charge	Distributive Calc.
163. Primary Construction/Cap. Imp.	\$0.00	\$0.00
164. Primary Preservation - Struct. Imp.	25,059.05	28,432.93
165. Primary Maintenance	338,321.04	383,871.69
166. Local Construction/Cap. Imp.	0.00	0.00
167. Local Preservation - Struct. Imp.	19,321.11	21,922.45
168. Local Maintenance	367,685.13	417,189.29
169. Inventory	5,510.86	6,252.83
170. Equipment Expense - Direct	239,731.87	272,008.74
171. Equipment Expense - Indirect	105,259.72	119,431.62
172. Equipment Expense - Operating	0.00	0.00
173. Administration	294,994.04	334,711.26
174. State Trunkline Maintenance	425,459.48	
175. Sundry Account Rec.	0.00	
176. Capital Outlay	0.00	0.00
177. Other	309,139.68	0.00
178. Total Payroll	\$2,130,481.98	
179. Less Applicable Payroll	(734,599.16)	
180. Total Applicable Labor Cost	\$1,395,882.82	Total Distributive \$1,583,820.81

	709-714 Vacation Holiday Sick Leave Longevity	719 Workers Comp. Insurance	715 - 718 Soc. Sec. Retirement	716 Health Insurance	717 Life and Disability Insurance	720 - 725 Other	Distributive Total Calc.
181. Total Fringe Benefits	\$236,459.49	\$25,011.00	\$1,040,494.93	\$1,023,505.58	\$19,324.20	\$1,753.41	\$2,346,548.61
182. Less: Benefits Recovered	(63,216.38)	(2,035.29)	(238,355.80)	(270,099.18)	(4,136.85)	(468.98)	(578,312.48)
183. Less: Refunds	(112.80)	(17,401.69)	(149,355.58)	(13,687.45)	(3,857.80)	0.00	(184,415.32)
184. Benefits to be Distributed	173,130.31	5,574.02	652,783.55	739,718.95	11,329.55	1,284.43	1,583,820.81
185. Applicable Labor Cost	1,395,882.85	1,395,882.82	1,395,882.85	1,395,882.82	1,395,882.82	1,395,882.82	
186. Factor	0.124029	0.003993	0.467649	0.529929	0.008116	0.000920	1.134636

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

DISTRIBUTIVE EXPENSE - OVERHEAD
Account No. 705 - 957

	Cost of Operations	Distributed Total
187. Primary Construction/Cap. Imp.	\$0.00	\$0.00
188. Primary Preservation - Struct Imp.	1,725,812.00	0.00
189. Primary Maintenance	2,965,633.61	0.00
190. Local Construction/Cap. Imp.	0.00	0.00
191. Local Preservation - Struct. Imp.	1,272,756.76	0.00
192. Local Maintenance	2,020,750.85	0.00
193. Other	0.00	0.00
194. TOTAL	\$7,984,953.22	\$0.00

	790 Small Road Tools	791 Inventory Adjustment	882 Liability	716 Health Insurance	Other	Total
195. Expenses Distributed	4,573.53	(22,033.89)	(20,664.42)	0.00	225,909.77	\$187,784.99
196. Applicable Operation Cost	7,984,953.22	7,984,953.22	7,984,953.22	7,984,953.22	7,984,953.22	
197. Factor	0.000573	(0.002759)	(0.002588)	0.000000	0.028292	\$0.023518

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

ANALYSIS OF CONSTRUCTION AND MAINTENANCE

Optional for noncontract counties

	Performed by County		Performed by Contractor		Totals	
	<u>Primary</u>	<u>Local</u>	<u>Primary</u>	<u>Local</u>	<u>Primary</u>	<u>Local</u>
198. Constr/Cap. Imp.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
199. Preser - Struct. Imp.	103,005.54	74,363.45	1,661,720.15	1,219,887.38	1,764,725.69	1,294,250.83
200. Special Assessment	0.00	0.00	0.00	0.00	0.00	0.00
201. Maintenance	2,240,448.91	1,834,662.84	796,601.42	242,048.52	3,037,050.33	2,076,711.36
202. Total	<u>\$2,343,454.45</u>	<u>\$1,909,026.29</u>	<u>\$2,458,321.57</u>	<u>\$1,461,935.90</u>	<u>\$4,801,776.02</u>	<u>\$3,370,962.19</u>

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

ANALYSIS OF ACCOUNTS RECEIVABLE

Optional for noncontract counties

	Trunkline Maintenance	MDOT Other
203. Labor	\$320,441.99	\$105,017.49
204. Fringe Benefits	457,195.38	113,651.12
205. Equipment Rental	644,168.55	6,045.16
206. Materials	203,083.98	432,706.18
207. Handling Charges	0.00	0.00
208. Overhead	182,131.18	55,880.71
209. Other	0.00	0.00
210. Total Charges for Current Year	\$1,807,021.08	\$713,300.66
211. Beginning Balance	573,859.36	423,178.31
212. Sub-Total	2,380,880.44	1,136,478.97
213. Less Credits	(2,107,778.39)	(1,051,913.40)
214. Ending Balance	\$273,102.05	\$84,565.57

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

SCHEDULE OF CAPITAL OUTLAY

215. Land and Improvements (971 - 974)	\$0.00
216. Buildings (975)	264,060.00
217. Equipment Road (976, 981)	83,782.05
218. Equipment Shop (977)	3,220.32
219. Equipment Engineers (978)	0.00
220. Equipment - Yard and Storage (979)	0.00
221. Equipment Office (980)	0.00
222. Depletable Assets (987)	0.00
223. Total Capital Outlay:	<u>\$351,062.37</u>

	<u>Primary</u>	<u>Local</u>	<u>County</u>	<u>Total</u>
224. Total Capital Outlay:	0.00	0.00	351,062.37	351,062.37
225. Less: Equipment Retirements 689	0.00	0.00	0.00	0.00
226. Sub-total	0.00	0.00	351,062.37	351,062.37
227. Less: Depreciation and Depletion 968	0.00	0.00	(658,688.80)	(658,688.80)
228. Net Capital Outlay Expenditure	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$(307,626.43)</u>	<u>\$(307,626.43)</u>

DISTRIBUTION OF GAIN OR LOSS ON DISPOSAL OF ASSETS

	<u>Primary</u>	<u>Local</u>	<u>County</u>	<u>Total</u>
229. Beginning Capital Asset Balance Prior Year's Report (Pg. 3)	0.00	0.00	3,153,759.86	3,153,759.86
230. Percentage of Total	0.00 %	0.00 %	100.00 %	100.00 %
231. Gain or (loss) on disposal of assets 693	0.00	0.00	0.00	0.00

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

PRESERVATION EXPENDITURES - 90% OF MTF RETURNS

(For Compliance with Section 12(16) of Act 51)

	Primary Road Fund	Local Road Fund	Total
232. Michigan Transportation Fund (MTF) Returns			<u>\$7,242,789.60</u>
DEDUCTIONS			
233. Administrative Expense (from Page 6 Expenditures)			<u>476,681.65</u>
234. Total Capital Outlay (from Page 13)			<u>351,062.37</u>
235. Debt Principal Payment (from Page 6 Expenditures)			<u>31,767.42</u>
236. Interest Expense (from Page 6 Expenditures)			<u>11,213.76</u>
236 a. Total Deductions			<u>870,725.20</u>
236 b. Adjusted MTF Returns			<u>6,372,064.40</u>
237. Preser - Struct Imp (from Page 6 Expenditures)	<u>\$1,764,725.69</u>	<u>\$1,294,250.83</u>	<u>3,058,976.52</u>
238. Routine Maintenance (from Page 6 Expenditures)	<u>3,037,050.33</u>	<u>2,076,711.36</u>	<u>5,113,761.69</u>
239. Less Federal Aid for Preser - Struct Imp	<u>(750,011.30)</u>	<u>0.00</u>	<u>(750,011.30)</u>
240. TOTAL RD EXPENSE (Excluding Fed Aid)	<u>4,051,764.72</u>	<u>3,370,962.19</u>	<u>7,422,726.91</u>
241. 90% of Adjusted MTF Returns			<u>5,734,857.96</u>

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

INDIRECT EQUIPMENT AND STORAGE EXPENSE
Activity 511

Account Number	Account Name	Amount Recorded
707	Wages - Shop and Garage	\$121,418.41
712-724	Fringe Benefits - Shop Employees	119,199.65
721	Drug Testing	7,038.01
728	Office Supplies - Shop	5,401.27
731	Janitor Supplies - Shop	3,832.21
733	Welding Supplies	2,960.97
734	Safety Supplies - Shop	5,473.40
736	Tire Shop Supplies	0.00
737	Shop Supplies	51,919.32
791	Equipment Material/Parts Inventory Adjustment	0.00
801	Contractual Services - Shop	1,049.12
805	Health Services	0.00
806	Laundry Services	5,409.60
807	Data Processing - Shop	3,982.05
810	Education Expense - Shop	436.32
850-859	Communications - Shop	2,736.77
861	Travel and Mileage - Shop Employees	0.00
862	Freight Costs	0.00
875	Insurance - Shop Buildings	26,658.14
876	Insurance - Boiler and Machine	0.00
878	Insurance - Fleet	44,284.13
883	Insurance - Underground Tank	0.00
921-923	Utilities - Shop and Storage Buildings	49,716.93
931	Buildings Repairs and Maintenance	62,523.00
932	Yard and Storage Repairs and Maintenance	2,146.93
933	Shop Equipment Repairs and Maintenance	1,560.00
934	Office Equipment Repairs and Maintenance	0.00
941	Equipment Rental - Shop Pickup/Wrecker	0.00
944-947	Underground Storage Tank Expense	0.00
956	Safety Expense - Shop	0.00
968	Depreciation - Shop Building	52,815.84
968	Depreciation - Storage Building	0.00
968	Depreciation - Shop Equipment	127.34
968	Depreciation - Stockroom Expense	0.00
707	Other:	4,516.16
	243. TOTAL	\$575,205.57

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

ADMINISTRATIVE EXPENSE SCHEDULE AND ALLOCATION

(for Compliance with Section 14(4) of Act 51)

Account Number	Account Name	Amount Recorded
703-708	Salaries and Wages	\$273,054.41
709-714	Administrative Leave	24,611.00
724	Fringe Benefits	334,711.69
727	Postage	845.86
728	Office Supplies	1,888.39
730	Dues and Subscriptions	13,604.48
801	Contractual Services	16,867.08
803	Legal Services	8,319.52
804	Auditing and Accounting Services	11,082.50
807	Data Processing	4,986.99
810	Education	792.79
850-853	Communications	4,665.44
861	Travel and Mileage	0.00
862	Freight	0.00
873	Public Relations	0.00
874	Advertising	104.00
875	Insurance - Building and Contents	1,895.08
876	Insurance - Boiler and Machinery	0.00
877	Insurance - Bonds	0.00
880	Insurance - Umbrella	0.00
881	Insurance - Errors and Omissions	9,894.88
882	Insurance - General Liability	0.00
920-923	Utilities	5,338.24
931	Building Repair/Maintenance	0.00
934	Office Equipment Repair/Maintenance	0.00
942	Building Rental	0.00
955-956	Miscellaneous	357.88
966-967	Overhead	0.00
968	Depreciation - Buildings	0.00
968	Depreciation - Engineering Equipment	0.00
968	Depreciation - Office Equipment and Furniture	1,673.31
	Other:	0.00
	244. TOTAL	\$714,693.54

Less: Credits to Administrative Expense

646	Handling Charges on Materials Sold	0.00
629	Overhead - State Trunkline Maintenance	(238,011.89)
691	Purchase Discounts	0.00
	Other:	0.00
	Total Credits to Administrative Expense	\$(238,011.89)
	245. Net Administrative Expense	\$476,681.65

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

Forest Road Report

This information is required by Act 231, P.A. of 1987, as amended.

<u>Road Name</u>	<u>Location</u>	<u>Amount Spent (\$)</u>	<u>Project Type</u>
Alba Road	Elmira Township	85,106.57	Resurfacing
	246. Total	<u>\$85,106.57</u>	

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

**CONSTRUCTION / CAPACITY IMPROVEMENTS / STRUCTURAL IMPROVEMENTS
Summary**

CONSTRUCTION / CAPACITY IMPROVEMENTS

	Primary System		Local System	
	*Unit	Expenditures	*Unit	Expenditures
ROADS				
247. New Construction, New Location	0.00 mi.	x \$0.00	0.00 mi.	\$0.00
248. Widening	0.00 mi.	0.00	0.00 mi.	0.00
BRIDGES				
249. New Location	0.00 ea.	0.00	0.00 ea.	0.00
250. TOTAL CONSTRUCTION/CAPACITY IMP		\$0.00		\$0.00

PRESERVATION - STRUCTURAL IMPROVEMENTS

	Primary System		Local System	
	*Unit	Expenditures	*Unit	Expenditures
ROADS				
251. Reconstruction	1.90 mi.	x \$1,127,478.52	0.00 mi.	\$0.00
252. Resurfacing	10.47 mi.	100,417.27	10.90 mi.	1,294,250.83
253. Gravel Surfacing	0.00 mi.	0.00	0.00 mi.	0.00
254. Paving Gravel Roads	0.00 mi.	0.00	0.00 mi.	0.00
SAFETY PROJECTS				
255. Intersection Improvements	0.00 ea.	0.00	0.00 ea.	0.00
256. Railroad Crossing Improvements	0.00 ea.	0.00	0.00 ea.	0.00
257. Other	0.00 ea.	0.00	0.00 ea.	0.00
MISCELLANEOUS				
258. Roadside Parks	0.00 ea.	0.00	0.00 ea.	0.00
259. Other	0.50 ea.	523,970.96	0.00 ea.	0.00
260. Subtotals		1,751,866.75		1,294,250.83
BRIDGES				
261. Replacement	0.00 ea.	0.00	0.00 ea.	0.00
262. Recondition or Repair	0.00 ea.	12,858.94	0.00 ea.	0.00
263. Replace with Culvert	0.00 ea.	0.00	0.00 ea.	0.00
264. Bridge Subtotals		12,858.94		0.00
265. TOTAL PRESERVATION - STRUCT IMP		\$1,764,725.69		\$1,294,250.83

*All Units are to be reported in the Fiscal Year that the project is opened for use.

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

SCHEDULE OF TOWNSHIP MILEAGE AND POPULATION

Township	Local Roads			Primary Roads			Population Outside Municipalities	Funds Received
	Total Local (mi)	Local Urban (mi)	Funds Received (\$)	Total Primary (mi)	Primary Urban (mi)	Funds Received (\$)		
Bagley	70.02	39.36	324,673.07	23.70	17.64	353,133.89	5,867	125,201.78
Charlton	87.24	0.00	272,014.31	43.90	0.00	124,456.50	1,350	28,809.00
Chester	66.75	0.00	208,126.50	22.90	0.00	64,921.50	1,300	27,742.00
Corwith	104.55	0.00	325,986.91	48.88	0.00	138,574.80	1,708	36,448.72
Dover	28.52	0.00	88,925.36	17.06	0.00	48,365.10	632	13,486.88
Elmira	43.62	0.00	136,007.16	14.54	0.00	41,220.90	1,714	36,576.76
Hayes	77.91	0.00	242,923.39	17.27	0.00	48,960.45	2,725	58,151.50
Livingston	46.24	12.02	176,654.37	25.31	4.16	139,187.45	2,652	56,593.68
Otsego Lake	74.58	26.41	303,900.27	20.59	6.72	167,303.85	2,857	60,968.38
266. Totals	599.43	77.79	\$2,079,211.34	234.15	28.52	\$1,126,124.44	20,805	\$443,978.70

Local Road Rate Per Mile	3118	Primary Road Rate Per Mile	2835
Local Urban Road Rate Per Mile	2702	Primary Urban Road Rate Per Mile	16210
Population Rate Per Capita	21.34		

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

SCHEDULE OF TOWNSHIP EXPENDITURES AND CONTRIBUTIONS
Expenditures

Township	Construction/ Capacity Improvement (\$)	Preservation - Struct Improvement (\$)	Total (\$)	Township Contributions* (\$)
Bagley	0.00	81,340.08	81,340.08	199,965.00
Charlton				
Chester				
Corwith				
Dover				
Elmira	0.00	0.00	0.00	211,542.60
Hayes	0.00	688,403.94	688,403.94	308,656.41
Livingston	0.00	1,968.66	1,968.66	0.00
Otsego Lake	0.00	522,538.15	522,538.15	195,000.00
267. Totals	\$0.00	\$1,294,250.83	\$1,294,250.83	\$915,164.01

*The Township Contributions Totals and the Funds expended for Construction and Preservation amount may not balance. The Township Contributions list all funds contributed by each township and will balance back to the amount reported on the Statement of Revenues, Line 74, Township Contributions.

The total funds expended are for Construction and Preservation only. They do not contain funds expended for Routine Preventative Maintenance.

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

ASSET MANAGEMENT
Projects Completed During the County Fiscal Year

Work Type:

<u>Project ID/Name</u>	<u>Total Project Cost</u>	<u>Date Open to Traffic</u>	<u>Pavement Type</u>
------------------------	---------------------------	-----------------------------	----------------------

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

Sub Ledger Report

Line: 9 Other (Identify)

Account	Description	Amount (\$)
020	Deferred Millage	1,235,523.16

Line: 18 Other (Identify)

Account	Description	Amount (\$)
228	Due to MDOT-Marlette	5,950.38

Line: 49 Specify - County

Account	Description	Amount (\$)
450	Permits	64,829.25

Line: 75 CFL-Other - County

Account	Description	Amount (\$)
674	Contributions Public	290,385.00
675	Misc	32,628.07
675-Oil	Other Contributions	26,718.34

Line: 80 SC-Other - County

Account	Description	Amount (\$)
646	Sign revenue	1,660.38

Line: 109 Other - Primary

Account	Description	Amount (\$)
A459	Culvert replacement	523,970.96

Line: 119 Trunkline Non-Maintenance - County

Account	Description	Amount (\$)
627-2	Trunkline audit	108,656.00
A518	Non Maint	713,300.66

Line: 143 Other - Primary

Account	Description	Amount (\$)
A510	Equipment	5,855.41
A510	Materials-Supplies	408,411.12

Line: 156 All Other Charges - County

Account	Description	Amount (\$)
A510	Direct	5,855.41
A511	Indirect	17,265.10
A514	Distributive	20,412.84
A515	Administrative	2,671.37

Year Ended - 2022

Start: 01/01/2022 End: 12/31/2022

Line: 177 Other - Total Labor Charge

Account	Description	Amount (\$)
A514	Distributive	309,139.68

Line: 181 Total Fringe Benefits - Other

Account	Description	Amount (\$)
A513	Other	1,753.41

Line: 182 Less Benefits Recovered - Other

Account	Description	Amount (\$)
A513	Other	(468.98)

Line: 195 Expenses Distributed - Other

Account	Description	Amount (\$)
703-704	Msc labor	15,389.18
705	Engineering costs	1,981.34
734	Safety supplies	9,664.43
735	Signs/mailboxes	2,252.07
741	Misc road supplies	974.66
802	Engineer service	72,148.85
860	Education-training	53,266.24
861	Travel	1,178.30
956	Safety	39,878.94
969	Misc expense	261.99
990	Emergency Response	28,913.77

Line: 243 707 Other

Account	Description	Amount (\$)
935	Shop small tools	4,516.16

Line: 259 Other Primary System *Unit

Account	Description	Amount (\$)
A459	Culverts	0.50

Line: 259 Other Primary System Expenditure

Account	Description	Amount (\$)
A459	Culvert replacement	523,970.96



Otsego County Road Commission Agenda Item Report

FROM: Rebecca Hilmert, Finance Manager
MEETING DATE: May 11, 2023
AGENDA ITEM: 8. C
SUBJECT: Equipment Lease Purchases

DESCRIPTION

The OCRC currently has two loaders in its fleet to perform necessary work to the roadways in Otsego County. #964—2018 Volvo L110H (1,900 hrs) and #970—2020 Volvo L110H (1,200 hrs). These loaders are currently leased. Staff recommends paying off the leases on both loaders and owning the equipment. Paying off both leases early would save the road commission \$24,419.12 in interest payments. Staff is also recommending the purchase of extended warranties on both loaders to increase the covered running hours to 4,500 hrs for the 2018 Volvo and 5,000 hrs for the 2020 Volvo.

#964—2018 Volvo L110H (1,900 hrs)

- Payoff = \$115,702.37
- Extended Warranty = \$11,850
- Total Expenditure = \$127,552.37

#970—2020 Volvo L110H (1,200 hrs)

- Payoff = \$137,355.15
- Extended Warranty = \$14,500
- Total Expenditure = \$151,855.15

BUDGET ACTION REQUIRED

There are sufficient funds in the budget to cover this expenditure.

LEGAL REVIEW

N/A

SAMPLE MOTION

Motion to **approve/not approve** lease payoffs and purchase extended warranties for #964 (2018 Volvo) and #970 (2020 Volvo) L110H loaders in the amount of \$279,407.52.

Rebecca Hilmert

8279,467.52

From: KS StateBank Gov Finance <govfinance@ksstate.bank>
Sent: Tuesday, May 2, 2023 12:12 PM
To: Rebecca Hilmert
Cc: KS StateBank Gov Finance
Subject: Payoff Quotes for Otsego County Road District

Good morning –

The payoff amount for account 3354632 is \$115,702.37 if paid on or before 06/01/2023.

The payoff amount for account 3357492 is \$137,355.15 if paid on or before 06/09/2023.

Let us know if you have any questions.

Thank you,



Allison Larsen | Government Post-Funding Associate
P.O. Box 69, Manhattan, KS 66505
p. 785-587-4000 x1834 | f. 785-587-4016

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#964 2018 VOLVO
PAYOFF SAVINGS \$2,063.97

Schedule (01)

EXHIBIT B
PAYMENT SCHEDULE

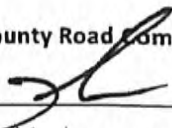
RE: Government Obligation Contract dated as of December 10, 2018, between KS StateBank (Obligee) and Otsego County Road Commission (Obligor)

Date of First Payment: At Closing
Original Balance: \$160,780.00
Total Number of Payments: Six (6)
Number of Payments Per Year: One (1)

Pmt No.	Due Date	Contract Payment	Applied to Interest	Applied to Principal	*Purchase Option Price
1	At Closing	\$14,121.80	\$0.00	\$14,121.80	\$148,938.81
2	10-Dec-19	\$14,121.80	\$6,218.31	\$7,903.49	\$140,551.15
3	10-Dec-20	\$14,121.80	\$5,883.20	\$8,238.60	\$131,840.57
4	10-Dec-21	\$14,121.80	\$5,533.88	\$8,587.92	\$122,794.63
5	10-Dec-22	\$14,121.80	\$5,169.76	\$8,952.04	\$113,400.42
6	10-Dec-23	\$117,766.34	\$4,790.19	\$112,976.15	\$0.00

Otsego County Road Commission

Signature


Jason Melancon, Manager

Printed Name and Title

*Assumes all Contract Payments due to date are paid

970 2020 VOLVO
PAYOFF SAVINGS \$ 22,355.15

Schedule (01)

EXHIBIT B
PAYMENT SCHEDULE


RE: Government Obligation Contract dated as of June 22, 2020, between KS StateBank (Obligee) and Otsego County Road Commission (Obligor)

Date of First Payment: At Closing
Original Balance: \$232,990.00
Total Number of Payments: Six (6)
Number of Payments Per Year: One (1)
Actual Rate: 3.320%

Pmt No.	Due Date	Contract Payment	Applied to Interest	Applied to Principal	*Purchase Option Price
1	At Closing	\$28,859.38	\$0.00	\$28,859.38	\$209,908.86
2	22-Jun-21	\$28,859.38	\$6,777.13	\$22,082.25	\$186,381.17
3	22-Jun-22	\$28,859.38	\$6,044.00	\$22,815.38	\$162,255.87
4	22-Jun-23	\$28,859.38	\$5,286.53	\$23,572.85	\$137,517.79*
5	22-Jun-24	\$28,859.38	\$4,503.91	\$24,355.47	\$112,151.36
6	22-Jun-25	\$115,000.00	\$3,695.33	\$111,304.67	\$0.00

Otsego County Road Commission

Signature


Jason Melancon, Manager

Printed Name and Title

*Assumes all Contract Payments due to date are paid

DATE: 04/26/23 CUST#: SALESMAN: Daugharty BUYER'S NAME:

COMPANY: Otsego County Road Commission ADDRESS: 669 W McCoy Rd. COUNTY: Otsego

CITY: Gaylord STATE: MI ZIP: 49735 PHONE: 989-732-2012 FAX:

QTY	UNIT #	MAKE, MODEL, DESCRIPTION	SERIAL NUMBER	CASH PRICE
1		*L110H (1900 current hours) premier coverage w/ TTM to expire 12/20/2026 or 4500 total hours	631637	\$11,850.00
		*L110H (1200 current hours) premier coverage w/ TTM to expire 6/11/2028 or 5000 total hours	631949	\$14,500.00
				964
				970

FINANCE ARRANGMENTS: Monthly Payment TOTAL PRICE \$26,350.00

LENDOR: Net 30

BUYER WARRANTS THE FOLLOWING TRADE-INS AND ALL ADDITIONAL SECURITY ARE FREE & CLEAR OF ALL LIENS AND ENCUMBRANCES					1. CASH DOWN PAYMENT	
YEAR	MFR	MODEL	SERIAL NUMBER	TRADE ALLOWANCE	2. RENT APPLIED	
					3. TRADE DOWN PAYMENT (item V at left)	
					4. TOTAL DOWN PAYMENT	
					5. UNPAID CASH PRICE	
					6. STATE SALES TAX @	Exempt
					7. CASH DUE ON DELIVERY (5+6)	\$26,350.00

I. Total Trade Allowance

II. Less Amount Owed To:

III. Net Trade Allowance (I-II)

IV. Other (Specify)

V. Trade Down Payment (Transfer \$ to item 3 at right)

FINANCING: This sale is contingent on Buyer's ability to qualify for and obtain financing for payment terms of "Lease" or "Installment Sale Contract" as described above within 45 days execution from date of this agreement, which Buyer agrees to apply for immediately and accept promptly, including providing current financial statements or other financial or operational information required to obtain financing. In the event financing is not obtained, Buyer shall be charged rental on a monthly basis at Seller's current published rental rate effective from date of receipt of equipment by Buyer and Buyer agrees to pay such charges within 30 days from date of invoice.

DEMOS: Demos are limited to 2 days unless otherwise specified in writing. After 2 days, Buyer will be charged rental on a monthly basis at Seller's current published rental rate and Buyer agrees to pay such charges within 30 days from date of invoice.

WARRANTY: BUYER BUYS THE EQUIPMENT WITH THE FOLLOWING WARRANTY

AS IS, WHERE IS SPECIAL-BELOW/RIGHT STANDARD EXTENDED PT EXTENDED PT + H TOTAL PLUS

BUYER ACKNOWLEDGES AND AGREES THAT EACH UNIT OF EQUIPMENT (a) IS THE SIZE, DESIGN AND MODEL SELECTED BY BUYER, (b) SUITABLE FOR BUYER'S INTENDED PURPOSES AND (c) CONTAINS ALL SAFETY FEATURES DEEMED NECESSARY BY BUYER. BUYER ACKNOWLEDGES THAT SELLER IS NOT THE MANUFACTURER OF THE EQUIPMENT AND DOES NOT MAKE AND IS NOT AUTHORIZED TO GIVE ANY OTHER WARRANTY. THE WARRANTY PROVIDED ABOVE IS THE SOLE WARRANTY, IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR THE CONDITION, QUALITY, DESCRIPTION OF DURABILITY OF THE EQUIPMENT. SELLER ASSIGNS TO BUYER, TO THE EXTENT ASSIGNABLE. ANY WARRANTIES OF THE EQUIPMENT BY ITS MANUFACTURER, PROVIDED THAT ANY ACTION TAKEN BY BUYER BY REASON THEREOF SHALL BE AT THE EXPENSE OF BUYER. IN THE EVENT THAT SELLER HAS ASSUMED ANY RESPONSIBILITIES WHATSOEVER, SELLER'S SOLE OBLIGATION AND BUYER'S SOLE REMEDY FOR BREACH OF SUCH WARRANTY, IS SELLER'S PROVIDING OF PARTS AND SERVICE THE SELLER DETERMINES ARE REQUIRED FOR PERFORMANCE OF THE WARRANTY.

SELLER'S ACCEPTANCE: This Equipment Sales and Security Agreement shall be effective only upon acceptance by an Officer of Seller, which shall be signified by Seller's Officer's execution hereof. Buyer has read and agrees to all of the terms and conditions and the "Additional Terms" on the reverse side of this Equipment Sales and Security Agreement by signing of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Equipment Sales and Security Agreement this _____ Date / /

If Buyer is a corporation, this individual signing this Agreement on its behalf warrants that it is authorized by authority of its Board of Directors.

Signature X Paul Daugharty Date 04 23 2023 Signature X _____ Date / /

Printed Name & Title Paul Daugharty Printed Name & Title _____

Alta Representative

Customer



Otsego County Road Commission Agenda Item Report

FROM: Kirk Harrier, Managing Director
MEETING DATE: May 11, 2023
AGENDA ITEM: 8. D
SUBJECT: Resolution R23-3 Township Cost Share Agreements

DESCRIPTION

The OCC Board identified various priority road projects for 2023 as part of their annual capital improvement plan review. The selection of these projects was developed in conjunction with township officials’ input and budget capacity. Cost share agreements are necessary to memorialize the understanding between the OCRC and the townships regarding the financing of the projects. The list below identifies the township, specific roads and contribution amounts for each cost share agreement to be executed.

Township	Location	Twp Contribution
Elmira	Theisen Rd - Hallock Rd to N Townline Rd	\$ 200,000.00
Chester	Old State Rd - E Opal Lake Rd to Turtle Lake	\$ 250,000.00
Chester	Beckett Road - 1/4 East of West Cargas Rd. to Wheeler Rd	\$ 250,000.00
Charlton	Sparr Rd - Sawyer Rd to Wolf Rd	\$ 150,000.00
Dover	Sparr Rd - Dover to Sawyer Rd	\$ 155,000.00
Bagley	Patrick and Greentree	\$ 100,000.00
Corwith	Sturgeon Valley Rd - Fontinalis Rd east 1.5 miles	\$ 100,000.00
Elmira	N Townline Rd Phase 1 - Allis to Theisen	\$ 150,000.00
Livingston	N Townline Rd Phase 1 - Allis to Theisen	\$ 150,000.00
Hayes	Old Stump Rd - Hayes Tower to End	\$ 150,000.00
Otsego Lake	Highlands Area (Trillium Trl, Edelweiss Trl)	\$ 187,500.00
Hayes	Hayes Tower Rd - M32 to 1/4 mile North Lake Manuka Rd	\$ 150,000.00
Bagley	Charboneau Ln	\$ 45,700.00
Otsego Lake	Michaywe Area (Bob White Way, Snowmass Ct, Golden Elk Ct)	\$ 137,500.00

BUDGET ACTION REQUIRED

N/A

LEGAL REVIEW

Henn Lesperance PLC originally prepared the language for the OCRC’s cost share agreements.

SAMPLE MOTION

Motion to **approve/deny** Resolution R23-3 as presented regarding cost share agreements between the OCRC and Bagley, Corwith, Charlton, Chester, Dover, Elmira, Hayes, Livingston and Otsego Lake Townships.

**OTSEGO COUNTY ROAD COMMISSION
RESOLUTION R23-3**

**A RESOLUTION APPROVING COST SHARE AGREEMENTS BETWEEN THE
OTSEGO COUNTY ROAD COMMISSION AND BAGLEY, CORWITH, CHARLTON,
CHESTER, DOVER, ELMIRA, HAYES, LIVINGSTON AND OTSEGO LAKE
TOWNSHIPS**

WHEREAS, Townships in Otsego County desire certain work be performed by the Road Commission on local and/or primary roads within each Township under the authority provided in Act 51 of P.A. of 1951, as amended; and,

WHEREAS, the Otsego County Road Commission and Townships are desirous of entering into contracts relative to their participation in the costs of the improvements and/or repairs.

NOW, THEREFORE, BE IT RESOLVED that:

- 1.) The Board of County Road Commissioners of the County of Otsego approve township cost share agreements for the amounts and locations listed in the below table.

Township	Location	Twp Contribution
Elmira	Theisen Rd - Hallock Rd to N Townline Rd	\$ 200,000.00
Chester	Old State Rd - E Opal Lake Rd to Turtle Lake	\$ 250,000.00
Chester	Beckett Road - 1/4 East of West Cargas Rd. to Wheeler Rd	\$ 250,000.00
Charlton	Sparr Rd - Sawyer Rd to Wolf Rd	\$ 150,000.00
Dover	Sparr Rd - Dover to Sawyer Rd	\$ 155,000.00
Bagley	Patrick and Greentree	\$ 100,000.00
Corwith	Sturgeon Valley Rd - Fontinalis Rd east 1.5 miles	\$ 100,000.00
Elmira	N Townline Rd Phase 1 - Allis to Theisen	\$ 150,000.00
Livingston	N Townline Rd Phase 1 - Allis to Theisen	\$ 150,000.00
Hayes	Old Stump Rd - Hayes Tower to End	\$ 150,000.00
Otsego Lake	Highlands Area (Trillium Trl, Edelweiss Trl)	\$ 187,500.00
Hayes	Hayes Tower Rd - M32 to 1/4 mile North Lake Manuka Rd	\$ 150,000.00
Bagley	Charboneau Ln	\$ 45,700.00
Otsego Lake	Michaywe Area (Bob White Way, Snowmass Ct, Golden Elk Ct)	\$ 137,500.00

- 2.) Cost share agreements shall be executed using language and format provided by the Otsego County Road Commission as attached per Appendix A of this Resolution.
- 3.) All resolutions and parts of resolutions in conflict herewith are, to the extent of such conflict, repealed.

AYES: _____

NAYS: _____

ABSTAIN: _____

ABSENT: _____

ADOPTED May 11, 2023

OTSEGO COUNTY ROAD COMMISSION

BY: _____
Troy Huff, Chairman

CERTIFICATION

I, Rebecca Hilmert, the duly appointed Board Secretary of the Otsego County Road Commission, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Otsego County Board of Road Commissioners at a regular meeting held May 11, 2023, in compliance with the Open Meetings Act, Act No. 267 of the Public Acts of Michigan, 1976, as amended, the minutes of the meeting were kept and will be or have been made available as required by said Act.

Rebecca Hilmert, Board Secretary

**OTSEGO COUNTY ROAD COMMISSION
PROJECT COST SHARE AGREEMENT WITH _____ TOWNSHIP
_____ REHABILITATION PROJECT**

This TOWNSHIP PROJECT COST SHARE AGREEMENT made and entered into this __th day of _____, 202_, by and between the Otsego County Road Commission, (hereinafter "Road Commission") a government entity of 669 W. McCoy Rd., Gaylord, MI 49735, and _____ Township (hereinafter "Township"), of _____.

WITNESSETH:

WHEREAS, the Township desires certain work be performed by the Road Commission on local and/or primary roads within Township under the authority provided in Act 51 of P.A. of 1951, as amended; and,

WHEREAS, the parties hereto are desirous of entering into a contract relative to their participation in the costs of the improvements and/or repairs as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, it is agreed by and between the parties as follows:

IT IS AGREED, that the Road Commission will perform the following work:

The Parties further agree:

1. All engineering with respect to said improvement and/or repairs shall be performed by the Road Commission and all construction shall be under the supervision of and in accordance with the plans and specifications prepared by the Road Commission. The Road Commission will proceed with the above work with the timeline for completion at its sole discretion. Road Commission personnel will oversee all aspects of the work.
2. The estimated cost of this project is \$ _____ construction, \$ _____ design engineering, \$30,000 construction/inspection engineering, for a **total project cost of \$ _____**.
3. The Township hereby agrees to pay \$ _____ towards the project. The parties acknowledge the actual cost of the project may be more due to overruns, additional engineering costs, testing/inspection costs, Road Commission administrative costs, etc. However, the Township will only be responsible for \$ _____.
4. Payment by the Township is due within 30 days when invoiced by the Road Commission upon substantial completion of the project.
5. The Road Commission and Township agree to abide by all local, State, and Federal laws, rules, and regulations.
6. By the execution of this Agreement by the Township, the Township does hereby certify to the Road Commission that this Agreement has been signed by its Supervisor and Clerk on behalf

of said Township, after being properly authorized to do so by the Township Board by a majority of said Township Board at a meeting duly called at which a quorum was present.

_____ **TOWNSHIP BOARD**

The undersigned Township officers hereby certifies that they were authorized to enter into this Agreement at a meeting of the _____ Township Board held on the ____ day of _____, 202_.

_____ TOWNSHIP BOARD

_____ TOWNSHIP BOARD

By: _____
Its: Supervisor

By: _____
Its: Clerk

WITNESS: _____

Print Name

BOARD OF OTSEGO COUNTY ROAD COMMISSION

The undersigned hereby certifies that they were authorized to enter into this Agreement at a meeting of the Board of County Road Commissioners of Otsego County held on the __th day of _____, 2023.

BOARD OF COUNTY ROAD COMMISSIONERS
OF OTSEGO COUNTY

By: Troy Huff
Its: Chairman

WITNESS: _____

Print Name



Otsego County Road Commission Agenda Item Report

FROM: Kirk Harrier, Managing Director
MEETING DATE: May 11, 2023
AGENDA ITEM: 8. E
SUBJECT: General Policy – P23-1 Gravel Road Stabilization

DESCRIPTION

Policy to articulate the goals, objectives and identify limits regarding the OCRC's annual brine activities. The primary purpose of applying brine to gravel roads is for the stabilization of the gravel surface. The OCRC spends approximately \$100,000 annually on brine work in the county. Applying brine to gravel roads will also have the effect of temporarily controlling dust. However, the effectiveness of dust control is impacted by weather. This policy also establishes a process for townships or individual property owners to contract, via permit, with third-party contractors to provide additional brine applications to achieve specific dust control results if so desired.

BUDGET ACTION REQUIRED

N/A

LEGAL REVIEW

Michigan County Road Commission Self Insurance Pool (MCRCSIP) legal counsel reviewed the attached policy and approved as to form and content.

SAMPLE MOTION

Motion to **approve/deny** the Otsego County Road Commission Gravel Road Stabilization Policy (P23-1) as presented.

OTSEGO COUNTY ROAD COMMISSION	GENERAL ADMINISTRATION				
TITLE: Gravel Road Stabilization	RESOLUTION NUMBER:	SUPERCEDE	EFFECTIVE DATE: 05-11-2023	SUPERCEDE	POLICY NUMBER: P23-1

Otsego County Road Commission Gravel Road Stabilization

The annual application of gravel road stabilization product will provide a longer lasting and smoother surface for motorists for the following reasons:

1. Reduced need for the Road Commission to grade/blade the surface because the road will hold together better.
2. The “fines” or small components of the gravel surface will stay in the roadbed longer, reducing the need for gravel replacement.

The application of road stabilization product is not intended to serve as a dust control program. Road stabilization efforts will, however, have the ancillary effect of temporarily reducing, but not eliminating, dusty road conditions.

SCOPE OF THE PROGRAM

The Otsego County Road Commission (the “Road Commission”) will entirely fund (100%) and provide each township with a single application of either 38% Liquid Calcium Chloride or 26% Mineral Well Brine mineral on primary and secondary county gravel roads once per year during the appropriate season. The application period generally occurs from mid-May through mid-June as weather conditions allow and is performed in conjunction with gravel road preparations prior to application.

This application is solely intended for the purposes of road stabilization. It is not intended for dust control, although it will temporarily reduce dusty road conditions. The duration of that reduction depends on environmental circumstances outside of the Road Commission’s control.

If a township or private individuals would like to implement regular applications or spot treatments for dust control purposes, the Road Commission will consider and review any permit applications submitted. The Road Commission will waive the normal permit fee. No private dust control treatments may be performed within a county highway right-of-way without a permit from the Road Commission. If a permit is granted, the permit holder may contract directly with approved third-party vendors for the dust control treatment. The permit shall state the area to be treated, the name of the applicator, the materials used, and the application rate. Permit applicants are solely responsible for all costs related to the dust control activities, including, but not limited to, contractor

time and materials. Applicants are encouraged to apply for permits as far in advance as possible to help coordinate the dust control activities with the Road Commission's grading program. In reviewing and issuing permits, the Road Commission does not waive any governmental immunity afforded to it by law or undertake any duty not already imposed on it by law.

Adopted: May 11, 2023

Troy Huff, Chairman



Otsego County Road Commission Agenda Item Report

FROM: David Fox, Equipment-Facilities Supervisor
MEETING DATE: May 11, 2023
AGENDA ITEM: 8. F
SUBJECT: Boiler Purchase OCRC Garage

DESCRIPTION

The two gas fired boilers that heat the shop office, foreman office, main break room and back restrooms are original to the building built in 1986. These boilers have reached the end of their service life and were recommended to be replaced in 2022 by the heating contractor that services the OCRC facility. It is unlikely these units will make it through another winter season and therefore staff is recommending replacement of the units.

BUDGET ACTION REQUIRED

There are sufficient funds in the budget to cover this expenditure.

LEGAL REVIEW

N/A

SAMPLE MOTION

Motion to **approve/not approve** the quote dated April 20, 2023 from Quality Plumbing & Mechanical Inc. in the amount of \$18,950 for the purchase and installation of two new boilers for the OCRC garage.

RECEIVED

MAY 04 2023

Otsego County Road Commission

QUALITY PLUMBING & MECHANICAL INC.
P.O. BOX 1811
GAYLORD, MI. 49734
(989) 732-5700
PROPOSAL

OTSEGO COUNTY ROAD COMMISSION

DATE:4/20/2023

JOB:RE- BOILER REPLACEMENTS

We hereby submit specifications and estimates for:

- 1-REMOVAL & DISPOSAL OF EXISTING BOILERS
- 2-INSTALL NEW UTICA 84% 175,000 BTU NAT GAS STD VENT BOILERS
- 2-INSTALL NEW LOW WATER CUTOFFS, PRIMARY & SECONDARY AQUASTATS
- 2-VENTING TO EXISTING VENTS
- 2-HOOK UP TO EXISTING GAS PIPING
- 2-HOOK UP TO EXISTING BOILER PIPING (RE USE EXISTING SYSTEM PUMPS)
- 2-HOOK UP TO EXISTING LOW VOLTAGE ELECTRICAL
- 2-CSD-1 STATE REPORTS
- 1-STATE BOILER PERMIT

ESTIMATED \$18,950.00

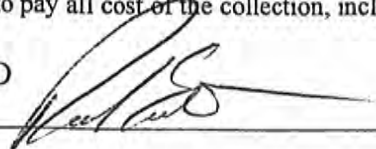
NOTE STATE MAY REQUIRE ADDITIONAL SAFETY ELECTRICAL KILL SWITCH ON BOILERS PER CODE NOT INCLUDED , IF NEED TO HIRE ELECTRICIAN

PAYMENT TO BE MADE AS FOLLOWS:

FULL ON COMPLETION

All material is guaranteed to be as specified. All work to be completed in a professional manner according to standard practices. Any alteration or deviation from above specifications involving extra cost will be executed only upon written orders and will become an extra charge over the above written estimate. All agreements contingent upon delays beyond our control. Purchaser agrees to pay all cost of the collection, including attorneys fees. This proposal may be withdrawn by us at any time.

AUTHORIZED
SIGNATURE



ACCEPTANCE
SIGNATURE

DATE



Otsego County Road Commission Agenda Item Report

FROM: David Fox, Equipment-Facilities Manager
MEETING DATE: May 11, 2023
AGENDA ITEM: 8. G
SUBJECT: Equipment Disposal #550 Dump Truck

DESCRIPTION

Request for Board approval of a 1998 International S Series single axel dump truck with dump box. Fleet #550. The frame is comprised, and equipment no longer utilized for road maintenance operations. Equipment will be either parted out or sold as a whole unit. The estimated value is approximately \$5,000.

BUDGET ACTION REQUIRED

N/A

LEGAL REVIEW

N/A

SAMPLE MOTION

Motion to **approve/deny** the disposal of a 1998 International S Series single axel dump truck #550.

10. A



3205 US-23 South
Alpena, MI 49707
Ph: 989-356-6375
Fax: 989-354-8286

May 4, 2023

Mr. Kirk Harrier
Otsego County Road Commission
669 W McCoy Rd
Gaylord, MI 49735

Re: Springgay Road and Marlette Rd

Dear Mr. Harrier,

Recently we met on-site to review the paved surface of both Springgay Road and Marlette Road with the respective Contractors.

The Springgay Road project was completed by Payne & Dolan during the fall of 2022. During the winter of 2022 and spring of 2023 aggregate popping was observed on this road. Based on our field review, discussions with the Contractor, and a review of the testing records from the construction project the aggregate popping does not appear to be structural in nature. This type of pavement distress is typical for cold season paving operations. The recommended fix for this road would be a fog seal to apply additional HMA emulsion to the surface to prevent future aggregate popping and provide a water barrier to the road structure.

The Marlette Road project was completed by Team Elmer's during the fall of 2020. During the spring of 2023 multiple transverse pavement cracks were noted in this section of roadway. Based on our field review, discussions with the Contractor, and a review of the project information the project appears to be experiencing early temperature cracking. This type of pavement distress is typical for cold season paving operations and is considered a structural distress. However, if properly treated the overall road life and stability should be maintained. The recommended treatment for this road section is to seal the cracks with an overband crack seal.

There are limited construction records available for these projects, the projects did not include warranties, and have been contractually closed out. As such, the Contractor's likely are not required to contribute to the repairs.

However, we have met with the Contractor representatives for each project and are in negotiation with them to assist in the cost of these repairs. These discussions are currently on-going.

Sincerely,
Huron Engineering and Surveying, Inc.

A handwritten signature in black ink that reads "Rebecca E Rivard". The signature is written in a cursive style and is positioned above a horizontal line.

Rebecca Rivard, P.E.
Project Engineer

Otsego County Road Commission
MTF COMPARISON (Includes Snow Funds, Reimbursed Engineering Fees)
For Calendar Year Ending 12/31/2023

10.B

Month	2023	2022	2021	2020	2019	2018	2017	2016	2015	2023 + (-)	% Change
January	\$622,850.41	\$593,353.49	\$574,401.56	\$574,774.41	\$538,379.39	\$490,104.69	\$390,160.67	\$321,869.31	\$310,243.81	\$29,496.92	4.97%
February	\$632,255.99	\$632,457.35	\$570,732.78	\$617,395.30	\$510,402.80	\$493,989.46	\$455,570.44	\$384,810.44	\$381,737.86	-\$201.36	-0.03%
March	\$593,772.93	\$575,363.14	\$539,585.23	\$475,901.84	\$526,923.30	\$471,139.06	\$411,992.14	\$325,540.83	\$299,959.85	\$18,409.79	3.20%
April		\$560,481.55	\$575,876.65	\$393,985.28	\$450,756.80	\$429,606.59	\$406,411.01	\$312,258.71	\$317,903.60		
May		\$510,827.52	\$512,183.97	\$342,370.15	\$508,546.35	\$472,952.47	\$427,827.98	\$304,005.07	\$265,617.04		
June		\$558,665.93	\$558,305.39	\$474,874.11	\$475,931.51	\$434,296.57	\$425,976.07	\$323,449.21	\$319,366.83		
July		\$487,410.63	\$481,649.26	\$478,387.21	\$439,213.70	\$410,646.53	\$384,860.23	\$248,094.07	\$280,730.05		
August		\$561,092.90	\$593,695.30	\$579,216.00	\$482,547.69	\$447,571.55	\$427,215.93	\$326,316.22	\$326,612.70		
September		\$601,029.67	\$604,028.14	\$525,737.94	\$511,558.85	\$420,077.12	\$434,196.76	\$313,741.07	\$317,455.60		
October		\$462,674.17	\$427,576.86	\$453,396.08	\$444,876.52	\$479,471.07	\$390,449.79	\$251,924.95	\$285,580.76		
November		\$521,034.00	\$427,576.86	\$460,489.59	\$449,835.16	\$414,508.44	\$375,345.55	\$329,867.86	\$292,065.21		
December		\$750,365.33	\$680,865.37	\$524,167.55	\$538,568.32	\$332,726.17	\$398,345.79	\$328,757.47	\$288,929.63		

Totals	\$1,848,879.33	\$6,814,755.68	\$6,546,477.37	\$5,900,695.46	\$5,877,540.39	\$5,297,089.72	\$4,928,352.36	\$3,770,635.21	\$3,686,202.94	\$47,705.35	8.14%
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Engineering Funds received in June/paid in August (\$10,000)

Snow Funds received in October/paid in December

(2015 Snowfunds \$229,195.07)
(2016 Snowfunds \$238,533.88)
(2017 Snowfunds \$241,593.93)
(2018 Snowfunds \$315,151.81)
(2019 Snowfunds \$347,614.46)
(2020 Snowfunds \$368,691.80)
(2021 Snowfunds \$387,431.27)
(2022 Snowfunds \$418,096.13)

OTSEGO COUNTY ROAD COMMISSION

Balance Sheet

<u>Assets</u>	As of 3-31-23	
Petty cash	\$	500.00
Operating (AP-PR)	\$	642,991.38
HRA Reimbursement	\$	22,747.44
Savings (County)	\$	4,254,489.56
Millage Collections	\$	<u>1,477,925.38</u>
Total cash:	\$	6,398,653.76
Investments:	\$	7,673,343.32
Total cash & investments:	\$	14,071,997.08
<u>Accounts Receivable:</u>		
Township/Village	\$	8,956.00
MDOT-Routine	\$	211,255.14
MDOT-TWA	\$	570.44
	\$	<u>-</u>
Total AR	\$	220,781.58
Inventory: Road Material:	\$	250,469.53
Inventory: Parts/Fuel:	\$	282,335.51
Prepaid Insurances:	\$	<u>-</u>
Total Assets:	\$	<u>14,825,583.70</u>
 <u>Liabilities/Equity</u>		
Accounts payable	\$	456,281.19
Performance bonds	\$	27,500.00
Accrued wages/other	\$	195,146.58
<u>SOM Advances:</u>		
Equipment Advance	\$	380,004.00
T/L Maint Advance	\$	<u>150,212.00</u>
Total liabilities:	\$	1,209,143.77
Fund Balance-Beginning 1-1-2023:	\$	13,065,980.26
2023 Activity YTD	\$	<u>550,459.67</u>
Total Liabilities and Fund Balance:	\$	<u>14,825,583.70</u>

OTSEGO COUNTY ROAD COMMISSION
For the first quarter ended March 31, 2023

<u>REVENUES</u>			Variance
<u>Transportation Funds</u>	<u>1st Qtr 2023</u>	<u>Budget</u>	<u>Fav/(Unfav)</u>
Engineering	-	10,000.00	
Primary Roads	352,371.24	2,378,000.00	
Local Roads	209,336.91	3,900,000.00	
Primary Urban	42,033.92	694,000.00	
Local Urban	19,108.34		
Snow Removal funds	-	370,000.00	
Forest Road funds	-	86,000.00	
State Trunkline Maintenance	728,549.77	1,900,000.00	
State Misc: TWA projects	25,282.39	1,050,000.00	
State Misc: Audit	-		
Federal Aid	-	1,231,171.00	
Property Rental/signs	9,012.80	32,000.00	
Township Contributions	-	500,000.00	
Private/Misc Contributions	-	30,000.00	
Millage proceeds	1,433,703.80	1,150,000.00	
Salvage Sales	52.00	4,500.00	
Permits & Fees	20,926.24	73,000.00	
G/L on Disposal of equipment	-	30,000.00	
Interest income/Bank fees	<u>69,371.40</u>	<u>65,000.00</u>	
Total Revenues:	2,909,748.81	13,503,671.00	
<u>EXPENDITURES</u>			
<u>Primary Road</u>			
Paving Projects	17,598.84	2,429,229.20	2,411,630.36
Routine maintenance	64,536.77	800,000.00	735,463.23
Traffic control	13,784.00	190,000.00	176,216.00
Winter maintenance	686,452.18	1,400,000.00	713,547.82
<u>Local Road</u>			
Paving projects	-	4,500,000.00	4,500,000.00
Routine maintenance	52,538.74	2,000,000.00	1,947,461.26
Traffic control	8,970.03	120,000.00	111,029.97
Winter maintenance	326,542.56	975,000.00	648,457.44
State Trunkline Maintenance	728,549.77	1,900,000.00	1,171,450.23
State Misc: MDOT project	25,282.39	900,000.00	874,717.61
Capital Outlay	"B" 176,716.41	840,000.00	663,283.59
Fringe benefits/distributive	487,688.74	-	(487,688.74)
Equipment Expense - Net	"A" (297,947.42)	550,000.00	847,947.42
Net Administrative Expense	68,576.13	470,000.00	401,423.87
Lease principle pmts	-	150,000.00	150,000.00
Lease interest Expense	-	<u>15,000.00</u>	15,000.00
Total Expenditures:	2,359,289.14	17,239,229.20	
Net increase: fund balance:	550,459.67	(3,735,558.20)	
<u>Equipment Expense-Net "A"</u>			
Truck/Equipment expenses	323,482.18	1,650,000.00	
Shop supplies & overhead	171,113.18	850,000.00	
Equipment fuel	157,631.00	350,000.00	
subtotal	<u>652,226.36</u>	<u>2,850,000.00</u>	
Less: Rental revenue	<u>(950,173.78)</u>	<u>(2,300,000.00)</u>	

Equipment Expense-Net	(297,947.42)	550,000.00
<u>Capital Outlay-Net "B"</u>		
Capital Acquisitions	319,168.95	1,640,000.00
Less: Allowance Deprec.	<u>(142,452.54)</u>	<u>(800,000.00)</u>
Net Capital Outlay:	176,716.41	840,000.00

Otsego County Road Commission
Primary Road Maintenance - 2023

Quarterly: 1st Qtr 2023

	Surface	Shoulder	Seal Coating	Tree Removal	Drainage	Mowing	Road side Cleanup	Traffic Control/ Signage
Bagley				328.43	160.70		32.26	8,365.13
Charlton								971.37
Chester				41.84			32.26	274.34
Corwith		259.85		9,685.68	191.84			1,960.39
Dover				41.84	622.06			
Elmira								813.44
Hayes				74.10	297.18			488.91
Livingston				669.28	112.95			271.82
Otsego Lake				32.26	32.26			638.60
Totals	-	259.85	-	10,873.43	1,416.99	-	64.52	13,784.00

(Continued)	Temp Supervision	Pothole Patching	Reshape Gravel	Ditching	Dust Control	Guardrail	Bridge	Winter Maintenance	Grand Totals
Bagley		7,071.46						74,146.74	\$ 90,104.72
Charlton		15,218.20						111,634.42	\$ 127,823.99
Chester		1,868.63						46,750.13	\$ 48,967.20
Corwith		5,286.18						129,688.70	\$ 147,072.64
Dover		5,172.05						34,080.25	\$ 39,916.20
Elmira		1,186.69						55,866.18	\$ 57,866.31
Hayes		2,207.91						83,286.20	\$ 86,354.30
Livingston		10,972.54						85,265.02	\$ 97,291.61
Otsego Lake		2,938.32						65,734.54	\$ 69,375.98
Totals	-	51,921.98	-	-	-	-	-	686,452.18	<u><u>764,772.95</u></u>

Otsego County Road Commission
Local Road Maintenance - 2023

Quarterly: 1st Qtr 2023

Twp	Dust Control	Seal Coating	Surface	Shoulder	Trees/Shrubs	Drainage	Road side Cleanup	Grass/Weed Control
Bagley					4,891.73		32.26	
Charlton					1,258.03	957.44		
Chester					255.72		32.26	
Corwith					7,960.83	318.14		
Dover					143.88	535.18		
Elmira					84.27			
Hayes					388.03			
Livingston					1,263.41	246.20		
Otsego Lake					2,308.30	318.14		
Totals	\$ -	\$ -	\$ -	\$ -	\$ 18,554.20	\$ 2,375.10	\$ 64.52	\$ -

(Continued)	Temp Supervision	Pothole Patching	Reshape Gravel	Ditching	Dust Control/ Guardrailing	Bridge	Traffic Control/ Signage	Winter Maintenance	Grand Totals
Bagley		10,103.16					2,180.25	66,990.55	\$ 84,197.95
Charlton		637.66					1,199.08	32,266.70	\$ 36,318.91
Chester		2,390.32					122.92	27,577.17	\$ 30,378.39
Corwith		3,437.90					1,758.86	39,308.60	\$ 52,784.33
Dover		1,642.64	735.21					14,379.19	\$ 17,436.10
Elmira		1,574.55					433.73	24,364.56	\$ 26,457.11
Hayes		2,874.70					1,400.54	22,281.89	\$ 26,945.16
Livingston		6,807.47					480.28	37,967.55	\$ 46,764.91
Otsego Lake		1,341.31					1,394.37	61,406.35	\$ 66,768.47
Totals	\$ -	\$ 30,809.71	\$ 735.21	\$ -	\$ -	\$ -	\$ 8,970.03	\$ 326,542.56	\$ 388,051.33