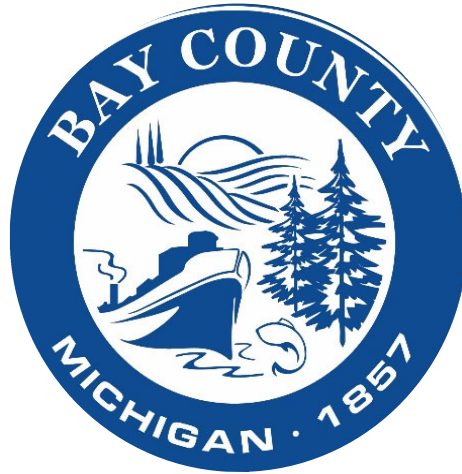


Bay County,
Michigan



Year Ended
December 31,
2022

Annual
Comprehensive
Financial
Report

Prepared by:
Bay County Finance Department

BAY COUNTY, MICHIGAN

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INTRODUCTORY SECTION

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 ROBSON



**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. Coppens
Information Systems Manager
coppensj@baycounty.net

June 30, 2023

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, 2022, 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 Robson CPAs & Consultants, Independent Auditors to meet the requirements of the state statutes. The independent auditors' unmodified opinion for the year ended December 31, 2022, 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 in conjunction with it.

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 103,126. 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 two years. 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.A.).

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, 2022, was 5.2%, which compares with Bay County's rate as of December 31, 2021, of 6.1%. The December 31, 2022, average nationwide unemployment rate was 3.6%, while the 2022 statewide rate was 4.2%.

Most recently, the county's state equalized values (SEV) of real property have increased 4.34%, 5.22% and 12.47% for 2021, 2022, and 2023 respectively. For 2023, Bay County has an increase of 460,413,300 or 12.47% in our state equalized value of real property which totals 4,152,849,787. The state equalized value of personal property has decreased by 6.61% or 18,405,960 in 2021, increased by 7.52% or 19,552,049 in 2022, and increased by 1.88% or 5,250,800 in 2023. Bay County personal property state equalized value has an increase of 7.52% for a total of 284,867,000. The County's SEV for both real and personal property has increased by 11.72% or from 3,972,052,687 to 4,437,716,787 for 2023.

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 are continuing to explore Linwood Scenic Access project, electric vehicle charging station study, and a new health and human service center.

Several companies announced in 2022 major investments in Bay County:

- The Semiconductor wafer manufacturer SK Siltron held a ribbon cutting ceremony on September 1, 2022, in Bay County. This new 300 million dollar facility in Monitor Township will support electric vehicle growth and create up to 150 jobs. This project builds on Michigan's position in semiconductor supply chain, electric vehicle development by producing more of the chips the auto industry needs in-state.
- General Motors plans to invest \$216 million dollars in the General Motors Powertrain plant in Bay City. The Bay City GM plant will be building camshafts, connecting rods, and machine blocks for the new V-8 engine.
- Over thirteen acres in Monitor Township are currently being developed for a future tenant. The investment is over \$13 million with an expected job creation number over 70 new opportunities.

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, 2022, was \$7,344,397, which is equal to 20% average of the five most recent General Fund budgets. 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. Activities of the General Fund, Special Revenue funds and Debt Service 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

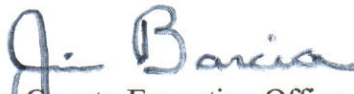
ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

Bay County, Michigan, received a Certificate of Achievement for its 2014 through 2020 ACFR for fiscal year ending date of December 31, 2020. 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.

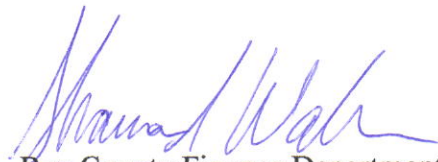
In addition, the Bay County Health Department has met all standards set by the Michigan Local Public Health Accreditation Program through December 2022. This accreditation process looks at a mandatory standards-based system for accrediting local public health departments.

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

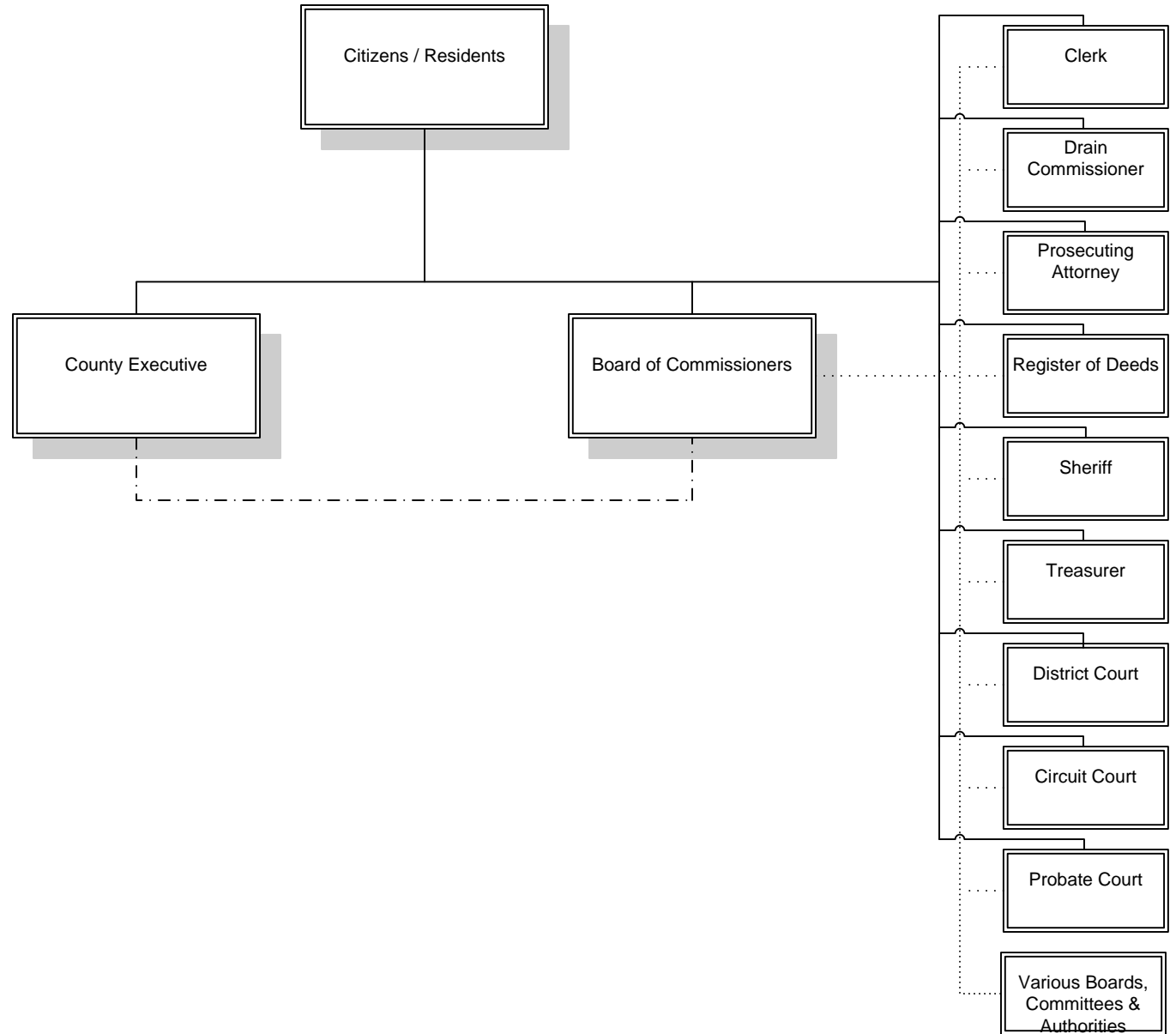
December 31, 2021

Christopher P. Morill

Executive Director/CEO



Bay County Organizational Chart 2022

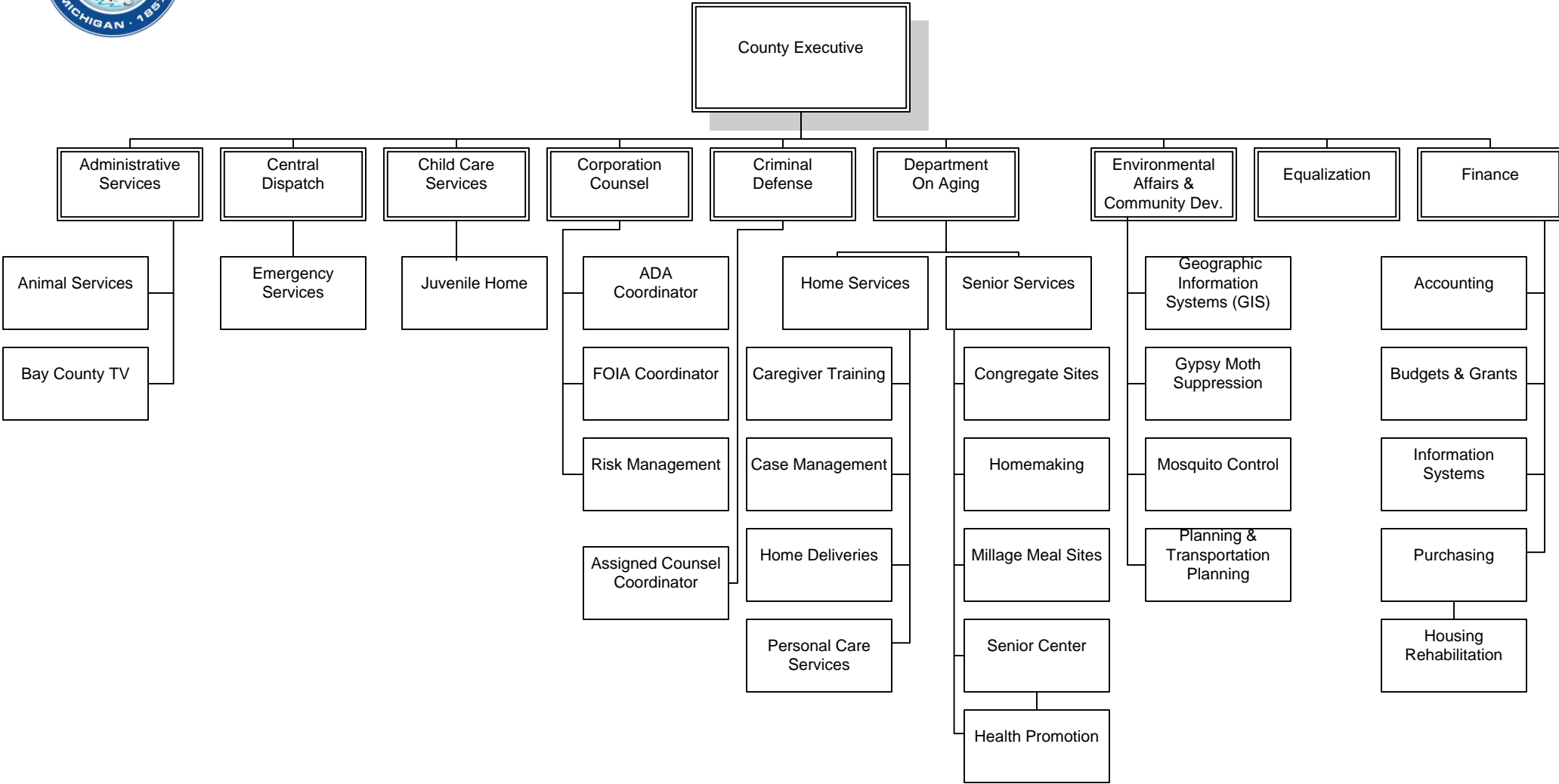


Legend:

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



Bay County Organizational Chart
County Executive 2022



Legend:

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



Bay County Organizational Chart
County Executive 2022 (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

Payroll & Benefits/Retirement

Buildings & Grounds

Recreation

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

Fairgrounds

Mailroom

Maintenance

Pere Marquette Parking

Civic Arena

Community Center

Swimming Pool

Golf Course

Pinconning Park

Legend:

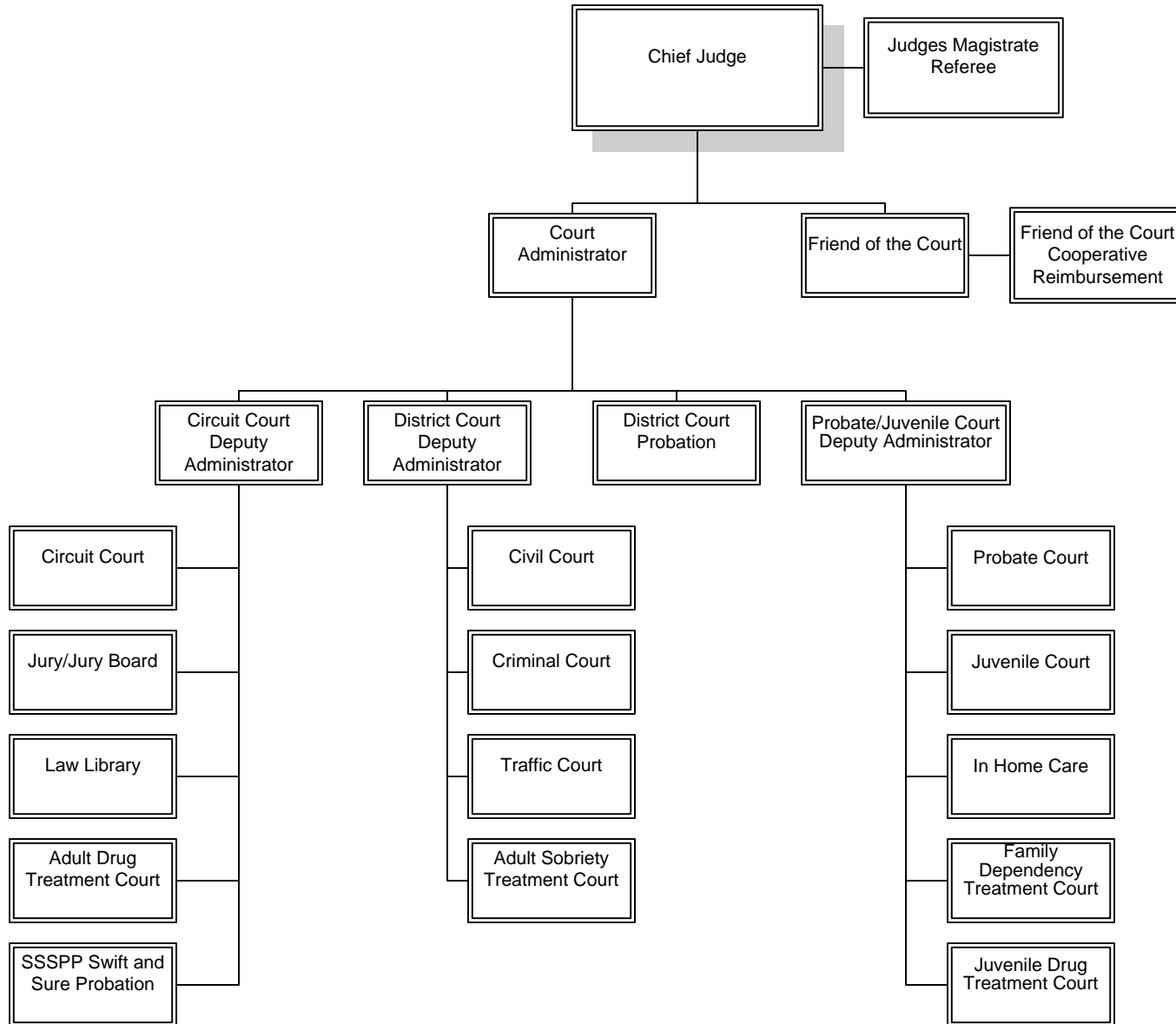
Direct Control _____

Coordinated Budget/Personnel, etc.

Legislative Coordination - - - - -



Bay County Organization Chart 2022



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

INDEPENDENT AUDITORS' REPORT

June 30, 2023

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, 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, 2022, 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%	61%	46%
Bay County Department of Water and Sewer	38%	25%	43%

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 20, the Department of Water and Sewer discretely presented component unit was restated by its auditors 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 30, 2023, 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.

A handwritten signature in cursive script that reads "Lehmann Johnson 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, 2022. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

■ Total primary government net position	\$ 125,157,360
■ Unrestricted primary government net position (deficit)	(40,666,792)
■ Change in primary government net position	27,277,792
■ Fund balances, governmental funds	30,128,973
■ Changes in fund balances, governmental funds	(1,842,283)
■ Unassigned fund balance, general fund	4,899,655
■ Change in fund balance, general fund	(1,992,947)
■ Primary government debt outstanding, excluding leases	51,457,909
■ Change in primary government debt, excluding leases	(2,519,858)

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, 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, American Rescue Plan Act, and health department/district health 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, special revenue and debt service 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, water plant, golf course, 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, 100% tax payment 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.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

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.

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 \$125,157,360 at the close of the most recent fiscal year. Explanations for significant changes are described below.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 134,800,002	\$ 106,403,486	\$ 99,993,575	\$ 95,436,772	\$ 234,793,577	\$ 201,840,258
Capital assets, net	36,049,418	37,162,227	19,973,870	20,822,822	56,023,288	57,985,049
Total assets	170,849,420	143,565,713	119,967,445	116,259,594	290,816,865	259,825,307
Deferred outflows of resources	8,865,976	6,376,176	6,000,993	7,181,865	14,866,969	13,558,041
Liabilities						
Long-term liabilities	4,826,046	18,623,430	50,267,316	63,713,259	55,093,362	82,336,689
Other liabilities	21,082,806	15,951,986	3,246,620	2,849,120	24,329,426	18,801,106
Total liabilities	25,908,852	34,575,416	53,513,936	66,562,379	79,422,788	101,137,795
Deferred inflows of resources	65,811,858	47,130,882	35,291,828	27,235,103	101,103,686	74,365,985
Net position						
Net investment in capital assets	35,855,946	36,924,027	19,973,870	20,822,822	55,829,816	57,746,849
Restricted	83,598,945	39,242,340	26,395,391	10,301,948	109,994,336	49,544,288
Unrestricted (deficit)	(31,460,205)	(7,930,776)	(9,206,587)	(1,480,793)	(40,666,792)	(9,411,569)
Total net position	\$ 87,994,686	\$ 68,235,591	\$ 37,162,674	\$ 29,643,977	\$ 125,157,360	\$ 97,879,568

The largest portion of the County's net position, \$55,829,816 (44.6%), 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, \$109,994,336 (87.9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$40,666,792. 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 long-term liabilities decreased by \$27,243,327, which consisted of a decrease of \$13,797,384 in governmental activities and \$13,445,943 in business-type activities. Further, deferred inflows of resources increased by \$26,737,701, which consisted of an increase of \$18,680,976 in governmental activities and \$8,056,725 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 increased by \$5,130,820 due to unearned revenue for ARPA totaling \$4,791,594 in 2022.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 8,956,619	\$ 9,294,491	\$ 17,815,228	\$ 18,373,973	\$ 26,771,847	\$ 27,668,464
Operating grants and contributions	16,891,980	15,577,100	2,590,650	11,473,329	19,482,630	27,050,429
Capital grants and contributions	182,521	39,997	-	146,483	182,521	186,480
General revenues:						
Property taxes	23,730,881	22,878,841	5,128,687	5,030,495	28,859,568	27,909,336
Grants and contributions not restricted to specific programs	5,223,914	-	-	-	5,223,914	-
Unrestricted investment appreciation (depreciation)	(2,637,690)	(40,415)	(515,728)	2,224,054	(3,153,418)	2,183,639
Other revenue	3,445,564	877,421	623,844	416,370	4,069,408	1,293,791
Total revenues	55,793,789	48,627,435	25,642,681	37,664,704	81,436,470	86,292,139
Expenses						
General government	9,435,148	11,404,565	-	-	9,435,148	11,404,565
Public safety	5,106,713	7,755,961	-	-	5,106,713	7,755,961
Community and economic development	4,049,457	249,597	-	-	4,049,457	249,597
Health and welfare	9,759,370	11,304,944	-	-	9,759,370	11,304,944
Public works	678,214	1,157	-	-	678,214	1,157
Judicial	6,197,163	5,531,539	-	-	6,197,163	5,531,539
Legislative	497,112	366,167	-	-	497,112	366,167
Recreation and culture	1,471,518	1,451,784	-	-	1,471,518	1,451,784
Medical care facility	-	-	14,359,985	19,653,031	14,359,985	19,653,031
100% tax payment	-	-	184,011	198,006	184,011	198,006
Golf course	-	-	695,924	559,188	695,924	559,188
Housing	-	-	-	232,464	-	232,464
Water plant	-	-	1,347,646	2,136,922	1,347,646	2,136,922
Delinquent property tax foreclosure	-	-	200,760	175,710	200,760	175,710
Commissary	-	-	175,657	199,204	175,657	199,204
Total expenses	37,194,695	38,065,714	16,963,983	23,154,525	54,158,678	61,220,239

continued...

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Change in net position before transfers	\$ 18,599,094	\$ 10,561,721	\$ 8,678,698	\$ 14,510,179	\$ 27,277,792	\$ 25,071,900
Transfers	1,160,001	1,180,000	(1,160,001)	(1,180,000)	-	-
Change in net position before special item	19,759,095	11,741,721	7,518,697	13,330,179	27,277,792	25,071,900
Special item	-	-	-	(1,211,093)	-	(1,211,093)
Change in net position	19,759,095	11,741,721	7,518,697	12,119,086	27,277,792	23,860,807
Net position:						
Beginning of year	68,235,591	56,493,870	29,643,977	17,524,891	97,879,568	74,018,761
Net position, end of year	\$ 87,994,686	\$ 68,235,591	\$ 37,162,674	\$ 29,643,977	\$ 125,157,360	\$ 97,879,568

concluded.

Governmental Activities. Governmental activities increased the County's net position by \$19,759,095 compared to an increase of \$11,741,721 in the prior year.

Operating grants and contributions increased by \$1,314,880 which was mainly due to Bay County Health Department receiving \$1,162,295 of Medicaid Full-Cost reimbursement in the year 2022 over 2021.

Grants and contributions not restricted to specific programs increased by \$5,223,914 in the year 2022. This is revenue from the American Rescue Plan Act of 2021. During 2022, Bay County under its American Rescue Plan Act Fund recognized and distributed \$3,123,914 in ARPA programs. General Fund also recognized \$2,100,000 in ARPA dollars.

Unrestricted investment earnings decreased by \$2,597,275 which was mainly due to unrealized loss on General Fund investments of \$2,940,835.

Expenses for general government decreased by \$1,969,417 which was mainly due to State of Michigan Chart of Accounts changes made in the year 2022. \$3,369,732 of the following expenditures that were recorded under the General Government function in 2021 for the Prosecutor's Office, Drain Administration, Register of Deeds, Environmental Affairs and Gypsy Moth activities have been moved to other functions for the 2022 year and going forward.

Expenses for public safety decreased by \$2,649,248 which was mainly due to a \$3,221,177 decrease in Retirement and Retirement Health Care Contributions. This is offset by a \$1,766,693 increase in Retiree Health Insurance by the Sheriff's Office.

Expenses for community and economic development increased by \$3,799,860 which was mainly due to an increase to ARPA expenses. The total increase to ARPA expenses was \$3,123,912. This includes \$405,054 in Emergency Relief and \$2,323,666 in Other Contributions, which were used for projects such as non-profit and small business relief.

Expenses for health and welfare decreased by \$1,545,574. This was mainly due to a decrease to Retirement and Retirement Health Care Contributions. The total decrease between 2021 and 2022 for these two accounts was \$1,679,595.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

Expenses for public works increased by \$677,057. This was mainly due to a Chart of Account change moving Drain Commission and Drain County at-Large and from General Government to Public Works. The total increase to Public Works from Drain Commission was \$564,093 and Drain County at-Large was \$160,728.

Expenses for judicial increased by \$665,624. This was mainly due to a Chart of Account change moving Prosecutor's Office from General Government to Judicial. The total increase to Judicial expenses from Prosecutor's Office is \$1,235,032.

Business-Type Activities. Business-type activities increased the County's net position by \$7,518,697 compared to an increase of \$13,330,179 in the prior year. See the discussions of the enterprise funds below for further information on the business-type activities.

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 \$30,128,973, a decrease of \$1,842,283 compared to the prior year. Of this amount, \$7,344,397 is committed fund balance and \$4,880,554 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 \$4,899,655 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 (\$802,950) or restricted (\$12,201,417).

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 \$4,899,655 while total fund balance amounted to \$17,439,775. 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 14.0% of total general fund expenditures, while total fund balance represents 49.7% of that same amount.

Fund balance of the County's general fund decreased by \$1,992,947 during the current fiscal year. The decrease was primarily due to the net investment depreciation of 1.6 million dollars.

The American Rescue Plan Act Fund (ARPA) recognized \$2,884,084. Federal funds during the year 2022 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 help pay delinquent rent, delinquent mortgages, delinquent utilities & tax assistance for residents.

The fund balance of the health department / district health fund at year end was \$4,463,496, an increase of \$1,015,149. This increase was primarily the result of the recognition of Medicaid Full-Cost reimbursement balances from 2020 and 2021.

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 three major proprietary funds.

The medical care facility's net position increased by \$7,685,959 to \$27,773,395 mainly as a result of the following: The Facility received federal and state grants/reimbursements in the current year totaling \$1,242,891, a decrease of \$9,680,425 from 2021 due to the COVID-19 pandemic. This amount consisted of \$181,447 receivable for the Employee Retention Credit, and \$1,061,444 in state pass through dollars for COVID testing and PA 123 direct care employee wages. Property tax revenue increased by 2%. Charges for Services decreased 4.3% from 2021 due mainly to a census reduction of 2.8%. Retiree benefits decreased by \$4,820,936 as a result of GASB 68 and 75 related adjustments.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

The water plant fund's net position as of year end was \$74,231, an increase of \$113 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 8.9% increase (\$3,096,828) in expenditures budget; whereas the difference between the original budget and final amended budget for revenues resulted in a 6.3% decrease (\$2,187,830) in revenues budget; finally, the original budget for total other financing sources (uses) was amended resulting in a 23.5% increase (\$365,872) in net other financing uses. The original budget shows a decrease of \$1,815,445 in fund balance which was affected by budgetary adjustments. Budget adjustments of \$5,650,530 resulted in a budgeted decrease to fund balance of \$7,465,975. Significant budgetary differences are briefly summarized as follows:

- A \$359,586 increase in expenditures for prior year open purchase orders to be billed in 2022.
- Increase in 2022 budget \$443,914 for software, intrado phone system, two generators, and scanning project.
- Increase budget \$1.1M for early contract negotiations and settlements for all unions.
- Budget for health insurance increases of \$842,215 for the year 2022.
- Increase 2022 budget for unrealized loss on General Fund investments of \$2.8M.

Significant general fund actual to budget variances are as follows:

- A positive \$845,283 variance in property tax revenue was primarily the result of collecting \$779,402 more in current real property taxes in 2022 than what was budgeted.
- A positive \$1,748,242 variance in federal revenue was primarily the result of General Fund recognizing \$2,100,000 in ARPA funds for Revenue Recovery.
- A positive \$754,453 variance in state revenue was primarily the result of Recreational Marijuana revenue being \$979,693 higher than the budgeted amount.
- A negative \$828,892 variance in reimbursements, refunds, and other revenues was primarily the result of the Sheriff Department Jail Keep revenues reimbursement was \$562,482 under budget. Actual Jail Keep Reimbursement in 2019 were \$542,050 compared to \$142,518 in 2022. These reimbursements are expected to recover over time.
- General government expenditures were \$664,488 under budget due to the following: \$181,435 not spent on projects budgeted under Building & Grounds and Information Systems, \$128,093 and \$128,954 in underspending for the Clerks and Risk Managements activities, respectively.
- Public safety expenditures were \$854,647 under budget due to \$497,491 under spending in wages and fringes due to employee turnover. Grant spending was also down \$155,566.
- Judicial expenditures were \$554,615 under budget due to \$365,289 underspending in personnel costs due to employee turnover. Court grants were under utilized by \$124,582.
- Recreation and culture expenditures were \$462,195 under budget due to a reclassification of \$224,179 in Buildings and Improvements expense budgeted in the 2022 budget to a capital asset. Community Center budget of \$50,072 was also not utilized due to a shortage of trained life guards.
- Transfers out were \$935,495 under budget due to the budget for the CCF was increased in anticipation of higher "Raise the Age" expenditures which fell short of the actual expenses. Health Department transfer in was less than the budget due to receiving extra Medicaid Full-Cost reimbursement. The new 911 phone systems was to receive a transfer from the Board of Commissioners budget but was not required.

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, 2022, amounted to \$56,023,288 (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 decrease in the County's investment in capital assets for the current fiscal year was 3.4% (a 3.0% decrease and 4.1% decrease for governmental activities and business-type activities, respectively).

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

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

- The Community Center got a new roof put on totaling \$127,319.
- A Zamboni was purchased for the Civic Arena in the amount of \$107,452.
- The Sheriff's Office bought eleven vehicles and a boat totaling \$415,323.
- Fourteen vehicles were disposed of therefore taken off the asset system totaling \$314,856.

	Capital Assets (net of depreciation and amortization)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,211,953	\$ 2,211,953	\$ 167,021	\$ 167,021	\$ 2,378,974	\$ 2,378,974
Construction work in progress	218,444	-	2,597,452	1,871,318	2,815,896	1,871,318
Land improvements	557,794	595,860	-	-	557,794	595,860
Buildings and improvements	29,111,787	30,451,006	15,031,024	16,396,575	44,142,811	46,847,581
Machinery and equipment	1,492,377	1,565,773	1,582,936	1,735,770	3,075,313	3,301,543
Office furniture and equipment	1,314,114	1,705,658	595,437	652,138	1,909,551	2,357,796
Vehicles	1,122,514	631,977	-	-	1,122,514	631,977
Right to use assets	20,435	-	-	-	20,435	-
Total	\$ 36,049,418	\$ 37,162,227	\$ 19,973,870	\$ 20,822,822	\$ 56,023,288	\$ 57,985,049

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

Long-Term Debt. At the end of the current fiscal year, the County's primary government had total outstanding debt of \$51,457,909, excluding leases payable. The County debt is comprised of an installment purchase agreement payable, revenue bonds, Drinking Water Revolving Funds (DWRF) loans, net of premiums and discounts, and compensated absences.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Primary Government						
Installment purchase agreement payable	\$ 158,800	\$ 238,200	\$ -	\$ -	\$ 158,800	\$ 238,200
Revenue bonds	-	-	29,060,000	30,020,000	29,060,000	30,020,000
DWRF loans	-	-	20,060,000	21,605,000	20,060,000	21,605,000
Compensated absences	2,170,118	2,108,479	8,991	6,088	2,179,109	2,114,567
Total	\$ 2,328,918	\$ 2,346,679	\$ 49,128,991	\$ 51,631,088	\$ 51,457,909	\$ 53,977,767

The County's total gross long-term debt of \$51,457,909 is equivalent to \$500 per capita or 1.6% of the County's taxable value of property of \$3,145,923,351.

The County's total debt decreased \$2,519,858 or 4.7% during the current fiscal year. This decrease is mainly the result of scheduled principal payments made during the year of \$2,584,400 along with the change in compensated absences and bond premium/discounts.

BAY COUNTY, MICHIGAN

Management's Discussion and Analysis

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	\$	397,205
Debt margin		347,774
Net debt as a percent of limit		12.44%

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 2023 fiscal year:

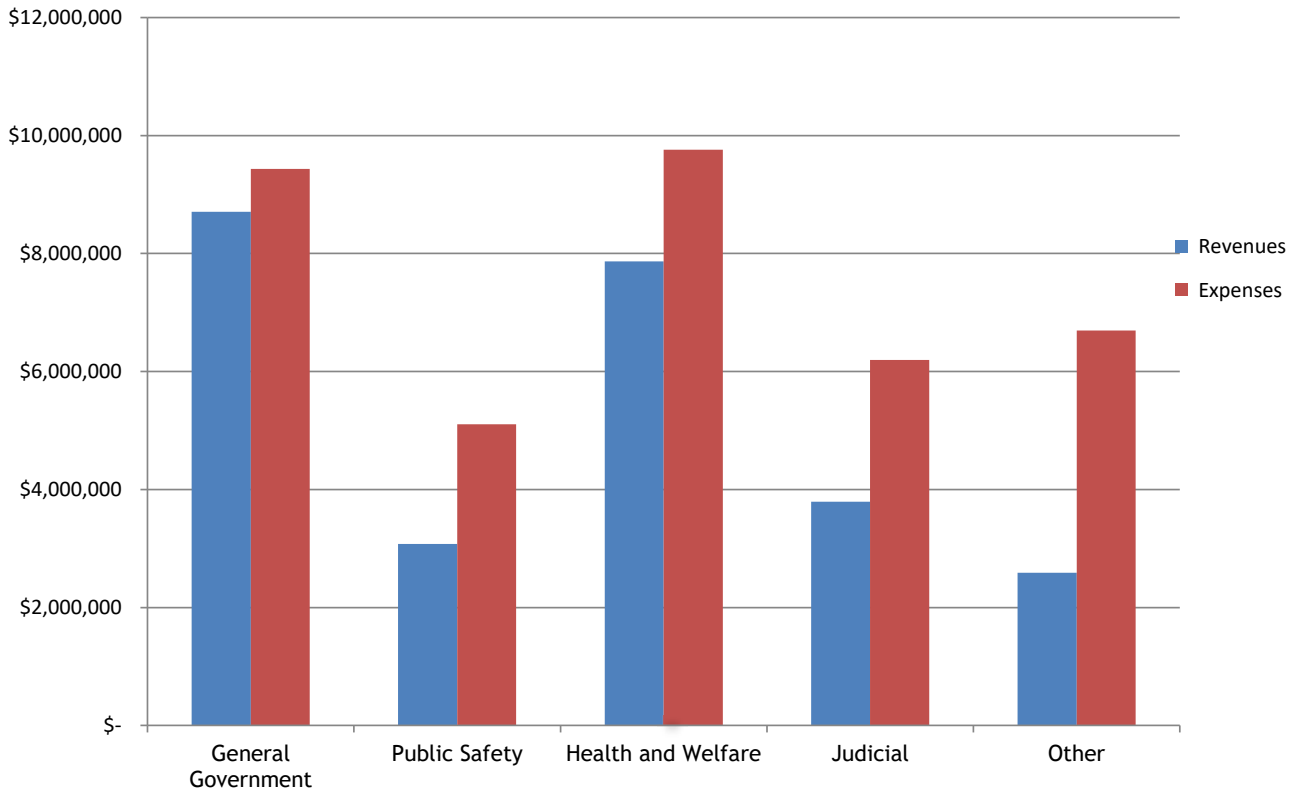
- All County union contract agreements are currently in effect until December 31, 2022. The union contract starting 1/1/2023 thru 12/31/2025 were ratified by the time the 2023 Budget was approved & adopted by the BOC.
- The County continues to monitor its Health Care costs and adjust to the budget as necessary.
- The County continues to apply for new grant funds to provide increased services to its residents.
- The County will continue to work with public input regarding spending the American Rescue Plan Act funding for the County of Bay.

Requests for Information

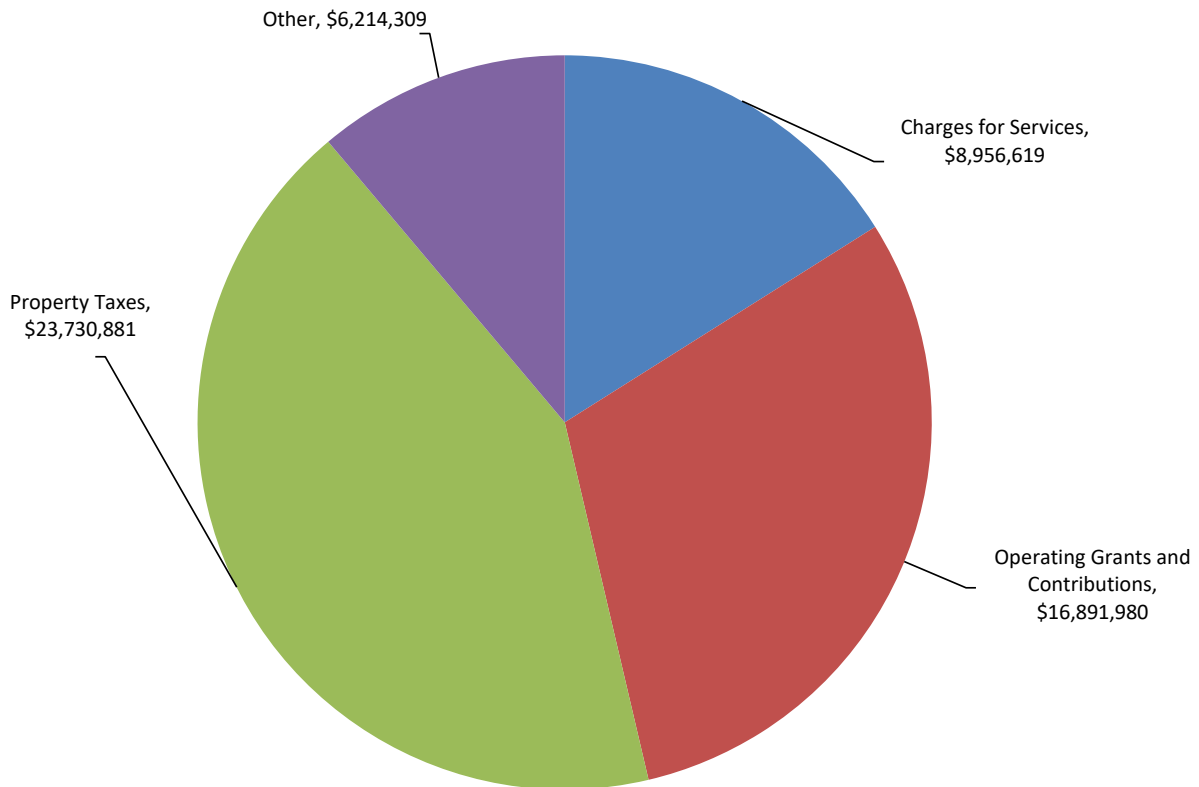
This financial report is designed to provide a general overview of the County's finances for all those with an interest in Bay County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office,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



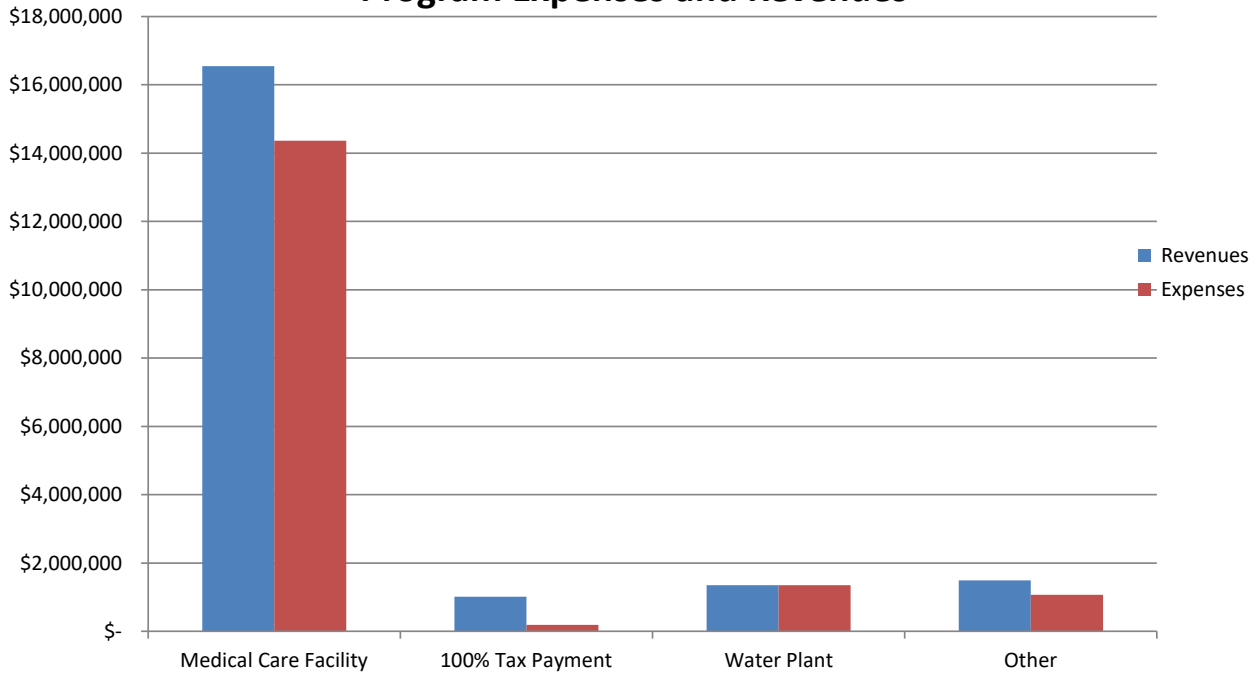
Governmental Activities Program Expenses and Revenues



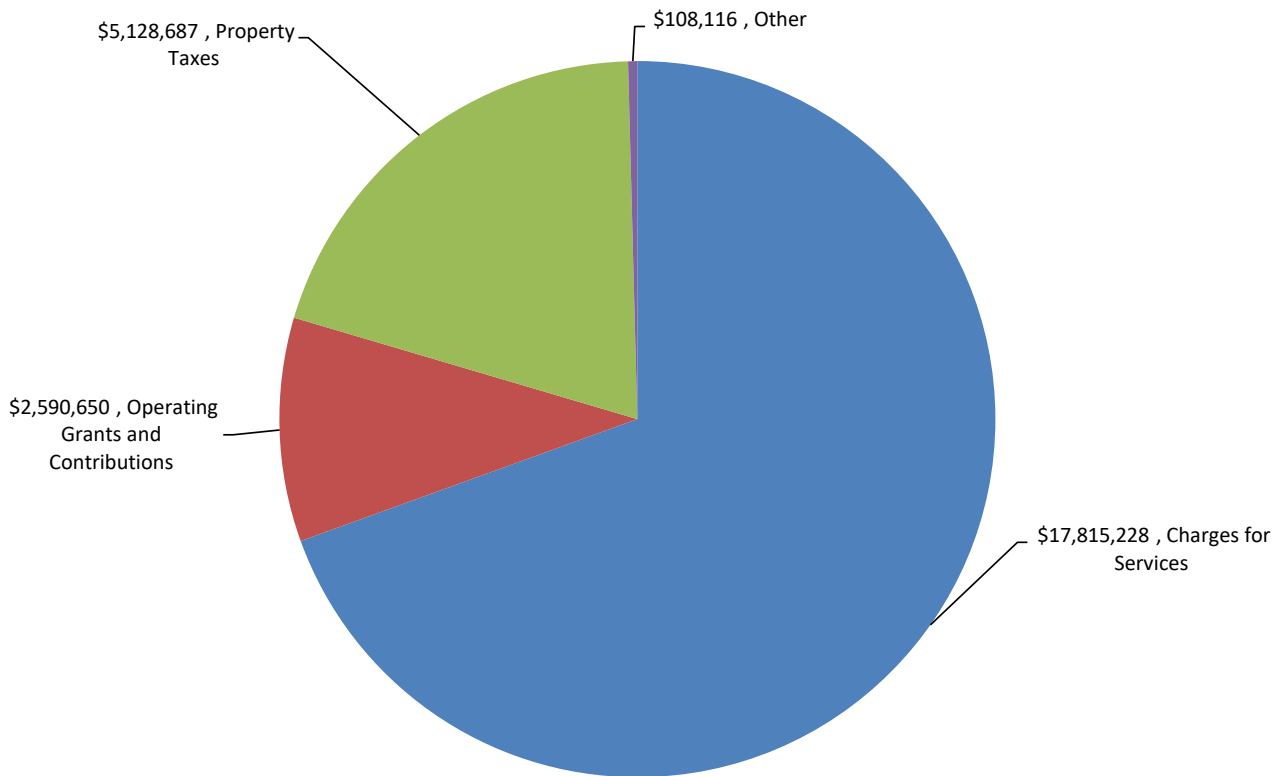
Revenues by Source/Governmental Activities



Business-Type Activities Program Expenses and Revenues



Revenues by Source/Business-Type Activities



BASIC FINANCIAL STATEMENTS

BAY COUNTY, MICHIGAN

Statement of Net Position

December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 14,474,037	\$ 5,849,360	\$ 20,323,397	\$ 16,943,040
Investments	20,250,000	5,956,273	26,206,273	13,103,890
Receivables	23,240,949	61,171,692	84,412,641	17,589,915
Internal balances	1,740	(1,740)	-	-
Prepaid items and other assets	546,481	567,876	1,114,357	1,094,091
Inventories	17,189	54,723	71,912	1,597,940
Advance to component unit	357,978	-	357,978	-
Net pension asset	63,260,310	26,395,391	89,655,701	26,173,738
Restricted cash and cash equivalents	4,408,905	-	4,408,905	-
Restricted investments	8,242,413	-	8,242,413	-
Capital assets not being depreciated	2,430,397	2,764,473	5,194,870	46,981,189
Capital assets being depreciated/amortized, net	33,619,021	17,209,397	50,828,418	149,933,646
Total assets	170,849,420	119,967,445	290,816,865	273,417,449
Deferred outflows of resources				
Deferred charge on refunding	-	2,271,948	2,271,948	2,271,948
Deferred pension amounts	748,486	269,496	1,017,982	2,916,521
Deferred OPEB amounts	8,117,490	3,459,549	11,577,039	6,904,630
Total deferred outflows of resources	8,865,976	6,000,993	14,866,969	12,093,099
Liabilities				
Accounts payable and accrued liabilities	5,760,405	3,120,738	8,881,143	3,477,105
Unearned revenue	15,322,401	125,882	15,448,283	1,250,000
Bonds, notes and other long-term liabilities:				
Due within one year	366,721	2,483,991	2,850,712	5,061,769
Due in more than one year	1,982,722	46,645,000	48,627,722	55,700,074
Net OPEB liability, due in more than one year	2,476,603	1,138,325	3,614,928	1,936,802
Total liabilities	25,908,852	53,513,936	79,422,788	67,425,750
Deferred inflows of resources				
Deferred pension amounts	27,778,725	11,473,097	39,251,822	10,936,417
Deferred OPEB amounts	27,052,802	18,502,921	45,555,723	22,355,960
Deferred lease amounts	512,365	-	512,365	-
Taxes levied for a subsequent period	10,467,966	5,315,810	15,783,776	5,360,000
Total deferred inflows of resources	65,811,858	35,291,828	101,103,686	38,652,377
Net position				
Net investment in capital assets	35,855,946	19,973,870	55,829,816	143,255,735
Restricted for:				
Pension benefits	63,260,310	26,395,391	89,655,701	26,173,738
Insurance claims	4,961,683	-	4,961,683	-
Health and welfare	6,274,338	-	6,274,338	-
Home rehabilitation	1,860,832	-	1,860,832	-
Pest control	1,768,821	-	1,768,821	-
Public safety	1,630,836	-	1,630,836	-
Opioid Remediation	3,111,057	-	3,111,057	-
Debt service	-	-	-	4,795,649
Other	731,068	-	731,068	-
Unrestricted (deficit)	(31,460,205)	(9,206,587)	(40,666,792)	5,207,299
Total net position	\$ 87,994,686	\$ 37,162,674	\$ 125,157,360	\$ 179,432,421

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

BAY COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2022

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	\$ 9,703,362	\$ (268,214)	\$ 679,432	\$ 7,843,499	\$ 182,521	\$ (729,696)
Public safety	5,014,799	91,914	1,910,317	1,166,667	-	(2,029,729)
Community and economic development	4,037,454	12,003	1,109,146	205,281	-	(2,735,030)
Health and welfare	9,700,434	58,936	2,493,840	5,371,354	-	(1,894,176)
Public works	725,957	(47,743)	261,512	-	-	(416,702)
Judicial	6,197,163	-	1,495,306	2,298,649	-	(2,403,208)
Legislative	497,112	-	-	-	-	(497,112)
Recreation and culture	1,686,033	(214,515)	1,007,066	6,530	-	(457,922)
Total governmental activities	37,562,314	(367,619)	8,956,619	16,891,980	182,521	(11,163,575)
Business-type activities:						
Medical care facility	14,335,969	24,016	15,306,100	1,242,891	-	2,189,006
100% tax payment	91,139	92,872	1,015,423	-	-	831,412
Golf course	508,133	187,791	676,427	-	-	(19,497)
Water plant	1,347,646	-	-	1,347,759	-	113
Delinquent property tax foreclosure	192,984	7,776	559,778	-	-	359,018
Commissary	171,458	4,199	257,500	-	-	81,843
Total business-type activities	16,647,329	316,654	17,815,228	2,590,650	-	3,441,895
Total primary government	\$ 54,209,643	\$ (50,965)	\$ 26,771,847	\$ 19,482,630	\$ 182,521	\$ (7,721,680)
Component units						
Road Commission	\$ 15,057,883	\$ -	\$ 5,333,877	\$ 14,331,756	\$ 6,112,710	\$ 10,720,460
Library System	4,626,855	3,222	28,781	681,169	36,417	(3,883,710)
Department of Water and Sewer	19,593,228	-	21,259,326	-	-	1,666,098
Drain Commission	1,262,621	47,743	6,900	-	652,284	(651,180)
Bay County Landbank	175	-	8,578	-	-	8,403
Total component units	\$ 40,540,762	\$ 50,965	\$ 26,637,462	\$ 15,012,925	\$ 6,801,411	\$ 7,860,071

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BAY COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (11,163,575)	\$ 3,441,895	\$ (7,721,680)	\$ 7,860,071
General revenues:				
Property taxes	23,730,881	5,128,687	28,859,568	4,761,279
Grants and contributions not restricted to specific programs	5,223,914	-	5,223,914	-
Unrestricted investment appreciation (depreciation)	(2,637,690)	(515,728)	(3,153,418)	(408,766)
Other revenue	3,445,564	623,844	4,069,408	2,673,539
Transfers - internal activities	1,160,001	(1,160,001)	-	-
Total general revenues and transfers	30,922,670	4,076,802	34,999,472	7,026,052
Change in net position	19,759,095	7,518,697	27,277,792	14,886,123
Net position, beginning of year, as restated	68,235,591	29,643,977	97,879,568	164,546,298
Net position, end of year	\$ 87,994,686	\$ 37,162,674	\$ 125,157,360	\$ 179,432,421

concluded.

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

BAY COUNTY, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2022

	Special Revenue Funds				Total Governmental Funds
	General Fund	American Rescue Plan Act	Health Department /District Health	Nonmajor Governmental Funds	
Assets					
Cash and cash equivalents	\$ 1,978,276	\$ -	\$ 6,148,367	\$ 3,020,732	\$ 11,147,375
Investments	15,626,361	-	-	3,754,668	19,381,029
Receivables:					
Accounts, net	1,652,355	61,062	1,617	5,011,956	6,726,990
Property taxes, net	1,685,406	-	-	9,980,067	11,665,473
Interest	121,751	-	-	20,179	141,930
Due from other governmental units	2,716,242	-	304,155	979,685	4,000,082
Due from component units	162,269	-	-	-	162,269
Leases	512,365	-	-	-	512,365
Inventories	17,189	-	-	-	17,189
Due from other funds	79,254	-	-	-	79,254
Prepaid items and other assets	372,117	-	-	55,666	427,783
Advance to component unit	357,978	-	-	-	357,978
Restricted cash and cash equivalents	-	4,408,905	-	-	4,408,905
Restricted investments	-	8,242,413	-	-	8,242,413
Total assets	\$ 25,281,563	\$ 12,712,380	\$ 6,454,139	\$ 22,822,953	\$ 67,271,035
Liabilities					
Accounts payable	\$ 922,835	\$ 4,705	\$ 72,821	\$ 569,570	\$ 1,569,931
Accrued liabilities	1,015,979	560	90,684	252,850	1,360,073
Due to other funds	1,606,734	12	1,858	107,405	1,716,009
Due to component units	221,939	-	-	-	221,939
Due to other governmental units	45,813	-	1,503,334	-	1,549,147
Deposits	48,043	-	-	-	48,043
Unearned revenue	2,213,761	12,707,103	321,946	79,591	15,322,401
Total liabilities	6,075,104	12,712,380	1,990,643	1,009,416	21,787,543
Deferred inflows of resources					
Unavailable revenue - property taxes	665,844	-	-	8,812	674,656
Unavailable revenue - long-term receivable	588,475	-	-	3,111,057	3,699,532
Taxes levied for a subsequent period	-	-	-	10,467,966	10,467,966
Deferred lease amounts	512,365	-	-	-	512,365
Total deferred inflows of resources	1,766,684	-	-	13,587,835	15,354,519
Fund balances					
Nonspendable	747,284	-	-	55,666	802,950
Restricted	151,527	-	4,463,496	7,586,394	12,201,417
Committed	7,344,397	-	-	-	7,344,397
Assigned	4,296,912	-	-	583,642	4,880,554
Unassigned	4,899,655	-	-	-	4,899,655
Total fund balances	17,439,775	-	4,463,496	8,225,702	30,128,973
Total liabilities, deferred inflows of resources and fund balances	\$ 25,281,563	\$ 12,712,380	\$ 6,454,139	\$ 22,822,953	\$ 67,271,035

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, 2022

Fund balances - total governmental funds	\$ 30,128,973
Amounts reported for <i>governmental activities</i> 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	2,430,397
Capital assets being depreciated/amortized, net	33,619,021
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	674,656
Deferred inflow for long-term receivable	3,699,532
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	63,235,337
Deferred outflows related to the net pension asset	748,167
Deferred inflows related to the net pension asset	(27,767,786)
Net OPEB liability	(2,476,603)
Deferred outflows related to the net OPEB liability	8,117,490
Deferred inflows related to the net OPEB liability	(27,052,802)
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.	
	4,986,656
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	(179,325)
Accrued liability to Historical Preservation	(401)
Compensated absences	(2,168,626)
Net position of governmental activities	<u>\$ 87,994,686</u>

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, 2022

	Special Revenue Funds				Total Governmental Funds
	General Fund	American Rescue Plan Act	Health Department /District Health	Nonmajor Governmental Funds	
Revenues					
Property taxes	\$ 17,511,601	\$ -	\$ -	\$ 6,160,699	\$ 23,672,300
Licenses and permits	226,287	-	108,175	55,490	389,952
Federal	3,938,763	3,123,914	1,924,062	1,179,794	10,166,533
State	6,606,709	-	1,811,313	2,145,750	10,563,772
Investment appreciation (depreciation), rents and royalties	(1,617,648)	-	-	(299,761)	(1,917,409)
Charges for services	3,050,888	-	20,109	106,387	3,177,384
Fines and forfeits	306,769	-	-	6,780	313,549
Reimbursements, refunds, and other revenues	4,099,990	-	1,009,323	1,562,977	6,672,290
Total revenues	34,123,359	3,123,914	4,872,982	10,918,116	53,038,371
Expenditures					
Current:					
General government	10,205,931	-	-	1,994,722	12,200,653
Public safety	11,055,296	-	-	2,642,360	13,697,656
Community and economic development	871,223	3,123,914	-	128,310	4,123,447
Health and welfare	914,404	-	4,572,951	8,045,615	13,532,970
Public works	725,957	-	-	-	725,957
Judicial	8,677,229	-	-	224,154	8,901,383
Legislative	525,196	-	-	-	525,196
Recreation and culture	2,024,202	-	-	292,828	2,317,030
Debt service:					
Principal	90,065	-	-	5,254	95,319
Interest and other fees	136	-	-	122	258
Total expenditures	35,089,639	3,123,914	4,572,951	13,333,365	56,119,869
Revenues over (under) expenditures	(966,280)	-	300,031	(2,415,249)	(3,081,498)
Other financing sources (uses)					
Insurance recoveries/proceeds	34,575	-	-	-	34,575
Proceeds from issuance of leases payable	22,311	-	-	14,133	36,444
Transfers in	3,072,073	-	1,322,424	2,410,673	6,805,170
Transfer out	(4,155,626)	-	(607,306)	(874,042)	(5,636,974)
Total other financing sources (uses)	(1,026,667)	-	715,118	1,550,764	1,239,215
Net change in fund balances	(1,992,947)	-	1,015,149	(864,485)	(1,842,283)
Fund balances, beginning of year	19,432,722	-	3,448,347	9,090,187	31,971,256
Fund balances, end of year	\$ 17,439,775	\$ -	\$ 4,463,496	\$ 8,225,702	\$ 30,128,973

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, 2022

Net change in fund balances - total governmental funds \$ (1,842,283)

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	1,302,131
Depreciation and amortization	(2,369,186)
Loss on disposal of capital assets	(45,754)

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	58,581
Change in deferred long-term receivable	3,111,057

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	(36,444)
Principal payments on bonds, notes and other long-term liabilities	95,319

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	326,592
Investment appreciation/depreciation from governmental activities internal service funds	(81,177)
Transfers out of governmental activities internal service funds	(8,194)

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	(12)
Change in the net pension asset and related deferred amounts	11,905,959
Change in the net OPEB liability and related deferred amounts	7,403,974
Change in the accrual for compensated absences	(61,468)

Change in net position of governmental activities \$ 19,759,095

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 16,666,318	\$ 16,666,318	\$ 17,511,601	\$ 845,283
Licenses and permits	238,700	250,700	226,287	(24,413)
Federal	2,135,770	2,190,521	3,938,763	1,748,242
State	5,627,837	5,852,256	6,606,709	754,453
Investment appreciation (depreciation), rents and royalties	986,335	(1,837,189)	(1,617,648)	219,541
Charges for services	3,610,214	3,663,214	3,050,888	(612,326)
Fines and forfeits	620,000	620,000	306,769	(313,231)
Reimbursements, refunds, and other revenues	4,637,358	4,928,882	4,099,990	(828,892)
Total revenues	34,522,532	32,334,702	34,123,359	1,788,657
Expenditures				
Current:				
General government	9,494,844	10,870,419	10,205,931	(664,488)
Public safety	11,119,773	11,909,943	11,055,296	(854,647)
Community and economic development	916,618	948,345	871,223	(77,122)
Health and welfare	975,300	987,800	914,404	(73,396)
Public works	689,897	733,100	725,957	(7,143)
Judicial	8,766,635	9,231,844	8,677,229	(554,615)
Legislative	484,792	617,325	525,196	(92,129)
Recreation and culture	2,240,486	2,486,397	2,024,202	(462,195)
Debt service:				
Principal	90,065	90,065	90,065	-
Interest and other fees	136	136	136	-
Total expenditures	34,778,546	37,875,374	35,089,639	(2,785,735)
Revenues over (under) expenditures	(256,014)	(5,540,672)	(966,280)	4,574,392
Other financing sources (uses)				
Insurance recoveries/proceeds	6,000	27,000	34,575	7,575
Proceeds from issuance of leases payable	-	-	22,311	22,311
Transfers in	3,119,133	3,138,818	3,072,073	(66,745)
Transfers out	(4,684,564)	(5,091,121)	(4,155,626)	(935,495)
Total other financing sources (uses)	(1,559,431)	(1,925,303)	(1,026,667)	898,636
Net change in fund balance	(1,815,445)	(7,465,975)	(1,992,947)	5,473,028
Fund balance, beginning of year	19,432,722	19,432,722	19,432,722	-
Fund balance, end of year	\$ 17,617,277	\$ 11,966,747	\$ 17,439,775	\$ 5,473,028

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal	\$ -	\$ 8,324,377	\$ 3,123,914	\$ (5,200,463)
Investment appreciation (depreciation), rents and royalties	4,000	4,000	-	(4,000)
Total revenues	4,000	8,328,377	3,123,914	(5,204,463)
Expenditures				
Current:				
Community and economic development	-	4,124,377	3,123,914	(1,000,463)
Revenues over (under) expenditures	4,000	4,204,000	-	(4,204,000)
Other financing uses				
Transfer out	(4,000)	(4,204,000)	-	(4,204,000)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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 - Health Department/District Health Special Revenue Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 259,500	\$ 259,500	\$ 108,175	\$ (151,325)
Federal	2,325,361	2,573,239	1,924,062	(649,177)
State	673,819	920,220	1,811,313	891,093
Charges for services	17,950	17,950	20,109	2,159
Reimbursements, refunds, and other revenues	1,090,871	1,090,871	1,009,323	(81,548)
Total revenues	4,367,501	4,861,780	4,872,982	11,202
Expenditures				
Current:				
Health and welfare	5,771,513	6,484,105	4,572,951	(1,911,154)
Revenues over (under) expenditures	(1,404,012)	(1,622,325)	300,031	1,922,356
Other financing sources (uses)				
Transfers in	1,599,627	1,645,153	1,322,424	(322,729)
Transfers out	(607,306)	(607,306)	(607,306)	-
Total other financing sources (uses)	992,321	1,037,847	715,118	(322,729)
Net change in fund balance	(411,691)	(584,478)	1,015,149	1,599,627
Fund balance, beginning of year	3,448,347	3,448,347	3,448,347	-
Fund balance, end of year	\$ 3,036,656	\$ 2,863,869	\$ 4,463,496	\$ 1,599,627

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

BAY COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2022

	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	\$ 2,296,486	\$ 1,575,182	\$ 1,977,692	\$ 5,849,360	\$ 3,326,662
Investments	3,157,409	-	2,798,864	5,956,273	868,971
Accounts receivable, net	1,177,226	-	142,517	1,319,743	27,370
Property taxes receivable	5,057,581	-	3,329,423	8,387,004	-
Accrued interest receivable	-	297,685	548,909	846,594	4,470
Current portion of installment sales agreement receivable	-	2,475,000	-	2,475,000	-
Inventories	49,679	-	5,044	54,723	-
Due from other funds	-	-	544,727	544,727	1,638,495
Due from component units	-	-	25,000	25,000	-
Due from other governmental units	5,180,192	-	66,058	5,246,250	-
Prepaid items and other assets	554,736	-	13,140	567,876	118,698
Total current assets	17,473,309	4,347,867	9,451,374	31,272,550	5,984,666
Noncurrent assets:					
Installment sales agreement receivable, net of current portion	-	42,872,101	-	42,872,101	-
Net pension asset	25,989,964	-	405,427	26,395,391	24,973
Capital assets not being depreciated	2,627,540	-	136,933	2,764,473	-
Capital assets being depreciated, net	17,123,855	-	85,542	17,209,397	-
Total noncurrent assets	45,741,359	42,872,101	627,902	89,241,362	24,973
Total assets	63,214,668	47,219,968	10,079,276	120,513,912	6,009,639
Deferred outflows of resources					
Deferred charge on refunding	-	2,271,948	-	2,271,948	-
Deferred pension amounts	264,326	-	5,170	269,496	319
Deferred OPEB amounts	3,459,549	-	-	3,459,549	-
Total deferred outflows of resources	3,723,875	2,271,948	5,170	6,000,993	319
Liabilities					
Current liabilities:					
Accounts payable	1,001,379	-	10,769	1,012,148	16,212
Accrued liabilities	694,492	297,685	8,107	1,000,284	279
Deposits payable	12,864	-	-	12,864	-
Due to other funds	-	-	546,467	546,467	-
Due to other governmental units	-	-	9,137	9,137	-
Estimated insurance claims payable	1,086,305	-	-	1,086,305	994,380
Unearned revenue	117,560	-	8,322	125,882	-
Current portion of bonds payable	-	2,475,000	-	2,475,000	-
Compensated absences	-	-	8,991	8,991	1,492
Total current liabilities	2,912,600	2,772,685	591,793	6,277,078	1,012,363

continued...

BAY COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Medical Care Facility	Water Plant	Nonmajor Enterprise Funds	Total	Internal Service Funds
Liabilities (continued)					
Noncurrent liabilities:					
Bonds payable, net of current portion	\$ -	\$ 46,645,000	\$ -	\$ 46,645,000	\$ -
Net OPEB liability	1,138,325	-	-	1,138,325	-
Total noncurrent liabilities	1,138,325	46,645,000	-	47,783,325	-
Total liabilities	4,050,925	49,417,685	591,793	54,060,403	1,012,363
Deferred inflows of resources					
Deferred pension amounts	11,295,492	-	177,605	11,473,097	10,939
Deferred OPEB amounts	18,502,921	-	-	18,502,921	-
Taxes levied for a subsequent period	5,315,810	-	-	5,315,810	-
Total deferred inflows of resources	35,114,223	-	177,605	35,291,828	10,939
Net position					
Investment in capital assets	19,751,395	-	222,475	19,973,870	-
Restricted for:					
Pension benefits	25,989,964	-	405,427	26,395,391	24,973
Insurance claims	-	-	-	-	4,961,683
Unrestricted (deficit)	(17,967,964)	74,231	8,687,146	(9,206,587)	-
Total net position	\$ 27,773,395	\$ 74,231	\$ 9,315,048	\$ 37,162,674	\$ 4,986,656

concluded.

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

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				Governmental
	Medical Care Facility	Water Plant	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 15,306,100	\$ -	\$ 2,493,794	\$ 17,799,894	\$ 9,876,226
Other	-	1,239,571	15,334	1,254,905	-
Total operating revenues	<u>15,306,100</u>	<u>1,239,571</u>	<u>2,509,128</u>	<u>19,054,799</u>	<u>9,876,226</u>
Operating expenses					
Personnel services	6,760,897	-	351,301	7,112,198	9,549,634
Supplies	-	-	92,555	92,555	-
Other services	5,895,783	-	792,590	6,688,373	-
Depreciation	1,703,305	-	19,906	1,723,211	-
Total operating expenses	<u>14,359,985</u>	<u>-</u>	<u>1,256,352</u>	<u>15,616,337</u>	<u>9,549,634</u>
Operating income (loss)	<u>946,115</u>	<u>1,239,571</u>	<u>1,252,776</u>	<u>3,438,462</u>	<u>326,592</u>
Nonoperating revenues (expenses)					
Property and other taxes	5,128,687	-	-	5,128,687	-
Reimbursements, refunds and rebates	623,844	108,188	-	732,032	-
Federal revenue	181,447	-	-	181,447	-
State revenue	1,061,444	-	-	1,061,444	-
Investment appreciation (depreciation)	(255,578)	-	(260,150)	(515,728)	(81,177)
Interest expense	-	(1,347,646)	-	(1,347,646)	-
Total nonoperating revenues (expenses)	<u>6,739,844</u>	<u>(1,239,458)</u>	<u>(260,150)</u>	<u>5,240,236</u>	<u>(81,177)</u>
Income (loss) before transfers	<u>7,685,959</u>	<u>113</u>	<u>992,626</u>	<u>8,678,698</u>	<u>245,415</u>
Transfers					
Transfers in	-	-	94,120	94,120	-
Transfers out	-	-	(1,254,121)	(1,254,121)	(8,194)
Net transfers	<u>-</u>	<u>-</u>	<u>(1,160,001)</u>	<u>(1,160,001)</u>	<u>(8,194)</u>
Change in net position	<u>7,685,959</u>	<u>113</u>	<u>(167,375)</u>	<u>7,518,697</u>	<u>237,221</u>
Net position, beginning of year	<u>20,087,436</u>	<u>74,118</u>	<u>9,482,423</u>	<u>29,643,977</u>	<u>4,749,435</u>
Net position, end 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>

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, 2022

	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	\$ 13,453,751	\$ 1,239,571	\$ 2,273,049	\$ 16,966,371	\$ -
Cash received from interfund services provided	-	-	-	-	9,912,549
Cash received from quality assurance program	1,431,200	-	-	1,431,200	-
Cash received from quality measure initiative	469,820	-	-	469,820	-
Cash received from CPE reimbursement	175,213	-	-	175,213	-
Cash paid for quality assurance assessment	(1,068,276)	-	-	(1,068,276)	-
Cash payments to suppliers for goods and services	(14,495,350)	-	(885,892)	(15,381,242)	-
Cash payments to employees and related taxes and insurance	(6,526,083)	-	(423,445)	(6,949,528)	(9,555,736)
Net cash provided by (used in) operating activities	(6,559,725)	1,239,571	963,712	(4,356,442)	356,813
Cash flows from noncapital financing activities					
Taxes received	5,095,817	-	-	5,095,817	-
Reimbursements, refunds, and rebates received	623,843	-	-	623,843	-
Change in resident trust deposits	(1,786)	-	-	(1,786)	-
Intergovernmental grant proceeds	1,061,444	-	-	1,061,444	-
Payments received on installment sales agreement receivable	-	2,436,969	-	2,436,969	-
Principal paid on long-term debt	-	(2,505,000)	-	(2,505,000)	-
Interest paid on long-term debt	-	(1,033,942)	-	(1,033,942)	-
Transfers in	-	-	94,120	94,120	-
Transfers out	-	-	(1,254,121)	(1,254,121)	(8,194)
Net cash provided by (used in) noncapital financing activities	6,779,318	(1,101,973)	(1,160,001)	4,517,344	(8,194)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(813,650)	-	(60,609)	(874,259)	-
Cash flows from investing activities					
Proceeds from sale of investments	174,778	-	360,478	535,256	50,818
Purchases of investments	-	-	(11,788)	(11,788)	-
Income (loss) on investments	99,807	(97,328)	(280,116)	(277,637)	(82,156)
Net cash provided by (used in) investing activities	274,585	(97,328)	68,574	245,831	(31,338)
Net change in cash and cash equivalents	(319,472)	40,270	(188,324)	(467,526)	317,281
Cash and cash equivalents, beginning of year	2,615,958	1,534,912	2,166,016	6,316,886	3,009,381
Cash and cash equivalents, end of year	\$ 2,296,486	\$ 1,575,182	\$ 1,977,692	\$ 5,849,360	\$ 3,326,662

continued...

BAY COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Medical Care Facility	Water Plant	Nonmajor Proprietary Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 946,115	\$ 1,239,571	\$ 1,252,776	\$ 3,438,462	\$ 326,592
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,703,305	-	19,906	1,723,211	-
Bad debts	29,385	-	-	29,385	-
Changes in assets and liabilities that provided (used) cash:					
Accounts receivable, net	208,048	-	(10,657)	197,391	(5,997)
Property taxes receivable	-	-	(97,879)	(97,879)	-
Inventories	17,551	-	(336)	17,215	-
Due from other funds	-	-	(309,076)	(309,076)	(667,449)
Due from other governmental units	(131,109)	-	(62,102)	(193,211)	-
Prepaid items and other assets	(396,340)	-	(420)	(396,760)	439,536
Accounts payable	(176,223)	-	2,971	(173,252)	5,062
Accrued liabilities	450,951	-	1,083	452,034	(1,582)
Due to other funds	-	-	335,057	335,057	-
Due to other governmental units	-	-	(94,523)	(94,523)	-
Estimated insurance claims payable	-	-	-	-	265,171
Unearned revenue	117,560	-	139	117,699	-
Net pension asset	(7,244,222)	-	(107,182)	(7,351,404)	(6,602)
Deferred outflows - pension	260,681	-	951	261,632	58
Deferred inflows - pension	2,169,829	-	30,101	2,199,930	1,853
Net OPEB liability	(10,943,846)	-	-	(10,943,846)	-
Deferred outflows - OPEB	811,052	-	-	811,052	-
Deferred inflows - OPEB	5,617,538	-	-	5,617,538	-
Compensated absences	-	-	2,903	2,903	171
Net cash provided by (used in) operating activities	\$ (6,559,725)	\$ 1,239,571	\$ 963,712	\$ (4,356,442)	\$ 356,813

concluded.

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

BAY COUNTY, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
December 31, 2022

	Pension and Other Employee Benefits Trust's	Custodial Funds
Assets		
Investments, at fair value:		
Equities	\$ 191,844,190	\$ -
Fixed income	89,186,493	14,239,063
Commingled funds	83,090,934	-
Mutual funds	83,400,191	-
Money market	7,113,730	-
Total investments, at fair value	<u>454,635,538</u>	<u>14,239,063</u>
Cash and cash equivalents	-	<u>7,373,261</u>
Receivables:		
Contributions receivable	490,698	-
Interest and dividends	811,092	-
Total receivables	<u>1,301,790</u>	<u>-</u>
Other current assets:		
Prepaid items and other assets	2,154,315	-
Net pension asset	174,666	-
Due from other governmental units	-	1,878
Due from other custodial funds	-	15,419
Total other current assets	<u>2,328,981</u>	<u>17,297</u>
Total assets	<u>458,266,309</u>	<u>21,629,621</u>
Deferred outflows of resources - pensions	<u>2,227</u>	<u>-</u>
Liabilities		
Accounts payable	571,574	17,079
Accrued liabilities	488,075	29,485
Accrued vacation and sick pay	2,727	-
Due to component units	-	165,521
Due to other governmental units	-	21,259,620
Due to other custodial funds	-	15,419
Deposits	-	141,428
Total liabilities	<u>1,062,376</u>	<u>21,628,552</u>
Deferred inflows of resources - pensions	<u>76,517</u>	<u>-</u>
Net position		
Restricted for:		
Inmates	-	1,069
Pension benefits	376,210,531	-
Postemployment healthcare benefits	80,919,112	-
Total net position	<u>\$ 457,129,643</u>	<u>\$ 1,069</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, 2022

	Pension and Other Employee Benefits Trust's	Custodial Funds
Additions		
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	\$ (93,191,381)	\$ -
Interest and dividends	9,858,847	-
Total investment income (loss)	<u>(83,332,534)</u>	<u>-</u>
Investment expense	(2,432,234)	-
Net investment income (loss)	<u>(85,764,768)</u>	<u>-</u>
Contributions:		
Employer	8,053,402	-
Plan members	2,344,718	-
Total contributions	<u>10,398,120</u>	<u>-</u>
Other:		
State education tax collected for other governments	-	17,562,559
Real estate transfer tax collected for other governments	-	3,392,247
Fees and fines collected on behalf of other governments	-	1,295,038
Collections from or on behalf of inmates	-	893,922
Other taxes collected for other governments	-	39,490
Other	7,480	-
Total other	<u>7,480</u>	<u>23,183,256</u>
Total additions (net of investment loss)	<u>(75,359,168)</u>	<u>23,183,256</u>
Deductions		
Participant benefits (including refunds of contributions)	26,749,731	-
Administrative expenses	410,021	-
Payments of state education tax to other governments	-	17,562,559
Payments of real estate transfer tax to other governments	-	3,392,247
Fees and fines remitted to other governments	-	1,295,038
Payments to or on behalf of inmates	-	893,862
Payments of other taxes to other governments	-	39,490
Total deductions	<u>27,159,752</u>	<u>23,183,196</u>
Change in net position	<u>(102,518,920)</u>	<u>60</u>
Net position		
Beginning of year	<u>559,648,563</u>	<u>1,009</u>
End of year	<u>\$ 457,129,643</u>	<u>\$ 1,069</u>

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

BAY COUNTY, MICHIGAN

Combining Statement of Net Position

Component Units
December 31, 2022

	Road Commission	Library System	Department of Water and Sewer	Drain Commission
Assets				
Cash and cash equivalents	\$ 367,059	\$ 146,661	\$ 13,109,407	\$ 3,196,700
Investments	4,736,798	6,725,307	-	1,641,785
Receivables	3,828,972	5,385,915	3,836,165	4,151,403
Due from primary government	-	105,609	-	281,851
Prepaid items and other assets	307,947	379,044	401,156	-
Inventories	1,191,310	-	406,630	-
Net pension asset	15,093,281	4,857,176	6,223,281	-
Capital assets not being depreciated	37,348,905	107,487	5,203,301	4,321,496
Capital assets being depreciated, net	69,145,728	1,847,785	73,502,290	5,437,843
Total assets	132,020,000	19,554,984	102,682,230	19,031,078
Deferred outflows of resources				
Deferred charge on refunding	-	-	2,271,948	-
Deferred pension amounts	1,589,386	313,673	1,013,462	-
Deferred OPEB amounts	3,250,211	1,130,752	2,523,667	-
Total deferred outflows of resources	4,839,597	1,444,425	5,809,077	-
Liabilities				
Accounts payable and accrued liabilities	1,658,542	165,561	1,379,687	86,046
Unearned revenue	1,250,000	-	-	-
Due to primary government	-	-	-	162,269
Bonds, notes and other long-term liabilities:				
Due within one year	914,286	15,803	3,018,410	1,113,270
Due in more than one year	1,498,929	142,226	50,659,614	3,399,305
Net OPEB liability, due in more than one year	1,250,323	189,467	497,012	-
Total liabilities	6,572,080	513,057	55,554,723	4,760,890
Deferred inflows of resources				
Deferred pension amounts	6,252,510	2,011,678	2,672,229	-
Deferred OPEB amounts	14,817,953	2,134,424	5,403,583	-
Taxes levied for a subsequent period	-	5,360,000	-	-
Total deferred inflows of resources	21,070,463	9,506,102	8,075,812	-
Net position				
Net investment in capital assets	104,983,691	1,955,272	29,427,836	6,888,936
Restricted for:				
Debt service	-	-	-	4,795,649
Pension benefits	15,093,281	4,857,176	6,223,281	-
Unrestricted (deficit)	(10,859,918)	4,167,802	9,209,655	2,585,603
Total net position	\$ 109,217,054	\$ 10,980,250	\$ 44,860,772	\$ 14,270,188

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



Bay County Landbank	Total
\$ 123,213	\$ 16,943,040
-	13,103,890
-	17,202,455
-	387,460
5,944	1,094,091
-	1,597,940
-	26,173,738
-	46,981,189
-	149,933,646
<u>129,157</u>	<u>273,417,449</u>
-	2,271,948
-	2,916,521
-	6,904,630
<u>-</u>	<u>12,093,099</u>
-	3,289,836
-	1,250,000
25,000	187,269
-	5,061,769
-	55,700,074
-	1,936,802
<u>25,000</u>	<u>67,425,750</u>
-	10,936,417
-	22,355,960
-	5,360,000
<u>-</u>	<u>38,652,377</u>
-	143,255,735
-	4,795,649
-	26,173,738
104,157	5,207,299
<u>\$ 104,157</u>	<u>\$ 179,432,421</u>

BAY COUNTY, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended December 31, 2022

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	\$ 15,057,883	\$ -	\$ 5,333,877	\$ 14,331,756	\$ 6,112,710	\$ 10,720,460
Library System						
Governmental activities:						
Recreation and culture	4,626,855	3,222	28,781	681,169	36,417	(3,883,710)
Department of Water and Sewer						
Business-type activities:						
Water	14,545,139	-	16,092,203	-	-	1,547,064
Sewer	5,048,089	-	5,167,123	-	-	119,034
Total Department of Water and Sewer	19,593,228	-	21,259,326	-	-	1,666,098
Drain Commission						
Governmental activities:						
Public works	1,142,950	47,743	6,900	-	652,284	(531,509)
Interest on long-term debt	119,671	-	-	-	-	(119,671)
Total Drain Commission	1,262,621	47,743	6,900	-	652,284	(651,180)
Bay County Landbank						
Governmental activities:						
General government	175	-	8,578	-	-	8,403
Total component units	\$ 40,540,762	\$ 50,965	\$ 26,637,462	\$ 15,012,925	\$ 6,801,411	\$ 7,860,071

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, 2022

	Road Commission	Library System	Department of Water and Sewer	Drain Commission
Change in net position				
Net (expense) revenue	\$ 10,720,460	\$ (3,883,710)	\$ 1,666,098	\$ (651,180)
General revenues:				
Property taxes	-	5,164,050	-	(402,771)
Unrestricted investment appreciation (depreciation)	(198,142)	(300,127)	183,119	(93,616)
Other revenue	38,863	-	2,445,526	189,150
Total general revenues	(159,279)	4,863,923	2,628,645	(307,237)
Change in net position	10,561,181	980,213	4,294,743	(958,417)
Net position, beginning of year, as restated	98,655,873	10,000,037	40,566,029	15,228,605
Net position, end of year	<u>\$ 109,217,054</u>	<u>\$ 10,980,250</u>	<u>\$ 44,860,772</u>	<u>\$ 14,270,188</u>



Bay County Landbank	Total
<u>\$ 8,403</u>	<u>\$ 7,860,071</u>
-	4,761,279
-	(408,766)
-	<u>2,673,539</u>
-	<u>7,026,052</u>
8,403	14,886,123
<u>95,754</u>	<u>164,546,298</u>
<u>\$ 104,157</u>	<u>\$ 179,432,421</u>

concluded.

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 102,821 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.

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.

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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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.

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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

The *health department / district health special revenue 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 government 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.

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.

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, the 100% tax payment, 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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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.

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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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 \$5,000 or more 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 5 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.

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 \$5,000 or more.

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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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.

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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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.

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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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.

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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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.

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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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.

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 within amounts appropriated.

The County did not expect any revenue or expenditures related to the Opioid Settlements special revenue fund, and therefore, a budget to actual statement is not presented.

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	\$ 20,323,397	\$ 16,943,040	\$ 37,266,437
Investments	26,206,273	13,103,890	39,310,163
Restricted cash and cash equivalents	4,408,905	-	4,408,905
Restricted investments	8,242,413	-	8,242,413
Statement of Fiduciary Net Position			
Pension and other employee benefits trust's:			
Investments	454,635,538	-	454,635,538
Other fiduciary funds:			
Cash and cash equivalents	7,373,261	-	7,373,261
Investments	14,239,063	-	14,239,063
Total	\$ 535,428,850	\$ 30,046,930	\$ 565,475,780

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Deposits and investments

Bank deposits:	
Checking, savings, and money market	\$ 52,344,035
Investments:	
Equities:	
Domestic equities**	183,476,381
Mutual funds	83,400,191
Commingled funds	76,860,966
Foreign equities	6,598,285
Real estate	1,654,297
American depository receipts	115,228
Total equities	<u>352,105,348</u>
Fixed income:	
Domestic corporate bonds**	45,090,994
Foreign corporate bonds**	6,156,647
Commingled funds	6,229,968
U.S. treasury securities	1,014,057
Partnerships	334,653
American depository receipts	351,635
Government bonds**	61,397,179
Municipal bonds**	30,728,377
Total fixed income	<u>151,303,510</u>
Money market funds and other similar investments	9,711,665
Total investments	<u>513,120,523</u>
Cash on hand	<u>11,222</u>
Total	<u><u>\$ 565,475,780</u></u>

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

Domestic equities	\$ 54,405
Domestic corporate bonds	22,578,568
Foreign corporate bonds	1,969,137
Government bonds	22,848,985
Municipal bonds	14,043,985

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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Investments by type are shown below:

	Investment Type			
	Equities	Fixed Income	Money Market and Other Similar Investments	Total
Less than 1 year	\$ -	\$ 4,802,348	\$ 1,070,444	\$ 5,872,792
1 - 5 years	-	60,467,905	1,382,439	61,850,344
6 - 10 years	-	35,610,127	495,564	36,105,691
More than 10 years	-	42,401,826	-	42,401,826
No maturity	352,105,348	8,021,304	6,763,218	366,889,870
Total	\$ 352,105,348	\$ 151,303,510	\$ 9,711,665	\$ 513,120,523

	Investment Type			
	Equities	Fixed Income	Money Market and Other Similar Investments	Total
AAA	\$ -	\$ 39,779,729	\$ -	\$ 39,779,729
AA	-	10,397,003	-	10,397,003
A	-	17,147,908	-	17,147,908
BAA	164,733,689	21,026,492	-	185,760,181
BA	-	1,803,761	-	1,803,761
B	-	137,966	-	137,966
Not rated	187,371,659	61,010,651	9,711,665	258,093,975
Total	\$ 352,105,348	\$ 151,303,510	\$ 9,711,665	\$ 513,120,523

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 \$91,427,273 of the County's bank balance of \$101,361,932 was exposed to custodial credit risk because it was uninsured and uncollateralized.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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.

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, 2022:

	ERS		VEBA	
	Fair Value of Underlying Securities	Cash Collateral Received	Fair Value of Underlying Securities	Cash Collateral Received
Government agencies	\$ 76,364	\$ 79,338	\$ -	\$ -
Domestic corporate bonds	747,866	763,000	-	-
Domestic equities	116,886	119,190	-	-
Total	\$ 941,116	\$ 961,528	\$ -	\$ -

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	\$ 137,352,355	\$ -	\$ 46,124,026	\$ 183,476,381
Mutual funds	82,856,322	543,869	-	83,400,191
Commingled funds - equity	76,860,966	-	-	76,860,966
U.S treasury securities	-	1,014,057	-	1,014,057
Partnerships	-	334,653	-	334,653
Foreign equities	6,598,285	-	-	6,598,285
Real estate	1,654,297	-	-	1,654,297
American depository receipts - equity	115,228	-	-	115,228
American depository receipts - fixed income	351,635	-	-	351,635
Domestic corporate bonds	-	45,090,994	-	45,090,994
Foreign corporate bonds	-	6,156,647	-	6,156,647
Commingled funds - fixed income	-	6,229,968	-	6,229,968
Government bonds	300,838	61,096,341	-	61,397,179
Municipal bonds	-	30,728,377	-	30,728,377
	<u>\$ 306,089,926</u>	<u>\$ 151,194,906</u>	<u>\$ 46,124,026</u>	<u>503,408,858</u>
Investments carried at amortized cost:				
Money market funds and other similar investments				<u>9,711,665</u>
				<u>\$ 513,120,523</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, commingled funds, 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, partnerships, treasury securities, 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.

Certain domestic equities are classified as Level 3. Level 3 investments are financial assets that are considered the most illiquid and the hardest to value. Since they are not traded frequently it is difficult to get an accurate market price. These asset values are received from the individual investment managers fund statements and are priced based on calculations and assumptions from quoted prices of similar assets.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

5. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Accounts:			
Current	\$ 2,441,849	\$ 1,353,743	\$ 256,715
Noncurrent	4,876,034	-	-
Property taxes	12,064,547	8,387,004	5,360,000
Special assessments:			
Current	-	-	573,605
Noncurrent	-	-	3,212,432
Installment sales agreement:			
Current	-	2,475,000	-
Long-term	-	42,872,101	-
Interest	146,400	846,594	79,214
Intergovernmental:			
Current	4,000,082	5,246,250	5,996,430
Long-term	-	-	1,731,059
Leases:			
Current	261,938	-	-
Long-term	250,427	-	-
Due from component units	162,269	25,000	-
Due from primary government	-	-	387,460
Less: allowance for uncollectible accounts	(962,597)	(34,000)	(7,000)
Total	<u>\$ 23,240,949</u>	<u>\$ 61,171,692</u>	<u>\$ 17,589,915</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

6. CAPITAL ASSETS

Primary government

Capital assets activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 2,211,953	\$ -	\$ -	\$ -	\$ 2,211,953
Construction in progress	-	218,444	-	-	218,444
	<u>2,211,953</u>	<u>218,444</u>	<u>-</u>	<u>-</u>	<u>2,430,397</u>
Capital assets, being depreciated/amortized:					
Land improvements	3,634,657	-	-	-	3,634,657
Buildings and improvements	65,728,609	-	(14,996)	-	65,713,613
Machinery and equipment	4,715,840	169,497	(45,378)	-	4,839,959
Office furniture and equipment	5,629,732	10,059	(637,498)	-	5,002,293
Vehicles	2,985,256	867,687	(314,856)	-	3,538,087
Right to use assets (Note 10)	-	36,444	-	-	36,444
	<u>82,694,094</u>	<u>1,083,687</u>	<u>(1,012,728)</u>	<u>-</u>	<u>82,765,053</u>
Less accumulated depreciation/amortization for:					
Land improvements	(3,038,797)	(38,066)	-	-	(3,076,863)
Buildings and improvements	(35,277,603)	(1,339,219)	14,996	-	(36,601,826)
Machinery and equipment	(3,150,067)	(242,893)	45,378	-	(3,347,582)
Office furniture and equipment	(3,924,074)	(355,849)	591,744	-	(3,688,179)
Vehicles	(2,353,279)	(377,150)	314,856	-	(2,415,573)
Right to use assets (Note 10)	-	(16,009)	-	-	(16,009)
	<u>(47,743,820)</u>	<u>(2,369,186)</u>	<u>966,974</u>	<u>-</u>	<u>(49,146,032)</u>
Total capital assets being depreciated/amortized, net	<u>34,950,274</u>	<u>(1,285,499)</u>	<u>(45,754)</u>	<u>-</u>	<u>33,619,021</u>
Governmental activities capital assets, net	<u>\$ 37,162,227</u>	<u>\$ (1,067,055)</u>	<u>\$ (45,754)</u>	<u>\$ -</u>	<u>\$ 36,049,418</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 167,021	\$ -	\$ -	\$ -	\$ 167,021
Construction in progress	1,871,318	726,134	-	-	2,597,452
	<u>2,038,339</u>	<u>726,134</u>	<u>-</u>	<u>-</u>	<u>2,764,473</u>
Capital assets, being depreciated:					
Land improvements	771,553	-	-	-	771,553
Buildings and improvements	28,096,181	59,042	-	-	28,155,223
Machinery and equipment	3,522,438	65,809	(25,294)	-	3,562,953
Office furniture and equipment	1,310,289	23,274	-	-	1,333,563
Vehicles	163,526	-	-	-	163,526
	<u>33,863,987</u>	<u>148,125</u>	<u>(25,294)</u>	<u>-</u>	<u>33,986,818</u>
Less accumulated depreciation for:					
Land improvements	(771,553)	-	-	-	(771,553)
Buildings and improvements	(11,699,606)	(1,424,593)	-	-	(13,124,199)
Machinery and equipment	(1,786,668)	(218,643)	25,294	-	(1,980,017)
Office furniture and equipment	(658,151)	(79,975)	-	-	(738,126)
Vehicles	(163,526)	-	-	-	(163,526)
	<u>(15,079,504)</u>	<u>(1,723,211)</u>	<u>25,294</u>	<u>-</u>	<u>(16,777,421)</u>
Total capital assets being depreciated, net	<u>18,784,483</u>	<u>(1,575,086)</u>	<u>-</u>	<u>-</u>	<u>17,209,397</u>
Business-type activities capital assets, net	<u>\$ 20,822,822</u>	<u>\$ (848,952)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,973,870</u>

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

Depreciation/amortization of governmental activities by function

General government	\$ 1,442,707
Public safety	369,972
Health and welfare	366,589
Recreation and culture	83,419
Judicial	106,499
	<u>\$ 2,369,186</u>

Depreciation of business-type activities by function

Medical Care Facility	\$ 1,703,305
Golf Course	19,906
	<u>\$ 1,723,211</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Discretely presented component units

Activity for the Road Commission for the year ended December 31, 2022, 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
	<u>37,348,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,348,905</u>
Capital assets, being depreciated:					
Buildings and improvements	2,896,425	117,011	-	-	3,013,436
Road equipment	14,321,386	83,331	-	-	14,404,717
Shop equipment	93,818	-	-	-	93,818
Office equipment	163,636	-	-	-	163,636
Engineering equipment	114,819	-	-	-	114,819
Yard and storage	1,396,051	-	-	-	1,396,051
Infrastructure:					
Roads	97,215,867	9,164,037	(2,403,695)	-	103,976,209
Bridges	24,224,466	195,217	-	-	24,419,683
Traffic signals	700,550	-	-	-	700,550
	<u>141,127,018</u>	<u>9,559,596</u>	<u>(2,403,695)</u>	<u>-</u>	<u>148,282,919</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,223,478)	(67,123)	-	-	(2,290,601)
Road equipment	(12,346,270)	(754,698)	-	-	(13,100,968)
Shop equipment	(93,818)	-	-	-	(93,818)
Office equipment	(158,353)	(4,007)	-	-	(162,360)
Engineering equipment	(112,477)	(2,209)	-	-	(114,686)
Yard and storage	(1,390,396)	(4,536)	-	-	(1,394,932)
Infrastructure:					
Roads	(45,265,861)	(5,209,793)	2,403,695	-	(48,071,959)
Bridges	(12,767,177)	(502,436)	-	-	(13,269,613)
Traffic signals	(615,248)	(23,006)	-	-	(638,254)
	<u>(74,973,078)</u>	<u>(6,567,808)</u>	<u>2,403,695</u>	<u>-</u>	<u>(79,137,191)</u>
Total capital assets being depreciated, net	<u>66,153,940</u>	<u>2,991,788</u>	<u>-</u>	<u>-</u>	<u>69,145,728</u>
Road Commission capital assets, net	<u>\$ 103,502,845</u>	<u>\$ 2,991,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,494,633</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Activity for the Library System for the year ended December 31, 2022, 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	-	-	-	1,274,465
Machinery and equipment	247,736	22,387	-	-	270,123
Office furniture and equipment	1,181,760	-	-	-	1,181,760
Books and a/v materials	2,415,551	406,562	(415,568)	-	2,406,545
Vehicles and other	237,499	-	-	-	237,499
	<u>5,495,570</u>	<u>428,949</u>	<u>(415,568)</u>	<u>-</u>	<u>5,508,951</u>
Less accumulated depreciation for:					
Land improvements	(89,091)	(2,643)	-	-	(91,734)
Buildings and improvements	(954,087)	(21,636)	-	-	(975,723)
Machinery and equipment	(171,180)	(8,409)	-	-	(179,589)
Office furniture and equipment	(986,363)	(26,360)	-	-	(1,012,723)
Books and a/v materials	(1,202,732)	(399,997)	415,568	-	(1,187,161)
Vehicles and other	(190,730)	(23,506)	-	-	(214,236)
	<u>(3,594,183)</u>	<u>(482,551)</u>	<u>415,568</u>	<u>-</u>	<u>(3,661,166)</u>
Total capital assets being depreciated, net	<u>1,901,387</u>	<u>(53,602)</u>	<u>-</u>	<u>-</u>	<u>1,847,785</u>
Library System capital assets, net	<u>\$ 2,008,874</u>	<u>\$ (53,602)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,955,272</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Activity for the Department of Water & Sewer for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 607,217	\$ -	\$ -	\$ -	\$ 607,217
Construction in progress	2,237,121	2,398,243	(39,280)	-	4,596,084
	<u>2,844,338</u>	<u>2,398,243</u>	<u>(39,280)</u>	<u>-</u>	<u>5,203,301</u>
Capital assets, being depreciated:					
Buildings and improvements	14,918,315	60,815	-	-	14,979,130
Improvements other than buildings	4,775,038	41,230	-	-	4,816,268
Machinery and equipment	20,365,459	274,553	(91,075)	-	20,548,937
Water system	59,145,471	1,332,104	-	-	60,477,575
Sewer system	30,119,376	313,998	-	-	30,433,374
	<u>129,323,659</u>	<u>2,022,700</u>	<u>(91,075)</u>	<u>-</u>	<u>131,255,284</u>
Less accumulated depreciation for:					
Buildings and improvements	(11,232,184)	(330,867)	-	-	(11,563,051)
Improvements other than buildings	(2,857,922)	(589,614)	-	-	(3,447,536)
Machinery and equipment	(15,230,077)	(1,517,028)	91,075	-	(16,656,030)
Water system	(7,430,705)	(1,287,727)	-	-	(8,718,432)
Sewer system	(16,687,951)	(679,994)	-	-	(17,367,945)
	<u>(53,438,839)</u>	<u>(4,405,230)</u>	<u>91,075</u>	<u>-</u>	<u>(57,752,994)</u>
Total capital assets being depreciated, net	<u>75,884,820</u>	<u>(2,382,530)</u>	<u>-</u>	<u>-</u>	<u>73,502,290</u>
Department of Water & Sewer capital assets, net	<u>\$ 78,729,158</u>	<u>\$ 15,713</u>	<u>\$ (39,280)</u>	<u>\$ -</u>	<u>\$ 78,705,591</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Activity for the Drain Commission for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 333,173	\$ -	\$ -	\$ -	\$ 333,173
Construction in progress	5,073,441	838,916	-	(1,924,034)	3,988,323
	<u>5,406,614</u>	<u>838,916</u>	<u>-</u>	<u>(1,924,034)</u>	<u>4,321,496</u>
Capital assets, being depreciated:					
Land improvements (infrastructure)	5,915,522	17,494	-	1,924,034	7,857,050
Buildings	171,681	-	-	-	171,681
Machinery and equipment	858,343	-	-	-	858,343
Vehicles	283,772	-	-	-	283,772
	<u>7,229,318</u>	<u>17,494</u>	<u>-</u>	<u>1,924,034</u>	<u>9,170,846</u>
Less accumulated depreciation for:					
Land improvements (infrastructure)	(2,455,291)	(239,795)	-	-	(2,695,086)
Buildings	(171,681)	-	-	-	(171,681)
Machinery and equipment	(566,656)	(49,310)	-	-	(615,966)
Vehicles	(223,289)	(26,981)	-	-	(250,270)
	<u>(3,416,917)</u>	<u>(316,086)</u>	<u>-</u>	<u>-</u>	<u>(3,733,003)</u>
Total capital assets being depreciated, net	<u>3,812,401</u>	<u>(298,592)</u>	<u>-</u>	<u>1,924,034</u>	<u>5,437,843</u>
Drain Commission capital assets, net	<u>\$ 9,219,015</u>	<u>\$ 540,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,759,339</u>

7. PAYABLES

Accounts payable and accrued liabilities are as follows:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 1,586,143	\$ 1,012,148	\$ 1,941,679
Wages, fringe benefits and other accrued liabilities	1,360,753	1,000,284	556,152
Deposits	48,043	12,864	10,000
Due to other governmental units	1,549,147	9,137	782,005
Due to component unit	221,939	-	-
Due to primary government	-	-	187,269
Estimated insurance claims payable	994,380	1,086,305	-
Total	<u>\$ 5,760,405</u>	<u>\$ 3,120,738</u>	<u>\$ 3,477,105</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

	Due from Other Funds	Due to Other Funds
General fund	\$ 79,254	\$ 1,606,734
American rescue plan act fund	-	12
Health department /district health fund	-	1,858
Nonmajor governmental funds	-	107,405
Nonmajor enterprise funds	544,727	546,467
Internal service funds	1,638,495	-
Total	\$ 2,262,476	\$ 2,262,476

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 \$357,978 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	Health Department/ District Health Fund	Nonmajor Governmental Funds
General fund	\$ 328,410	\$ 1,322,424	\$ 2,410,673
Health Department /district health fund	607,306	-	-
Nonmajor governmental funds	874,042	-	-
Nonmajor enterprise funds	1,254,121	-	-
Internal service funds	8,194	-	-
	\$ 3,072,073	\$ 1,322,424	\$ 2,410,673

Transfers Out	Transfers In	
	Nonmajor Enterprise Funds	Total
General fund	\$ 94,120	\$ 4,155,627
Health Department /district health fund	-	607,306
Nonmajor governmental funds	-	874,042
Nonmajor enterprise funds	-	1,254,121
Internal service funds	-	8,194
	\$ 94,120	\$ 6,899,290

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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.

9. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bonds, notes and other long-term liabilities activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Primary Government					
Governmental activities:					
Direct borrowings:					
Installment purchase					
agreements payable	\$ 238,200	\$ -	\$ (79,400)	\$ 158,800	\$ 79,400
Lease payable (Note 10)	-	36,444	(15,919)	20,525	16,056
Compensated absences	2,108,479	2,890,851	(2,829,212)	2,170,118	271,265
Total governmental activities	2,346,679	2,927,295	(2,924,531)	2,349,443	366,721
Business-type activities -					
Direct borrowings:					
Revenue bonds	30,020,000	-	(960,000)	29,060,000	895,000
DWRP loans	21,605,000	-	(1,545,000)	20,060,000	1,580,000
Total installment debt	51,625,000	-	(2,505,000)	49,120,000	2,475,000
Compensated absences	6,088	20,395	(17,492)	8,991	8,991
Total business-type activities	51,631,088	20,395	(2,522,492)	49,128,991	2,483,991
Total primary government	\$ 53,977,767	\$ 2,947,690	\$ (5,447,023)	\$ 51,478,434	\$ 2,850,712

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, \$1,492 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 - B	-	30,000,000
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%	\$ 158,800
Business-type activities		
Revenue bonds - B	4.50 - 5.25%	\$ 560,000
Revenue bonds - A	0.473-3.080%	28,500,000
DWRF loans	2.00 - 2.50%	20,060,000
Total		\$ 49,120,000

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 \$2,271,948.

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
2023	\$ 79,400	\$ -	2,475,000	1,172,339
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
2028-2032	-	-	12,350,000	4,043,894
2033-2037	-	-	11,860,000	2,599,119
2038-2042	-	-	10,145,000	1,246,233
2043	-	-	2,215,000	66,627
	<u>\$ 158,800</u>	<u>\$ -</u>	<u>\$ 49,120,000</u>	<u>\$ 13,255,626</u>

Component Units

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Road Commission- Direct borrowings:					
Installment purchase agreements	\$ 2,050,228	\$ -	\$ (539,286)	\$ 1,510,942	\$ 539,286
Compensated absences	926,447	351,296	(375,470)	902,273	375,000
Total	<u>\$ 2,976,675</u>	<u>\$ 351,296</u>	<u>\$ (914,756)</u>	<u>\$ 2,413,215</u>	<u>\$ 914,286</u>

Road Commission.

Direct obligations currently outstanding are as follows:

Obligation	Interest Rates	Amount
Installment purchase agreement - Hopler Drain	2.60%	\$ 442,400
Installment purchase agreement - Tebo Erickson Drain	2.50%	611,400
Installment purchase agreement - Waldo Drain	3.50%	457,142
		<u>\$ 1,510,942</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

Year Ended December 31,	Principal	Interest
2023	539,286	38,787
2024	539,286	23,941
2025	318,085	9,095
2026	114,285	-
	<u>\$ 1,510,942</u>	<u>\$ 71,823</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Library System - Compensated absences	\$ 145,710	\$ 223,385	\$ (211,066)	\$ 158,029	\$ 15,803

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Department of Water & Sewer- General obligation bonds	\$ 2,675,000	\$ -	\$ (250,000)	\$ 2,425,000	\$ 260,000
Direct borrowings: Installment purchase agreement - due to primary government	51,625,000	-	(2,505,000)	49,120,000	2,475,000
Total installment debt	54,300,000	-	(2,755,000)	51,545,000	2,735,000
Direct borrowings: Equipment lease payable (Note 10)	10,973	-	(6,270)	4,703	4,703
Other postemployment benefits and pension payable (see below)	1,950,177	-	(219,118)	1,731,059	219,118
Compensated absences	394,290	2,972	-	397,262	59,589
Total	\$ 56,655,440	\$ 2,972	\$ (2,980,388)	\$ 53,678,024	\$ 3,018,410

Department of Water & Sewer.

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 MERS 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%	\$ 2,425,000
Installment purchase agreement	2.00 - 5.25%	49,120,000
		<u>\$ 51,545,000</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
2023	\$ 260,000	\$ 103,669	\$ 2,475,000	\$ 1,172,339
2024	270,000	93,269	2,545,000	1,105,318
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	571,444	2,315,000	961,898
2028-2032	1,005,000	89,250	12,350,000	4,043,892
2033-2037	-	-	11,860,000	2,599,118
2038-2042	-	-	10,145,000	1,246,233
2043	-	-	2,215,000	66,627
	<u>\$ 2,425,000</u>	<u>\$ 1,009,107</u>	<u>\$ 49,120,000</u>	<u>\$ 13,265,621</u>

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Drain Commission- Direct borrowings:					
Advance from					
primary government	\$ 518,904	\$ -	\$ (160,926)	\$ 357,978	\$ 165,567
Bonds payable	5,044,295	-	(918,700)	4,125,595	918,701
Total installment debt	5,563,199	-	(1,079,626)	4,483,573	1,084,268
Compensated absences	-	69,751	(40,749)	29,002	29,002
Total	<u>\$ 5,563,199</u>	<u>\$ 69,751</u>	<u>\$ (1,120,375)</u>	<u>\$ 4,512,575</u>	<u>\$ 1,113,270</u>

Drain Commission. 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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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%	\$ 357,978
Tebo Erickson drain bond payable	1.95%	1,329,995
Hoppler drain bond payable	2.21%	1,320,000
Waldo drain bond payable	2.00%-3.00%	1,475,600
		<u>\$ 4,483,573</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
2023	\$ 165,567	\$ 10,550	\$ 918,701	\$ 101,450
2024	131,397	5,772	918,699	77,441
2025	61,014	1,830	918,699	54,269
2026	-	-	478,699	33,208
2027	-	-	146,200	23,800
2028-2032	-	-	289,000	90,015
2033-2037	-	-	287,300	46,691
2038-2040	-	-	168,297	7,574
	<u>\$ 357,978</u>	<u>\$ 18,152</u>	<u>\$ 4,125,595</u>	<u>\$ 434,448</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.

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.

Asset Type	Remaining Term of Agreements
Land	2 to 5 years

The assets acquired through the leases are summarized as follows:

Land	\$ 36,444
Less accumulated amortization	<u>(16,009)</u>
Net book value	<u>\$ 20,435</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

The net present value of future minimum payments as of December 31, 2022, were as follows:

Governmental Activities		
Year Ended December 31,	Principal	Interest
2023	\$ 16,056	\$ 3,069
2024	4,469	3,052
Totals	\$ 20,525	\$ 6,121

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, 2022 was \$74,625, consisting of \$6,261 of interest.

Asset Type	Remaining Term of Agreements
Buildings	2 years
Land	2 to 11 years

Lease receivable activity for the year ended December 31, 2022, was as follows:

	Beginning Balance*	Additions	Deductions	Ending Balance
Governmental Activities				
Leases receivable	\$ 580,729	\$ -	\$ (68,364)	\$ 512,365

* The County implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leases receivable have been added to the beginning balances shown above and a corresponding deferred inflow has been recorded for the same amount.

Department of Water & Sewer.

In 2020, DWS leased a piece of equipment, with the option of buying the equipment for \$1 at the end of the lease term. Accordingly, the asset has been recorded as a capital asset with the corresponding lease principal recorded as a long-term lease payable.

The net present value of future minimum payments as of December 31, 2022 are as follows:

Year Ended December 31,	Principal	Interest
2023	\$ 4,703	\$ -

BAY COUNTY, MICHIGAN

Notes To Financial Statements

11. 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	735	188	923
Terminated plan members entitled to, but not yet receiving benefits	44	5	49
Active plan members	835	135	970
	<u>1,614</u>	<u>328</u>	<u>1,942</u>

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 3.63% to 4.56% 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 \$35,898 for the year ended December 31, 2021. 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	14.44%
Medical care facility	0.00%
Road commission	13.04%
Library	\$ -

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Amounts received from employer contributions for the year ended December 31, 2022 are as follows:

	Contributions
Primary government	\$ 1,550
Component units	1,139,492
	<u>\$ 1,141,042</u>

Actuarial Assumptions. The total pension liability was calculated as of December 31, 2021 from an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75% to 8.50% including inflation
Investment rate of return	7.25%, net of investment and administrative expense including inflation
Mortality tables	The RP-2014 Employee Generational The RP-2014 Healthy Annuitant Generational The RP-2014 Disabled Generational

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 7.25% 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, 2021 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, 2020	\$ 263,093,325	\$ 350,154,457	\$ (87,061,132)
Changes for the year:			
Service cost	4,521,825	-	4,521,825
Interest on the total pension liability	18,604,429	-	18,604,429
Difference between expected and actual experience	596,999	-	596,999
Employer contributions	-	1,246,987	(1,246,987)
Employee contributions	-	1,770,369	(1,770,369)
Net investment income	-	52,888,859	(52,888,859)
Benefit payments and refunds	(17,482,843)	(17,482,843)	-
Administrative expenses	-	(160,636)	160,636
Net changes	6,240,410	38,262,736	(32,022,326)
Balance at December 31, 2021	\$ 269,333,735	\$ 388,417,193	\$ (119,083,458)

The net pension asset is allocated as follows:

Primary government	\$ 89,655,701
Pension Trust	174,666
Component units	26,173,738
Component unit fiduciary funds not included within this report	3,079,353
	<u>\$ 119,083,458</u>

	Primary Government		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2020	\$ 198,463,924	\$ 264,138,314	\$ (65,674,390)
Changes for the year:			
Service cost	3,411,030	-	3,411,030
Interest on the total pension liability	14,034,214	-	14,034,214
Difference between expected and actual experience	450,345	-	450,345
Employer contributions	-	940,662	(940,662)
Employee contributions	-	1,335,474	(1,335,474)
Net investment income	-	39,896,605	(39,896,605)
Benefit payments and refunds	(13,188,148)	(13,188,148)	-
Administrative expenses	-	(121,175)	121,175
Net changes	4,707,441	28,863,418	(24,155,977)
Balance at December 31, 2021	\$ 203,171,365	\$ 293,001,732	\$ (89,830,367)

BAY COUNTY, MICHIGAN

Notes To Financial Statements

	Component Units		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2020	\$ 64,629,401	\$ 86,016,143	\$ (21,386,742)
Changes for the year:			
Service cost	1,110,795	-	1,110,795
Interest on the total pension liability	4,570,215	-	4,570,215
Difference between expected and actual experience	146,654	-	146,654
Employer contributions	-	306,325	(306,325)
Employee contributions	-	434,895	(434,895)
Net investment income	-	12,992,254	(12,992,254)
Benefit payments and refunds	(4,294,695)	(4,294,695)	-
Administrative expenses	-	(39,461)	39,461
Net changes	1,532,969	9,399,318	(7,866,349)
Balance at December 31, 2021	\$ 66,162,370	\$ 95,415,461	\$ (29,253,091)

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	Current	1% Increase
	6.25%	Discount Rate 7.25%	8.25%
Primary government	\$ (67,054,336)	\$ (89,830,367)	\$ (109,020,205)
Component units	(21,836,109)	(29,253,091)	(35,502,209)
County's net pension asset	\$ (88,890,445)	\$ (119,083,458)	\$ (144,522,414)

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, 2022, the County recognized pension expense of \$(21,426,677). At December 31, 2022, 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	\$ 1,030,619	\$ 2,659,554	\$ (1,628,935)
Change in proportionate share	2,266,543	2,266,543	-
Net difference between projected and actual earnings on pension plan investments	-	46,660,897	(46,660,897)
Component unit fiduciary funds not included within this report	(501,474)	(1,322,238)	820,764
	<u>2,795,688</u>	<u>50,264,756</u>	<u>(47,469,068)</u>
Contributions subsequent to measurement date	<u>1,141,042</u>	<u>-</u>	<u>1,141,042</u>
Total	\$ 3,936,730	\$ 50,264,756	\$ (46,328,026)

Primary Government	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 777,445	\$ 2,006,229	\$ (1,228,784)
Change in proportionate share	241,214	2,123,552	(1,882,338)
Net difference between projected and actual earnings on pension plan investments	-	35,198,558	(35,198,558)
	<u>1,018,659</u>	<u>39,328,339</u>	<u>(38,309,680)</u>
Contributions subsequent to measurement date	<u>1,550</u>	<u>-</u>	<u>1,550</u>
Total	\$ 1,020,209	\$ 39,328,339	\$ (38,308,130)

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Component Units	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 253,174	\$ 653,325	\$ (400,151)
Change in proportionate share	2,025,329	142,991	1,882,338
Net difference between projected and actual earnings on pension plan investments	-	11,462,339	(11,462,339)
Component unit fiduciary funds not included within this report	(501,474)	(1,322,238)	820,764
	<u>1,777,029</u>	<u>10,936,417</u>	<u>(9,159,388)</u>
Contributions subsequent to measurement date	1,139,492	-	1,139,492
Total	<u>\$ 2,916,521</u>	<u>\$ 10,936,417</u>	<u>\$ (8,019,896)</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 pension liability for the year ending December 31, 2023. 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	Component Units	Total
2023	\$ (9,535,756)	\$ (1,367,654)	\$ (10,903,410)
2024	(15,378,919)	(4,276,203)	(19,655,122)
2025	(8,886,110)	(2,405,104)	(11,291,214)
2026	(4,484,235)	(1,173,611)	(5,657,846)
2027	(24,660)	63,184	38,524
	<u>\$ (38,309,680)</u>	<u>\$ (9,159,388)</u>	<u>\$ (47,469,068)</u>

Payable to the Pension Plan. As of year end, the County had outstanding contributions due to the plan in the amount of \$134,523.

12. 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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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>

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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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	\$	1,762,672
Sheriff's department		558,366
Department of water and sewer		419,061
Medical care facility		1,920,190
Road commission		2,936,227
Library		-

Amounts received from employer contributions for the year ended December 31, 2022 are as follows:

	Contributions	
Primary government	\$	4,303,888
Component units		1,937,143
	\$	<u>6,241,031</u>

Actuarial Assumptions. The total OPEB liability was calculated as of December 31, 2021 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.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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, 2021 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>	

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, 2020	\$ 98,368,764	\$ 56,308,339	\$ 42,060,425
Changes for the year:			
Service cost	1,212,619	-	1,212,619
Interest	6,758,743	-	6,758,743
Difference between expected and actual experience	(31,116,527)	-	(31,116,527)
Changes in benefits	(154,575)		
Changes of assumptions	1,849,909	-	1,849,909
Employer contributions	-	7,443,808	(7,443,808)
Net investment income	-	7,340,731	(7,340,731)
Benefit payments and refunds	(4,843,200)	(4,843,200)	-
Administrative expenses	-	(56,669)	56,669
Net changes	<u>(26,293,031)</u>	<u>9,884,670</u>	<u>(36,023,126)</u>
Balance at December 31, 2021	<u>\$ 72,075,733</u>	<u>\$ 66,193,009</u>	<u>\$ 5,882,724</u>

The net OPEB liability is allocated as follows:

Primary government	\$ 3,614,928
Component units	1,936,802
Component unit fiduciary funds not included within this report	<u>330,994</u>
	<u>\$ 5,882,724</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

	Primary Government		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2020	\$ 60,447,505	\$ 34,601,417	\$ 25,846,088
Changes for the year:			
Service cost	745,153	-	745,153
Interest	4,153,241	-	4,153,241
Difference between expected and actual experience	(19,121,074)	-	(19,121,074)
Changes in benefits	(94,986)	-	(94,986)
Changes of assumptions	1,136,767	-	1,136,767
Employer contributions	-	4,574,212	(4,574,212)
Net investment income	-	4,510,872	(4,510,872)
Benefit payments and refunds	(2,976,141)	(2,976,141)	-
Administrative expenses	-	(34,823)	34,823
Net changes	(16,157,040)	6,074,120	(22,231,160)
Balance at December 31, 2021	\$ 44,290,465	\$ 40,675,537	\$ 3,614,928
	Component Units		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2020	\$ 37,921,259	\$ 21,706,922	\$ 16,214,337
Changes for the year:			
Service cost	467,466	-	467,466
Interest	2,605,502	-	2,605,502
Difference between expected and actual experience	(11,995,453)	-	(11,995,453)
Changes in benefits	(59,589)	-	(59,589)
Changes of assumptions	713,142	-	713,142
Employer contributions	-	2,869,596	(2,869,596)
Net investment income	-	2,829,859	(2,829,859)
Benefit payments and refunds	(1,867,059)	(1,867,059)	-
Administrative expenses	-	(21,846)	21,846
Net changes	(10,135,991)	3,810,550	(13,946,541)
Balance at December 31, 2021	\$ 27,785,268	\$ 25,517,472	\$ 2,267,796

A benefit change was reflected in the December 31, 2021 funding valuation, which developed the actuarially determined contribution for the fiscal years ending December 31, 2024 and December 31, 2025: General County members retiring after January 1, 2023 are no longer eligible for life insurance in retirement. The benefit change was also reflected in the development of the Total OPEB Liability as of December 31, 2021, the measurement date.

Assumptions changes in the December 31, 2021 actuarial valuations were due to adjustments to the health care cost trend rates.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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	\$ 8,359,643	\$ 3,614,928	\$ (400,805)
Component units	5,244,314	2,267,796	(251,440)
County's net OPEB liability	\$ 13,603,957	\$ 5,882,724	\$ (652,245)

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	\$ (606,959)	\$ 3,614,928	\$ 8,637,335
Component units	(380,768)	2,267,796	5,418,518
County's net OPEB liability	\$ (987,727)	\$ 5,882,724	\$ 14,055,853

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2022, the County recognized OPEB expense of \$11,376,214. At December 31, 2022, 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	\$ -	\$ 55,568,568	\$ (55,568,568)
Changes of assumptions	4,525,305	117,607	4,407,698
Change in proportionate share	9,155,001	9,155,001	-
Net difference between projected and actual earnings on pension plan investments	-	6,669,036	(6,669,036)
Component unit fiduciary funds not included within this report	(1,439,668)	(3,598,529)	2,158,861
	12,240,638	67,911,683	(55,671,045)
Contributions subsequent to measurement date	6,241,031	-	6,241,031
Total	\$ 18,481,669	\$ 67,911,683	\$ (49,430,014)

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	\$ -	\$ 34,146,934	\$ (34,146,934)
Changes of assumptions	2,780,804	72,270	2,708,534
Change in proportionate share	4,492,347	7,238,391	(2,746,044)
Net difference between projected and actual earnings on pension plan investments	-	4,098,128	(4,098,128)
	<u>7,273,151</u>	<u>45,555,723</u>	<u>(38,282,572)</u>
Contributions subsequent to measurement date	4,303,888	-	4,303,888
Total	\$ 11,577,039	\$ 45,555,723	\$ (33,978,684)

Component Units	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 21,421,634	\$ (21,421,634)
Changes of assumptions	1,744,501	45,337	1,699,164
Change in proportionate share	4,662,654	1,916,610	2,746,044
Net difference between projected and actual earnings on pension plan investments	-	2,570,908	(2,570,908)
Component unit fiduciary funds not included within this report	(1,439,668)	(3,598,529)	2,158,861
	<u>4,967,487</u>	<u>22,355,960</u>	<u>(17,388,473)</u>
Contributions subsequent to measurement date	1,937,143	-	1,937,143
	<u>\$ 6,904,630</u>	<u>\$ 22,355,960</u>	<u>\$ (15,451,330)</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, 2023. 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
2023	\$ (9,601,276)	\$ (2,991,532)	\$ (12,592,808)
2024	(9,909,009)	(5,249,113)	(15,158,122)
2025	(8,980,642)	(4,728,189)	(13,708,831)
2026	(7,452,266)	(3,687,391)	(11,139,657)
2027	(2,339,379)	(732,248)	(3,071,627)
	<u>\$ (38,282,572)</u>	<u>\$ (17,388,473)</u>	<u>\$ (55,671,045)</u>

Payable to the OPEB Plan. As of year end, the County had outstanding contributions due to the Plan in the amount of \$133,135.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

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

13. 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	\$ 173,835,971	\$ 18,008,219	\$ 191,844,190
Fixed income	77,993,988	11,192,505	89,186,493
Commingled funds	76,860,966	6,229,968	83,090,934
Mutual funds	39,397,293	44,002,898	83,400,191
Money market	5,907,231	1,206,499	7,113,730
Total investments	<u>373,995,449</u>	<u>80,640,089</u>	<u>454,635,538</u>
Receivables:			
Contributions	317,563	173,135	490,698
Interest and dividends	681,846	129,246	811,092
Total receivables	<u>999,409</u>	<u>302,381</u>	<u>1,301,790</u>
Other current assets:			
Prepaid items and other assets	2,145,497	8,818	2,154,315
Net pension asset	174,666	-	174,666
Total other current assets	<u>2,320,163</u>	<u>8,818</u>	<u>2,328,981</u>
Total assets	<u>377,315,021</u>	<u>80,951,288</u>	<u>458,266,309</u>
Deferred outflow of resources - pension	<u>2,227</u>	<u>-</u>	<u>2,227</u>
Liabilities			
Accounts payable	539,398	32,176	571,574
Accrued liabilities	488,075	-	488,075
Accrued vacation and sick pay	2,727	-	2,727
Unearned revenue	-	-	-
Total liabilities	<u>1,030,200</u>	<u>32,176</u>	<u>1,062,376</u>
Deferred inflow of resources - pension	<u>76,517</u>	<u>-</u>	<u>76,517</u>
Net position			
Restricted for:			
Employees' retirement system	376,210,531	-	376,210,531
Postemployment healthcare benefits	-	80,919,112	80,919,112
Total net position	<u>\$ 376,210,531</u>	<u>\$ 80,919,112</u>	<u>\$ 457,129,643</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

	Plan Changes in Net Position		
	Employees' Retirement System	VEBA Trust	Total
Additions			
Investment income:			
Net appreciation in fair value of investments	\$ (76,773,422)	\$ (16,417,959)	\$ (93,191,381)
Interest and dividends	6,572,461	3,286,386	9,858,847
Less investment expense	(2,230,329)	(201,905)	(2,432,234)
Total investment income	<u>(72,431,290)</u>	<u>(13,333,478)</u>	<u>(85,764,768)</u>
Contributions:			
Employer	1,812,366	6,241,036	8,053,402
Plan members	2,344,718	-	2,344,718
Total contributions	<u>4,157,084</u>	<u>6,241,036</u>	<u>10,398,120</u>
Other revenue	<u>7,480</u>	<u>-</u>	<u>7,480</u>
Total additions	<u>(68,266,726)</u>	<u>(7,092,442)</u>	<u>(75,359,168)</u>
Deductions			
Benefit payments	22,115,100	4,634,631	26,749,731
Administrative expenses	398,505	11,516	410,021
Total deductions	<u>22,513,605</u>	<u>4,646,147</u>	<u>27,159,752</u>
Change in net position	<u>(90,780,331)</u>	<u>(11,738,589)</u>	<u>(102,518,920)</u>
Net position, beginning of year	<u>466,990,862</u>	<u>92,657,701</u>	<u>559,648,563</u>
Net position, end of year	<u>\$ 376,210,531</u>	<u>\$ 80,919,112</u>	<u>\$ 457,129,643</u>

14. 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:

	2022	2021
Claims liability, beginning of year	\$ 335,529	\$ 195,234
Claims incurred, including changes in estimates	78,810	412,244
Claims payments and adjustments	<u>(278,260)</u>	<u>(271,949)</u>
Claims liability, end of year	<u>\$ 136,079</u>	<u>\$ 335,529</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:

	2022	2021
Claims liability, beginning of year	\$ 299,943	\$ 746,250
Claims incurred, including changes in estimates	(88,155)	28,471
Claims payments and adjustments	<u>(165,466)</u>	<u>(474,778)</u>
Claims liability, end of year	<u>\$ 46,322</u>	<u>\$ 299,943</u>

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

	2022	2021
Claims liability, beginning of year	\$ 393,680	\$ 475,751
Claims incurred, including changes in estimates	8,059,492	6,648,524
Claims payments and adjustments	<u>(7,594,871)</u>	<u>(6,730,595)</u>
Claims liability, end of year	<u>\$ 858,301</u>	<u>\$ 393,680</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:

	2022	2021
Claims liability, beginning of year	\$ 330,186	\$ 143,174
Claims incurred, including changes in estimates	3,005,121	3,273,269
Claims payments and adjustments	<u>(3,076,749)</u>	<u>(3,086,257)</u>
Claims liability, end of year	<u>\$ 258,558</u>	<u>\$ 330,186</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 \$33,111.

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 \$46,190.

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 \$219,519.

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 \$1,318,000.

15. 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 2022 ad valorem tax is levied and collectible starting December 1, 2022, 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, 2021 levy totaled \$2,999,644,472. The taxable value of real and personal property for the July 1, 2022 levy totaled \$3,145,923,351. The tax levy for fiscal year 2022 operations was based on the following rates:

General operating	5.7078 mills
Mosquito control	.5490 mills
Gypsy moth	.0998 mills
911 central dispatch	.6987 mills
County library	1.7468 mills
Senior citizens	.5490 mills
Soldiers' Relief	.0998 mills
Historical society	.0950 mills
Medical care	1.7468 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 2022 amounted to \$151,108, 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 2022 amount to \$440,417, related to brownfield exemptions.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

16. 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	Health Department /District Health Fund	Nonmajor Funds	Total
Nonspendable:					
Inventory	\$ 17,189	\$ -	\$ -	\$ -	\$ 17,189
Prepays	372,117	-	-	55,666	427,783
Long-term advance	357,978	-	-	-	357,978
Total nonspendable	747,284	-	-	55,666	802,950
Restricted for:					
General county services	151,527	-	-	-	151,527
911 services	-	-	-	1,230,330	1,230,330
Division on aging	-	-	-	1,294,874	1,294,874
Health department	-	-	4,463,496	-	4,463,496
Mosquito control	-	-	-	1,448,646	1,448,646
Friend of the court	-	-	-	384,272	384,272
Animal control	-	-	-	46	46
Gypsy moth control	-	-	-	317,664	317,664
Register of deeds	-	-	-	162,560	162,560
Concealed pistol licensing	-	-	-	178,564	178,564
Local C.F.O. training	-	-	-	53,607	53,607
Drug law enforcement	-	-	-	24,847	24,847
Home rehabilitation	-	-	-	1,860,832	1,860,832
Septic system replacement	-	-	-	106,107	106,107
Child care/social services	-	-	-	1,125	1,125
Soldiers' relief	-	-	-	472,278	472,278
Social welfare	-	-	-	18,334	18,334
Indigent defense	-	-	-	18,917	18,917
Total restricted	151,527	-	4,463,496	7,586,394	12,201,417
Committed for:					
Budget Stabilization	7,344,397	-	-	-	7,344,397
Assigned for:					
General county services	4,296,912	-	-	-	4,296,912
Law library	-	-	-	1,580	1,580
Community corrections	-	-	-	5,866	5,866
Child care	-	-	-	561,063	561,063
Child care social/services	-	-	-	15,133	15,133
Total assigned	4,296,912	-	-	583,642	4,880,554
Unassigned	4,899,655	-	-	-	4,899,655
Total fund balances, governmental funds	\$ 17,439,775	\$ -	\$ 4,463,496	\$ 8,225,702	\$ 30,128,973

BAY COUNTY, MICHIGAN

Notes To Financial Statements

17. 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	\$ 63,260,310	\$ 26,395,391	\$ 26,173,738
Insurance claims	4,961,683	-	-
Health and welfare	6,274,338	-	-
Home rehabilitation	1,860,832	-	-
Pest control	1,768,821	-	-
Public safety	1,630,836	-	-
Opioid Remediation	3,111,057	-	-
Debt service	-	-	4,795,649
Other:			
Judicial	384,272	-	-
Register of deeds	162,560	-	-
Donor restrictions	165,319	-	-
Indigent defense	18,917	-	-
	<u>\$ 83,598,945</u>	<u>\$ 26,395,391</u>	<u>\$ 30,969,387</u>

Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2022, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Assets not being depreciated	\$ 2,430,397	\$ 2,764,473	\$ 46,981,189
Assets being depreciated/amortized, net	33,619,021	17,209,397	149,933,646
	<u>36,049,418</u>	<u>19,973,870</u>	<u>196,914,835</u>
Related debt:			
Due within one year	366,721	2,483,991	5,061,769
Due more than one year	1,982,722	46,645,000	55,700,074
Capital related payables and retainage	14,147	-	-
Less:			
Deferred charge on bond refunding	-	-	(2,271,948)
Non-capital debt	-	(49,120,000)	-
Unspent bond proceeds	-	-	(1,642,172)
Compensated absences	(2,170,118)	(8,991)	(1,457,564)
Retiree benefit obligation	-	-	(1,731,059)
	<u>193,472</u>	<u>-</u>	<u>53,659,100</u>
Net investment in capital assets	<u>\$ 35,855,946</u>	<u>\$ 19,973,870</u>	<u>\$ 143,255,735</u>

BAY COUNTY, MICHIGAN

Notes To Financial Statements

18. 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, 2022, 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 2022 and therefore, the County has a liability recorded of \$108,099.

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.

At December 31, 2021, the County Drain Commission had total outstanding commitments related to the Hoppler Creek Drain and Tebo-Erickson Drain projects in the approximate amount of \$769,563.

As of December 31, 2022, the Medical Care Facility has a commitment balance of \$5,135,583 related to its renovation project.

19. 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 in the amount of \$180,581, including amounts received by the County on behalf of Bangor and Monitor Charter Townships, 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 in the amount of \$535,803, including amounts received by the County on behalf of Bangor and Monitor Townships, and the remaining installments expected to be made annually beginning in 2026. The County is currently allocated approximately 1.1890% (in addition to 0.006% on behalf of Bangor Charter Township and 0.003% on behalf of Monitor Charter Township) of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$3,114,263 and \$715,809 from the Distributors and Janssen, respectively.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

As a result of the payment terms issued to the Directing Administrator of the National Opioid Settlements, the receivable for the Distributor and Janssen 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, 2022 is \$3,111,057.

Additional settlements with pharmacies and manufacturers were entered into during 2022, including CVS, Walgreens, Walmart, Allergan and Teva. However, as of December 31, 2022, 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.

20. RESTATEMENT

Department of Water & Sewer.

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.

The prior period adjustment relates to the installment purchase agreement liability to the County. The County's bond refunding of the installment purchase agreement payable that occurred in 2021 was not recorded by DWS during 2021. The total prior period adjustment consisted of the bond issuance costs, interest expense and unamortized bond discount totaling \$449,863. This is reflected as a reduction in net position of the Department of Water and Sewer component unit.

21. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the County for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The County directly received over \$6.1 million during 2022 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program authorized by the American Rescue Plan Act and other funding sources. This funding was used to provide relief in multiple areas such as State public safety and public health programs, purchases or personal protection equipment (PPE), transportation assistance, library assistance, and election assistance.

BAY COUNTY, MICHIGAN

Notes To Financial Statements

Medical Care Facility

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the Facility for providing services to its residents, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The Federal Government requires the Facility to comply with certain terms and conditions outlined by the U.S. Department of Health and Human Services (Department). The Facility recognized revenue of \$1,242,891 during the year ended December 31, 2022, from various federal and state funding sources to be used to respond to the impacts of the COVID-19 pandemic.



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,			
	2021	2020	2019	2018
Total pension liability				
Service cost	\$ 4,521,825	\$ 4,597,456	\$ 4,204,664	\$ 4,154,779
Interest	18,604,429	18,354,165	18,052,689	17,454,630
Changes in benefits	-	-	-	-
Differences between expected and actual experience	596,999	(2,504,617)	(2,138,494)	2,243,847
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	(17,482,843)	(16,431,695)	(15,882,249)	(15,375,944)
Net change in total pension liability	<u>6,240,410</u>	<u>4,015,309</u>	<u>4,236,610</u>	<u>8,477,312</u>
Total pension liability, beginning of year	<u>263,093,325</u>	<u>259,078,016</u>	<u>254,841,406</u>	<u>246,364,094</u>
Total pension liability, end of year	<u>269,333,735</u>	<u>263,093,325</u>	<u>259,078,016</u>	<u>254,841,406</u>
Plan fiduciary net position				
Employer contributions	1,246,987	1,314,145	1,197,464	1,526,177
Employee contributions	1,770,369	1,740,809	1,721,903	1,645,878
Net investment income (loss)	52,888,859	48,521,218	59,850,265	(17,819,901)
Benefit payments, including refunds of member contributions	(17,482,843)	(16,431,695)	(15,882,249)	(15,375,944)
Administrative expenses	(160,636)	(194,354)	(212,320)	(162,313)
Net change in fiduciary net position	<u>38,262,736</u>	<u>34,950,123</u>	<u>46,675,063</u>	<u>(30,186,103)</u>
Fiduciary net position, beginning of year	<u>350,154,457</u>	<u>315,204,334</u>	<u>268,529,271</u>	<u>298,715,374</u>
Fiduciary net position, end of year	<u>388,417,193</u>	<u>350,154,457</u>	<u>315,204,334</u>	<u>268,529,271</u>
Net pension asset	<u>\$ (119,083,458)</u>	<u>\$ (87,061,132)</u>	<u>\$ (56,126,318)</u>	<u>\$ (13,687,865)</u>
Fiduciary net position as a percentage of total pension asset	144.21%	133.09%	121.66%	105.37%
Covered payroll	<u>\$ 39,231,596</u>	<u>\$ 39,492,417</u>	<u>\$ 38,040,191</u>	<u>\$ 37,281,066</u>
Net pension asset as a percentage of covered payroll	-303.54%	-220.45%	-147.54%	-36.72%

See notes to required supplementary information.



Plan Year Ended December 31,			
2017	2016	2015	2014
\$ 4,082,245	\$ 4,033,693	\$ 3,995,877	\$ 3,941,541
17,280,650	17,018,949	16,521,779	15,873,703
-	300,125	-	-
(3,927,946)	(3,434,251)	-	2,048,465
-	8,000,602	-	-
<u>(14,767,057)</u>	<u>(14,250,784)</u>	<u>(13,564,472)</u>	<u>(12,935,261)</u>
2,667,892	11,668,334	6,953,184	8,928,448
<u>243,696,202</u>	<u>232,027,868</u>	<u>225,074,684</u>	<u>216,146,236</u>
<u>246,364,094</u>	<u>243,696,202</u>	<u>232,027,868</u>	<u>225,074,684</u>
1,784,822	1,958,204	2,165,361	2,574,104
1,664,592	1,759,828	1,591,066	1,669,919
48,824,494	19,028,272	1,861,801	19,045,651
<u>(14,767,057)</u>	<u>(14,250,784)</u>	<u>(13,564,472)</u>	<u>(12,935,261)</u>
<u>(278,665)</u>	<u>(287,391)</u>	<u>(248,428)</u>	<u>(193,343)</u>
37,228,186	8,208,129	(8,194,672)	10,161,070
<u>261,487,188</u>	<u>253,279,059</u>	<u>261,473,731</u>	<u>251,312,661</u>
<u>298,715,374</u>	<u>261,487,188</u>	<u>253,279,059</u>	<u>261,473,731</u>
<u>\$ (52,351,280)</u>	<u>\$ (17,790,986)</u>	<u>\$ (21,251,191)</u>	<u>\$ (36,399,047)</u>
121.25%	107.30%	109.16%	116.17%
<u>\$ 37,891,976</u>	<u>\$ 37,854,795</u>	<u>\$ 37,463,853</u>	<u>\$ 36,274,550</u>
-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	1,246,987	(94,594)	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%

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	21 years closed for groups that are underfunded 20 years open for groups that are overfunded
Asset valuation method	5-year smoothed market
Wage inflation	3.25%
Price inflation	2.50%
Salary Increases	3.75% to 8.50% including inflation
Investment rate of return	7.25%
Mortality	RP-2014 Employee Generational Mortality Tables RP-2014 Healthy Annuitant Generational Mortality Tables RP-2014 Disabled Generational Mortality Tables

Assumption Changes

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,				
	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 1,212,619	\$ 1,209,908	\$ 1,686,202	\$ 1,725,898	\$ 2,116,686
Interest	6,758,743	9,124,656	8,878,469	8,660,778	8,409,809
Changes in benefits	(154,575)	-	-	-	60,188
Changes of assumptions	1,849,909	4,603,779	-	(575,231)	-
Differences between expected and actual experience	(31,116,527)	(44,095,297)	(2,187,790)	(1,733,529)	(2,007,823)
Benefit payments, including refunds of member contributions	(4,843,200)	(4,443,102)	(4,800,459)	(5,095,943)	(4,500,449)
Net change in total OPEB liability	(26,293,031)	(33,600,056)	3,576,422	2,981,973	4,078,411
Total OPEB liability, beginning of year	98,368,764	131,968,820	128,392,398	125,410,425	121,332,014
Total OPEB liability, end of year	72,075,733	98,368,764	131,968,820	128,392,398	125,410,425
Plan fiduciary net position					
Employer contributions	7,443,808	6,688,257	6,855,355	8,324,269	4,798,896
Net investment income (loss)	7,340,731	8,085,778	7,641,774	(1,741,165)	3,932,499
Benefit payments, including refunds of member contributions	(4,843,200)	(4,443,102)	(4,800,459)	(5,095,943)	(4,500,449)
Administrative expenses	(56,669)	(74,644)	(59,788)	(11,767)	(43,437)
Net change in fiduciary net position	9,884,670	10,256,289	9,636,882	1,475,394	4,187,509
Fiduciary net position, beginning of year	56,308,339	46,052,050	36,415,168	34,939,774	30,752,265
Fiduciary net position, end of year	66,193,009	56,308,339	46,052,050	36,415,168	34,939,774
Net OPEB liability	\$ 5,882,724	\$ 42,060,425	\$ 85,916,770	\$ 91,977,230	\$ 90,470,651
Fiduciary net position as a percentage of total OPEB liability	91.84%	57.24%	34.90%	28.36%	27.86%
Covered-employee payroll	\$ 22,060,519	\$ 23,365,490	\$ 24,361,461	\$ 25,293,502	\$ 25,746,633
Net OPEB liability as a percentage of covered-employee payroll	26.67%	180.01%	352.67%	363.64%	351.39%

See notes to required supplementary information.

BAY COUNTY, MICHIGAN

Required Supplementary Information

VEBA Trust - Retiree Healthcare Plan
For the Year Ended December 31, 2022

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	3,516,682	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%

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.

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 **Animal Control 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 **Gypsy Moth Control 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.

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.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (concluded)

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 Settlement 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, 2022

	Special Revenue Funds					
	Friend of the Court	Animal Control	Gypsy Moth Control	Mosquito Control	Register of Deeds Automation	911 Service
Assets						
Cash and cash equivalents	\$ 208,677	\$ 45,175	\$ 126,954	\$ 598,645	\$ 61,908	\$ 441,526
Investments	180,401	58,587	204,092	990,741	100,539	893,561
Accounts receivable, net	-	-	-	-	-	21
Property taxes receivable, net	-	2,029,482	289,048	1,591,629	-	3,042,539
Interest receivable	-	23	1,201	5,580	508	5,595
Due from other governmental units	-	-	5,107	28,089	-	112,759
Prepaid items and other assets	-	-	-	-	-	34,416
Total assets	<u>\$ 389,078</u>	<u>\$ 2,133,267</u>	<u>\$ 626,402</u>	<u>\$ 3,214,684</u>	<u>\$ 162,955</u>	<u>\$ 4,530,417</u>
Liabilities						
Accounts payable	\$ 170	\$ -	\$ 474	\$ 81,154	\$ 395	\$ 13,377
Accrued liabilities	4,541	-	4,373	11,774	-	53,032
Due to other funds	95	-	93	242	-	1,108
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>4,806</u>	<u>-</u>	<u>4,940</u>	<u>93,170</u>	<u>395</u>	<u>67,517</u>
Deferred inflows of resources						
Unavailable revenue - property taxes	-	-	272	2,239	-	2,965
Unavailable revenue - long-term receivables	-	-	-	-	-	-
Taxes levied for a subsequent period	-	2,133,221	303,526	1,670,629	-	3,195,189
Total deferred inflows of resources	<u>-</u>	<u>2,133,221</u>	<u>303,798</u>	<u>1,672,868</u>	<u>-</u>	<u>3,198,154</u>
Fund balances						
Nonspendable	-	-	-	-	-	34,416
Restricted	384,272	46	317,664	1,448,646	162,560	1,230,330
Assigned	-	-	-	-	-	-
Total fund balances	<u>384,272</u>	<u>46</u>	<u>317,664</u>	<u>1,448,646</u>	<u>162,560</u>	<u>1,264,746</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 389,078</u>	<u>\$ 2,133,267</u>	<u>\$ 626,402</u>	<u>\$ 3,214,684</u>	<u>\$ 162,955</u>	<u>\$ 4,530,417</u>

continued...

Special Revenue Funds

Concealed Pistol Licensing	Local C.F.O. Training	Drug Law Enforcement	Law Library	Community Corrections	Department on Aging	Home Rehabilitation	Septic System Replacement Revolving Loan	Opioid Settlements
\$ 71,193	\$ 52,423	\$ 24,847	\$ 6,468	\$ 86	\$ 557,369	\$ 76,409	\$ 12,717	\$ -
108,343	-	-	-	-	846,207	-	-	-
555	1,184	-	-	-	21,326	1,784,423	93,390	3,111,057
-	-	-	-	-	2,462,920	-	-	-
-	-	-	-	-	5,504	-	-	-
-	-	-	-	43,276	116,688	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 180,091</u>	<u>\$ 53,607</u>	<u>\$ 24,847</u>	<u>\$ 6,468</u>	<u>\$ 43,362</u>	<u>\$ 4,010,014</u>	<u>\$ 1,860,832</u>	<u>\$ 106,107</u>	<u>\$ 3,111,057</u>
\$ 54	\$ -	\$ -	\$ 4,888	\$ 7,854	\$ 57,586	\$ -	\$ -	\$ -
1,447	-	-	-	4,943	67,081	-	-	-
26	-	-	-	24,699	1,302	-	-	-
-	-	-	-	-	280	-	-	-
<u>1,527</u>	<u>-</u>	<u>-</u>	<u>4,888</u>	<u>37,496</u>	<u>126,249</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	2,527	-	-	-
-	-	-	-	-	-	-	-	3,111,057
-	-	-	-	-	2,586,364	-	-	-
-	-	-	-	-	2,588,891	-	-	3,111,057
-	-	-	-	-	-	-	-	-
178,564	53,607	24,847	-	-	1,294,874	1,860,832	106,107	-
-	-	-	1,580	5,866	-	-	-	-
<u>178,564</u>	<u>53,607</u>	<u>24,847</u>	<u>1,580</u>	<u>5,866</u>	<u>1,294,874</u>	<u>1,860,832</u>	<u>106,107</u>	<u>-</u>
<u>\$ 180,091</u>	<u>\$ 53,607</u>	<u>\$ 24,847</u>	<u>\$ 6,468</u>	<u>\$ 43,362</u>	<u>\$ 4,010,014</u>	<u>\$ 1,860,832</u>	<u>\$ 106,107</u>	<u>\$ 3,111,057</u>

continued...

BAY COUNTY, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Social Welfare	Child Care	Child Care / Social Services	Soldiers' Relief	Historical Preservation	Indigent Defense	
Assets							
Cash and cash equivalents	\$ 257	\$ 372,954	\$ 16,258	\$ 219,471	\$ 14,056	\$ 113,339	\$ 3,020,732
Investments	18,223	-	-	353,974	-	-	3,754,668
Accounts receivable, net	-	-	-	-	-	-	5,011,956
Property taxes receivable, net	-	-	-	289,184	275,265	-	9,980,067
Interest receivable	-	-	-	1,768	-	-	20,179
Due from other governmental units	-	611,634	-	5,107	4,860	52,165	979,685
Prepaid items and other assets	14,050	-	-	7,200	-	-	55,666
Total assets	<u>\$ 32,530</u>	<u>\$ 984,588</u>	<u>\$ 16,258</u>	<u>\$ 876,704</u>	<u>\$ 294,181</u>	<u>\$ 165,504</u>	<u>\$ 22,822,953</u>
Liabilities							
Accounts payable	\$ 146	\$ 272,212	\$ -	\$ 11,133	\$ 4,878	\$ 115,249	\$ 569,570
Accrued liabilities	-	72,157	-	2,793	-	30,709	252,850
Due to other funds	-	79,156	-	55	-	629	107,405
Unearned revenue	-	-	-	79,311	-	-	79,591
Total liabilities	<u>146</u>	<u>423,525</u>	<u>-</u>	<u>93,292</u>	<u>4,878</u>	<u>146,587</u>	<u>1,009,416</u>
Deferred inflows of resources							
Unavailable revenue - property taxes	-	-	-	408	401	-	8,812
Unavailable revenue - long-term receivables	-	-	-	-	-	-	3,111,057
Taxes levied for a subsequent period	-	-	-	303,526	275,511	-	10,467,966
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>303,934</u>	<u>275,912</u>	<u>-</u>	<u>13,587,835</u>
Fund balances							
Nonspendable	14,050	-	-	7,200	-	-	55,666
Restricted	18,334	-	1,125	472,278	13,391	18,917	7,586,394
Assigned	-	561,063	15,133	-	-	-	583,642
Total fund balances	<u>32,384</u>	<u>561,063</u>	<u>16,258</u>	<u>479,478</u>	<u>13,391</u>	<u>18,917</u>	<u>8,225,702</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,530</u>	<u>\$ 984,588</u>	<u>\$ 16,258</u>	<u>\$ 876,704</u>	<u>\$ 294,181</u>	<u>\$ 165,504</u>	<u>\$ 22,822,953</u>

concluded.

BAY COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2022

	Special Revenue Funds					
	Friend of the Court	Animal Control	Gypsy Moth Control	Mosquito Control	Register of Deeds Automation	911 Service
Revenues						
Property taxes	\$ -	\$ -	\$ 293,226	\$ 1,614,185	\$ -	\$ 2,054,409
Licenses and permits	-	-	-	-	-	-
Federal	105,884	-	-	-	-	-
State	34,328	-	15,496	90,445	-	401,195
Investment appreciation (depreciation), rents and royalties	-	46	(16,958)	(87,277)	(9,598)	(75,665)
Charges for services	38,045	-	-	1,148	-	-
Fines and forfeits	-	-	-	-	-	-
Reimbursements, refunds, and other revenues	-	-	-	2,657	-	20,536
Total revenues	178,257	46	291,764	1,621,158	(9,598)	2,400,475
Expenditures						
Current:						
General government	-	-	401,537	-	61,140	-
Public safety	-	-	-	-	-	2,369,670
Community and economic development	-	-	-	-	-	-
Health and welfare	-	-	-	1,552,254	-	-
Judicial	164,617	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	5,254
Interest and other fees	-	-	-	-	-	122
Total expenditures	164,617	-	401,537	1,552,254	61,140	2,375,046
Revenues over (under) expenditures	13,640	46	(109,773)	68,904	(70,738)	25,429
Other financing sources (uses)						
Proceeds from issuance of leases payable	-	-	-	-	-	14,133
Transfers in	-	-	-	-	79,445	62,667
Transfers out	-	-	-	(133,298)	-	(70,240)
Total other financing sources (uses)	-	-	-	(133,298)	79,445	6,560
Net change in fund balances	13,640	46	(109,773)	(64,394)	8,707	31,989
Fund balances, beginning of year	370,632	-	427,437	1,513,040	153,853	1,232,757
Fund balances, end of year	\$ 384,272	\$ 46	\$ 317,664	\$ 1,448,646	\$ 162,560	\$ 1,264,746

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Special Revenue Funds								
Concealed Pistol Licensing	Local C.F.O. Training	Drug Law Enforcement	Law Library	Community Corrections	Department on Aging	Home Rehabilitation	Septic System Replacement Revolving Loan	Opioid Settlements
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,614,195	\$ -	\$ -	\$ -
55,490	-	-	-	-	-	-	-	-
-	-	-	-	-	1,050,227	-	-	-
-	-	-	-	178,997	113,435	-	-	-
(10,170)	-	-	-	-	(66,948)	-	-	-
-	12,847	-	-	-	53,845	-	502	-
-	-	280	6,500	-	-	-	-	-
-	-	-	-	780	299,273	-	-	-
45,320	12,847	280	6,500	179,777	3,064,027	-	502	-
40,956	-	-	-	-	-	-	-	-
-	12,134	-	-	260,556	-	-	-	-
-	-	-	-	-	-	128,310	-	-
-	-	-	-	-	3,319,066	-	-	-
-	-	-	59,537	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
40,956	12,134	-	59,537	260,556	3,319,066	128,310	-	-
4,364	713	280	(53,037)	(80,779)	(255,039)	(128,310)	502	-
-	-	-	-	-	-	-	-	-
-	-	-	43,500	86,245	6,200	-	-	-
(6,696)	-	-	-	-	(299,727)	-	-	-
(6,696)	-	-	43,500	86,245	(293,527)	-	-	-
(2,332)	713	280	(9,537)	5,466	(548,566)	(128,310)	502	-
180,896	52,894	24,567	11,117	400	1,843,440	1,989,142	105,605	-
\$ 178,564	\$ 53,607	\$ 24,847	\$ 1,580	\$ 5,866	\$ 1,294,874	\$ 1,860,832	\$ 106,107	\$ -

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2022

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Social Welfare	Child Care	Child Care / Social Services	Soldiers' Relief	Historical Preservation	Indigent Defense	
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ 293,247	\$ 291,437	\$ -	\$ 6,160,699
Licenses and permits	-	-	-	-	-	-	55,490
Federal	-	23,683	-	-	-	-	1,179,794
State	-	235,178	-	85,655	14,752	976,269	2,145,750
Investment appreciation (depreciation), rents and royalties	-	-	-	(33,201)	10	-	(299,761)
Charges for services	-	-	-	-	-	-	106,387
Fines and forfeits	-	-	-	-	-	-	6,780
Reimbursements, refunds, and other revenues	-	1,234,676	-	5,055	-	-	1,562,977
Total revenues	<u>-</u>	<u>1,493,537</u>	<u>-</u>	<u>350,756</u>	<u>306,199</u>	<u>976,269</u>	<u>10,918,116</u>
Expenditures							
Current:							
General government	-	-	-	-	-	1,491,089	1,994,722
Public safety	-	-	-	-	-	-	2,642,360
Community and economic development	-	-	-	-	-	-	128,310
Health and welfare	58,002	2,901,726	-	214,567	-	-	8,045,615
Judicial	-	-	-	-	-	-	224,154
Recreation and culture	-	-	-	-	292,828	-	292,828
Debt service:							
Principal	-	-	-	-	-	-	5,254
Interest and other fees	-	-	-	-	-	-	122
Total expenditures	<u>58,002</u>	<u>2,901,726</u>	<u>-</u>	<u>214,567</u>	<u>292,828</u>	<u>1,491,089</u>	<u>13,333,365</u>
Revenues over (under) expenditures	<u>(58,002)</u>	<u>(1,408,189)</u>	<u>-</u>	<u>136,189</u>	<u>13,371</u>	<u>(514,820)</u>	<u>(2,415,249)</u>
Other financing sources (uses)							
Proceeds from issuance of leases payable	-	-	-	-	-	-	14,133
Transfers in	54,000	1,455,680	-	-	-	622,936	2,410,673
Transfers out	-	(211,854)	-	(63,028)	-	(89,199)	(874,042)
Total other financing sources (uses)	<u>54,000</u>	<u>1,243,826</u>	<u>-</u>	<u>(63,028)</u>	<u>-</u>	<u>533,737</u>	<u>1,550,764</u>
Net change in fund balances	<u>(4,002)</u>	<u>(164,363)</u>	<u>-</u>	<u>73,161</u>	<u>13,371</u>	<u>18,917</u>	<u>(864,485)</u>
Fund balances, beginning of year	<u>36,386</u>	<u>725,426</u>	<u>16,258</u>	<u>406,317</u>	<u>20</u>	<u>-</u>	<u>9,090,187</u>
Fund balances, end of year	<u>\$ 32,384</u>	<u>\$ 561,063</u>	<u>\$ 16,258</u>	<u>\$ 479,478</u>	<u>\$ 13,391</u>	<u>\$ 18,917</u>	<u>\$ 8,225,702</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal	\$ 98,638	\$ 98,638	\$ 105,884	\$ 7,246
State	30,000	30,000	34,328	4,328
Charges for services	43,580	43,580	38,045	(5,535)
Total revenues	172,218	172,218	178,257	6,039
Expenditures				
Current:				
Judicial	144,182	180,787	164,617	(16,170)
Net change in fund balance	28,036	(8,569)	13,640	22,209
Fund balance, beginning of year	370,632	370,632	370,632	-
Fund balance, end of year	<u>\$ 398,668</u>	<u>\$ 362,063</u>	<u>\$ 384,272</u>	<u>\$ 22,209</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Animal Control
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment appreciation (depreciation), rents and royalties	\$ -	\$ (50,000)	\$ 46	\$ 50,046
Reimbursements, refunds, and other revenues	-	200,000	-	(200,000)
Total revenues	-	150,000	46	(149,954)
Expenditures				
Current:				
Health and welfare	-	150,000	-	(150,000)
Net change in fund balance	-	-	46	46
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 46	\$ 46

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Gypsy Moth Control
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 290,039	\$ 300,039	\$ 293,226	\$ (6,813)
State	11,030	11,030	15,496	4,466
Investment appreciation (depreciation), rents and royalties	8,309	(1,691)	(16,958)	(15,267)
Total revenues	309,378	309,378	291,764	(17,614)
Expenditures				
Current:				
General government	352,157	416,799	401,537	(15,262)
Net change in fund balance	(42,779)	(107,421)	(109,773)	(2,352)
Fund balance, beginning of year	427,437	427,437	427,437	-
Fund balance, end of year	<u>\$ 384,658</u>	<u>\$ 320,016</u>	<u>\$ 317,664</u>	<u>\$ (2,352)</u>

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Mosquito Control Special Revenue Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,599,006	\$ 1,599,006	\$ 1,614,185	\$ 15,179
State	60,667	60,667	90,445	29,778
Investment appreciation (depreciation), rents and royalties	12,000	12,000	(87,277)	(99,277)
Charges for services	-	-	1,148	1,148
Reimbursements, refunds, and other revenues	-	-	2,657	2,657
Total revenues	1,671,673	1,671,673	1,621,158	(50,515)
Expenditures				
Current:				
Health and welfare	1,863,781	1,983,260	1,552,254	(431,006)
Revenues over (under) expenditures	(192,108)	(311,587)	68,904	380,491
Other financing uses				
Transfers out	(133,298)	(133,298)	(133,298)	-
Net change in fund balance	(325,406)	(444,885)	(64,394)	380,491
Fund balance, beginning of year	1,513,040	1,513,040	1,513,040	-
Fund balance, end of year	\$ 1,187,634	\$ 1,068,155	\$ 1,448,646	\$ 380,491

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Investment appreciation (depreciation), rents and royalties	\$ 2,000	\$ (10,000)	\$ (9,598)	\$ 402
Expenditures				
Current:				
General government	76,516	76,516	61,140	(15,376)
Revenues under expenditures	(74,516)	(86,516)	(70,738)	15,778
Other financing sources				
Transfers in	90,000	110,000	79,445	(30,555)
Net change in fund balance	15,484	23,484	8,707	(14,777)
Fund balance, beginning of year	153,853	153,853	153,853	-
Fund balance, end of year	<u>\$ 169,337</u>	<u>\$ 177,337</u>	<u>\$ 162,560</u>	<u>\$ (14,777)</u>

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - 911 Service Special Revenue Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 2,034,562	\$ 2,034,562	\$ 2,054,409	\$ 19,847
State	363,212	363,212	401,195	37,983
Investment appreciation (depreciation), rents and royalties	30,000	30,000	(75,665)	(105,665)
Reimbursements, refunds, and other revenues	73,064	93,064	20,536	(72,528)
Total revenues	<u>2,500,838</u>	<u>2,520,838</u>	<u>2,400,475</u>	<u>(120,363)</u>
Expenditures				
Current:				
Public safety	2,794,249	3,068,281	2,369,670	(698,611)
Debt service:				
Principal	5,378	5,378	5,254	(124)
Interest and other fees	122	122	122	-
Total expenditures	<u>2,799,749</u>	<u>3,073,781</u>	<u>2,375,046</u>	<u>(698,735)</u>
Revenues over (under) expenditures	<u>(298,911)</u>	<u>(552,943)</u>	<u>25,429</u>	<u>578,372</u>
Other financing sources (uses)				
Proceeds from issuance of leases payable	-	-	14,133	14,133
Transfers in	-	261,515	62,667	(198,848)
Transfers out	(71,511)	(81,011)	(70,240)	(10,771)
Total other financing sources (uses)	<u>(71,511)</u>	<u>180,504</u>	<u>6,560</u>	<u>(173,944)</u>
Net change in fund balance	<u>(370,422)</u>	<u>(372,439)</u>	<u>31,989</u>	<u>404,428</u>
Fund balance, beginning of year	<u>1,232,757</u>	<u>1,232,757</u>	<u>1,232,757</u>	<u>-</u>
Fund balance, end of year	<u>\$ 862,335</u>	<u>\$ 860,318</u>	<u>\$ 1,264,746</u>	<u>\$ 404,428</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 60,000	\$ 60,000	\$ 55,490	\$ (4,510)
Investment appreciation (depreciation), rents and royalties	-	-	(10,170)	(10,170)
Total revenues	60,000	60,000	45,320	(14,680)
Expenditures				
Current:				
General government	73,944	76,101	40,956	(35,145)
Revenues over (under) expenditures	(13,944)	(16,101)	4,364	20,465
Other financing uses				
Transfers out	(6,696)	(6,696)	(6,696)	-
Net change in fund balance	(20,640)	(22,797)	(2,332)	20,465
Fund balance, beginning of year	180,896	180,896	180,896	-
Fund balance, end of year	<u>\$ 160,256</u>	<u>\$ 158,099</u>	<u>\$ 178,564</u>	<u>\$ 20,465</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ 20,000	\$ 20,000	\$ 12,847	\$ (7,153)
Expenditures				
Current:				
Public safety	26,463	31,463	12,134	(19,329)
Net change in fund balance	(6,463)	(11,463)	713	12,176
Fund balance, beginning of year	52,894	52,894	52,894	-
Fund balance, end of year	<u>\$ 46,431</u>	<u>\$ 41,431</u>	<u>\$ 53,607</u>	<u>\$ 12,176</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Fines and forfeits	\$ 3,287	\$ 3,287	\$ 280	\$ (3,007)
Expenditures				
Current:				
Public safety	3,287	3,287	-	(3,287)
Net change in fund balance	-	-	280	280
Fund balance, beginning of year	24,567	24,567	24,567	-
Fund balance, end of year	<u>\$ 24,567</u>	<u>\$ 24,567</u>	<u>\$ 24,847</u>	<u>\$ 280</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Law Library
For the Year Ended December 31, 2022

	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	63,831	59,537	(4,294)
Revenues under expenditures	(43,500)	(57,331)	(53,037)	4,294
Other financing sources				
Transfers in	43,500	57,331	43,500	(13,831)
Net change in fund balance	-	-	(9,537)	(9,537)
Fund balance, beginning of year	11,117	11,117	11,117	-
Fund balance, end of year	<u>\$ 11,117</u>	<u>\$ 11,117</u>	<u>\$ 1,580</u>	<u>\$ (9,537)</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Community Corrections
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State	\$ 156,796	\$ 178,997	\$ 178,997	\$ -
Reimbursements, refunds, and other revenues	1,550	1,550	780	(770)
Total revenues	158,346	180,547	179,777	(770)
Expenditures				
Current:				
Public safety	234,591	265,203	260,556	(4,647)
Revenues under expenditures	(76,245)	(84,656)	(80,779)	3,877
Other financing sources				
Transfers in	76,245	90,245	86,245	(4,000)
Net change in fund balance	-	5,589	5,466	(123)
Fund balance, beginning of year	400	400	400	-
Fund balance, end of year	\$ 400	\$ 5,989	\$ 5,866	\$ (123)

BAY COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Department on Aging Special Revenue Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,599,006	\$ 1,599,006	\$ 1,614,195	\$ 15,189
Federal	778,608	1,339,666	1,050,227	(289,439)
State	122,576	122,576	113,435	(9,141)
Investment appreciation (depreciation), rents and royalties	50,000	25,000	(66,948)	(91,948)
Charges for services	63,500	63,500	53,845	(9,655)
Reimbursements, refunds, and other revenues	462,027	462,027	299,273	(162,754)
Total revenues	3,075,717	3,611,775	3,064,027	(547,748)
Expenditures				
Current:				
Health and welfare	3,494,298	4,139,187	3,319,066	(820,121)
Revenues over (under) expenditures	(418,581)	(527,412)	(255,039)	272,373
Other financing sources (uses)				
Transfers in	6,200	6,200	6,200	-
Transfers out	(299,727)	(299,727)	(299,727)	-
Total other financing sources (uses)	(293,527)	(293,527)	(293,527)	-
Net change in fund balance	(712,108)	(820,939)	(548,566)	272,373
Fund balance, beginning of year	1,843,440	1,843,440	1,843,440	-
Fund balance, end of year	\$ 1,131,332	\$ 1,022,501	\$ 1,294,874	\$ 272,373

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Home Rehabilitation
 For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Current:				
Community and economic development	\$ 34,486	\$ 163,486	\$ 128,310	\$ (35,176)
Fund balance, beginning of year	<u>1,989,142</u>	<u>1,989,142</u>	<u>1,989,142</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,954,656</u></u>	<u><u>\$ 1,825,656</u></u>	<u><u>\$ 1,860,832</u></u>	<u><u>\$ 35,176</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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ 502	\$ 502
Fund balance, beginning of year	105,605	105,605	105,605	-
Fund balance, end of year	<u>\$ 105,605</u>	<u>\$ 105,605</u>	<u>\$ 106,107</u>	<u>\$ 502</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Social Welfare

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Current:				
Health and welfare	\$ 62,725	\$ 62,725	\$ 58,002	\$ (4,723)
Other financing sources				
Transfers in	54,000	54,000	54,000	-
Net change in fund balance	(8,725)	(8,725)	(4,002)	4,723
Fund balance, beginning of year	35,900	35,900	36,386	486
Fund balance, end of year	<u>\$ 27,175</u>	<u>\$ 27,175</u>	<u>\$ 32,384</u>	<u>\$ 5,209</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Child Care

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal	\$ 20,000	\$ 25,297	\$ 23,683	\$ (1,614)
State	258,588	276,021	235,178	(40,843)
Reimbursements, refunds, and other revenues	1,407,826	1,407,826	1,234,676	(173,150)
Total revenues	1,686,414	1,709,144	1,493,537	(215,607)
Expenditures				
Current:				
Health and welfare	3,393,942	3,561,225	2,901,726	(659,499)
Revenues under expenditures	(1,707,528)	(1,852,081)	(1,408,189)	443,892
Other financing sources (uses)				
Transfers in	1,746,816	1,771,316	1,455,680	(315,636)
Transfers out	(246,250)	(256,250)	(211,854)	(44,396)
Total other financing sources (uses)	1,500,566	1,515,066	1,243,826	(271,240)
Net change in fund balance	(206,962)	(337,015)	(164,363)	172,652
Fund balance, beginning of year	725,426	725,426	725,426	-
Fund balance, end of year	\$ 518,464	\$ 388,411	\$ 561,063	\$ 172,652

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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Reimbursements, refunds, and other revenues	\$ 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, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 290,041	\$ 290,041	\$ 293,247	\$ 3,206
State	82,657	93,057	85,655	(7,402)
Investment appreciation (depreciation), rents and royalties	(3,500)	(6,500)	(33,201)	(26,701)
Reimbursements, refunds, and other revenues	-	-	5,055	5,055
Total revenues	369,198	376,598	350,756	(25,842)
Expenditures				
Current:				
Health and welfare	321,703	336,843	214,567	(122,276)
Revenues over (under) expenditures	47,495	39,755	136,189	96,434
Other financing uses				
Transfers out	(63,028)	(63,028)	(63,028)	-
Net change in fund balance	(15,533)	(23,273)	73,161	96,434
Fund balance, beginning of year	406,317	406,317	406,317	-
Fund balance, end of year	\$ 390,784	\$ 383,044	\$ 479,478	\$ 96,434

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Historical Preservation
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 281,689	\$ 281,689	\$ 291,437	\$ 9,748
State	40,000	40,000	14,752	(25,248)
Investment appreciation (depreciation), rents and royalties	75	75	10	(65)
Total revenues	321,764	321,764	306,199	(15,565)
Expenditures				
Current:				
Recreation and culture	321,764	321,764	292,828	(28,936)
Net change in fund balance	-	-	13,371	13,371
Fund balance, beginning of year	20	20	20	-
Fund balance, end of year	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 13,391</u>	<u>\$ 13,371</u>

BAY COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Indigent Defense
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State	\$ 901,688	\$ 1,007,008	\$ 976,269	\$ (30,739)
Expenditures				
Current:				
General government	1,405,868	1,538,188	1,491,089	(47,099)
Revenues under expenditures	(504,180)	(531,180)	(514,820)	16,360
Other financing sources (uses)				
Transfers in	600,268	627,268	622,936	(4,332)
Transfers out	(96,088)	(96,088)	(89,199)	(6,889)
Other financing sources (uses)	504,180	531,180	533,737	2,557
Net change in fund balance	-	-	18,917	18,917
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 18,917	\$ 18,917

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, 2022

	Golf Course	100% Tax Payment	Delinquent Property Tax Foreclosure	Commissary	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 17,273	\$ 1,625,311	\$ 293,434	\$ 41,674	\$ 1,977,692
Investments	52,755	2,331,706	352,604	61,799	2,798,864
Accounts receivable, net	-	142,517	-	-	142,517
Property taxes receivable	-	3,329,423	-	-	3,329,423
Accrued interest receivable	362	546,056	2,189	302	548,909
Inventories	5,044	-	-	-	5,044
Due from other funds	-	-	544,727	-	544,727
Due from component units	-	-	25,000	-	25,000
Due from other governmental units	-	66,058	-	-	66,058
Prepaid items and other assets	-	-	13,140	-	13,140
Total current assets	75,434	8,041,071	1,231,094	103,775	9,451,374
Noncurrent assets:					
Net pension asset	205,835	199,592	-	-	405,427
Capital assets not being depreciated	136,933	-	-	-	136,933
Capital assets being depreciated, net	85,542	-	-	-	85,542
Total noncurrent assets	428,310	199,592	-	-	627,902
Total assets	503,744	8,240,663	1,231,094	103,775	10,079,276
Deferred outflows of resources					
Deferred pension amounts	2,625	2,545	-	-	5,170
Liabilities					
Current liabilities:					
Accounts payable	5,182	1,789	3,798	-	10,769
Accrued liabilities	4,265	3,842	-	-	8,107
Due to other funds	89	546,378	-	-	546,467
Due to other governmental units	-	9,137	-	-	9,137
Unearned revenue	8,322	-	-	-	8,322
Current portion of compensated absences	3,687	5,304	-	-	8,991
Total liabilities (all current)	21,545	566,450	3,798	-	591,793
Deferred inflows of resources					
Deferred pension amounts	90,169	87,436	-	-	177,605
Net position					
Investment in capital assets	222,475	-	-	-	222,475
Restricted for pension benefits	118,291	114,701	-	-	232,992
Unrestricted	53,889	7,474,621	1,227,296	103,775	8,859,581
Total net position	\$ 394,655	\$ 7,589,322	\$ 1,227,296	\$ 103,775	\$ 9,315,048

BAY COUNTY, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended December 31, 2022

	Golf Course	100% Tax Payment	Delinquent Property Tax Foreclosure	Commissary	Total
Operating revenues					
Charges for services	\$ 670,233	\$ 1,015,423	\$ 550,638	\$ 257,500	\$ 2,493,794
Other	6,194	-	9,140	-	15,334
Total operating revenues	<u>676,427</u>	<u>1,015,423</u>	<u>559,778</u>	<u>257,500</u>	<u>2,509,128</u>
Operating expenses					
Personnel services	271,656	79,645	-	-	351,301
Supplies	87,153	5,402	-	-	92,555
Other services	317,209	98,964	200,760	175,657	792,590
Depreciation	19,906	-	-	-	19,906
Total operating expenses	<u>695,924</u>	<u>184,011</u>	<u>200,760</u>	<u>175,657</u>	<u>1,256,352</u>
Operating income (loss)	(19,497)	831,412	359,018	81,843	1,252,776
Nonoperating revenues (expenses)					
Investment appreciation (depreciation)	(4,139)	(217,068)	(32,947)	(5,996)	(260,150)
Income (loss) before transfers	<u>(23,636)</u>	<u>614,344</u>	<u>326,071</u>	<u>75,847</u>	<u>992,626</u>
Transfers					
Transfers in	-	94,120	-	-	94,120
Transfers out	-	(1,100,000)	(94,121)	(60,000)	(1,254,121)
Net transfers	-	(1,005,880)	(94,121)	(60,000)	(1,160,001)
Change in net position	(23,636)	(391,536)	231,950	15,847	(167,375)
Net position, beginning of year	418,291	7,980,858	995,346	87,928	9,482,423
Net position, end 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>

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2022

	Golf Course	100% Tax Payment	Delinquent Property Tax Foreclosure	Commissary	Total
Cash flows from operating activities					
Cash received from customers	\$ 677,798	\$ 1,113,107	\$ 224,644	\$ 257,500	\$ 2,273,049
Cash payments to suppliers for goods and services	(404,689)	(104,366)	(201,180)	(175,657)	(885,892)
Cash payments to employees and related taxes and insurance	(309,727)	(113,718)	-	-	(423,445)
Net cash provided by (used in) operating activities	<u>(36,618)</u>	<u>895,023</u>	<u>23,464</u>	<u>81,843</u>	<u>963,712</u>
Cash flows from noncapital financing activities					
Transfers in		94,120	-	-	94,120
Transfers out	-	(1,100,000)	(94,121)	(60,000)	(1,254,121)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(1,005,880)</u>	<u>(94,121)</u>	<u>(60,000)</u>	<u>(1,160,001)</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(60,609)	-	-	-	(60,609)
Cash flows from investing activities					
Proceeds from sale of investments	55,457	271,953	33,068	-	360,478
Purchase of investments	-	-	-	(11,788)	(11,788)
Income (loss) on investments	(4,064)	(236,255)	(33,678)	(6,119)	(280,116)
Net cash provided by (used in) investing activities	<u>51,393</u>	<u>35,698</u>	<u>(610)</u>	<u>(17,907)</u>	<u>68,574</u>
Net change in cash and cash equivalents	<u>(45,834)</u>	<u>(75,159)</u>	<u>(71,267)</u>	<u>3,936</u>	<u>(188,324)</u>
Cash and cash equivalents, beginning of year	63,107	1,700,470	364,701	37,738	2,166,016
Cash and cash equivalents, end of year	<u>\$ 17,273</u>	<u>\$ 1,625,311</u>	<u>\$ 293,434</u>	<u>\$ 41,674</u>	<u>\$ 1,977,692</u>

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds
For the Year Ended December 31, 2022

	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)	\$ (19,497)	\$ 831,412	\$ 359,018	\$ 81,843	\$ 1,252,776
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	19,906	-	-	-	19,906
Changes in assets and liabilities that provided (used) cash:					
Accounts receivable, net	-	(10,657)	-	-	(10,657)
Property taxes receivable	-	(97,879)	-	-	(97,879)
Inventories	(336)	-	-	-	(336)
Due from other funds	-	26,129	(335,205)	-	(309,076)
Due from other governmental units	-	(62,102)	-	-	(62,102)
Prepaid items and other assets	-	-	(420)	-	(420)
Accounts payable	1,232	1,668	71	-	2,971
Accrued liabilities	453	630	-	-	1,083
Due to other funds	9	335,048	-	-	335,057
Due to other governmental units	-	(94,523)	-	-	(94,523)
Unearned revenue	139	-	-	-	139
Net pension asset	(54,416)	(52,766)	-	-	(107,182)
Deferred outflows - pension	482	469	-	-	951
Deferred inflows - pension	15,281	14,820	-	-	30,101
Compensated absences	129	2,774	-	-	2,903
Net cash provided by (used in) operating activities	\$ (36,618)	\$ 895,023	\$ 23,464	\$ 81,843	\$ 963,712

concluded.

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, 2022

	Self Insurance	Healthcare Self Insurance	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 602,027	\$ 2,724,635	\$ 3,326,662
Investments	868,971	-	868,971
Accounts receivable, net of allowance	20,598	6,772	27,370
Accrued interest receivable	4,470	-	4,470
Due from other funds	21,895	1,616,600	1,638,495
Prepaid items and other assets	41,786	76,912	118,698
Total current assets	<u>1,559,747</u>	<u>4,424,919</u>	<u>5,984,666</u>
Noncurrent assets:			
Net pension asset	24,973	-	24,973
Total assets	<u>1,584,720</u>	<u>4,424,919</u>	<u>6,009,639</u>
Deferred outflows of resources			
Deferred pension amounts	<u>319</u>	<u>-</u>	<u>319</u>
Liabilities			
Current liabilities:			
Accounts payable	15,612	600	16,212
Accrued liabilities	279	-	279
Estimated insurance claims payable	136,079	858,301	994,380
Compensated absences	1,492	-	1,492
Total liabilities	<u>153,462</u>	<u>858,901</u>	<u>1,012,363</u>
Deferred inflows of resources			
Deferred pension amounts	<u>10,939</u>	<u>-</u>	<u>10,939</u>
Net position			
Restricted for:			
Pension benefits	24,973	-	24,973
Insurance claims	1,395,665	3,566,018	4,961,683
Total net position	<u>\$ 1,420,638</u>	<u>\$ 3,566,018</u>	<u>\$ 4,986,656</u>

BAY COUNTY, MICHIGAN

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

Internal Service Funds

For the Year Ended December 31, 2022

	Self Insurance	Healthcare Self Insurance	Total
Operating revenues			
Charges for services	\$ 547,964	\$ 9,328,262	\$ 9,876,226
Operating expenses			
Personnel services	321,929	9,227,705	9,549,634
Operating income (loss)	226,035	100,557	326,592
Nonoperating revenues			
Investment appreciation (depreciation)	(81,177)	-	(81,177)
Income (loss) before transfers	144,858	100,557	245,415
Transfers			
Transfers out	-	(8,194)	(8,194)
Change in net position	144,858	92,363	237,221
Net position, beginning of year	1,275,780	3,473,655	4,749,435
Net position, end of year	<u>\$ 1,420,638</u>	<u>\$ 3,566,018</u>	<u>\$ 4,986,656</u>

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2022

	Self Insurance	Healthcare Self Insurance	Total
Cash flows from operating activities			
Cash received from interfund services provided	\$ 379,965	\$ 9,532,584	\$ 9,912,549
Cash payments to employees and related taxes and insurance	(328,031)	(9,227,705)	(9,555,736)
Net cash provided by (used in) operating activities	<u>51,934</u>	<u>304,879</u>	<u>356,813</u>
Cash flows from noncapital financing activities			
Transfers out	-	(8,194)	(8,194)
Cash flows from investing activities			
Proceeds from sale of investments	50,818	-	50,818
Income (loss) on investments	(82,156)	-	(82,156)
Net cash provided by (used in) investing activities	<u>(31,338)</u>	<u>-</u>	<u>(31,338)</u>
Net change in cash and cash equivalents	20,596	296,685	317,281
Cash and cash equivalents, beginning of year	<u>581,431</u>	<u>2,427,950</u>	<u>3,009,381</u>
Cash and cash equivalents, end of year	<u>\$ 602,027</u>	<u>\$ 2,724,635</u>	<u>\$ 3,326,662</u>

continued...

BAY COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2022

	Self Insurance	Healthcare Self Insurance	Total
Reconciliation of operating income (loss)			
to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 226,035	\$ 100,557	\$ 326,592
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	(10,043)	4,046	(5,997)
Due from other funds	(2,927)	(664,522)	(667,449)
Prepaid items and other assets	39,283	400,253	439,536
Accounts payable	5,138	(76)	5,062
Accrued liabilities	(1,582)	-	(1,582)
Estimated claims payable	(199,450)	464,621	265,171
Net pension asset	(6,602)	-	(6,602)
Deferred outflows - pension	58	-	58
Deferred inflows - pension	1,853	-	1,853
Compensated absences	171	-	171
	<u>51,934</u>	<u>304,879</u>	<u>356,813</u>
Net cash provided by (used in) operating activities	\$ 51,934	\$ 304,879	\$ 356,813

concluded.

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 or County fund.

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 and the County's Law Library Fund 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, 2022

	Employees' Retirement System	VEBA Trust	Total
Assets			
Investments at fair value:			
Equities	\$ 173,835,971	\$ 18,008,219	\$ 191,844,190
Fixed income	77,993,988	11,192,505	89,186,493
Commingled funds	76,860,966	6,229,968	83,090,934
Mutual funds	39,397,293	44,002,898	83,400,191
Money market	5,907,231	1,206,499	7,113,730
Total investments	<u>373,995,449</u>	<u>80,640,089</u>	<u>454,635,538</u>
Receivables:			
Contributions	317,563	173,135	490,698
Interest and dividends	681,846	129,246	811,092
Total receivables	<u>999,409</u>	<u>302,381</u>	<u>1,301,790</u>
Other current assets:			
Prepaid items and other assets	2,145,497	8,818	2,154,315
Net pension asset	174,666	-	174,666
Total other current assets	<u>2,320,163</u>	<u>8,818</u>	<u>2,328,981</u>
Total assets	<u>377,315,021</u>	<u>80,951,288</u>	<u>458,266,309</u>
Deferred outflows of resources - pension	<u>2,227</u>	<u>-</u>	<u>2,227</u>
Liabilities			
Accounts payable	539,398	32,176	571,574
Accrued liabilities	488,075	-	488,075
Accrued vacation and sick pay	2,727	-	2,727
Total liabilities	<u>1,030,200</u>	<u>32,176</u>	<u>1,062,376</u>
Deferred inflows of resources - pension	<u>76,517</u>	<u>-</u>	<u>76,517</u>
Net position			
Restricted for:			
Pension benefits	376,210,531	-	376,210,531
Postemployment healthcare benefits	-	80,919,112	80,919,112
Total net position	<u>\$ 376,210,531</u>	<u>\$ 80,919,112</u>	<u>\$ 457,129,643</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, 2022

	Employees' Retirement System	VEBA Trust	Total
Additions			
Investment income (loss):			
Net appreciation (depreciation) in fair value of investments	\$ (76,773,422)	\$ (16,417,959)	\$ (93,191,381)
Interest and dividends	6,572,461	3,286,386	9,858,847
Total investment income (loss)	<u>(70,200,961)</u>	<u>(13,131,573)</u>	<u>(83,332,534)</u>
Investment expense	(2,230,329)	(201,905)	(2,432,234)
Net investment income (loss)	<u>(72,431,290)</u>	<u>(13,333,478)</u>	<u>(85,764,768)</u>
Contributions:			
Employer	1,812,366	6,241,036	8,053,402
Plan members	2,344,718	-	2,344,718
Total contributions	<u>4,157,084</u>	<u>6,241,036</u>	<u>10,398,120</u>
Other revenue	7,480	-	7,480
Total additions (net of investment loss)	<u>(68,266,726)</u>	<u>(7,092,442)</u>	<u>(75,359,168)</u>
Deductions			
Participant benefits (including refunds of contributions)	22,115,100	4,634,631	26,749,731
Administrative expenses	398,505	11,516	410,021
Total deductions	<u>22,513,605</u>	<u>4,646,147</u>	<u>27,159,752</u>
Change in net position	(90,780,331)	(11,738,589)	(102,518,920)
Net position, beginning of year	<u>466,990,862</u>	<u>92,657,701</u>	<u>559,648,563</u>
Net position, end of year	<u>\$ 376,210,531</u>	<u>\$ 80,919,112</u>	<u>\$ 457,129,643</u>

BAY COUNTY, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2022

	General Agency	Current Tax Collections	Library Penal Fine
Assets			
Cash and cash equivalents	\$ 5,901,188	\$ 477,567	\$ 49
Investments	14,239,063	-	-
Due from other governmental units	89	-	-
Due from other custodial funds	-	-	15,419
Total assets	<u>20,140,340</u>	<u>477,567</u>	<u>15,468</u>
Liabilities			
Accounts payable	308	-	-
Accrued liabilities	6,015	-	-
Due to other custodial funds	-	-	-
Due to component units	-	165,521	-
Due to other governmental units	20,058,696	312,046	15,468
Deposits	75,321	-	-
Total liabilities	<u>20,140,340</u>	<u>477,567</u>	<u>15,468</u>
Net position			
Restricted for:			
Inmates	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



District Court	Probate Court	Trial Court	Inmates	Total
\$ 352,789	\$ 248,261	\$ 358,092	\$ 35,315	\$ 7,373,261
-	-	-	-	14,239,063
-	144	-	1,645	1,878
-	-	-	-	15,419
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
352,789	248,405	358,092	36,960	21,629,621
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	16,771	17,079
-	4,350	-	19,120	29,485
15,419	-	-	-	15,419
-	-	-	-	165,521
337,370	244,055	291,985	-	21,259,620
-	-	66,107	-	141,428
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
352,789	248,405	358,092	35,891	21,628,552
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ -	\$ 1,069	\$ 1,069
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

BAY COUNTY, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended December 31, 2022

	General Agency	Current Tax Collections	Library Penal Fine
Additions			
State education tax collected for other governments	\$ -	\$ 17,562,559	\$ -
Real estate transfer tax collected for other governments	3,392,247	-	-
Fees and fines collected on behalf of other governments	495,545	-	178,876
Collections from or on behalf of inmates	-	-	-
Other taxes collected for other governments	39,490	-	-
Total additions	<u>3,927,282</u>	<u>17,562,559</u>	<u>178,876</u>
Deductions			
Payments of state education tax to other governments	-	17,562,559	-
Payments of real estate transfer tax to other governments	3,392,247	-	-
Fees and fines remitted to other governments	495,545	-	178,876
Payments to or on behalf of inmates	-	-	-
Payments of other taxes to other governments	39,490	-	-
Total deductions	<u>3,927,282</u>	<u>17,562,559</u>	<u>178,876</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
\$ -	\$ -	\$ -	\$ -	\$ 17,562,559
-	-	-	-	3,392,247
440,852	132,927	46,838	-	1,295,038
-	-	-	893,922	893,922
-	-	-	-	39,490
<u>440,852</u>	<u>132,927</u>	<u>46,838</u>	<u>893,922</u>	<u>23,183,256</u>
-	-	-	-	17,562,559
-	-	-	-	3,392,247
440,852	132,927	46,838	-	1,295,038
-	-	-	893,862	893,862
-	-	-	-	39,490
<u>440,852</u>	<u>132,927</u>	<u>46,838</u>	<u>893,862</u>	<u>23,183,196</u>
-	-	-	60	60
-	-	-	1,009	1,009
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,069</u>	<u>\$ 1,069</u>

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, 2022

	Library System	Adjustments	Statement of Net Position
Assets			
Current assets:			
Cash and cash equivalents	\$ 146,661	\$ -	\$ 146,661
Investments	6,725,307	-	6,725,307
Property taxes receivable	5,360,000	-	5,360,000
Accrued interest receivable	25,915	-	25,915
Due from primary government	105,609	-	105,609
Prepaid items and other assets	379,044	-	379,044
Total current assets	<u>12,742,536</u>	<u>-</u>	<u>12,742,536</u>
Noncurrent assets:			
Net pension asset	-	4,857,176	4,857,176
Capital assets not being depreciated	-	107,487	107,487
Capital assets being depreciated, net	-	1,847,785	1,847,785
Total noncurrent assets	<u>-</u>	<u>6,812,448</u>	<u>6,812,448</u>
Total assets	<u>\$ 12,742,536</u>	<u>6,812,448</u>	<u>19,554,984</u>
Deferred outflows of resources			
Deferred pension amounts		313,673	313,673
Deferred OPEB amounts		1,130,752	1,130,752
Total deferred outflows of resources		<u>1,444,425</u>	<u>1,444,425</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 57,449	-	57,449
Accrued liabilities	108,112	-	108,112
Current portion of compensated absences	-	15,803	15,803
Total current liabilities	<u>165,561</u>	<u>15,803</u>	<u>181,364</u>
Noncurrent liabilities:			
Compensated absences, net of current portion	-	142,226	142,226
Net OPEB liability	-	189,467	189,467
Total noncurrent liabilities	<u>-</u>	<u>331,693</u>	<u>331,693</u>
Total liabilities	<u>165,561</u>	<u>347,496</u>	<u>513,057</u>
Deferred inflows of resources			
Deferred pension amounts	-	2,011,678	2,011,678
Deferred OPEB amounts	-	2,134,424	2,134,424
Unavailable revenue - state revenue	105,609	(105,609)	-
Taxes levied for a subsequent period	5,360,000	-	5,360,000
Total deferred inflows of resources	<u>5,465,609</u>	<u>4,040,493</u>	<u>9,506,102</u>
Fund balances			
Nonspendable	379,044	(379,044)	-
Assigned - library events	96,594	(96,594)	-
Assigned - capital outlay	344,451	(344,451)	-
Unassigned	6,291,277	(6,291,277)	-
Total fund balances	<u>7,111,366</u>	<u>(7,111,366)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,742,536</u>		
Net position			
Investment in capital assets		1,955,272	1,955,272
Restricted for:			
Pension benefits		4,857,176	4,857,176
Unrestricted		4,167,802	4,167,802
Total net position		<u>\$ 10,980,250</u>	<u>\$ 10,980,250</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, 2022

	Library System	Adjustments	Statement of Activities
Revenues			
Property and other taxes	\$ 5,164,050	\$ -	\$ 5,164,050
Federal grants	12,208	-	12,208
State grants	511,819	(19,423)	492,396
Investment appreciation (depreciation)	(300,127)	-	(300,127)
Charges for services	28,781	-	28,781
Donations	36,417	-	36,417
Penal fines	176,565	-	176,565
Total revenues	<u>5,629,713</u>	<u>(19,423)</u>	<u>5,610,290</u>
Expenditures / expenses			
Current:			
Recreation and culture	5,770,493	(1,629,411)	4,141,082
Depreciation	-	482,551	482,551
Contributions to other units	6,444	-	6,444
Total expenditures / expenses	<u>5,776,937</u>	<u>(1,146,860)</u>	<u>4,630,077</u>
Net change in fund balance / net position	(147,224)	1,127,437	980,213
Fund balance / net position, beginning of year	<u>7,258,590</u>	<u>2,741,447</u>	<u>10,000,037</u>
Fund balance / net position, end of year	<u>\$ 7,111,366</u>	<u>\$ 3,868,884</u>	<u>\$ 10,980,250</u>

BAY COUNTY, MICHIGAN

Combining Statement of Net Position and Balance Sheet

Drain Commission Component Unit

December 31, 2022

	Drain Debt Service Funds	Drain Operations and Maintenance	Drain Capital Projects Fund
Assets			
Cash and cash equivalents	\$ 950,765	\$ 848,163	\$ 1,397,772
Investments	531	504,133	1,137,121
Special assessments	3,713,281	3,140	69,616
Accrued interest receivable	2	2,639	5,852
Due from other funds	-	53,898	8,537
Due from other governmental units	27,716	325,030	4,127
Due from primary government	144,907	105,304	31,640
Prepaid items and other assets	-	-	-
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
Total assets	\$ 4,837,202	\$ 1,842,307	\$ 2,654,665
Liabilities			
Accounts payable	\$ -	\$ 851	\$ 9,224
Accrued liabilities	-	2,700	-
Due to other funds	-	2,733	94,230
Due to other governmental units	-	31,718	-
Due to primary government	-	79,205	48,536
Compensated absences, all current	-	-	-
Long-term debt:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	-	117,207	151,990
Deferred inflows of resources			
Unavailable revenue - long-term receivables	4,019,790	401,726	105,380
Fund balances			
Nonspendable	-	-	-
Restricted - debt service	817,412	-	-
Assigned	-	1,323,374	2,397,295
Total fund balances	817,412	1,323,374	2,397,295
Total liabilities, deferred inflows of resources and fund balances	\$ 4,837,202	\$ 1,842,307	\$ 2,654,665
Net position			
Net investment in capital assets			
Restricted for:			
Debt service			
Unrestricted			
Total net position			

Revolving Drain	Total Governmental Funds	Adjustments	Statement of Net Position
\$ -	\$ 3,196,700	\$ -	\$ 3,196,700
-	1,641,785	-	1,641,785
-	3,786,037	-	3,786,037
-	8,493	-	8,493
34,528	96,963	(96,963)	-
-	356,873	-	356,873
-	281,851	-	281,851
-	-	-	-
-	-	4,321,496	4,321,496
-	-	5,437,843	5,437,843
<u>\$ 34,528</u>	<u>\$ 9,368,702</u>	<u>9,662,376</u>	<u>19,031,078</u>
\$ -	\$ 10,075	-	10,075
-	2,700	41,553	44,253
-	96,963	(96,963)	-
-	31,718	-	31,718
34,528	162,269	-	162,269
-	-	29,002	29,002
-	-	1,084,268	1,084,268
-	-	3,399,305	3,399,305
<u>34,528</u>	<u>303,725</u>	<u>4,457,165</u>	<u>4,760,890</u>
-	4,526,896	(4,526,896)	-
-	-	-	-
-	817,412	(817,412)	-
-	3,720,669	(3,720,669)	-
-	4,538,081	(4,538,081)	-
<u>\$ 34,528</u>	<u>\$ 9,368,702</u>		
		6,888,936	6,888,936
		4,795,649	4,795,649
		2,585,603	2,585,603
		<u>\$ 14,270,188</u>	<u>\$ 14,270,188</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, 2022

	Drain Debt Service Funds	Drains Operations and Maintenance	Drain Capital Projects Fund
Revenues			
Property and other taxes	\$ 1,185,782	\$ 19,260	\$ 163,380
Licenses and permits	-	1,700	5,200
Investment appreciation (depreciation), rents and royalties	13	8,743	(102,372)
Reimbursements, refunds and other revenue	113,293	63,816	12,041
Contributions from local units	95,647	535,000	21,637
Total revenues	<u>1,394,735</u>	<u>628,519</u>	<u>99,886</u>
Expenditures / expenses			
Public works:			
Contractual services	125,813	336,075	1,240,127
Depreciation	-	-	-
Debt service:			
Principal	1,079,626	-	-
Interest and fiscal charges	142,536	-	-
Total expenditures / expenses	<u>1,347,975</u>	<u>336,075</u>	<u>1,240,127</u>
Revenues over (under) expenditures / expenses	<u>46,760</u>	<u>292,444</u>	<u>(1,140,241)</u>
Other financing sources (uses)			
Transfers in	2,428	-	33,480
Transfers out	-	(31,051)	(4,857)
Total other financing sources (uses)	<u>2,428</u>	<u>(31,051)</u>	<u>28,623</u>
Net change in fund balances / net position	49,188	261,393	(1,111,618)
Fund balances / net position, beginning of year	<u>768,224</u>	<u>1,061,981</u>	<u>3,508,913</u>
Fund balances / net position, end of year	<u>\$ 817,412</u>	<u>\$ 1,323,374</u>	<u>\$ 2,397,295</u>

Revolving Drain	Total Governmental Funds	Adjustments	Statement of Net Position
\$ -	\$ 1,368,422	\$ (1,771,193)	\$ (402,771)
-	6,900	-	6,900
-	(93,616)	-	(93,616)
-	189,150	-	189,150
-	652,284	-	652,284
-	<u>2,123,140</u>	<u>(1,771,193)</u>	<u>351,947</u>
-	1,702,015	(827,408)	874,607
-	-	316,086	316,086
-	1,079,626	(1,079,626)	-
-	<u>142,536</u>	<u>(22,865)</u>	<u>119,671</u>
-	<u>2,924,177</u>	<u>(1,613,813)</u>	<u>1,310,364</u>
-	<u>(801,037)</u>	<u>(157,380)</u>	<u>(958,417)</u>
-	35,908	(35,908)	-
-	<u>(35,908)</u>	<u>35,908</u>	<u>-</u>
-	-	-	-
-	(801,037)	(157,380)	(958,417)
-	<u>5,339,118</u>	<u>9,889,487</u>	<u>15,228,605</u>
<u>\$ -</u>	<u>\$ 4,538,081</u>	<u>\$ 9,732,107</u>	<u>\$ 14,270,188</u>

STATISTICAL SECTION

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.	170
Revenue Capacity Tables 5-8	These schedules contain information to help the reader assess the County's ability to generate its most significant local revenue source, the property tax.	180
Debt Capacity Tables 9-14	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.	185
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.	194
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.	197

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)

	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 35,433	\$ 44,431	\$ 45,941	\$ 46,547
Restricted	13,510	14,379	22,222	23,861
Unrestricted (deficit)	274	(183)	(4,557)	(8,895)
Total governmental activities net position	<u>49,217</u>	<u>58,627</u>	<u>63,606</u>	<u>61,513</u>
Business-type activities				
Net investment in capital assets	6,953	7,563	7,906	8,893
Restricted	1,300	1,294	10,265	7,969
Unrestricted	10,713	9,768	12,539	11,894
Total business-type activities net position	<u>18,966</u>	<u>18,625</u>	<u>30,710</u>	<u>28,756</u>
Primary government				
Net investment in capital assets	42,386	51,994	53,847	55,440
Restricted	14,810	15,673	32,487	31,830
Unrestricted	10,987	9,585	7,982	2,999
Total primary government activities net position	<u>\$ 68,183</u>	<u>\$ 77,252</u>	<u>\$ 94,316</u>	<u>\$ 90,269</u>

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

	2017	2018	2019	2020	2021	2022
\$	47,382	\$ 39,366	\$ 39,191	\$ 38,915	\$ 36,924	\$ 35,856
	26,348	26,904	25,193	31,244	39,242	83,598
	(8,701)	(17,543)	(12,993)	(13,665)	(7,931)	(31,460)
	<u>65,029</u>	<u>48,727</u>	<u>51,391</u>	<u>56,494</u>	<u>68,235</u>	<u>87,994</u>
	10,476	16,907	22,756	23,074	20,823	19,974
	8,308	8,802	7,460	7,503	10,302	26,396
	<u>11,388</u>	<u>(4,265)</u>	<u>(12,463)</u>	<u>(13,052)</u>	<u>(1,481)</u>	<u>(9,207)</u>
	<u>30,172</u>	<u>21,444</u>	<u>17,753</u>	<u>17,525</u>	<u>29,644</u>	<u>37,163</u>
	57,858	56,273	61,947	61,989	57,747	55,830
	34,656	35,706	32,653	38,747	49,544	109,994
	<u>2,687</u>	<u>(21,808)</u>	<u>(25,456)</u>	<u>(26,717)</u>	<u>(9,412)</u>	<u>(40,667)</u>
\$	<u>95,201</u>	<u>\$ 70,171</u>	<u>\$ 69,144</u>	<u>\$ 74,019</u>	<u>\$ 97,879</u>	<u>\$ 125,157</u>

BAY COUNTY, MICHIGAN

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 13,754	\$ 12,031	\$ 13,287	\$ 13,952
Public safety	11,722	11,443	11,721	12,194
Community and economic development	296	110	208	245
Health and welfare	10,921	10,703	11,205	12,318
Public works	178	1,560	1,911	3,798
Judicial	6,831	6,840	7,085	7,504
Legislative	342	329	357	375
Recreation and culture	1,617	2,181	1,859	1,567
Interest on long-term debt	875	371	244	175
Total governmental activities expenses	46,536	45,568	47,877	52,128
Business-type activities:				
Medical Care Facility	23,743	24,269	23,114	25,661
100% Tax Payment	322	163	147	232
Golf Course	616	556	540	486
Delinquent Property Tax Foreclosure	195	181	185	169
Commissary	136	125	111	111
Water plant	-	-	-	-
Housing	759	725	688	702
Total business-type activities expenses	25,771	26,019	24,785	27,361
Total primary government expenses	72,307	71,587	72,662	79,489
Program Revenues				
Governmental activities:				
Charges for services:				
General government	2,853	2,684	3,045	3,221
Public safety	1,972	2,049	2,030	1,992
Community and economic development	57	162	44	207
Health and welfare	2,347	2,532	2,777	3,041
Public works	10	2	3	3,887
Judicial	1,906	1,853	2,040	1,751
Legislative	-	-	-	-
Recreation and culture	710	816	814	845
Operating grants and contributions	10,173	17,154	9,957	9,836
Capital grants and contributions	94	309	16	26
Total governmental activities program revenues	20,122	27,561	20,726	24,806

Table 2
Unaudited

	2017	2018	2019	2020	2021	2022
\$	13,985	\$ 11,877	\$ 13,592	\$ 12,665	\$ 11,404	\$ 9,435
	12,488	10,768	12,631	11,097	7,756	5,107
	233	239	277	154	250	4,049
	12,232	13,051	13,033	12,726	11,305	9,760
	3,277	9,497	1	1	1	678
	7,746	6,854	7,434	6,729	5,532	6,198
	421	1,848	401	381	366	497
	1,929	1,796	1,810	1,355	1,452	1,471
	81	49	100	46	-	-
	52,392	55,979	49,279	45,154	38,066	37,195
	26,174	25,335	29,610	27,538	19,653	14,360
	187	156	166	154	198	184
	559	520	554	482	559	696
	200	222	238	190	176	201
	196	150	171	139	199	176
	-	2,624	2,042	1,989	2,137	1,347
	735	678	807	747	232	-
	28,051	29,685	33,588	31,239	23,154	16,964
	80,443	85,664	82,867	76,393	61,220	54,159
	3,151	3,087	3,206	3,396	1,980	679
	2,132	2,126	2,197	1,751	1,837	1,910
	66	174	88	164	68	1,109
	2,852	3,249	3,311	2,658	2,934	2,494
	3,983	2	8	-	10	262
	1,767	1,954	2,086	1,509	1,571	1,495
	-	-	-	-	-	-
	848	886	930	537	895	1,007
	10,250	10,708	15,404	13,972	15,577	16,892
	26	253	9	23	40	183
	25,075	22,439	27,239	24,010	24,912	26,031

continued...

BAY COUNTY, MICHIGAN

Changes in Net Position

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

	2013	2014	2015	2016
Business-type activities:				
Charges for services:				
Medical Care Facility	\$ 20,949	\$ 21,576	\$ 23,487	\$ 21,547
100% Tax Payment	1,074	1,088	1,300	1,138
Golf Course	556	497	457	491
Delinquent Property Tax Foreclosure	290	199	406	289
Commissary	178	167	151	150
Housing	268	277	276	284
Operating grants and contributions	157	165	159	158
Capital grants and contributions	-	129	36	-
Total business-type activities program revenues	23,472	24,098	26,272	24,057
Total primary government program revenues	43,594	51,659	46,998	48,863
Net (expense)/revenue				
Governmental activities	(26,414)	(18,007)	(27,151)	(27,322)
Business-type activities	(2,299)	(1,921)	1,487	(3,304)
Total primary government net expense	(28,713)	(19,928)	(25,664)	(30,626)
General revenues and other changes in net position				
Governmental activities:				
Property taxes	22,476	22,334	22,461	22,882
Grants and contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	620	1,636	203	491
Other revenue	658	2,223	2,830	597
Transfers - internal activities	1,210	1,225	1,243	1,260
Total governmental activities	24,964	27,418	26,737	25,230
Business-type activities:				
Property taxes	2,090	2,049	2,115	2,109
Unrestricted investment earnings	370	542	398	265
Other revenue	187	518	638	236
Transfers - internal activities	(1,210)	(1,225)	(1,243)	(1,260)
Total business-type activities	1,437	1,884	1,908	1,350
Total primary government	26,401	29,302	28,645	26,580
Change in Net Position				
Governmental activities	(1,450)	9,411	(414)	(2,092)
Business-type activities	(862)	(37)	3,395	(1,954)
Total primary government	\$ (2,312)	\$ 9,374	\$ 2,981	\$ (4,046)

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

2017	2018	2019	2020	2021	2022
\$ 23,103	\$ 23,631	\$ 22,986	\$ 21,864	\$ 15,873	\$ 15,306
1,123	1,097	1,087	1,019	1,082	1,015
443	444	415	523	630	676
297	322	469	644	440	560
271	217	249	197	287	258
271	274	282	279	62	-
243	290	328	3,078	11,473	2,591
89	-	-	-	146	-
25,840	26,275	25,816	27,604	29,993	20,406
50,915	48,714	53,055	51,614	54,905	46,437
(27,317)	(33,540)	(22,040)	(21,144)	(13,154)	(11,164)
(2,211)	(3,410)	(7,772)	(3,635)	6,839	3,442
(29,528)	(36,950)	(29,812)	(24,779)	(6,315)	(7,722)
23,430	22,742	21,927	22,430	22,879	23,731
-	-	-	-	-	5,224
656	475	1,120	701	(40)	(2,638)
277	257	378	1,935	877	3,446
1,945	1,349	1,280	1,180	1,180	1,160
26,308	24,823	24,705	26,246	24,896	30,923
2,323	2,034	2,086	2,101	5,031	5,129
434	2,979	2,650	2,143	2,224	(516)
981	301	625	344	416	624
(1,945)	(1,349)	(1,280)	(1,180)	(1,180)	(1,160)
1,793	3,965	4,081	3,408	6,491	4,077
28,101	28,788	28,786	29,654	31,387	35,000
(1,009)	(8,717)	2,665	5,102	11,742	19,759
(418)	555	(3,691)	(227)	13,330	7,519
\$ (1,427)	\$ (8,162)	\$ (1,026)	\$ 4,875	\$ 25,072	\$ 27,278

concluded

BAY COUNTY, MICHIGAN

Fund Balances of Governmental Funds

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

	2013	2014	2015	2016
General fund				
Nonspendable	\$ 626	\$ 1,222	\$ 1,622	\$ 1,650
Restricted	170	168	174	198
Committed	4,943	4,943	5,148	6,779
Assigned	6,681	1,183	547	1,167
Unassigned	-	5,700	6,064	4,184
Total general fund	<u>12,420</u>	<u>13,216</u>	<u>13,555</u>	<u>13,978</u>
All other governmental funds				
Nonspendable	1,872	1,880	1,918	60
Restricted	29,531	20,131	11,666	13,946
Assigned	1,793	2,407	1,601	711
Total all other governmental funds	<u>\$ 33,196</u>	<u>\$ 24,418</u>	<u>\$ 15,185</u>	<u>\$ 14,717</u>

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

Table 3
Unaudited

	2017	2018	2019	2020	2021	2022
\$	1,510	\$ 1,243	\$ 1,091	\$ 936	\$ 938	\$ 747
	171	161	136	151	149	152
	6,824	6,824	6,824	7,143	7,216	7,344
	4,317	1,130	875	375	2,184	4,297
	2,496	3,891	5,129	9,134	8,946	4,900
	<u>15,318</u>	<u>13,249</u>	<u>14,055</u>	<u>17,739</u>	<u>19,433</u>	<u>17,440</u>
	27	29	61	57	74	55
	11,885	7,409	6,643	10,127	9,978	12,050
	2,921	2,547	6,297	2,759	2,487	584
\$	<u>14,833</u>	<u>9,985</u>	<u>13,001</u>	<u>12,943</u>	<u>12,539</u>	<u>12,689</u>

BAY COUNTY, MICHIGAN

Changes in Fund Balances of Governmental Funds

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

	2013	2014	2015	2016
Revenues				
Property taxes	\$ 22,472	\$ 22,359	\$ 22,481	\$ 22,894
Special assessments (1)	-	-	-	3,885
Licenses and permits	423	403	468	464
Federal	4,560	9,859	3,853	3,940
State	4,805	6,775	5,223	5,172
Interest, rents and royalties	1,397	2,370	1,087	1,248
Charges for services	2,847	2,780	2,941	2,761
Fines and forfeits	546	527	639	532
Reimbursements, refunds and other revenue (1)	7,080	8,961	9,704	8,007
Total revenues	44,130	54,034	46,396	48,903
Expenditures				
General government	11,209	9,835	10,331	10,360
Public safety	11,264	10,601	10,540	10,830
Community and economic development	352	161	173	223
Health and welfare	10,195	10,946	11,064	11,319
Public works	4,764	44	2	955
Judicial	6,305	6,236	6,259	6,198
Legislative	354	330	354	371
Recreation and culture	1,623	1,984	1,825	1,944
Other functions	1,508	1,667	1,697	1,656
Capital outlay	-	36,151	17,951	431
Debt service:				
Principal	1,830	1,930	2,030	3,240
Interest and other fees	651	1,954	2,280	2,697
Contribution to component unit	-	-	-	-
Total expenditures	50,055	81,839	64,506	50,224
Excess of revenues over (under) expenditures	(5,925)	(27,805)	(18,110)	(1,321)
Other financing sources (uses)				
Transfers in	6,433	5,949	6,144	6,338
Payment to escrow agents to refund debt	-	-	-	-
Insurance recoveries/proceeds	7	5	11	-
Proceeds from sale of capital assets	-	-	-	-
Issuance of long-term debt	-	18,572	7,963	-
Proceeds from issuance of leases	-	-	-	-
Proceeds of refunding bonds	30,000	-	-	-
Bond premium (discount)	(43)	-	-	-
Transfers (out)	(4,890)	(4,718)	(4,885)	(5,063)
Total other financing sources (uses)	31,507	19,808	9,233	1,275
Net change in fund balances	\$ 25,582	\$ (7,997)	\$ (8,877)	\$ (46)
Debt service as a percentage of noncapital expenditures	5.50%	5.05%	9.54%	12.03%

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

	2017	2018	2019	2020	2021	2022
\$	23,441	\$ 22,731	\$ 21,946	\$ 22,420	\$ 22,914	\$ 23,672
	3,980	-	-	-	-	-
	511	540	528	502	553	390
	4,036	4,013	3,901	6,464	5,278	10,167
	5,282	5,484	9,609	6,910	8,536	10,564
	1,398	1,243	1,823	1,180	703	(1,917)
	2,946	3,082	3,322	2,822	3,196	3,177
	587	662	616	324	370	313
	7,397	8,277	8,360	8,824	6,685	6,672
	<u>49,578</u>	<u>46,032</u>	<u>50,105</u>	<u>49,446</u>	<u>48,235</u>	<u>53,038</u>
	10,640	10,840	12,269	12,050	12,007	12,201
	11,371	13,702	11,797	12,083	12,476	13,698
	231	208	268	218	267	4,124
	11,403	12,070	12,415	12,693	13,073	13,533
	780	1	1	1	1	726
	6,432	6,539	7,185	7,364	8,167	8,901
	413	1,842	399	381	366	525
	1,827	1,781	1,799	1,369	1,736	2,317
	1,559	1,529	-	-	-	-
	40	-	-	-	-	-
	2,755	1,290	1,350	1,449	79	95
	2,665	160	109	55	-	-
	-	4,375	-	-	-	-
	<u>50,116</u>	<u>54,337</u>	<u>47,592</u>	<u>47,663</u>	<u>48,172</u>	<u>56,120</u>
	(538)	(8,305)	2,513	1,783	63	(3,082)
	6,876	6,386	6,827	6,851	5,728	6,805
	-	-	-	-	-	-
	38	31	24	32	40	35
	-	-	-	234	-	-
	-	-	-	397	-	-
	-	-	-	-	-	36
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>(4,920)</u>	<u>(5,030)</u>	<u>(5,541)</u>	<u>(5,669)</u>	<u>(4,543)</u>	<u>(5,637)</u>
	1,994	1,387	1,310	1,845	1,225	1,239
\$	<u>1,456</u>	<u>(6,918)</u>	<u>3,823</u>	<u>3,628</u>	<u>1,288</u>	<u>(1,843)</u>
	11.03%	2.74%	3.11%	3.22%	0.16%	0.17%

Governmental Activities Tax Revenue By Year

Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year		Property Tax
2013	\$	22,475,803
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

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					
2013	\$ 1,819,824	\$ 392,452	\$ 281,567	\$ 2,493,843	11.4638	\$ 4,987,686	50.00%
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%

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
2013	5.7257	5.7381	0.0000	11.4638	6.0000	0.1891	2.0427
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

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 *	20.3000 *	14.6736	15.0800 *	104.4357	
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	17.4852	16.9615 *	17.4031 *	14.6295	15.1385 *	104.8347	

BAY COUNTY, MICHIGAN

Table 8
Unaudited

Principal Property Taxpayers

December 31, 2022 and Nine Years Ago

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy	\$ 147,694,742	1	4.71%	\$ 250,046,395	1	8.71%
Dow Corning Corporation	42,502,757	2	1.36%	85,680,255	2	2.98%
SSP Development LLC	34,941,989	3	1.12%			
Michigan Electric Transmission	32,564,177	4	1.04%	25,151,350	5	0.88%
Enbridge Energy	17,614,413	5	0.56%			
Meijer, Inc.	10,428,052	6	0.33%	7,596,220	10	0.26%
Monitor/ Michigan Sugar	9,519,438	7	0.30%	25,813,175	4	0.90%
Charter Communications	8,805,350	8	0.28%			
S C Johnson	6,817,345	9	0.22%	35,846,800	3	1.25%
Foyle, LLC	5,667,111	10	0.18%			
Mersen USA				8,745,600	9	0.30%
General Motors/Delphi				14,225,864	6	0.50%
Northern Michigan Land				11,048,993	7	0.38%
Bay City Mall Associates				9,318,400	8	0.32%
Totals	<u>\$ 316,555,374</u>		<u>10.10%</u>	<u>\$ 473,473,052</u>		<u>16.48%</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
2013	\$ 16,042	\$ 15,409	95.82%	\$ 619	\$ 13	\$ 16,041	99.99%
2014	15,981	15,348	95.70%	618	12	15,979	99.99%
2015	15,887	15,274	95.99%	599	10	15,886	99.99%
2016	15,579	14,984	93.06%	583	8	15,575	99.97%
2017	15,469	14,868	96.11%	582	14	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	5	16,414	99.95%
2021	16,739	16,176	96.63%	554	2	16,729	99.94%
2022	17,441	16,818	96.43%	608	*	17,427	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)
2013	\$ 10,980,000	\$ 858,473	\$ -	\$ -
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

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.

Table 10
Unaudited

Business-Type Activities (3)					
DWFR Loans	Revenue Bonds	Unamortized Bond Prem/ Discount	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ -	\$ 30,000,000	\$ (41,269)	\$ 41,797,024	11.09%	391
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	(2,380,136)	51,863,200	9.53%	480
20,060,000	29,060,000	(2,271,948)	47,027,377	(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)
2013	\$ 10,980,000	\$ 858,473	\$ 85,397	\$ 11,753,076	0.41%	110
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%	-

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, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping debt repaid with property taxes: County	\$ 177,790,040	69.52%	\$ 123,596,040
Bay County direct debt			<u>179,325</u>
Total direct and overlapping debt			<u><u>\$ 123,775,365</u></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)

	2013	2014	2015	2016
Debt limit	\$ 312,288	\$ 319,199	\$ 321,730	\$ 324,088
Total net debt applicable to limit	<u>48,076</u>	<u>63,920</u>	<u>67,627</u>	<u>65,167</u>
Legal debt margin	<u>\$ 264,212</u>	<u>\$ 255,279</u>	<u>\$ 254,103</u>	<u>\$ 258,921</u>
Total net debt applicable to the limit as a percentage of debt limit	15.39%	20.03%	21.02%	20.11%

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

2017	2018	2019	2020	2021	2022
\$ 326,989	\$ 331,557	\$ 340,808	\$ 364,184	\$ 376,933	\$ 397,205
<u>61,872</u>	<u>61,169</u>	<u>57,429</u>	<u>54,021</u>	<u>52,158</u>	<u>49,431</u>
<u>\$ 265,117</u>	<u>\$ 270,388</u>	<u>\$ 283,379</u>	<u>\$ 310,163</u>	<u>\$ 324,775</u>	<u>\$ 347,774</u>
18.92%	18.45%	16.85%	14.83%	13.84%	12.44%

Legal Debt Margin Calculation for Current Fiscal Year

State equalized value of real property	\$ 3,692,436
State equalized value of personal property	<u>279,616</u>
Total state equalized value	3,972,052
Debt limit (10% of total state equalized value)	397,205
Debt applicable to limit: (1)	\$ 53,915
Less:	
Assets in debt service funds available for payment of principal	\$ -
Debt not subject to legal debt limit:	
Special assessment debt	<u>4,484</u>
Total deductions	<u>(4,484)</u>
Total amount of debt applicable to debt limit	<u>49,431</u>
Legal debt margin	<u>\$ 347,774</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)					
2013 (5) (6)	\$ 4,373,619	\$ 2,878,647	\$ 1,494,972	\$ 190,000	\$ 176,369
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

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
-------------------------------	-----------------

\$ 366,369	4.08
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

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)
2013	106,832	\$ 3,770,457	\$ 35,293	13,958	9.10%
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	103,594	4,892,672	47,786	12,231	9.20%
2021	102,985	5,190,073	50,396	12,162	6.10%
2022	102,821	(4)	(4)	11,865	5.20%

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

2022 and Nine Years Ago

Employer	Employees	2020 (4) (5)	
		Rank	Percentage of Total County Employment
McLaren - Bay Region (1)	1,880	1	4.33%
The Dow Chemical Corporation	1,160	2	2.67%
Michigan Sugar Company (3)	930	3	2.14%
Delta College	819	4	1.89%
Covenant HealthCare	799	5	1.84%
Bay City Public Schools (2)	792	6	1.83%
Bay County	589	7	1.36%
Meijer Inc.	550	8	1.27%
SC Johnson	450	9	1.04%
General Motors Powertrain	432	10	1.00%
Consumers Energy			
Bay Arenac ISD			
Totals	<u>8,401</u>		<u>19.37%</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.

(5) 2021 and 2022 data not yet available.

Table 16
Unaudited



2013 (4)

Employees	Rank	Percentage of Total County Employment
2,016	1	4.23%
1,245	2	2.61%
900	4	1.89%
1,029	3	2.16%
900	5	1.89%
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

	2013	2014	2015	2016
Function				
Public safety	111	112	109	101
Public works	-	-	-	-
Community and economic development	2	1	2	2
Health and welfare	68	75	71	70
General government	88	89	84	90
Judicial	78	77	77	77
Legislative	-	-	-	-
Recreation and culture	8	7	9	11
100% tax payment	2	2	2	2
Golf course	3	1	1	2
Total	360	364	355	355

Source: Bay County Payroll Department

Note: There are no full-time equivalent positions in the public works or commissary functions.

Full-time equivalent positions are not available for Medical Care Facility and Housing Department.

Table 17
Unaudited

2017	2018	2019	2020	2021	2022
115	118	118	118	117	109
-	-	-	-	-	6
1	2	2	2	2	2
70	73	73	84	86	101
93	97	98	99	101	101
75	72	72	72	71	72
-	-	-	-	-	1
11	10	13	10	9	11
2	2	2	2	2	2
2	2	2	2	2	2
<u>369</u>	<u>376</u>	<u>380</u>	<u>389</u>	<u>390</u>	<u>407</u>

BAY COUNTY, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

	2013	2014	2015	2016
Function				
Public safety				
Number of incarcerated offenders	4,057	4,392	4,350	4,205
Health and welfare				
Department on aging				
Meal site meals served	37,928	36,404	36,644	35,687
Home delivered meals served	125,007	136,849	146,632	146,109
Public works				
Number of parking spaces leased	319	66	101	69
Judicial				
Circuit court total caseload	3,594	3,212	3,121	3,241
District court total caseload	24,612	23,635	25,641	21,452
Probate court total caseload	791	882	960	823
Recreation and culture				
Swimming pool admissions (1) (2)	4,150	3,935	4,100	4,460
Medical care facility				
Patient days	84,709	78,222	64,497	100,287
Patient admits	131	145	132	139
Golf course				
Memberships	176	131	118	105
Housing				
Number of lease days (4)	35,607	36,096	36,067	36,221

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) This information is not available.

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

Table 18
Unaudited

2017	2018	2019	2020	2021	2022
4,298	4,420	4,079	1,909	1,231	2,397
39,987	37,875	42,348	22,925	28,195	36,162
141,358	176,781	197,506	216,596	214,430	204,535
91	60	93	5	75	75
3,175	3,093	2,907	2,318	2,773	(3)
23,832	23,523	21,957	13,938	15,883	(3)
879	862	859	872	952	(3)
3,786	6,401	3,723	-	2,898	1,530
88,648	64,343	84,281	59,175	51,882	42,965
115	97	100	64	45	45
104	102	103	72	98	121
35,983	35,468	35,114	35,289	8,378	-

BAY COUNTY, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

	2013	2014	2015	2016
Function				
Public safety				
Sheriff				
Stations	1	1	1	1
Vehicles	34	35	34	32
Boats	3	3	3	3
Animal control				
Vehicles	5	5	5	4
Community and economic development				
Streets (miles)	1,567	1,568	1,574	1,575
Traffic signals	109	109	108	107
Health and welfare				
Department on aging				
Meal sites	5	5	5	5
Mosquito control				
Vehicles	32	32	33	32
Public works				
Pere Marquette/Madison Avenues				
Parking spaces available for lease	264	264	264	264
Recreation and culture				
Parks (1)	3	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

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
33	33	36	40	41	46
2	3	3	3	3	4
3	3	3	3	3	4
1,574	1,574	1,574	1,588	1,588	1,588
107	107	107	107	107	107
5	5	5	5	5	5
33	32	32	33	31	35
264	264	264	264	264	264
5	5	5	5	5	5
206	206	206	206	206	206
53	53	53	53	55	59
100	100	100	100	100	-