

Bay County,
Michigan



Year Ended
December 31,
2023

Annual
Comprehensive
Financial
Report

Prepared by:
Bay County Finance Department

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Table of Contents

Page

INTRODUCTORY SECTION

| | |
|---------------------------------|---|
| The Board of Commissioners | 1 |
| Letter of Transmittal | 3 |
| GFOA Certificate of Achievement | 8 |
| Organizational Chart | 9 |

FINANCIAL SECTION

| | |
|--|----|
| Independent Auditors' Report | 15 |
| Management's Discussion and Analysis | 19 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 33 |
| Statement of Activities | 34 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 36 |
| Reconciliation of Fund Balances for Governmental Funds to Net Position of Governmental Activities | 37 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 38 |
| Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities | 39 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual: | |
| General Fund | 40 |
| American Rescue Plan Act Special Revenue Fund | 41 |
| Statement of Net Position – Proprietary Funds | 42 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | 45 |
| Statement of Cash Flows – Proprietary Funds | 46 |
| Statement of Fiduciary Net Position – Fiduciary Funds | 48 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds | 49 |
| Combining Statement of Net Position – Component Units | 50 |
| Combining Statement of Activities – Component Units | 52 |
| Notes to Financial Statements | 55 |

BAY COUNTY, MICHIGAN

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Required Supplementary Information | |
| Employees' Retirement System | |
| Schedule of Changes in Net Pension Asset and Related Ratios | 116 |
| Schedule of Contributions | 118 |
| Notes to Required Supplementary Information | 119 |
| VEBA Trust - Retiree Healthcare Plan | |
| Schedule of Changes in Net OPEB Liability and Related Ratios | 120 |
| Schedule of Contributions | 122 |
| Notes to Required Supplementary Information | 123 |
| Combining and Individual Fund Financial Statements and Schedules | |
| Nonmajor Governmental Funds: | |
| Combining Balance Sheet | 128 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 132 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual | 136 |
| Nonmajor Enterprise Funds: | |
| Combining Statement of Net Position | 160 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position | 161 |
| Combining Statement of Cash Flows | 162 |
| Internal Service Funds: | |
| Combining Statement of Net Position | 166 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position | 167 |
| Combining Statement of Cash Flows | 168 |
| Fiduciary Funds: | |
| Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefits – Employee's Retirement System and VEBA Trust | 172 |
| Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefits – Employees' Retirement System and VEBA Trust | 173 |
| Combining Statement of Fiduciary Net Position – Custodial Funds | 174 |
| Combining Statement of Changes in Fiduciary Net Position – Custodial Funds | 176 |
| Component Units: | |
| Statement of Net Position and Balance Sheet – Library System Component Unit | 180 |
| Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance - Library System Component Unit | 181 |
| Combining Statement of Net Position and Balance Sheet – Drain Commission Component Unit | 182 |
| Combining Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances - Drain Commission Component Unit | 184 |

BAY COUNTY, MICHIGAN

Table of Contents

| | <u>Page</u> | |
|--|---|-----|
| STATISTICAL SECTION (UNAUDITED) | | |
| Table | | |
| 1 | Net Position by Component | 190 |
| 2 | Changes in Net Position | 192 |
| 3 | Fund Balances of Governmental Funds | 196 |
| 4 | Changes in Fund Balances of Governmental Funds | 198 |
| 5 | Governmental Activities Tax Revenue By Year | 200 |
| 6 | Assessed and Estimated Actual Value of Taxable Property | 201 |
| 7 | Property Tax Rates – Direct and Overlapping Governments | 202 |
| 8 | Principal Property Taxpayers | 204 |
| 9 | Property Tax Levies and Collections | 205 |
| 10 | Ratios of Outstanding Debt by Type | 206 |
| 11 | Ratios of General Bonded Debt Outstanding | 208 |
| 12 | Direct and Overlapping Governmental Activities Debt | 209 |
| 13 | Legal Debt Margin Information | 210 |
| 14 | Pledged-Revenue Coverage | 212 |
| 15 | Demographic and Economic Statistics | 215 |
| 16 | Principal Employers | 216 |
| 17 | Full-time Equivalent Government Employees by Function/Program | 218 |
| 18 | Operating Indicators by Function/Program | 220 |
| 19 | Capital Asset Statistics by Function/Program | 222 |

This page intentionally left blank.

THE BOARD OF COMMISSIONERS

VAUGHN J. BEGICK
CHAIRMAN

THOMAS M. HEREK
VICE CHAIRMAN

DENNIS R. POIRIER
SERGEANT AT ARMS

KATHY NIEMIEC
TIM BANASZAK

COLLEEN MAILLETTE
KAYSEY L. RADTKE

ADMINISTRATION

JAMES A. BARCIA
COUNTY EXECUTIVE

SHAWNA S. WALRAVEN
FINANCE OFFICER

KIMBERLY PRIESSNITZ
ASSISTANT FINANCE OFFICER

INDEPENDENT AUDITORS
REHMANN

This page intentionally left blank.



BAY COUNTY FINANCE DEPARTMENT

James A. Barcia
County Executive

Shawna S. Walraven
Finance Officer
walravens@baycounty.net

Kimberly A. Priessnitz
Assistant Finance Officer
priessnitzk@baycounty.net

Frances A. Moore
Purchasing
moorefa@baycounty.net

Julie A. O'Malley
Information Systems Manager
omaleyj@baycounty.net

June 28, 2024

Bay County Board of Commissioners and
Citizens of Bay County, Michigan:

The Annual Comprehensive Financial Report (ACFR) of Bay County, Michigan, for the calendar year ended December 31, 2023, is hereby submitted. State Law requires each municipality within the state of Michigan to file an audit report annually with the Michigan Department of Treasury within six months from the end of its fiscal year. This report was prepared by the Bay County Finance Department.

Responsibility for both the accuracy of the data completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government based upon a comprehensive framework of internal control that has been established for this purpose. Since the cost of internal control should not exceed anticipated benefits of such controls, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Bay County Board of Commissioners has engaged with Rehmann, Independent Auditors to meet the requirements of the state statutes. The independent auditors' unmodified opinion for the year ended December 31, 2023, is included at the front of the financial section of this report.

As a recipient of federal and state awards, the County is also responsible for ensuring that adequate internal control is in place to allow for compliance with applicable laws and regulations in the Federal Single Audit Act Amendments of 1996 and 2 CFR 200. The internal control is subject to periodic evaluation by management and the independent auditors of the County. These reports are available in Bay County's separately issued Single Audit Report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read together.

PROFILE OF THE GOVERNMENT

Bay County, Michigan, incorporated in 1857, is located approximately 100 miles north of Detroit in the mid-eastern part of the state on the shores of the Saginaw Bay. It occupies 442 square miles and currently serves a population of approximately 103,856. Bay County is the 20th largest of 83 counties in the state of Michigan. Bay County is empowered to levy a property tax on real, personal, and industrial property located within its boundaries.

Pursuant to Act 139 of Public Acts of 1973 (as amended by PA 100 of 1980) (Act 139), the voters of Bay County elected the optional Unified Form of County Government in November of 1978. The form of government established in 1978 is also known as the "county executive" form of government. The Board of Commissioners exercises the legislative power of the county and determines all matters of policy. The Board of Commissioners is composed of seven commissioners who are elected from their respective districts. Each commissioner serves a term of four years beginning in 2025. The County Executive is the head of the administrative branch of the county government and is elected at large for a four-year term. The Judicial Branch of government consists of two Circuit Court Judges, three District Court Judges, and one Probate Court Judge. All judges are elected at large for a six-year term. The Circuit and District Court Judges are elected on two-year, staggered terms. The offices of Prosecuting Attorney, Sheriff, County Clerk, Treasurer, Register of Deeds, and Drain Commissioner are elected at large and serve for a four-year term.

Bay County provides a wide range of services, including public safety, health and welfare services, community and economic development, and recreational and cultural activities. Certain financing and oversight services on the construction of Bay County public buildings are provided through the Bay County Building Authority, a blended component unit, which functions, in essence, as a department of Bay County, and therefore has been included as an integral part of Bay County's financial statements. Bay County is also financially accountable for services provided by discretely presented component units of Bay County. These services include the construction and maintenance of the county's system of roads and bridges by the Bay County Road Commission; the providing of services and materials to satisfy the educational, personal, and professional interest of the community by the Bay County Library System; and water supply and wastewater disposal services provided by the Bay County Department of Water and Sewer. In addition, the Bay County Office of the Drain Commissioner provides for the construction and maintenance of drainage districts throughout Bay County; the Bay County Land Bank which was created to acquire, hold, manage and develop tax foreclosed properties; the Bay County Employees Retirement System, which manages all retirement funding and payments for agency retirees and the Voluntary Employee Benefit Association which manages the retiree health care for all qualifying agency retirees. Additional information on all nine of these legally separate entities can be found in the notes to the financial statements (see note I).

LOCAL ECONOMY AND MAJOR INITIATIVES

The 2020 population census identified the population of Bay County to be 103,856. The population of Bay County has declined at a rate of 3.6% from the 2010 census of 107,771. This declining trend may reverse itself in the next decade based upon the level and diversity of business developments.

The average unemployment rate for Bay County for the year ended December 31, 2023, was 4.4%, which compares with Bay County's rate as of December 31, 2022, of 5.2%. The December 31, 2023, the average nationwide unemployment rate was 3.7%, while the 2023 statewide rate was 4.3%.

Most recently, the County's state equalized values (SEV) of real property have increased 5.22%, 12.47% and 10.05% for 2022, 2023, and 2024 respectively. For 2024, Bay County has an increase of 436,061,329 or 10.05% in our state equalized value of real property which totals \$4,588,911,116. The state equalized value of personal property has increased by 7.52% or \$19,552,049 in 2022, increased by 1.88% or \$5,250,800 in 2023, and increased by 3.2% in 2024. Bay County personal property state equalized value has an increase of 3.2% for a total of \$294,049,737. The County's SEV for both real and personal property has increased by 10.03% from \$4,437,716,787 to \$4,882,960,853 for 2024.

Bay County received over \$20 million in American Rescue Plan Act funding (ARPA). Bay County is moving forward to address concerns by implementing different economic developments and proposals with its ARPA funding. Bay County Board of Commissioners have assisted small business, nonprofits, as well as provided financial assistance for county residents delinquent in rent payments, mortgage payments, utility payments, and property tax payments. The Bay County Board of Commissioners also completed an electric vehicle charging station study and are beginning construction on a new health and human service center.

Bay County has received funds from the opioid settlement. The Opioid Committee has identified the County's focus on addressing opioid prevention and harm reduction by allowing qualified individuals and firms to apply for funding to support development, implementation, enhancement or expansion of programs. This includes programs addressing substance use disorders, polysubstance use and co-occurring mental health and substance use disorders. The County is beginning the process of soliciting proposals from qualified individuals and firms. These funds, which are fiduciary funds, are also subject to budgetary controls and will be budgeted by function as well.

Several companies announced in 2023 major investments in Bay County:

- NorthPoint Development will complete a brand new, Class-A, 102,000 square foot warehouse and distribution center on 14 acres of property located at the confluence of US-10 and Mackinaw Road two miles west of I-75 in Montor Township. The project will be home to PepsiCo, Inc and used as a warehousing and distribution facility for Frito-Lay products. The project expects to create nearly 50 new jobs.
- Future Technologies, Inc. is expanding its Montor Township facility with a one million dollar investment. The global leak testing company provides support to major markets including the automotive, air conditioning, and refrigeration industries. This expansion will create 10 new high paying engineering jobs.
- Mersen USA is investing seventy million dollars and creating over 70 new jobs in Bay City. This investment will purchase five acres of land, and construction four new buildings that will house new manufacturing space. Also, four existing buildings will be rehabilitated and expanded to include the addition of a technical center.

- Vantage Plastics, a custom thermoformer with full in-house design, prototyping, and tool building capabilities, is investing thirty-one million dollars and creating 93 new jobs in Bay County. The company is expanding into Bangor Township where it will add manufacturing and warehousing space.

FINANCIAL POLICIES

Relevant Financial Policies

In accordance with the County's General Financial Policy and amended Bay County Ordinance No. 28, which mandates the General Fund establish and maintain a reserve for a long-term advance to the Budget Stabilization Fund at a minimum of 5% to a maximum of 20% (modified with resolution 2016-202) of the General Fund's current year adopted operating budget. The level of restriction at the end of December 31, 2023, was \$7,344,397, which is equal to 18.56% of General Fund original adopted budget for 2022. If funds are available, additional funding will be provided in the future. The Budget Stabilization Fund, in accordance with MCL section 141.443, can be used to cover a General Fund, fund deficit, to prevent a reduction in the level of public services or in the number of employees where revenues are not sufficient to cover expenditures, or to cover expenditures arising because of a natural disaster to the extent that such expenditures are not covered by federal or state funds.

The 100% Tax Payment Fund Policy, which governs transfers from the 100% Tax Payment Fund to the General Fund, mandates that a reserve in an amount equal to 20% of the total amount of the most recent delinquent tax settlement with the local taxing units be established within the 100% Tax Payment Fund and that the funds in the reserve shall only be used if necessary to meet the last annual delinquent tax settlement obligations to the local taxing units.

Cash balances are invested according to the Statement of Investment Policy adopted by the Board of Commissioners. The Board of Commissioners has authorized the Bay County Treasurer to invest surplus funds of the county in accordance with those investments permitted by Act 20 of the Michigan Public Acts of 1943 as amended, M.C.L. 129.91. During the year, excess cash was invested in interest bearing demand deposit accounts, bank money market investments, commercial paper and bank certificate of deposits in the CDAR's program fully insured. Other investments include debt obligations of the State of Michigan and its' political subdivisions; including, counties, cities, school districts and universities. Additional investments include debt instruments issued by United States Federal Government Sponsored Enterprises, including Federal Home Loan Bank, Federal Home Loan Mortgaging Corporation, Federal National Mortgage Association and Federal Farm Credit Bank.

Budgetary Controls

Bay County prepares, adopts, and maintains budgetary controls on an annual basis. Governmental fund types of Bay County are under formal budgetary control. The activities of the General Fund and Special Revenue funds are included in the annual appropriated budget. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is established on a function level within these individual funds. Capital Project funds are budgeted by project. Enterprise funds and Internal Service funds, which are proprietary funds, and the Pension Trust Fund, Health Care Trust Fund and Private Purpose Trust Funds, which are fiduciary funds, are also subject to budgetary controls and are budgeted by function as well.

The Board of Commissioners is authorized to adjust the various budgets as deemed necessary. Elected officials and department/division heads are authorized to amend budgets under their control subject to the provisions of the County's General Appropriation Budget Act Resolution.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to counties, for their Annual Comprehensive Financial Report (ACFR). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

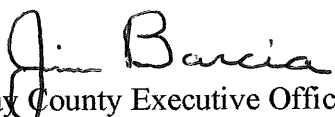
In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized ACFR whose contents conform to program standards. This ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.


Bay County, Michigan, received a Certificate of Achievement for its 2022 ACFR for fiscal year ending date of December 31, 2022. We believe that our current ACFR meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate for fiscal year 2023.

In addition, the Bay County Health Department has met all standards set by the Michigan Local Public Health Accreditation Program through December 2023. This accreditation process looks at a mandatory standards-based system for accrediting local public health departments.

Preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and other County departments, including various elected and appointed officials. We would like to express our appreciation to everyone who assisted in and contributed to the preparation of this report. We would also like to thank the Board of Commissioners for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Sincerely,


Bay County Executive Office
James A. Barcia
County Executive


Bay County Finance Department
Shawna S. Walraven
Finance Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Bay County
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

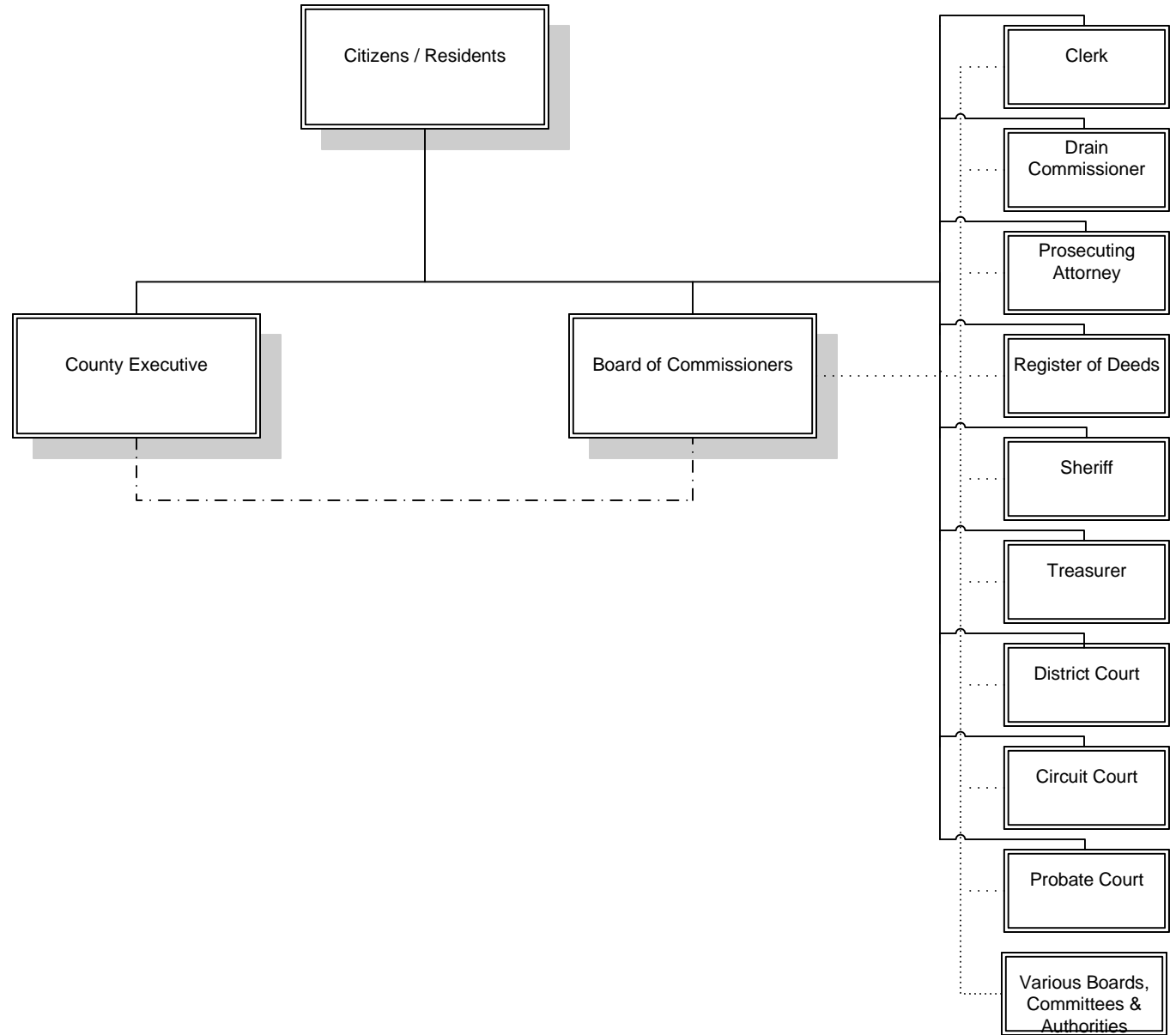
December 31, 2022

Christopher P. Morill

Executive Director/CEO



Bay County Organizational Chart 2023



Legend:

Direct Control _____

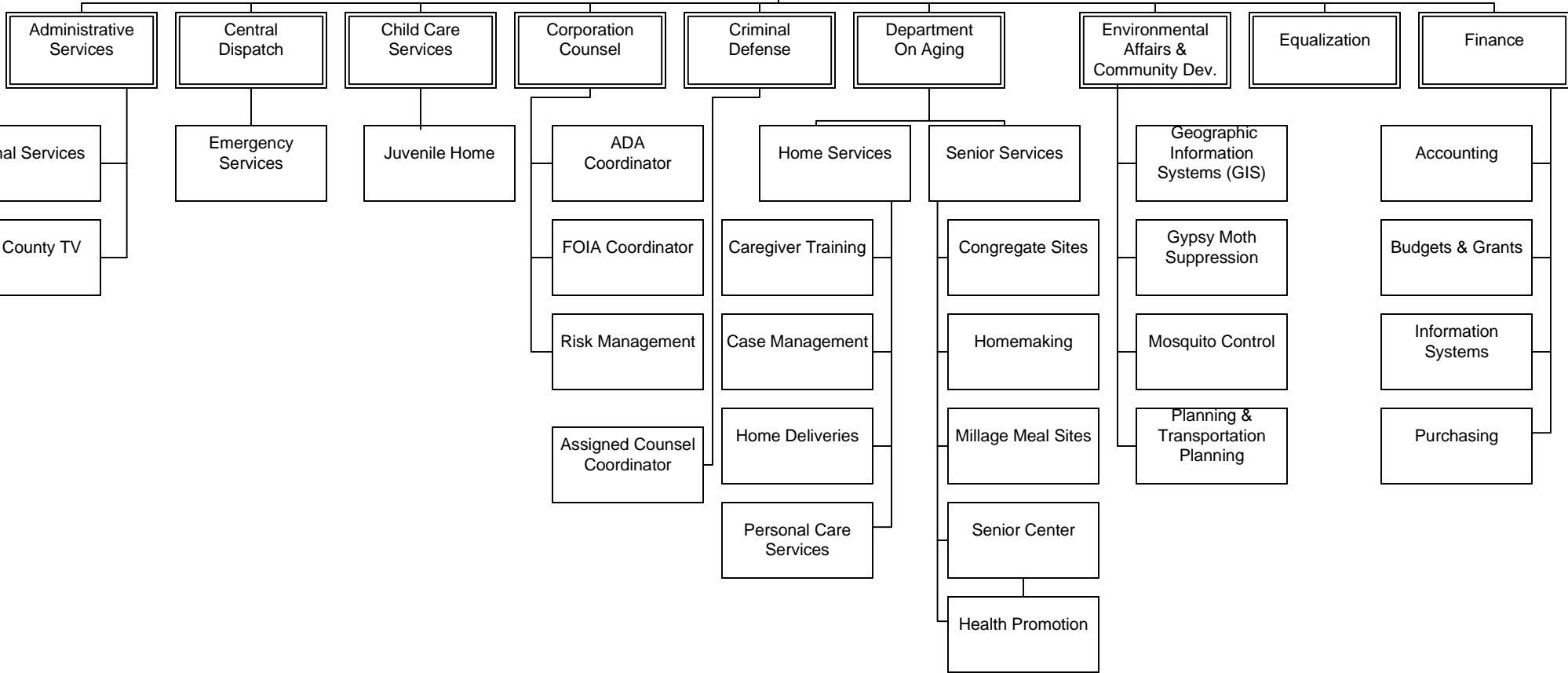
Coordinated Budget/Personnel, etc.

Legislative Coordination - - - - -



Bay County Organizational Chart
County Executive 2023

County Executive



Legend:
 Direct Control _____
 Coordinated Budget/Personnel, etc.
 Legislative Coordination - - - - -



Bay County Organizational Chart
County Executive 2023 (Cont.)

County Executive

Health Department

MSU Extension

Personnel & Employee Relations

Public Defender

Recreation & Facilities

Veteran Affairs

Medical Director

Medical Examiner

Emergency Preparedness & Health Education

Environmental Health Division

Nursing & Clinical Services Division

WIC (Women's, Infant's & Children's) & Nutrition Services Division

Fiscal Services Division

Bay Community Health Clinic

Eat Safe Fish Program
Diabetes Prevention
Community Health Assessment
Bioterrorism Preparedness

Food Service Program
Well & Septic Program
General Env. Health

Maternal Infant Health Program
Children's Special Health Care Services
Immunization Services
Communicable Disease Program
Family Planning Program
Hearing & Vision Services
Laboratory Services
Childhood Lead Program

Billing Services
Accounts Receivable
Fiscal and Grants Mgmt

Payroll & Benefits/Retirement

Buildings & Grounds

Recreation

Fairgrounds

Mailroom

Maintenance

Pere Marquette Parking

Civic Arena

Community Center

Swimming Pool

Golf Course

Pinconning Park

Legend:

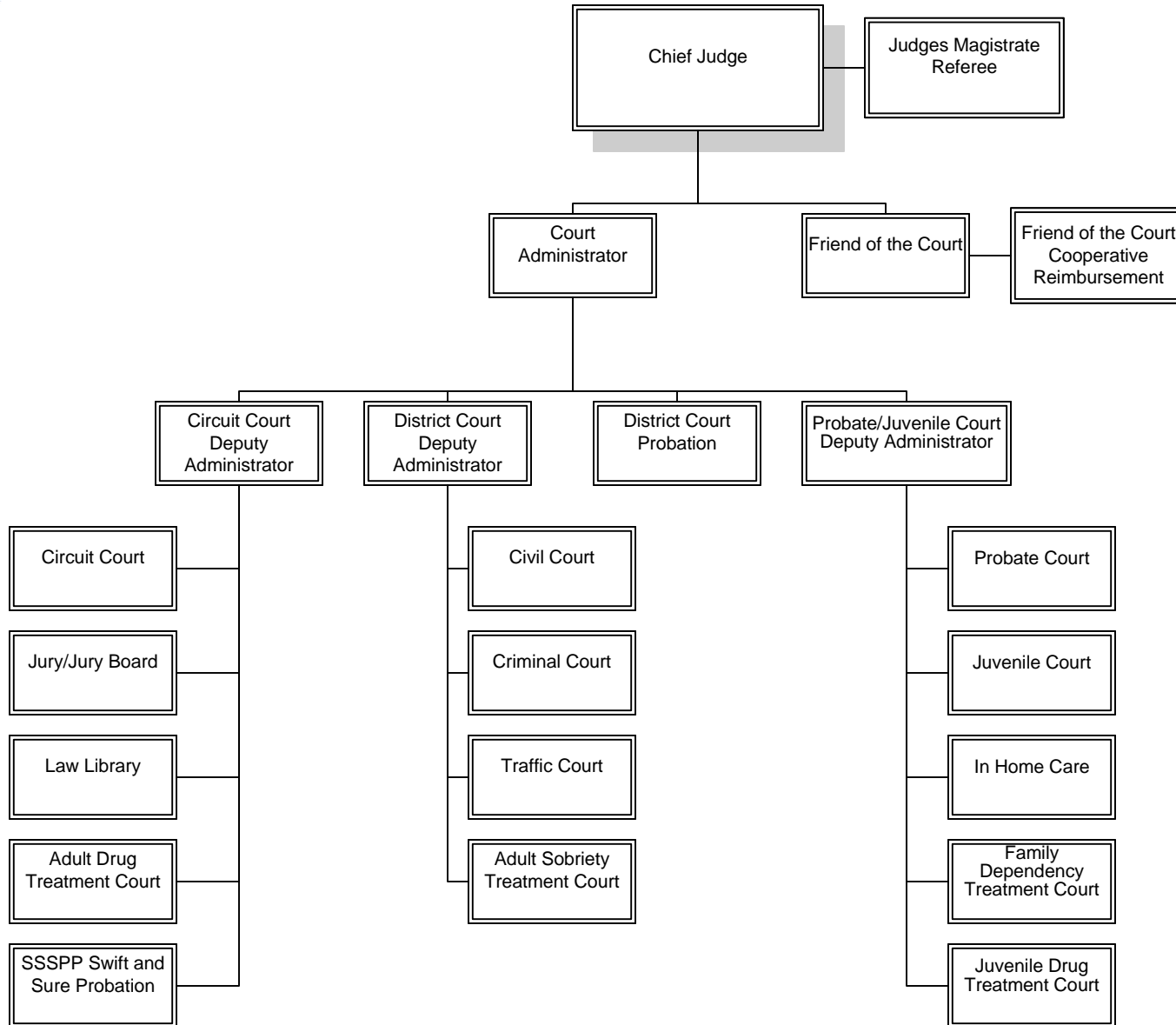
Direct Control _____

Coordinated Budget/Personnel, etc.

Legislative Coordination - - - - -



Bay County Organization Chart 2023



Legend:

- Direct Control _____
- Coordinated Budget/Personnel, etc.
- Legislative Coordination - - - -

FINANCIAL SECTION

The Financial Section contains:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Financial Statements and Schedules

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

June 28, 2024

Board of Commissioners
Bay County, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Bay County, Michigan** (the "County"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following entities, which represent the indicated percentages of total aggregate discretely presented component units:

| | Percent of Total Assets and Deferred Outflows | Percent of Total Net Position | Percent of Total Revenues |
|--|--|----------------------------------|------------------------------|
| Bay County Road Commission | 48% | 60% | 43% |
| Bay County Department of Water and Sewer | 38% | 26% | 42% |

Those statements were audited by other auditors whose reports thereon were furnished to us, and our opinions, insofar as they relate to the amounts included for the above entities, are based solely on the reports of the other auditors.



Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Restatement

As described in Note 21, the drain commission component unit was restated to correct an error made in the prior year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 County's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report June 28, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the County's internal control over financial reporting and compliance.

Rehmann Lobson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

As management of Bay County, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

| | |
|--|----------------|
| · Total primary government net position | \$ 147,305,587 |
| · Unrestricted primary government net position | 41,571,165 |
| · Change in primary government net position | 22,148,227 |
| · Fund balances, governmental funds | 39,900,317 |
| · Changes in fund balances, governmental funds | 9,771,344 |
| · Unassigned fund balance, general fund | 9,903,865 |
| · Change in fund balance, general fund | 5,217,956 |
| · Primary government debt outstanding, excluding leases and SBITAs | 48,957,252 |
| · Change in primary government debt, excluding leases and SBITAs | (2,500,657) |

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual 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 County 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., uncollected special assessments and accrued interest expense).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, community and economic development, health and welfare, public works, judicial, legislative, and recreation and culture. The business-type activities of the County include the medical care facility, 100% tax payment, golf course, water plant, delinquent property tax foreclosure and commissary.

The government-wide financial statements include not only the County itself (known as the primary government), but also the following component units that are considered legally separate entities: Road Commission, Library System, Department of Water and Sewer, Drain Commission, Brownfield Redevelopment Authority and Landbank for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Financial statements for the Road Commission and Department of Water and Sewer were issued separately from the County and other component units. The Bay County Building Authority, although legally separate, functions for all practical purposes as a department of the County and, therefore, has been included as an integral part of the primary government.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

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 County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general and American Rescue Plan Act funds, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The County maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its medical care facility, 100% tax payment, golf course, water plant, delinquent property tax foreclosure, and commissary operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Bay County uses internal service funds to account for its self-insurance services. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the medical care facility and water plant funds, each of which are considered to be major funds. Individual fund data for the nonmajor enterprise funds and internal service funds are provided in the form of combining statements elsewhere in this report.

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 statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 information concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to its employees. This information can be found in the required supplementary information, as listed in the table of contents.

The combining statements and schedules referred to earlier in connection with nonmajor governmental and proprietary funds, as listed in the table of contents, can be found after the required supplementary information.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

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 Bay County, as the following table demonstrates, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$147,305,587 at the close of the most recent fiscal year. Explanations for significant changes are described below.

| | Net Position | | | | | |
|---------------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | | | |
| Current and other assets | \$ 92,067,586 | \$ 134,800,002 | \$ 74,405,215 | \$ 99,993,575 | \$ 166,472,801 | \$ 234,793,577 |
| Capital assets, net | 37,939,512 | 36,049,418 | 21,109,139 | 19,973,870 | 59,048,651 | 56,023,288 |
| Total assets | 130,007,098 | 170,849,420 | 95,514,354 | 119,967,445 | 225,521,452 | 290,816,865 |
| Deferred outflows of resources | | | | | | |
| | 34,321,225 | 8,865,976 | 16,496,162 | 6,000,993 | 50,817,387 | 14,866,969 |
| Liabilities | | | | | | |
| Long-term liabilities | 9,969,366 | 4,826,046 | 50,133,499 | 50,267,316 | 60,102,865 | 55,093,362 |
| Other liabilities | 13,838,712 | 21,082,806 | 3,085,300 | 3,246,620 | 16,924,012 | 24,329,426 |
| Total liabilities | 23,808,078 | 25,908,852 | 53,218,799 | 53,513,936 | 77,026,877 | 79,422,788 |
| Deferred inflows of resources | | | | | | |
| | 32,375,867 | 65,811,858 | 19,630,508 | 35,291,828 | 52,006,375 | 101,103,686 |
| Net position | | | | | | |
| Net investment in capital assets | 37,743,527 | 35,855,946 | 20,993,602 | 19,973,870 | 58,737,129 | 55,829,816 |
| Restricted | 40,804,093 | 83,598,945 | 6,193,200 | 26,395,391 | 46,997,293 | 109,994,336 |
| Unrestricted (deficit) | 29,596,758 | (31,460,205) | 11,974,407 | (9,206,587) | 41,571,165 | (40,666,792) |
| Total net position | \$ 108,144,378 | \$ 87,994,686 | \$ 39,161,209 | \$ 37,162,674 | \$ 147,305,587 | \$ 125,157,360 |

The largest portion of the County's net position, \$58,737,129 (39.9%), reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, machinery and equipment, office furniture and equipment, vehicles and right to use assets) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's 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.

An additional portion of the County's net position, \$46,997,293 (31.9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$41,571,165. Restricted net position has been increasing due to a steady rise in retirements over the last three years, thus decreasing the pension expense. There is also Medicaid Full-Cost for the Health Department which is restricted. Both of these account for almost all of the restricted net position increase since 2019.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

The County's current and other assets decreased by \$68,320,776, consisting of a decrease of \$42,732,416 in governmental activities and \$25,588,360 in business-type activities. This decrease was due to a decrease in net pension asset of \$47,712,559. The County's long-term liabilities increased by \$5,009,503, which consisted mainly attributed to an increase of \$5,143,320 in governmental activities. Further, deferred outflows of resources increased by \$35,950,418, which consisted of an increase of \$25,455,249 in governmental activities and \$10,495,169 in business-type activities. Whereas, deferred inflows of resources decreased by \$49,097,311, which consisted of a decrease of \$33,435,991 in governmental activities and \$15,661,320 in business-type activities. These fluctuations are primarily due to a decrease in the net OPEB liability as a result of investment depreciation and changes within the actuarial assumptions in the pension and OPEB plans. In addition, other liabilities in governmental activities decreased by \$7,244,094 due to the recognition of \$2,100,000 in APRA funds in general fund and using \$4,610,428 in ARPA funds in 2023.

| | Change in Net Position | | | | | |
|--|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 11,099,926 | \$ 8,956,619 | \$ 18,208,090 | \$ 17,815,228 | \$ 29,308,016 | \$ 26,771,847 |
| Operating grants and contributions | 17,529,617 | 16,891,980 | 911,569 | 2,590,650 | 18,441,186 | 19,482,630 |
| Capital grants and contributions | 257,207 | 182,521 | - | - | 257,207 | 182,521 |
| General revenues: | | | | | | |
| Property taxes | 29,021,366 | 23,730,881 | 5,338,485 | 5,128,687 | 34,359,851 | 28,859,568 |
| Grants and contributions not restricted to specific programs | 6,710,429 | 5,223,914 | - | - | 6,710,429 | 5,223,914 |
| Unrestricted investment appreciation (depreciation) | 2,715,791 | (2,637,690) | 766,902 | (515,728) | 3,482,693 | (3,153,418) |
| Other revenue | 2,441,007 | 3,445,564 | 670,951 | 623,844 | 3,111,958 | 4,069,408 |
| Total revenues | 69,775,343 | 55,793,789 | 25,895,997 | 25,642,681 | 95,671,340 | 81,436,470 |
| Expenses | | | | | | |
| General government | 12,425,902 | 9,435,148 | - | - | 12,425,902 | 9,435,148 |
| Public safety | 10,988,798 | 5,106,713 | - | - | 10,988,798 | 5,106,713 |
| Community and economic development | 5,416,651 | 4,049,457 | - | - | 5,416,651 | 4,049,457 |
| Health and welfare | 10,287,997 | 9,759,370 | - | - | 10,287,997 | 9,759,370 |
| Public works | 668,925 | 678,214 | - | - | 668,925 | 678,214 |
| Judicial | 8,076,771 | 6,197,163 | - | - | 8,076,771 | 6,197,163 |
| Legislative | 589,072 | 497,112 | - | - | 589,072 | 497,112 |
| Recreation and culture | 2,330,650 | 1,471,518 | - | - | 2,330,650 | 1,471,518 |
| Interest on debt | 885 | - | - | - | 885 | - |
| Medical care facility | - | - | 20,313,875 | 14,359,985 | 20,313,875 | 14,359,985 |
| 100% tax payment | - | - | 156,312 | 184,011 | 156,312 | 184,011 |
| Golf course | - | - | 656,970 | 695,924 | 656,970 | 695,924 |
| Housing | - | - | - | - | - | - |
| Water plant | - | - | 1,263,889 | 1,347,646 | 1,263,889 | 1,347,646 |
| Delinquent property tax foreclosure | - | - | 199,255 | 200,760 | 199,255 | 200,760 |
| Commissary | - | - | 147,161 | 175,657 | 147,161 | 175,657 |
| Total expenses | 50,785,651 | 37,194,695 | 22,737,462 | 16,963,983 | 73,523,113 | 54,158,678 |

continued...

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

| | Change in Net Position | | | | | |
|---|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Change in net position before transfers | \$ 18,989,692 | \$ 18,599,094 | \$ 3,158,535 | \$ 8,678,698 | \$ 22,148,227 | \$ 27,277,792 |
| Transfers | 1,160,000 | 1,160,001 | (1,160,000) | (1,160,001) | - | - |
| Change in net position | 20,149,692 | 19,759,095 | 1,998,535 | 7,518,697 | 22,148,227 | 27,277,792 |
| Net position: | | | | | | |
| Beginning of year | 87,994,686 | 68,235,591 | 37,162,674 | 29,643,977 | 125,157,360 | 97,879,568 |
| Net position, end of year | \$ 108,144,378 | \$ 87,994,686 | \$ 39,161,209 | \$ 37,162,674 | \$ 147,305,587 | \$ 125,157,360 |

concluded

Governmental Activities. Governmental activities increased the County's net position by \$20,149,692 compared to an increase of \$19,759,095 in the prior year.

Charges for services increased by \$2,143,307 which was mainly due to Opioid settlement revenue of \$898,164, developer fee revenue from the sale of Center Ridge Arms of \$399,548, an increase in reimbursement revenue from the state and counties of \$672,564, and increase revenue from food license fees of \$142,053.

Property taxes increased by \$5,290,485 in the year 2023. This is a result of a new voter approved millage for Animal Services Adoption Fund of \$2,138,668, plus additional tax revenue collected from Central Dispatch, Department on Aging, and General Fund of \$1,158,886, \$987,017, and \$958,806 respectively.

Unrestricted investment earnings increased by \$5,353,481 which was mainly due to positive unrealized gain on investments and dividends of \$2,701,989 in 2023. The total unrealized loss on investment in the year 2022 was \$2,940,835. The total increase between the years 2022 and 2023 was \$5,642,824.

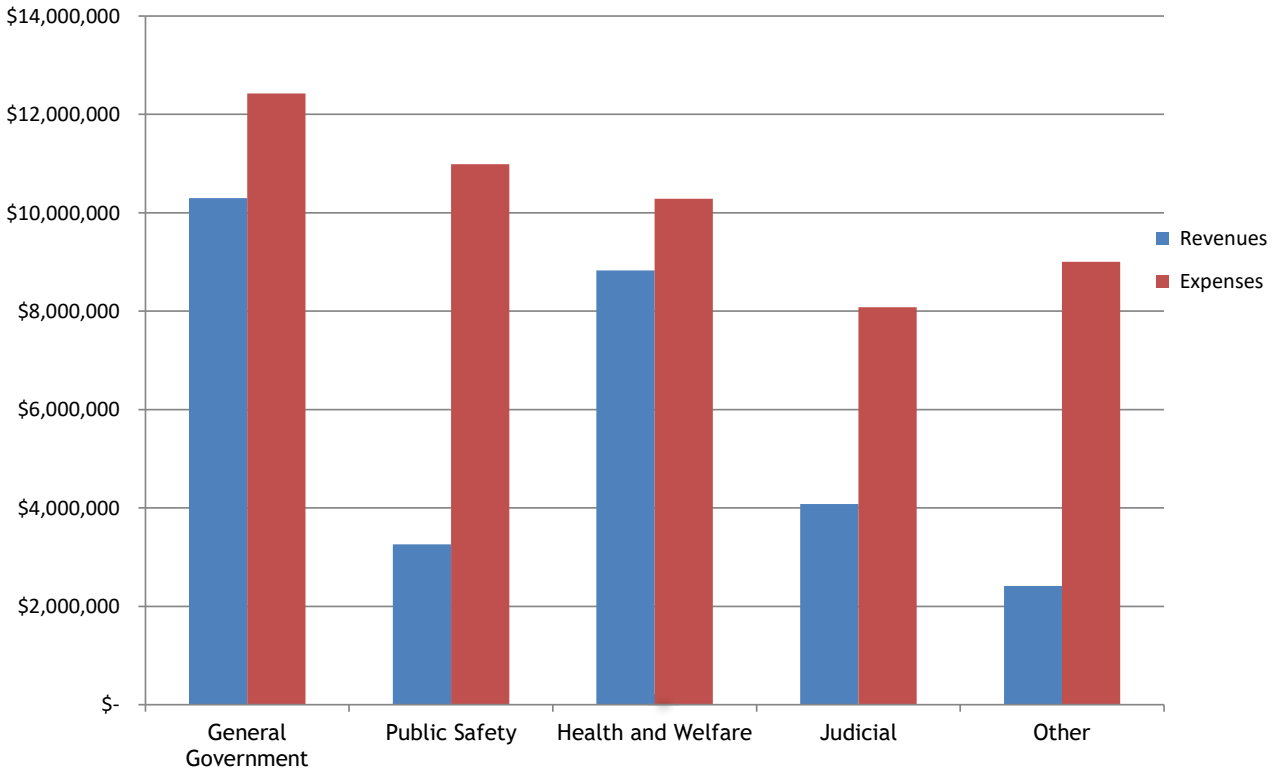
Expenses for general government increased by \$2,990,754 which was mainly due to an increase in Retirement and Retirement Health Care Contributions. The total increase between the years 2022 and 2023 for these two accounts was \$2,627,359.

Expenses for public safety increased by \$5,882,085 which was mainly due to an increase in retirement contributions. The total increase between the years 2022 and 2023 for this account was \$5,406,111.

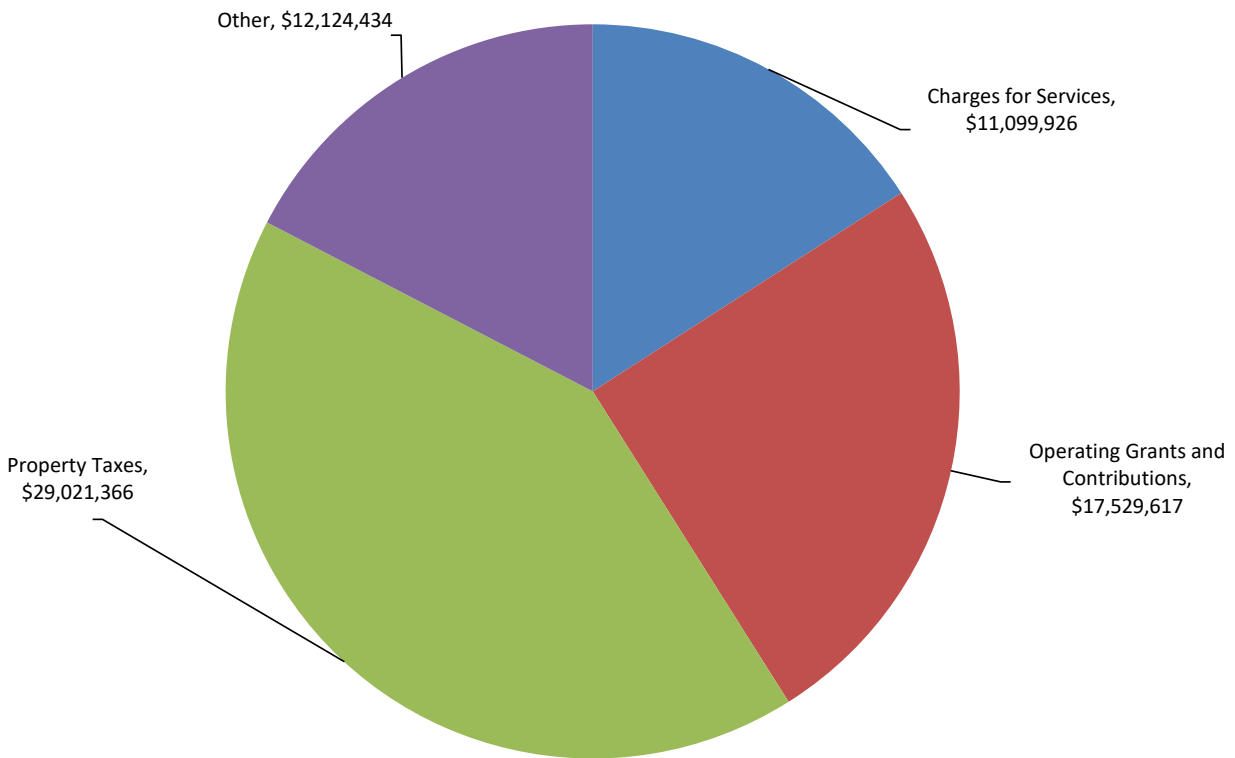
Expenses for judicial increased by \$1,879,608 due to an increase in retirement contributions. The total increase between the year 2022 and 2023 for this account was \$1,638,973.

Business-Type Activities. Business-type activities increased the County's net position by \$1,998,535 compared to an increase of \$7,518,697 in the prior year. See the discussions of the enterprise funds below for further information on the business-type activities.

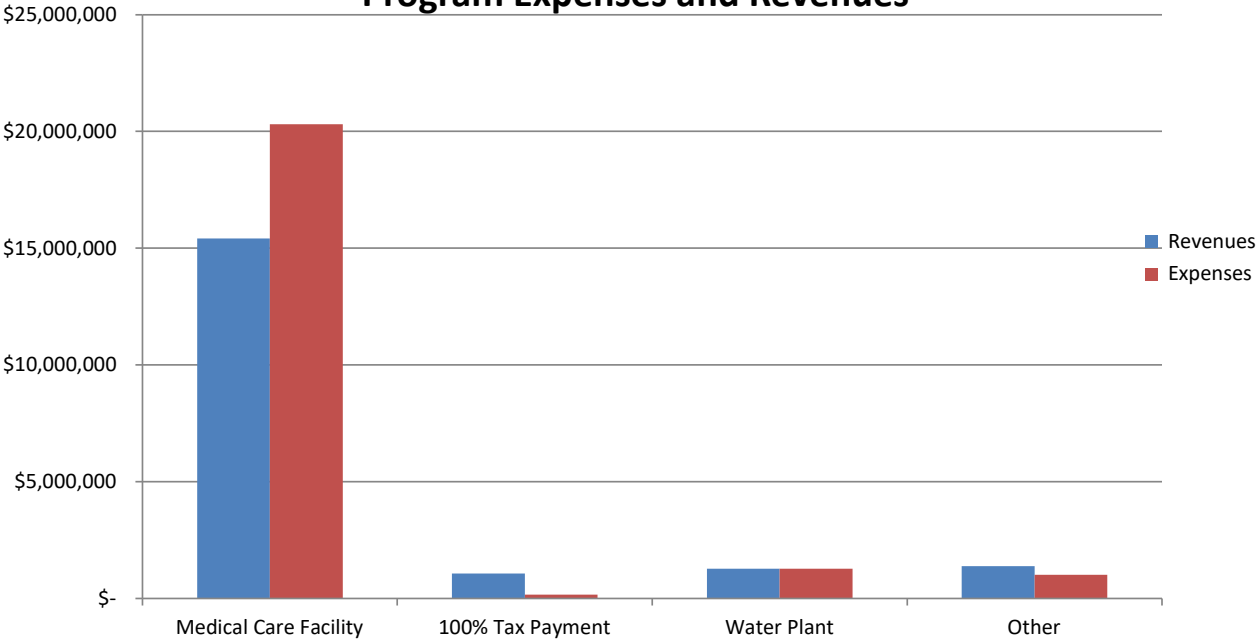
Governmental Activities Program Expenses and Revenues



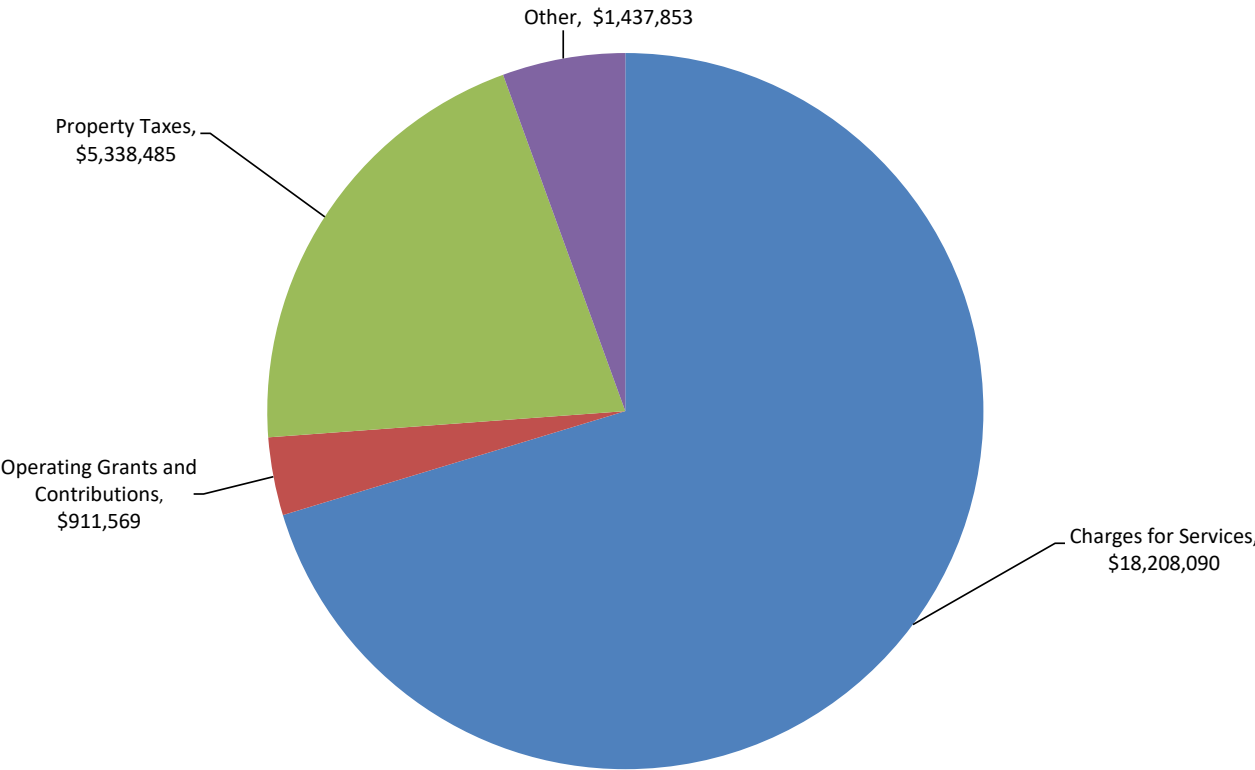
Revenues by Source/Governmental Activities



Business-Type Activities Program Expenses and Revenues



Revenues by Source/Business-Type Activities



BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measurement 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 County's governmental funds reported combined ending fund balances of \$39,900,317, an increase of \$9,771,344 compared to the prior year. Of this amount, \$7,344,397 is committed fund balance and \$7,146,889 is assigned fund balance. The underlying distinction between the two is that committed fund balance has been designated by the highest level of decision making authority and formal action is needed to establish, modify, or rescind a commitment. An additional \$9,903,865 is unassigned and available for spending at the government's discretion. The remainder of fund balance is not available for new spending and is either nonspendable (\$768,560) or restricted (\$14,736,606).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$9,903,865 while total fund balance amounted to \$22,657,731. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 28.3% of total general fund expenditures, while total fund balance represents 64.7% of that same amount.

Fund balance of the County's general fund increased by \$5,217,956 during the current fiscal year. The increase was primarily due to \$2.1 million of revenue loss recovery dollars from the American Rescue Plan Act funding, increase in recreational marijuana tax revenue of \$1.2 million, unrealized gain of \$1 million and increased collections of real property taxes of \$998,544.

The American Rescue Plan Act Fund (ARPA) recognized \$4,610,429 of federal funds during the year 2023 for the following programs: small business grant funding, workforce development, assist non-profits with pandemic related hardships, address staffing needs at Boys & Girls Club of Bay County, and Household Assistance Program (HAP) which helped pay delinquent rent, delinquent mortgages, delinquent utilities, and delinquent property taxes for residents.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County has two major proprietary funds.

The Facility's 2023 total net position increased by \$1,643,294 mainly as a result of the following: The Facility received state grants/reimbursements in the current year totaling \$803,381, a decrease of \$439,510 from 2022 due to the ending of the Covid-19 pandemic by the Federal government and the ending of State reimbursement for Covid-19 testing in May 2023. Property tax revenue increased by 4.1%. Charges for services decreased 8.7% from 2022 due mainly to a reduction in available beds with the restart of construction in September 2023 and an overall census reduction of 1.6%. Retiree benefits increased by \$5,303,650 as a result of GASB 68 and 75 related adjustments.

The water plant fund's net position as of year end was \$74,337, an increase of \$106 due to interest income. This fund was created to account for the installment purchase agreement with the Department of Water and Sewer component unit for the water plant as well as the related long-term debt.

General fund budgetary highlights. The differences between the original budget and final amended budget for expenditures resulted in a 6.3% increase (\$2,445,785) in expenditures budget; whereas the difference between the original budget and final amended budget for revenues resulted in a 5.7% increase (\$2,044,559) in revenues budget; finally, the original budget for total other financing sources (uses) was amended resulting in a 10.9% increase (\$155,818) in net other financing uses. The original budget shows a decrease of \$4,087,231 in fund balance which was affected by budgetary adjustments. Budget adjustments of \$557,044 resulted in a budgeted decrease to fund balance of \$4,644,275. Significant budgetary differences are briefly summarized as follows:

- A \$222,359 increase in expenditures for prior year open purchase orders to be billed in 2023.
- Increase in 2023 budget \$133,000 to cover the extra costs for the fire panel projects in the elevators.
- Increase the budget under the family division of Circuit Court \$150,000 for indigent attorney fees.
- Increase budget \$40,000 for swimming pool feasibility study.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Significant general fund actual to budget variances are as follows:

- A positive \$1,025,374 variance in property tax revenue was primarily the result of collecting \$998,554 more in current real property taxes in 2023 than what was budgeted.
- A positive \$1,651,924 variance in state revenue was primarily the result of the following: Recreational Marijuana \$1.2 million, Local Stabilization \$276,000, and State Revenue Sharing \$211,000.
- A positive \$1,317,017 variance in investment appreciations (depreciation), rents and royalties was primarily the result of the following: Unrealized Gain on investments of \$1 million that was not budgeted.
- General government expenditures were \$1,753,295 under budget due to the following: \$1.4 million was not spent on projects budgeted under Buildings & Grounds and information Systems, in additions there was underspending for Risk Management activity of \$142,000. These projects were delayed but are expected to be completed in the future.
- Public safety expenditures were \$2,359,652 under budget due to \$1.2 million in projects not being completed, \$635,000 underspending in wages and fringes due to employee turnover and vacancies. Grant spending and reimbursements were also down \$435,000.
- Judicial expenditures were \$1,061,095 under budget due to \$570,353 underspending in personnel costs due to employee turnover. Court grants were underutilized by \$306,000. Actual restitution expenses were less than budgeted by \$176,000. Underspending of bank and jury fees amounted to \$47,646.

Capital Asset and Debt Administration

Capital Assets - The County's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounted to \$59,048,651 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction work in progress, land improvements, buildings and improvements, machinery and equipment, office furniture and equipment, and vehicles. The total increase in the County's investment in capital assets for the current fiscal year was 5.4% (a 5.2% increase and 5.7% increase for governmental activities and business-type activities, respectively).

Major capital asset events during the current fiscal year included the following:

- A new Health Service Center was purchased for \$3,244,567.
- 911 Central Dispatch upgraded there phone system costing \$133,101.
- The Sheriff's Office bought 4 vehicles, a boat, and a handheld narcotics analyzer totaling \$218,370.
- Twelve vehicles were disposed of therefore taken off the system totaling \$208,789.

| | Capital Assets (net of depreciation and amortization) | | | | | |
|-----------------------------------|---|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | \$ 2,747,853 | \$ 2,211,953 | \$ 167,021 | \$ 167,021 | \$ 2,914,874 | \$ 2,378,974 |
| Construction work in progress | 27,870 | 218,444 | 5,275,915 | 2,597,452 | 5,303,785 | 2,815,896 |
| Land improvements | 527,457 | 557,794 | - | - | 527,457 | 557,794 |
| Buildings and improvements | 30,762,190 | 29,111,787 | 13,638,791 | 15,031,024 | 44,400,981 | 44,142,811 |
| Machinery and equipment | 1,519,546 | 1,492,377 | 1,400,537 | 1,582,936 | 2,920,083 | 3,075,313 |
| Office furniture and equipment | 1,192,275 | 1,314,114 | 514,536 | 595,437 | 1,706,811 | 1,909,551 |
| Vehicles | 1,015,248 | 1,122,514 | - | - | 1,015,248 | 1,122,514 |
| Lease assets (Note 10) | 4,426 | 20,435 | - | - | 4,426 | 20,435 |
| Subscription assets (Note 11) | 142,647 | - | 112,339 | - | 254,986 | - |
| Total | \$ 37,939,512 | \$ 36,049,418 | \$ 21,109,139 | \$ 19,973,870 | \$ 59,048,651 | \$ 56,023,288 |

Additional information on the County's capital assets can be found in Note 6 to the financial statements.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Long-Term Debt. At the end of the current fiscal year, the County's primary government had total outstanding debt of \$48,957,252, excluding leases and subscriptions payable. The County debt is comprised of an installment purchase agreement payable, revenue bonds, Drinking Water Revolving Funds (DWRF) loans, net of compensated absences.

| | Outstanding Debt | | | | | |
|--|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Primary Government | | | | | | |
| Installment purchase agreement payable | \$ 79,400 | \$ 158,800 | \$ - | \$ - | \$ 79,400 | \$ 158,800 |
| Revenue bonds | - | - | 28,165,000 | 29,060,000 | 28,165,000 | 29,060,000 |
| DWRF loans | - | - | 18,480,000 | 20,060,000 | 18,480,000 | 20,060,000 |
| Compensated absences | 2,222,093 | 2,170,118 | 10,759 | 8,991 | 2,232,852 | 2,179,109 |
| Total | <u>\$ 2,301,493</u> | <u>\$ 2,328,918</u> | <u>\$ 46,655,759</u> | <u>\$ 49,128,991</u> | <u>\$ 48,957,252</u> | <u>\$ 51,457,909</u> |

The County's total gross long-term debt of \$48,957,252 is equivalent to \$478 per capita or 1.5% of the County's taxable value of property of \$3,327,217,553.

The County's total debt decreased \$2,500,657 or 4.9% during the current fiscal year. This decrease is mainly the result of scheduled principal payments made during the year of \$2,554,400 along with the change in compensated absences.

The County's current bond ratings are as follows:

| | Moody's | Standard and Poor's |
|---------------------------------|---------|---------------------|
| Limited tax obligations | Aa3 | AA- |
| Insured limited tax obligations | Aaa | AAA |
| Unlimited tax obligations | unrated | unrated |
| Revenue bonds | unrated | AA |

Current state statutes (Article 7, Section II, Michigan Constitution of 1963) limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The County's current debt limit and margin (amounts expressed in thousands) is as follows:

| | |
|--------------------------------|------------|
| Debt limit | \$ 443,772 |
| Debt margin | 396,814 |
| Net debt as a percent of limit | 10.58% |

Additional information on the County's long-term debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the County's budget for the 2024 fiscal year:

- All County union collective bargaining agreements are currently in effect until December 31, 2025. The three-year contracts started January 1, 2023.
- The County continues to monitor its health care costs and adjust to the budget as necessary.
- The County continues to apply for new grant funds to provide increased services to its residents.
- The County has allocated all American Rescue Plan Act funding and will continue to monitor progress and spending compliance.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in Bay County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, Bay County Building, 515 Center Avenue, Suite 701, Bay City, Michigan 48708-5128.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Statement of Net Position December 31, 2023

| | Primary Government | | | Component Units |
|---|-------------------------|--------------------------|-----------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and cash equivalents | \$ 15,422,135 | \$ 4,136,151 | \$ 19,558,286 | \$ 19,818,032 |
| Investments | 25,812,186 | 3,293,222 | 29,105,408 | 15,729,175 |
| Receivables | 25,986,247 | 59,954,569 | 85,940,816 | 15,929,792 |
| Internal balances | 1,270 | (1,270) | - | - |
| Other assets | 998,322 | 829,343 | 1,827,665 | 2,538,649 |
| Advance to component unit | 192,408 | - | 192,408 | - |
| Restricted cash and cash equivalents | 2,506,965 | - | 2,506,965 | - |
| Restricted investments | 5,619,335 | - | 5,619,335 | - |
| Restricted cash held by others | - | - | - | 560,958 |
| Capital assets not being depreciated/amortized | 2,775,723 | 5,442,936 | 8,218,659 | 43,837,749 |
| Capital assets being depreciated/amortized, net | 35,163,789 | 15,666,203 | 50,829,992 | 151,297,670 |
| Net pension asset | 15,528,718 | 6,193,200 | 21,721,918 | 6,202,207 |
| Total assets | 130,007,098 | 95,514,354 | 225,521,452 | 255,914,232 |
| Deferred outflows of resources | | | | |
| Deferred charge on refunding | - | 2,163,760 | 2,163,760 | 2,163,760 |
| Deferred pension amounts | 23,326,669 | 9,825,812 | 33,152,481 | 11,919,305 |
| Deferred OPEB amounts | 10,994,556 | 4,506,590 | 15,501,146 | 8,668,164 |
| Total deferred outflows of resources | 34,321,225 | 16,496,162 | 50,817,387 | 22,751,229 |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 4,665,600 | 3,076,235 | 7,741,835 | 3,242,524 |
| Unearned revenue | 9,173,112 | 9,065 | 9,182,177 | 1,250,000 |
| Bonds, notes and other long-term liabilities: | | | | |
| Due within one year | 416,437 | 2,579,533 | 2,995,970 | 5,161,929 |
| Due in more than one year | 2,001,641 | 44,191,763 | 46,193,404 | 51,033,314 |
| Net OPEB liability, due in more than one year | 7,551,288 | 3,362,203 | 10,913,491 | 5,910,848 |
| Total liabilities | 23,808,078 | 53,218,799 | 77,026,877 | 66,598,615 |
| Deferred inflows of resources | | | | |
| Deferred pension amounts | 2,868,154 | 918,630 | 3,786,784 | 416,247 |
| Deferred OPEB amounts | 18,184,498 | 13,087,460 | 31,271,958 | 15,331,831 |
| Deferred lease amounts | 225,265 | - | 225,265 | - |
| Taxes levied for a subsequent period | 11,097,950 | 5,624,418 | 16,722,368 | 5,700,000 |
| Total deferred inflows of resources | 32,375,867 | 19,630,508 | 52,006,375 | 21,448,078 |
| Net position | | | | |
| Net investment in capital assets | 37,743,527 | 20,993,602 | 58,737,129 | 143,678,983 |
| Restricted for: | | | | |
| Pension benefits | 15,528,718 | 6,193,200 | 21,721,918 | 6,202,207 |
| Insurance claims | 5,250,571 | - | 5,250,571 | - |
| Health and welfare | 6,166,814 | - | 6,166,814 | - |
| Home rehabilitation | 1,796,390 | - | 1,796,390 | - |
| Pest control | 1,534,111 | - | 1,534,111 | - |
| Public safety | 3,976,874 | - | 3,976,874 | - |
| Opioid Remediation | 5,929,585 | - | 5,929,585 | - |
| Debt service | - | - | - | 4,096,650 |
| Other | 621,030 | - | 621,030 | - |
| Unrestricted | 29,596,758 | 11,974,407 | 41,571,165 | 36,640,928 |
| Total net position | \$ 108,144,378 | \$ 39,161,209 | \$ 147,305,587 | \$ 190,618,768 |

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

BAY COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2023

| Functions / Programs | Expenses | Indirect Expenses Allocation | Program Revenues | | | Net (Expense) Revenue |
|---------------------------------------|----------------------|------------------------------|----------------------|------------------------------------|----------------------------------|------------------------|
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 12,587,946 | \$ (162,044) | \$ 826,583 | \$ 9,217,246 | \$ 257,207 | \$ (2,124,866) |
| Public safety | 10,887,621 | 101,177 | 2,094,613 | 1,165,781 | - | (7,728,404) |
| Community and economic development | 5,441,888 | (25,237) | 910,558 | 216,194 | - | (4,289,899) |
| Health and welfare | 10,211,494 | 76,503 | 4,519,399 | 4,309,524 | - | (1,459,074) |
| Public works | 699,651 | (30,726) | 274,838 | - | - | (394,087) |
| Judicial | 8,076,771 | - | 1,462,972 | 2,618,217 | - | (3,995,582) |
| Legislative | 589,072 | - | - | - | - | (589,072) |
| Recreation and culture | 2,437,573 | (106,923) | 1,010,963 | 2,655 | - | (1,317,032) |
| Interest on long-term debt | 885 | - | - | - | - | (885) |
| Total governmental activities | 50,932,901 | (147,250) | 11,099,926 | 17,529,617 | 257,207 | (21,898,901) |
| Business-type activities: | | | | | | |
| Medical care facility | 20,290,674 | 23,201 | 14,611,101 | 803,381 | - | (4,899,393) |
| 100% tax payment | 139,324 | 16,988 | 1,056,746 | - | - | 900,434 |
| Golf course | 587,229 | 69,741 | 691,119 | - | - | 34,149 |
| Water plant | 1,263,889 | - | 1,155,807 | 108,188 | - | 106 |
| Delinquent property tax foreclosure | 199,255 | - | 480,065 | - | - | 280,810 |
| Commissary | 142,892 | 4,269 | 213,252 | - | - | 66,091 |
| Total business-type activities | 22,623,263 | 114,199 | 18,208,090 | 911,569 | - | (3,617,803) |
| Total primary government | \$ 73,556,164 | \$ (33,051) | \$ 29,308,016 | \$ 18,441,186 | \$ 257,207 | \$ (25,516,704) |
| Component units | | | | | | |
| Road Commission | \$ 17,037,468 | \$ - | \$ 4,256,926 | \$ 14,993,195 | \$ 3,297,786 | \$ 5,510,439 |
| Library System | 6,312,346 | 2,325 | 30,020 | 557,149 | 43,605 | (5,683,897) |
| Department of Water and Sewer | 18,215,243 | - | 20,990,207 | - | - | 2,774,964 |
| Drain Commission | 776,756 | 30,726 | 21,123 | - | 444,790 | (341,569) |
| Brownfield Redevelopment Authority | 36,298 | - | - | 36,298 | - | - |
| Bay County Landbank | 6,451 | - | 8,981 | - | - | 2,530 |
| Total component units | \$ 42,384,562 | \$ 33,051 | \$ 25,307,257 | \$ 15,586,642 | \$ 3,786,181 | \$ 2,262,467 |

continued...

BAY COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2023

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-----------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Changes in net position | | | | |
| Net (expense) revenue | \$ (21,898,901) | \$ (3,617,803) | \$ (25,516,704) | \$ 2,262,467 |
| General revenues: | | | | |
| Property taxes | 29,021,366 | 5,338,485 | 34,359,851 | 5,771,392 |
| Grants and contributions not restricted to specific programs | 6,710,429 | - | 6,710,429 | - |
| Unrestricted investment appreciation (depreciation) | 2,715,791 | 766,902 | 3,482,693 | 1,212,440 |
| Other | 2,441,007 | 670,951 | 3,111,958 | 1,494,411 |
| Transfers - internal activities | 1,160,000 | (1,160,000) | - | - |
| Total general revenues and transfers | 42,048,593 | 5,616,338 | 47,664,931 | 8,478,243 |
| Change in net position | 20,149,692 | 1,998,535 | 22,148,227 | 10,740,710 |
| Net position, beginning of year, as restated | 87,994,686 | 37,162,674 | 125,157,360 | 179,878,058 |
| Net position, end of year | <u>\$ 108,144,378</u> | <u>\$ 39,161,209</u> | <u>\$ 147,305,587</u> | <u>\$ 190,618,768</u> |

concluded

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

BAY COUNTY, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2023

| | General Fund | American Rescue Plan Act Special Revenue Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|--|-----------------------------------|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 2,822,910 | \$ - | \$ 10,300,197 | \$ 13,123,107 |
| Investments | 18,483,891 | - | 6,337,545 | 24,821,436 |
| Receivables: | | | | |
| Accounts, net | 950,508 | 3,339 | 7,171,449 | 8,125,296 |
| Property taxes, net | 1,591,462 | - | 10,636,523 | 12,227,985 |
| Interest | 158,460 | - | 41,151 | 199,611 |
| Due from other governmental units | 3,423,037 | - | 1,639,457 | 5,062,494 |
| Due from component units | 134,465 | - | - | 134,465 |
| Leases | 225,265 | - | - | 225,265 |
| Inventories | 12,384 | - | - | 12,384 |
| Due from other funds | 2,284,765 | - | - | 2,284,765 |
| Prepaid items and other assets | 506,737 | - | 57,031 | 563,768 |
| Advance to component unit | 192,408 | - | - | 192,408 |
| Restricted cash and cash equivalents | - | 2,506,965 | - | 2,506,965 |
| Restricted investments | - | 5,619,335 | - | 5,619,335 |
| Total assets | \$ 30,786,292 | \$ 8,129,639 | \$ 36,183,353 | \$ 75,099,284 |
| Liabilities | | | | |
| Accounts payable | \$ 571,938 | \$ 32,964 | \$ 496,393 | \$ 1,101,295 |
| Accrued liabilities | 938,783 | - | 384,819 | 1,323,602 |
| Due to other funds | 4,710,089 | - | 53,575 | 4,763,664 |
| Due to component units | 253,474 | - | - | 253,474 |
| Due to other governmental units | 66,567 | - | 834,724 | 901,291 |
| Deposits | 125,549 | - | - | 125,549 |
| Unearned revenue | 299,971 | 8,096,675 | 776,466 | 9,173,112 |
| Total liabilities | 6,966,371 | 8,129,639 | 2,545,977 | 17,641,987 |
| Deferred inflows of resources | | | | |
| Unavailable revenue - property taxes | 689,801 | - | 16,177 | 705,978 |
| Unavailable revenue - long-term receivable | 247,124 | - | 5,280,663 | 5,527,787 |
| Taxes levied for a subsequent period | - | - | 11,097,950 | 11,097,950 |
| Deferred lease amounts | 225,265 | - | - | 225,265 |
| Total deferred inflows of resources | 1,162,190 | - | 16,394,790 | 17,556,980 |
| Fund balances | | | | |
| Nonspendable | 711,529 | - | 57,031 | 768,560 |
| Restricted | 149,324 | - | 14,587,282 | 14,736,606 |
| Committed | 7,344,397 | - | - | 7,344,397 |
| Assigned | 4,548,616 | - | 2,598,273 | 7,146,889 |
| Unassigned | 9,903,865 | - | - | 9,903,865 |
| Total fund balances | 22,657,731 | - | 17,242,586 | 39,900,317 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 30,786,292 | \$ 8,129,639 | \$ 36,183,353 | \$ 75,099,284 |

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

BAY COUNTY, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
December 31, 2023

Fund balances - total governmental funds \$ 39,900,317

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

| | |
|---|------------|
| Capital assets not being depreciated/amortized | 2,775,723 |
| Capital assets being depreciated/amortized, net | 35,163,789 |

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance.

| | |
|---|-----------|
| Deferred inflow for property taxes receivable | 705,978 |
| Deferred inflow for long-term receivable | 5,527,787 |

Certain pension and OPEB-related amounts, such as the net pension asset, net OPEB liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

| | |
|---|--------------|
| Net pension asset | 15,522,778 |
| Deferred outflows related to the net pension asset | 23,317,728 |
| Deferred inflows related to the net pension asset | (2,867,003) |
| Net OPEB liability | (7,551,288) |
| Deferred outflows related to the net OPEB liability | 10,994,556 |
| Deferred inflows related to the net OPEB liability | (18,184,498) |

Internal service funds are used by management to charge the costs of self insurance to individual governmental funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.

5,256,511

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

| | |
|--|-------------|
| Bonds, notes and other long-term liabilities | (195,985) |
| Accrued interest on long-term debt | (885) |
| Accrued liability to Historical Preservation | (581) |
| Compensated absences | (2,220,549) |

Net position of governmental activities \$ 108,144,378

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2023

| | General Fund | American Rescue Plan Act Special Revenue Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|--|-----------------------------------|--------------------------------|
| Revenues | | | | |
| Property taxes | \$ 18,474,588 | \$ - | \$ 10,515,456 | \$ 28,990,044 |
| Licenses and permits | 223,766 | - | 304,958 | 528,724 |
| Federal | 4,131,250 | 4,610,429 | 2,790,045 | 11,531,724 |
| State | 7,653,423 | - | 4,133,136 | 11,786,559 |
| Investment appreciation (depreciation), rents and royalties | 2,805,852 | - | 299,507 | 3,105,359 |
| Charges for services | 3,223,874 | - | 1,025,810 | 4,249,684 |
| Fines and forfeits | 343,570 | - | 9,542 | 353,112 |
| Reimbursements, refunds, and other | 4,235,201 | - | 3,211,021 | 7,446,222 |
| Total revenues | 41,091,524 | 4,610,429 | 22,289,475 | 67,991,428 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 10,713,638 | - | 1,892,318 | 12,605,956 |
| Public safety | 10,446,239 | - | 3,379,028 | 13,825,267 |
| Community and economic development | 874,556 | 4,610,429 | - | 5,484,985 |
| Health and welfare | 909,131 | - | 13,759,488 | 14,668,619 |
| Public works | 696,932 | - | - | 696,932 |
| Judicial | 8,729,126 | - | 242,958 | 8,972,084 |
| Legislative | 592,074 | - | - | 592,074 |
| Recreation and culture | 1,898,531 | - | 659,559 | 2,558,090 |
| Debt service: | | | | |
| Principal | 138,891 | - | 9,056 | 147,947 |
| Interest and other fiscal charges | 473 | - | 67 | 540 |
| Total expenditures | 34,999,591 | 4,610,429 | 19,942,474 | 59,552,494 |
| Revenues over (under) expenditures | 6,091,933 | - | 2,347,001 | 8,438,934 |
| Other financing sources (uses) | | | | |
| Issuance of bonds, notes and other long-term liabilities | 153,681 | - | 10,926 | 164,607 |
| Transfers in | 4,172,812 | - | 4,280,934 | 8,453,746 |
| Transfer out | (5,200,470) | - | (2,085,473) | (7,285,943) |
| Total other financing sources (uses) | (873,977) | - | 2,206,387 | 1,332,410 |
| Net change in fund balances | 5,217,956 | - | 4,553,388 | 9,771,344 |
| Fund balances, beginning of year | 17,439,775 | - | 12,689,198 | 30,128,973 |
| Fund balances, end of year | \$ 22,657,731 | \$ - | \$ 17,242,586 | \$ 39,900,317 |

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

BAY COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds \$ 9,771,344

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

| | |
|--------------------------------------|-------------|
| Capital assets purchased/constructed | 4,400,666 |
| Depreciation and amortization | (2,508,622) |
| Loss on disposal of capital assets | (1,950) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.

| | |
|--|-----------|
| Change in deferred property taxes receivable | 31,322 |
| Change in deferred long-term receivable | 1,828,255 |

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

| | |
|--|-----------|
| Issuance of bonds, notes and other long-term liabilities | (164,607) |
| Principal payments on bonds, notes and other long-term liabilities | 147,947 |

Internal service funds are used by management to charge the costs of self insurance to individual governmental funds. The net increase (decrease) in net position of the internal service funds is reported with governmental activities.

| | |
|--|---------|
| Net operating income (loss) from governmental activities internal service funds | 206,070 |
| Investment appreciation/depreciation from governmental activities internal service funds | 71,588 |
| Transfers out of governmental activities internal service funds | (7,803) |

Certain 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.

| | |
|---|-----------|
| Historical preservation | (180) |
| Change in the net pension asset and related deferred amounts | (242,215) |
| Change in accrued interest payable on bonds | (885) |
| Change in the net OPEB liability and related deferred amounts | 6,670,685 |
| Change in the accrual for compensated absences | (51,923) |

Change in net position of governmental activities \$ 20,149,692

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|----------------------|----------------------|----------------------|--|
| Revenues | | | | |
| Property taxes | \$ 17,449,214 | \$ 17,449,214 | \$ 18,474,588 | \$ 1,025,374 |
| Licenses and permits | 238,700 | 238,700 | 223,766 | (14,934) |
| Federal | 2,361,282 | 3,510,957 | 4,131,250 | 620,293 |
| State | 5,795,507 | 6,001,499 | 7,653,423 | 1,651,924 |
| Investment appreciation (depreciation), rents and royalties | 988,835 | 1,488,835 | 2,805,852 | 1,317,017 |
| Charges for services | 3,572,408 | 3,730,891 | 3,223,874 | (507,017) |
| Fines and forfeits | 620,000 | 620,000 | 343,570 | (276,430) |
| Reimbursements, refunds, and other | 4,857,149 | 4,887,558 | 4,235,201 | (652,357) |
| Total revenues | 35,883,095 | 37,927,654 | 41,091,524 | 3,163,870 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 11,886,563 | 12,466,933 | 10,713,638 | (1,753,295) |
| Public safety | 11,411,058 | 12,805,891 | 10,446,239 | (2,359,652) |
| Community and economic development | 1,195,524 | 1,080,220 | 874,556 | (205,664) |
| Health and welfare | 917,440 | 947,440 | 909,131 | (38,309) |
| Public works | 692,449 | 702,449 | 696,932 | (5,517) |
| Judicial | 9,555,411 | 9,790,221 | 8,729,126 | (1,061,095) |
| Legislative | 689,290 | 737,771 | 592,074 | (145,697) |
| Recreation and culture | 2,056,136 | 2,318,731 | 1,898,531 | (420,200) |
| Debt service: | | | | |
| Principal | 138,891 | 138,891 | 138,891 | - |
| Interest and other fiscal charges | 473 | 473 | 473 | - |
| Total expenditures | 38,543,235 | 40,989,020 | 34,999,591 | (5,989,429) |
| Revenues over (under) expenditures | (2,660,140) | (3,061,366) | 6,091,933 | 9,153,299 |
| Other financing sources (uses) | | | | |
| Insurance recoveries/proceeds | 27,000 | 27,000 | - | (27,000) |
| Issuance of bonds, notes and other long-term liabilities | - | - | 153,681 | 153,681 |
| Transfers in | 3,952,983 | 3,954,672 | 4,172,812 | 218,140 |
| Transfers out | (5,407,074) | (5,564,581) | (5,200,470) | (364,111) |
| Total other financing sources (uses) | (1,427,091) | (1,582,909) | (873,977) | 708,932 |
| Net change in fund balance | (4,087,231) | (4,644,275) | 5,217,956 | 9,862,231 |
| Fund balance, beginning of year | 17,439,775 | 17,439,775 | 17,439,775 | - |
| Fund balance, end of year | \$ 13,352,544 | \$ 12,795,500 | \$ 22,657,731 | \$ 9,862,231 |

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - American Rescue Plan Act Special Revenue Fund

For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|--------------------|-----------------|--------------|--|
| Revenues | | | | |
| Federal | \$ - | \$ 7,076,844 | \$ 4,610,429 | \$ (2,466,415) |
| Investment appreciation (depreciation), rents and royalties | 4,000 | 4,000 | - | (4,000) |
| Total revenues | 4,000 | 7,080,844 | 4,610,429 | (2,470,415) |
| Expenditures | | | | |
| Current: | | | | |
| Community and economic development | - | 7,076,844 | 4,610,429 | (2,466,415) |
| Revenues over (under) expenditures | 4,000 | 4,000 | - | (4,000) |
| Other financing uses | | | | |
| Transfer out | (4,000) | (4,000) | - | (4,000) |
| Net change in fund balance | - | - | - | - |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

BAY COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2023

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|--|---|-------------------|---------------------------------|-------------------|------------------------------|
| | Medical Care Facility | Water Plant | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 656,325 | \$ 1,596,150 | \$ 1,883,676 | \$ 4,136,151 | \$ 2,299,028 |
| Investments | 20,399 | - | 3,272,823 | 3,293,222 | 990,750 |
| Accounts receivable, net | 1,074,204 | - | 146,814 | 1,221,018 | 4,774 |
| Property taxes receivable | 5,382,556 | - | 3,422,131 | 8,804,687 | - |
| Accrued interest receivable | - | 281,047 | 529,403 | 810,450 | 6,357 |
| Current portion of installment sales agreement receivable | - | 2,545,000 | - | 2,545,000 | - |
| Inventories | 70,149 | - | 10,005 | 80,154 | - |
| Due from other funds | - | - | 441,654 | 441,654 | 2,480,169 |
| Due from component units | - | - | 25,000 | 25,000 | - |
| Due from other governmental units | 6,076,696 | - | 57,291 | 6,133,987 | - |
| Prepaid items and other assets | 735,011 | - | 14,178 | 749,189 | 422,170 |
| Total current assets | 14,015,340 | 4,422,197 | 9,802,975 | 28,240,512 | 6,203,248 |
| Noncurrent assets: | | | | | |
| Installment sales agreement receivable, net of current portion | - | 40,414,427 | - | 40,414,427 | - |
| Net pension asset | 6,096,651 | - | 96,549 | 6,193,200 | 5,940 |
| Capital assets not being depreciated/amortized | 5,306,003 | - | 136,933 | 5,442,936 | - |
| Capital assets being depreciated/amortized, net | 15,591,112 | - | 75,091 | 15,666,203 | - |
| Total noncurrent assets | 26,993,766 | 40,414,427 | 308,573 | 67,716,766 | 5,940 |
| Total assets | 41,009,106 | 44,836,624 | 10,111,548 | 95,957,278 | 6,209,188 |
| Deferred outflows of resources | | | | | |
| Deferred charge on refunding | - | 2,163,760 | - | 2,163,760 | - |
| Deferred pension amounts | 9,680,518 | - | 145,294 | 9,825,812 | 8,941 |
| Deferred OPEB amounts | 4,506,590 | - | - | 4,506,590 | - |
| Total deferred outflows of resources | 14,187,108 | 2,163,760 | 145,294 | 16,496,162 | 8,941 |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 1,782,514 | - | 80,255 | 1,862,769 | 810 |
| Accrued liabilities | 725,438 | 281,047 | 8,140 | 1,014,625 | 1,292 |
| Deposits payable | 6,377 | - | - | 6,377 | - |
| Due to other funds | - | - | 442,924 | 442,924 | - |
| Due to other governmental units | - | - | 16,799 | 16,799 | - |
| Estimated insurance claims payable | 175,665 | - | - | 175,665 | 956,821 |
| Unearned revenue | - | - | 9,065 | 9,065 | - |
| Current portion of bonds, notes and other long-term liabilities | 23,774 | 2,545,000 | - | 2,568,774 | - |
| Compensated absences | - | - | 10,759 | 10,759 | 1,544 |
| Total current liabilities | 2,713,768 | 2,826,047 | 567,942 | 6,107,757 | 960,467 |

continued...

BAY COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2023

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|--|---|-------------------|---------------------------------|----------------------|------------------------------|
| | Medical Care Facility | Water Plant | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Liabilities (continued) | | | | | |
| Noncurrent liabilities: | | | | | |
| Bonds, notes and other long-term liabilities, net of current portion | \$ 91,763 | \$ 44,100,000 | \$ - | \$ 44,191,763 | \$ - |
| Net OPEB liability | 3,362,203 | - | - | 3,362,203 | - |
| Total noncurrent liabilities | 3,453,966 | 44,100,000 | - | 47,553,966 | - |
| Total liabilities | 6,167,734 | 46,926,047 | 567,942 | 53,661,723 | 960,467 |
| Deferred inflows of resources | | | | | |
| Deferred pension amounts | 899,913 | - | 18,717 | 918,630 | 1,151 |
| Deferred OPEB amounts | 13,087,460 | - | - | 13,087,460 | - |
| Taxes levied for a subsequent period | 5,624,418 | - | - | 5,624,418 | - |
| Total deferred inflows of resources | 19,611,791 | - | 18,717 | 19,630,508 | 1,151 |
| Net position | | | | | |
| Net investment in capital assets | 20,781,578 | - | 212,024 | 20,993,602 | - |
| Restricted for: | | | | | |
| Pension benefits | 6,096,651 | - | 96,549 | 6,193,200 | 5,940 |
| Insurance claims | - | - | - | - | 5,250,571 |
| Unrestricted | 2,538,460 | 74,337 | 9,361,610 | 11,974,407 | - |
| Total net position | \$ 29,416,689 | \$ 74,337 | \$ 9,670,183 | \$ 39,161,209 | \$ 5,256,511 |

concluded

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

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2023

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|--------------------|---------------------------|----------------------|-------------------------|
| | Medical Care Facility | Water Plant | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Operating revenues | | | | | |
| Charges for services | \$ 14,611,101 | \$ - | \$ 2,431,107 | \$ 17,042,208 | \$ 10,613,552 |
| Other | - | 1,155,807 | 10,075 | 1,165,882 | - |
| Total operating revenues | <u>14,611,101</u> | <u>1,155,807</u> | <u>2,441,182</u> | <u>18,208,090</u> | <u>10,613,552</u> |
| Operating expenses | | | | | |
| Personnel services | 12,324,959 | - | 459,450 | 12,784,409 | 10,407,482 |
| Supplies | - | - | 102,155 | 102,155 | - |
| Other services | 6,246,615 | - | 576,741 | 6,823,356 | - |
| Depreciation/amortization | 1,691,112 | - | 21,352 | 1,712,464 | - |
| Total operating expenses | <u>20,262,686</u> | <u>-</u> | <u>1,159,698</u> | <u>21,422,384</u> | <u>10,407,482</u> |
| Operating income (loss) | <u>(5,651,585)</u> | <u>1,155,807</u> | <u>1,281,484</u> | <u>(3,214,294)</u> | <u>206,070</u> |
| Nonoperating revenues (expenses) | | | | | |
| Property and other taxes | 5,338,485 | - | - | 5,338,485 | - |
| Reimbursements, refunds and rebates | 670,951 | 108,188 | - | 779,139 | - |
| State revenue | 803,381 | - | - | 803,381 | - |
| Investment appreciation (depreciation) | 533,251 | - | 233,651 | 766,902 | 71,588 |
| Interest expense | - | (1,263,889) | - | (1,263,889) | - |
| Loss on sale of capital assets | (51,189) | - | - | (51,189) | - |
| Total nonoperating revenues (expenses) | <u>7,294,879</u> | <u>(1,155,701)</u> | <u>233,651</u> | <u>6,372,829</u> | <u>71,588</u> |
| Income (loss) before transfers | <u>1,643,294</u> | <u>106</u> | <u>1,515,135</u> | <u>3,158,535</u> | <u>277,658</u> |
| Transfers | | | | | |
| Transfers in | - | - | 84,752 | 84,752 | - |
| Transfers out | - | - | (1,244,752) | (1,244,752) | (7,803) |
| Net transfers | <u>-</u> | <u>-</u> | <u>(1,160,000)</u> | <u>(1,160,000)</u> | <u>(7,803)</u> |
| Change in net position | <u>1,643,294</u> | <u>106</u> | <u>355,135</u> | <u>1,998,535</u> | <u>269,855</u> |
| Net position, beginning of year | <u>27,773,395</u> | <u>74,231</u> | <u>9,315,048</u> | <u>37,162,674</u> | <u>4,986,656</u> |
| Net position, end of year | <u>\$ 29,416,689</u> | <u>\$ 74,337</u> | <u>\$ 9,670,183</u> | <u>\$ 39,161,209</u> | <u>\$ 5,256,511</u> |

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

BAY COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2023

| | Business-type Activities - Enterprise Funds | | | | Governmental |
|---|---|---------------------|---------------------------|---------------------|------------------------|
| | Medical Care Facility | Water Plant | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Cash flows from operating activities | | | | | |
| Cash received from customers | \$ 11,155,317 | \$ 1,155,807 | \$ 2,430,364 | \$ 14,741,488 | \$ - |
| Cash received from interfund services provided | - | - | - | - | 9,438,041 |
| Cash received from quality assurance program | 1,459,818 | - | - | 1,459,818 | - |
| Cash received from quality measure initiative | 393,158 | - | - | 393,158 | - |
| Cash received from CPE reimbursement | 676,000 | - | - | 676,000 | - |
| Cash paid for quality assurance assessment | (1,006,017) | - | - | (1,006,017) | - |
| Cash payments to suppliers for goods and services | (10,532,858) | - | (684,894) | (11,217,752) | - |
| Cash payments to employees and related taxes and insurance | (11,928,321) | - | (447,783) | (12,376,104) | (10,405,794) |
| Net cash provided by (used in) operating activities | <u>(9,782,903)</u> | <u>1,155,807</u> | <u>1,297,687</u> | <u>(7,329,409)</u> | <u>(967,753)</u> |
| Cash flows from noncapital financing activities | | | | | |
| Taxes received | 5,322,118 | - | - | 5,322,118 | - |
| Reimbursements, refunds, and rebates received | 670,950 | - | - | 670,950 | - |
| Change in resident trust deposits | (6,487) | - | - | (6,487) | - |
| Intergovernmental grant proceeds | 803,381 | - | - | 803,381 | - |
| Payments received on installment sales agreement receivable | - | 2,387,674 | - | 2,387,674 | - |
| Principal paid on long-term debt | - | (2,475,000) | - | (2,475,000) | - |
| Interest paid on long-term debt | - | (1,064,151) | - | (1,064,151) | - |
| Transfers in | - | - | 84,752 | 84,752 | - |
| Transfers out | - | - | (1,244,752) | (1,244,752) | (7,803) |
| Net cash provided by (used in) noncapital financing activities | <u>6,789,962</u> | <u>(1,151,477)</u> | <u>(1,160,000)</u> | <u>4,478,485</u> | <u>(7,803)</u> |
| Cash flows from capital and related financing activities | | | | | |
| Principal paid on long-term debt | (16,627) | - | - | (16,627) | - |
| Acquisition and construction of capital assets | (2,316,621) | - | (10,901) | (2,327,522) | - |
| Net cash provided by (used in) noncapital financing activities | <u>(2,333,248)</u> | <u>-</u> | <u>(10,901)</u> | <u>(2,344,149)</u> | <u>-</u> |
| Cash flows from investing activities | | | | | |
| Proceeds from sale of investments | 3,528,925 | - | - | 3,528,925 | - |
| Purchases of investments | - | - | (473,959) | (473,959) | (121,779) |
| Income (loss) on investments | 157,103 | 16,638 | 253,157 | 426,898 | 69,701 |
| Net cash provided by (used in) investing activities | <u>3,686,028</u> | <u>16,638</u> | <u>(220,802)</u> | <u>3,481,864</u> | <u>(52,078)</u> |
| Net change in cash and cash equivalents | <u>(1,640,161)</u> | <u>20,968</u> | <u>(94,016)</u> | <u>(1,713,209)</u> | <u>(1,027,634)</u> |
| Cash and cash equivalents, beginning of year | 2,296,486 | 1,575,182 | 1,977,692 | 5,849,360 | 3,326,662 |
| Cash and cash equivalents, end of year | <u>\$ 656,325</u> | <u>\$ 1,596,150</u> | <u>\$ 1,883,676</u> | <u>\$ 4,136,151</u> | <u>\$ 2,299,028</u> |

continued...

BAY COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2023

| | Business-type Activities - Enterprise Funds | | | Governmental | |
|--|---|---------------------|---------------------------|------------------------|---------------------|
| | Medical Care Facility | Water Plant | Nonmajor Enterprise Funds | Internal Service Funds | |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | | | |
| Operating income (loss) | \$ (5,651,585) | \$ 1,155,807 | \$ 1,281,484 | \$ (3,214,294) | \$ 206,070 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation/amortization | 1,691,112 | - | 21,352 | 1,712,464 | - |
| Bad debts | 3,233 | - | - | 3,233 | - |
| Changes in assets and liabilities that provided (used) cash: | | | | | |
| Accounts receivable, net | 84,023 | - | (4,297) | 79,726 | 22,596 |
| Property taxes receivable | - | - | (92,708) | (92,708) | - |
| Inventories | (20,470) | - | (4,961) | (25,431) | - |
| Due from other funds | - | - | 103,073 | 103,073 | (841,674) |
| Due from other governmental units | (896,504) | - | 8,767 | (887,737) | - |
| Prepaid items and other assets | (180,275) | - | (1,038) | (181,313) | (303,472) |
| Accounts payable | 341,899 | - | 69,486 | 411,385 | (15,402) |
| Accrued liabilities | (879,694) | - | 33 | (879,661) | 1,013 |
| Due to other funds | - | - | (103,543) | (103,543) | - |
| Due to other governmental units | - | - | 7,662 | 7,662 | - |
| Estimated insurance claims payable | - | - | - | - | (37,559) |
| Unearned revenue | (117,560) | - | 743 | (116,817) | - |
| Net pension asset | 19,893,313 | - | 308,878 | 20,202,191 | 19,033 |
| Deferred outflows - pension | (9,416,192) | - | (140,124) | (9,556,316) | (8,622) |
| Deferred inflows - pension | (10,395,579) | - | (158,888) | (10,554,467) | (9,788) |
| Net OPEB liability | 2,223,878 | - | - | 2,223,878 | - |
| Deferred outflows - OPEB | (1,047,041) | - | - | (1,047,041) | - |
| Deferred inflows - OPEB | (5,415,461) | - | - | (5,415,461) | - |
| Compensated absences | - | - | 1,768 | 1,768 | 52 |
| Net cash provided by (used in) operating activities | <u>\$ (9,782,903)</u> | <u>\$ 1,155,807</u> | <u>\$ 1,297,687</u> | <u>\$ (7,329,409)</u> | <u>\$ (967,753)</u> |
| | | | | | concluded |
| Noncash transactions: | | | | | |
| Capital assets purchased with accounts payable | <u>\$ 571,400</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 571,400</u> | <u>\$ -</u> |

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

BAY COUNTY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
December 31, 2023

| | Pension and Other Employee Benefits Trust's | Custodial Funds |
|--|---|--------------------|
| Assets | | |
| Investments, at fair value: | | |
| Equities | \$ 382,518,339 | \$ - |
| Fixed income | 104,390,672 | 15,612,549 |
| Money market | 6,031,892 | - |
| Total investments, at fair value | <u>492,940,903</u> | <u>15,612,549</u> |
| Cash and cash equivalents | - | 6,513,627 |
| Receivables: | | |
| Contributions receivable | 408,997 | - |
| Interest and dividends | 868,606 | - |
| Total receivables | <u>1,277,603</u> | <u>-</u> |
| Other current assets: | | |
| Prepaid items and other assets | 1,891,944 | - |
| Net pension asset | 41,586 | - |
| Due from other governmental units | - | 223 |
| Due from other custodial funds | - | 18,931 |
| Total other current assets | <u>1,933,530</u> | <u>19,154</u> |
| Total assets | <u>496,152,036</u> | <u>22,145,330</u> |
| Deferred outflows of resources - pensions | <u>62,580</u> | <u>-</u> |
| Liabilities | | |
| Accounts payable | 706,716 | 16,224 |
| Accrued liabilities | 67,442 | 16,626 |
| Accrued vacation and sick pay | 3,894 | - |
| Due to component units | - | 112,523 |
| Due to other governmental units | - | 21,892,418 |
| Due to other custodial funds | - | 18,931 |
| Deposits | - | 87,428 |
| Total liabilities | <u>778,052</u> | <u>22,144,150</u> |
| Deferred inflows of resources - pensions | <u>8,062</u> | <u>-</u> |
| Net position | | |
| Restricted for: | | |
| Inmates | - | 1,180 |
| Pension benefits | 402,093,177 | - |
| Postemployment healthcare benefits | 93,335,325 | - |
| Total net position | <u>\$ 495,428,502</u> | <u>\$ 1,180</u> |

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

BAY COUNTY, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2023

| | Pension and Other Employee Benefits Trust's | Custodial Funds |
|--|---|--------------------|
| Additions | | |
| Investment income: | | |
| Net appreciation (depreciation) in fair value of investments | \$ 47,717,970 | \$ - |
| Interest and dividends | 10,148,867 | - |
| Total investment income | 57,866,837 | - |
| Investment expense | (2,033,569) | - |
| Net investment income | 55,833,268 | - |
| Contributions: | | |
| Employer | 7,839,676 | - |
| Plan members | 2,226,649 | - |
| Total contributions | 10,066,325 | - |
| Other: | | |
| State education tax collected for other governments | - | 18,879,165 |
| Real estate transfer tax collected for other governments | - | 2,260,924 |
| Fees and fines collected on behalf of other governments | - | 952,411 |
| Collections from or on behalf of inmates | - | 810,241 |
| Other taxes collected for other governments | - | 45,731 |
| Other | 11,979 | - |
| Total other | 11,979 | 22,948,472 |
| Total additions | 65,911,572 | 22,948,472 |
| Deductions | | |
| Participant benefits (including refunds of contributions) | 27,026,416 | - |
| Administrative expenses | 586,297 | - |
| Payments of state education tax to other governments | - | 18,879,165 |
| Payments of real estate transfer tax to other governments | - | 2,260,924 |
| Fees and fines remitted to other governments | - | 952,411 |
| Payments to or on behalf of inmates | - | 810,130 |
| Payments of other taxes to other governments | - | 45,731 |
| Total deductions | 27,612,713 | 22,948,361 |
| Change in net position | 38,298,859 | 111 |
| Net position | | |
| Beginning of year | 457,129,643 | 1,069 |
| End of year | \$ 495,428,502 | \$ 1,180 |

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

BAY COUNTY, MICHIGAN

Combining Statement of Net Position

Component Units
December 31, 2023

| | Road Commission | Library System | Department of Water and Sewer | Drain Commission |
|---|-----------------------|----------------------|-------------------------------------|----------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 295,832 | \$ 33,900 | \$ 16,681,870 | \$ 2,695,298 |
| Investments | 6,366,182 | 7,123,327 | - | 2,239,666 |
| Receivables | 3,005,029 | 5,737,530 | 3,545,781 | 3,239,157 |
| Due from primary government | - | 124,531 | - | 241,466 |
| Prepaid items and other assets | 1,448,381 | 296,254 | 773,459 | - |
| Restricted cash held by others | - | - | - | 560,958 |
| Capital assets not being depreciated | 37,491,998 | 107,487 | 5,899,311 | 338,953 |
| Capital assets being depreciated, net | 70,053,420 | 1,835,092 | 70,082,990 | 9,326,168 |
| Net pension asset | 3,545,561 | 1,175,017 | 1,481,629 | - |
| Total assets | 122,206,403 | 16,433,138 | 98,465,040 | 18,641,666 |
| Deferred outflows of resources | | | | |
| Deferred charge on refunding | - | - | 2,163,760 | - |
| Deferred pension amounts | 6,676,093 | 2,008,620 | 3,234,592 | - |
| Deferred OPEB amounts | 4,580,840 | 1,220,802 | 2,866,522 | - |
| Total deferred outflows of resources | 11,256,933 | 3,229,422 | 8,264,874 | - |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 1,364,619 | 282,365 | 1,357,558 | 42,219 |
| Unearned revenue | 1,250,000 | - | - | - |
| Due to primary government | - | - | - | 134,465 |
| Bonds, notes and other long-term liabilities: | | | | |
| Due within one year | 964,286 | 14,040 | 3,101,823 | 1,081,780 |
| Due in more than one year | 886,264 | 126,356 | 47,671,484 | 2,349,210 |
| Net OPEB liability, due in more than one year | 3,766,053 | 595,502 | 1,549,293 | - |
| Total liabilities | 8,231,222 | 1,018,263 | 53,680,158 | 3,607,674 |
| Deferred inflows of resources | | | | |
| Deferred pension amounts | 198,000 | 72,640 | 145,607 | - |
| Deferred OPEB amounts | 9,931,730 | 1,589,894 | 3,810,207 | - |
| Taxes levied for a subsequent period | - | 5,700,000 | - | - |
| Total deferred inflows of resources | 10,129,730 | 7,362,534 | 3,955,814 | - |
| Net position | | | | |
| Net investment in capital assets | 106,573,762 | 1,942,579 | 29,336,061 | 5,826,581 |
| Restricted for: | | | | |
| Pension benefits | 3,545,561 | 1,175,017 | 1,481,629 | - |
| Debt service | - | - | - | 4,096,650 |
| Unrestricted (deficit) | 4,983,061 | 8,164,167 | 18,276,252 | 5,110,761 |
| Total net position | \$ 115,102,384 | \$ 11,281,763 | \$ 49,093,942 | \$ 15,033,992 |

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

| Brownfield Redevelopment Authority | Bay County Landbank | Total |
|--|---------------------------|-----------------------|
| \$ - | \$ 111,132 | \$ 19,818,032 |
| - | - | 15,729,175 |
| 36,298 | - | 15,563,795 |
| - | - | 365,997 |
| - | 20,555 | 2,538,649 |
| - | - | 560,958 |
| - | - | 43,837,749 |
| - | - | 151,297,670 |
| - | - | 6,202,207 |
| <u>36,298</u> | <u>131,687</u> | <u>255,914,232</u> |
| - | - | 2,163,760 |
| - | - | 11,919,305 |
| - | - | 8,668,164 |
| - | - | <u>22,751,229</u> |
| 36,298 | - | 3,083,059 |
| - | - | 1,250,000 |
| - | 25,000 | 159,465 |
| - | - | 5,161,929 |
| - | - | 51,033,314 |
| - | - | 5,910,848 |
| <u>36,298</u> | <u>25,000</u> | <u>66,598,615</u> |
| - | - | 416,247 |
| - | - | 15,331,831 |
| - | - | 5,700,000 |
| - | - | <u>21,448,078</u> |
| - | - | 143,678,983 |
| - | - | 6,202,207 |
| - | - | 4,096,650 |
| - | 106,687 | 36,640,928 |
| <u>\$ -</u> | <u>\$ 106,687</u> | <u>\$ 190,618,768</u> |

BAY COUNTY, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2023

| Functions / Programs | Expenses | Indirect Expenses Allocation | Program Revenues | | | Net (Expense) Revenue |
|--|----------------------|------------------------------------|-------------------------|--|--|--------------------------|
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Component units | | | | | | |
| Road Commission | | | | | | |
| Governmental activities: | | | | | | |
| Highways and streets | \$ 17,037,468 | \$ - | \$ 4,256,926 | \$ 14,993,195 | \$ 3,297,786 | \$ 5,510,439 |
| Library System | | | | | | |
| Governmental activities: | | | | | | |
| Recreation and culture | 6,312,346 | 2,325 | 30,020 | 557,149 | 43,605 | (5,683,897) |
| Department of Water and Sewer | | | | | | |
| Business-type activities: | | | | | | |
| Water | 13,075,440 | - | 15,495,123 | - | - | 2,419,683 |
| Sewer | 5,139,803 | - | 5,495,084 | - | - | 355,281 |
| Total Department of Water and Sewer | 18,215,243 | - | 20,990,207 | - | - | 2,774,964 |
| Drain Commission | | | | | | |
| Governmental activities: | | | | | | |
| Public works | 688,445 | 30,726 | 21,123 | - | 444,790 | (253,258) |
| Interest on long-term debt | 88,311 | - | - | - | - | (88,311) |
| Total Drain Commission | 776,756 | 30,726 | 21,123 | - | 444,790 | (341,569) |
| Brownfield Redevelopment Authority | | | | | | |
| Governmental activities: | | | | | | |
| Community and economic development | 36,298 | - | - | 36,298 | - | - |
| Bay County Landbank | | | | | | |
| Governmental activities: | | | | | | |
| General government | 6,451 | - | 8,981 | - | - | 2,530 |
| Total component units | \$ 42,384,562 | \$ 33,051 | \$ 25,307,257 | \$ 15,586,642 | \$ 3,786,181 | \$ 2,262,467 |

continued...

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

BAY COUNTY, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2023

| | Road Commission | Library System | Department of Water and Sewer | Drain Commission | Brownfield Redevelopment Authority | Bay County Landbank | Total |
|---|-----------------------|----------------------|-------------------------------------|----------------------|--|---------------------------|-----------------------|
| Change in net position | | | | | | | |
| Net (expense) revenue | \$ 5,510,439 | \$ (5,683,897) | \$ 2,774,964 | \$ (341,569) | \$ - | \$ 2,530 | \$ 2,262,467 |
| General revenues: | | | | | | | |
| Property taxes | - | 5,474,495 | - | 296,897 | - | - | 5,771,392 |
| Unrestricted investment appreciation | 153,552 | 510,915 | 356,821 | 191,152 | - | - | 1,212,440 |
| Other | 221,339 | - | 1,101,386 | 171,686 | - | - | 1,494,411 |
| Total general revenues | 374,891 | 5,985,410 | 1,458,207 | 659,735 | - | - | 8,478,243 |
| Change in net position | 5,885,330 | 301,513 | 4,233,171 | 318,166 | - | 2,530 | 10,740,710 |
| Net position, beginning of year, as restated | 109,217,054 | 10,980,250 | 44,860,771 | 14,715,826 | - | 104,157 | 179,878,058 |
| Net position, end of year | <u>\$ 115,102,384</u> | <u>\$ 11,281,763</u> | <u>\$ 49,093,942</u> | <u>\$ 15,033,992</u> | <u>\$ -</u> | <u>\$ 106,687</u> | <u>\$ 190,618,768</u> |

concluded

This page intentionally left blank.

NOTES TO FINANCIAL STATEMENTS

BAY COUNTY, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bay County, Michigan (the "County") was incorporated in 1857. The County operates under the unified form of government and provides services to its 102,500 residents in many areas, including law enforcement, administration of justice, community enrichment and development, and human services.

The accounting policies of Bay County conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County's reporting entity because they are entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the combined financial statement (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Unit

Bay County Building Authority ("the Building Authority") - The seven-member authority is appointed by the Bay County Board of Commissioners and its activity is dependent upon Board actions. The purpose of the Building Authority is to finance through tax-exempt bonds, the construction of public facilities for use by the County, with the bonds secured by lease agreements with, and serviced through lease payments from, the County. The Building Authority is reported as if it were part of the primary government because its sole purpose is to finance the construction of the County's public buildings. The Building Authority had no activity during the year. Separate financial statements are not prepared for the Bay County Building Authority.

Discretely Presented Component Units

Bay County Road Commission (the "Road Commission") - The Road Commission is governed by a Board comprised of three elected county-at-large officials who are not members of the Bay County Board of Commissioners. The County does not have appropriation authority or budgetary control over the activities of the Road Commission; however, the nature and significance of the relationship between the primary government and the Road Commission is such that exclusion would cause the reporting entity's financial statements to be misleading. The Road Commission is responsible for the construction and maintenance of the County's system of roads and bridges and is principally funded by state-collected vehicle fuel and registration taxes under Public Act 51. The Road Commission's activities are reported discretely as a governmental fund type. Complete financial statements of the Road Commission can be obtained from its administrative offices at 2600 East Beaver Road, Kawkawlin, Michigan, 48631.

Bay County Library System (the "Library System") - The Library System is governed by a Board comprised of five appointees of the Bay County Board of Commissioners who are not County Board members. The County, which is the Library System's taxing authority, also has appropriation authority, but not budgetary control, over its activities. The Library System provides services and materials in a variety of formats to satisfy the educational, personal, and professional interests of the Bay County community, with funds primarily raised through local property taxes. The Library System's activities are reported discretely as a governmental fund type. Separate financial statements are not prepared for the Library System.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Bay County Department of Water and Sewer (the "Department of Water and Sewer") - The Department of Water and Sewer is governed by a Board consisting of three elected county-at-large officials who are not members of the Bay County Board of Commissioners. The County does not have appropriation authority or budgetary control over the activities of the Department of Water and Sewer; however, the nature and significance of the relationship between the primary government and the Department of Water and Sewer is such that exclusion would cause the reporting entity's financial statements to be misleading. Periodically, the Department of Water and Sewer requests and receives a pledge of the full faith and credit of Bay County as secondary security on bond issues. The Department of Water and Sewer provides a healthful and continuous water supply service and an environmentally sound, convenient, and continuous wastewater disposal service to Bay County communities. The Department of Water and Sewer debt service and capital project activities are reported discretely. Complete financial statements of the Department of Water and Sewer can be obtained from its administrative offices at 3933 Patterson Road, Bay City, Michigan, 48706.

Bay County Drain Commission (the "Drain Commission") - Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The County Drain Commissioner has sole responsibility to administer the drainage district established pursuant to Chapters 3 and 4 of the Drain Code. The Drainage Board or Drain Commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. The County employs all full-time employees and the elected officials of the Drain Commissioner. The Drain Commissioner deposits its receipts with the County Treasurer. The nature and significance of the relationship between the primary government and the Drain Commissioner is such that exclusion would cause the reporting entity's financial statements to be misleading. Separate financial statements are not prepared for the Drain Commission.

Brownfield Redevelopment Authority (the "Brownfield Authority") - The Brownfield Authority is an entity governed by a Board of Directors (Directors) which consists of not less than five (5) persons and not more than nine (9) persons in accordance with Act 381 of PA 1996. The Directors are appointed on the recommendation of the County Executive and concurrence of the Bay County Board of Commissioners. The Brownfield Authority was created to provide a means of financing remediation of brownfield (environmentally contaminated) sites within Bay County. No grant or loan shall be contracted on behalf of the Authority unless authorized by a resolution of the Brownfield Authority Board and approved by the Bay County Board of Commissioners. Separate financial statements are not prepared for the Brownfield Authority.

Bay County Landbank (the "Landbank") - The Landbank is governed by a Board which consists of the Bay County Treasurer, Bay County Executive, and five other board members appointed by the Bay County Board of Commissioners. The County can impose its will on the Landbank by removing Board members at will. The County does not have appropriation authority or budgetary control over the activities of the Landbank, but utilizes the Landbank to manage its tax-foreclosed and vacant properties. Funds for the Landbank are kept separately from the primary government. The Landbank is a public body corporate organized pursuant to the Michigan Land Bank Authority and the Treasurer of Bay County, Michigan. The Landbank was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties on behalf of Bay County. Separate financial statements are not prepared for the Landbank.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Fiduciary Component Units

The Bay County Employees' Retirement System and the Bay County Voluntary Employees Beneficiary Association Trust (collectively the "Plans") are multiple-employer defined benefit contributory retirement plans which provide pension and retiree healthcare benefits covering certain full-time employees of Bay County and its component units as well as an unrelated entity. The Plans are administered through qualified trusts. The County provides significant administrative support to the Plans and the County is financially accountable for the Plans, as it is obligated to make employer contributions; accordingly, they are included as fiduciary component units in the County's financial statements. Plan amendments are under the authority of County Ordinances. The changes in required contributions are subject to collective bargaining agreements and approval by the Retirement Board.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government, and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the principal operating fund of Bay County. It accounts for all the financial resources of the general government, except those accounted for and reported in another fund.

The *American Rescue Plan Act special revenue fund* accounts for providing relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, non-profits, and businesses.

The County reports the following major enterprise funds:

The *medical care facility fund* was established to account for the operations of the facility, which is a licensed skilled nursing home that provides long-term, highly skilled care to the residents of Bay County. Revenues are primarily received from patients, third-party payers, and property taxes.

The *water plant fund* accounts for long-term debt related to the construction of the County's water plant, which the County has an installment sales agreement with the Department of Water and Sewer (DWS) component unit. DWS operates the water plant and provides the necessary resources to the County for the debt service payments. Once the related debt obligations are repaid the title of the water plant will transfer to DWS.

Additionally, the County reports the following fund types:

The *special revenue funds* account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *enterprise funds* account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* provide insurance coverage for workers' compensation, sickness and accident, unemployment compensation, and health insurance to other departments or agencies of the government on a cost reimbursement basis.

Pension and Other Postemployment Benefits Trust Funds account for the activities of the Employees' Retirement Plan, a defined-benefit pension plan, and the Voluntary Employees' Beneficiary Association (VEBA) trust, which accumulate resources for retirement and other postemployment benefit payments to qualified employees.

The *custodial funds* account for assets held by the County in a custodial capacity for other individuals, governments and entities. Primarily this includes undistributed collections and withholdings such as state education taxes, current property taxes, state jail booking fees, state real estate transfer taxes, and library penal fines.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating items*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the medical care facility, water plant, and nonmajor enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County allocates indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include County management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocating methodologies. These charges are separately reported in the statement of activities. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include certain divisions within public services and parks.

Restricted net position represents amounts that are subject to restrictions beyond the County's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value, as determined by the custodian under the direction of the Board of County Commission, with the assistance of a valuation service.

Receivable and Payables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Inventory and Prepaids

Inventories are valued at cost using either the first-in, first-out or specific identification method. The costs of inventories are recorded as assets when purchased and charged to expenditures when used, which is the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, which is the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the County), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more (\$5,000 or more for federal grant purchased assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

| | Years |
|------------------------------------|-------|
| Building and improvements | 5-50 |
| Machinery and equipment | 3-20 |
| Vehicles | 3-7 |
| Office furniture and equipment | 3-20 |
| Land improvements (infrastructure) | 2-50 |

The County reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred the asset is written down to its net realizable value and a current charge to income is recognized.

In the Drain Commission component unit, infrastructure includes only those infrastructure assets acquired subsequent to January 1, 2003. In the Road Commission component unit, infrastructure is reported retrospectively from 1980, except for right-of-ways, bridges, and traffic signals, which are required to be reported despite the date of purchase. Roads are removed from the capital assets at the time the group of individually recorded roads have fully been depreciated.

Depreciation is recorded on the capital assets of the Road Commission component unit over the estimated useful lives (ranging from five to 50 years) of the assets, using the sum-of-years digits method for road equipment as prescribed by the Uniform Accounting Procedures for Michigan County Road Commissions, which does not vary significantly from the straight-line basis, and straight-line method for all other capital assets.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Leases

Lessee. The County is a lessee for several noncancellable leases of equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$10,000 or more (\$5,000 or more for federal grant purchased assets).

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor. The County is a lessor for several noncancellable leases of buildings. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The County uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITA)

The County has noncancellable subscription-based information technology arrangements. The County recognizes a subscription liability and an intangible right-to-use subscription asset in the financial statements. The County recognizes subscription liabilities with an initial, individual value of \$10,000 or more (\$5,000 or more for federal grant purchased assets).

BAY COUNTY, MICHIGAN

Notes to Financial Statements

At the commencement of a subscription, the County initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the County determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The County uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Deferred Outflows 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 represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources related to pension and OPEB plans. The County also reports deferred outflows for the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Unearned Revenue

Unearned revenue consists of amounts received prior to the delivery of goods/services or expenditure on allowable costs.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures when incurred.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Compensated Absences

Bay County, including its component units, except for the Road Commission and Department of Water and Sewer, has an employee benefit plan that allows employees to accumulate unused sick days up to a maximum of 90 days, except for the Medical Care Facility, which has no limit for accumulating unused sick days. The Road Patrol employees hired before September 15, 1989 and all correctional facility officers may accumulate unused sick days up to a maximum of 120 days. Road patrol employees hired after September 15, 1989 may accumulate a maximum of 90 days. Probate Court employees may accumulate a maximum of 60 unused sick days. Employees may either use these sick days when ill or receive payment for 50 percent of the unused portion at time of retirement, subject to certain limitations. Most employees are also allowed to accumulate unused vacation days, subject to certain limitations. Generally, all employees can accumulate and carry forward a maximum of 30 days; hours accumulated in excess of 30 days must be used by December 31.

Employees of the Road Commission, a component unit, are granted sick leave and vacation in varying amounts, based on administrative policy and contracts with union employees. In accordance with these policies and contracts, individual employees have a vested right upon termination of employment to receive payment of unused sick and vacation. The dollar amount of these vested rights are accrued in the government-wide statements (statement of net position).

The Department of Water and Sewer, a component unit, has an employee benefit plan that allows employees to accumulate unused sick days up to a maximum of 70 days. Union employees may either use these sick days when ill or receive payment for 70% of the unused portion at time of retirement. All other employees receive 85% of the unused portion at time employment is terminated. Employees are also allowed to accumulate unused vacation days. Employees can accumulate a maximum of 30 days to carry over at the end of the year.

Accumulated sick and vacation is accrued when incurred in the proprietary funds. A liability for these amounts is reported governmental funds only if they matured, for example, as a result of employee resignations and retirements.

The long-term portion of unpaid sick and vacation pay that is applicable to governmental fund types is reported in the governmental activities in the Statement of Net Position.

Deferred Inflows of Resources

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 assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods, as well as for long-term receivables. Additionally, the County reports deferred inflows of resources related to its pension and OPEB plans. Finally, the statement of net position and governmental funds balance sheet report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners (the government's highest level of decision-making authority). A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners has delegated the authority to assign fund balance to the County Administrator/Controller or his/her designee. Unassigned fund balance is the residual classification for the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

The County Board of Commissioners has formally established a budget stabilization arrangement under which it commits general fund balance up to 20 percent of the most recent general fund budget, as originally adopted, or 20 percent of the average of the County's five recent general fund budgets, as amended, whichever is less. The committed fund balance can be used to cover a general fund deficit; to prevent a reduction in the level of public services or in the number of employees at any time in a fiscal year when the budgeted revenue is not being collected in an amount sufficient to cover budgeted expenses; to prevent a reduction in the level of public services or in the number of employees when in preparing the budget for the next fiscal year the estimate revenue does not appear sufficient to cover estimated expenses; and to cover expenses arising because of natural disaster. This commitment may be used if one of the several potential qualifying events occurs (as detailed in a Board of Commissioners resolution) and the Board of Commissioners, by 2/3 vote of members present, affirms the qualifying event. As of year end, the balance in the stabilization arrangement was \$7,344,397.

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services and to service debt. The accompanying financial statements generally reflect such transactions as transfers. Subsidies are also recorded as transfers.

Internal service funds are used and record charges for services to all County departments and funds as operating revenue. All affected County funds record these payments to the Internal service funds as operating expenditures or expenses.

Pensions and Retiree Healthcare

For purposes of measuring the net pension asset, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The County utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the financial statements.

2. BUDGETARY INFORMATION

Governmental funds are under formal budgetary control. Capital project funds are budgeted by project. The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Ninety days prior to the beginning of the fiscal year, in accordance with the provisions of Public Act 139 of 1963 as amended by Public Act 100 of 1980 and in conformance with Act 2, Public Act 1968 as amended by Act 621 of 1978, the County Executive submits a proposed operating budget to the Ways and Means Committee, which recommends formal adoption by the Bay County Board of Commissioners. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain comments.
3. Prior to January 1, the budget is legally enacted by a budget adopting resolution.

Budgets shown in the financial statements were prepared on the same modified accrual basis that is used to reflect actual results. The Board of Commissioners has legal control over expenditures on a function level for the general fund and all special revenue funds. The circuit, district, and probate courts, have a legal level of control over expenditures on a total basis (lump sum) encompassing all of their operations. Expenditures are limited to appropriations for each function level of budget data presented. The Board of Commissioners is authorized to make adjustments to the various budgets as deemed necessary. Elected officials and department/division heads are authorized to amend budgets under their control, subject to provisions of the General Appropriation Budget Act Resolution. Such adjustments and amendments have been reflected in the budgeted amounts shown in the financial statements. There were no supplemental appropriations that were deemed material. The County does not employ encumbrance accounting as an extension of formula budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end, unless specifically reappropriated by Board action.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER BUDGET

State statutes provide that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year, the County incurred expenditures in excess of amounts appropriated, as follows:

| Fund | Appropriations | Actual Expenditures | Excess Expenditures over Appropriations |
|------------------------------|----------------|---------------------|---|
| Nonmajor Governmental Funds: | | | |
| Child Care: | | | |
| Recreation and culture | \$ 347,393 | \$ 354,590 | \$ 7,197 |

The above items represent violations of the County's budgeting policies. Revenues and fund balance were sufficient to cover all expenditures.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

A reconciliation of cash and cash equivalents and investments as shown in the basic financial statements for the County's deposits and investments is as follows:

| | Primary Government | Component Units | Totals |
|--|-----------------------|----------------------|-----------------------|
| Statement of Net Position | | | |
| Cash and cash equivalents | \$ 19,558,286 | \$ 19,818,032 | \$ 39,376,318 |
| Investments | 29,105,408 | 15,729,175 | 44,834,583 |
| Restricted cash and cash equivalents | 2,506,965 | - | 2,506,965 |
| Restricted investments | 5,619,335 | - | 5,619,335 |
| Statement of Fiduciary Net Position | | | |
| Pension and other employee benefits trust's: | | | |
| Investments | 492,940,903 | - | 492,940,903 |
| Other fiduciary funds: | | | |
| Cash and cash equivalents | 6,513,627 | - | 6,513,627 |
| Investments | 15,612,549 | - | 15,612,549 |
| Total | \$ 571,857,073 | \$ 35,547,207 | \$ 607,404,280 |
| Deposits and investments | | | |
| Bank deposits: | | | |
| Checking, savings, and money market | | | \$ 37,230,896 |
| Investments: | | | |
| Equities: | | | |
| Domestic equities | | | 154,871,023 |
| LTD partnerships | | | 42,029,442 |
| Mutual funds | | | 129,084,313 |
| Commingled funds | | | 45,083,034 |
| Foreign equities | | | 8,171,182 |
| Real estate | | | 2,363,621 |
| American depository receipts | | | 915,726 |
| Total equities | | | 382,518,341 |
| Fixed income: | | | |
| Domestic corporate bonds** | | | 50,322,296 |
| Foreign corporate bonds** | | | 6,737,253 |
| Commingled funds** | | | 6,819,079 |
| U.S. treasury securities** | | | 16,821,437 |
| Government bonds** | | | 51,872,963 |
| Municipal bonds** | | | 32,439,216 |
| Total fixed income | | | 165,012,244 |
| Michigan CLASS investment pool | | | 12,652,539 |
| Money market funds and other similar investments | | | 9,978,012 |
| Total investments | | | 570,161,136 |
| Cash on hand | | | 12,248 |
| Total | | | \$ 607,404,280 |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

** The following investments, at fair value, include call options:

| | |
|---------------------------------|---------------|
| Domestic corporate bonds | \$ 50,085,130 |
| Foreign corporate bonds | 6,737,253 |
| Commingled funds - fixed income | 6,819,079 |
| U.S. treasury securities | 16,821,437 |
| Government bonds | 47,501,258 |
| Municipal bonds | 12,512,299 |

The County has adopted an official investment policy which is in accordance with investments permitted by Act 20 of the Michigan Public Acts of 1943 as amended, Act 196 PA 1997 (the Act). The Act generally allows the County to deposit funds in banks, savings and loan associations, and credit unions in the State of Michigan. The Act also provides for investment in U.S. government obligations; certificates of deposit of banks, savings and loans, and credit unions; commercial paper; repurchase agreements; bankers' acceptances; and, with some restrictions, mutual funds. Pension and Other Employee Benefits Trust's are also allowed to invest in corporate stocks and bonds. Pension and Other Employee Benefits Trust's investments are subject to a number of restrictions as to type, quality and concentration of investments. All investments are reported at fair value.

Investments by type are shown below:

| | Investment Type | | | | Total |
|--------------------|-----------------------|-----------------------|--------------------------------|--|-----------------------|
| | Equities | Fixed Income | Michigan CLASS investment pool | Money Market and Other Similar Investments | |
| Less than 1 year | \$ - | \$ 5,708,420 | \$ 12,652,539 | \$ 1,912,028 | \$ 20,272,987 |
| 1 - 5 years | 33,453,365 | 69,327,354 | - | 2,036,182 | 104,816,901 |
| 6 - 10 years | 6,371,606 | 35,856,184 | - | 154,371 | 42,382,161 |
| More than 10 years | - | 45,778,702 | - | 90,244 | 45,868,946 |
| No maturity | 342,693,370 | 8,341,584 | - | 5,785,187 | 356,820,141 |
| Total | \$ 382,518,341 | \$ 165,012,244 | \$ 12,652,539 | \$ 9,978,012 | \$ 570,161,136 |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

| | Investment Type | | | | Total |
|--------------|-----------------------|-----------------------|--------------------------------|--|-----------------------|
| | Equities | Fixed Income | Michigan CLASS investment pool | Money Market and Other Similar Investments | |
| AAA | \$ - | \$ 45,523,060 | \$ - | \$ - | \$ 45,523,060 |
| AAAm | - | - | 12,652,539 | - | 12,652,539 |
| AA | - | 15,128,808 | - | - | 15,128,808 |
| A | - | 17,807,070 | - | - | 17,807,070 |
| BAA | - | 21,879,769 | - | - | 21,879,769 |
| BA | - | 2,120,465 | - | - | 2,120,465 |
| B | - | 161,817 | - | - | 161,817 |
| Not rated | 382,518,341 | 62,391,255 | - | 9,978,012 | 454,887,608 |
| Total | \$ 382,518,341 | \$ 165,012,244 | \$ 12,652,539 | \$ 9,978,012 | \$ 570,161,136 |

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments. The County's investment policy does not have specific limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified above for investments held at year-end.

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 above. The County's investment policy does not have specific limits on investment credit risk. The ratings for each investment are identified above for investments held at year-end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end \$43,503,322 of the County's bank balance of \$48,167,264 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk. However, the County's investment policy states that no more than 60 percent of the County investment portfolio will be invested with a single financial institution. However, while uninsured and unregistered, the County's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the County's name.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified above. The County's investment policy states that with the exception of U.S. Treasury securities and authorized pools, no more than 60 percent of the County investment portfolio should be invested in a single security type. No single investment represents more than five percent of the County's investments. All investments held at year-end are reported above.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. Any investments noted as foreign are investments in U.S. subsidiaries of foreign entities and are traded in U.S. dollars, therefore the investments are not subject to foreign currency risk.

Investments and Securities Lending

A contract approved by the Bay County Board of Commissioners permits the Bay County Employees' Retirement System and the VEBA Trust (the "Plans") to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The Plans' custodial bank manages the securities lending program and receives securities or cash as collateral. The collateral securities cannot be pledged or sold by the Plans unless the borrower defaults. Collateral securities and cash are initially pledged at 102 percent of the fair value of United States securities lent and 105 percent of the fair value of non-United States securities, and may not fall below 100 percent during the term of the loan.

There are no restrictions on the amount of the securities that can be loaned. Securities on loan at year-end are classified in the previous schedule of investments according to the category for the collateral received on the securities lent. At year-end the Plans have no credit risk exposure to borrowers because the amounts the Plans owe the borrowers exceed the amounts the borrowers owe the System. The contract with the Plans' custodian requires it to indemnify the Plans if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Plans for income distributions by the securities' issuers while the securities are on loan. The VEBA Trust and Employees' Retirement System had the following securities on loan as December 31, 2023:

| | ERS | | VEBA | |
|--------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
| | Fair Value of Underlying Securities | Cash Collateral Received | Fair Value of Underlying Securities | Cash Collateral Received |
| Government agencies | \$ 75,672 | \$ 77,000 | \$ - | \$ - |
| Domestic corporate bonds | 2,264,659 | 2,311,638 | 37,550 | 38,318 |
| Domestic equities | 7,653,356 | 7,920,238 | - | - |
| Total | \$ 9,993,687 | \$ 10,308,876 | \$ 37,550 | \$ 38,318 |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Fair Value Measurement

The County categorizes its fair value measurements 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 assets. 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 County had the following recurring fair value measurements as of year end:

| Investment Type | Level 1 | Level 2 | Level 3 | Total Fair Value |
|--|-----------------------|-----------------------|-------------|-----------------------|
| Domestic equities | \$ 154,871,023 | \$ - | \$ - | \$ 154,871,023 |
| Mutual funds | 129,084,313 | - | - | 129,084,313 |
| Foreign equities | 8,171,182 | - | - | 8,171,182 |
| Real estate | 2,363,621 | - | - | 2,363,621 |
| American depository receipts - equity | 915,726 | - | - | 915,726 |
| Domestic corporate bonds | - | 50,322,296 | - | 50,322,296 |
| Foreign corporate bonds | - | 6,737,253 | - | 6,737,253 |
| U.S. treasury securities | 16,821,437 | - | - | 16,821,437 |
| Government bonds | 1,191,775 | 50,681,188 | - | 51,872,963 |
| Municipal bonds | - | 32,439,216 | - | 32,439,216 |
| | <u>\$ 313,419,077</u> | <u>\$ 140,179,953</u> | <u>\$ -</u> | <u>453,599,030</u> |
| Investments carried at amortized cost: | | | | |
| Money market funds and other similar investments | | | | 9,978,012 |
| Investments carried at NAV: | | | | |
| LTD partnerships | | | | 42,029,442 |
| Commingled funds - equity | | | | 45,083,034 |
| Commingled funds - fixed income | | | | 6,819,079 |
| Michigan CLASS investment pool | | | | 12,652,539 |
| | | | | <u>\$ 570,161,136</u> |

The following is a description of the valuation methodology used for assets recorded at fair value. There have been no changes from the prior year in the methodologies used.

Certain domestic and foreign equities, mutual funds, treasury securities, real estate, and American depository receipts classified as Level 1 of the fair value hierarchy are valued based on quoted market prices in active markets.

Domestic and foreign corporate bonds, commingled funds, government bonds, mutual funds, and municipal bonds are classified as Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The valuation method for investments measured at net asset value per share (or its equivalent) is presented in the table below.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Investments in Entities that Calculate Net Asset Value per Share

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

At December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

| | Carrying Value | Unfunded Commitments | Redemption Frequency, if Eligible | Redemption Notice Period |
|---------------------------------|----------------|----------------------|-----------------------------------|--------------------------|
| LTD partnerships | \$ 42,029,442 | - | N/A | N/A |
| Commingled funds - equity | 45,083,034 | - | N/A | N/A |
| Commingled funds - fixed income | 6,819,079 | - | N/A | N/A |
| Michigan CLASS investment pool | 12,652,539 | - | N/A | N/A |

ERS

The MFS International account is comprised of domestic (U.S.) securities consisting of US common stocks. MFS may also purchase foreign securities, including American Deposit Receipts (ADRs), traded on a U.S. exchange with a limit of 10% at the time of purchase. The total investments in foreign securities traded on U.S. exchanges or OTC market should never exceed 20% of the total portfolio, at market, under management.

PRISA is an open-end commingled United States core real estate fund which invests in operating and substantially leased institutional quality real estate properties located mainly in major markets. The fund primarily (>75%) invests in office, retail, industrial and multifamily properties and secondarily (<25%) invests in manufactured housing, single family rental, student housing, life science and medical office property types. Most assets are acquired on a direct basis.

Principal is an open-end commingled United States core-plus real estate fund which invests primarily in operating and substantially leased institutional quality real estate properties located 20 to 30 markets. The fund will only invest in office, retail, industrial, and multi-family properties. Most assets are acquired on a direct basis. Joint ventures with qualified partners are considered if the fund has majority equity economic interest and appropriate liquidity and control mechanisms.

VEBA

The Loomis Investment Grade Corporate Bond Trust for the VEBA account may include shares in mutual funds, closed-end funds, hedge funds, and commodity pools, public companies, private companies with at least \$50 million in shareholders' equity, and cash which may include bank deposits, certificates of deposit, bankers acceptances, and the net cash surrender value of an insurance policy.

PRISA is an open-end commingled United States core real estate fund which invests in operating and substantially leased institutional quality real estate properties located mainly in major markets. The fund primarily (>75%) invests in office, retail, industrial and multifamily properties and secondarily (<25%) invests in manufactured housing, single family rental, student housing, life science and medical office property types. Most assets are acquired on a direct basis.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

County

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

5. RECEIVABLES

Receivables in the primary government and component units are as follows:

| | Governmental Activities | Business-type Activities | Component Units |
|---|----------------------------|-----------------------------|----------------------|
| Accounts: | | | |
| Current | \$ 3,795,806 | \$ 1,246,018 | \$ 214,061 |
| Noncurrent | 4,869,129 | - | - |
| Property taxes | 12,678,546 | 8,804,687 | 5,700,000 |
| Special assessments: | | | |
| Current | - | - | 550,922 |
| Noncurrent | - | - | 1,986,204 |
| Installment sales agreement: | | | |
| Current | - | 2,545,000 | - |
| Noncurrent | - | 40,414,427 | - |
| Interest | 205,968 | 810,450 | 120,756 |
| Intergovernmental: | | | |
| Current | 5,062,494 | 6,133,987 | 5,486,911 |
| Noncurrent | - | - | 1,511,941 |
| Leases: | | | |
| Current | 179,614 | - | - |
| Noncurrent | 45,651 | - | - |
| Due from component units | 134,465 | 25,000 | - |
| Due from primary government | - | - | 365,997 |
| Less: allowance for uncollectible accounts | (985,426) | (25,000) | (7,000) |
| Total | \$ 25,986,247 | \$ 59,954,569 | \$ 15,929,792 |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

6. CAPITAL ASSETS

Primary government

Capital assets activity for the year ended December 31, 2023, was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|----------------------|---------------------|-------------------|------------------|----------------------|
| Governmental activities | | | | | |
| Capital assets, not being depreciated/amortized: | | | | | |
| Land | \$ 2,211,953 | \$ 535,900 | \$ - | \$ - | \$ 2,747,853 |
| Construction in progress | 218,444 | 9,950 | - | (200,524) | 27,870 |
| | <u>2,430,397</u> | <u>545,850</u> | <u>-</u> | <u>(200,524)</u> | <u>2,775,723</u> |
| Capital assets, being depreciated/amortized: | | | | | |
| Land improvements | 3,634,657 | - | (9,021) | - | 3,625,636 |
| Buildings and improvements | 65,713,613 | 2,896,983 | (244,777) | 127,319 | 68,493,138 |
| Machinery and equipment | 4,839,959 | 285,476 | (114,065) | - | 5,011,370 |
| Office furniture and equipment | 5,002,293 | 148,753 | - | 73,205 | 5,224,251 |
| Vehicles | 3,538,087 | 358,247 | (208,789) | - | 3,687,545 |
| Lease assets (Note 10) | 36,444 | - | - | - | 36,444 |
| Subscription asset (Note 11) | - | 165,357 | - | - | 165,357 |
| | <u>82,765,053</u> | <u>3,854,816</u> | <u>(576,652)</u> | <u>200,524</u> | <u>86,243,741</u> |
| Less accumulated depreciation/amortization for: | | | | | |
| Land improvements | (3,076,863) | (30,337) | 9,021 | - | (3,098,179) |
| Buildings and improvements | (36,601,826) | (1,373,899) | 244,777 | - | (37,730,948) |
| Machinery and equipment | (3,347,582) | (256,768) | 112,526 | - | (3,491,824) |
| Office furniture and equipment | (3,688,179) | (343,797) | - | - | (4,031,976) |
| Vehicles | (2,415,573) | (465,102) | 208,378 | - | (2,672,297) |
| Lease assets (Note 10) | (16,009) | (16,009) | - | - | (32,018) |
| Subscription asset (Note 11) | - | (22,710) | - | - | (22,710) |
| | <u>(49,146,032)</u> | <u>(2,508,622)</u> | <u>574,702</u> | <u>-</u> | <u>(51,079,952)</u> |
| Total capital assets being depreciated/amortized, net | <u>33,619,021</u> | <u>1,346,194</u> | <u>(1,950)</u> | <u>200,524</u> | <u>35,163,789</u> |
| Governmental activities capital assets, net | <u>\$ 36,049,418</u> | <u>\$ 1,892,044</u> | <u>\$ (1,950)</u> | <u>\$ -</u> | <u>\$ 37,939,512</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|----------------------|---------------------|--------------------|-------------|----------------------|
| Business-type activities | | | | | |
| Capital assets, not being depreciated/amortized: | | | | | |
| Land | \$ 167,021 | \$ - | \$ - | \$ - | \$ 167,021 |
| Construction in progress | 2,597,452 | 2,678,463 | - | - | 5,275,915 |
| | <u>2,764,473</u> | <u>2,678,463</u> | <u>-</u> | <u>-</u> | <u>5,442,936</u> |
| Capital assets, being depreciated/amortized: | | | | | |
| Land improvements | 771,553 | - | (39,850) | - | 731,703 |
| Buildings and improvements | 28,155,223 | 60,458 | (65,092) | - | 28,150,589 |
| Machinery and equipment | 3,562,953 | 27,837 | - | - | 3,590,790 |
| Office furniture and equipment | 1,333,563 | - | (2,648) | - | 1,330,915 |
| Vehicles | 163,526 | - | - | - | 163,526 |
| Subscription asset (Note 11) | - | 132,164 | - | - | 132,164 |
| | <u>33,986,818</u> | <u>220,459</u> | <u>(107,590)</u> | <u>-</u> | <u>34,099,687</u> |
| Less accumulated depreciation/amortization for: | | | | | |
| Land improvements | (771,553) | - | 39,850 | - | (731,703) |
| Buildings and improvements | (13,124,199) | (1,401,502) | 13,903 | - | (14,511,798) |
| Machinery and equipment | (1,980,017) | (210,236) | - | - | (2,190,253) |
| Office furniture and equipment | (738,126) | (80,901) | 2,648 | - | (816,379) |
| Vehicles | (163,526) | - | - | - | (163,526) |
| Subscription asset (Note 11) | - | (19,825) | - | - | (19,825) |
| | <u>(16,777,421)</u> | <u>(1,712,464)</u> | <u>56,401</u> | <u>-</u> | <u>(18,433,484)</u> |
| Total capital assets being depreciated/amortized, net | <u>17,209,397</u> | <u>(1,492,005)</u> | <u>(51,189)</u> | <u>-</u> | <u>15,666,203</u> |
| Business-type activities capital assets, net | <u>\$ 19,973,870</u> | <u>\$ 1,186,458</u> | <u>\$ (51,189)</u> | <u>\$ -</u> | <u>\$ 21,109,139</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

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

Depreciation/amortization of governmental activities by function

| | | |
|------------------------|----|------------------|
| General government | \$ | 1,459,347 |
| Public safety | | 435,050 |
| Health and welfare | | 419,638 |
| Recreation and culture | | 92,213 |
| Judicial | | <u>102,374</u> |
| | \$ | <u>2,508,622</u> |

Depreciation/amortization of business-type activities by function

| | | |
|-----------------------|----|------------------|
| Medical Care Facility | \$ | 1,691,112 |
| Golf Course | | <u>21,352</u> |
| | \$ | <u>1,712,464</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Discretely presented component units

Capital asset activity for the Road Commission for the year ended December 31, 2023, was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|--|-----------------------|---------------------|--------------------|-------------|-----------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 400,237 | \$ - | \$ - | \$ - | \$ 400,237 |
| Land improvements | 36,239,007 | - | - | - | 36,239,007 |
| Right of ways | 349,661 | - | - | - | 349,661 |
| Wetlands | 360,000 | - | - | - | 360,000 |
| Construction in progress | - | 143,093 | - | - | 143,093 |
| | <u>37,348,905</u> | <u>143,093</u> | <u>-</u> | <u>-</u> | <u>37,491,998</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 3,013,436 | 95,667 | (706,780) | - | 2,402,323 |
| Road equipment | 14,404,717 | 1,118,854 | (438,596) | - | 15,084,975 |
| Shop equipment | 93,818 | - | (93,818) | - | - |
| Office equipment | 163,636 | - | (82,950) | - | 80,686 |
| Engineering equipment | 114,819 | - | (106,823) | - | 7,996 |
| Yard and storage | 1,396,051 | - | (187,799) | - | 1,208,252 |
| Infrastructure: | | | | | |
| Roads | 103,976,209 | 5,188,647 | (2,115,751) | - | 107,049,105 |
| Bridges | 24,419,683 | 1,140,045 | - | - | 25,559,728 |
| Traffic signals | 700,550 | - | - | - | 700,550 |
| | <u>148,282,919</u> | <u>7,543,213</u> | <u>(3,732,517)</u> | <u>-</u> | <u>152,093,615</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (2,290,601) | (71,222) | 706,780 | - | (1,655,043) |
| Road equipment | (13,100,968) | (683,346) | 437,126 | - | (13,347,188) |
| Shop equipment | (93,818) | - | 93,818 | - | - |
| Office equipment | (162,360) | (1,276) | 82,950 | - | (80,686) |
| Engineering equipment | (114,686) | (133) | 106,823 | - | (7,996) |
| Yard and storage | (1,394,932) | (1,119) | 187,799 | - | (1,208,252) |
| Infrastructure: | | | | | |
| Roads | (48,071,959) | (5,352,455) | 2,115,751 | - | (51,308,663) |
| Bridges | (13,269,613) | (501,494) | - | - | (13,771,107) |
| Traffic signals | (638,254) | (23,006) | - | - | (661,260) |
| | <u>(79,137,191)</u> | <u>(6,634,051)</u> | <u>3,731,047</u> | <u>-</u> | <u>(82,040,195)</u> |
| Total capital assets being depreciated, net | <u>69,145,728</u> | <u>909,162</u> | <u>(1,470)</u> | <u>-</u> | <u>70,053,420</u> |
| Road Commission capital assets, net | <u>\$ 106,494,633</u> | <u>\$ 1,052,255</u> | <u>\$ (1,470)</u> | <u>\$ -</u> | <u>\$ 107,545,418</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Capital asset activity for the Library System for the year ended December 31, 2023, was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|--|----------------------|--------------------|------------------|-------------|---------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 107,487 | \$ - | \$ - | \$ - | \$ 107,487 |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 138,559 | - | - | - | 138,559 |
| Buildings and improvements | 1,274,465 | 7,279 | - | - | 1,281,744 |
| Machinery and equipment | 270,123 | 5,103 | - | - | 275,226 |
| Office furniture and equipment | 1,181,760 | - | - | - | 1,181,760 |
| Books and a/v materials | 2,406,545 | 456,591 | (378,445) | - | 2,484,691 |
| Vehicles and other | 237,499 | - | - | - | 237,499 |
| | <u>5,508,951</u> | <u>468,973</u> | <u>(378,445)</u> | <u>-</u> | <u>5,599,479</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (91,734) | (2,673) | - | - | (94,407) |
| Buildings and improvements | (975,723) | (21,395) | - | - | (997,118) |
| Machinery and equipment | (179,589) | (10,304) | - | - | (189,893) |
| Office furniture and equipment | (1,012,723) | (26,351) | - | - | (1,039,074) |
| Books and a/v materials | (1,187,161) | (405,620) | 378,445 | - | (1,214,336) |
| Vehicles and other | (214,236) | (15,323) | - | - | (229,559) |
| | <u>(3,661,166)</u> | <u>(481,666)</u> | <u>378,445</u> | <u>-</u> | <u>(3,764,387)</u> |
| Total capital assets being depreciated, net | <u>1,847,785</u> | <u>(12,693)</u> | <u>-</u> | <u>-</u> | <u>1,835,092</u> |
| Library System capital assets, net | <u>\$ 1,955,272</u> | <u>\$ (12,693)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,942,579</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Capital asset activity for the Department of Water & Sewer for the year ended December 31, 2023, was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|--|----------------------|-----------------------|--------------------|-------------|----------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 607,217 | \$ - | \$ - | \$ - | \$ 607,217 |
| Construction in progress | 4,596,084 | 734,183 | (38,173) | - | 5,292,094 |
| | <u>5,203,301</u> | <u>734,183</u> | <u>(38,173)</u> | <u>-</u> | <u>5,899,311</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 14,979,130 | 54,525 | - | - | 15,033,655 |
| Improvements other than buildings | 4,816,268 | 20,540 | - | - | 4,836,808 |
| Machinery and equipment | 20,548,937 | 254,406 | (64,245) | - | 20,739,098 |
| Water system | 60,477,575 | 657,924 | - | - | 61,135,499 |
| Sewer system | 30,433,374 | 32,671 | - | - | 30,466,045 |
| | <u>131,255,284</u> | <u>1,020,066</u> | <u>(64,245)</u> | <u>-</u> | <u>132,211,105</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (11,563,051) | (331,479) | - | - | (11,894,530) |
| Improvements other than buildings | (3,447,536) | (592,651) | - | - | (4,040,187) |
| Machinery and equipment | (16,656,030) | (1,420,008) | 61,268 | - | (18,014,770) |
| Water system | (8,718,432) | (1,393,190) | - | - | (10,111,622) |
| Sewer system | (17,367,945) | (699,061) | - | - | (18,067,006) |
| | <u>(57,752,994)</u> | <u>(4,436,389)</u> | <u>61,268</u> | <u>-</u> | <u>(62,128,115)</u> |
| Total capital assets being depreciated, net | <u>73,502,290</u> | <u>(3,416,323)</u> | <u>(2,977)</u> | <u>-</u> | <u>70,082,990</u> |
| Department of Water & Sewer capital assets, net | <u>\$ 78,705,591</u> | <u>\$ (2,682,140)</u> | <u>\$ (41,150)</u> | <u>\$ -</u> | <u>\$ 75,982,301</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Activity for the Drain Commission for the year ended December 31, 2023, was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|---------------------|--------------------|-------------|--------------------|---------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 333,173 | \$ - | \$ - | \$ - | \$ 333,173 |
| Construction in progress | 3,988,323 | 270,362 | - | (4,252,905) | 5,780 |
| | <u>4,321,496</u> | <u>270,362</u> | <u>-</u> | <u>(4,252,905)</u> | <u>338,953</u> |
| Capital assets, being depreciated: | | | | | |
| Land improvements (infrastructure) | 7,857,050 | - | - | 4,252,905 | 12,109,955 |
| Buildings | 171,681 | - | - | - | 171,681 |
| Machinery and equipment | 858,343 | - | - | - | 858,343 |
| Vehicles | 283,772 | 33,591 | - | - | 317,363 |
| | <u>9,170,846</u> | <u>33,591</u> | <u>-</u> | <u>4,252,905</u> | <u>13,457,342</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements (infrastructure) | (2,695,086) | (327,217) | - | - | (3,022,303) |
| Buildings | (171,681) | - | - | - | (171,681) |
| Machinery and equipment | (615,966) | (41,722) | - | - | (657,688) |
| Vehicles | (250,270) | (29,232) | - | - | (279,502) |
| | <u>(3,733,003)</u> | <u>(398,171)</u> | <u>-</u> | <u>-</u> | <u>(4,131,174)</u> |
| Total capital assets being depreciated, net | <u>5,437,843</u> | <u>(364,580)</u> | <u>-</u> | <u>4,252,905</u> | <u>9,326,168</u> |
| Drain Commission capital assets, net | <u>\$ 9,759,339</u> | <u>\$ (94,218)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,665,121</u> |

7. PAYABLES

Accounts payable and accrued liabilities are as follows:

| | Governmental Activities | Business-type Activities | Component Units |
|---|-------------------------|--------------------------|---------------------|
| Accounts payable | \$ 1,102,105 | \$ 1,862,769 | \$ 1,718,019 |
| Wages, fringe benefits and other accrued liabilities | 1,326,360 | 1,014,625 | 645,930 |
| Due to other governmental units | 901,291 | 16,799 | 709,110 |
| Due to component unit | 253,474 | - | - |
| Deposits | 125,549 | 6,377 | 10,000 |
| Due to primary government | - | - | 159,465 |
| Estimated insurance claims payable | 956,821 | 175,665 | - |
| Total | <u>\$ 4,665,600</u> | <u>\$ 3,076,235</u> | <u>\$ 3,242,524</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

| | Due from Other Funds | Due to Other Funds |
|-----------------------------|----------------------------|----------------------------|
| General fund | \$ 2,284,765 | \$ 4,710,089 |
| Nonmajor governmental funds | - | 53,575 |
| Nonmajor enterprise funds | 441,654 | 442,924 |
| Internal service funds | 2,480,169 | - |
| Total | <u>\$ 5,206,588</u> | <u>\$ 5,206,588</u> |

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The general fund has a long-term advance of \$192,408 to the drain component unit to provide resources for the construction and maintenance of County drains. The drain component unit records this advance within long-term debt. See Note 9 for specific repayment terms.

| Transfers Out | Transfers In | | | |
|-----------------------------|----------------------------|-----------------------------------|---------------------------------|----------------------------|
| | General Fund | Nonmajor Governmental Funds | Nonmajor Enterprise Funds | Total |
| General fund | \$ 834,784 | \$ 4,280,934 | \$ 84,752 | \$ 5,200,470 |
| Nonmajor governmental funds | 2,085,473 | - | - | 2,085,473 |
| Nonmajor enterprise funds | 1,244,752 | - | - | 1,244,752 |
| Internal service funds | 7,803 | - | - | 7,803 |
| | <u>\$ 4,172,812</u> | <u>\$ 4,280,934</u> | <u>\$ 84,752</u> | <u>\$ 8,538,498</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

9. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bonds, notes and other long-term liabilities activity for the year ended December 31, 2023, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Primary Government | | | | | |
| Governmental activities: | | | | | |
| Direct borrowings: | | | | | |
| Installment purchase agreements payable | \$ 158,800 | \$ - | \$ (79,400) | \$ 79,400 | \$ 79,400 |
| Lease payable (Note 10) | 20,525 | - | (16,056) | 4,469 | 4,469 |
| Subscription liability (Note 11) | - | 164,607 | (52,491) | 112,116 | 54,806 |
| Compensated absences | 2,170,118 | 2,695,118 | (2,643,143) | 2,222,093 | 277,762 |
| Total governmental activities | 2,349,443 | 2,859,725 | (2,791,090) | 2,418,078 | 416,437 |
| Business-type activities - | | | | | |
| Direct borrowings: | | | | | |
| Revenue bonds | 29,060,000 | - | (895,000) | 28,165,000 | 925,000 |
| DWRF loans | 20,060,000 | - | (1,580,000) | 18,480,000 | 1,620,000 |
| Total installment debt | 49,120,000 | - | (2,475,000) | 46,645,000 | 2,545,000 |
| Subscription liability (Note 11) | - | 132,164 | (16,627) | 115,537 | 23,774 |
| Compensated absences | 8,991 | 20,084 | (18,316) | 10,759 | 10,759 |
| Total business-type activities | 49,128,991 | 152,248 | (2,509,943) | 46,771,296 | 2,579,533 |
| Total primary government | \$ 51,478,434 | \$ 3,011,973 | \$ (5,301,033) | \$ 49,189,374 | \$ 2,995,970 |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year-end, \$1,544 of internal service funds compensated absences are included with the governmental activities amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Primary Government

The County issues general obligation bonds, installment purchase contracts, and installment purchase agreement to provide funds for the acquisition, renovation, and / or construction of major capital facilities and purchase of major equipment. The original amount of debt issued is as follows:

| | Governmental Activities | Business-type Activities |
|--------------------------------|----------------------------|-----------------------------|
| Installment purchase agreement | \$ 397,000 | \$ - |
| Revenue bonds - A | - | 28,925,000 |
| DWRF loans | - | 29,545,285 |

The County entered into an installment purchase agreement with the department of water and sewer (DWS). DWS will operate the water facility and provide the funding for the revenue bonds and DWRF loans as the payments become due. Once the obligations are repaid the title for the water plant will transfer to DWS.

The installment purchase agreement payable, loans and bonds payable are direct obligations and pledge the full faith and credit of the County. The installment purchase agreement payable is due through 2024 in annual principal-only payments of \$79,400. Revenue bonds are secured by the revenue generated by the local municipalities that participate in the Bay Area Water Treatment Plant. The installment purchase agreement payable, revenue bonds, and DWRF loans currently outstanding are as follows:

| Obligation | Interest Rates | Amount |
|---------------------------------|----------------|----------------------|
| Governmental activities | | |
| Installment purchase agreement | 0% | <u>\$ 79,400</u> |
| Business-type activities | | |
| Revenue bonds - A | 0.473-3.080% | 28,165,000 |
| DWRF loans | 2.00 - 2.50% | <u>18,480,000</u> |
| Total | | <u>\$ 46,645,000</u> |

Refunded and Defeased Debt

The County issued \$28,925,000 of General Obligation Water Supply System Revenue Refunding Bonds, which resulted in a deferred charge of \$2,380,136, to provide resources to purchase United States Treasury Obligations that were placed in an escrow fund for the purpose of generating resources for all future debt service payments of \$26,095,000 of the Bay County Water Supply System Revenue Bonds, Series 2013-B. As a result, the bonds are considered defeased and the liability has been removed from the statement of net position. The refunding resulted in a savings of \$7,119,114 and an economic gain of \$5,407,369. As of year-end, the deferred charge is \$2,163,760.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for installment debt are as follows:

| Year Ended December 31, | Governmental Activities | | Business-type Activities | |
|----------------------------|-------------------------|-------------|--------------------------|----------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 79,400 | \$ - | \$ 2,545,000 | \$ 1,095,319 |
| 2025 | - | - | 2,580,000 | 1,059,984 |
| 2026 | - | - | 2,635,000 | 1,010,212 |
| 2027 | - | - | 2,315,000 | 961,899 |
| 2028 | - | - | 2,365,000 | 914,275 |
| 2029-2033 | - | - | 12,620,000 | 3,945,298 |
| 2034-2038 | - | - | 11,140,000 | 2,419,127 |
| 2039-2043 | - | - | 10,445,000 | 950,924 |
| | <u>\$ 79,400</u> | <u>\$ -</u> | <u>\$ 46,645,000</u> | <u>\$ 12,357,038</u> |

Component Units

Road Commission

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|--|----------------------|-------------------|---------------------|---------------------|------------------------|
| Road Commission- Direct borrowings: Installment purchase agreements | \$ 1,510,942 | \$ - | \$ (539,286) | \$ 971,656 | \$ 539,286 |
| Compensated absences | 902,273 | 391,800 | (415,179) | 878,894 | 425,000 |
| Total | <u>\$ 2,413,215</u> | <u>\$ 391,800</u> | <u>\$ (954,465)</u> | <u>\$ 1,850,550</u> | <u>\$ 964,286</u> |

Direct obligations currently outstanding are as follows:

| Obligation | Interest Rates | Amount |
|---|-------------------|-------------------|
| Installment purchase agreement - Hoppler Drain | 2.60% | \$ 221,200 |
| Installment purchase agreement - Tebo Erickson Drain | 2.50% | 407,600 |
| Installment purchase agreement - Waldo Drain | 3.50% | 342,856 |
| | | <u>\$ 971,656</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for Road Commission installment purchase agreements are as follows:

| Year Ended December 31, | Principal | Interest |
|----------------------------|-------------------|------------------|
| 2024 | \$ 539,286 | \$ 23,941 |
| 2025 | 318,085 | 9,095 |
| 2026 | 114,285 | - |
| | <u>\$ 971,656</u> | <u>\$ 33,036</u> |

Library System

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|--|----------------------|------------|--------------|-------------------|------------------------|
| Library System - Compensated absences | \$ 158,029 | \$ 236,180 | \$ (253,813) | \$ 140,396 | \$ 14,040 |

Department of Water & Sewer

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|--|----------------------|------------------|-----------------------|----------------------|------------------------|
| Department of Water & Sewer- General obligation bonds | \$ 2,425,000 | \$ - | \$ (260,000) | \$ 2,165,000 | \$ 270,000 |
| Direct borrowings: Installment purchase agreement - due to primary government | 49,120,000 | - | (2,475,000) | 46,645,000 | 2,545,000 |
| Total installment debt | <u>51,545,000</u> | <u>-</u> | <u>(2,735,000)</u> | <u>48,810,000</u> | <u>2,815,000</u> |
| Direct borrowings: Equipment lease payable (Note 10) | 4,703 | - | (4,703) | - | - |
| Other postemployment benefits and pension payable (see below) | 1,731,059 | - | (219,118) | 1,511,941 | 219,118 |
| Compensated absences | 397,262 | 54,104 | - | 451,366 | 67,705 |
| Total | <u>\$ 53,678,024</u> | <u>\$ 54,104</u> | <u>\$ (2,958,821)</u> | <u>\$ 50,773,307</u> | <u>\$ 3,101,823</u> |

Other Postemployment Benefits and Pension Payable: The Board of County Road Commissioners of Bay County entered into a cost sharing agreement for the water plant on behalf of the parties of the Water Supply Agreement. As part of this agreement the DWS will pay Bay City the sum of \$143,647 per annum as a partial reimbursement for Bay City's obligation of OPEB liabilities and \$75,471 per annum as a partial reimbursement for Bay City's obligation for Municipal Employees Retirement System (MERS) contributions for retirees and eligible retirees. These annual payments will continue until 2033 and are reported above as OPEB and pension payable.

General obligation bonds are issued by the County to finance construction projects managed and administered by the DWS.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

These bonds are direct obligations, and pledge the full faith and credit of the County and the associated municipalities and authorities. The bonds are issued as 10 to 30-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

| Obligation | Interest Rates | Amount |
|--------------------------------|----------------|----------------------|
| General obligation bonds | 2.25 - 4.375% | \$ 2,165,000 |
| Installment purchase agreement | 2.00 - 5.25% | 46,645,000 |
| | | <u>\$ 48,810,000</u> |

Annual debt service requirements to maturity for DWS long-term obligations are as follows:

| Year Ended December 31, | General Obligation Bonds | | Direct Borrowings | |
|----------------------------|--------------------------|-------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 270,000 | \$ 93,269 | \$ 2,545,000 | \$ 1,095,319 |
| 2025 | 285,000 | 81,794 | 2,580,000 | 1,059,984 |
| 2026 | 295,000 | 69,681 | 2,635,000 | 1,010,212 |
| 2027 | 310,000 | 57,144 | 2,315,000 | 961,898 |
| 2028 | 320,000 | 43,969 | 2,365,000 | 914,275 |
| 2029-2033 | 685,000 | 45,281 | 12,620,000 | 3,768,359 |
| 2034-2038 | - | - | 11,140,000 | 2,322,313 |
| 2039-2043 | - | - | 10,445,000 | 950,924 |
| | <u>\$ 2,165,000</u> | <u>\$ 391,138</u> | <u>\$ 46,645,000</u> | <u>\$ 12,083,284</u> |

Drain Commission

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|---------------------|------------------|-----------------------|---------------------|---------------------|
| Drain Commission- Direct borrowings: | | | | | |
| Advance from primary government | \$ 357,978 | \$ - | \$ (165,570) | \$ 192,408 | \$ 131,395 |
| Bonds payable | 4,125,595 | - | (918,699) | 3,206,896 | 918,699 |
| Total installment debt | 4,483,573 | - | (1,084,269) | 3,399,304 | 1,050,094 |
| Compensated absences | 29,002 | 49,194 | (46,510) | 31,686 | 31,686 |
| Total | <u>\$ 4,512,575</u> | <u>\$ 49,194</u> | <u>\$ (1,130,779)</u> | <u>\$ 3,430,990</u> | <u>\$ 1,081,780</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

The County issued advances to the Drain Commission to finance certain drainage district construction projects. The original amount of the advances was \$1,514,899. The Drain Commission also issued bonds with an original amount of \$5,630,495.

These are direct obligations, and pledge the full faith and credit of the Drain Commission and the respective drainage districts. Outstanding advances are as follows:

| Obligation | Interest Rates | Amount |
|----------------------------------|----------------|---------------------|
| Advance from primary government | 2.50% - 3.00% | \$ 192,408 |
| Tebo Erickson drain bond payable | 1.95% | 997,496 |
| Hoppler drain bond payable | 2.21% | 880,000 |
| Waldo drain bond payable | 2.00%-3.00% | 1,329,400 |
| | | <u>\$ 3,399,304</u> |

Annual debt service requirements to maturity for the long-term debt are as follows:

| Year Ended December 31, | Direct Borrowings | | Bonds Payable | |
|----------------------------|-------------------|-----------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 131,395 | \$ 5,772 | \$ 918,699 | \$ 77,441 |
| 2025 | 61,013 | 1,830 | 918,699 | 54,269 |
| 2026 | - | - | 478,699 | 33,208 |
| 2027 | - | - | 146,200 | 23,800 |
| 2028 | - | - | 57,800 | 21,471 |
| 2029-2033 | - | - | 289,000 | 90,015 |
| 2034-2038 | - | - | 285,600 | 46,691 |
| 2039-2040 | - | - | 112,199 | 7,574 |
| | <u>\$ 192,408</u> | <u>\$ 7,602</u> | <u>\$ 3,206,896</u> | <u>\$ 354,469</u> |

10. LEASES

Lessee - The County is involved in multiple agreements as a lessee that qualify as long-term lease agreements. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use assets and not financed purchases, as the County will not own the assets at the end of the contract term and the noncancelable term of the agreements surpasses one year.

| Asset Type | Remaining Term of Agreements |
|------------|------------------------------|
| Land | 1 to 4 years |

The right-to-use assets and the related activity are included in Note 6, Capital Assets. The lease liability and related activity are presented in Note 9, Bonds, Notes and Other Long-Term Liabilities.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

The net present value of future minimum payments as of December 31, 2023, were as follows:

| Governmental Activities | | |
|----------------------------|-----------|----------|
| Year Ended December 31, | Principal | Interest |
| 2024 | \$ 4,469 | \$ 15 |

Lessor - The County is involved in multiple agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the County will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. Governmental activities total lease revenue for the year ended December 31, 2023 was \$287,101, consisting of \$14,689 of interest.

| Asset Type | Remaining Term of Agreements |
|------------|---------------------------------|
| Buildings | 1 year |
| Land | 1 to 10 years |

11. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT

The County is involved in several arrangements that qualify as long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of these arrangements. These arrangements qualify as intangible, right-to-use subscription assets as the County has the control of the right to use another party's IT software and the noncancelable term of the arrangements surpass one year. The present value is discounted using the County's incremental borrowing rate.

| Asset Type | Remaining Term of Arrangement |
|---------------------|----------------------------------|
| Subscription assets | 2 to 5 years |

The right-to-use asset and the related activity are included in Note 6, Capital Assets. The subscription liability and related activity are presented in Note 9, Bonds, Notes and Other Long-term Liabilities.

The net present value of future minimum payments as of December 31, 2023, were as follows:

| Year Ended December 31, | Governmental Activities | | Business-type Activities | |
|----------------------------|-------------------------|-----------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 54,806 | \$ 3,133 | \$ 23,774 | \$ 8,384 |
| 2025 | 52,484 | 1,550 | 25,747 | 6,411 |
| 2026 | 4,826 | 53 | 27,884 | 4,274 |
| 2027 | - | - | 30,199 | 1,959 |
| 2028 | - | - | 7,933 | 106 |
| Total | \$ 112,116 | \$ 4,736 | \$ 115,537 | \$ 21,134 |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

12. DEFINED BENEFIT PENSION PLAN

Plan Description - The County maintains an agent multiple employer defined benefit plan, the Bay County Employees' Retirement System (the "Plan"), covering substantially all employees of the primary government. Employees of the County's component units and related organizations, including Road Commission, Library System, and Department of Water and Sewer participate in the County's plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Plan issues stand-alone financial statements, which may be obtained from the County Finance Department.

Death and Disability Benefits - The Plan also provides non-duty death and disability benefits to members after 10 years of credited service. The 10 year service provision is waived for duty disability and death benefits.

Retirement eligibility varies depending on employer, division, and date of hire. Requirements for normal retirement range from age 55 to 62 with 8 years of service to 30 years of service, regardless of age. Early retirement options are also available at age 55 with 8 to 10 years of service or 25 years of service, regardless of age. The detailed summary annual report (SAR) is distributed annually to all Bay County retirement system members. Membership of the Plan for Bay County and its component units was as follows at year end:

| | Primary Government | Component Units | Total |
|---|-----------------------|--------------------|-------|
| Retirees and beneficiaries receiving benefits | 746 | 193 | 939 |
| Terminated plan members entitled to, but not yet receiving benefits | 45 | 4 | 49 |
| Active plan members | 720 | 130 | 850 |
| | 1,511 | 327 | 1,838 |

Basis of Accounting. Detail information about the Plan's fiduciary net position is available in the separately issued financial statements. The Plan's financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Pension Ordinance. Administrative expenses are financed through investment earnings.

Funding Policy/Contributions - The Plan benefit provisions and contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners, who also administers the plan, in accordance with County policies, union contracts, and plan provisions. The County's policy is to fund normal costs which are based on actuarially determined rates, expressed as percentages of annual covered payroll, and which are sufficient to accumulate assets to pay benefits when due. The provisions of the Plan require the County to contribute at an actuarially determined rate. Plan members contribute at a rate of 3.62% to 4.55% of their annual salary. The Library portion of the plan is closed to new hires as of January 1, 2012 and therefore, the annual plan member contribution is fixed at \$35,248 for the year ended December 31, 2022. The employer contribution current rates, which were determined through an actuarial valuation are as follows:

| | |
|-------------------------------|--------|
| General county | 0.00% |
| Sheriff's department | 0.00% |
| Department of water and sewer | 12.99% |
| Medical care facility | 0.00% |
| Road commission | 8.91% |
| Library | \$ - |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Amounts received from employer contributions for the year ended December 31, 2023 are as follows:

| | Contributions |
|--------------------|----------------------|
| Primary government | \$ 222,502 |
| Component units | 987,741 |
| | <u>\$ 1,210,243</u> |

Actuarial Assumptions. The total pension liability was calculated as of December 31, 2022 from an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.00% |
| Salary increases | 3.50% to 8.25% including inflation |
| Investment rate of return | 7.25%, net of investment and administrative expense including inflation |
| Mortality tables | Pub-2010 General and Safety Employee Pub-2010 General and Safety Healthy Annuitant Pub-2010 General and Safety Disabled Retiree |

Rationale for the assumptions used was based on an experience study issued August 31, 2023.

Single Discount Rate. A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Real Rate of Return. The long-term expected rate of return on the Plan's investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of investment 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. Best estimates of arithmetic real rates of return at December 31, 2022 for each major asset class included in the Plan's target asset allocation as disclosed above are summarized as follows:

| Asset Class | Target Allocation | Long-term Expected Rate of Return |
|----------------------|-------------------|-----------------------------------|
| Domestic equity | 48.0% | 7.5% |
| International equity | 20.0% | 8.5% |
| U.S. fixed income | 25.0% | 2.5% |
| Real estate | 7.0% | 4.5% |
| | <u>100.0%</u> | |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Changes in the Net Pension Asset. The components of the change in the net pension asset are summarized as follows:

| | Primary Government and Component Units | | |
|---|--|-----------------------------|-------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Asset |
| Balance at December 31, 2021 | \$ 269,333,735 | \$ 388,417,193 | \$ (119,083,458) |
| Changes for the year: | | | |
| Service cost | 4,470,985 | - | 4,470,985 |
| Interest on the total pension liability | 19,021,510 | - | 19,021,510 |
| Difference between expected and actual experience | 1,577,006 | - | 1,577,006 |
| Changes in assumptions | 7,708,380 | - | 7,708,380 |
| Employer contributions | - | 1,139,490 | (1,139,490) |
| Employee contributions | - | 1,805,416 | (1,805,416) |
| Net investment income (loss) | - | (60,263,656) | 60,263,656 |
| Benefit payments and refunds | (18,407,144) | (18,407,144) | - |
| Administrative expenses | - | (264,122) | 264,122 |
| Net changes | 14,370,737 | (75,990,016) | 90,360,753 |
| Balance at December 31, 2022 | \$ 283,704,472 | \$ 312,427,177 | \$ (28,722,705) |

The net pension asset is allocated as follows:

| | |
|--|----------------------|
| Primary government | \$ 21,721,918 |
| Pension Trust | 41,586 |
| Component units | 6,202,207 |
| Component unit fiduciary funds not included within this report | 756,994 |
| | <u>\$ 28,722,705</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

| | Primary Government/Pension Trust | | |
|---|----------------------------------|-----------------------------|-------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Asset |
| Balance at December 31, 2021 | \$ 204,077,064 | \$ 294,307,879 | \$ (90,230,815) |
| Changes for the year: | | | |
| Service cost | 3,387,713 | - | 3,387,713 |
| Interest on the total pension liability | 14,412,802 | - | 14,412,802 |
| Difference between expected and actual experience | 1,194,914 | - | 1,194,914 |
| Changes in assumptions | 5,840,722 | - | 5,840,722 |
| Employer contributions | - | 863,404 | (863,404) |
| Employee contributions | - | 1,367,983 | (1,367,983) |
| Net investment income (loss) | - | (45,662,419) | 45,662,419 |
| Benefit payments and refunds | (13,947,291) | (13,947,291) | - |
| Administrative expenses | - | (200,128) | 200,128 |
| Net changes | 10,888,860 | (57,578,451) | 68,467,311 |
| Balance at December 31, 2022 | \$ 214,965,924 | \$ 236,729,428 | \$ (21,763,504) |
| | Component Units | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Asset |
| Balance at December 31, 2021 | \$ 65,256,671 | \$ 94,109,314 | \$ (28,852,643) |
| Changes for the year: | | | |
| Service cost | 1,083,272 | - | 1,083,272 |
| Interest on the total pension liability | 4,608,708 | - | 4,608,708 |
| Difference between expected and actual experience | 382,092 | - | 382,092 |
| Changes in assumptions | 1,867,658 | - | 1,867,658 |
| Employer contributions | - | 276,086 | (276,086) |
| Employee contributions | - | 437,433 | (437,433) |
| Net investment income (loss) | - | (14,601,237) | 14,601,237 |
| Benefit payments and refunds | (4,459,853) | (4,459,853) | - |
| Administrative expenses | - | (63,994) | 63,994 |
| Net changes | 3,481,877 | (18,411,565) | 21,893,442 |
| Balance at December 31, 2022 | \$ 68,738,548 | \$ 75,697,749 | \$ (6,959,201) |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

For the actuarial valuation dated December 31, 2022, the Plan had the following significant assumption changes: (1) wage inflation was lowered from 3.25% to 3.00%; (2) retirement rate increased for DWS and Library and decreased for Sheriff's Department and Road Commission; (3) the turnover rate increased for Medical Care Facility service-based withdrawals, decreased for DWS service-based withdrawals and decreased for General and Medical Care Facility age-based withdrawals; (4) the rates of mortality were updated to a version of the Pub-2010 fully generational tables, including the use of the MP-2021 mortality improvement scale; (5) the FAC loading factor was applied to normal, early, deferred, and disability retirement and was lowered from 3.50% to 3.25% for General, 7.00% to 6.00% for DWS, 5.00% to 4.00% for Medical Care Facility, 5.00% to 4.50% for Sheriff's Department, and 8.50% to 7.75% for Road Commission; and (6) the administrative expense was lowered from 0.50% to 0.45%.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate. The following table presents the System's net pension asset, calculated using a single discount rate of 7.25%, as well as what the System's net pension asset would be if it were calculated using a single discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

| | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|----------------------------------|----------------------|-----------------------------------|------------------------|
| Primary government/pension trust | \$ 2,426,104 | \$ (21,763,504) | \$ (42,131,490) |
| Component units | 775,786 | (6,959,201) | (13,472,206) |
| Total net pension asset | \$ 3,201,890 | \$ (28,722,705) | \$ (55,603,696) |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2023, the County recognized pension expense of \$1,919,166. At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Primary Government and Component Units | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|--|--------------------------------|-------------------------------|--|
| Difference between expected and actual experience | \$ 1,780,615 | \$ 1,604,004 | \$ 176,611 |
| Changes in assumptions | 6,287,533 | - | 6,287,533 |
| Change in proportionate share | 2,681,491 | 2,681,491 | - |
| Net difference between projected and actual earnings on pension plan investments | 34,827,103 | - | 34,827,103 |
| Component unit fiduciary funds not included within this report | (1,652,619) | (74,402) | (1,578,217) |
| | <u>43,924,123</u> | <u>4,211,093</u> | <u>39,713,030</u> |
| Contributions subsequent to measurement date | <u>1,210,243</u> | <u>-</u> | <u>1,210,243</u> |
| Total | <u>\$ 45,134,366</u> | <u>\$ 4,211,093</u> | <u>\$ 40,923,273</u> |

The deferred outflows of resources and deferred inflows of resources are allocated as follows:

| | | | |
|--------------------|-----------------------------|----------------------------|-----------------------------|
| Primary government | \$ 33,152,481 | \$ 3,786,784 | \$ 29,365,697 |
| Pension Trust | 62,580 | 8,062 | 54,518 |
| Component units | <u>11,919,305</u> | <u>416,247</u> | <u>11,503,058</u> |
| | <u>\$ 45,134,366</u> | <u>\$ 4,211,093</u> | <u>\$ 40,923,273</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

| Primary Government/Pension Trust | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|--|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience | \$ 1,349,190 | \$ 1,215,370 | \$ 133,820 |
| Changes in assumptions | 4,764,128 | - | 4,764,128 |
| Change in proportionate share | 490,388 | 2,579,476 | (2,089,088) |
| Net difference between projected and actual earnings on pension plan investments | 26,388,853 | - | 26,388,853 |
| | <u>32,992,559</u> | <u>3,794,846</u> | <u>29,197,713</u> |
| Contributions subsequent to measurement date | 222,502 | - | 222,502 |
| | <u>222,502</u> | <u>-</u> | <u>222,502</u> |
| Total | <u>\$ 33,215,061</u> | <u>\$ 3,794,846</u> | <u>\$ 29,420,215</u> |

| Component Units | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|--|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience | \$ 431,425 | \$ 388,634 | \$ 42,791 |
| Changes in assumptions | 1,523,405 | - | 1,523,405 |
| Change in proportionate share | 2,191,103 | 102,015 | 2,089,088 |
| Net difference between projected and actual earnings on pension plan investments | 8,438,250 | - | 8,438,250 |
| Component unit fiduciary funds not included within this report | (1,652,619) | (74,402) | (1,578,217) |
| | <u>10,931,564</u> | <u>416,247</u> | <u>10,515,317</u> |
| Contributions subsequent to measurement date | 987,741 | - | 987,741 |
| | <u>987,741</u> | <u>-</u> | <u>987,741</u> |
| Total | <u>\$ 11,919,305</u> | <u>\$ 416,247</u> | <u>\$ 11,503,058</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total pension liability for the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended December 31, | Primary Government/ Pension Trust | Component Units | Total |
|----------------------------|---|----------------------|----------------------|
| 2024 | \$ (1,037,631) | \$ (913,420) | \$ (1,951,051) |
| 2025 | 5,483,298 | 2,507,780 | 7,991,078 |
| 2026 | 9,904,115 | 3,720,335 | 13,624,450 |
| 2027 | 14,382,844 | 4,937,976 | 19,320,820 |
| 2028 | 465,087 | 262,646 | 727,733 |
| | <u>\$ 29,197,713</u> | <u>\$ 10,515,317</u> | <u>\$ 39,713,030</u> |

Payable to the Pension Plan. As of year end, the County had outstanding contributions due to the plan in the amount of \$37,695.

For governmental activities, net pension liability is generally liquidated by the general fund.

13. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS

The County also sponsors an agent multiple-employer retiree healthcare plan through a Voluntary Employees Beneficiary Association ("VEBA") trust (the "Plan"). The Plan is a defined benefit public retiree healthcare plan established effective October 1, 2001 and covers substantially all employees of the primary government, employees of the County's component units (Road Commission, Library System, Department of Water and Sewer). The purpose of the Plan is to provide medical and healthcare benefits for the welfare of certain retirees of the participating entities, and the spouses and dependents of such retirees, who are participants in the Bay County Employees' Retirement System. Benefits under the Plan are provided pursuant to a group contract issued by Blue Cross Blue Shield of Michigan. The County Board of Commissioners has the authority to establish and amend benefit provisions. The Plan issues stand-alone financial statements, which may be obtained from the County Finance Department. As of 2012, the Plan is closed with the exception of the Department of Water and Sewer and the Library.

The Plan is a contributory defined benefit plan which covers substantially all employees of Bay County and component units. At year end, participants in the Plan consisted of:

| | Primary Government | Component Units | Total |
|-----------------------------------|-----------------------|--------------------|--------------|
| Retired members and beneficiaries | 640 | - | 640 |
| Active plan members | 563 | 155 | 718 |
| | <u>1,203</u> | <u>155</u> | <u>1,358</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Employees become eligible for postemployment benefits if they reach normal retirement age while working for the County. Benefits for employees begin the first month following their date of retirement. For Bay County general and sheriff groups, employees hired after January 1, 2012 are not eligible for this postemployment benefit. For Bay County Medical Care Facility, employees hired after January 15, 2010 are not eligible for this postemployment benefit. For the Road Commission, employees hired after January 1, 2016 are not eligible for this postemployment benefit. The Library is open to full-time employees and the Department of Water and Sewer are open to all employees.

The insurance for general County retirees is paid for by the employer, with required copayments, if any, determined annually. In addition, some bargaining units' contracts provide for the County paying 50 percent of the retirees' current (at the time of retirement) spouses' insurance. Premiums for all other dependents covered on the policy are at the expense of the retiree.

Road Commission, Department of Water and Sewer, and Bay County Medical Care Facility retirees have 100 percent of their premiums paid for by the County. The County also pays 100 percent of premiums for spouses of retirees of the Road Commission and Bay Medical Care Facility.

The Library pays 50% of the health insurance premiums for employees who retire between the ages of 60 and 65. Employees who retire at age 65 or later are entitled to 100% employer paid health insurance. Spousal premiums are at the expense of the retiree.

The postemployment benefits are financed on a pay-as-you-go basis. The amount of expenditures for the benefits is recognized during the period incurred. The premiums are paid by the County. Employees make no contribution directly to the County for their share of the premiums.

Basis of Accounting. Detail information about the Plan's fiduciary net position is available in the separately issued financial statements. The Plan's financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Pension Ordinance. Administrative expenses are financed through investment earnings.

Funding Policy/Contributions - The Plan benefit provisions and contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners, who also administers the plan, in accordance with County policies, union contracts, and plan provisions. The County's current policy is to fund the plan on a pay-as-you-go basis with additional amounts contributed into the VEBA trust fund. The employer contribution current rates, which were determined through an actuarial valuation are as follows:

| | | |
|-------------------------------|----|-----------|
| General county | \$ | 1,720,420 |
| Sheriff's department | | 549,944 |
| Department of water and sewer | | 432,680 |
| Medical care facility | | 1,903,381 |
| Road commission | | 2,928,053 |
| Library | | - |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Amounts received from employer contributions for the year ended December 31, 2023 are as follows:

| | Contributions |
|--------------------|----------------------|
| Primary government | \$ 4,209,971 |
| Component units | <u>1,828,907</u> |
| | <u>\$ 6,038,878</u> |

Actuarial Assumptions. The total OPEB liability was calculated as of December 31, 2022 from an actuarial valuation as of the same date, using the following actuarial assumptions applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.50% |
| Salary increases | 3.75% to 8.50% including wage inflation |
| Investment rate of return | 7.00%, net of investment and administrative expense including inflation |
| Healthcare trend rates | 8.25% trend, gradually decreasing to 3.50% in year 9 |
| Mortality tables | The RP-2014 Employee Generational The RP-2014 Healthy Annuitant Generational The RP-2014 Disabled |

Rationale for the assumptions used was based on an experience study issued August 1, 2017 for the five-year period ended December 31, 2015.

Single Discount Rate. A single discount rate of 7.00% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-term Expected Real Rate of Return. The long-term expected rate of return on the Plan's investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of investment 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. Best estimates of arithmetic real rates of return at December 31, 2022 for each major asset class included in the Plan's target asset allocation as disclosed above are summarized as follows:

| Asset Class | Target Allocation | Long-term Expected Rate of Return |
|----------------------|--------------------------|--|
| Domestic equity | 49.0% | 7.5% |
| International equity | 21.0% | 8.5% |
| U.S. fixed income | 23.0% | 2.5% |
| Real estate | 7.0% | 4.5% |
| | <u>100.0%</u> | |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Changes in the Net OPEB Liability. The components of the change in the net OPEB liability are summarized as follows:

| | Primary Government and Component Units | | |
|---|--|-----------------------------------|--------------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balance at December 31, 2021 | \$ 72,075,733 | \$ 66,193,009 | \$ 5,882,724 |
| Changes for the year: | | | |
| Service cost | 997,040 | - | 997,040 |
| Interest | 4,912,485 | - | 4,912,485 |
| Changes in benefits | (4,778) | - | |
| Difference between expected and actual experience | 17,282 | - | 17,282 |
| Changes of assumptions | 2,848,646 | - | 2,848,646 |
| Employer contributions | - | 6,398,201 | (6,398,201) |
| Net investment income (loss) | - | (9,531,424) | 9,531,424 |
| Benefit payments and refunds | (4,791,799) | (4,791,799) | - |
| Administrative expenses | - | (34,755) | 34,755 |
| Net changes | <u>3,978,876</u> | <u>(7,959,777)</u> | <u>11,943,431</u> |
| Balance at December 31, 2022 | <u>\$ 76,054,609</u> | <u>\$ 58,233,232</u> | <u>\$ 17,821,377</u> |

The net OPEB liability is allocated as follows:

| | |
|--|----------------------|
| Primary government | \$ 10,913,491 |
| Component units | 5,910,848 |
| Component unit fiduciary funds not included within this report | <u>997,038</u> |
| | <u>\$ 17,821,377</u> |

| | Primary Government | | |
|---|----------------------------|-----------------------------------|--------------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balance at December 31, 2021 | \$ 44,137,883 | \$ 40,535,408 | \$ 3,602,475 |
| Changes for the year: | | | |
| Service cost | 610,569 | - | 610,569 |
| Interest | 3,008,317 | - | 3,008,317 |
| Changes in benefits | (2,926) | - | (2,926) |
| Difference between expected and actual experience | 10,583 | - | 10,583 |
| Changes of assumptions | 1,744,460 | - | 1,744,460 |
| Employer contributions | - | 3,918,143 | (3,918,143) |
| Net investment income (loss) | - | (5,836,873) | 5,836,873 |
| Benefit payments and refunds | (2,934,412) | (2,934,412) | - |
| Administrative expenses | - | (21,283) | 21,283 |
| Net changes | <u>2,436,591</u> | <u>(4,874,425)</u> | <u>7,311,016</u> |
| Balance at December 31, 2022 | <u>\$ 46,574,474</u> | <u>\$ 35,660,983</u> | <u>\$ 10,913,491</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

| | Component Units | | |
|---|----------------------|-----------------------------|---------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balance at December 31, 2021 | \$ 27,937,850 | \$ 25,657,601 | \$ 2,280,249 |
| Changes for the year: | | | |
| Service cost | 386,471 | - | 386,471 |
| Interest | 1,904,168 | - | 1,904,168 |
| Changes in benefits | (1,852) | - | (1,852) |
| Difference between expected and actual experience | 6,699 | - | 6,699 |
| Changes of assumptions | 1,104,186 | - | 1,104,186 |
| Employer contributions | - | 2,480,058 | (2,480,058) |
| Net investment income (loss) | - | (3,694,551) | 3,694,551 |
| Benefit payments and refunds | (1,857,387) | (1,857,387) | - |
| Administrative expenses | - | (13,472) | 13,472 |
| Net changes | 1,542,285 | (3,085,352) | 4,627,637 |
| Balance at December 31, 2022 | \$ 29,480,135 | \$ 22,572,249 | \$ 6,907,886 |

Benefit changes in the December 31, 2022 actuarial valuations was due to the following: DWS Life Insurance has been reported as provided through The Hartford. Life insurance benefits for DWS Salaried Members retired on/after January 1, 2023 have been removed.

Assumptions changes in the December 31, 2022 actuarial valuations were due to the mortality tables being updated to the Pub-2010 General and Safety Amount Weighted, Fully Generational Mortality Tables, with future mortality improvements assumed each year using scale MP- 2021 with a base year of 2010.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the County, calculated using the discount rate of 7.00%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current rate:

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|---------------------------------|----------------------|-----------------------------------|----------------------|
| Primary government | \$ 15,937,108 | \$ 10,913,491 | \$ 6,661,704 |
| Component units | 10,087,685 | 6,907,886 | 4,216,647 |
| Total net OPEB liability | \$ 26,024,793 | \$ 17,821,377 | \$ 10,878,351 |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net OPEB liability of the County, calculated using the healthcare cost trend rate of 8.25% decreasing to 3.50% in year 9, as well as what the County's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or higher than the current rate:

| | 1% Decrease (7.25%) | Current Trend Rate (8.25%) | 1% Increase (9.25%) |
|---------------------------------|------------------------|----------------------------------|------------------------|
| Primary government | \$ 6,058,074 | \$ 10,913,491 | \$ 16,705,738 |
| Component units | 3,834,569 | 6,907,886 | 10,574,202 |
| Total net OPEB liability | \$ 9,892,643 | \$ 17,821,377 | \$ 27,279,940 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2023, the County recognized OPEB expense (benefit) of \$(10,143,643). At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Primary Government and Component Units | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|--|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience | \$ 14,188 | \$ 41,565,472 | \$ (41,551,284) |
| Changes of assumptions | 5,734,251 | 3,200 | 5,731,051 |
| Change in proportionate share | 7,487,175 | 7,487,175 | - |
| Net difference between projected and actual earnings on pension plan investments | 6,470,846 | - | 6,470,846 |
| Component unit fiduciary funds not included within this report | (1,576,028) | (2,452,058) | 876,030 |
| | 18,130,432 | 46,603,789 | (28,473,357) |
| Contributions subsequent to measurement date | 6,038,878 | - | 6,038,878 |
| Total | \$ 24,169,310 | \$ 46,603,789 | \$ (22,434,479) |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

| Primary Government | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|--|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience | \$ 8,689 | \$ 25,453,938 | \$ (25,445,249) |
| Changes of assumptions | 3,511,551 | 1,960 | 3,509,591 |
| Change in proportionate share | 3,808,307 | 5,816,060 | (2,007,753) |
| Net difference between projected and actual earnings on pension plan investments | 3,962,628 | - | 3,962,628 |
| | <u>11,291,175</u> | <u>31,271,958</u> | <u>(19,980,783)</u> |
| Contributions subsequent to measurement date | 4,209,971 | - | 4,209,971 |
| Total | <u>\$ 15,501,146</u> | <u>\$ 31,271,958</u> | <u>\$ (15,770,812)</u> |

| Component Units | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|--|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience | \$ 5,499 | \$ 16,111,534 | \$ (16,106,035) |
| Changes of assumptions | 2,222,700 | 1,240 | 2,221,460 |
| Change in proportionate share | 3,678,868 | 1,671,115 | 2,007,753 |
| Net difference between projected and actual earnings on pension plan investments | 2,508,218 | - | 2,508,218 |
| Component unit fiduciary funds not included within this report | (1,576,028) | (2,452,058) | 876,030 |
| | <u>6,839,257</u> | <u>15,331,831</u> | <u>(8,492,574)</u> |
| Contributions subsequent to measurement date | 1,828,907 | - | 1,828,907 |
| | <u>\$ 8,668,164</u> | <u>\$ 15,331,831</u> | <u>\$ (6,663,667)</u> |

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total OPEB liability for the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended December 31, | Primary Government | Component Units | Total |
|----------------------------|------------------------|-----------------------|------------------------|
| 2024 | \$ (7,777,090) | \$ (3,147,994) | \$ (10,925,084) |
| 2025 | (6,851,787) | (3,500,028) | (10,351,815) |
| 2026 | (5,328,855) | (2,453,787) | (7,782,642) |
| 2027 | (233,065) | 518,454 | 285,389 |
| 2028 | 210,014 | 90,781 | 300,795 |
| | <u>\$ (19,980,783)</u> | <u>\$ (8,492,574)</u> | <u>\$ (28,473,357)</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Payable to the OPEB Plan. As of year end, the County had outstanding contributions due to the Plan in the amount of \$155,134.

For governmental activities, net OPEB liability is generally liquidated by the general fund.

14. FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

| | Plan Net Position | | |
|--|------------------------------|----------------------|-----------------------|
| | Employees' Retirement System | VEBA Trust | Total |
| Assets | | | |
| Investments, at fair value: | | | |
| Equities | \$ 309,985,513 | \$ 72,532,826 | \$ 382,518,339 |
| Fixed income | 84,450,304 | 19,940,368 | 104,390,672 |
| Money market | 5,341,874 | 690,018 | 6,031,892 |
| Total investments | <u>399,777,691</u> | <u>93,163,212</u> | <u>492,940,903</u> |
| Receivables: | | | |
| Contributions | 213,863 | 195,134 | 408,997 |
| Interest and dividends | 765,626 | 102,980 | 868,606 |
| Total receivables | <u>979,489</u> | <u>298,114</u> | <u>1,277,603</u> |
| Other current assets: | | | |
| Prepaid items and other assets | 1,891,922 | 22 | 1,891,944 |
| Net pension asset | 41,586 | - | 41,586 |
| Total other current assets | <u>1,933,508</u> | <u>22</u> | <u>1,933,530</u> |
| Total assets | <u>402,690,688</u> | <u>93,461,348</u> | <u>496,152,036</u> |
| Deferred outflow of resources - pension | <u>62,580</u> | <u>-</u> | <u>62,580</u> |
| Liabilities | | | |
| Accounts payable | 634,694 | 72,022 | 706,716 |
| Accrued liabilities | 13,441 | 54,001 | 67,442 |
| Accrued vacation and sick pay | 3,894 | - | 3,894 |
| Total liabilities | <u>652,029</u> | <u>126,023</u> | <u>778,052</u> |
| Deferred inflow of resources - pension | <u>8,062</u> | <u>-</u> | <u>8,062</u> |
| Net position | | | |
| Restricted for: | | | |
| Employees' retirement system | 402,093,177 | - | 402,093,177 |
| Postemployment healthcare benefits | - | 93,335,325 | 93,335,325 |
| Total net position | <u>\$ 402,093,177</u> | <u>\$ 93,335,325</u> | <u>\$ 495,428,502</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

| | Plan Changes in Net Position | | |
|---|------------------------------|----------------------|-----------------------|
| | Employees' Retirement System | VEBA Trust | Total |
| Additions | | | |
| Investment income: | | | |
| Net appreciation (depreciation) in fair value of investments | \$ 38,868,669 | \$ 8,849,301 | \$ 47,717,970 |
| Interest and dividends | 7,901,921 | 2,246,946 | 10,148,867 |
| Less investment expense | (1,791,480) | (242,089) | (2,033,569) |
| Total investment income | <u>44,979,110</u> | <u>10,854,158</u> | <u>55,833,268</u> |
| Contributions: | | | |
| Employer | 1,800,798 | 6,038,878 | 7,839,676 |
| Plan members | 2,226,649 | - | 2,226,649 |
| Total contributions | <u>4,027,447</u> | <u>6,038,878</u> | <u>10,066,325</u> |
| Other revenue | <u>11,979</u> | <u>-</u> | <u>11,979</u> |
| Total additions | <u>49,018,536</u> | <u>16,893,036</u> | <u>65,911,572</u> |
| Deductions | | | |
| Benefit payments | 22,662,409 | 4,364,007 | 27,026,416 |
| Administrative expenses | 473,481 | 112,816 | 586,297 |
| Total deductions | <u>23,135,890</u> | <u>4,476,823</u> | <u>27,612,713</u> |
| Change in net position | 25,882,646 | 12,416,213 | 38,298,859 |
| Net position, beginning of year | <u>376,210,531</u> | <u>80,919,112</u> | <u>457,129,643</u> |
| Net position, end of year | <u>\$ 402,093,177</u> | <u>\$ 93,335,325</u> | <u>\$ 495,428,502</u> |

15. SELF-INSURANCE

The County is self-funded for risks associated with workers' compensation, sickness and accident insurance (short-term disability), unemployment compensation and healthcare. The self-insurance program for workers' compensation (except for the Bay County Medical Care Facility enterprise fund), short-term disability and unemployment is accounted for in the Self-Insurance Fund, an internal service fund. Contributions are paid to the Self-Insurance fund as a percentage of payroll, with the rates being determined by an independent actuary. The Bay County Medical Care Facility participates in its own, stand-alone self-insured program for workers' compensation and healthcare benefits. The activity of this program is accounted for in the Medical Care Facility enterprise fund, with claims being paid as they are incurred. The County's self-insurance program for healthcare became effective January 1, 2001, and is accounted for in the Healthcare Self-Insurance Fund, an internal service fund. The contributions which are paid to the Healthcare Self-Insurance Fund are determined by an independent consultant.

For the area of unemployment compensation, the County is categorized as a reimbursing employer in the State of Michigan. Employee sickness and accident benefit limits are established by way of contract negotiations with the County's thirteen bargaining units and by the Board of Commissioners for the County's nonrepresented employees.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Specifically in the area of workers' compensation, the County purchases excess insurance to reduce its exposure to significant claim losses. Excess insurance allows recovery of a portion of the losses from the excess insurer, although it does not discharge the primary liability of the Self-Insurance fund as direct insurer of the risks. During 2019, Bay County purchased excess insurance from Midwest Employers Casualty. The self-insured retention is \$450,000 per occurrence. The maximum limit of indemnity per occurrence is statutory. The employers' liability maximum limit of indemnity is \$1,000,000 per occurrence.

The County estimates the liability for claims that have been incurred through December 31, 2020, including both claims that have been reported as well as those that have not yet been reported and estimates of both future payments of losses and related claim adjustment expenses. Estimated liabilities for unpaid claims are based on historical claim payments, including related legal and administrative expenses. Neither the County nor the Bay Medical Care Facility has experienced settlements in excess of insurance coverage during the past three years.

General Liability

The County is self-insured for general liability insurance coverage with Michigan Municipal Risk Management Authority ("MMRMA"). Bay County's contributions to this fund are determined each year by MMRMA based on its review of an application filed by the County, which identifies County assets such as property, vehicles, buildings, and equipment. Bay County's retention levels and policy coverage through MMRMA are as follows:

| Coverage | Self Insured Retention (excess of deductible) |
|---|--|
| Liability | \$150,000 |
| Vehicle Physical Damage \$1,000 deductible per vehicle | \$15,000 per vehicle \$30,000 per occurrence |
| Property and Crime \$1,000 deductible per occurrence | N/A |

Limits of Coverage (including member's self-insured retention per occurrence)

The County's limits of liability coverage range from \$2,000 to \$10,000,000 per occurrence depending on type of occurrence. The County's limits of property and crime coverage range from \$10,000 to \$99,974,305 per occurrence depending on type of occurrence. In addition to the County's coverage from MMRMA, the combined members' have an aggregate \$5,000,000 terrorism liability coverage, \$300,000,000 of aggregate property coverage, a \$100,000,000 earthquake aggregate loss limit, a \$100,000,000 flood aggregate loss limit, and a \$50,000,000 terrorism per occurrence loss limit for all members.

In the area of life insurance, the County is experienced rated and pays premiums to the Standard with whom the County has entered into a contractual agreement.

There have been no significant changes in insurance coverage in the past two years. There have been no claim settlements that have exceeded excess insurance limits.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

Changes in the estimated claims liabilities for workers' compensation claims (excluding the Medical Care Facility) are as follows for the years ended December 31:

| | 2023 | 2022 |
|---|--------------------------|--------------------------|
| Claims liability, beginning of year | \$ 136,079 | \$ 335,529 |
| Claims incurred, including changes in estimates | 756,535 | 78,810 |
| Claims payments and adjustments | <u>(550,285)</u> | <u>(278,260)</u> |
| Claims liability, end of year | <u>\$ 342,329</u> | <u>\$ 136,079</u> |

Changes in the estimated claims liabilities for workers' compensation claims of the Medical Care Facility are as follows for the years ended December 31:

| | 2023 | 2022 |
|---|-------------------------|-------------------------|
| Claims liability, beginning of year | \$ 46,322 | \$ 299,943 |
| Claims incurred, including changes in estimates | 74,542 | (88,155) |
| Claims payments and adjustments | <u>(54,497)</u> | <u>(165,466)</u> |
| Claims liability, end of year | <u>\$ 66,367</u> | <u>\$ 46,322</u> |

Changes in the estimated claims liabilities for healthcare claims (excluding the Medical Care Facility) are as follows for the years ended December 31:

| | 2023 | 2022 |
|---|--------------------------|--------------------------|
| Claims liability, beginning of year | \$ 858,301 | \$ 393,680 |
| Claims incurred, including changes in estimates | 7,688,780 | 8,059,492 |
| Claims payments and adjustments | <u>(7,932,589)</u> | <u>(7,594,871)</u> |
| Claims liability, end of year | <u>\$ 614,492</u> | <u>\$ 858,301</u> |

The Medical Care Facility is self-insured for healthcare claims. The Medical Care Facility is covered by a stop-loss policy that covers individual claims over \$75,000. Changes in the estimated claims liabilities for healthcare claims of the Medical Care Facility are as follows for the years ended December 31:

| | 2023 | 2022 |
|---|-------------------------|--------------------------|
| Claims liability, beginning of year | \$ 258,558 | \$ 330,186 |
| Claims incurred, including changes in estimates | 2,801,509 | 3,005,121 |
| Claims payments and adjustments | <u>(2,989,047)</u> | <u>(3,076,749)</u> |
| Claims liability, end of year | <u>\$ 71,020</u> | <u>\$ 258,558</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

General Liability – Road Commission Component Unit

The Road Commission joined together with other Road Commissions to form the Michigan County Road Commission Self-Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for liability insurance. The Road Commission pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Michigan County Road Commission Self-Insurance Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for large claims. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Road Commission continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

General Liability – Department of Water and Sewer Component Unit

The Department of Water and Sewer is self-insured for workers' compensation claims. This program is administered by an independent company which furnishes safety inspection, claims review, and claims processing services. The employers' liability maximum limit of indemnity per occurrence is \$1,000,000 and the self-insured retention per occurrence is \$500,000. Net cost for the current year was \$17,310.

The Department of Water and Sewer is further insured for general, automobile, and errors or omissions claims as a member of the Michigan County Road Commission Self-Insurance Pool and is insured for liabilities up to a limit of \$10,500,000 per occurrence, subject to a \$1,000 deductible. The Department of Water and Sewer would be responsible for losses in excess of the limit. Payments made for the current year were \$47,743.

The Department of Water and Sewer is further insured as a member of the Michigan County Road Commission Self-Insurance Pool for building, contents, off-road equipment and licensed vehicles claims and is insured for the lessor of the scheduled value of property or the cost of repairs or replacement, subject to a \$500 deductible. Payments made for the current year were \$232,247.

The Department of Water and Sewer became self-insured for healthcare claims effective February 1, 2006. Blue Cross Blue Shield of Michigan administers the claims and provides \$75,000 specific stop loss coverage in a combined contract with DWS and Bay County Road Commission. Payments made for the current year were \$1,269,280.

16. PROPERTY TAXES

The County property tax is levied each July 1st and December 1st on the taxable valuation of property located in the County as of the preceding December 31. On July or December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

Although the County's winter 2023 ad valorem tax is levied and collectible starting December 1, 2023, it is the County's policy for all funds to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations. The general fund tax is levied July 1 of each year and is recognized in the year of the levy.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

The taxable value of real and personal property for the December 1, 2022 levy totaled \$3,133,133,979. The taxable value of real and personal property for the July 1, 2023 levy totaled \$3,327,217,553. The tax levy for fiscal year 2023 operations was based on the following rates:

| | |
|-----------------------|--------------|
| General operating | 5.7078 mills |
| Mosquito control | .0996 mills |
| Forest sustainability | .9969 mills |
| 911 central dispatch | .0996 mills |
| County library | 1.7445 mills |
| Senior citizens | .8500 mills |
| Soldiers' Relief | .0948 mills |
| Historical society | .5482 mills |
| Animal services | .7000 mills |
| Medical care | 1.7445 mills |

The County annually reimburses the local taxing authorities in Bay County the face value of the real property taxes, which are returned to the County Treasurer on March 1 as delinquent.

Tax Abatements

Industrial property tax abatements are granted by the State of Michigan under public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GAAP. Property taxes abated by the County in 2023 amounted to \$174,993, related to IFT exemptions.

The Brownfield Redevelopment Financing Act, 1996 PA 381, as amended (Act 381), authorizes Brownfield Redevelopment Authorities (BRAs) to facilitate the implementation of Brownfield Plans and associated Work Plans that promote the revitalization, redevelopment, and reuse of contaminated, blighted, functionally obsolete, or historic resources. Act 381 authorizes and permits the use of school and local tax increment financing to help reduce the burden of Brownfield related costs when redeveloping affected properties. Accordingly, such agreements meet the criteria of "tax abatements" under GAAP. Property taxes abated by the County in 2023 amount to \$526,773, related to brownfield exemptions.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

17. FUND BALANCES - GOVERNMENTAL FUNDS

Generally accepted accounting principles (GAAP) establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Detail information of fund balances of governmental funds is as follows:

| | General Fund | American Rescue Plan Act | Nonmajor Funds | Total |
|--|----------------------|--------------------------|----------------------|----------------------|
| Nonspendable: | | | | |
| Inventory | \$ 12,384 | \$ - | \$ - | \$ 12,384 |
| Prepays | 506,737 | - | 57,031 | 563,768 |
| Long-term advance | 192,408 | - | - | 192,408 |
| Total nonspendable | <u>711,529</u> | <u>-</u> | <u>57,031</u> | <u>768,560</u> |
| Restricted for: | | | | |
| General county services | 149,324 | - | - | 149,324 |
| 911 services | - | - | 2,232,275 | 2,232,275 |
| Division on aging | - | - | 839,498 | 839,498 |
| Health department | - | - | 3,820,398 | 3,820,398 |
| Mosquito control | - | - | 1,454,478 | 1,454,478 |
| Friend of the court | - | - | 330,344 | 330,344 |
| Animal svc. adoption | - | - | 1,498,386 | 1,498,386 |
| Forest sustainability | - | - | 79,633 | 79,633 |
| Register of deeds | - | - | 121,863 | 121,863 |
| Concealed pistol licensing | - | - | 155,195 | 155,195 |
| Local C.F.O. training | - | - | 52,456 | 52,456 |
| Drug law enforcement | - | - | 27,889 | 27,889 |
| Home rehabilitation | - | - | 1,796,390 | 1,796,390 |
| Septic system replacement | - | - | 106,421 | 106,421 |
| Opioid remediation | - | - | 648,922 | 648,922 |
| Child care/social services | - | - | 776,187 | 776,187 |
| Community corrections | - | - | 8,916 | 8,916 |
| Soldiers' relief | - | - | 610,910 | 610,910 |
| Social welfare | - | - | 8,203 | 8,203 |
| Indigent defense | - | - | 18,916 | 18,916 |
| Historical preservation | - | - | 2 | 2 |
| Total restricted | <u>149,324</u> | <u>-</u> | <u>14,587,282</u> | <u>14,736,606</u> |
| Committed for: | | | | |
| Budget Stabilization | <u>7,344,397</u> | <u>-</u> | <u>-</u> | <u>7,344,397</u> |
| Assigned for: | | | | |
| General county services | 4,548,616 | - | - | 4,548,616 |
| 911 services | - | - | 47,391 | 47,391 |
| Division on aging | - | - | 831,294 | 831,294 |
| Friend of the court | - | - | 63,389 | 63,389 |
| Health department | - | - | 1,127,098 | 1,127,098 |
| Mosquito control | - | - | 203,133 | 203,133 |
| Forest sustainability | - | - | 130,282 | 130,282 |
| Register of deeds | - | - | 23,200 | 23,200 |
| Concealed pistol licensing | - | - | 27,768 | 27,768 |
| Local C.F.O. training | - | - | 11,463 | 11,463 |
| Home rehabilitation | - | - | 18,850 | 18,850 |
| Law library | - | - | 1,580 | 1,580 |
| Child care | - | - | 100,000 | 100,000 |
| Child care social/services | - | - | 4,100 | 4,100 |
| Social welfare | - | - | 8,725 | 8,725 |
| Total assigned | <u>4,548,616</u> | <u>-</u> | <u>2,598,273</u> | <u>7,146,889</u> |
| Unassigned | <u>9,903,865</u> | <u>-</u> | <u>-</u> | <u>9,903,865</u> |
| Total fund balances, governmental funds | <u>\$ 22,657,731</u> | <u>\$ -</u> | <u>\$ 17,242,586</u> | <u>\$ 39,900,317</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

18. NET POSITION

Restricted Net Position

The composition of the County's restricted net position, was as follows:

| | Governmental Activities | Business-type Activities | Component Units |
|---------------------|----------------------------|-----------------------------|----------------------|
| Restricted for: | | | |
| Pension benefits | \$ 15,528,718 | \$ 6,193,200 | \$ 6,202,207 |
| Insurance claims | 5,250,571 | - | - |
| Health and welfare | 6,166,814 | - | - |
| Home rehabilitation | 1,796,390 | - | - |
| Pest control | 1,534,111 | - | - |
| Public safety | 3,976,874 | - | - |
| Opioid Remediation | 5,929,585 | - | - |
| Debt service | - | - | 4,096,650 |
| Other: | | | |
| Judicial | 330,344 | - | - |
| Register of deeds | 121,863 | - | - |
| Donor restrictions | 149,907 | - | - |
| Indigent defense | 18,916 | - | - |
| | <u>\$ 40,804,093</u> | <u>\$ 6,193,200</u> | <u>\$ 10,298,857</u> |

Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2023, was as follows:

| | Governmental Activities | Business-type Activities | Component Units |
|---|----------------------------|-----------------------------|-----------------------|
| Capital assets: | | | |
| Assets not being depreciated/amortized | \$ 2,775,723 | \$ 5,442,936 | \$ 43,837,749 |
| Assets being depreciated/amortized, net | 35,163,789 | 15,666,203 | 151,297,670 |
| | <u>37,939,512</u> | <u>21,109,139</u> | <u>195,135,419</u> |
| Related debt: | | | |
| Due within one year | 416,437 | 2,579,533 | 5,161,929 |
| Due in more than one year | 2,001,641 | 44,191,763 | 51,033,314 |
| Capital related payables and retainage | - | - | 439,236 |
| Less: | | | |
| Deferred charge on bond refunding | - | - | (2,163,760) |
| Non-capital debt | - | (46,645,000) | - |
| Compensated absences | (2,222,093) | (10,759) | (1,502,342) |
| Retiree benefit obligation | - | - | (1,511,941) |
| | <u>195,985</u> | <u>115,537</u> | <u>51,456,436</u> |
| Net investment in capital assets | <u>\$ 37,743,527</u> | <u>\$ 20,993,602</u> | <u>\$ 143,678,983</u> |

BAY COUNTY, MICHIGAN

Notes to Financial Statements

19. COMMITMENTS, CONTINGENCIES, AND PENDING LITIGATION

The County is a defendant in various lawsuits. It is the opinion of County management and its counsel that the outcome of these lawsuits now pending will not materially affect the operations or the financial position of the County.

The County is a defendant in litigation related to provisions of the Michigan General Property Tax Act and surplus proceeds generated through the auction of property tax-foreclosed properties under the statute, with similarly situated counties in the state. Proceedings are currently stayed while an appeal pending in the U.S. Circuit Court of Appeals is heard. The County may be required to repay in the future some portion of the surplus from previous years proceeds to former owners of property tax-foreclosed properties for the tax-foreclosed property dispositions. As of December 31, 2023, the County is not able to reasonably estimate this potential liability. Accordingly, no amounts for this potential liability have been recognized in the County's delinquent tax foreclosure fund. However, certain property owners have filed a claim for any sales that occurred during 2023 and therefore, the County has a liability recorded of \$69,570 in the delinquent property tax foreclosure nonmajor enterprise fund.

Under the terms of certain Federal and State grants, periodic audits are required and certain costs may be questioned as not representing appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies.

As of December 31, 2023, the Medical Care Facility has a commitment balance of \$5,870,047 related to its renovation project.

20. OPIOID SETTLEMENT

The County is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the County expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the County expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 and the remaining installments expected to be made annually beginning in 2026. The County is currently allocated approximately 0.192% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$3,405,795 and \$777,319 from the Distributors and Janssen, respectively.

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan, and Teva, and the associated state-subdivision agreement was finalized in 2023. In 2023, additional settlements with Mallinckrodt and Meijer were announced. The term of the settlement varies by pharmacy and manufacturer; however, the County expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$3,055,945. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of December 31, 2023, the amounts to be allocated to and collected by the County were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of December 31, 2023 is \$5,280,663.

BAY COUNTY, MICHIGAN

Notes to Financial Statements

21. RESTATEMENT

The County has an intercounty drain project with Midland County in which Midland County is the Treasurer on the bonds. All the funds that the County receives are transferred to Midland County, and Midland County pays the bond payment. The bond maturity is 20 years; however, the County assessment to the property owners was only for seven years and therefore, the County will collect all the revenue before the debt is paid off. In 2021 and 2022, the County recorded a contribution to other counties expense for the entire amount of funds collected from the property owners which exceeded the annual required principal and interest payments owed to Midland County. To correct this prior year error, the County reclassified the excess payments over the required annual principal and interest amounts to restricted cash held by others, and, after the seven year assessment is completed, the County will decrease the restricted cash held and the annual principal and interest would be recognized. As a result, the drain debt service fund fund balance and drain commission net position was increased by \$445,638.

22. SUBSEQUENT EVENTS

On January 16, 2024, the Board approved to replace two elevators in the County building in the amount of \$978,000. Further, the Board approved the Animal Services Shelter Facility project for \$1,123,810.

On April 24, 2024, the County issued the Michigan Transportation Fund Bonds, Series 2024 in the amount of \$6,035,000 with interest at 5% maturing on May 1, 2034.

On May 22, 2024, the Board approved the Health and Human Services Building Renovation and Construction project in the amount of \$1,017,150.



This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

BAY COUNTY, MICHIGAN

Required Supplementary Information

Employees' Retirement System
Schedule of Changes in Net Pension Asset and Related Ratios

| | Plan Year Ended December 31, | | | |
|---|------------------------------|-------------------------|------------------------|------------------------|
| | 2022 | 2021 | 2020 | 2019 |
| Total pension liability | | | | |
| Service cost | \$ 4,470,985 | \$ 4,521,825 | \$ 4,597,456 | \$ 4,204,664 |
| Interest | 19,021,510 | 18,604,429 | 18,354,165 | 18,052,689 |
| Changes in benefits | - | - | - | - |
| Differences between expected and actual experience | 1,577,006 | 596,999 | (2,504,617) | (2,138,494) |
| Changes of assumptions | 7,708,380 | - | - | - |
| Benefit payments, including refunds of member contributions | (18,407,144) | (17,482,843) | (16,431,695) | (15,882,249) |
| Net change in total pension liability | <u>14,370,737</u> | <u>6,240,410</u> | <u>4,015,309</u> | <u>4,236,610</u> |
| Total pension liability, beginning of year | <u>269,333,735</u> | <u>263,093,325</u> | <u>259,078,016</u> | <u>254,841,406</u> |
| Total pension liability, end of year | <u>283,704,472</u> | <u>269,333,735</u> | <u>263,093,325</u> | <u>259,078,016</u> |
| Plan fiduciary net position | | | | |
| Employer contributions | 1,139,490 | 1,246,987 | 1,314,145 | 1,197,464 |
| Employee contributions | 1,805,416 | 1,770,369 | 1,740,809 | 1,721,903 |
| Net investment income (loss) | (60,263,656) | 52,888,859 | 48,521,218 | 59,850,265 |
| Benefit payments, including refunds of member contributions | (18,407,144) | (17,482,843) | (16,431,695) | (15,882,249) |
| Administrative expenses | (264,122) | (160,636) | (194,354) | (212,320) |
| Net change in fiduciary net position | <u>(75,990,016)</u> | <u>38,262,736</u> | <u>34,950,123</u> | <u>46,675,063</u> |
| Fiduciary net position, beginning of year | <u>388,417,193</u> | <u>350,154,457</u> | <u>315,204,334</u> | <u>268,529,271</u> |
| Fiduciary net position, end of year | <u>312,427,177</u> | <u>388,417,193</u> | <u>350,154,457</u> | <u>315,204,334</u> |
| Net pension asset | <u>\$ (28,722,705)</u> | <u>\$ (119,083,458)</u> | <u>\$ (87,061,132)</u> | <u>\$ (56,126,318)</u> |
| Fiduciary net position as a percentage of total pension asset | 110.12% | 144.21% | 133.09% | 121.66% |
| Covered payroll | <u>\$ 40,746,029</u> | <u>\$ 39,231,596</u> | <u>\$ 39,492,417</u> | <u>\$ 38,040,191</u> |
| Net pension asset as a percentage of covered payroll | -70.49% | -303.54% | -220.45% | -147.54% |

See notes to required supplementary information.

| Plan Year Ended December 31, | | | | |
|------------------------------|------------------------|------------------------|------------------------|------------------------|
| 2018 | 2017 | 2016 | 2015 | 2014 |
| \$ 4,154,779 | \$ 4,082,245 | \$ 4,033,693 | \$ 3,995,877 | \$ 3,941,541 |
| 17,454,630 | 17,280,650 | 17,018,949 | 16,521,779 | 15,873,703 |
| - | - | 300,125 | - | - |
| 2,243,847 | (3,927,946) | (3,434,251) | - | 2,048,465 |
| - | - | 8,000,602 | - | - |
| <u>(15,375,944)</u> | <u>(14,767,057)</u> | <u>(14,250,784)</u> | <u>(13,564,472)</u> | <u>(12,935,261)</u> |
| 8,477,312 | 2,667,892 | 11,668,334 | 6,953,184 | 8,928,448 |
| <u>246,364,094</u> | <u>243,696,202</u> | <u>232,027,868</u> | <u>225,074,684</u> | <u>216,146,236</u> |
| <u>254,841,406</u> | <u>246,364,094</u> | <u>243,696,202</u> | <u>232,027,868</u> | <u>225,074,684</u> |
| 1,526,177 | 1,784,822 | 1,958,204 | 2,165,361 | 2,574,104 |
| 1,645,878 | 1,664,592 | 1,759,828 | 1,591,066 | 1,669,919 |
| (17,819,901) | 48,824,494 | 19,028,272 | 1,861,801 | 19,045,651 |
| <u>(15,375,944)</u> | <u>(14,767,057)</u> | <u>(14,250,784)</u> | <u>(13,564,472)</u> | <u>(12,935,261)</u> |
| <u>(162,313)</u> | <u>(278,665)</u> | <u>(287,391)</u> | <u>(248,428)</u> | <u>(193,343)</u> |
| <u>(30,186,103)</u> | <u>37,228,186</u> | <u>8,208,129</u> | <u>(8,194,672)</u> | <u>10,161,070</u> |
| <u>298,715,374</u> | <u>261,487,188</u> | <u>253,279,059</u> | <u>261,473,731</u> | <u>251,312,661</u> |
| <u>268,529,271</u> | <u>298,715,374</u> | <u>261,487,188</u> | <u>253,279,059</u> | <u>261,473,731</u> |
| <u>\$ (13,687,865)</u> | <u>\$ (52,351,280)</u> | <u>\$ (17,790,986)</u> | <u>\$ (21,251,191)</u> | <u>\$ (36,399,047)</u> |
| 105.37% | 121.25% | 107.30% | 109.16% | 116.17% |
| <u>\$ 37,281,066</u> | <u>\$ 37,891,976</u> | <u>\$ 37,854,795</u> | <u>\$ 37,463,853</u> | <u>\$ 36,274,550</u> |
| -36.72% | -138.16% | -47.00% | -56.72% | -100.34% |

BAY COUNTY, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of Contributions

| Fiscal Year Ended December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as Percentage of Covered Payroll |
|--------------------------------|-------------------------------------|---------------------|----------------------------------|-----------------|--|
| 2015 | \$ 1,784,822 | \$ 2,165,361 | \$ (380,539) | \$ 37,463,853 | 5.78% |
| 2016 | 1,306,845 | 1,958,204 | (651,359) | 37,854,795 | 4.71% |
| 2017 | 1,072,462 | 1,784,822 | (712,360) | 37,891,976 | 4.71% |
| 2018 | 1,621,479 | 1,526,177 | 95,302 | 37,281,066 | 4.09% |
| 2019 | 1,152,393 | 1,139,490 | 12,903 | 38,040,191 | 5.43% |
| 2020 | 1,278,469 | 1,320,589 | (42,120) | 39,492,417 | 3.34% |
| 2021 | 1,246,043 | 1,248,537 | (2,494) | 39,231,596 | 3.18% |
| 2022 | 980,443 | 1,141,042 | (160,599) | 40,746,029 | 2.80% |
| 2023 | 799,393 | 1,210,243 | (410,850) | 42,602,673 | 2.84% |

See notes to required supplementary information.

BAY COUNTY, MICHIGAN

Notes to Required Supplementary Information

Employees' Retirement System

Notes to Schedule of Changes in Net Pension Asset and Related Ratios

GASB 68 was implemented in fiscal year 2015. Information is presented as of the measurement date and is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

GASB 68 was implemented in fiscal year 2015. Information is presented as of the measurement date and is being built prospectively. Ultimately, 10 years of data will be presented.

Valuation date Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry-age normal |
| Amortization method | Level dollar amount for Library Level percentage of payroll for all other groups |
| Remaining amortization period | 20 years closed for groups that are underfunded 19 years open for groups that are overfunded |
| Asset valuation method | 5-year smoothed market |
| Wage inflation | 3.00% |
| Price inflation | 2.50% |
| Salary Increases | 3.50% to 8.25% including inflation |
| Investment rate of return | 7.25% |
| Mortality | Pub-2010 General and Safety Employee Pub-2010 General and Safety Healthy Annuitant Pub-2010 General and Safety Disabled Retiree |

Assumption Changes

For the actuarial valuation dated December 31, 2022, the Plan had the following significant assumption changes: (1) wage inflation was lowered from 3.25% to 3.00%; (2) retirement rate increased for DWS and Library and decreased for Sheriff's Department and Road Commission; (3) the turnover rate increased for Medical Care Facility service-based withdrawals, decreased for DWS service-based withdrawals and decreased for General and Medical Care Facility age-based withdrawals; (4) the rates of mortality were updated to a version of the Pub-2010 fully generational tables, including the use of the MP-2021 mortality improvement scale; (5) the FAC loading factor was applied to normal, early, deferred, and disability retirement and was lowered from 3.50% to 3.25% for General, 7.00% to 6.00% for DWS, 5.00% to 4.00% for Medical Care Facility, 5.00% to 4.50% for Sheriff's Department, and 8.50% to 7.75% for Road Commission; and (6) the administrative expense was lowered from 0.50% to 0.45%.

For the actuarial valuation dated December 31, 2016, the Plan had the following significant assumption changes. Rate of return was reduced to 7.25%, inflation was changed to 2.5%, payroll base increase was changed to 3.25%, lump sum payments for unused sick and vacation were assumed to increase average final compensation by 3.4% to 7.0%, change in mortality tables, and non-investment administration expenses assumed to average 0.5%.

Benefit Changes

For the actuarial valuation dated December 31, 2016, the General County group adopted a change to the benefit eligibility for the Elected Sheriff and Appointed Undersheriff, members within the Elected Officials and Department Heads group. The Medical Care Facility group adopted a change which grants additional temporary months of service for employees in a temporary position.

BAY COUNTY, MICHIGAN

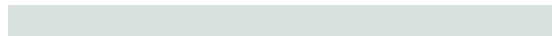
Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan

Schedule of Changes in Net OPEB Liability and Related Ratios

| | Plan Year Ended December 31, | | |
|--|------------------------------|----------------------|----------------------|
| | 2022 | 2021 | 2020 |
| Total OPEB liability | | | |
| Service cost | \$ 997,040 | \$ 1,212,619 | \$ 1,209,908 |
| Interest | 4,912,485 | 6,758,743 | 9,124,656 |
| Changes in benefits | (4,778) | (154,575) | - |
| Changes of assumptions | 2,848,646 | 1,849,909 | 4,603,779 |
| Differences between expected and actual experience | 17,282 | (31,116,527) | (44,095,297) |
| Benefit payments, including refunds of member contributions | (4,791,799) | (4,843,200) | (4,443,102) |
| Net change in total OPEB liability | <u>3,978,876</u> | <u>(26,293,031)</u> | <u>(33,600,056)</u> |
| Total OPEB liability, beginning of year | <u>72,075,733</u> | <u>98,368,764</u> | <u>131,968,820</u> |
| Total OPEB liability, end of year | <u>76,054,609</u> | <u>72,075,733</u> | <u>98,368,764</u> |
| Plan fiduciary net position | | | |
| Employer contributions | 6,398,201 | 7,443,808 | 6,688,257 |
| Net investment income (loss) | (9,531,424) | 7,340,731 | 8,085,778 |
| Benefit payments, including refunds of member contributions | (4,791,799) | (4,843,200) | (4,443,102) |
| Administrative expenses | (34,755) | (56,669) | (74,644) |
| Net change in fiduciary net position | <u>(7,959,777)</u> | <u>9,884,670</u> | <u>10,256,289</u> |
| Fiduciary net position, beginning of year | <u>66,193,009</u> | <u>56,308,339</u> | <u>46,052,050</u> |
| Fiduciary net position, end of year | <u>58,233,232</u> | <u>66,193,009</u> | <u>56,308,339</u> |
| Net OPEB liability | <u>\$ 17,821,377</u> | <u>\$ 5,882,724</u> | <u>\$ 42,060,425</u> |
| Fiduciary net position as a percentage of total OPEB liability | 76.57% | 91.84% | 57.24% |
| Covered-employee payroll | <u>\$ 21,684,239</u> | <u>\$ 22,060,519</u> | <u>\$ 23,365,490</u> |
| Net OPEB liability as a percentage of covered-employee payroll | 82.19% | 26.67% | 180.01% |

See notes to required supplementary information.



Plan Year Ended December 31,

| 2019 | 2018 | 2017 |
|-------------|-------------|-------------|
|-------------|-------------|-------------|

| | | |
|--------------|--------------|--------------|
| \$ 1,686,202 | \$ 1,725,898 | \$ 2,116,686 |
| 8,878,469 | 8,660,778 | 8,409,809 |
| - | - | 60,188 |
| - | (575,231) | - |

| | | |
|-------------|-------------|-------------|
| (2,187,790) | (1,733,529) | (2,007,823) |
|-------------|-------------|-------------|

| | | |
|--------------------|--------------------|--------------------|
| <u>(4,800,459)</u> | <u>(5,095,943)</u> | <u>(4,500,449)</u> |
| 3,576,422 | 2,981,973 | 4,078,411 |

| | | |
|--------------------|--------------------|--------------------|
| <u>128,392,398</u> | <u>125,410,425</u> | <u>121,332,014</u> |
|--------------------|--------------------|--------------------|

| | | |
|--------------------|--------------------|--------------------|
| <u>131,968,820</u> | <u>128,392,398</u> | <u>125,410,425</u> |
|--------------------|--------------------|--------------------|

| | | |
|-----------|-------------|-----------|
| 6,855,355 | 8,324,269 | 4,798,896 |
| 7,641,774 | (1,741,165) | 3,932,499 |

| | | |
|--------------------|--------------------|--------------------|
| <u>(4,800,459)</u> | <u>(5,095,943)</u> | <u>(4,500,449)</u> |
| <u>(59,788)</u> | <u>(11,767)</u> | <u>(43,437)</u> |
| 9,636,882 | 1,475,394 | 4,187,509 |

| | | |
|-------------------|-------------------|-------------------|
| <u>36,415,168</u> | <u>34,939,774</u> | <u>30,752,265</u> |
|-------------------|-------------------|-------------------|

| | | |
|-------------------|-------------------|-------------------|
| <u>46,052,050</u> | <u>36,415,168</u> | <u>34,939,774</u> |
|-------------------|-------------------|-------------------|

| | | |
|----------------------|----------------------|----------------------|
| <u>\$ 85,916,770</u> | <u>\$ 91,977,230</u> | <u>\$ 90,470,651</u> |
|----------------------|----------------------|----------------------|

| | | |
|--------|--------|--------|
| 34.90% | 28.36% | 27.86% |
|--------|--------|--------|

| | | |
|----------------------|----------------------|----------------------|
| <u>\$ 24,361,461</u> | <u>\$ 25,293,502</u> | <u>\$ 25,746,633</u> |
|----------------------|----------------------|----------------------|

| | | |
|---------|---------|---------|
| 352.67% | 363.64% | 351.39% |
|---------|---------|---------|

BAY COUNTY, MICHIGAN

Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan

Schedule of Contributions

| Fiscal Year Ended December 31, | Actuarially Determined Contribution | Actual Actual Contribution | Contribution Deficiency (Excess) | Covered-Employee Payroll | Actual Contribution as Percentage of Covered-Employee Payroll |
|--------------------------------|-------------------------------------|----------------------------|----------------------------------|--------------------------|---|
| 2018 | \$ 9,966,040 | \$ 8,324,269 | \$ 1,641,771 | \$ 25,293,502 | 32.91% |
| 2019 | 9,913,517 | 6,855,355 | 3,058,162 | 24,361,461 | 26.26% |
| 2020 | 11,278,791 | 6,542,923 | 4,735,868 | 23,365,490 | 28.00% |
| 2021 | 11,222,650 | 6,988,914 | 4,233,736 | 22,060,519 | 31.68% |
| 2022 | 7,596,516 | 6,241,031 | 1,355,485 | 21,684,240 | 28.78% |
| 2023 | 7,534,478 | 6,038,878 | 1,495,600 | 20,404,150 | 29.60% |

See notes to required supplementary information.

BAY COUNTY, MICHIGAN

Notes to Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan

Notes to Schedule of Changes in Net OPEB Liability and Related Ratios

GASB 75 was implemented in fiscal year 2018. Information is presented as of the measurement date and is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

GASB 75 was implemented in fiscal year 2018. Information is presented as of the measurement date and is being built prospectively. Ultimately, 10 years of data will be presented.

Valuation date Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry-age normal |
| Amortization method | Level percent-of-payroll for the department of water and sewer Level dollar amount for all other groups |
| Remaining amortization period | 10 years closed for the road commission 18 years closed for medical care facility 20 years closed for all other groups |
| Asset valuation method | Fair value of assets |
| Price inflation | 2.50% |
| Wage inflation | 3.25% |
| Salary increases | 3.75% to 8.50%, including wage inflation |
| Investment rate of return | 7.00%, net of plan investment expenses |
| Mortality | RP-2014 Employee Generational Mortality Tables RP-2014 Healthy Annuitant Generational Mortality Tables RP-2014 Disabled Generational Mortality Tables |
| Healthcare trend rates | 8.25% trend, gradually decreasing to 3.50% in year 9 |
| Excise tax | No load was applied in connection with the "Cadillac" tax. |

BAY COUNTY, MICHIGAN

Notes to Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan

Benefit changes in the December 31, 2022 actuarial valuations were as follows:

- DWS Life Insurance has been reported as provided through The Hartford
- Life insurance benefits for DWS Salaried Members retired on/after 1/1/2023 have been removed

Benefit changes in the December 31, 2021 actuarial valuations were as follows:

- General County members retiring after January 1, 2023 were no longer eligible for life insurance in retirement

Assumptions changes in the December 31, 2022 actuarial valuations were as follows:

- Mortality tables were updated to the Pub-2010 General and Safety Amount Weighted, Fully Generational Mortality Tables, with future mortality improvements assumed each year using scale MP- 2021 with a base year of 2010

Assumptions changes in the December 31, 2021 actuarial valuations were as follows:

- Adjustment to healthcare cost trend rate

Assumptions changes in the December 31, 2020 actuarial valuations were as follows:

- Adjustment to the retiree cost share applicable to the medical care facility.
- Adjustment to the retiree benefit election assumption in order to better reflect actual plan experience for the general county and sheriff groups.
- Healthcare trend rate decreased from 9.00% to 8.25%.

Assumptions changes in the December 31, 2018 actuarial valuations were as follows:

- Adjustment to the retiree cost share applicable to the medical care facility.
- Adjustment to the retiree benefit election assumption in order to better reflect actual plan experience for the general county and sheriff groups.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue funds account for the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specific purposes other than debt service or capital projects.

The **Friend of the Court Fund** is used to account for judgment fees and for the operation of this office of the Circuit Court.

The **Health Department / District Health Fund** is used to account for revenue received from the General Fund, State grants, and fees to provide health protection, maintenance, and improvement for the residents of Bay County.

The **Animal Svc. Adoption Fund** is used to account for revenues received from property taxes, charges for services, contributions, and grants for the continued operation of and capital improvements to the Bay County Animal Services and Adoption Center, including construction of an addition or new building.

The **Forest Sustainability Fund** is used to account for revenues received from property taxes and Federal and State grants for controlling gypsy moths.

The **Mosquito Control Fund** is used to account for revenues received from property taxes to provide countywide mosquito pest control services.

The **Register of Deeds Automation Fund** is used to account for the collection of \$5.00 of the total fee collected for each recording, which is used to fund the upgrading of technology in the Register of Deeds' Office.

The **911 Service Fund** is used to account for revenues received from property taxes and grants to provide countywide central dispatching services for police, fire, and other emergency situations.

The **Concealed Pistol Licensing Fund** is used to account for the deposit of fees collected from concealed pistol licensing, which is earmarked for concealed pistol licensing expenses.

The **Local C.F.O. Training Fund** is used to account for the County's share of the inmate booking fees to be utilized for local correctional officers training programs.

The **Drug Law Enforcement Fund** is used to account for revenue received from drug enforcement forfeitures that is earmarked for drug law enforcement.

The **Law Library Fund** is used to account for revenue received from penal fines and the General Fund that is earmarked for maintaining a law library.

The **Community Corrections Fund** is used to account for revenue received from State grants that is earmarked for programs designed to divert criminal offenders from the Bay County Law Enforcement Center (Jail) and the State prison system.

The **Department on Aging Fund** is used to account for revenues received from property taxes, federal and state grants, and contributions to provide services and programs for County residents 60 years of age and older.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (concluded)

The **Home Rehabilitation Fund** is used to account for Michigan Community Development Block Grant (CDBG) funds and Michigan State Housing Development Authority (MSHDA) funds provided to the County for the rehabilitation of owner-occupied, single-family residential units in the out-county area.

The **Septic System Replacement Revolving Loan Fund** is used to account for funds provided to Bay County to repair/replace failing septic systems near the Saginaw Bay. It was established to keep the waters in the Saginaw Bay clean and protected from bacteria sources of the failing septic systems.

The **Opioid Settlements Fund** is used to account for revenues received from the National Prescription Opiate Litigation to fund opioid abatement, education, treatment, and prevention strategies in Bay County.

The **Social Welfare Fund** is used to account for revenues primarily received from the State by the County Social Services Department to administer various public assistance programs.

The **Child Care Fund** is used to account for revenues received from the County's General Fund, Federal and State grants, private agencies, and individuals to provide care, guidance, and control of children coming under the jurisdiction of the Probate Court.

The **Child Care / Social Services Fund** is used to account for revenues received from the County's General Fund and the State to provide foster care to children under the jurisdiction of the Probate Court Juvenile Unit who do not qualify for the State Foster Care Program.

The **Soldiers' Relief Fund** is used to account for emergency assistance to eligible veterans.

The **Historical Preservation Fund** is used to account for revenues received from property taxes to foster any activity or project which tends to advance the historical interests of the County.

The **Indigent Defense Fund** is used to account for grant revenue received to provide legal services to the indigent residents of the County.

BAY COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
December 31, 2023

| | Special Revenue Funds | | | | |
|---|-----------------------|-------------------------------------|----------------------|-----------------------|---------------------|
| | Friend of the Court | Health Department / District Health | Animal Svc. Adoption | Forest Sustainability | Mosquito Control |
| Assets | | | | | |
| Cash and cash equivalents | \$ 204,936 | \$ 5,988,370 | \$ 557,100 | \$ 78,957 | \$ 584,497 |
| Investments | 189,606 | - | 1,009,742 | 142,120 | 1,129,614 |
| Accounts receivable, net | 2,440 | 373 | 117 | - | 49 |
| Property taxes receivable, net | - | - | 2,161,487 | 307,791 | 1,694,660 |
| Interest receivable | - | - | 6,659 | 1,235 | 8,301 |
| Due from other governmental units | - | 432,081 | 49,969 | 7,110 | 39,133 |
| Prepaid items and other assets | - | - | - | - | - |
| Total assets | <u>\$ 396,982</u> | <u>\$ 6,420,824</u> | <u>\$ 3,785,074</u> | <u>\$ 537,213</u> | <u>\$ 3,456,254</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 115 | \$ 61,383 | \$ 11,200 | \$ 602 | \$ 14,813 |
| Accrued liabilities | 3,070 | 88,781 | 16,537 | 4,989 | 12,838 |
| Due to other funds | 64 | 1,842 | 334 | 105 | 268 |
| Due to other governmental units | - | 834,724 | - | - | - |
| Unearned revenue | - | 486,598 | - | - | - |
| Total liabilities | <u>3,249</u> | <u>1,473,328</u> | <u>28,071</u> | <u>5,696</u> | <u>27,919</u> |
| Deferred inflows of resources | | | | | |
| Unavailable revenue - property taxes | - | - | 1,757 | 483 | 3,280 |
| Unavailable revenue - long-term receivables | - | - | - | - | - |
| Taxes levied for a subsequent period | - | - | 2,256,860 | 321,119 | 1,767,444 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>2,258,617</u> | <u>321,602</u> | <u>1,770,724</u> |
| Fund balances | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 330,344 | 3,820,398 | 1,498,386 | 79,633 | 1,454,478 |
| Assigned | 63,389 | 1,127,098 | - | 130,282 | 203,133 |
| Total fund balances | <u>393,733</u> | <u>4,947,496</u> | <u>1,498,386</u> | <u>209,915</u> | <u>1,657,611</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 396,982</u> | <u>\$ 6,420,824</u> | <u>\$ 3,785,074</u> | <u>\$ 537,213</u> | <u>\$ 3,456,254</u> |

| Register of Deeds Automation | 911 Service | Concealed Pistol Licensing | Local C.F.O. Training | Drug Law Enforcement | Law Library |
|------------------------------|---------------------|----------------------------|-----------------------|----------------------|------------------|
| \$ 53,296 | \$ 742,759 | \$ 63,601 | \$ 62,739 | \$ 27,889 | \$ 12,620 |
| 91,058 | 1,607,424 | 120,308 | - | - | - |
| - | 21 | 780 | 1,180 | - | - |
| - | 3,244,763 | - | - | - | - |
| 709 | 12,158 | - | - | - | - |
| - | 152,294 | - | - | - | - |
| - | 37,993 | - | - | - | - |
| <u>\$ 145,063</u> | <u>\$ 5,797,412</u> | <u>\$ 184,689</u> | <u>\$ 63,919</u> | <u>\$ 27,889</u> | <u>\$ 12,620</u> |
| \$ - | \$ 28,746 | \$ 61 | \$ - | \$ - | \$ 11,040 |
| - | 59,301 | 1,635 | - | - | - |
| - | 1,243 | 30 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 89,290 | 1,726 | - | - | 11,040 |
| - | 5,172 | - | - | - | - |
| - | - | - | - | - | - |
| - | 3,385,291 | - | - | - | - |
| - | 3,390,463 | - | - | - | - |
| - | 37,993 | - | - | - | - |
| 121,863 | 2,232,275 | 155,195 | 52,456 | 27,889 | - |
| 23,200 | 47,391 | 27,768 | 11,463 | - | 1,580 |
| 145,063 | 2,317,659 | 182,963 | 63,919 | 27,889 | 1,580 |
| <u>\$ 145,063</u> | <u>\$ 5,797,412</u> | <u>\$ 184,689</u> | <u>\$ 63,919</u> | <u>\$ 27,889</u> | <u>\$ 12,620</u> |

continued...

BAY COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
December 31, 2023

| | Special Revenue Funds | | | | |
|---|-----------------------|---------------------|---------------------|--|---------------------|
| | Community Corrections | Department on Aging | Home Rehabilitation | Septic System Replacement Revolving Loan | Opioid Settlements |
| Assets | | | | | |
| Cash and cash equivalents | \$ 1 | \$ 670,079 | \$ 37,722 | \$ 16,570 | \$ 198,556 |
| Investments | - | 1,133,574 | - | - | 450,366 |
| Accounts receivable, net | - | 18,344 | 1,777,518 | 89,851 | 5,280,663 |
| Property taxes receivable, net | - | 2,626,836 | - | - | - |
| Interest receivable | - | 9,093 | - | - | - |
| Due from other governmental units | 34,753 | 168,567 | - | - | - |
| Prepaid items and other assets | - | - | - | - | - |
| Total assets | <u>\$ 34,754</u> | <u>\$ 4,626,493</u> | <u>\$ 1,815,240</u> | <u>\$ 106,421</u> | <u>\$ 5,929,585</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 11,696 | \$ 72,695 | \$ - | \$ - | \$ - |
| Accrued liabilities | 4,003 | 69,695 | - | - | - |
| Due to other funds | 10,139 | 1,355 | - | - | - |
| Due to other governmental units | - | - | - | - | - |
| Unearned revenue | - | 67,175 | - | - | - |
| Total liabilities | <u>25,838</u> | <u>210,920</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources | | | | | |
| Unavailable revenue - property taxes | - | 4,307 | - | - | - |
| Unavailable revenue - long-term receivables | - | - | - | - | 5,280,663 |
| Taxes levied for a subsequent period | - | 2,740,474 | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>2,744,781</u> | <u>-</u> | <u>-</u> | <u>5,280,663</u> |
| Fund balances | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 8,916 | 839,498 | 1,796,390 | 106,421 | 648,922 |
| Assigned | - | 831,294 | 18,850 | - | - |
| Total fund balances | <u>8,916</u> | <u>1,670,792</u> | <u>1,815,240</u> | <u>106,421</u> | <u>648,922</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 34,754</u> | <u>\$ 4,626,493</u> | <u>\$ 1,815,240</u> | <u>\$ 106,421</u> | <u>\$ 5,929,585</u> |

| Special Revenue Funds | | | | | | | Total Nonmajor Governmental Funds |
|-----------------------|---------------------|------------------------------------|---------------------|----------------------------|---------------------|----------------------|--|
| Social Welfare | Child Care | Child Care / Social Services | Soldiers' Relief | Historical Preservation | Indigent Defense | | |
| \$ 13,570 | \$ 385,413 | \$ 16,258 | \$ 247,459 | \$ 13,156 | \$ 324,649 | \$ 10,300,197 | |
| 3,471 | - | - | 460,262 | - | - | 6,337,545 | |
| - | 113 | - | - | - | - | 7,171,449 | |
| - | - | - | 307,905 | 293,081 | - | 10,636,523 | |
| - | - | - | 2,996 | - | - | 41,151 | |
| - | 741,673 | - | 7,110 | 6,767 | - | 1,639,457 | |
| 14,438 | - | - | 4,600 | - | - | 57,031 | |
| <u>\$ 31,479</u> | <u>\$ 1,127,199</u> | <u>\$ 16,258</u> | <u>\$ 1,030,332</u> | <u>\$ 313,004</u> | <u>\$ 324,649</u> | <u>\$ 36,183,353</u> | |
| \$ 113 | \$ 137,250 | \$ - | \$ 12,662 | \$ 6,778 | \$ 127,239 | \$ 496,393 | |
| - | 87,232 | - | 3,284 | - | 33,454 | 384,819 | |
| - | 37,438 | - | 66 | - | 691 | 53,575 | |
| - | - | - | - | - | - | 834,724 | |
| - | 1,250 | - | 77,094 | - | 144,349 | 776,466 | |
| <u>113</u> | <u>263,170</u> | <u>-</u> | <u>93,106</u> | <u>6,778</u> | <u>305,733</u> | <u>2,545,977</u> | |
| - | - | - | 597 | 581 | - | 16,177 | |
| - | - | - | - | - | - | 5,280,663 | |
| - | - | - | 321,119 | 305,643 | - | 11,097,950 | |
| - | - | - | 321,716 | 306,224 | - | 16,394,790 | |
| 14,438 | - | - | 4,600 | - | - | 57,031 | |
| 8,203 | 764,029 | 12,158 | 610,910 | 2 | 18,916 | 14,587,282 | |
| 8,725 | 100,000 | 4,100 | - | - | - | 2,598,273 | |
| <u>31,366</u> | <u>864,029</u> | <u>16,258</u> | <u>615,510</u> | <u>2</u> | <u>18,916</u> | <u>17,242,586</u> | |
| <u>\$ 31,479</u> | <u>\$ 1,127,199</u> | <u>\$ 16,258</u> | <u>\$ 1,030,332</u> | <u>\$ 313,004</u> | <u>\$ 324,649</u> | <u>\$ 36,183,353</u> | |

concluded

BAY COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended December 31, 2023

| | Special Revenue Funds | | | | |
|---|-----------------------|-------------------------------------|----------------------|-----------------------|---------------------|
| | Friend of the Court | Health Department / District Health | Animal Svc. Adoption | Forest Sustainability | Mosquito Control |
| Revenues | | | | | |
| Property taxes | \$ - | \$ - | \$ 2,138,668 | \$ 304,561 | \$ 1,677,463 |
| Licenses and permits | - | 245,720 | - | - | - |
| Federal | 118,808 | 1,579,688 | - | - | - |
| State | 34,740 | 1,519,932 | 49,969 | 16,673 | 99,507 |
| Investment appreciation (depreciation), rents and royalties | - | - | (30,261) | 25,569 | 97,846 |
| Charges for services | 38,032 | 21,059 | 15,172 | - | 840 |
| Fines and forfeits | - | - | - | - | - |
| Reimbursements, refunds, and other | - | 1,185,300 | 30,461 | 540 | 6,383 |
| Total revenues | <u>191,580</u> | <u>4,551,699</u> | <u>2,204,009</u> | <u>347,343</u> | <u>1,882,039</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | 705,669 | - | - |
| Community and economic development | - | - | - | - | - |
| Health and welfare | - | 4,770,202 | - | 433,919 | 1,539,221 |
| Judicial | 182,119 | - | - | - | - |
| Recreation and culture | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | 3,747 | - | - | - |
| Interest and other fiscal charges | - | - | - | - | - |
| Total expenditures | <u>182,119</u> | <u>4,773,949</u> | <u>705,669</u> | <u>433,919</u> | <u>1,539,221</u> |
| Revenues over (under) expenditures | <u>9,461</u> | <u>(222,250)</u> | <u>1,498,340</u> | <u>(86,576)</u> | <u>342,818</u> |
| Other financing sources (uses) | | | | | |
| Issuance of bonds, notes and other long-term liabilities | - | 10,926 | - | - | - |
| Transfers in | - | 1,391,560 | - | - | - |
| Transfers out | - | (696,236) | - | (21,173) | (133,853) |
| Total other financing sources (uses) | <u>-</u> | <u>706,250</u> | <u>-</u> | <u>(21,173)</u> | <u>(133,853)</u> |
| Net change in fund balances | <u>9,461</u> | <u>484,000</u> | <u>1,498,340</u> | <u>(107,749)</u> | <u>208,965</u> |
| Fund balances, beginning of year | <u>384,272</u> | <u>4,463,496</u> | <u>46</u> | <u>317,664</u> | <u>1,448,646</u> |
| Fund balances, end of year | <u>\$ 393,733</u> | <u>\$ 4,947,496</u> | <u>\$ 1,498,386</u> | <u>\$ 209,915</u> | <u>\$ 1,657,611</u> |

| Register of Deeds Automation | 911 Service | Concealed Pistol Licensing | Local C.F.O. Training | Drug Law Enforcement | Law Library | Community Corrections |
|------------------------------|---------------------|----------------------------|-----------------------|----------------------|-----------------|-----------------------|
| \$ - | \$ 3,213,295 | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | 59,238 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 432,181 | - | - | - | - | 137,478 |
| 10,431 | 72,312 | 9,158 | - | - | - | - |
| - | - | - | 15,424 | - | - | - |
| - | - | - | - | 3,042 | 6,500 | - |
| - | 20,547 | - | - | - | - | 480 |
| <u>10,431</u> | <u>3,738,335</u> | <u>68,396</u> | <u>15,424</u> | <u>3,042</u> | <u>6,500</u> | <u>137,958</u> |
| 68,442 | - | 56,046 | - | - | - | - |
| - | 2,434,288 | - | 5,112 | - | - | 233,959 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 60,839 | - |
| - | - | - | - | - | - | - |
| - | 5,309 | - | - | - | - | - |
| - | 67 | - | - | - | - | - |
| <u>68,442</u> | <u>2,439,664</u> | <u>56,046</u> | <u>5,112</u> | <u>-</u> | <u>60,839</u> | <u>233,959</u> |
| <u>(58,011)</u> | <u>1,298,671</u> | <u>12,350</u> | <u>10,312</u> | <u>3,042</u> | <u>(54,339)</u> | <u>(96,001)</u> |
| - | - | - | - | - | - | - |
| 75,200 | - | - | - | - | 54,339 | 99,051 |
| <u>(34,686)</u> | <u>(245,758)</u> | <u>(7,951)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>40,514</u> | <u>(245,758)</u> | <u>(7,951)</u> | <u>-</u> | <u>-</u> | <u>54,339</u> | <u>99,051</u> |
| (17,497) | 1,052,913 | 4,399 | 10,312 | 3,042 | - | 3,050 |
| 162,560 | 1,264,746 | 178,564 | 53,607 | 24,847 | 1,580 | 5,866 |
| <u>\$ 145,063</u> | <u>\$ 2,317,659</u> | <u>\$ 182,963</u> | <u>\$ 63,919</u> | <u>\$ 27,889</u> | <u>\$ 1,580</u> | <u>\$ 8,916</u> |

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended December 31, 2023

| | Special Revenue Funds | | | | |
|--|-----------------------|---------------------|--|--------------------|------------------|
| | Department on Aging | Home Rehabilitation | Septic System Replacement Revolving Loan | Opioid Settlements | Social Welfare |
| Revenues | | | | | |
| Property taxes | \$ 2,601,211 | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Federal | 1,051,555 | - | - | - | - |
| State | 141,093 | - | - | - | - |
| Investment appreciation (depreciation), rents and royalties | 86,025 | - | - | - | - |
| Charges for services | 36,807 | - | 314 | 898,162 | - |
| Fines and forfeits | - | - | - | - | - |
| Reimbursements, refunds, and other | 291,631 | - | - | - | - |
| Total revenues | 4,208,322 | - | 314 | 898,162 | - |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Community and economic development | - | - | - | - | - |
| Health and welfare | 3,586,109 | 45,592 | - | - | 61,018 |
| Judicial | - | - | - | - | - |
| Recreation and culture | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and other fiscal charges | - | - | - | - | - |
| Total expenditures | 3,586,109 | 45,592 | - | - | 61,018 |
| Revenues over (under) expenditures | 622,213 | (45,592) | 314 | 898,162 | (61,018) |
| Other financing sources (uses) | | | | | |
| Issuance of bonds, notes and other long-term liabilities | - | - | - | - | - |
| Transfers in | 6,200 | - | - | - | 60,000 |
| Transfers out | (252,495) | - | - | (249,240) | - |
| Total other financing sources (uses) | (246,295) | - | - | (249,240) | 60,000 |
| Net change in fund balances | 375,918 | (45,592) | 314 | 648,922 | (1,018) |
| Fund balances, beginning of year | 1,294,874 | 1,860,832 | 106,107 | - | 32,384 |
| Fund balances, end of year | \$ 1,670,792 | \$ 1,815,240 | \$ 106,421 | \$ 648,922 | \$ 31,366 |

| Special Revenue Funds | | | | | |
|-----------------------|------------------------------|-------------------|-------------------------|------------------|-----------------------------------|
| Child Care | Child Care / Social Services | Soldiers' Relief | Historical Preservation | Indigent Defense | Total Nonmajor Governmental Funds |
| \$ - | \$ - | \$ 304,566 | \$ 275,692 | \$ - | \$ 10,515,456 |
| - | - | - | - | - | 304,958 |
| 39,994 | - | - | - | - | 2,790,045 |
| 355,581 | - | 87,489 | 15,870 | 1,242,623 | 4,133,136 |
| - | - | 28,409 | 18 | - | 299,507 |
| - | - | - | - | - | 1,025,810 |
| - | - | - | - | - | 9,542 |
| 1,674,209 | - | 1,470 | - | - | 3,211,021 |
| <u>2,069,784</u> | <u>-</u> | <u>421,934</u> | <u>291,580</u> | <u>1,242,623</u> | <u>22,289,475</u> |
| - | - | - | - | 1,767,830 | 1,892,318 |
| - | - | - | - | - | 3,379,028 |
| - | - | - | - | - | - |
| 3,089,187 | - | 234,240 | - | - | 13,759,488 |
| - | - | - | - | - | 242,958 |
| 354,590 | - | - | 304,969 | - | 659,559 |
| - | - | - | - | - | 9,056 |
| - | - | - | - | - | 67 |
| <u>3,443,777</u> | <u>-</u> | <u>234,240</u> | <u>304,969</u> | <u>1,767,830</u> | <u>19,942,474</u> |
| <u>(1,373,993)</u> | <u>-</u> | <u>187,694</u> | <u>(13,389)</u> | <u>(525,207)</u> | <u>2,347,001</u> |
| - | - | - | - | - | 10,926 |
| 1,966,044 | - | - | - | 628,540 | 4,280,934 |
| (289,085) | - | (51,662) | - | (103,334) | (2,085,473) |
| <u>1,676,959</u> | <u>-</u> | <u>(51,662)</u> | <u>-</u> | <u>525,206</u> | <u>2,206,387</u> |
| 302,966 | - | 136,032 | (13,389) | (1) | 4,553,388 |
| 561,063 | 16,258 | 479,478 | 13,391 | 18,917 | 12,689,198 |
| <u>\$ 864,029</u> | <u>\$ 16,258</u> | <u>\$ 615,510</u> | <u>\$ 2</u> | <u>\$ 18,916</u> | <u>\$ 17,242,586</u> |

concluded

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Friend of the Court
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|-----------------------------------|--------------------|-------------------|-------------------|--|
| Revenues | | | | |
| Federal | \$ 98,638 | \$ 98,638 | \$ 118,808 | \$ 20,170 |
| State | 30,000 | 30,000 | 34,740 | 4,740 |
| Charges for services | 43,580 | 43,580 | 38,032 | (5,548) |
| Total revenues | 172,218 | 172,218 | 191,580 | 19,362 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 221,568 | 221,568 | 182,119 | (39,449) |
| Net change in fund balance | (49,350) | (49,350) | 9,461 | 58,811 |
| Fund balance, beginning of year | 384,272 | 384,272 | 384,272 | - |
| Fund balance, end of year | <u>\$ 334,922</u> | <u>\$ 334,922</u> | <u>\$ 393,733</u> | <u>\$ 58,811</u> |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Health Department/District Health

For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|---------------------|---------------------|---------------------|--|
| Revenues | | | | |
| Licenses and permits | \$ 252,500 | \$ 252,500 | \$ 245,720 | \$ (6,780) |
| Federal | 2,261,175 | 2,466,762 | 1,579,688 | (887,074) |
| State | 613,229 | 1,093,012 | 1,519,932 | 426,920 |
| Charges for services | 20,500 | 20,500 | 21,059 | 559 |
| Reimbursements, refunds, and other | 1,063,808 | 1,068,524 | 1,185,300 | 116,776 |
| Total revenues | 4,211,212 | 4,901,298 | 4,551,699 | (349,599) |
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | 6,262,546 | 7,079,256 | 4,770,202 | (2,309,054) |
| Debt service: | | | | |
| Principal | 3,747 | 3,747 | 3,747 | - |
| Total expenditures | 6,266,293 | 7,083,003 | 4,773,949 | (2,309,054) |
| Revenues over (under) expenditures | (2,055,081) | (2,181,705) | (222,250) | 1,959,455 |
| Other financing sources (uses) | | | | |
| Issuance of bonds, notes and other long-term liabilities | - | - | 10,926 | 10,926 |
| Transfers in | 1,612,500 | 1,662,500 | 1,391,560 | (270,940) |
| Transfers out | (695,795) | (696,236) | (696,236) | - |
| Total other financing sources (uses) | 916,705 | 966,264 | 706,250 | (260,014) |
| Net change in fund balance | (1,138,376) | (1,215,441) | 484,000 | 1,699,441 |
| Fund balance, beginning of year | 4,463,496 | 4,463,496 | 4,463,496 | - |
| Fund balance, end of year | \$ 3,325,120 | \$ 3,248,055 | \$ 4,947,496 | \$ 1,699,441 |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Animal Svc. Adoption
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|--------------------|------------------|---------------------|--|
| Revenues | | | | |
| Property taxes | \$ 2,133,029 | \$ 2,133,029 | \$ 2,138,668 | \$ 5,639 |
| State | - | - | 49,969 | 49,969 |
| Investment appreciation (depreciation), rents and royalties | - | - | (30,261) | (30,261) |
| Charges for services | 24,100 | 24,100 | 15,172 | (8,928) |
| Reimbursements, refunds, and other | 29,200 | 29,200 | 30,461 | 1,261 |
| Total revenues | 2,186,329 | 2,186,329 | 2,204,009 | 17,680 |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 2,186,329 | 2,186,329 | 705,669 | (1,480,660) |
| Net change in fund balance | - | - | 1,498,340 | 1,498,340 |
| Fund balance, beginning of year | 46 | 46 | 46 | - |
| Fund balance, end of year | \$ 46 | \$ 46 | \$ 1,498,386 | \$ 1,498,340 |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Forest Sustainability
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|--------------------|-------------------|-------------------|--|
| Revenues | | | | |
| Property taxes | \$ 303,501 | \$ 303,501 | \$ 304,561 | \$ 1,060 |
| State | 11,030 | 11,030 | 16,673 | 5,643 |
| Investment appreciation (depreciation), rents and royalties | 8,309 | 8,309 | 25,569 | 17,260 |
| Reimbursements, refunds, and other | - | - | 540 | 540 |
| Total revenues | 322,840 | 322,840 | 347,343 | 24,503 |
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | 476,263 | 476,263 | 433,919 | (42,344) |
| Revenues over (under) expenditures | (153,423) | (153,423) | (86,576) | 66,847 |
| Other financing uses | | | | |
| Transfers out | (21,173) | (21,173) | (21,173) | - |
| Net change in fund balance | (174,596) | (174,596) | (107,749) | 66,847 |
| Fund balance, beginning of year | 317,664 | 317,664 | 317,664 | - |
| Fund balance, end of year | \$ 143,068 | \$ 143,068 | \$ 209,915 | \$ 66,847 |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Mosquito Control Special Revenue Fund
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|---------------------|---------------------|---------------------|--|
| Revenues | | | | |
| Property taxes | \$ 1,673,967 | \$ 1,673,967 | \$ 1,677,463 | \$ 3,496 |
| State | 60,667 | 60,667 | 99,507 | 38,840 |
| Investment appreciation (depreciation), rents and royalties | 12,000 | 12,000 | 97,846 | 85,846 |
| Charges for services | - | - | 840 | 840 |
| Reimbursements, refunds, and other | - | - | 6,383 | 6,383 |
| Total revenues | 1,746,634 | 1,746,634 | 1,882,039 | 135,405 |
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | 2,012,752 | 2,012,752 | 1,539,221 | (473,531) |
| Revenues over (under) expenditures | (266,118) | (266,118) | 342,818 | 608,936 |
| Other financing uses | | | | |
| Transfers out | (133,853) | (133,853) | (133,853) | - |
| Net change in fund balance | (399,971) | (399,971) | 208,965 | 608,936 |
| Fund balance, beginning of year | 1,448,646 | 1,448,646 | 1,448,646 | - |
| Fund balance, end of year | \$ 1,048,675 | \$ 1,048,675 | \$ 1,657,611 | \$ 608,936 |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Register of Deeds Automation
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|--------------------|-------------------|-------------------|--|
| Revenues | | | | |
| Investment appreciation (depreciation), rents and royalties | \$ 2,000 | \$ 2,000 | \$ 10,431 | \$ 8,431 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 76,516 | 76,516 | 68,442 | (8,074) |
| Revenues under expenditures | (74,516) | (74,516) | (58,011) | 16,505 |
| Other financing sources (uses) | | | | |
| Transfers in | 110,000 | 110,000 | 75,200 | (34,800) |
| Transfers out | (34,686) | (34,686) | (34,686) | - |
| Total other financing sources (uses) | 75,314 | 75,314 | 40,514 | 34,800 |
| Net change in fund balance | 798 | 798 | (17,497) | (18,295) |
| Fund balance, beginning of year | 162,560 | 162,560 | 162,560 | - |
| Fund balance, end of year | \$ 163,358 | \$ 163,358 | \$ 145,063 | \$ (18,295) |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - 911 Service Special Revenue Fund

For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|--------------------|-------------------|---------------------|--|
| Revenues | | | | |
| Property taxes | \$ 3,203,545 | \$ 3,203,545 | \$ 3,213,295 | \$ 9,750 |
| State | 374,112 | 374,112 | 432,181 | 58,069 |
| Investment appreciation (depreciation), rents and royalties | 30,000 | 30,000 | 72,312 | 42,312 |
| Reimbursements, refunds, and other | 93,064 | 93,064 | 20,547 | (72,517) |
| Total revenues | <u>3,700,721</u> | <u>3,700,721</u> | <u>3,738,335</u> | <u>37,614</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 3,969,779 | 4,066,977 | 2,434,288 | (1,632,689) |
| Debt service: | | | | |
| Principal | 5,309 | 5,309 | 5,309 | - |
| Interest and other fiscal charges | 67 | 67 | 67 | - |
| Total expenditures | <u>3,975,155</u> | <u>4,072,353</u> | <u>2,439,664</u> | <u>(1,632,689)</u> |
| Revenues over (under) expenditures | (274,434) | (371,632) | 1,298,671 | 1,670,303 |
| Other financing uses | | | | |
| Transfers out | (246,605) | (246,605) | (245,758) | (847) |
| Net change in fund balance | (521,039) | (618,237) | 1,052,913 | 1,671,150 |
| Fund balance, beginning of year | <u>1,264,746</u> | <u>1,264,746</u> | <u>1,264,746</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 743,707</u> | <u>\$ 646,509</u> | <u>\$ 2,317,659</u> | <u>\$ 1,671,150</u> |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Concealed Pistol Licensing
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|--------------------|-------------------|-------------------|--|
| Revenues | | | | |
| Licenses and permits | \$ 60,000 | \$ 60,000 | \$ 59,238 | \$ (762) |
| Investment appreciation (depreciation), rents and royalties | - | - | 9,158 | 9,158 |
| Total revenues | 60,000 | 60,000 | 68,396 | 8,396 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 80,718 | 80,718 | 56,046 | (24,672) |
| Revenues over (under) expenditures | (20,718) | (20,718) | 12,350 | 33,068 |
| Other financing uses | | | | |
| Transfers out | (7,951) | (7,951) | (7,951) | - |
| Net change in fund balance | (28,669) | (28,669) | 4,399 | 33,068 |
| Fund balance, beginning of year | 178,564 | 178,564 | 178,564 | - |
| Fund balance, end of year | <u>\$ 149,895</u> | <u>\$ 149,895</u> | <u>\$ 182,963</u> | <u>\$ 33,068</u> |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Local C.F.O. Training
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|-----------------------------------|--------------------|------------------|------------------|--|
| Revenues | | | | |
| Charges for services | \$ 20,000 | \$ 20,000 | \$ 15,424 | \$ (4,576) |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 31,463 | 31,463 | 5,112 | (26,351) |
| Net change in fund balance | (11,463) | (11,463) | 10,312 | 21,775 |
| Fund balance, beginning of year | 53,607 | 53,607 | 53,607 | - |
| Fund balance, end of year | <u>\$ 42,144</u> | <u>\$ 42,144</u> | <u>\$ 63,919</u> | <u>\$ 21,775</u> |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Drug Law Enforcement
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|-----------------------------------|--------------------|------------------|------------------|--|
| Revenues | | | | |
| Fines and forfeits | \$ 3,287 | \$ 3,287 | \$ 3,042 | \$ (245) |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 3,287 | 3,287 | - | (3,287) |
| Net change in fund balance | - | - | 3,042 | 3,042 |
| Fund balance, beginning of year | 24,847 | 24,847 | 24,847 | - |
| Fund balance, end of year | <u>\$ 24,847</u> | <u>\$ 24,847</u> | <u>\$ 27,889</u> | <u>\$ 3,042</u> |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Law Library

For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|-----------------------------------|--------------------|-----------------|-----------------|--|
| Revenues | | | | |
| Fines and forfeits | \$ 6,500 | \$ 6,500 | \$ 6,500 | \$ - |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 50,000 | 67,000 | 60,839 | (6,161) |
| Revenues under expenditures | (43,500) | (60,500) | (54,339) | 6,161 |
| Other financing sources | | | | |
| Transfers in | 43,500 | 60,500 | 54,339 | (6,161) |
| Net change in fund balance | - | - | - | - |
| Fund balance, beginning of year | 1,580 | 1,580 | 1,580 | - |
| Fund balance, end of year | <u>\$ 1,580</u> | <u>\$ 1,580</u> | <u>\$ 1,580</u> | <u>\$ -</u> |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Corrections
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|------------------------------------|--------------------|-----------------|------------|--|
| Revenues | | | | |
| State | \$ 156,796 | \$ 176,161 | \$ 137,478 | \$ (38,683) |
| Reimbursements, refunds, and other | 1,550 | 1,937 | 480 | (1,457) |
| Total revenues | 158,346 | 178,098 | 137,958 | (40,140) |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 257,397 | 277,149 | 233,959 | (43,190) |
| Revenues under expenditures | (99,051) | (99,051) | (96,001) | 3,050 |
| Other financing sources | | | | |
| Transfers in | 99,051 | 99,051 | 99,051 | - |
| Net change in fund balance | - | - | 3,050 | 3,050 |
| Fund balance, beginning of year | 5,866 | 5,866 | 5,866 | - |
| Fund balance, end of year | \$ 5,866 | \$ 5,866 | \$ 8,916 | \$ 3,050 |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Department on Aging Special Revenue Fund
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|--------------------|-------------------|---------------------|--|
| Revenues | | | | |
| Property taxes | \$ 2,593,606 | \$ 2,593,606 | \$ 2,601,211 | \$ 7,605 |
| Federal | 745,892 | 991,873 | 1,051,555 | 59,682 |
| State | 128,596 | 128,596 | 141,093 | 12,497 |
| Investment appreciation (depreciation), rents and royalties | 50,000 | 50,000 | 86,025 | 36,025 |
| Charges for services | 81,500 | 76,500 | 36,807 | (39,693) |
| Reimbursements, refunds, and other | 466,462 | 476,131 | 291,631 | (184,500) |
| Total revenues | 4,066,056 | 4,316,706 | 4,208,322 | (108,384) |
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | 4,724,315 | 4,983,593 | 3,586,109 | (1,397,484) |
| Revenues over (under) expenditures | (658,259) | (666,887) | 622,213 | 1,289,100 |
| Other financing sources (uses) | | | | |
| Transfers in | 6,200 | 6,200 | 6,200 | - |
| Transfers out | (252,495) | (252,495) | (252,495) | - |
| Total other financing sources (uses) | (246,295) | (246,295) | (246,295) | - |
| Net change in fund balance | (904,554) | (913,182) | 375,918 | 1,289,100 |
| Fund balance, beginning of year | 1,294,874 | 1,294,874 | 1,294,874 | - |
| Fund balance, end of year | \$ 390,320 | \$ 381,692 | \$ 1,670,792 | \$ 1,289,100 |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Home Rehabilitation
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|----------------------------------|----------------------------|----------------------------|----------------------------|--|
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | \$ 40,000 | \$ 46,182 | \$ 45,592 | \$ (590) |
| Fund balance, beginning of year | <u>1,860,832</u> | <u>1,860,832</u> | <u>1,860,832</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 1,820,832</u></u> | <u><u>\$ 1,814,650</u></u> | <u><u>\$ 1,815,240</u></u> | <u><u>\$ 590</u></u> |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Septic System Replacement Revolving Loan
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|----------------------------------|--------------------|------------------|-------------------|--|
| Revenues | | | | |
| Charges for services | \$ - | \$ - | \$ 314 | \$ 314 |
| Fund balance, beginning of year | 106,107 | 106,107 | 106,107 | - |
| Fund balance, end of year | <u>\$ 97,257</u> | <u>\$ 97,257</u> | <u>\$ 106,421</u> | <u>\$ 9,164</u> |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Opioid Settlements
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|------------------------------------|--------------------|-----------------|------------|--|
| Revenues | | | | |
| Charges for services | \$ 86,500 | \$ 898,164 | \$ 898,162 | \$ (2) |
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | 86,500 | 648,924 | - | (648,924) |
| Revenues over (under) expenditures | - | 249,240 | 898,162 | 648,922 |
| Other financing uses | | | | |
| Transfers out | - | (249,240) | (249,240) | - |
| Net change in fund balance | - | - | 648,922 | 648,922 |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | \$ - | \$ - | \$ 648,922 | \$ 648,922 |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Social Welfare

For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|-----------------------------------|--------------------|------------------|------------------|--|
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | \$ 65,725 | \$ 66,225 | \$ 61,018 | \$ (5,207) |
| Other financing sources | | | | |
| Transfers in | 60,000 | 60,000 | 60,000 | - |
| Net change in fund balance | (5,725) | (6,225) | (1,018) | 5,207 |
| Fund balance, beginning of year | 35,900 | 35,900 | 32,384 | (3,516) |
| Fund balance, end of year | <u>\$ 30,175</u> | <u>\$ 29,675</u> | <u>\$ 31,366</u> | <u>\$ 1,691</u> |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Child Care

For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|--------------------|--------------------|--------------------|--|
| Revenues | | | | |
| Federal | \$ 23,000 | \$ 28,148 | \$ 39,994 | \$ 11,846 |
| State | 267,716 | 330,609 | 355,581 | 24,972 |
| Reimbursements, refunds, and other | 1,461,996 | 1,471,996 | 1,674,209 | 202,213 |
| Total revenues | <u>1,752,712</u> | <u>1,830,753</u> | <u>2,069,784</u> | <u>239,031</u> |
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | 3,334,586 | 3,613,013 | 3,089,187 | (523,826) |
| Recreation and culture | 347,393 | 347,393 | 354,590 | 7,197 |
| Total expenditures | <u>3,681,979</u> | <u>3,960,406</u> | <u>3,443,777</u> | <u>(516,629)</u> |
| Revenues under expenditures | <u>(1,929,267)</u> | <u>(2,129,653)</u> | <u>(1,373,993)</u> | <u>755,660</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 1,895,658 | 1,966,044 | 1,966,044 | - |
| Transfers out | (310,781) | (310,781) | (289,085) | (21,696) |
| Total other financing sources (uses) | <u>1,584,877</u> | <u>1,655,263</u> | <u>1,676,959</u> | <u>21,696</u> |
| Net change in fund balance | <u>(344,390)</u> | <u>(474,390)</u> | <u>302,966</u> | <u>777,356</u> |
| Fund balance, beginning of year | <u>561,063</u> | <u>561,063</u> | <u>561,063</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 216,673</u> | <u>\$ 86,673</u> | <u>\$ 864,029</u> | <u>\$ 777,356</u> |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Child Care/Social Services
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|------------------------------------|--------------------|------------------|------------------|--|
| Revenues | | | | |
| Reimbursements, refunds, and other | \$ 900 | \$ 900 | \$ - | \$ (900) |
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | 5,000 | 5,000 | - | (5,000) |
| Net change in fund balance | (4,100) | (4,100) | - | 4,100 |
| Fund balance, beginning of year | 16,258 | 16,258 | 16,258 | - |
| Fund balance, end of year | <u>\$ 12,158</u> | <u>\$ 12,158</u> | <u>\$ 16,258</u> | <u>\$ 4,100</u> |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Soldiers' Relief

For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|--------------------|-------------------|-------------------|--|
| Revenues | | | | |
| Property taxes | \$ 303,501 | \$ 303,501 | \$ 304,566 | \$ 1,065 |
| State | 87,934 | 87,934 | 87,489 | (445) |
| Investment appreciation (depreciation), rents and royalties | 3,500 | 3,500 | 28,409 | 24,909 |
| Reimbursements, refunds, and other | - | - | 1,470 | 1,470 |
| Total revenues | 394,935 | 394,935 | 421,934 | 26,999 |
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | 335,523 | 350,523 | 234,240 | (116,283) |
| Revenues over (under) expenditures | 59,412 | 44,412 | 187,694 | 143,282 |
| Other financing uses | | | | |
| Transfers out | (51,662) | (51,662) | (51,662) | - |
| Net change in fund balance | 7,750 | (7,250) | 136,032 | 143,282 |
| Fund balance, beginning of year | 479,478 | 479,478 | 479,478 | - |
| Fund balance, end of year | \$ 487,228 | \$ 472,228 | \$ 615,510 | \$ 143,282 |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Historical Preservation

For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|--------------------|-----------------|------------|--|
| Revenues | | | | |
| Property taxes | \$ 294,475 | \$ 294,475 | \$ 275,692 | \$ (18,783) |
| State | 40,000 | 40,000 | 15,870 | (24,130) |
| Investment appreciation (depreciation), rents and royalties | 75 | 75 | 18 | (57) |
| Total revenues | 334,550 | 334,550 | 291,580 | (42,970) |
| Expenditures | | | | |
| Current: | | | | |
| Recreation and culture | 334,550 | 334,550 | 304,969 | (29,581) |
| Net change in fund balance | - | - | (13,389) | (13,389) |
| Fund balance, beginning of year | 13,391 | 13,391 | 13,391 | - |
| Fund balance, end of year | \$ 13,391 | \$ 13,391 | \$ 2 | \$ (13,389) |

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Indigent Defense
For the Year Ended December 31, 2023

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---------------------------------------|--------------------|------------------|------------------|--|
| Revenues | | | | |
| State | \$ 1,384,879 | \$ 1,384,879 | \$ 1,242,623 | \$ (142,256) |
| Expenditures | | | | |
| Current: | | | | |
| General government | 1,894,383 | 1,913,874 | 1,767,830 | (146,044) |
| Revenues under expenditures | (509,504) | (528,995) | (525,207) | 3,788 |
| Other financing sources (uses) | | | | |
| Transfers in | 610,944 | 628,541 | 628,540 | (1) |
| Transfers out | (101,440) | (103,334) | (103,334) | - |
| Other financing sources (uses) | 509,504 | 525,207 | 525,206 | (1) |
| Net change in fund balance | - | (3,788) | (1) | 3,787 |
| Fund balance, beginning of year | 18,917 | 18,917 | 18,917 | - |
| Fund balance, end of year | <u>\$ 18,917</u> | <u>\$ 15,129</u> | <u>\$ 18,916</u> | <u>\$ 3,787</u> |

This page intentionally left blank.

NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for the operations and services provided for County residents which are financed primarily through user charges.

The **Golf Course Fund** was established to account for the operations of the County golf course. Revenues are primarily generated from user fees.

The **100% Tax Fund** was established to account advances by the County to other local operating units and County funds for delinquent property taxes. Advances are repaid from collections of delinquent taxes, including interest and collection fees.

The **Delinquent Property Tax Foreclosure Fund** was established to account for various fees and costs related to the new delinquent tax reversion process.

The **Commissary Fund** was established to record the operations of commissary sales to inmates at the Bay County Law Enforcement Center. Costs are recovered through charges for items sold.

BAY COUNTY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds
December 31, 2023

| | Golf Course | 100% Tax Payment | Delinquent Property Tax Foreclosure | Commissary | Total |
|---|-------------------|---------------------|-------------------------------------|-------------------|---------------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 44,929 | \$ 1,440,536 | \$ 361,015 | \$ 37,196 | \$ 1,883,676 |
| Investments | 74,502 | 2,452,167 | 669,137 | 77,017 | 3,272,823 |
| Accounts receivable, net | 6 | 146,808 | - | - | 146,814 |
| Property taxes receivable | - | 3,422,131 | - | - | 3,422,131 |
| Accrued interest receivable | 431 | 524,186 | 4,293 | 493 | 529,403 |
| Inventories | 10,005 | - | - | - | 10,005 |
| Due from other funds | - | 40 | 441,614 | - | 441,654 |
| Due from component units | - | - | 25,000 | - | 25,000 |
| Due from other governmental units | - | 57,291 | - | - | 57,291 |
| Prepaid items and other assets | - | - | 14,178 | - | 14,178 |
| Total current assets | 129,873 | 8,043,159 | 1,515,237 | 114,706 | 9,802,975 |
| Noncurrent assets: | | | | | |
| Net pension asset | 49,021 | 47,528 | - | - | 96,549 |
| Capital assets not being depreciated | 136,933 | - | - | - | 136,933 |
| Capital assets being depreciated, net | 75,091 | - | - | - | 75,091 |
| Total noncurrent assets | 261,045 | 47,528 | - | - | 308,573 |
| Total assets | 390,918 | 8,090,687 | 1,515,237 | 114,706 | 10,111,548 |
| Deferred outflows of resources | | | | | |
| Deferred pension amounts | 73,771 | 71,523 | - | - | 145,294 |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 4,933 | 166 | 75,156 | - | 80,255 |
| Accrued liabilities | 4,327 | 3,813 | - | - | 8,140 |
| Due to other funds | 90 | 442,834 | - | - | 442,924 |
| Due to other governmental units | - | 16,799 | - | - | 16,799 |
| Unearned revenue | 9,065 | - | - | - | 9,065 |
| Current portion of compensated absences | 5,792 | 4,967 | - | - | 10,759 |
| Total liabilities (all current) | 24,207 | 468,579 | 75,156 | - | 567,942 |
| Deferred inflows of resources | | | | | |
| Deferred pension amounts | 9,504 | 9,213 | - | - | 18,717 |
| Net position | | | | | |
| Investment in capital assets | 212,024 | - | - | - | 212,024 |
| Restricted for pension benefits | 49,021 | 47,528 | - | - | 96,549 |
| Unrestricted | 169,933 | 7,636,890 | 1,440,081 | 114,706 | 9,361,610 |
| Total net position | \$ 430,978 | \$ 7,684,418 | \$ 1,440,081 | \$ 114,706 | \$ 9,670,183 |

BAY COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended December 31, 2023

| | Golf Course | 100% Tax Payment | Delinquent Property Tax Foreclosure | Commissary | Total |
|---|-------------------|---------------------|-------------------------------------|-------------------|---------------------|
| Operating revenues | | | | | |
| Charges for services | \$ 689,634 | \$ 1,056,746 | \$ 471,475 | \$ 213,252 | \$ 2,431,107 |
| Other | 1,485 | - | 8,590 | - | 10,075 |
| Total operating revenues | <u>691,119</u> | <u>1,056,746</u> | <u>480,065</u> | <u>213,252</u> | <u>2,441,182</u> |
| Operating expenses | | | | | |
| Personnel services | 333,221 | 126,229 | - | - | 459,450 |
| Supplies | 95,556 | 6,599 | - | - | 102,155 |
| Other services | 206,841 | 23,484 | 199,255 | 147,161 | 576,741 |
| Depreciation/amortization | 21,352 | - | - | - | 21,352 |
| Total operating expenses | <u>656,970</u> | <u>156,312</u> | <u>199,255</u> | <u>147,161</u> | <u>1,159,698</u> |
| Operating income (loss) | 34,149 | 900,434 | 280,810 | 66,091 | 1,281,484 |
| Nonoperating revenues (expenses) | | | | | |
| Investment appreciation (depreciation) | 2,174 | 209,910 | 16,727 | 4,840 | 233,651 |
| Income (loss) before transfers | <u>36,323</u> | <u>1,110,344</u> | <u>297,537</u> | <u>70,931</u> | <u>1,515,135</u> |
| Transfers | | | | | |
| Transfers in | - | 84,752 | - | - | 84,752 |
| Transfers out | - | (1,100,000) | (84,752) | (60,000) | (1,244,752) |
| Net transfers | - | <u>(1,015,248)</u> | <u>(84,752)</u> | <u>(60,000)</u> | <u>(1,160,000)</u> |
| Change in net position | 36,323 | 95,096 | 212,785 | 10,931 | 355,135 |
| Net position, beginning of year | <u>394,655</u> | <u>7,589,322</u> | <u>1,227,296</u> | <u>103,775</u> | <u>9,315,048</u> |
| Net position, end of year | <u>\$ 430,978</u> | <u>\$ 7,684,418</u> | <u>\$ 1,440,081</u> | <u>\$ 114,706</u> | <u>\$ 9,670,183</u> |

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2023

| | Golf Course | 100% Tax Payment | Delinquent Property Tax Foreclosure | Commissary | Total |
|---|------------------|---------------------|-------------------------------------|------------------|---------------------|
| Cash flows from operating activities | | | | | |
| Cash received from customers | \$ 691,607 | \$ 870,969 | \$ 654,536 | \$ 213,252 | \$ 2,430,364 |
| Cash payments to suppliers for goods and services | (307,357) | (30,083) | (200,293) | (147,161) | (684,894) |
| Cash payments to employees and related taxes and insurance | (326,051) | (121,732) | - | - | (447,783) |
| Net cash provided by (used in) operating activities | <u>58,199</u> | <u>719,154</u> | <u>454,243</u> | <u>66,091</u> | <u>1,297,687</u> |
| Cash flows from noncapital financing activities | | | | | |
| Transfers in | - | 84,752 | - | - | 84,752 |
| Transfers out | - | (1,100,000) | (84,752) | (60,000) | (1,244,752) |
| Net cash provided by (used in) noncapital financing activities | <u>-</u> | <u>(1,015,248)</u> | <u>(84,752)</u> | <u>(60,000)</u> | <u>(1,160,000)</u> |
| Cash flows from capital and related financing activities | | | | | |
| Acquisition and construction of capital assets | (10,901) | - | - | - | (10,901) |
| Cash flows from investing activities | | | | | |
| Purchase of investments | (21,747) | (120,461) | (316,533) | (15,218) | (473,959) |
| Income (loss) on investments | 2,105 | 231,780 | 14,623 | 4,649 | 253,157 |
| Net cash provided by (used in) investing activities | <u>(19,642)</u> | <u>111,319</u> | <u>(301,910)</u> | <u>(10,569)</u> | <u>(220,802)</u> |
| Net change in cash and cash equivalents | <u>27,656</u> | <u>(184,775)</u> | <u>67,581</u> | <u>(4,478)</u> | <u>(94,016)</u> |
| Cash and cash equivalents, beginning of year | <u>17,273</u> | <u>1,625,311</u> | <u>293,434</u> | <u>41,674</u> | <u>1,977,692</u> |
| Cash and cash equivalents, end of year | <u>\$ 44,929</u> | <u>\$ 1,440,536</u> | <u>\$ 361,015</u> | <u>\$ 37,196</u> | <u>\$ 1,883,676</u> |

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Year Ended December 31, 2023

| | Golf Course | 100% Tax Payment | Delinquent Property Tax Foreclosure | Commissary | Total |
|--|------------------|---------------------|---|------------------|---------------------|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | | | |
| Operating income (loss) | \$ 34,149 | \$ 900,434 | \$ 280,810 | \$ 66,091 | \$ 1,281,484 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation/amortization | 21,352 | - | - | - | 21,352 |
| Changes in assets and liabilities that provided (used) cash: | | | | | |
| Accounts receivable, net | (6) | (4,291) | - | - | (4,297) |
| Property taxes receivable | - | (92,708) | - | - | (92,708) |
| Inventories | (4,961) | - | - | - | (4,961) |
| Due from other funds | - | (40) | 103,113 | - | 103,073 |
| Due from other governmental units | - | 8,767 | - | - | 8,767 |
| Prepaid items and other assets | - | - | (1,038) | - | (1,038) |
| Accounts payable | (249) | (1,623) | 71,358 | - | 69,486 |
| Accrued liabilities | 62 | (29) | - | - | 33 |
| Due to other funds | 1 | (103,544) | - | - | (103,543) |
| Due to other governmental units | - | 7,662 | - | - | 7,662 |
| Unearned revenue | 743 | - | - | - | 743 |
| Net pension asset | 156,814 | 152,064 | - | - | 308,878 |
| Deferred outflows - pension | (71,146) | (68,978) | - | - | (140,124) |
| Deferred inflows - pension | (80,665) | (78,223) | - | - | (158,888) |
| Compensated absences | 2,105 | (337) | - | - | 1,768 |
| Net cash provided by (used in) operating activities | \$ 58,199 | \$ 719,154 | \$ 454,243 | \$ 66,091 | \$ 1,297,687 |

concluded

This page intentionally left blank.

INTERNAL SERVICES FUNDS

Internal Service funds account for the financing of goods or services provided to other funds, departments or agencies of the primary government and its component units or to other governmental units on a cost reimbursement basis.

The **Self Insurance Fund** was established by the County to provide its own insurance coverage to its departments or funds for workers' compensation, sickness and accident, and unemployment compensation. It is funded by charges to the various funds covered under the program, with all claims being paid from the fund.

The **Healthcare Self Insurance Fund** was established by the County to provide its own insurance coverage to its departments or funds for employee health care.

BAY COUNTY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

December 31, 2023

| | Self Insurance | Healthcare Self Insurance | Total |
|---------------------------------------|---------------------|---------------------------------|---------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 293,999 | \$ 2,005,029 | \$ 2,299,028 |
| Investments | 990,750 | - | 990,750 |
| Accounts receivable, net of allowance | 3,115 | 1,659 | 4,774 |
| Accrued interest receivable | 6,357 | - | 6,357 |
| Due from other funds | 22,933 | 2,457,236 | 2,480,169 |
| Prepaid items and other assets | 71,602 | 350,568 | 422,170 |
| Total current assets | <u>1,388,756</u> | <u>4,814,492</u> | <u>6,203,248</u> |
| Noncurrent assets: | | | |
| Net pension asset | 5,940 | - | 5,940 |
| Total assets | <u>1,394,696</u> | <u>4,814,492</u> | <u>6,209,188</u> |
| Deferred outflows of resources | | | |
| Deferred pension amounts | 8,941 | - | 8,941 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 134 | 676 | 810 |
| Accrued liabilities | 1,292 | - | 1,292 |
| Estimated insurance claims payable | 342,329 | 614,492 | 956,821 |
| Compensated absences | 1,544 | - | 1,544 |
| Total liabilities | <u>345,299</u> | <u>615,168</u> | <u>960,467</u> |
| Deferred inflows of resources | | | |
| Deferred pension amounts | 1,151 | - | 1,151 |
| Net position | | | |
| Restricted for: | | | |
| Pension benefits | 5,940 | - | 5,940 |
| Insurance claims | 1,051,247 | 4,199,324 | 5,250,571 |
| Total net position | <u>\$ 1,057,187</u> | <u>\$ 4,199,324</u> | <u>\$ 5,256,511</u> |

BAY COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended December 31, 2023

| | Self Insurance | Healthcare Self Insurance | Total |
|--|---------------------|---------------------------------|---------------------|
| Operating revenues | | | |
| Charges for services | \$ 570,807 | \$ 10,042,745 | \$ 10,613,552 |
| Operating expenses | | | |
| Personnel services | 1,005,846 | 9,401,636 | 10,407,482 |
| Operating income (loss) | (435,039) | 641,109 | 206,070 |
| Nonoperating revenues | | | |
| Investment appreciation (depreciation) | 71,588 | - | 71,588 |
| Income (loss) before transfers | (363,451) | 641,109 | 277,658 |
| Transfers | | | |
| Transfers out | - | (7,803) | (7,803) |
| Change in net position | (363,451) | 633,306 | 269,855 |
| Net position, beginning of year | 1,420,638 | 3,566,018 | 4,986,656 |
| Net position, end of year | <u>\$ 1,057,187</u> | <u>\$ 4,199,324</u> | <u>\$ 5,256,511</u> |

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2023

| | Self Insurance | Healthcare Self Insurance | Total |
|---|--------------------|---------------------------------|---------------------|
| Cash flows from operating activities | | | |
| Cash received from interfund services provided | \$ 748,208 | \$ 8,689,833 | \$ 9,438,041 |
| Cash payments to employees and related taxes and insurance | <u>(1,004,158)</u> | <u>(9,401,636)</u> | <u>(10,405,794)</u> |
| Net cash provided by (used in) operating activities | <u>(255,950)</u> | <u>(711,803)</u> | <u>(967,753)</u> |
| Cash flows from noncapital financing activities | | | |
| Transfers out | <u>-</u> | <u>(7,803)</u> | <u>(7,803)</u> |
| Cash flows from investing activities | | | |
| Purchase of investments | (121,779) | - | (121,779) |
| Income (loss) on investments | <u>69,701</u> | <u>-</u> | <u>69,701</u> |
| Net cash provided by (used in) investing activities | <u>(52,078)</u> | <u>-</u> | <u>(52,078)</u> |
| Net change in cash and cash equivalents | (308,028) | (719,606) | (1,027,634) |
| Cash and cash equivalents, beginning of year | <u>602,027</u> | <u>2,724,635</u> | <u>3,326,662</u> |
| Cash and cash equivalents, end of year | <u>\$ 293,999</u> | <u>\$ 2,005,029</u> | <u>\$ 2,299,028</u> |

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2023

| | Self Insurance | Healthcare Self Insurance | Total |
|---|---------------------|---------------------------------|---------------------|
| Reconciliation of operating income (loss) | | | |
| to net cash provided by (used in) operating activities | | | |
| Operating income (loss) | \$ (435,039) | \$ 641,109 | \$ 206,070 |
| Adjustments to reconcile operating income (loss) | | | |
| to net cash provided by (used in) operating activities: | | | |
| Changes in assets and liabilities | | | |
| that provided (used) cash: | | | |
| Accounts receivable, net | 17,483 | 5,113 | 22,596 |
| Due from other funds | (1,038) | (840,636) | (841,674) |
| Prepaid items and other assets | (29,816) | (273,656) | (303,472) |
| Accounts payable | (15,478) | 76 | (15,402) |
| Accrued liabilities | 1,013 | - | 1,013 |
| Estimated claims payable | 206,250 | (243,809) | (37,559) |
| Net pension asset | 19,033 | - | 19,033 |
| Deferred outflows - pension | (8,622) | - | (8,622) |
| Deferred inflows - pension | (9,788) | - | (9,788) |
| Compensated absences | 52 | - | 52 |
| Net cash provided by (used in) operating activities | \$ (255,950) | \$ (711,803) | \$ (967,753) |

concluded

This page intentionally left blank.

FIDUCIARY FUNDS

Fiduciary funds account for assets held by the County in a trustee or agent capacity. Disbursements from these funds are contingent upon the trust agreement or applicable legislative enactment for each particular fund. The Bay County fiduciary funds encompass two broad categories:

Pension and Other Employee Benefit Trust Fiduciary Component Units - To account for resources required to be held in trust for the members and beneficiaries of retirement programs or other employee benefit programs.

Custodial Funds - To account for resources received and held by the County, in a custodial capacity, for individuals, organizations and other governments.

The **Employees' Retirement System Fiduciary Component Unit** is used to account for the financial transactions of the Bay County Employees' Retirement System. The system is administered by the Retirement Board of Trustees, while the County acts as custodian for the System. Combining statements for the pension and other postemployment plans are included in the notes to the financial statements.

The **VEBA Trust Fiduciary Component Unit** is used to accumulate financial resources in order to provide medical benefits for retirees', their spouses and dependents. Combining statements for the pension and other postemployment plans are included in the notes to the financial statements.

The **General Custodial Fund** is used to account for resources held by the County, which were received from various sources, and their subsequent disbursement to other parties.

The **Current Tax Collections Fund** is used to account for the collection of current property taxes and special assessments held by the County in a trustee capacity and the subsequent distribution to the appropriate local governmental unit.

The **Library Penal Fine Fund** is used to account for penal fines received by the District and Circuit courts and distributed to public libraries, as directed by the State Library Board per State Act 286 of 1961.

The **District Court fund** is used to account for fees and fines collected by the District Court for other governments which are held by the County in a custodial capacity.

The **Probate Court Fund** is used to account for fees and fines collected by the Probate Court for other governments which are held by the County in a custodial capacity.

The **Trial Court Fund** is used to account for fees and fines collected by the Court for other governments which are held by the County in a custodial capacity.

The **Inmates Fund** is used to account for deposits from County jail inmates.

BAY COUNTY, MICHIGAN

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits - Employees' Retirement System and VEBA Trust

December 31, 2023

| | Employees' Retirement System | VEBA Trust | Total |
|---|------------------------------------|----------------------|-----------------------|
| Assets | | | |
| Investments at fair value: | | | |
| Equities | \$ 309,985,513 | \$ 72,532,826 | \$ 382,518,339 |
| Fixed income | 84,450,304 | 19,940,368 | 104,390,672 |
| Money market | 5,341,874 | 690,018 | 6,031,892 |
| Total investments | <u>399,777,691</u> | <u>93,163,212</u> | <u>492,940,903</u> |
| Receivables: | | | |
| Contributions | 213,863 | 195,134 | 408,997 |
| Interest and dividends | 765,626 | 102,980 | 868,606 |
| Total receivables | <u>979,489</u> | <u>298,114</u> | <u>1,277,603</u> |
| Other current assets: | | | |
| Prepaid items and other assets | 1,891,922 | 22 | 1,891,944 |
| Net pension asset | 41,586 | - | 41,586 |
| Total other current assets | <u>1,933,508</u> | <u>22</u> | <u>1,933,530</u> |
| Total assets | <u>402,690,688</u> | <u>93,461,348</u> | <u>496,152,036</u> |
| Deferred outflows of resources - pension | <u>62,580</u> | <u>-</u> | <u>62,580</u> |
| Liabilities | | | |
| Accounts payable | 634,694 | 72,022 | 706,716 |
| Accrued liabilities | 13,441 | 54,001 | 67,442 |
| Accrued vacation and sick pay | 3,894 | - | 3,894 |
| Total liabilities | <u>652,029</u> | <u>126,023</u> | <u>778,052</u> |
| Deferred inflows of resources - pension | <u>8,062</u> | <u>-</u> | <u>8,062</u> |
| Net position | | | |
| Restricted for: | | | |
| Pension benefits | 402,093,177 | - | 402,093,177 |
| Postemployment healthcare benefits | - | 93,335,325 | 93,335,325 |
| Total net position | <u>\$ 402,093,177</u> | <u>\$ 93,335,325</u> | <u>\$ 495,428,502</u> |

BAY COUNTY, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefits - Employees' Retirement System and VEBA Trust
For the Year Ended December 31, 2023

| | Employees' Retirement System | VEBA Trust | Total |
|---|------------------------------------|----------------------|-----------------------|
| Additions | | | |
| Investment income: | | | |
| Net appreciation in fair value of investments | \$ 38,868,669 | \$ 8,849,301 | \$ 47,717,970 |
| Interest and dividends | 7,901,921 | 2,246,946 | 10,148,867 |
| Total investment income | 46,770,590 | 11,096,247 | 57,866,837 |
| Investment expense | (1,791,480) | (242,089) | (2,033,569) |
| Net investment income | 44,979,110 | 10,854,158 | 55,833,268 |
| Contributions: | | | |
| Employer | 1,800,798 | 6,038,878 | 7,839,676 |
| Plan members | 2,226,649 | - | 2,226,649 |
| Total contributions | 4,027,447 | 6,038,878 | 10,066,325 |
| Other revenue | 11,979 | - | 11,979 |
| Total additions | 49,018,536 | 16,893,036 | 65,911,572 |
| Deductions | | | |
| Participant benefits (including refunds of contributions) | 22,662,409 | 4,364,007 | 27,026,416 |
| Administrative expenses | 473,481 | 112,816 | 586,297 |
| Total deductions | 23,135,890 | 4,476,823 | 27,612,713 |
| Change in net position | 25,882,646 | 12,416,213 | 38,298,859 |
| Net position, beginning of year | 376,210,531 | 80,919,112 | 457,129,643 |
| Net position, end of year | \$ 402,093,177 | \$ 93,335,325 | \$ 495,428,502 |

BAY COUNTY, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds
December 31, 2023

| | General Agency | Current Tax Collections | Library Penal Fine |
|-----------------------------------|-------------------|----------------------------|--------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 5,327,028 | \$ 358,027 | \$ - |
| Investments | 15,612,549 | - | - |
| Due from other governmental units | 74 | - | - |
| Due from other custodial funds | - | - | 18,931 |
| Total assets | 20,939,651 | 358,027 | 18,931 |
| Liabilities | | | |
| Accounts payable | 204 | - | - |
| Accrued liabilities | 5,460 | - | - |
| Due to other custodial funds | - | - | - |
| Due to component units | - | 112,523 | - |
| Due to other governmental units | 20,932,562 | 245,504 | 18,931 |
| Deposits | 1,425 | - | - |
| Total liabilities | 20,939,651 | 358,027 | 18,931 |
| Net position | | | |
| Restricted for: | | | |
| Inmates | \$ - | \$ - | \$ - |



| District Court | Probate Court | Trial Court | Inmates | Total |
|----------------|----------------|----------------|-----------------|-------------------|
| \$ 79,338 | \$ 238,594 | \$ 493,286 | \$ 17,354 | \$ 6,513,627 |
| - | - | - | - | 15,612,549 |
| - | 149 | - | - | 223 |
| - | - | - | - | 18,931 |
| <u>79,338</u> | <u>238,743</u> | <u>493,286</u> | <u>17,354</u> | <u>22,145,330</u> |
| - | - | - | 16,020 | 16,224 |
| - | 11,012 | - | 154 | 16,626 |
| 18,931 | - | - | - | 18,931 |
| - | - | - | - | 112,523 |
| 60,407 | 227,731 | 407,283 | - | 21,892,418 |
| - | - | 86,003 | - | 87,428 |
| <u>79,338</u> | <u>238,743</u> | <u>493,286</u> | <u>16,174</u> | <u>22,144,150</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,180</u> | <u>\$ 1,180</u> |

BAY COUNTY, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2023

| | General Agency | Current Tax Collections | Library Penal Fine |
|---|-------------------|----------------------------|--------------------------|
| Additions | | | |
| State education tax collected for other governments | \$ - | \$ 18,879,165 | \$ - |
| Real estate transfer tax collected for other governments | 2,260,924 | - | - |
| Fees and fines collected on behalf of other governments | 143,440 | - | 214,140 |
| Collections from or on behalf of inmates | - | - | - |
| Other taxes collected for other governments | 45,731 | - | - |
| Total additions | <u>2,450,095</u> | <u>18,879,165</u> | <u>214,140</u> |
| Deductions | | | |
| Payments of state education tax to other governments | - | 18,879,165 | - |
| Payments of real estate transfer tax to other governments | 2,260,924 | - | - |
| Fees and fines remitted to other governments | 143,440 | - | 214,140 |
| Payments to or on behalf of inmates | - | - | - |
| Payments of other taxes to other governments | 45,731 | - | - |
| Total deductions | <u>2,450,095</u> | <u>18,879,165</u> | <u>214,140</u> |
| Change in net position | - | - | - |
| Net position, beginning of year | - | - | - |
| Net position, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |



| District Court | Probate Court | Trial Court | Inmates | Total |
|----------------|----------------|---------------|-----------------|-------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 18,879,165 |
| - | - | - | - | 2,260,924 |
| 460,277 | 118,373 | 16,181 | - | 952,411 |
| - | - | - | 810,241 | 810,241 |
| - | - | - | - | 45,731 |
| <u>460,277</u> | <u>118,373</u> | <u>16,181</u> | <u>810,241</u> | <u>22,948,472</u> |
| - | - | - | - | 18,879,165 |
| - | - | - | - | 2,260,924 |
| 460,277 | 118,373 | 16,181 | - | 952,411 |
| - | - | - | 810,130 | 810,130 |
| - | - | - | - | 45,731 |
| <u>460,277</u> | <u>118,373</u> | <u>16,181</u> | <u>810,130</u> | <u>22,948,361</u> |
| - | - | - | 111 | 111 |
| - | - | - | 1,069 | 1,069 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,180</u> | <u>\$ 1,180</u> |

This page intentionally left blank.

COMPONENT UNITS

LIBRARY SYSTEM

The ***Library System*** was established to account for the operations of the Bay County Library System, a component unit of Bay County, which provides services and materials in a variety of formats to satisfy the educational, personal and professional interests of the community with funds primarily raised through local property taxes.

DRAIN COMMISSION

The ***Drain Commission*** was established to account for the operations of the Bay County Drain Commission, a component unit of Bay County, and is used to track the collections and expenditures related to construction and maintenance of drainage districts throughout the County.

BAY COUNTY, MICHIGAN

Statement of Net Position and Balance Sheet

Library System Component Unit
December 31, 2023

| | Library System | Adjustments | Statement of Net Position |
|---|----------------------|----------------------|------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 33,900 | \$ - | \$ 33,900 |
| Investments | 7,123,327 | - | 7,123,327 |
| Property taxes receivable | 5,700,000 | - | 5,700,000 |
| Accrued interest receivable | 37,530 | - | 37,530 |
| Due from primary government | 124,531 | - | 124,531 |
| Prepaid items and other assets | 296,254 | - | 296,254 |
| Total current assets | <u>13,315,542</u> | <u>-</u> | <u>13,315,542</u> |
| Noncurrent assets: | | | |
| Net pension asset | - | 1,175,017 | 1,175,017 |
| Capital assets not being depreciated/amortized | - | 107,487 | 107,487 |
| Capital assets being depreciated/amortized, net | - | 1,835,092 | 1,835,092 |
| Total noncurrent assets | <u>-</u> | <u>3,117,596</u> | <u>3,117,596</u> |
| Total assets | <u>\$ 13,315,542</u> | <u>3,117,596</u> | <u>16,433,138</u> |
| Deferred outflows of resources | | | |
| Deferred pension amounts | | 2,008,620 | 2,008,620 |
| Deferred OPEB amounts | | 1,220,802 | 1,220,802 |
| Total deferred outflows of resources | | <u>3,229,422</u> | <u>3,229,422</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 165,207 | - | 165,207 |
| Accrued liabilities | 117,158 | - | 117,158 |
| Current portion of compensated absences | - | 14,040 | 14,040 |
| Total current liabilities | <u>282,365</u> | <u>14,040</u> | <u>296,405</u> |
| Noncurrent liabilities: | | | |
| Compensated absences, net of current portion | - | 126,356 | 126,356 |
| Net OPEB liability | - | 595,502 | 595,502 |
| Total noncurrent liabilities | <u>-</u> | <u>721,858</u> | <u>721,858</u> |
| Total liabilities | <u>282,365</u> | <u>735,898</u> | <u>1,018,263</u> |
| Deferred inflows of resources | | | |
| Deferred pension amounts | - | 72,640 | 72,640 |
| Deferred OPEB amounts | - | 1,589,894 | 1,589,894 |
| Unavailable revenue - state revenue | 124,530 | (124,530) | - |
| Taxes levied for a subsequent period | 5,700,000 | - | 5,700,000 |
| Total deferred inflows of resources | <u>5,824,530</u> | <u>1,538,004</u> | <u>7,362,534</u> |
| Fund balances | | | |
| Nonspendable | 296,254 | (296,254) | - |
| Assigned - library events | 100,816 | (100,816) | - |
| Assigned - capital outlay | 344,451 | (344,451) | - |
| Unassigned | 6,467,126 | (6,467,126) | - |
| Total fund balances | <u>7,208,647</u> | <u>(7,208,647)</u> | <u>-</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 13,315,542</u> | | |
| Net position | | | |
| Investment in capital assets | | 1,942,579 | 1,942,579 |
| Restricted for: | | | |
| Pension benefits | | 1,175,017 | 1,175,017 |
| Unrestricted | | 8,164,167 | 8,164,167 |
| Total net position | | <u>\$ 11,281,763</u> | <u>\$ 11,281,763</u> |

BAY COUNTY, MICHIGAN

Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance

Library System Component Unit
For the Year Ended December 31, 2023

| | Library System | Adjustments | Statement of Activities |
|--|---------------------|---------------------|----------------------------|
| Revenues | | | |
| Property and other taxes | \$ 5,474,495 | \$ - | \$ 5,474,495 |
| Federal grants | 12,397 | - | 12,397 |
| State grants | 308,433 | 18,921 | 327,354 |
| Investment appreciation (depreciation) | 510,915 | - | 510,915 |
| Charges for services | 30,020 | - | 30,020 |
| Donations | 43,605 | - | 43,605 |
| Penal fines | 217,398 | - | 217,398 |
| Total revenues | <u>6,597,263</u> | <u>18,921</u> | <u>6,616,184</u> |
| Expenditures / expenses | | | |
| Current: | | | |
| Recreation and culture | 6,495,332 | (666,977) | 5,828,355 |
| Depreciation | - | 481,666 | 481,666 |
| Contributions to other units | 4,650 | - | 4,650 |
| Total expenditures / expenses | <u>6,499,982</u> | <u>(185,311)</u> | <u>6,314,671</u> |
| Net change in fund balance / net position | 97,281 | 204,232 | 301,513 |
| Fund balance / net position, beginning of year | <u>7,111,366</u> | <u>3,868,884</u> | <u>10,980,250</u> |
| Fund balance / net position, end of year | <u>\$ 7,208,647</u> | <u>\$ 4,073,116</u> | <u>\$ 11,281,763</u> |

BAY COUNTY, MICHIGAN

Combining Statement of Net Position and Balance Sheet

Drain Commission Component Unit

December 31, 2023

| | Drain Debt Service Funds | Drain Operations and Maintenance | Drain Capital Projects Fund |
|---|-----------------------------------|---|--------------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 933,994 | \$ 552,142 | \$ 1,209,162 |
| Investments | 583 | 965,190 | 1,273,893 |
| Special assessments | 2,469,418 | 3,140 | 64,568 |
| Accrued interest receivable | 3 | 5,864 | 8,286 |
| Due from other funds | - | 64,952 | 3,216 |
| Due from other governmental units | 23,873 | 660,088 | 3,917 |
| Due from primary government | 136,831 | 80,076 | 24,559 |
| Restricted cash held by others | 560,958 | - | - |
| Capital assets not being depreciated/amortized | - | - | - |
| Capital assets being depreciated/amortized, net | - | - | - |
| Total assets | <u>\$ 4,125,660</u> | <u>\$ 2,331,452</u> | <u>\$ 2,587,601</u> |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 4,526 | \$ 5,983 |
| Accrued liabilities | - | 2,700 | - |
| Due to other funds | - | 530 | 100,922 |
| Due to primary government | - | 30,292 | 70,889 |
| Compensated absences, all current | - | - | - |
| Long-term debt: | | | |
| Due within one year | - | - | - |
| Due in more than one year | - | - | - |
| Total liabilities | <u>-</u> | <u>38,048</u> | <u>177,794</u> |
| Deferred inflows of resources | | | |
| Unavailable revenue - long-term receivables | 2,630,120 | 743,303 | 93,047 |
| Fund balances | | | |
| Restricted - debt service | 1,495,540 | - | - |
| Assigned | - | 1,550,101 | 2,316,760 |
| Total fund balances | <u>1,495,540</u> | <u>1,550,101</u> | <u>2,316,760</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 4,125,660</u> | <u>\$ 2,331,452</u> | <u>\$ 2,587,601</u> |
| Net position | | | |
| Net investment in capital assets | | | |
| Restricted for: | | | |
| Debt service | | | |
| Unrestricted (deficit) | | | |
| Total net position | | | |

| Revolving Drain | Total Governmental Funds | Adjustments | Statement of Net Position |
|--------------------|--------------------------------|----------------------|------------------------------|
| \$ - | \$ 2,695,298 | \$ - | \$ 2,695,298 |
| - | 2,239,666 | - | 2,239,666 |
| - | 2,537,126 | - | 2,537,126 |
| - | 14,153 | - | 14,153 |
| 33,284 | 101,452 | (101,452) | - |
| - | 687,878 | - | 687,878 |
| - | 241,466 | - | 241,466 |
| - | 560,958 | - | 560,958 |
| - | - | 338,953 | 338,953 |
| - | - | 9,326,168 | 9,326,168 |
| <u>\$ 33,284</u> | <u>\$ 9,077,997</u> | <u>9,563,669</u> | <u>18,641,666</u> |
| \$ - | \$ 10,509 | - | 10,509 |
| - | 2,700 | 29,010 | 31,710 |
| - | 101,452 | (101,452) | - |
| 33,284 | 134,465 | - | 134,465 |
| - | - | 31,686 | 31,686 |
| - | - | 1,050,094 | 1,050,094 |
| - | - | 2,349,210 | 2,349,210 |
| <u>33,284</u> | <u>249,126</u> | <u>3,358,548</u> | <u>3,607,674</u> |
| - | 3,466,470 | (3,466,470) | - |
| - | 1,495,540 | (1,495,540) | - |
| - | 3,866,861 | (3,866,861) | - |
| - | 5,362,401 | (5,362,401) | - |
| <u>\$ 33,284</u> | <u>\$ 9,077,997</u> | | |
| | | 5,826,581 | 5,826,581 |
| | | 4,096,650 | 4,096,650 |
| | | <u>5,110,761</u> | <u>5,110,761</u> |
| | | <u>\$ 15,033,992</u> | <u>\$ 15,033,992</u> |

BAY COUNTY, MICHIGAN

Combining Statement of Activities and Statement of Revenues, Expenditures and Changes in

Fund Balances - Drain Commission Component Unit
For the Year Ended December 31, 2023

| | Drain Debt Service Funds | Drains Operations and Maintenance | Drain Capital Projects Fund |
|--|-----------------------------------|--|--------------------------------------|
| Revenues | | | |
| Property and other taxes | \$ 1,253,759 | \$ 22,005 | \$ 81,560 |
| Licenses and permits | - | 900 | 20,223 |
| Investment appreciation (depreciation), rents and royalties | 24 | 115,234 | 75,894 |
| Reimbursements, refunds and other revenue | 70,365 | 73,436 | 27,885 |
| Contributions from local units | 93,466 | 335,000 | 16,324 |
| Total revenues | <u>1,417,614</u> | <u>546,575</u> | <u>221,886</u> |
| Expenditures / expenses | | | |
| Public works: | | | |
| Contractual services | - | 289,331 | 332,938 |
| Depreciation | - | - | - |
| Debt service: | | | |
| Principal | 1,084,269 | - | - |
| Interest and fiscal charges | 100,855 | - | - |
| Total expenditures / expenses | <u>1,185,124</u> | <u>289,331</u> | <u>332,938</u> |
| Revenues over (under) expenditures / expenses | <u>232,490</u> | <u>257,244</u> | <u>(111,052)</u> |
| Other financing sources (uses) | | | |
| Transfers in | - | 6,069 | 381,535 |
| Transfers out | - | (36,586) | (351,018) |
| Total other financing sources (uses) | <u>-</u> | <u>(30,517)</u> | <u>30,517</u> |
| Net change in fund balances / net position | 232,490 | 226,727 | (80,535) |
| Fund balances / net position, beginning of year, as restated | <u>1,263,050</u> | <u>1,323,374</u> | <u>2,397,295</u> |
| Fund balances / net position, end of year | <u>\$ 1,495,540</u> | <u>\$ 1,550,101</u> | <u>\$ 2,316,760</u> |

| Revolving Drain | Total Governmental Funds | Adjustments | Statement of Net Position |
|--------------------|--------------------------------|----------------|------------------------------|
| \$ - | \$ 1,357,324 | \$ (1,060,427) | \$ 296,897 |
| - | 21,123 | - | 21,123 |
| - | 191,152 | - | 191,152 |
| - | 171,686 | - | 171,686 |
| - | 444,790 | - | 444,790 |
| - | 2,186,075 | (1,060,427) | 1,125,648 |
| - | 622,269 | (301,269) | 321,000 |
| - | - | 398,171 | 398,171 |
| - | 1,084,269 | (1,084,269) | - |
| - | 100,855 | (12,544) | 88,311 |
| - | 1,807,393 | (999,911) | 807,482 |
| - | 378,682 | (60,516) | 318,166 |
| - | 387,604 | (387,604) | - |
| - | (387,604) | 387,604 | - |
| - | - | - | - |
| - | 378,682 | (60,516) | 318,166 |
| - | 4,983,719 | 9,732,107 | 14,715,826 |
| \$ - | \$ 5,362,401 | \$ 9,671,591 | \$ 15,033,992 |

This page intentionally left blank.

STATISTICAL SECTION

This page intentionally left blank.

BAY COUNTY, MICHIGAN

Statistical Section Table of Contents

This part of the County's Annual Comprehensive Financial Report presents detailed information to assist the user in understanding what the financial statements, note disclosures and required supplementary information say about the overall economic condition of Bay County.

| | | <u>Page</u> |
|--|--|-------------|
| Financial Trends Tables 1-4 | These schedules contain trend information to help the reader understand and evaluate how the County's financial condition, performance and well-being have changed over time. | 190 |
| Revenue Capacity Tables 5-9 | These schedules contain information to help the reader assess the County's ability to generate its most significant local revenue source, the property tax. | 200 |
| Debt Capacity Tables 10-14 | These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and its ability to issue additional debt in the future. | 206 |
| Demographic and Economic Information Tables 15-16 | These schedules present various demographic and economic indicators to help the reader understand the environment within which the County operates and how they affect the County's financial activities. | 215 |
| Operating Information Tables 17-19 | These schedules contain information about the County's operations and resources to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. | 218 |

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

BAY COUNTY, MICHIGAN

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

| | 2014 | 2015 | 2016 | 2017 |
|---|------------------|------------------|------------------|------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 44,431 | \$ 45,941 | \$ 46,547 | \$ 47,382 |
| Restricted | 14,379 | 22,222 | 23,861 | 26,348 |
| Unrestricted (deficit) | (183) | (4,557) | (8,895) | (8,701) |
| Total governmental activities net position | 58,627 | 63,606 | 61,513 | 65,029 |
| Business-type activities | | | | |
| Net investment in capital assets | 7,563 | 7,906 | 8,893 | 10,476 |
| Restricted | 1,294 | 10,265 | 7,969 | 8,308 |
| Unrestricted (deficit) | 9,768 | 12,539 | 11,894 | 11,388 |
| Total business-type activities net position | 18,625 | 30,710 | 28,756 | 30,172 |
| Primary government | | | | |
| Net investment in capital assets | 51,994 | 53,847 | 55,440 | 57,858 |
| Restricted | 15,673 | 32,487 | 31,830 | 34,656 |
| Unrestricted (deficit) | 9,585 | 7,982 | 2,999 | 2,687 |
| Total primary government activities net position | \$ 77,252 | \$ 94,316 | \$ 90,269 | \$ 95,201 |

Note 1: Variance may exist from the statement of net position to this statistical table due to rounding.

Note 2: The County implemented GASB 68 in 2015. Prior years were not restated.

Note 3: Beginning net position of governmental and business-type activities were restated in 2017 to correct an error in prior period. Prior years were not restated.

Note 4: The County implemented GASB 75 in 2018. Prior years were not restated.

Table 1
Unaudited

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------|------------------|------------------|------------------|-------------------|-------------------|
| \$ 39,366 | \$ 39,191 | \$ 38,915 | \$ 36,924 | \$ 35,856 | \$ 37,744 |
| 26,904 | 25,193 | 31,244 | 39,242 | 83,598 | 40,804 |
| (17,543) | (12,993) | (13,665) | (7,931) | (31,460) | 29,597 |
| <u>48,727</u> | <u>51,391</u> | <u>56,494</u> | <u>68,235</u> | <u>87,994</u> | <u>108,145</u> |
| 16,907 | 22,756 | 23,074 | 20,823 | 19,974 | 20,994 |
| 8,802 | 7,460 | 7,503 | 10,302 | 26,396 | 6,193 |
| (4,265) | (12,463) | (13,052) | (1,481) | (9,207) | 11,974 |
| <u>21,444</u> | <u>17,753</u> | <u>17,525</u> | <u>29,644</u> | <u>37,163</u> | <u>39,161</u> |
| 56,273 | 61,947 | 61,989 | 57,747 | 55,830 | 58,738 |
| 35,706 | 32,653 | 38,747 | 49,544 | 109,994 | 46,997 |
| (21,808) | (25,456) | (26,717) | (9,412) | (40,667) | 41,571 |
| <u>\$ 70,171</u> | <u>\$ 69,144</u> | <u>\$ 74,019</u> | <u>\$ 97,879</u> | <u>\$ 125,157</u> | <u>\$ 147,306</u> |

BAY COUNTY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

| | 2014 | 2015 | 2016 | 2017 |
|---|---------------|---------------|---------------|---------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 12,031 | \$ 13,287 | \$ 13,952 | \$ 13,985 |
| Public safety | 11,443 | 11,721 | 12,194 | 12,488 |
| Community and economic development | 110 | 208 | 245 | 233 |
| Health and welfare | 10,703 | 11,205 | 12,318 | 12,232 |
| Public works | 1,560 | 1,911 | 3,798 | 3,277 |
| Judicial | 6,840 | 7,085 | 7,504 | 7,746 |
| Legislative | 329 | 357 | 375 | 421 |
| Recreation and culture | 2,181 | 1,859 | 1,567 | 1,929 |
| Interest on long-term debt | 371 | 244 | 175 | 81 |
| Total governmental activities expenses | 45,568 | 47,877 | 52,128 | 52,392 |
| Business-type activities: | | | | |
| Medical Care Facility | 24,269 | 23,114 | 25,661 | 26,174 |
| 100% Tax Payment | 163 | 147 | 232 | 187 |
| Golf Course | 556 | 540 | 486 | 559 |
| Delinquent Property Tax Foreclosure | 181 | 185 | 169 | 200 |
| Commissary | 125 | 111 | 111 | 196 |
| Water plant | - | - | - | - |
| Housing | 725 | 688 | 702 | 735 |
| Total business-type activities expenses | 26,019 | 24,785 | 27,361 | 28,051 |
| Total primary government expenses | 71,587 | 72,662 | 79,489 | 80,443 |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 2,684 | 3,045 | 3,221 | 3,151 |
| Public safety | 2,049 | 2,030 | 1,992 | 2,132 |
| Community and economic development | 162 | 44 | 207 | 66 |
| Health and welfare | 2,532 | 2,777 | 3,041 | 2,852 |
| Public works | 2 | 3 | 3,887 | 3,983 |
| Judicial | 1,853 | 2,040 | 1,751 | 1,767 |
| Recreation and culture | 816 | 814 | 845 | 848 |
| Operating grants and contributions | 17,154 | 9,957 | 9,836 | 10,250 |
| Capital grants and contributions | 309 | 16 | 26 | 26 |
| Total governmental activities program revenues | 27,561 | 20,726 | 24,806 | 25,075 |

Table 2
Unaudited

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ | 11,877 | \$ 13,592 | \$ 12,665 | \$ 11,404 | \$ 9,435 | \$ 12,425 |
| | 10,768 | 12,631 | 11,097 | 7,756 | 5,107 | 10,989 |
| | 239 | 277 | 154 | 250 | 4,049 | 5,417 |
| | 13,051 | 13,033 | 12,726 | 11,305 | 9,760 | 10,288 |
| | 9,497 | 1 | 1 | 1 | 678 | 669 |
| | 6,854 | 7,434 | 6,729 | 5,532 | 6,198 | 8,077 |
| | 1,848 | 401 | 381 | 366 | 497 | 589 |
| | 1,796 | 1,810 | 1,355 | 1,452 | 1,471 | 2,331 |
| | 49 | 100 | 46 | - | - | 1 |
| | <u>55,979</u> | <u>49,279</u> | <u>45,154</u> | <u>38,066</u> | <u>37,195</u> | <u>50,786</u> |
| | 25,335 | 29,610 | 27,538 | 19,653 | 14,360 | 20,314 |
| | 156 | 166 | 154 | 198 | 184 | 156 |
| | 520 | 554 | 482 | 559 | 696 | 657 |
| | 222 | 238 | 190 | 176 | 201 | 199 |
| | 150 | 171 | 139 | 199 | 176 | 147 |
| | 2,624 | 2,042 | 1,989 | 2,137 | 1,347 | 1,264 |
| | 678 | 807 | 747 | 232 | - | - |
| | <u>29,685</u> | <u>33,588</u> | <u>31,239</u> | <u>23,154</u> | <u>16,964</u> | <u>22,737</u> |
| | <u>85,664</u> | <u>82,867</u> | <u>76,393</u> | <u>61,220</u> | <u>54,159</u> | <u>73,523</u> |
| | 3,087 | 3,206 | 3,396 | 1,980 | 679 | 827 |
| | 2,126 | 2,197 | 1,751 | 1,837 | 1,910 | 2,095 |
| | 174 | 88 | 164 | 68 | 1,109 | 911 |
| | 3,249 | 3,311 | 2,658 | 2,934 | 2,494 | 4,519 |
| | 2 | 8 | - | 10 | 262 | 275 |
| | 1,954 | 2,086 | 1,509 | 1,571 | 1,495 | 1,463 |
| | 886 | 930 | 537 | 895 | 1,007 | 1,011 |
| | 10,708 | 15,404 | 13,972 | 15,577 | 16,892 | 17,529 |
| | 253 | 9 | 23 | 40 | 183 | 257 |
| | <u>22,439</u> | <u>27,239</u> | <u>24,010</u> | <u>24,912</u> | <u>26,031</u> | <u>28,887</u> |

continued...

BAY COUNTY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | 2014 | 2015 | 2016 | 2017 |
|--|-----------------|-----------------|-------------------|-------------------|
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Medical Care Facility | \$ 21,576 | \$ 23,487 | \$ 21,547 | \$ 23,103 |
| 100% Tax Payment | 1,088 | 1,300 | 1,138 | 1,123 |
| Golf Course | 497 | 457 | 491 | 443 |
| Water plant | - | - | - | - |
| Delinquent Property Tax Foreclosure | 199 | 406 | 289 | 297 |
| Commissary | 167 | 151 | 150 | 271 |
| Housing | 277 | 276 | 284 | 271 |
| Operating grants and contributions | 165 | 159 | 158 | 243 |
| Capital grants and contributions | 129 | 36 | - | 89 |
| Total business-type activities program revenues | 24,098 | 26,272 | 24,057 | 25,840 |
| Total primary government program revenues | 51,659 | 46,998 | 48,863 | 50,915 |
| Net (expense)/revenue | | | | |
| Governmental activities | (18,007) | (27,151) | (27,322) | (27,317) |
| Business-type activities | (1,921) | 1,487 | (3,304) | (2,211) |
| Total primary government net expense | (19,928) | (25,664) | (30,626) | (29,528) |
| General revenues and other changes in net position | | | | |
| Governmental activities: | | | | |
| Property taxes | 22,334 | 22,461 | 22,882 | 23,430 |
| Grants and contributions not restricted to specific programs | - | - | - | - |
| Unrestricted investment earnings (loss) | 1,636 | 203 | 491 | 656 |
| Other revenue | 2,223 | 2,830 | 597 | 277 |
| Transfers - internal activities | 1,225 | 1,243 | 1,260 | 1,945 |
| Total governmental activities | 27,418 | 26,737 | 25,230 | 26,308 |
| Business-type activities: | | | | |
| Property taxes | 2,049 | 2,115 | 2,109 | 2,323 |
| Unrestricted investment earnings (loss) | 542 | 398 | 265 | 434 |
| Other revenue | 518 | 638 | 236 | 981 |
| Transfers - internal activities | (1,225) | (1,243) | (1,260) | (1,945) |
| Total business-type activities | 1,884 | 1,908 | 1,350 | 1,793 |
| Total primary government | 29,302 | 28,645 | 26,580 | 28,101 |
| Change in Net Position | | | | |
| Governmental activities | 9,411 | (414) | (2,092) | (1,009) |
| Business-type activities | (37) | 3,395 | (1,954) | (418) |
| Total primary government | \$ 9,374 | \$ 2,981 | \$ (4,046) | \$ (1,427) |

Note 1: Variance may exist from the statement of net position to this statistical table due to rounding.

Note 2: Beginning net position of governmental and business-type activities were restated in 2017 to correct an error in prior period. Prior years were not restated.

Table 2
Unaudited

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----|----------|------------|-----------|-----------|-----------|-----------|
| \$ | 23,631 | \$ 22,986 | \$ 21,864 | \$ 15,873 | \$ 15,306 | \$ 14,611 |
| | 1,097 | 1,087 | 1,019 | 1,082 | 1,015 | 1,056 |
| | 444 | 415 | 523 | 630 | 676 | 691 |
| | - | - | - | - | - | 1,156 |
| | 322 | 469 | 644 | 440 | 560 | 480 |
| | 217 | 249 | 197 | 287 | 258 | 213 |
| | 274 | 282 | 279 | 62 | - | - |
| | 290 | 328 | 3,078 | 11,473 | 2,591 | 912 |
| | - | - | - | 146 | - | - |
| | 26,275 | 25,816 | 27,604 | 29,993 | 20,406 | 19,119 |
| | 48,714 | 53,055 | 51,614 | 54,905 | 46,437 | 48,006 |
| | (33,540) | (22,040) | (21,144) | (13,154) | (11,164) | (21,899) |
| | (3,410) | (7,772) | (3,635) | 6,839 | 3,442 | (3,618) |
| | (36,950) | (29,812) | (24,779) | (6,315) | (7,722) | (25,517) |
| | 22,742 | 21,927 | 22,430 | 22,879 | 23,731 | 29,022 |
| | - | - | - | - | 5,224 | 6,710 |
| | 475 | 1,120 | 701 | (40) | (2,638) | 2,715 |
| | 257 | 378 | 1,935 | 877 | 3,446 | 2,441 |
| | 1,349 | 1,280 | 1,180 | 1,180 | 1,160 | 1,160 |
| | 24,823 | 24,705 | 26,246 | 24,896 | 30,923 | 42,048 |
| | 2,034 | 2,086 | 2,101 | 5,031 | 5,129 | 5,339 |
| | 2,979 | 2,650 | 2,143 | 2,224 | (516) | 767 |
| | 301 | 625 | 344 | 416 | 624 | 671 |
| | (1,349) | (1,280) | (1,180) | (1,180) | (1,160) | (1,160) |
| | 3,965 | 4,081 | 3,408 | 6,491 | 4,077 | 5,617 |
| | 28,788 | 28,786 | 29,654 | 31,387 | 35,000 | 47,665 |
| | (8,717) | 2,665 | 5,102 | 11,742 | 19,759 | 20,149 |
| | 555 | (3,691) | (227) | 13,330 | 7,519 | 1,999 |
| \$ | (8,162) | \$ (1,026) | \$ 4,875 | \$ 25,072 | \$ 27,278 | \$ 22,148 |

concluded

BAY COUNTY, MICHIGAN

Fund Balances of Governmental Funds

Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

| | 2014 | 2015 | 2016 | 2017 |
|------------------------------------|------------------|------------------|------------------|------------------|
| General fund | | | | |
| Nonspendable | \$ 1,222 | \$ 1,622 | \$ 1,650 | \$ 1,510 |
| Restricted | 168 | 174 | 198 | 171 |
| Committed | 4,943 | 5,148 | 6,779 | 6,824 |
| Assigned | 1,183 | 547 | 1,167 | 4,317 |
| Unassigned | 5,700 | 6,064 | 4,184 | 2,496 |
| Total general fund | <u>13,216</u> | <u>13,555</u> | <u>13,978</u> | <u>15,318</u> |
| All other governmental funds | | | | |
| Nonspendable | 1,880 | 1,918 | 60 | 27 |
| Restricted | 20,131 | 11,666 | 13,946 | 11,885 |
| Assigned | 2,407 | 1,601 | 711 | 2,921 |
| Total all other governmental funds | <u>\$ 24,418</u> | <u>\$ 15,185</u> | <u>\$ 14,717</u> | <u>\$ 14,833</u> |

Note 1: Variance may exist from the governmental funds balance sheet to this statistical table due to rounding.

Table 3
Unaudited

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ | 1,243 | \$ 1,091 | \$ 936 | \$ 938 | \$ 747 | \$ 712 |
| | 161 | 136 | 151 | 149 | 152 | 149 |
| | 6,824 | 6,824 | 7,143 | 7,216 | 7,344 | 7,344 |
| | 1,130 | 875 | 375 | 2,184 | 4,297 | 4,549 |
| | 3,891 | 5,129 | 9,134 | 8,946 | 4,900 | 9,904 |
| | <u>13,249</u> | <u>14,055</u> | <u>17,739</u> | <u>19,433</u> | <u>17,440</u> | <u>22,658</u> |
| | 29 | 61 | 57 | 74 | 55 | 57 |
| | 7,409 | 6,643 | 10,127 | 9,978 | 12,050 | 14,587 |
| | 2,547 | 6,297 | 2,759 | 2,487 | 584 | 2,598 |
| | <u>9,985</u> | <u>13,001</u> | <u>12,943</u> | <u>12,539</u> | <u>12,689</u> | <u>17,242</u> |

BAY COUNTY, MICHIGAN

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | 2014 | 2015 | 2016 | 2017 |
|--|-------------------|-------------------|----------------|-----------------|
| Revenues | | | | |
| Property taxes | \$ 22,359 | \$ 22,481 | \$ 22,894 | \$ 23,441 |
| Special assessments (1) | - | - | 3,885 | 3,980 |
| Licenses and permits | 403 | 468 | 464 | 511 |
| Federal | 9,859 | 3,853 | 3,940 | 4,036 |
| State | 6,775 | 5,223 | 5,172 | 5,282 |
| Interest, rents and royalties | 2,370 | 1,087 | 1,248 | 1,398 |
| Charges for services | 2,780 | 2,941 | 2,761 | 2,946 |
| Fines and forfeits | 527 | 639 | 532 | 587 |
| Reimbursements, refunds and other revenue (1) | 8,961 | 9,704 | 8,007 | 7,397 |
| Total revenues | 54,034 | 46,396 | 48,903 | 49,578 |
| Expenditures | | | | |
| General government | 9,835 | 10,331 | 10,360 | 10,640 |
| Public safety | 10,601 | 10,540 | 10,830 | 11,371 |
| Community and economic development | 161 | 173 | 223 | 231 |
| Health and welfare | 10,946 | 11,064 | 11,319 | 11,403 |
| Public works | 44 | 2 | 955 | 780 |
| Judicial | 6,236 | 6,259 | 6,198 | 6,432 |
| Legislative | 330 | 354 | 371 | 413 |
| Recreation and culture | 1,984 | 1,825 | 1,944 | 1,827 |
| Other functions | 1,667 | 1,697 | 1,656 | 1,559 |
| Capital outlay | 36,151 | 17,951 | 431 | 40 |
| Debt service: | | | | |
| Principal | 1,930 | 2,030 | 3,240 | 2,755 |
| Interest and other fees | 1,954 | 2,280 | 2,697 | 2,665 |
| Contribution to component unit | - | - | - | - |
| Total expenditures | 81,839 | 64,506 | 50,224 | 50,116 |
| Excess of revenues over (under) expenditures | (27,805) | (18,110) | (1,321) | (538) |
| Other financing sources (uses) | | | | |
| Transfers in | 5,949 | 6,144 | 6,338 | 6,876 |
| Payment to escrow agents to refund debt | - | - | - | - |
| Insurance recoveries/proceeds | 5 | 11 | - | 38 |
| Proceeds from sale of capital assets | - | - | - | - |
| Issuance of long-term debt | 18,572 | 7,963 | - | - |
| Proceeds from issuance of leases | - | - | - | - |
| Proceeds of refunding bonds | - | - | - | - |
| Bond premium (discount) | - | - | - | - |
| Transfers (out) | (4,718) | (4,885) | (5,063) | (4,920) |
| Total other financing sources (uses) | 19,808 | 9,233 | 1,275 | 1,994 |
| Net change in fund balances | \$ (7,997) | \$ (8,877) | \$ (46) | \$ 1,456 |
| Debt service as a percentage of noncapital expenditures | 5.05% | 9.54% | 12.03% | 11.03% |

Note: Variance may exist from the governmental funds statement of revenues, expenditures and changes in fund balances to this statistical table due to rounding.

(1) Special assessment revenue broken out from reimbursements, refunds and other revenue starting in fiscal 2016. With the transfer of the water plant into a business-type fund in 2018, no special assessments were recorded under governmental activities.

Table 4
Unaudited

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----|----------------|-----------------|-----------------|-----------------|-------------------|-----------------|
| \$ | 22,731 | \$ 21,946 | \$ 22,420 | \$ 22,914 | \$ 23,672 | \$ 28,990 |
| | - | - | - | - | - | - |
| | 540 | 528 | 502 | 553 | 390 | 529 |
| | 4,013 | 3,901 | 6,464 | 5,278 | 10,167 | 11,531 |
| | 5,484 | 9,609 | 6,910 | 8,536 | 10,564 | 11,787 |
| | 1,243 | 1,823 | 1,180 | 703 | (1,917) | 3,105 |
| | 3,082 | 3,322 | 2,822 | 3,196 | 3,177 | 4,250 |
| | 662 | 616 | 324 | 370 | 313 | 353 |
| | 8,277 | 8,360 | 8,824 | 6,685 | 6,672 | 7,446 |
| | <u>46,032</u> | <u>50,105</u> | <u>49,446</u> | <u>48,235</u> | <u>53,038</u> | <u>67,991</u> |
| | 10,840 | 12,269 | 12,050 | 12,007 | 12,201 | 12,605 |
| | 13,702 | 11,797 | 12,083 | 12,476 | 13,698 | 13,825 |
| | 208 | 268 | 218 | 267 | 4,124 | 5,485 |
| | 12,070 | 12,415 | 12,693 | 13,073 | 13,533 | 14,669 |
| | 1 | 1 | 1 | 1 | 726 | 697 |
| | 6,539 | 7,185 | 7,364 | 8,167 | 8,901 | 8,972 |
| | 1,842 | 399 | 381 | 366 | 525 | 592 |
| | 1,781 | 1,799 | 1,369 | 1,736 | 2,317 | 2,558 |
| | 1,529 | - | - | - | - | - |
| | - | - | - | - | - | - |
| | 1,290 | 1,350 | 1,449 | 79 | 95 | 148 |
| | 160 | 109 | 55 | - | - | 1 |
| | 4,375 | - | - | - | - | - |
| | <u>54,337</u> | <u>47,592</u> | <u>47,663</u> | <u>48,172</u> | <u>56,120</u> | <u>59,552</u> |
| | <u>(8,305)</u> | <u>2,513</u> | <u>1,783</u> | <u>63</u> | <u>(3,082)</u> | <u>8,439</u> |
| | 6,386 | 6,827 | 6,851 | 5,728 | 6,805 | 8,454 |
| | - | - | - | - | - | - |
| | 31 | 24 | 32 | 40 | 35 | - |
| | - | - | 234 | - | - | - |
| | - | - | 397 | - | - | - |
| | - | - | - | - | 36 | 165 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | <u>(5,030)</u> | <u>(5,541)</u> | <u>(5,669)</u> | <u>(4,543)</u> | <u>(5,637)</u> | <u>(7,286)</u> |
| | <u>1,387</u> | <u>1,310</u> | <u>1,845</u> | <u>1,225</u> | <u>1,239</u> | <u>1,333</u> |
| \$ | <u>(6,918)</u> | <u>\$ 3,823</u> | <u>\$ 3,628</u> | <u>\$ 1,288</u> | <u>\$ (1,843)</u> | <u>\$ 9,772</u> |
| | 2.74% | 3.11% | 3.22% | 0.16% | 0.17% | 0.27% |

Governmental Activities Tax Revenue By Year

Last Ten Fiscal Years
(accrual basis of accounting)

| Fiscal Year | Property Tax |
|--------------------|---------------------|
| 2014 | \$ 22,333,712 |
| 2015 | 22,461,189 |
| 2016 | 22,882,462 |
| 2017 | 23,431,134 |
| 2018 | 22,741,235 |
| 2019 | 21,927,262 |
| 2020 | 22,430,445 |
| 2021 | 22,878,841 |
| 2022 | 23,730,881 |
| 2023 | 29,021,366 |

BAY COUNTY, MICHIGAN

Table 6
Unaudited

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(in thousands of dollars)

| Fiscal Year Ended December 31, | Real Property | | Personal Property | Total Assessed Value | Total Direct Tax Rate | Estimated Actual Assessed Value | Assessed Value as a Percentage of Actual Value |
|--------------------------------|---------------|------------|-------------------|----------------------|-----------------------|---------------------------------|--|
| | Residential | Commercial | | | | | |
| 2014 | \$ 1,878,624 | \$ 381,200 | \$ 277,453 | \$ 2,537,277 | 11.4638 | \$ 5,074,554 | 50.00% |
| 2015 | 1,879,325 | 371,950 | 294,062 | 2,545,337 | 11.4638 | 5,090,674 | 50.00% |
| 2016 | 1,940,345 | 370,281 | 245,516 | 2,556,142 | 11.6138 | 5,112,284 | 50.00% |
| 2017 | 1,969,223 | 388,729 | 219,610 | 2,577,562 | 11.2138 | 5,155,124 | 50.00% |
| 2018 | 1,994,688 | 399,121 | 215,701 | 2,609,510 | 11.2138 | 5,219,020 | 50.00% |
| 2019 | 2,069,894 | 438,386 | 221,147 | 2,729,427 | 11.3138 | 5,458,854 | 50.00% |
| 2020 | 2,202,365 | 501,486 | 278,470 | 2,982,321 | 12.0685 | 5,964,642 | 50.00% |
| 2021 | 2,349,814 | 512,979 | 260,064 | 3,122,857 | 12.2984 | 6,245,714 | 50.00% |
| 2022 | 2,513,080 | 526,054 | 279,616 | 3,318,750 | 13.6359 | 6,637,500 | 50.00% |
| 2023 | 2,833,220 | 613,489 | 284,867 | 3,731,576 | 13.6359 | 7,463,152 | 50.00% |

Source: Bay County Equalization Department

Note: Property in the County is reassessed annually. The County assesses property at approximately 50 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages.

Tax rates are per \$1,000 of taxable value.

BAY COUNTY, MICHIGAN

Property Tax Rates

Direct and Overlapping Governments
Last Ten Fiscal Years

| Fiscal Year (1) (2) | Bay County | | | | Overlapping Rates | | |
|---------------------|-------------------|-----------------|--------------|----------------------|-------------------|-----------------------|-------------------|
| | Operating Millage | Special Millage | Debt Millage | Total County Millage | SET Schools (3) | Inter-mediate Schools | Community College |
| 2014 | 5.7257 | 5.7381 | 0.0000 | 11.4638 | 6.0000 | 0.1891 | 2.0427 |
| 2015 | 5.7257 | 5.7381 | 0.0000 | 11.4638 | 6.0000 | 0.1891 | 2.0427 |
| 2016 | 5.7257 | 5.8881 | 0.0000 | 11.6138 | 6.0000 | 0.1891 | 2.0427 |
| 2017 | 5.7257 | 5.4881 | 0.0000 | 11.2138 | 6.0000 | 0.1891 | 2.0427 |
| 2018 | 5.7257 | 5.4881 | 0.0000 | 11.2138 | 6.0000 | 0.1891 | 2.0427 |
| 2019 | 5.7257 | 5.5881 | 0.0000 | 11.3138 | 6.0000 | 0.1891 | 2.0427 |
| 2020 | 5.7257 | 6.3428 | 0.0000 | 12.0685 | 6.0000 | 0.1891 | 2.0427 |
| 2021 | 5.7153 | 6.5831 | 0.0000 | 12.2984 | 6.0000 | 0.1887 | 2.0427 |
| 2022 | 5.7078 | 7.9281 | 0.0000 | 13.6359 | 6.0000 | 0.1883 | 2.0427 |
| 2023 | 5.7078 | 7.9281 | 0.0000 | 13.6359 | 6.0000 | 0.1883 | 2.0427 |

Source: Bay County Equalization Department

- (1) Rates reduced to comply with the Headlee Amendment.
- (2) This is the year in which the tax is levied. 2006 refers to the 2007 tax collection, 2007 refers to the 2008 tax collection, and so on.
- (3) Proposal A voted in on March 15, 1994 implemented a 6 mill state education tax with the exception of 2003 which was reduced to 5 mills.

* Does not include DDA millage. Add 1.9260 in the City of Bay City and 1.0000 in the City of Essexville for properties in the DDA district and 2.0000 in the City of Midland for properties in the DDA district.

Table 7
Unaudited

| Overlapping Rates | | | | | | | |
|-------------------|---------|-----------|------------|------------|-----------|----------------------------------|--|
| Townships | Cities | | | | | Total Direct & Overlapping Rates | |
| | Auburn | Bay City | Essexville | Pinconning | Midland | | |
| 1.3500 | 12.0000 | 21.3365 * | 20.7000 * | 14.6736 | 15.0400 * | 104.7957 | |
| 1.3500 | 12.0000 | 21.3365 * | 21.4172 * | 14.6736 | 15.0000 * | 105.4729 | |
| 1.3500 | 12.0000 | 21.1865 * | 23.8431 * | 14.6736 | 15.0000 * | 107.8988 | |
| 1.3500 | 13.5000 | 21.4085 * | 16.1431 * | 14.6736 | 15.1385 * | 101.6593 | |
| 1.3500 | 15.5000 | 21.4615 * | 17.4031 * | 14.6736 | 15.1385 * | 104.9723 | |
| 1.3500 | 15.5000 | 20.7115 * | 17.4031 * | 14.6736 | 15.1385 * | 104.3223 | |
| 1.3500 | 15.4986 | 20.7115 * | 17.4031 * | 14.6736 | 15.1385 * | 105.0756 | |
| 1.3500 | 17.4852 | 16.9615 * | 17.4031 * | 14.6295 | 15.1385 * | 103.4976 | |
| 1.3500 | 15.5000 | 16.9615 * | 17.4031 * | 14.6295 | 15.1385 * | 102.8495 | |
| 1.3500 | 15.5000 | 16.9615 * | 17.4031 * | 14.6295 | 15.1385 * | 102.8495 | |

BAY COUNTY, MICHIGAN

Table 8
Unaudited

Principal Property Taxpayers

December 31, 2023 and Nine Years Ago

| Taxpayer | 2023 | | | 2014 | | |
|--------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Consumers Energy | \$ 161,132,469 | 1 | 4.84% | \$ 233,526,967 | 1 | 8.18% |
| Dow Corning Corporation | 41,001,367 | 2 | 1.23% | 84,049,847 | 2 | 2.95% |
| Michigan Electric Transmission | 34,784,107 | 3 | 1.05% | 24,191,012 | 5 | 0.36% |
| SSP Development LLC | 30,846,576 | 4 | 0.93% | | | |
| Enbridge Energy | 26,734,578 | 5 | 0.80% | | | |
| SK Siltron CSS, LLC | 15,174,775 | 6 | 0.46% | | | |
| Meijer/Good Will Co, Inc | 10,201,478 | 7 | 0.31% | 7,355,241 | 9 | 0.26% |
| Charter Communications | 7,625,315 | 8 | 0.23% | | | |
| S C Johnson | 6,678,737 | 9 | 0.20% | 33,960,150 | 4 | 1.19% |
| Monitor/ Michigan Sugar | 5,987,913 | 10 | 0.18% | 35,233,003 | 3 | 1.23% |
| Mersen USA | | | | 9,839,107 | 8 | 0.34% |
| General Motors/Delphi | | | | 10,977,285 | 7 | 0.38% |
| Northern Michigan Land | | | | 11,102,798 | 6 | 0.39% |
| Corporate Property Assoc. | | | | 6,824,032 | 10 | 0.24% |
| Totals | <u>\$ 340,167,315</u> | | <u>10.23%</u> | <u>\$ 457,059,442</u> | | <u>15.52%</u> |

Source: Bay County Equalization Department

BAY COUNTY, MICHIGAN

Table 9
Unaudited

Property Tax Levies and Collections - General Fund

Last Ten Fiscal Years
(amounts expressed in thousands)

| Fiscal Year Ended December 31, | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Delinquents Purchased by Treasurer | Collections in Subsequent Years | Total Collections to Date | |
|--------------------------------------|--------------------------------------|---|-----------------------|--|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | | Amount | Percentage of Levy |
| 2014 | \$ 15,981 | \$ 15,348 | 95.70% | \$ 618 | \$ 14 | \$ 15,979 | 99.99% |
| 2015 | 15,887 | 15,274 | 95.99% | 599 | 13 | 15,886 | 99.99% |
| 2016 | 15,579 | 14,984 | 93.06% | 583 | 11 | 15,575 | 99.97% |
| 2017 | 15,469 | 14,868 | 96.11% | 582 | 17 | 15,464 | 99.97% |
| 2018 | 15,673 | 15,067 | 96.14% | 591 | 9 | 15,666 | 99.96% |
| 2019 | 16,044 | 15,462 | 96.37% | 571 | 8 | 16,041 | 99.98% |
| 2020 | 16,423 | 15,825 | 96.36% | 584 | 77 | 16,414 | 99.95% |
| 2021 | 16,739 | 16,176 | 96.63% | 554 | 4 | 16,729 | 99.94% |
| 2022 | 17,441 | 16,818 | 96.43% | 608 | 6 | 17,427 | 99.92% |
| 2023 | 18,388 | 17,744 | 96.50% | 629 | * | 18,373 | 99.92% |

Source: Bay County Treasurer

* This information is not yet available.

BAY COUNTY, MICHIGAN

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

| Fiscal Year Ended December 31, | Governmental Activities | | | |
|--------------------------------------|--------------------------------|---------------------------------------|--------------------------------------|-----------------------------|
| | General Obligation Bonds | Unamortized Bond Prem/ Discount | Installment Purchase Agreement | Leases (4) and SBITA (5) |
| 2014 | \$ 9,050,000 | \$ 717,411 | \$ - | \$ - |
| 2015 | 7,020,000 | 576,349 | - | - |
| 2016 | 5,255,000 | 446,320 | - | - |
| 2017 | 4,010,000 | 334,740 | - | - |
| 2018 | 2,720,000 | 223,360 | - | - |
| 2019 | 1,370,000 | 111,580 | - | - |
| 2020 | - | - | 317,600 | - |
| 2021 | - | - | 238,200 | - |
| 2022 | - | - | 158,800 | 20,525 |
| 2023 | - | - | 79,400 | 116,585 |

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Statistical Table Number 15 for personal income and population data.

(2) This information is not yet available.

(3) Debt/discount related to the DWS Construction was accounted for in a newly formed business-type fund beginning in 2018.

(4) The County implemented GASB 87, *Leases*, in 2022.

(5) The County implemented GASB 96, *Subscription-Based Information Technology Arrangements*, in 2023.

Table 10
Unaudited

| Business-Type Activities (3) | | | | | | |
|------------------------------|------------------|---------------------------------------|-----------|--------------------------------|---|-------------------|
| DWFR Loans | Revenue Bonds | Unamortized Bond Prem/ Discount | SBITA (5) | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
| \$ 18,572,473 | \$ 30,000,000 | \$ (39,846) | \$ - | \$ 58,300,038 | 15.08% | 549 |
| 26,535,285 | 30,000,000 | (38,423) | - | 64,093,211 | 16.01% | 607 |
| 25,485,000 | 29,575,000 | (37,000) | - | 60,724,320 | 14.71% | 580 |
| 24,415,000 | 29,135,000 | (35,577) | - | 57,859,163 | 13.53% | 555 |
| 26,025,000 | 28,675,000 | (34,153) | - | 57,609,207 | 13.29% | 554 |
| 24,585,000 | 28,200,000 | (32,730) | - | 54,233,850 | 12.05% | 526 |
| 23,115,000 | 27,705,000 | (31,307) | - | 51,106,293 | 10.45% | 499 |
| 21,605,000 | 30,020,000 | - | - | 51,863,200 | 9.53% | 480 |
| 20,060,000 | 29,060,000 | - | - | 49,299,325 | 9.20% | 457 |
| 18,480,000 | 28,165,000 | - | 115,537 | 46,956,522 | (2) | (2) |

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | Unamortized Bond Prem/Discount | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Taxable Value of Property (1) | Per Capita (2) |
|-------------|--------------------------|--------------------------------|--|--------------|---|----------------|
| 2014 | \$ 9,050,000 | \$ 717,411 | \$ 112,545 | \$ 9,654,866 | 0.34% | \$ 91 |
| 2015 | 7,020,000 | 576,349 | 116,548 | 7,479,801 | 0.26% | 71 |
| 2016 | 5,255,000 | 446,320 | 133,085 | 5,568,235 | 0.20% | 53 |
| 2017 | 4,010,000 | 334,740 | 21,824 | 4,287,339 | 0.15% | 41 |
| 2018 | 2,720,000 | 223,360 | 45,049 | 2,898,311 | 0.11% | 28 |
| 2019 | 1,370,000 | 111,580 | 70,110 | 1,411,470 | 0.05% | 14 |
| 2020 (3) | - | - | - | - | 0.00% | - |
| 2021 (3) | - | - | - | - | 0.00% | - |
| 2022 (3) | - | - | - | - | 0.00% | - |
| 2023 (3) | - | - | - | - | 0.00% | - |

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

- (1) Estimated taxable value data is the consolidation of the SEV and taxable values provided by the equalization department.
- (2) See Statistical Table Number 15 for population data. Changed in 2015 to reflect estimated population 2011 forward.
- (3) All General Obligation Debt was paid off as of 12/31/2020.

BAY COUNTY, MICHIGAN

Table 12
Unaudited

Direct and Overlapping Governmental Activities Debt

As of December 31, 2023

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable (1) | Estimated Share of Overlapping Debt |
|---|------------------|-------------------------------------|-------------------------------------|
| Overlapping debt repaid with property taxes: County | \$ 157,210,642 | 67.76% | \$ 106,523,642 |
| Bay County direct debt | | | <u>195,985</u> |
| Total direct and overlapping debt | | | <u>\$ 106,719,627</u> |

Sources: Debt outstanding and estimated share of overlapping debt provided by Municipal Advisory Council of Michigan.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Bay County. This process recognizes that, when considering the government's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) Applicable percentages were estimated by determining the portion of the County's taxable value that is within the government's boundaries and dividing it by the County's total taxable value.

BAY COUNTY, MICHIGAN

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

| | 2014 | 2015 | 2016 | 2017 |
|---|-------------------|-------------------|-------------------|-------------------|
| Debt limit | \$ 319,199 | \$ 321,730 | \$ 324,088 | \$ 326,989 |
| Total net debt applicable to limit | <u>63,920</u> | <u>67,627</u> | <u>65,167</u> | <u>61,872</u> |
| Legal debt margin | <u>\$ 255,279</u> | <u>\$ 254,103</u> | <u>\$ 258,921</u> | <u>\$ 265,117</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 20.03% | 21.02% | 20.11% | 18.92% |

Note: Under state finance law Bay County's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

(1) Includes primary government and component units.

Table 13
Unaudited

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 331,557 | \$ 340,808 | \$ 364,184 | \$ 376,933 | \$ 397,205 | \$ 443,772 |
| <u>61,169</u> | <u>57,429</u> | <u>54,021</u> | <u>52,158</u> | <u>49,431</u> | <u>46,958</u> |
| <u>\$ 270,388</u> | <u>\$ 283,379</u> | <u>\$ 310,163</u> | <u>\$ 324,775</u> | <u>\$ 347,774</u> | <u>\$ 396,814</u> |
| 18.45% | 16.85% | 14.83% | 13.84% | 12.44% | 10.58% |

Legal Debt Margin Calculation for Current Fiscal Year

| | |
|---|-------------------|
| State equalized value of real property | \$ 4,152,850 |
| State equalized value of personal property | 284,867 |
| Total state equalized value | <u>4,437,717</u> |
| Debt limit (10% of total state equalized value) | 443,772 |
| Debt applicable to limit: (1) | \$ 50,357 |
| Less: | |
| Assets in debt service funds available for payment of principal | \$ - |
| Debt not subject to legal debt limit: | |
| Special assessment debt | <u>3,399</u> |
| Total deductions | <u>(3,399)</u> |
| Total amount of debt applicable to debt limit | <u>46,958</u> |
| Legal debt margin | <u>\$ 396,814</u> |

BAY COUNTY, MICHIGAN

Pledged-Revenue Coverage

Last Ten Fiscal Years

| Fiscal Year | Operating Revenue (2) | Operating Expenses (3) | Net Available Revenue | Debt Service (4) | |
|--|-----------------------|------------------------|-----------------------|------------------|--------------|
| | | | | Principal | Interest |
| Water Supply System No. 1 Revenue Bonds (1) | | | | | |
| 2014 (5) (6) | \$ 4,584,579 | \$ 3,191,548 | \$ 1,393,031 | \$ 195,000 | \$ 1,677,652 |
| 2015 (5) (6) | 5,885,223 | 4,185,567 | 1,699,656 | 200,000 | 1,676,969 |
| 2016 (5) (6) | 11,360,745 | 5,645,889 | 5,714,856 | 630,000 | 1,671,969 |
| 2017 (5) (6) | 11,810,699 | 5,674,620 | 6,136,079 | 650,000 | 1,648,819 |
| 2018 (5) (6) | 11,678,711 | 6,082,982 | 5,595,729 | 675,000 | 1,623,869 |
| 2019 (5) (6) | 11,998,511 | 6,855,007 | 5,143,504 | 700,000 | 1,597,944 |
| 2020 (5) (6) | 12,631,841 | 7,516,568 | 5,115,273 | 730,000 | 1,569,944 |
| 2021 (5) (6) | 14,037,563 | 6,357,068 | 7,680,495 | 755,000 | 1,540,744 |
| 2022 (5) (6) | 13,792,109 | 6,171,547 | 7,620,562 | 1,210,000 | 762,452 |
| 2023 (5) (6) | 13,629,386 | 6,353,035 | 7,276,351 | 1,155,000 | 819,045 |

Note: Details regarding Bay County's outstanding debt can be found in the notes to the financial statements.

(1) Includes component unit - Department of Water and Sewer.

(2) Includes Department of Water and Sewer revenues, less all non-operating revenue except interest earned.

(3) Includes Department of Water and Sewer revenues, less depreciation and interest expense on bonded debt.

(4) Debt service requirements are met with net revenue available for debt service and net position.

(5) Includes the Water Supply West Side Regional Sewage Disposal System Revenue Bonds, Series 2010.

(6) Includes the Michigan Finance Authority Bay County 2013 Local Government Loan Program Revenue Bonds.

Table 14
Unaudited



| Total Debt Service | Coverage |
|-------------------------------|-----------------|
|-------------------------------|-----------------|

| | |
|--------------|------|
| \$ 1,872,652 | 0.74 |
| 1,876,969 | 0.91 |
| 2,301,969 | 2.48 |
| 2,298,819 | 2.67 |
| 2,298,869 | 2.43 |
| 2,297,944 | 2.24 |
| 2,299,944 | 2.22 |
| 2,295,744 | 3.35 |
| 1,972,452 | 3.86 |
| 1,974,045 | 3.69 |

This page intentionally left blank.

Demographic and Economic Statistics

Last Ten Fiscal Years

| Fiscal Year | Population (1) | Personal Income (1) (expressed in thousands) | Per Capita Personal Income (1) | School Enrollment (2) | Unemployment Rate (3) |
|-------------|----------------|---|--------------------------------|-----------------------|-----------------------|
| 2014 | 106,179 | \$ 3,866,902 | \$ 36,419 | 13,751 | 7.10% |
| 2015 | 105,659 | 4,002,825 | 37,884 | 13,442 | 5.50% |
| 2016 | 104,747 | 4,127,462 | 39,404 | 13,513 | 5.20% |
| 2017 | 104,239 | 4,276,348 | 41,024 | 13,462 | 5.60% |
| 2018 | 103,923 | 4,335,883 | 41,722 | 13,029 | 5.80% |
| 2019 | 103,126 | 4,502,212 | 43,657 | 12,932 | 4.70% |
| 2020 | 103,856 | 4,892,672 | 47,786 | 12,231 | 9.20% |
| 2021 | 102,985 | 5,190,073 | 50,396 | 12,162 | 6.10% |
| 2022 | 102,821 | 5,106,814 | 49,667 | 11,865 | 5.20% |
| 2023 | 102,500 | (4) | (4) | 11,752 | 4.40% |

Data Sources:

- (1) Bureau of Economic Analysis, per capita income was computed using Census Bureau midyear population estimates.
- (2) MI School Data.
- (3) U.S. Department of Labor Bureau of Labor Statistics Data - Unemployment rate information is a yearly average not seasonally adjusted.
- (4) Data not available at this time.

BAY COUNTY, MICHIGAN

Principal Employers

2023 and Nine Years Ago

| Employer | 2023 (4) | | Percentage of Total County Employment |
|------------------------------|--------------|------|---------------------------------------|
| | Employees | Rank | |
| McLaren - Bay Region (1) | 1,600 | 1 | 3.33% |
| The Dow Chemical Corporation | 1,160 | 2 | 2.42% |
| Michigan Sugar Company (3) | 960 | 3 | 2.00% |
| Bay City Public Schools (2) | 850 | 4 | 1.77% |
| Delta College | 819 | 5 | 1.71% |
| Covenant HealthCare | 799 | 6 | 1.66% |
| Bay County | 589 | 7 | 1.23% |
| Meijer Inc. | 550 | 8 | 1.15% |
| SC Johnson | 450 | 9 | 0.94% |
| General Motors Powertrain | 432 | 10 | 0.90% |
| Consumers Energy | | | |
| Bay Arenac ISD | | | |
| Totals | <u>8,209</u> | | <u>17.12%</u> |

Source:

Bay Future

(1) Previously Bay Regional Medical Center and Bay Health Systems.

(2) Excludes substitute teachers.

(3) Figure represents peak manufacturing/industry seasons.

(4) Figures may represent estimates based on information obtained.

Table 16
Unaudited



| 2014 (4) | | |
|--------------|------|---------------------------------------|
| Employees | Rank | Percentage of Total County Employment |
| 2,016 | 1 | 4.23% |
| 1,245 | 2 | 2.61% |
| 900 | 4 | 1.89% |
| 900 | 5 | 1.89% |
| 1,029 | 3 | 2.16% |
| 520 | 7 | 1.09% |
| 564 | 6 | 1.18% |
| 385 | 9 | 0.81% |
| 465 | 8 | 0.97% |
| 350 | 10 | 0.73% |
| <u>8,374</u> | | <u>17.56%</u> |

BAY COUNTY, MICHIGAN

Full-time Equivalent Government Employees by Function/Program

Last Ten Fiscal Years

| | 2014 | 2015 | 2016 | 2017 |
|------------------------------------|------------|------------|------------|------------|
| Function | | | | |
| Public safety | 112 | 109 | 101 | 115 |
| Public works | - | - | - | - |
| Community and economic development | 1 | 2 | 2 | 1 |
| Health and welfare | 75 | 71 | 70 | 70 |
| General government | 89 | 84 | 90 | 93 |
| Judicial | 77 | 77 | 77 | 75 |
| Legislative | - | - | - | - |
| Recreation and culture | 7 | 9 | 11 | 11 |
| 100% tax payment | 2 | 2 | 2 | 2 |
| Golf course | 1 | 1 | 2 | 2 |
| Total | 364 | 355 | 355 | 369 |

Source: Bay County Payroll Department

Note: Full-time equivalent positions are not listed for Medical Care Facility.

Full-time equivalent positions are not calculated on temporary and seasonal employees.

Table 17
Unaudited

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------|------------|------------|------------|------------|------------|
| 118 | 118 | 118 | 117 | 109 | 107 |
| - | - | - | - | 6 | 6 |
| 2 | 2 | 2 | 2 | 2 | 3 |
| 73 | 73 | 84 | 86 | 101 | 101 |
| 97 | 98 | 99 | 101 | 101 | 106 |
| 72 | 72 | 72 | 71 | 72 | 72 |
| - | - | - | - | 1 | 2 |
| 10 | 13 | 10 | 9 | 11 | 11 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| <u>376</u> | <u>380</u> | <u>389</u> | <u>390</u> | <u>407</u> | <u>412</u> |

BAY COUNTY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

| | 2014 | 2015 | 2016 | 2017 |
|--------------------------------------|---------|---------|---------|---------|
| Function | | | | |
| Public safety | | | | |
| Number of incarcerated offenders | 4,392 | 4,350 | 4,205 | 4,298 |
| Health and welfare | | | | |
| Department on aging | | | | |
| Meal site meals served | 36,404 | 36,644 | 35,687 | 39,987 |
| Home delivered meals served | 136,849 | 146,632 | 146,109 | 141,358 |
| Public works | | | | |
| Number of parking spaces leased (4) | 66 | 101 | 69 | 91 |
| Judicial | | | | |
| Circuit court total caseload | 3,212 | 3,121 | 3,241 | 3,175 |
| District court total caseload | 23,635 | 25,641 | 21,452 | 23,832 |
| Probate court total caseload | 882 | 960 | 823 | 879 |
| Recreation and culture | | | | |
| Swimming pool admissions (1) (2) (5) | 3,935 | 4,100 | 4,460 | 3,786 |
| Medical care facility | | | | |
| Patient days | 78,222 | 64,497 | 100,287 | 88,648 |
| Patient admits | 145 | 132 | 139 | 115 |
| Golf course | | | | |
| Memberships | 131 | 118 | 105 | 104 |
| Housing | | | | |
| Number of lease days (3) | 36,096 | 36,067 | 36,221 | 35,983 |

Sources: Michigan Department of Corrections, State of Michigan Court Caseload Report, and County departments.

Note: Indicators are not available for the general government, legislative functions, community and economic development, 100% tax payment and commissary functions.

(1) This information contains some approximate values.

(2) The pool was not open in 2020 due to COVID-19.

(3) Bay County Housing (Center Ridge Arms) was sold on 03/31/2021.

(4) Parking space agreement ended in 2022.

(5) Swimming pool was closed in 2023.

Table 18
Unaudited

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------|---------|---------|---------|---------|---------|
| 4,420 | 4,079 | 1,909 | 1,231 | 2,397 | 2,383 |
| 37,875 | 42,348 | 22,925 | 28,195 | 36,162 | 29,657 |
| 176,781 | 197,506 | 216,596 | 214,430 | 204,535 | 220,984 |
| 60 | 93 | 5 | 75 | 75 | - |
| 3,093 | 2,907 | 2,318 | 2,773 | 2,701 | 2,732 |
| 23,523 | 21,957 | 13,938 | 15,883 | 13,035 | 14,678 |
| 862 | 859 | 872 | 952 | 846 | 818 |
| 6,401 | 3,723 | - | 2,898 | 1,530 | - |
| 64,343 | 84,281 | 59,175 | 51,882 | 42,965 | 42,128 |
| 97 | 100 | 64 | 45 | 45 | 20 |
| 102 | 103 | 72 | 98 | 121 | 164 |
| 35,468 | 35,114 | 35,289 | 8,378 | - | - |

BAY COUNTY, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

| | 2014 | 2015 | 2016 | 2017 |
|---|-------|-------|-------|-------|
| Function | | | | |
| Public safety | | | | |
| Sheriff | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Vehicles | 35 | 34 | 32 | 33 |
| Boats | 3 | 3 | 3 | 2 |
| Animal control | | | | |
| Vehicles | 5 | 5 | 4 | 3 |
| Community and economic development | | | | |
| Streets (miles) | 1,568 | 1,574 | 1,575 | 1,574 |
| Traffic signals | 109 | 108 | 107 | 107 |
| Health and welfare | | | | |
| Department on aging | | | | |
| Meal sites | 5 | 5 | 5 | 5 |
| Mosquito control | | | | |
| Vehicles | 32 | 33 | 32 | 33 |
| Public works | | | | |
| Pere Marquette/Madison Avenues | | | | |
| Parking spaces available for lease | 264 | 264 | 264 | 264 |
| Recreation and culture | | | | |
| Parks (1) | 5 | 5 | 5 | 5 |
| Medical care facility | | | | |
| Beds | 206 | 206 | 206 | 206 |
| Golf course | | | | |
| Golf carts | 53 | 53 | 53 | 53 |
| Housing | | | | |
| Apartments (2) | 100 | 100 | 100 | 100 |

Sources: County departments

Note: No capital asset indicators are available for the general government, judicial, legislative, 100% tax payment or commissary functions.

Not all historical information is available, this table will continue to be populated as more information becomes available.

(1) Euclid/Linear Park was leased out beginning in 2013. In 2014, two additional pieces of undeveloped land were purchased, but are not maintained.

(2) Bay County Housing (Center Ridge Arms) was sold on 03/31/2021.

Table 19
Unaudited

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------|-------|-------|-------|-------|-------|
| 1 | 1 | 1 | 1 | 1 | 1 |
| 33 | 36 | 40 | 41 | 46 | 46 |
| 3 | 3 | 3 | 3 | 4 | 3 |
| 3 | 3 | 3 | 3 | 4 | 4 |
| 1,574 | 1,574 | 1,588 | 1,588 | 1,588 | 1,588 |
| 107 | 107 | 107 | 107 | 107 | 107 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 32 | 32 | 33 | 31 | 35 | 34 |
| 264 | 264 | 264 | 264 | 264 | 264 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 206 | 206 | 206 | 206 | 206 | 206 |
| 53 | 53 | 53 | 55 | 59 | 55 |
| 100 | 100 | 100 | 100 | - | - |