

Otsego County Road Commission

Troy W. Huff, Chair
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Lukas A. Gordon, Commissioner



James D. Camiller, Commissioner
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Kirk R. Harrier, Managing Director

ANNUAL REPORT JUNE 23, 2026 OTSEGO COUNTY BOARD OF COMMISSIONERS

FY 2025 Audit:

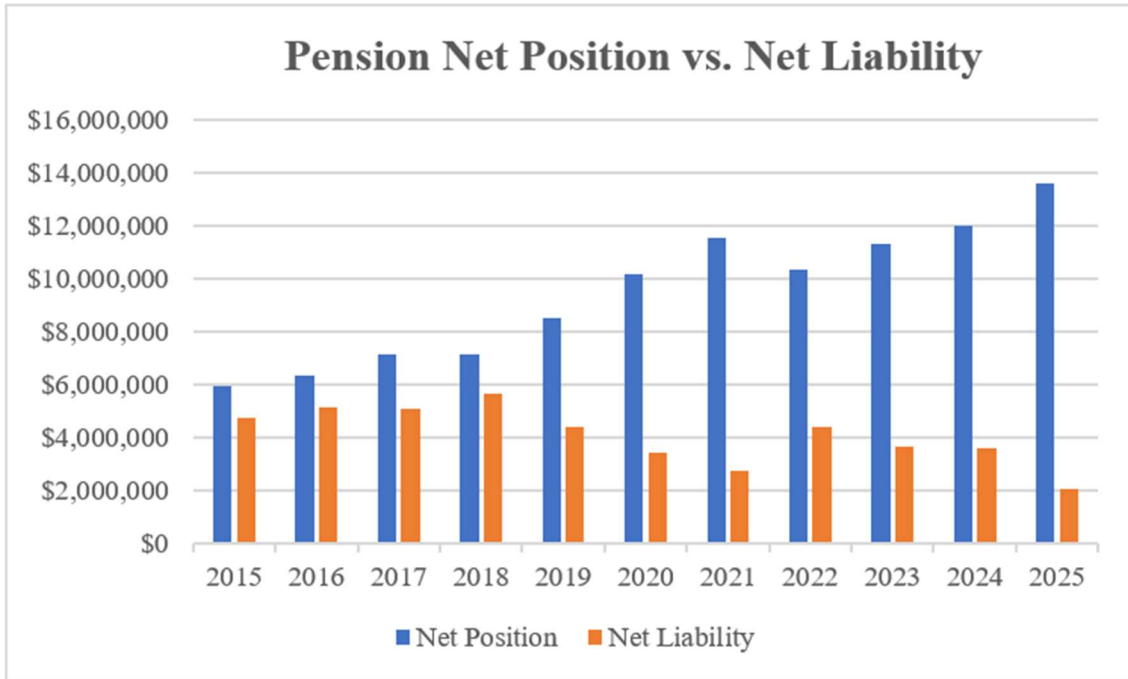
The FY 2025 Otsego County Road Commission (OCRC) audit was completed and presented to the Board of County Road Commissioners on May 14, 2026. Vredeveld Haefner, LLC (Certified Public Accounts) performed the audit. The OCRC received an unmodified audit opinion, also known as a clean opinion indicating the financial statements are reliable and accurate. The auditor found no significant errors or misstatements in the financial records. A copy of the complete audit report can be viewed on-line at: <https://www.otsegocrc.org/transparency/>

Audit Summary—

- Change in net position (long-term view) the Road Commission is ahead \$3,764,018
- Change in fund balance (short-term view) reduced by \$(642,098)
- Cash and Investments on December 31st \$12,372,918
- \$5,360,587 expended for long-term improvements to roads
- \$1,224,327 expended for equipment
- OCRC has no outstanding debt, bonds or notes
- Pension net position \$13,579,166 (87% funded)
- Healthcare (OPEB) net position \$3,174,008 (107% funded)

Pension Retirement Liability History/Current Status:

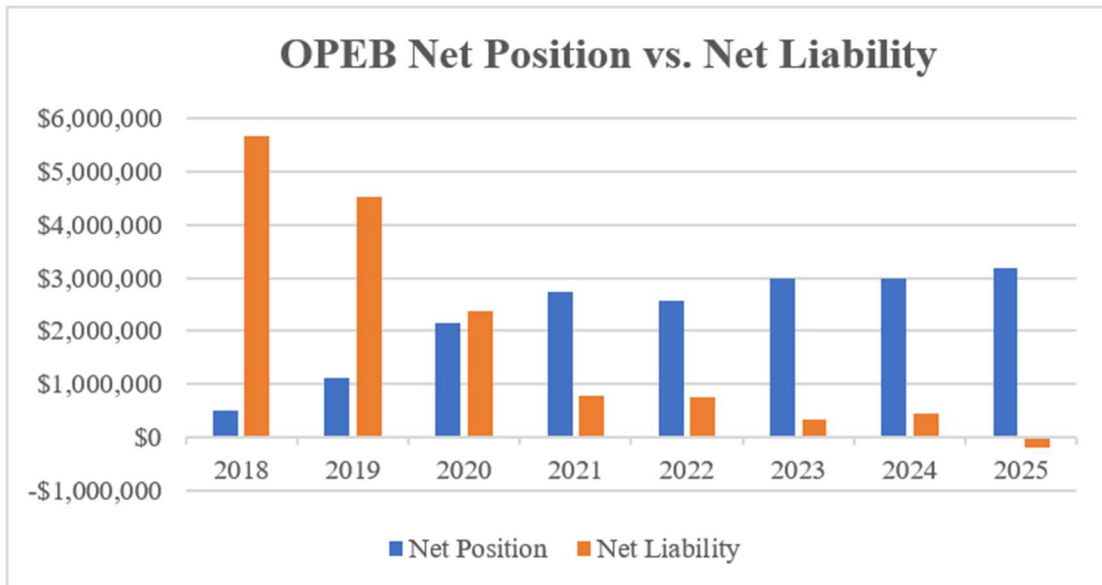
Public Act 202, passed by the Michigan Legislature in 2017, defined "underfunded status" as a unit of government that is less than 60% funded in its pension retirement plan. On December 31, 2017, the OCRC's liability was below the state's threshold which triggered a Corrective Action Plan per the Act. Many units of government across the state were in similar positions; primarily due to the financial collapse in 2008. Changes were made to the OCRC's pension to lower this liability and become compliant with PA 202. The OCRC is no longer in an underfunded status as of 2019. The chart below shows the OCRC has made significant progress in increasing the net position and reducing the net liability with regards to employee pensions. Furthermore, the OCRC has negotiated with the union to close the pension retirement plan for new hires effective November 2023. This action will further reduce the long-term risk associated with pension liability. It is important to view pension liability as long-term liability and not short-term liability. This is not a "bill" that is due and payable today. However, the OCRC Board has been proactive in its actions to substantially reduce the long-term pension liability risk to the organization verses taking a "kick the can down the road" approach.



Healthcare Liability History/Current Status:

The OCRC, like many other road commissions and units of government, at one time provided lifetime retiree healthcare for the retiree and spouse as an employee benefit. Changes were implemented over the years to reduce or eliminate this liability at the OCRC and currently only employees hired prior to 2009 receive healthcare upon retirement. This benefit is for the employee only (no spouse) and only until they become Medicare eligible (age 65). Employees hired after 2009 do not receive retirement healthcare.

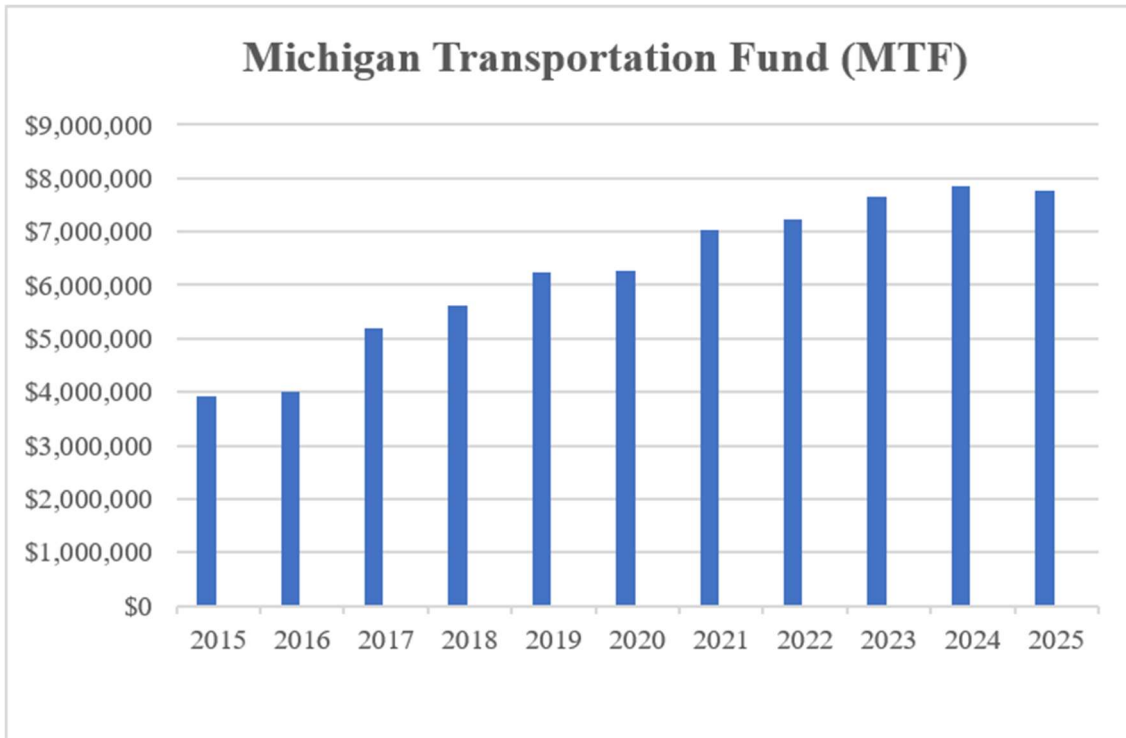
In 2018, the OCRC was considered 0% funded. As of December 31, 2025, the Road Commission is 107% funded and above the required 40% state requirement. This is mostly due to changes in benefits and additional payments. Retirees receiving the lifetime healthcare benefit currently is 16 (+17 spouses) for a total of 33 people. Since retiree healthcare plans are closed, as older employees pass, the liability will continue to decrease until it eventually reaches 0%.



Road Funding—Michigan Transportation Fund (MTF):

The main source of funding for county road commissions is the Michigan Transportation Fund (MTF). The Michigan Transportation Fund is primarily comprised of state fuel taxes and vehicle registration fees (80%). The funds are distributed by the Michigan Department of Treasury using the following formula: 39.1% Michigan Department of Transportation, 39.1% County Road Commissions, 21.8% Cities and Villages. The 39.1% that all county road commissions receive is further split through a state legislated formula based on road mileage, population, and vehicle registration fees. The MTF funds the OCRC receives are primarily spent on maintenance operations. The OCRC received \$7,753,069 in MTF in 2025. The MTF does not adequately fund both maintenance activities and paving activities needed by all road commissions in Michigan. The County Road Association of Michigan issued a report in December of 2023 and determined the total statewide county road agency additional needs are \$2.3 billion underfunded.

The Michigan Department of Transportation estimates the Otsego County Road Commission’s 2026 MTF revenues will increase by 2.56% (\$198,452). The annual U.S. inflation rate stands at 4.2% for the 12-month period ending in May 2026. State MTF revenues to maintain Otsego County roads are not keeping up with inflation. The use of electrical vehicles also negatively impacts local road funding as electrical vehicles do not pay gas tax.



Road Funding—Road Millage

Although the largest sources of road funding in Michigan are the state-collected gas tax and vehicle registration fees, many local governmental agencies have already been forced to turn to property tax for supplemental road funds. While road commissions have no taxing authority, many counties in Michigan have a countywide property tax millage dedicated to roads, as well as townships. Why? Necessity, resulting from decades of inadequate road funding at the state level and demand from citizens for better roads. The net result of these efforts is a shifting of the road funding burden partially onto local property taxes. In November of 2023, Otsego County voters renewed a 10-year new millage to levy up to 1 mill to provide funds for the improvements and construction of existing primary and local roads in Otsego

County. The millage will generate approximately \$1.4 million specifically for county road improvements in 2026. Road projects funded by the 2023 10-year road millage:

2024

- Sparr Rd—Dover Rd to Sawyer Rd and Sawyer Rd to Wolf Rd \$644,400
- Sparr Rd—Wolf Rd to Tin Shanty Rd \$716,821

2025

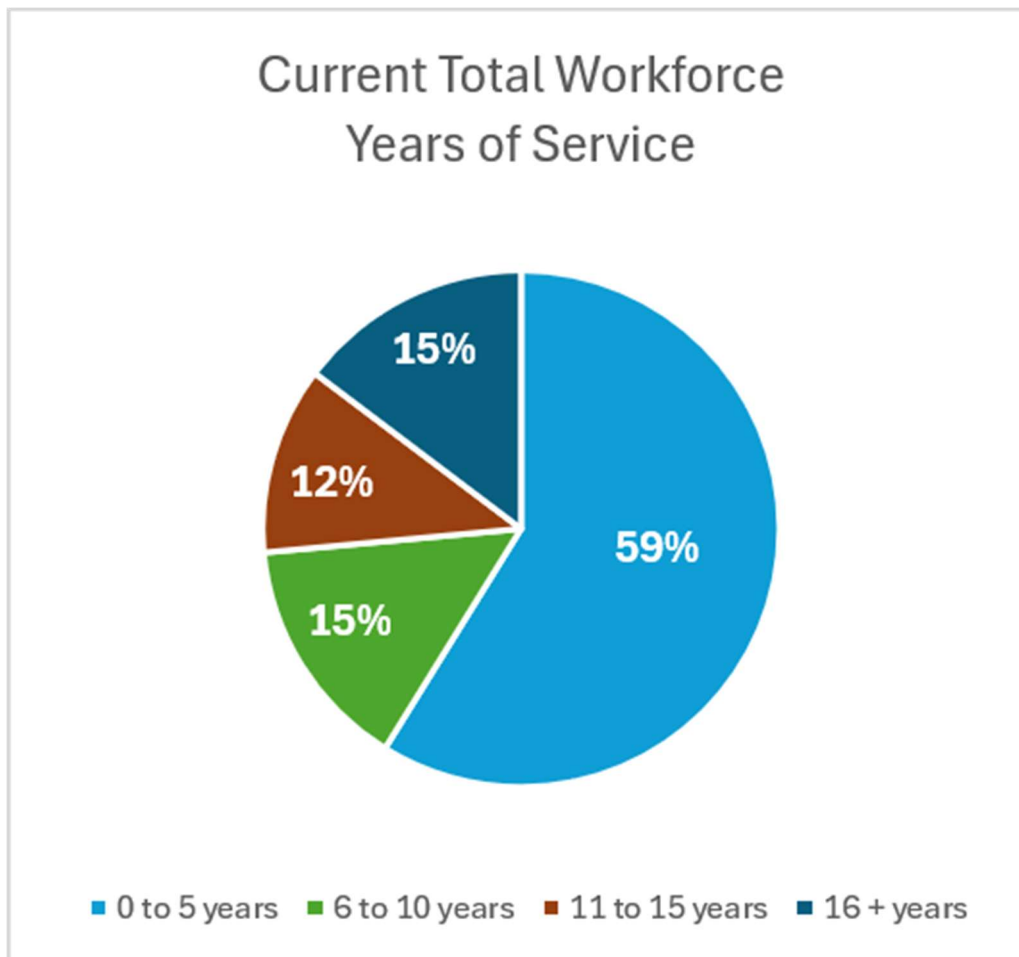
- Wilkinson Rd—Goslow Rd to Marquardt Rd \$400,000
- Krys Road—Wilkinson Rd to M-32 \$16,193
- Sparr Rd—Tin Shanty Rd to Meridian Line Rd \$1,039,961.09

2026 (Proposed)

- Mancelona Rd —Hayes Tower Rd to RxR Crossing at Old 27 \$2,079,000

Personnel

The OCRC has experienced significant turnover over the last few years due to employees reaching retirement age. However, recruiting new employees has been successful. Many new hires state they are seeking employment with the OCRC for “work/life balance” reasons rather than financial compensation reasons. Almost 60% of the OCRC’s 34 total workforce (including administration) is new with 1 to 5 years of service.



2025 Primary & Local Road Expenditures Per Township:

- Appendix A

2021 - 2025 Road Improvement Projects:

- Appendix B

2026 Adopted Budget:

- Appendix C

2026 Project Schedule:

- Appendix D

2025 PASER Ratings:

- Appendix E



**Otsego County Road Commission
Road Maintenance Expenditures Per Township - Year Ended 12/31/2025**

	104 Crack Sealing	100 Dust Control	206 Gravel Road Reshaping	109 Ashpalt Suface Repair	119 Shoulder Maintenance	121 Tree & Brush Removal	124 Roadside Cleanup
Bagley	\$ 445,938.37	\$ 12,461.93	\$ 48,345.84	\$ 1,082.37	\$ 79,054.98	\$ 4,331.11	\$ 503.16
Charlton	\$ 8,058.36	\$ 8,347.24	\$ 83,699.90	\$ 309.25	\$ 808.21	\$ 6,907.55	\$ 406.80
Chester	\$ 327,189.02	\$ 5,334.30	\$ 24,676.18	\$ -	\$ 1,307.54	\$ 2,591.98	\$ 135.60
Corwith	\$ 8,058.36	\$ 29,125.57	\$ 158,255.31	\$ 3,906.71	\$ 6,648.32	\$ 7,374.56	\$ 135.60
Dover	\$ 8,058.36	\$ 9,648.69	\$ 55,865.81	\$ -	\$ 313.80	\$ 2,422.87	\$ -
Elmira	\$ 19,232.56	\$ 17,854.44	\$ 65,012.13	\$ 927.63	\$ 2,432.14	\$ 2,688.83	\$ -
Hayes	\$ 172,757.31	\$ 8,751.14	\$ 49,470.79	\$ -	\$ -	\$ 2,701.87	\$ -
Livingston	\$ 8,724.50	\$ 1,570.72	\$ 27,159.95	\$ 773.12	\$ 9,895.38	\$ 1,745.64	\$ -
Otsego Lake	\$ 267,478.73	\$ 10,680.41	\$ 65,311.61	\$ -	\$ 1,417.67	\$ 7,101.58	\$ 640.91
Totals	\$ 1,265,495.57	\$ 103,774.44	\$ 577,797.52	\$ 6,999.08	\$ 101,878.04	\$ 37,865.99	\$ 1,822.07

(Continued)	126 Roadside Mowing	130 Guardrail Maintenance	122 Drainage Maintenance	201 Pothole Patching	Traffic Control/ Signage	Winter Maintenance	Grand Totals
Bagley	\$ 8,966.19	\$ 1,701.66	\$ 4,121.71	\$ 92,946.26	\$ 56,556.42	\$ 799,065.15	\$ 1,555,075.15
Charlton	\$ 6,423.66	\$ 31,097.40	\$ 19,093.56	\$ 97,906.81	\$ 28,842.02	\$ 605,491.19	\$ 897,391.95
Chester	\$ 7,972.10	\$ -	\$ 10,874.32	\$ 52,287.30	\$ 21,574.76	\$ 455,886.16	\$ 909,829.26
Corwith	\$ 2,406.42	\$ (2,555.74)	\$ 23,346.20	\$ 84,983.80	\$ 30,180.79	\$ 608,977.65	\$ 960,843.55
Dover	\$ 3,926.25	\$ -	\$ 7,371.24	\$ 29,098.91	\$ 20,463.62	\$ 394,588.89	\$ 531,758.44
Elmira	\$ 3,891.93	\$ -	\$ 309.25	\$ 14,288.70	\$ 27,654.26	\$ 472,633.32	\$ 626,925.19
Hayes	\$ 7,631.06	\$ -	\$ 12,872.23	\$ 44,342.97	\$ 45,489.20	\$ 574,853.83	\$ 918,870.40
Livingston	\$ 5,699.39	\$ 370.72	\$ 6,581.72	\$ 95,994.33	\$ 31,721.87	\$ 612,400.26	\$ 802,637.60
Otsego Lake	\$ 6,872.75	\$ 741.45	\$ 10,677.98	\$ 47,227.31	\$ 45,197.55	\$ 801,798.01	\$ 1,265,145.96
Totals	\$ 53,789.75	\$ 31,355.49	\$ 95,248.21	\$ 559,076.39	\$ 307,680.49	\$ 5,325,694.46	\$ 8,468,477.50



ROAD IMPROVEMENT PROJECTS 2021-2025 (5-YEAR)

Year	Road Name	Mileage	Improvement	Amount
2021	Krys Rd	2.50	Paving	\$ 1,060,317.55
2021	S Townline Rd	1.65	Paving	\$ 346,498.65
2022	E Marlette Rd	1.90	Paving	\$ 1,129,616.01
2022	Redwood, Beechwood, Pioneer	0.75	Paving	\$ 79,037.29
2022	Springgay Rd	2.28	Paving	\$ 389,536.30
2022	Lake Manuka Trl	1.16	Paving	\$ 298,867.64
2022	Passenheim Rd	2.84	Paving	\$ 522,538.15
2023	N Townline Rd	2.00	Paving	\$ 784,175.30
2023	Beckett Rd	1.50	Paving	\$ 601,302.53
2023	Hayes Tower Rd	4.50	Paving	\$ 604,437.94
2023	Theisen Rd	2.01	Paving	\$ 708,521.00
2023	Murner Rd	1.02	Paving	\$ 575,687.34
2023	Alba Rd	3.10	Paving	\$ 778,071.11
2023	Charboneau Ln	0.27	Paving	\$ 50,758.35
2023	Old Stump Rd	1.40	Paving	\$ 210,904.34
2023	Gaylord West Subdivision	2.50	Paving	\$ 485,507.23
2023	Hallock Rd	2.00	Paving	\$ 326,873.95
2023	Fischer Rd	0.14	Paving	\$ 80,837.38
2023	McGregor Rd	3.00	Re-Gravel	\$ 185,966.65
2024	Sparr Rd (Dover Rd to Wolf Rd)	5.00	Paving	\$ 1,541,381.24
2024	Sparr Rd (Wolf Rd to Tin Shanty Rd)	2.00	Paving	\$ 716,821.35
2024	Sparr Rd (Marquardt Rd to Dover Rd)	1.50	Paving	\$ 576,313.61
2024	Sparr Rd	0.00	Culverts	\$ 307,767.91
2024	Sturgeon Valley Rd	1.50	Paving	\$ 476,007.22
2024	Old State Rd	2.80	Paving	\$ 1,321,817.87
2024	Wilkinson Rd	0.00	Culvert	\$ 225,342.68
2024	Patrick Rd, Greentree Rd, Pinetum Ln	0.69	Paving	\$ 178,413.83
2024	Lake Manuka Rd	0.20	Paving	\$ 62,962.23
2024	Highlands Subdivision	1.60	Paving	\$ 366,493.00
2024	Bob White Way, Snowmass Ct, Golden Elk Ct	1.60	Paving	\$ 264,117.42
2024	Franckowiak Rd, Skop Rd	1.50	Re-Gravel	\$ 201,186.17
2024	Tittabawassee Trl	2.00	Re-Gravel	\$ 239,412.01
2025	Wilkinson Rd (M32 to Goslow)	1.51	Paving	\$ 955,676.48
2025	Wilkinson Rd (Goslow Rd to Marquardt Rd)	3.68	Paving	\$ 400,000.00
2025	Krys Rd (Wilkinson Rd to M-32)	0.10	Paving	\$ 16,193.59
2025	Sparr Rd (Tin Shanty Rd to Meridian Line Rd)	2.76	Paving	\$ 1,039,961.09
2025	Plywood Rd (Milbocker Rd to Old Alba Rd)	1.00	Paving	\$ 257,113.68
2025	Old Alba Rd (W Otsego Lake Dr to Bagley Twp. Line)	1.42	Paving	\$ 365,101.43
2025	Al Do Ro Va Rd	0.83	Paving	\$ 120,138.65
2025	Five Lakes Rd (Murner Rd to Holly Ln)	0.26	Paving	\$ 64,867.38
2025	Mt. Frederick Rd (Deward Trl to Nicklaus Dr)	1.34	Paving	\$ 190,727.22
2025	Pencil Lake Rd	1.86	Paving	\$ 582,598.57
2025	Chester Rd	2.00	Re-Gravel	\$ 278,123.89
		73.67		\$19,967,993.23

**OTSEGO COUNTY ROAD COMMISSION
2026 ADOPTED BUDGET**

REVENUES

PROPERTY TAXES (Mileage)	1,500,000.00
PERMITS & LICENSES	70,000.00
FEDERAL SOURCES	2,770,000.00
FEMA & Emergency Relief	0.00
High Risk Rural Roads Grant	2,180,000.00
Surface Trans/FAS/STP	590,000.00
STATE SOURCES	
Neighborhood Roads Fund	
Corporate Income Tax (CIT)	
Marijuana Wholesale Tax	
MTF	8,184,649.00
Engineering	10,000.00
Primary	4,339,804.00
Local	2,634,881.00
Urban	774,964.00
Snow Funds	425,000.00
STATE FEDERAL AID	85,111.00
EDF - "D" Funds	0.00
EDF-Forest Rd "E"	85,111.00
CONTRIBUTIONS	425,000.00
Townships	425,000.00
Other	0.00
CHARGES FOR SERVICES	2,714,500.00
Drain Commission	7,500.00
Salvage Sales	5,000.00
Signs	2,000.00
State Maintenance	1,500,000.00
Audit Refund(Payback)	0.00
State Non-Maint	1,200,000.00
INTEREST & RENTS	395,000.00
Interest	375,000.00
Property Rentals	20,000.00
OTHER	142,000.00
Public Enterprises	1,000.00
Contrib/Other Enterprises	1,000.00
Oil Well	10,000.00
Timber Sales	0.00
Other/Reimbursements	30,000.00
Insurance Recoveries	100,000.00
TOTAL REVENUES	16,286,260.00

EXPENDITURES

PRIMARY PAVING	7,271,782.00
Roads/includes millage projects	3,312,632.00
Federal Aid projects	3,959,150.00
PRIMARY ROUTINE MAINT	2,440,000.00
Roads	800,000.00
Traffic Control	240,000.00
Winter Maintenance	1,400,000.00
LOCAL PAVING	850,000.00
Roads	850,000.00
LOCAL ROUTINE MAINT	2,800,000.00
Roads	2,000,000.00
Traffic Control	50,000.00
Winter Maintenance	750,000.00
EQUIPMENT EXPENSE	250,000.00
Direct	1,650,000.00
Indirect	600,000.00
Operating	500,000.00
Less Equipment Rental Credits	(2,500,000.00)
DISTRIBUTIVE EXPENSE	
Labor Related	0.00
Non-Labor Related	0.00
ADMINISTRATIVE	675,000.00
Administrative	875,000.00
Less State Overhead	(200,000.00)
STATE TRUNKLINE MAINT	1,500,000.00
STATE NON-MAINTENANCE	1,200,000.00
DRAIN COMMISSIONER	7,500.00
CAPITAL OUTLAY	1,150,000.00
Road Equipment	1,750,000.00
Engineering	0.00
Misc. Shop Equipment	0.00
Garage/Shop/Build Improv	0.00
Road Equipment	0.00
Depletable Assets (987)	0.00
Less: Retirements	0.00
Less Depreciation	(600,000.00)
TOTAL EXPENDITURES	18,144,282.00
REVENUES	16,286,260.00
LESS TOTAL EXPENDITURES	18,144,282.00
NET IMPACT ON FUND BALANCE	(1,858,022.00)



2026 PROJECT SCHEDULE

Project Type & TWP	Status	Road Class	Length (Miles)	Location	Awarded Contractor	Start/Completion	Total Estimated Project Costs
Crush & Shape							
Livingston/Dover TWP	Design	Primary	2.90	Kujawa Rd & Seymore Rd - Blahowiak Rd to Marquardt Rd (LAP) (JN 119518)		TBA	\$ 958,946.50
Charlton TWP	Awarded	Primary	2.63	Meridian Line Rd - Beckett Rd to County Line	Elmer's Crane and Dozer, Inc.	June/July	\$ 1,244,647.10
Chester TWP	Awarded	Primary	1.00	Turtle Lake Rd - M-32 to Wilkinson Rd	Payne & Dolan, Inc.	COMPLETE	\$ 309,559.00
Livingston TWP	Awarded	Primary	0.52	Blahowiak Rd - Goslow Rd to Kujawa Rd	Payne & Dolan, Inc.	June/June	\$ 682,841.45
Otsego Lake/Hayes Twp	Design	Primary	4.03	Mancelona Rd - Hayes Tower Rd to R&R Crossing		TBA	\$ 2,079,000.00
Wedge & Overlay							
Charlton TWP	Awarded	Primary	4.65	Crapo Lake Rd - County Line to Old State Rd	Rieth-Riley Construction Co, Inc.	TBA	\$ 828,490.00
Hayes TWP	Design	Local	1.72	Mt. Frederick - Nicklaus Dr to Mancelona Rd		TBA	\$ 441,568.00
Otsego Lake TWP	Design	Local	1.42	Opal Lake Rd - 274' S of Pine River Rd to Michaywe Dr		TBA	\$ 363,414.67
Otsego Lake TWP	Design	Local	0.18	Michaywe Dr - Opal Lake Rd to Autumn Trl		TBA	\$ 47,958.67
Otsego lake TWP	Design	Local	0.11	Autumn Trl - Michaywe Dr. to end (cul de sac)		TBA	\$ 30,150.67
Chester TWP	Design	Local	0.35	Island View Dr - Dead end to Shadywoods Ln		TBA	\$ 93,040.00
Safety Grant Projects							
Safety Project 1	Design	Primary		Roundabout @ Dickerson Rd/ Milbocker Rd/ McCoy Rd		TBA	\$ 1,579,895.00
Safety Project 2	Design	Primary		Roundabout @ McCoy Rd/ Krys Rd		TBA	\$ 1,391,895.00
Safety Project 3	Design	Various		Countywide Signage (LAP Safety) (JN 221959)	Give 'em A Brake Safety, LLC	TBA	\$ 199,773.50
Chip Seal							
Livingston TWP	Awarded	Primary	1.00	Old 27 N - Congdon Rd to Fairview Rd		COMPLETE	\$ 70,150.00
Livingston TWP	Awarded	Primary	2.50	Poquette Rd - Old 27 N to Goslow Rd		COMPLETE	\$ 153,274.50
Bagley TWP	Awarded	Local	2.00	Van Tyle Rd - S Townline Rd to Dickerson Rd		COMPLETE	\$ 125,440.00
Hayes TWP	Awarded	Primary	4.85	Hayes Tower Rd - Mancelona Rd to Lake Manuka Rd		COMPLETE	\$ 293,001.00
Bagley TWP	Awarded	Local	2.00	Old Alba Rd - Hayes Tower Rd to TWP Line		COMPLETE	\$ 94,962.00
Corwith/Livingston TWP	Awarded	Primary/Local	1.14	1,600' west of Old 27 (Primary), 4,400' Pyke School Rd to Berrywine Rd (Local)		COMPLETE	\$ 67,800.00
			13.49	Total:	Pavement Maintenance Systems, LLC		\$ 804,627.50
Re-Gravel							
Livingston TWP	Awarded	Local	0.55	Knoch Rd - Murner Rd to Meecher Rd	Rieth-Riley Construction Co, Inc.	TBA	\$ 45,000.00
TOTALS:			47.04				\$ 11,905,434.56

2026 ROUTINE MAINTENANCE SCHEDULE

• Tree/Shrub Maintenance (January—December)	• Grass/Weed Maintenance (June—July)
• Pothole Maintenance (January—December)	• Shoulder Maintenance (July—September)
• Gravel Road Reshaping/Blading (April—November)	• Drainage/Ditching Maintenance (July—September)
• Roadside Cleanup (April—June)	• Guardrail Maintenance (August—September)
• Gravel Road Stabilization "Dust Control" (June)	• Asphalt Surface Maintenance "Crack Seal" (August—September)
• Traffic Control/Pavement Markings (May—June)	• Winter Maintenance (November—March)
• Culvert Maintenance (June—July)	



Otsego County Road Commission PASER Ratings and Estimated Treatment Costs



PASER RATING	CENTERLINE MILES	PERCENTAGE	ESTIMATED TREATMENT COST Per MILE	ESTIMATED TREATMENT COST	SUGGESTED TREATMENT	**EXPECTED TREATMENT LIFE EXPECTANCY	RATING CONDITION
1	13.87	2%	\$ 380,000.00	\$ 5,272,120.00	Total Reconstruct with Base Repairs	15 Years	Poor Ratings (54%)
2	149.58	26%	\$ 380,000.00	\$ 56,840,780.00	Total Reconstruct or Crush & Shape	15 Years	
3	101.02	17%	\$ 220,000.00	\$ 22,223,960.00	Asphalt Mill & Fill or Wedge & Overlay	10 Years	Poor-Fair Ratings (33%)
4	132.93	23%	\$ 200,000.00	\$ 26,586,600.00	Patching OR Asphalt Wedge & Overlay	6-10 Years	
5	30.88	3%	\$ 100,000.00	\$ 3,088,300.00	Chip Seal or Asphalt Wedge & Overlay	4-6 Years	Good Ratings (10%)
6	50.90	9%	\$ 60,000.00	\$ 3,053,820.00	Crack Sealing or Chip Seal	4-6 Years	
7	30.64	5%	\$ 10,000.00	\$ 306,370.00	Crack Sealing	2-4 Years	Excellent Ratings (3%)
8	25.70	4%	\$ 10,000.00	\$ 257,040.00	Crack Sealing	1-2 Years	
9	49.58	8%	\$ 10,000.00	\$ 495,810.00	Crack Sealing	1-2 Years	
10	0.06	0%	N/A	N/A	New Roadways	N/A	
Total Rated Miles =	585.17	100%	Total =	\$ 118,124,800.00			

Updated May 19, 2026